



DRIVING INNOVATION

Annual Group Report 2021



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JOST Facts & Figures 2021

 → **€1,049** million sales

 → **3,324** employees

 → **€105** million adjusted EBIT

 → **21** production sites

 → **10.0** % adjusted EBIT margin

 → **-24** % CO₂ emission reduction per production hour

 → **€4.63** adjusted earnings per share

 → **17** patent applications

 → **1.45x** leverage ratio

 → **-9** % waste reduction per production hour

JOST at a glance

Selected key figures

in € million	2021	2020	Change
Consolidated sales¹⁾	1,048.6	794.4	32.0%
thereof: Sales, Europe ¹⁾	618.2	482.2	28.2%
thereof: Sales, North America	259.0	172.3	50.3%
thereof: Sales, Asia-Pacific-Africa (APA)	171.4	139.9	22.5%
Adjusted EBITDA ²⁾	133.4	102.7	29.9%
Adj. EBITDA margin (%)	12.7%	12.9%	-0.2 %-points
Adjusted EBIT ²⁾	104.8	73.2	43.2%
Adj. EBIT margin (%)	10.0%	9.2%	0.8 %-points
Equity ratio (%)	31.2%	28.3%	2.9 %-points
Net debt ³⁾	193.9	207.6	-6.6%
Leverage ^{4), 11)}	1.45x	1,997x	-27.2%
Capex ⁵⁾	20.1	20.9	-3.5%
ROCE (%) ^{6), 11)}	16.6%	12.2%	4.4 %-points
Free cash flow ⁷⁾	33.3	98.1	-66.1%
Cash conversion rate ⁸⁾	0.5	2.1	-76.2%
Profit after taxes	43.9	19.3	127.4%
Earnings per share (in €)	2.94	1.29	127.4%
Proposed dividend (€ per share)	1.05	1.00	5.0%
Adjusted profit after taxes ⁹⁾	69.1	47.3	45.9%
Adjusted earnings per share (in €) ¹⁰⁾	4.63	3.18	45.6%

¹⁾ Adjusted for the sales of the disposed company Jost UK Ltd. in the amount of €2.3m

²⁾ Adjustments for PPA effects and exceptionals

³⁾ Interest bearing loans (excl. accrued financing costs) – liquid assets

⁴⁾ Net debt / LTM adj. EBITDA

⁵⁾ Gross presentation (capex; without taking into account divestments)

⁶⁾ LTM adj. EBIT/interest-bearing capital employed; interest-bearing capital: shareholders' equity + financial liabilities (except for refinancing costs) – liquid assets + provisions for pensions

⁷⁾ Cash flow from operating activities – capex

⁸⁾ Free cash flow/adjusted profit after taxes

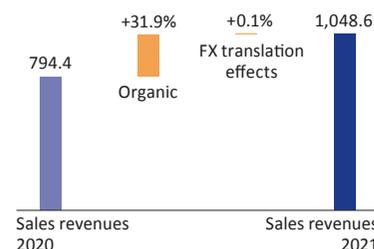
⁹⁾ Profit after taxes adjusted for exceptionals in accordance with note 9

¹⁰⁾ Adjusted profit after taxes/14,900,000 (number of shares as of December 31)

¹¹⁾ LTM figures for comparison purposes also include figures for Ålö before the January 31, 2020 acquisition date

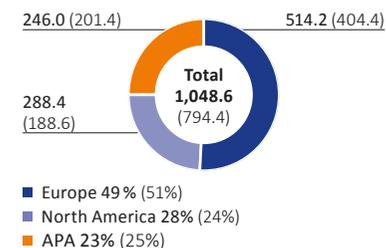
Organic sales development

2021, in € million



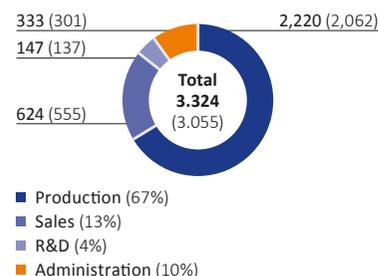
Regional sales by destination

2021 (2020), in € million



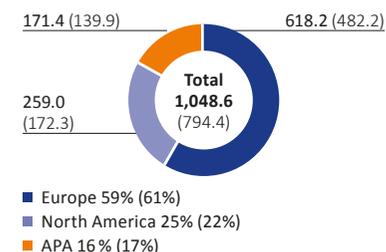
Employees by function

2021 (2020)



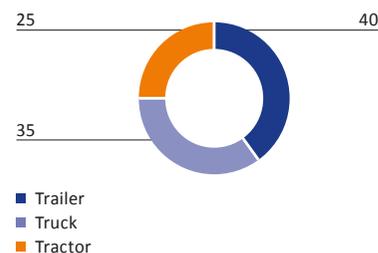
Regional sales by origin

2021 (2020), in € million



Sales by application

2021, in %



Sales by customer type

2021, in %



JOST

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



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 25 countries across five 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 3,300 staff across the world. The holding company JOST Werke AG has been listed on the Frankfurt Stock Exchange since July 20, 2017.

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

TRIDEC

ROCKINGER

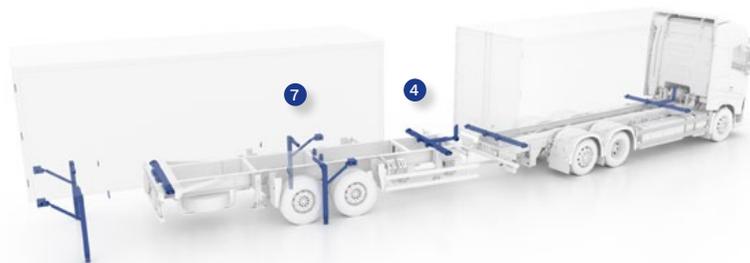
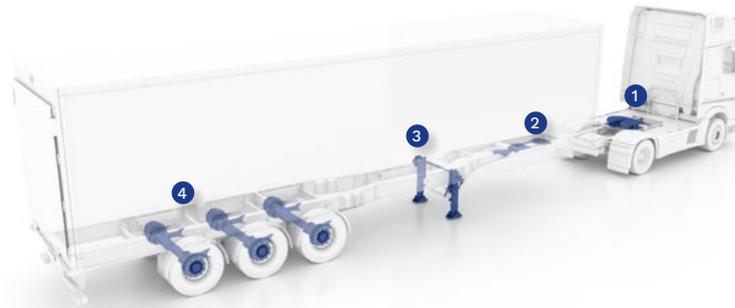
AGRICULTURE

Quicke

ROCKINGER

TRIDEC

JOST



Our strong brands



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



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 and currently employs around 160 people at its sites in Son in the Netherlands and Murtede-Cantanhede in Portugal.

www.tridec.com



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.de



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 INNOVATION

JOST believes that innovation is the key to long-term success. Digitalization and technological advances help generate new ideas for real-life products and solutions offering even greater efficiency and safety in transport and agriculture.



THE FUTURE OF LOGISTICS

WITH THE KKS AUTOMATED COUPLING SYSTEM

Just one product delivers greater efficiency, convenience and security

As the global market leader for fifth wheel couplings and landing gear, JOST is revolutionizing the fifth wheel process with its KKS automated coupling system. Thanks to this new smart solution, drivers can now easily control coupling and uncoupling remotely without even leaving the cab. KKS relieves drivers of the physically demanding work of coupling and decoupling trailers, allows trailer changeovers in all weathers and at any time of day, and greatly reduces driver stress. This means that the automatic coupling system also considerably reduces the risk of injury to the user. Not only that, but KKS allows trailers to be swapped much faster, thereby significantly lowering the cost for each leg of a truck's journey.

JOST KKS - AUTOMATIC CONTROL AND MONITORING OF COUPLING AND UNCOUPLING OPERATIONS ↓



REMOTELY CONTROLLED TRAILER CHANGEOVER FROM THE DRIVER'S CAB ↑

Swapping trailers at the touch of a button

KKS is much more than a single component: the unique combination from JOST of fifth wheel coupling, connectors, electric landing gear and remote control all work together to ensure fast, reliable trailer swapping. Built to the quality you expect from a world market leader, KKS does the heavy lifting in trailer changeovers. KKS is ideal for transport companies operating short routes with frequent trailer changes – such as internal works traffic, for example – as the time savings translate into in real financial benefits.



THE MOTHER SHIP – THE KKS 42 FIFTH WHEEL

KKS builds on field-proven technology: the core piece is the high-quality 2" cast saddle coupling KKS 42 that is tried and tested, reliable and highly effective. Together with the KKS Connector, it forms a revolutionary sensor coupling system with Sensoric, LubeTronic and a pneumatic opening cylinder.



BEAM ME UP! – THE KKS MODULE E-DRIVE

KKS makes hand cranking a thing of the past – thanks to the E-Drive module. This electrically powered control gear, which is also operated by the KKS remote control, eliminates the need for time-consuming and physically demanding hand cranking. Doing away with hand cranking also offers huge space-saving benefits.



ON THE ROAD THROUGHOUT GERMANY WITH THE KKS ROADSHOW. EXPERIENCE INNOVATIVE TRAILER COUPLING AND UNCOUPLING AT CLOSE QUARTERS ↓



EVERY- THING IN SIGHT

WITH THE DRAWBAR FINDER

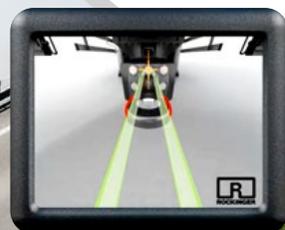
The intelligent upgrade kit for ROCKINGER towing hitches

The Drawbar Finder is a smart coupling solution from ROCKINGER with unique benefits, particularly for rigid drawbar trailer operators. A camera, fixed to a central, protected position above the towing hitch, acts as a “third eye” during the coupling process – without needing to be offset from the towing eye.

Visual guidance in two directions allows precise coupling. As a result, the Drawbar Finder not only increases

efficiency but also avoids damage to the vehicle and trailer and prevents accidents. Drivers no longer have to get out to walk between the towing vehicle and trailer to check the correct position of the towing eye – a genuine added value in safety and convenience.

The Drawbar Finder can be configured to suit the user’s needs and is compatible with many OEM displays. It is available for all standard ROCKINGER remote controls and can be retrofitted to some remote controls.



THE DRAWBAR FINDER
ALLOWS PRECISE
COUPLING AND PREVENTS
DAMAGE TO THE TOWING
VEHICLE AND TRAILER



ROCKINGER

FOR MORE TRACTIVE FORCE –
INVENTOR OF THE AUTOMATIC
TOWING HITCH

For standard towing hitches or sensor- and remote-controlled comfort couplings, the established ROCKINGER brand offers a broad range of reliable, high-quality products.

WORK SMARTER

MORE PRODUCTIVE AND MORE EFFICIENT AGRICULTURE

The Quicke Control System

Built upon 70 years of experience and featuring robust, all-new hardware, the Quicke Control System, or QCS, puts smart farming at your fingertips – from the Q^M-command basic mechanical loader control system to the new, ergonomic, Q^E-command all-in-one electronic joystick.

Q^E-command in combination with Q-companion allows drivers to completely optimize all of their front loader tasks. Whether the task is harvesting and clearing fields, feeding livestock or collecting and transferring data to the cloud, the Quicke Control System takes the pressure off the driver in the cab by individually optimizing recurring tasks and automating the weighing of materials. Farming doesn't get any smarter than this.

↓ WHEN YOU COMBINE Q-COMPANION (OUR FULLY INTEGRATED DRIVER ASSISTANCE SYSTEM) WITH ...



← ... Q^E-COMMAND, 1+1 EQUALS 3! A REVOLUTION IN LOADER CONTROLS.

Quicke

PART OF THE JOST WORLD SINCE 2020
 Åiö has been developing and manufacturing high-quality front loaders and implements under the Quicke brand since 1949 and has been part of the JOST World since 2020.

QUICKE SUPPORTS AGRICULTURAL TRANSFORMATION BY PROVIDING WORLD-CLASS QUALITY AND INTELLIGENT OPERATOR FEATURES. WE DELIVER PRODUCTS THAT INCREASE THE EFFICIENCY OF THEIR OPERATORS.



**THE RIGHT IMPLEMENT
FOR EVERY JOB
IN AGRICULTURE**

The easy and best choice is Quicke!

Modern agriculture demands high levels of experience, reliability and precision. Quicke's world-leading research and development is continually delivering new products that help customers work smarter and more efficiently.

For example, the modular bucket range and innovative bolt-on hooks enable Quicke to offer over 600 variations that support the flexible use of implements in a near-infinite number of applica-

tions. Quicke also has a product range for yard loaders and smaller, compact wheel loaders working in restricted spaces.

The extensive range of implements means that Quicke products can flexibly adapt to the broad needs and challenges of agriculture. Thanks to their high quality, excellent performance and wide choice of application options, they help farmers further increase their productivity. Because that is the Quicke philosophy: Work smarter not harder!



BALEFORK XL+

↑ FOR TRUE PROFESSIONAL USERS PROVIDING HIGHEST BALE CARRYING CAPACITY.



SILOGRAB S+

↑ A HIGHLY VERSATILE FORK GRAB FOR YARD LOADERS AND SMALLER COMPACT WHEEL LOADERS.



THE FRONT LOADER

← A WIDE CHOICE OF IMPLEMENTS MAXIMIZES THE POTENTIAL OF THE TRACTOR.



SILOCUT L+

← FOR CUTTING SILAGE FROM SILAGE CLAMP AND SPLITTING BALES.

READY TO BEAM UP?

THE JOST ROADSHOW

→
JOST REACHES OUT TO DIFFERENT TARGET GROUP IN THE COMMERCIAL VEHICLE INDUSTRY DIRECTLY FROM ITS VIDEO STUDIO

↑
"AROUND THE WORLD – AROUND THE CLOCK" – JOST'S SERVICE MOTTO APPLIES TO ITS VIDEOS TOO.

This series of videos provides current and potential customers with detailed information – including user tips – about JOST World products.



JOST Truck Stop – the new video series

JOST Truck Stop is a new series of videos in which JOST explains the features and benefits of its innovative and well-proven products. Short videos with practical tips and useful information about JOST World products have been available on social media since May 2021. To provide authentic insights into how JOST products are used in practice, the new series is being filmed in a variety of real-life settings close to the JOST headquarters in Neu-Isenburg, Germany.



↑
THE KKS ROADSHOW – ON THE ROAD WITH LIVE PRESENTATIONS ALL OVER GERMANY

THE JOST WORLD MEDIA CHANNELS: YOUTUBE, LINKEDIN, FACEBOOK

The comment function on the various social media platforms allows members of the public to ask questions directly, thus supporting online discussion of the products.



↑
JUST SCAN THE QR CODE TO SUBSCRIBE TO JOST WORLD.



TO OUR SHAREHOLDERS

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Interview with the Executive Board

Mr. Dürr, 2021 was a record year for JOST in all regions. How did JOST achieve this?

→ **JOACHIM DÜRR:** We went into the second year of the pandemic with a very strong market position and benefited greatly from the market recovery having put the right measures in place. Due to our considerable flexibility, we were able to ensure deliveries even in the turbulent environment of 2021 and continue servicing our customers despite the prevailing bottlenecks along the entire value chain.

JOST thus posted significant profitable growth in all regions in the transport and agricultural businesses, lifting sales by 32% to €1,049m. For the first time in the history of our Company, our sales topped €1bn – an important milestone of which I personally am very proud. Our employees and our management team worldwide all worked very hard to achieve this outstanding result, for which I would like to thank them, also on behalf of my colleagues in the Executive Board.

Dr. Terlinde, are you satisfied with the company's financial performance in 2021?

→ **DR. CHRISTIAN TERLINDE:** 2021 was another challenging year, one which we concluded with success. In spite of skyrocketing material costs, particularly for steel, and the logistical challenges, we succeeded in lifting adjusted EBIT by 43% to €105m – the highest operating result JOST has ever achieved and also a new basis for building on in the future. We improved our adjusted EBIT

A photograph of three men in white shirts and dark trousers walking through a factory. They are surrounded by industrial equipment, including large metal components on blue and yellow racks. The man in the center is gesturing with his right hand while speaking. The man on the left is looking towards him, and the man on the right is looking towards the center man.

↑ FROM LEFT TO RIGHT:
DR. RALF EICHLER, COO • JOACHIM DÜRR, CEO
DR. CHRISTIAN TERLINDE, CFO

“Our flexibility continued to be the key success factor in enabling us to hold our own successfully in this highly volatile market environment.”

DR. RALF EICHLER



DR. RALF EICHLER,
CHIEF OPERATING
OFFICER

BORN IN 1964,
MEMBER OF THE
EXECUTIVE BOARD
OF JOST WERKE AG
SINCE JULY 2017,
RESPONSIBLE FOR
PROCUREMENT,
PRODUCTION,
LOGISTICS, QUALITY
AND INDUSTRIAL
ENGINEERING

margin by 0.8 percentage points to 10.0%, which puts us back in the targeted double-digit percentage range. I'm very happy with this.

Our free cash flow was positive again at €+33m and reflects the high volume of cash JOST generates. However, it was impacted by the much higher volume of business, which increased working capital. Still, we managed to keep the ratio of working capital to sales significantly below the 20% mark at 18.0% in the 2021 fiscal year, which demonstrates our disciplined approach to working capital management. The leverage ratio also improved substantially, at 1.45x of adjusted EBITDA. Financially speaking, we are perfectly positioned to continue pursuing our growth strategy.

We want our shareholders to share in JOST's success, so we are going to propose to the Annual General Meeting that a dividend of €1.05 per share be paid for fiscal year 2021.

Dr. Eichler, the pandemic posed huge challenges on the production and supply chain side in the previous year. Was there any improvement in this environment in 2021?

→ **DR. RALF EICHLER:** On the operational side, 2021 was not any less challenging than 2020, though the market environment and the challenges were quite different. Whereas in the previous year we were faced with pandemic-related plant closures and very weak demand worldwide, 2021 saw a complete about-turn. Demand surged in all regions, and prices for materials and freight reached unprecedented levels. The logistics bottlenecks, especially for transporting goods from Asia to Europe and North America, presented us with a set of new challenges. On top of this, there was no real let-up in the pandemic even in its second year because new mutations of the virus were continuously emerging.

We kept the measures we had introduced in 2020 to protect the health of our employees during the pandemic – especially in production – in place, reinforcing them in some cases. We are proud to report that in 2021 we again had few infections among our workforce.

Our flexibility continued to be the key success factor in enabling us to hold our own successfully in this highly volatile market environment. We were able to rapidly adjust our production capacity and cost structures to satisfy the fast-growing demand. Thanks to our multi-sourcing strategy, we were able to quickly respond to supply

bottlenecks and find alternative transport routes in some cases in order to maintain deliveries to customers and safeguard the supply of parts to the plants despite the shortage of logistics capacity. JOST's lean organization and flexible structures, which allowed us to cope with the market decline in 2020, made it possible for us to successfully support the growth in 2021. This is why flexibility is and will remain the overriding goal in production and supply chain management at JOST.

What are your expectations for 2022? Which areas will you be focusing on?

→ **JOACHIM DÜRR:** There is one thing I can say already: there is no let-up in the challenges. That said, we are confident about 2022. We are sticking to our growth plans and intend to continue driving forward our business in transport and agriculture. We will build on the successful fiscal year that was 2021 and are aiming to boost consolidated sales by a figure in the mid-single-digit percentage range in 2022 versus 2021.

What repercussions the tragic events in Ukraine will have for the global economy and Europe in particular is difficult to estimate at present. Their direct impact on JOST is likely to be small because we do not generate high sales in the region affected. However, we are monitoring the situa-

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 DEVELOP-
MENT, RESEARCH AND
DEVELOPMENT, HUMAN
RESOURCES, MARKETING
AND COMMUNICATION



“We are positive about 2022 and are sticking to our growth plans, and we intend to continue driving forward our business in transport and agriculture.”

JOACHIM DÜRR

“We will make our administrative processes more efficient and digitalize them so that we can steer the group even more effectively at a global level with more uniform IT structures.”

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,
SUSTAINABILITY (ESG)
AND LEGAL &
COMPLIANCE

tion very closely to be able to react fast, because a rapid deterioration in the global economy or supply bottlenecks at important OEM customers or suppliers caused by the war could adversely affect the anticipated business development.

Despite this, the strategic focus areas have not changed much since the previous year: profitable growth, innovation and sustainability. We intend to develop new agricultural markets and are actively seeking growth opportunities in this area. In transport and agriculture, we aim to strengthen our market position in all regions through innovative solutions and strong customer relations and to further increase our market share.

→ **DR. RALF EICHLER:** With regard to operations and supply chain, our goal is to expand our multi-sourcing strategy and follow in the agricultural business the local-for-local approach that was successfully implemented in transport. In other words: where possible, buy where we produce and sell. Local multi-sourcing will allow us to further increase our flexibility in the agricultural business, and we see good opportunities to become even more profitable in the medium term.

Our capital expenditures in 2022 will continue to make up around 2.5% of sales.

→ **DR. CHRISTIAN TERLINDE:** Like sales, adjusted EBIT is also projected to grow in the mid-single-digit percentage range in 2022, and the adjusted EBIT margin is expected to remain stable. On the financial side, we will continue to reduce our debt level in 2022 and progressively improve our current leverage ratio. Working capital as a percentage of sales is likewise expected to improve year-on-year. We will make our administrative processes more efficient and digitalize them so that we can steer the group even more effectively at a global level with more uniform IT structures. This is how we intend to be well prepared for further growth, financially and structurally.

We also aim to enhance our contribution to sustainable development, for which we will work on becoming more efficient and more sustainable. Some of our capex for 2022 will be channeled into energy efficiency projects. We will install solar panels on the rooftops at a number of our sites in an effort to make our own electricity supply a bit more sustainable. We are sticking to our target of cutting our global carbon emissions per production hour by 50% before 2030. In 2021, we took an important step closer to this goal. Thanks to the sharp increase in productivity compared to the pandemic-hit previous year, we reduced our carbon emissions per production hour by 24.0% versus 2020.

Final question, Mr. Dürr: How would you rate JOST's long-term growth opportunities?

→ **JOACHIM DÜRR:** The last few years have clearly shown that our two core markets of transport and agriculture are absolutely vital for all people. The fundamental parameters remain intact, and I firmly believe that both of these industries have enormous growth potential in the short and long term.

JOST already possesses the key elements to profit from this growth. We have close and very, long-term strong ties to the OEMs and end users, which allows us to identify the needs of the industry and offer innovative solutions with our products and systems. I also view the cyclical market fluctuations as an opportunity to further cement our market position in the different regions and acquire new customers due to our flexible business model.

In 2017, when we went public, we had sales of around €700m. Through strong organic growth in our transport business and by strategically strengthening our agricultural business in 2020, we have increased our sales to nearly €1,050m in just four years and significantly increased the company's stock exchange value. We intend to continue this success story and believe that JOST has even more opportunities for growth today thanks to its better market positioning.

Equity markets and share price performance

Over the course of 2021, the capital markets continued their recovery from the disruption caused by the COVID-19 pandemic in 2020. The global economy's return to growth and the robust recovery of the most important national economies underpinned the positive mood on the capital markets, particularly in the first half of 2021. In the second half of the year, ongoing global supply bottlenecks and rapidly increasing raw material and logistics costs clouded the outlook for economic growth. Likewise, inflation fears and plans to raise interest rates in the USA had a negative impact on the performance of many stocks.

Despite this, the DAX rose by 16.2% during the 2021 fiscal year and closed the final trading day on 15,948 points, while the STOXX EU 600 Auto & Parts index ended the year up 33.0%. The SDAX, where the shares of JOST Werke AG are listed, made a gain of 9.0% in 2021 to finish the year at 16,093 points.

JOST Werke's shares also profited from this positive market sentiment. Bolstered by encouraging operating performance and robust sales and earnings growth in the 2021 fiscal year, the share price rose by 18.4% to €49.50 during the year under review. This meant that the shares outperformed the overall market in Germany based on the DAX and SDAX indices. The shares reached a low of €41.10 on January 27, 2021, before climbing to their annual peak of €56.30 on May 3, 2021.

The average daily trading volume of the shares on XETRA was 17,540 shares (2020: 39,683). At 69%, off-market exchanges (OTC and so-called darkpools) still accounted for the majority of the total trading volume, while around 31% of traded shares were placed via XETRA and other stock exchanges.

Capital structure

The share capital of JOST Werke AG did not change in the course of 2021. At the reporting date, it amounted to €14,900,000.00, divided into 14,900,000 no-par-value bearer shares (December 31, 2020: €14,900,000.00). The nominal value per share is €1.00.

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, 2021	14,900,000
Stock exchanges	Frankfurt Stock Exchange, XETRA
Trading segment	Regulated market (Prime Standard)
Sector	Industrial
Industry	Automotive supplier, industry

2021 dividend

The Executive Board and the Supervisory Board intend to propose to the Annual General Meeting a dividend of €1.05 per share for the 2021 fiscal year (2020: €1.00). This represents a total dividend payout of €15.6m and a payout ratio of 35.6% (2020: 77.2%). In the previous year, the dividend payment exceeded the envisaged long-term distribution range of between 35% and 50% of consolidated profit on a one-off basis. This was because the shareholders voluntarily waived a dividend payment for the 2019 fiscal year to help the company during the coronavirus pandemic. This prompted the Executive Board and Supervisory Board to increase the payout ratio on a one-off basis for the 2020 fiscal year to thank the shareholders of JOST Werke AG for their support and the trust they demonstrated during the crisis.

Based on the proposal for 2021 and calculated using the year-end closing price, the dividend yield amounts to 2.1% (2020: 2.3%).

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

		2021	2020
Equity per share	€	20.6	17.8
Adjusted consolidated earnings per share ¹	€	4.63	3.18
Consolidated earnings per share	€	2.94	1.29
Dividend per share ²	€	1.05	1.00
Number of shares entitled to participate in dividends (Dec. 31)	million	14.9	14.9
Amount distributed	€ million	15.6	14.9
Dividend yield ³	in %	2.1	2.3
Share price at year-end ³	€	49.50	43.10
High	€	56.30	44.30
Low	€	41.10	19.56
Market capitalization ³ (Dec. 31)	€ million	737.6	642.2
Average daily trading volume	shares	17,540	39,683

¹ For a detailed presentation of the adjustments made, see note 9 "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 and banks. According to Deutsche Börse's definition, 90% of the JOST Werke AG shares are held in free float.

According to the notifications received, 20.1% of the voting rights in JOST Werke AG was attributed to Allianz Global Investors GmbH (Frankfurt, Germany) as of the December 31, 2021 reporting date. Kai Möhrle and the company he controls, Vierunddreißigste PMB Management GmbH (Hamburg, Germany), hold 10.5% 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 2021 can be found at <http://ir.jost-world.com/managers-transactions>

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

Annual General Meeting 2021

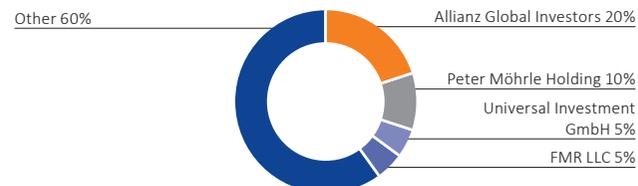
Because of the pandemic, JOST Werke AG held its General Meeting on May 6, 2021 in a virtual format without shareholders, authorized representatives and guests being physically present. The virtual Annual General Meeting was broadcast to all registered shareholders of JOST Werke AG via the company's website. Shareholders had the opportunity to submit their questions in advance and were able to exercise or transfer their voting rights online.

Overall, 81.68% of the company's share capital was represented at the Annual General Meeting. A resolution to pay a dividend of €1.00 per share for fiscal year 2020 was adopted unanimously. The Executive Board and Supervisory Board were both discharged for the 2020 fiscal year with a large majority. The remuneration system for the Executive Board was approved and the remuneration system for the Supervisory Board confirmed. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, was appointed as the auditor of the annual and consolidated financial statements for the 2021 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>

Shareholder structure of JOST Werke AG

as of December 31, 2021



Investor relations

During the 2021 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. As in the previous year, we primarily used virtual formats to participate in roadshows and investor conferences due to the pandemic. Overall, JOST attended ten investor conferences and carried out four virtual roadshows during the 2021 fiscal year.

At our first Capital Market Day, we informed the capital markets about the Group's strategic orientation and long-term growth plans. We also continued our regular dialog with the capital markets by holding numerous individual meetings with institutional investors, private shareholders and analysts. We were only able to carry out a limited number of field trips and production facility visits due to the pandemic.

Our discussions with the capital markets focused on expected market developments, rising raw material and logistics costs, and bottlenecks in the procurement markets. Six analysts monitored our stock during the 2021 fiscal year. As of the end of 2021, 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

Dear shareholders,

2021 was a successful year for the JOST Group. The COVID-19 pandemic had less of a negative impact on the business compared to the previous year, even though new mutations and outbreaks of the virus continued to place restrictions on everyday life. Nevertheless, the transport and agriculture markets recovered during the course of 2021, enabling JOST to benefit from strong demand for trucks, trailers and agricultural tractors.

The company was able to increase its sales by 32.0% to €1,048.6 million and improve its adjusted EBIT margin by 0.8 percentage points to 10.0% in the 2021 fiscal year. Although the steep rise in raw material and logistics costs and supply chain pressures posed new challenges for JOST, the company's high degree of flexibility and the proven resilience of its business model enabled it to close out 2021 successfully.

The Supervisory Board would like to thank all of JOST's employees worldwide as well as members of the Executive Board for their service during the 2021 fiscal year.

Composition of the Supervisory Board and its committees

The Supervisory Board of JOST Werke AG has been composed of six members since it was established in 2017: Prof. Dr. Bernd Gottschalk, Natalie Hayday, Rolf Lutz, Jürgen Schaubel, Klaus Sulzbach and myself, Manfred Wennemer. The term of office of the Supervisory Board members ends at the conclusion of the next Annual General

Meeting in 2022. Prof. Dr. Bernd Gottschalk was elected Deputy Chairman of the Supervisory Board and I was elected Chairman. There were no personnel changes in fiscal year 2021. No conflicts of interest occurred in the entire 2021 fiscal year.

The Supervisory Board established two committees: 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 hold the office of Chairman in my capacity as Chairman of the Supervisory Board and in accordance with the Rules of Procedure for the Supervisory Board.

Jürgen Schaubel, Klaus Sulzbach and Natalie Hayday serve on 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 and independence 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). As Chairman of the Audit Committee he is also independent as required by the German Corporate Governance Code.

Supervisory Board activities in the 2021 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. 2021 was still dominated by the COVID-19 pandemic and its direct and indirect impacts. As a result, the Supervisory Board regularly addressed the measures



The Supervisory Board of JOST Werke AG

introduced by the Executive Board in this area. In addition to monitoring activities and advising the Executive Board, the Supervisory Board's work in the 2021 fiscal year primarily focused on advising the Executive Board on crisis management and tackling the challenges presented by the sharp increase in procurement and logistics costs and the ongoing pandemic. At the same time, we helped the Executive Board 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 seven meetings – some of them without the Executive Board – during the 2021 fiscal year, including five face-to-face meetings. Two resolutions were adopted by way of written circulation. All of the Supervisory Board members attended all meetings and resolutions. This means that the attendance rate was 100% both overall and with regard to the face-to-face meetings. As a result, every member of the Supervisory Board attended more than half of the meetings and conference calls held by the Supervisory Board and the committees of which they are members.

During the 2021 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:

On March 11, 2021, the Supervisory Board approved the relocation of the Global Logistics Center in Neu-Isenburg to the Erfurt area by written circulation and tasked the Executive Board with reviewing its execution and implementation.

In its meeting on March 18, 2021, the Supervisory Board primarily focused on the consolidated and single-entity financial statements for the 2020 fiscal year, which it subsequently approved and adopted, as well as the proposed dividend for that year. It also decided upon the new remuneration system for the Executive Board, which was approved by the General Meeting on May 6, 2021. Among other things, this allows the Supervisory Board to make adjustments to the remuneration granted at its reasonable discretion in the event of unforeseen developments within the limits set for individual remuneration components and for total remuneration. The Supervisory Board also assessed the existing system for Supervisory Board remuneration, which was also approved by the General Meeting.

The meeting held on May 6, 2021 centered on the discussion of numerous strategic issues and the completion of the Älö integration. The appointment of Chief Financial Officer Dr. Christian Terlinde was extended based on the recommendation of the Nomination Committee.

The meeting held on September 29, 2021 focused on addressing measures related to the development of material prices as well as short and medium-term sales planning.

The purpose of the meeting on November 16, 2021 was to discuss the budget for 2022 in preparation for the final consultation at the next Supervisory Board meeting in December.

At its last meeting of 2021 on December 2, the Supervisory Board decided upon the budget, set the targets required to determine the Executive Board members' variable remuneration components for the next fiscal year, and addressed strategic issues. The Supervisory Board also adopted the updated declaration of compliance with the German Corporate Governance Code. After making some final adjustments, the Supervisory Board approved the budget for the 2022 fiscal year by written circulation on December 21, 2021.

Work of the Executive and Nomination Committee in 2021

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 discussed this matter in three face-to-face meetings and five telephone meetings during the 2021 fiscal year. The overall attendance rate was 100%.

The Committee's work focused on finalizing the new remuneration system for the Executive Board, which was presented to the General Meeting for approval on May 6, 2021. The existing Supervisory Board remuneration system was also assessed.

The Committee also dealt with personnel planning for the Supervisory Board in preparation for the upcoming Supervisory Board elections in 2022. In addition, the Nomination Committee proposed to the Supervisory Board that the appointment of Chief Financial Officer Dr. Christian Terlinde be extended until 2024. This was confirmed at the Supervisory Board meeting on May 6, 2021.

Work of the Audit Committee in 2021

The Audit Committee held a total of nine meetings, including four face-to-face meetings and five conference calls. All three committee members attended all meetings, which means that the overall 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.

In its conference call on February 22, 2021, 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, 2020, with the relevant auditors at PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main (PwC).

The meeting on March 11, 2021, 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 2020 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 prepared the Supervisory Board's decision on its proposal to appoint the auditor of the consolidated financial statements for fiscal year 2021 based on the audit tendering process. It also dealt with 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, 2021, was held to discuss the results for the first quarter of 2021.

At its meeting on July 5, 2021, the Audit Committee addressed issues relating to risk management, internal audit, compliance, treasury, IT, purchase-to-pay (P2P), Working Capital Management, sustainability (ESG) and controlling.

On August 10, 2021, the half-year results for 2021 intended for publication were explained to the Audit Committee by phone.

The meeting held on September 29, 2021, focused on risk management, compliance activities and the P2P, working capital management and controlling projects as well as the group's ESG activities. The new auditor responsible for the audit of the consolidated financial statements also introduced themselves.

In its conference call on October 7, 2021, the Audit Committee discussed the upcoming audit of the consolidated and single-entity financial statements for the fiscal year ending on December 31, 2021, with the relevant auditors at PwC. In accordance with the recommendations of the German Corporate Governance Code (GCGC), 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 ensured 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" (GCGC) issued by the Executive Board and Supervisory Board.

The conference call held on November 9, 2021, focused on the results for the third quarter of 2021.

The Audit Committee meeting on December 2, 2021, 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.

Self-assessment of the Supervisory Board

In the 2020 fiscal year, the Supervisory Board conducted its regular self-assessment of its effectiveness in carrying out its tasks. The resulting recommendations for action and proposals were further implemented in fiscal year 2021. The next self-assessment is scheduled for 2022.

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 2021. On December 2, 2021, 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 December 16, 2019, and will be in compliance in the future. The full text of the declaration can be read at <https://www.jost-world.com/en/corporate/investor-relations/corporate-governance.html>.

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

There were no personnel changes on the Executive Board in fiscal year 2021.

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, 2021.

The non-financial report was drafted in line with the requirements of the Global Reporting Initiative (GRI) and the Handelsgesetzbuch (German Commercial Code – HGB). The report was presented to all members of the Supervisory Board in a timely manner. All documents were discussed in detail with the Executive Board and SPALL & KÖLSCH GmbH at the Audit Committee meeting on March 10, 2022, and the Supervisory Board meeting on March 17, 2022. 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 6, 2021, 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, 2021. This appointment also includes the appointment as auditor of the consolidated financial statements for the fiscal year ending on December 31, 2021. The auditor responsible for the audit is Thomas Heck. This is the first 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 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 10, 2022, and the Supervisory Board meeting on March 17, 2022. 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 thus followed the recommendation of the Audit Committee and agreed with the findings of the audit conducted by the auditor.

In a resolution dated March 17, 2022, 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 2021 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 €1.05 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 2021 a successful fiscal year. I wish the company and the members of the Executive Board continued success in the current 2022 fiscal year.

Neu-Isenburg, March 17, 2022

For the Supervisory Board

Manfred Wennemer
Chairman

Members of the Supervisory Board



Manfred Wennemer

Chairman of the Supervisory Board
(Chairman of the Executive and Nomination Committee)

Occupation: Managing Director of Board Advisors GmbH, Bensheim, Germany
Initial appointment: June 23, 2017
Appointed until: Annual General Meeting 2022
Year of birth: 1947
Place of birth: Ottmarsbochholt, Germany
Nationality: German

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

- Chairman of the board, TI Fluid Systems plc, England (listed)
- Member of the advisory board, Brückner Technology Holding GmbH, Siegsdorf, Germany (not listed)
- Member of the board, ACPS Automotive GmbH, Ingersheim, 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 2022
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 2022
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 2022
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,
Frankfurt / M., Germany
Initial appointment: June 23, 2017
Appointed until: Annual General Meeting 2022
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, Optimum Maritime Holding, Limassol, Cyprus (not listed)
- Member of the board of directors, MFD Rail Holding AG, Rotkreuz, Switzerland (not listed)
- Member of the advisory board, Baiersbronn Frischfaser Karton Holding GmbH, Baiersbronn, Germany (not listed)
- Member of the advisory board, Nextclinics International GmbH, Augsburg, Germany (not listed)



Klaus Sulzbach

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

Occupation: Auditor/management consultant
Initial appointment: June 23, 2017
Appointed until: Annual General Meeting 2022
Year of birth: 1959
Place of birth: Saarbrücken, Germany
Nationality: German

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

- None



SUSTAINABILITY

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Sustainability at JOST

We believe that corporate social responsibility is a prerequisite for achieving sustained commercial success in the international market. Maintaining a link between economic value creation on the one hand and ecological and social responsibility on the other is therefore vital. With this in mind, sustainability remains a priority for management at JOST.

We aim to ensure that all of our business units conduct themselves responsibly and sustainably so that they can contribute to JOST's long-term success and help to steadily increase the value of the company. We stepped up our sustainability activities during the 2021 fiscal year and expanded them to include quantitative targets and specific key performance indicators. We also established the ESG Council in 2021 to set sustainability targets and drive forward JOST's ESG activities across the group.

Our sustainability report for fiscal year 2021 was prepared in accordance with the standards of the Global Reporting Initiative (GRI). The report was reviewed by SPALL & Kölsch GmbH Wirtschaftsprüfungsgesellschaft. The comprehensive 2021 Sustainability Report, including the independent auditor's limited assurance report, is available at <https://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 an above-average margin but also continue reducing the ecological footprint of our production activities. The general goal of our climate and environmental responsibilities is to continually improve our environmental performance indicators.

In the 2021 fiscal year, we took a significant step towards our target of reducing our greenhouse gas emissions per production hour by 50% by 2030. The steep increase in productivity compared to the pandemic-hit previous year meant we were able to reduce CO₂eq emissions per production hour by 24.0% compared to 2020. We were also able to lower our Scope 1 und Scope 2 CO₂eq emissions by 0.3% in absolute terms compared to the previous year, even though significantly higher production volumes caused our total energy consumption to rise by 5.5% compared to 2020.

Indicator	Unit	2020 Base year ¹⁾	2021 ²⁾	Change vs. previous year
Electricity consumption	million kWh	50.5	53.5	5.9%
Electricity consumption intensity	kWh/prod. hr.	8.8	7.1	-19.2%
Natural gas and district heating	million kWh	47.9	50.3	5.1%
Natural gas and district heating intensity	kWh/prod. hr.	8.4	6.7	-19.8%
Total energy consumption	million kWh	98.4	103.8	5.5%
Energy consumption intensity	kWh/prod. hr.	17.2	13.8	-19.5%
CO ₂ eq emissions (Scope 1)	tonnes CO ₂ eq	12,745.6	13,037.0	2.3%
CO ₂ eq emissions (Scope 2)	tonnes CO ₂ eq	23,206.8	22,792.9	-1.8%
CO ₂ eq emissions (Scope 1+2)	tonnes CO ₂ eq	35,952.4	35,829.9	-0.3%
CO ₂ eq emissions (Scope 1+2) compared to sales	kg CO ₂ eq / € thsd.	45.3	34.2	-24.5%
CO ₂ eq emissions intensity (Scope 1+2)	kg CO ₂ eq / prod. hr.	6.3	4.8	-24.0%

¹⁾ The 2020 data was subsequently adjusted based on the final invoices from the energy suppliers, because the 2020 Sustainability Report used extrapolated data based on consumption in the first 11 months.

²⁾ In some cases, data was extrapolated using the first 11 months of 2021, as the final invoices for some sites were not yet available at the time the report was prepared. Fiscal year 2021 for the first time includes figures from the US site in Simpsonville/South Carolina. In the previous year, the site data could not be determined due to the relocation from Telford/Tennessee to Simpsonville/South Carolina.

The 5.9% increase in electricity consumption to 53.5 million kWh and 5.1% rise in natural gas and district heating consumption to 50.3 million kWh was due to strong growth in business volume triggered by the robust market recovery. In the previous year, government lockdowns aimed at combatting the pandemic had led to the temporary closure of our production plants in several countries, including China, India, South Africa and Brazil, as a result of which total energy consumption was lower in 2020.

However, the intensity ratios for the use of electricity and natural gas (per production hour in each case) improved considerably compared with the previous year because vital installations such as the cathodic dip coating (CDC) facility must keep its basic processes running even during a plant closure. This is why it was not possible to achieve a reduction in energy consumption in the previous year commensurate with the number of production hours and production output. Conversely, energy consumption in 2021 grew at a lower rate than production hours and sales, as JOST was able to use energy considerably more efficiently in 2021 thanks to its consistently high production capacity utilization during the year under review.

As part of its efforts to improve energy efficiency and reduce its CO₂ emissions, JOST carried out feasibility studies on the expansion of solar roofs at three of its production sites in the 2021 fiscal year. The company also conducted analysis to identify the most energy-intensive production processes. An interdisciplinary group developed measures designed to help reduce the energy consumption involved with these processes.

Further details about the development of other ecological indicators such as water and waste can be found in the 2021 Sustainability Report.

Employees

Treating all employees responsibly and respectfully is a key aspect of our business operations. Dedicated employees are the key to strong company performance, successful change and ultimately sustainable corporate success.

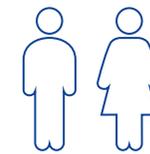
In light of the ongoing pandemic, our activities in 2021 continued to focus on protecting the health and safety of all our employees. As a manufacturing company, the option of working from home is only available to a small proportion of our employees. So we had to take very strong protective measures to keep our production workers safe.

With occupational health and safety already a major priority for our company, we have placed an even greater emphasis on protecting our employees since the start of the pandemic. The adjustments made to our working conditions in 2020 were refined further during the 2021 fiscal year. Employees still had the opportunity to work from home, while our production teams continued to follow modified shift patterns. Hygiene measures remained a top priority, and employees had the opportunity to test themselves for coronavirus at regular intervals.

Average number of employees by function

	2021	2020	Change
Production	2,220	2,062	7.7%
Sales	624	555	12.4%
Research and development	147	137	7.3%
Administration	333	301	10.6%
Total	3,324	3,055	8.8%

In the 2021 fiscal year, we employed an average of 3,324 employees worldwide – a year-over-year increase of 8.8% (2020: 3,055). This increase is due to the global rise in activity levels as the market recovered in 2021.

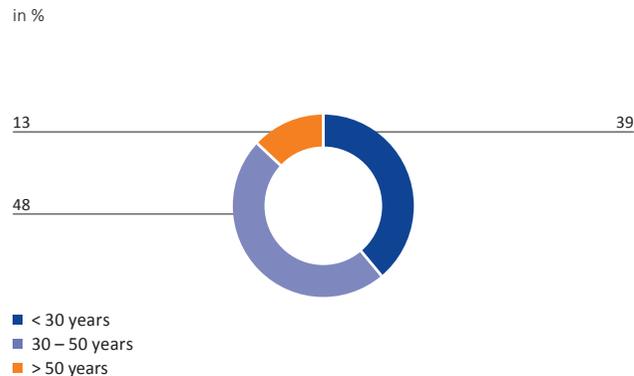


3,324
employees

Average number of employees by region as of December 31, 2021



Breakdown of newly hired employees by age



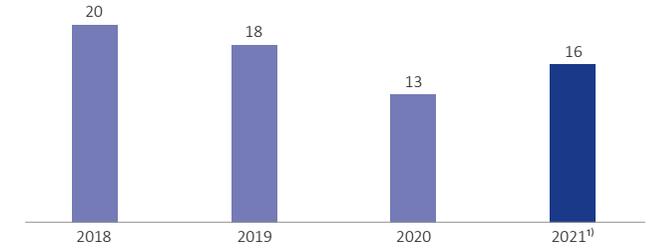
Occupational health and safety

Despite the disruption caused by the pandemic, the prevention of workplace accidents remained an important issue. Regular information, instruction, training and CPD courses, whether legally required or voluntary, help us to achieve high safety standards and enable us to maintain and encourage safe working practices in all areas of the group, both industrial and commercial, and in all of our sites.

In the 2021 reporting year, the group-wide rate of accidents per 1,000 employees was 16 (2020: 13). This calculation comprises all employees, including leased staff.

There were two reasons for year-on-year increase in the rate of accidents per 1,000 employees: the first-time inclusion of the Ålö Group in these figures after its acquisition in the 2020 fiscal year and the fact that all production plants were manufacturing continuously during the 2021 fiscal year, in contrast to the previous year. The outbreak of the pandemic in the previous year forced our plants to close for several weeks in many regions due to lockdowns. As a result, the number of production hours rose significantly compared to the previous year and with it the risk of a workplace accident. Our aim is to continually reduce the number of accidents at work.

Workplace accidents per 1,000 employees



¹⁾ Fiscal year 2021 for the first time includes figures from sites of the Ålö Group, which was acquired in 2020.



2021:
16 workplace accidents
 per 1,000 employees

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 customers, business partners, shareholders and the general public. This is vital for the long-term success of our company.

JOST is committed to respecting human rights in accordance with the United Nations Universal Declaration of Human Rights, the 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 JOST Werke Group's Internal Code of Conduct, the legal requirements it contains, and our voluntarily adopted ethical principles are a fundamental part of our compliance management system.

2021:
5 reports



JOST's share of consolidated sales generated in countries with a corruption index of <60 was 16.9% in the 2021 fiscal year (2020: 17.9%). 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.

In order to proactively identify and uncover possible violations of statutory regulations and internal guidelines early, 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 five reports in the 2021 fiscal year (2020: 25), four via the reporting system and one in person. The reports were related mainly to the conduct of colleagues or line managers and to occupational safety. All of 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 want to continue improving its impact on 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 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 rankings issued by assessment organizations such as MSCI ESG, ISS ESG, Gaia Rating and Sustainalytics. JOST has continually improved its ratings from Gaia and MSCI ESG Research in recent years, while Sustainalytics lifted JOST's rating from High Risk to Medium during the 2021 fiscal year.

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 [2021 Sustainability Report](#).

JOST worldwide



Production unit



Sales unit



Production and sales unit





COMBINED MANAGEMENT REPORT

AS OF DECEMBER 31, 2021, JOST WERKE AG
NEU-ISENBURG, GERMANY

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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.

On the reporting date of December 31, 2021, the JOST Werke Group consisted of 42 companies (2020: 46). The lower figure is attributable to the disposal of Jost UK Ltd., which has no longer been included in the scope of consolidation since April 30, 2021, and the merger of three Ålö companies. JOST also holds a 49% stake in a joint venture in Brazil, which is accounted for using the equity method.

■ See note 6 of the notes to the consolidated financial statements

Adjusted for the sales revenues of the disposed entity Jost UK Ltd., JOST posted sales of €1,048.6m in fiscal year 2021 (2020: €794.4m). The group employed an average of 3,324 (2020: 3,055) people worldwide. With 21 production facilities in 25 countries worldwide (including the joint venture in Brazil) 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 2021 fiscal year, JOST generated 49.0% of its sales in Europe. The second largest region was North America with a 27.5% share of sales, followed by Asia-Pacific-Africa (APA) with 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 2021, the sales revenues generated by the Brazilian joint venture rose to €78.1m (2020: €45.7m).

Products and services

JOST products are primarily used in two application areas:

Transport: This includes products and systems for trucks and trailers that provide the interface connecting the truck to the trailer, such as fifth wheel couplings, landing gears and king pins as well as towing hitches, ball bearing turntables and drawbars. We also offer axle systems with or without modular suspension systems for trailers as well as leading and trailing axles for trucks and forced steering systems. Our product portfolio in the transport sector also includes solutions for intermodal transport.

Agriculture: This includes products such as agricultural front loaders for tractors, various implements for front loaders, subframes and towing hitches, drawbars, towing eyes and ladders for 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 such as supplying them with replacement parts at short notice or providing guidance on using our products.

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 outperform the market, our goal is to constantly develop new products and services that enable our direct customers and end users to work more efficiently and sustainably. Our solutions can therefore help to further improve the economic, ecological and social balance of the transport and agricultural sectors.

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 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, environmentally friendly and 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 sector and by deepening our range of products both on and off the road. 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. Megatrends such as urbanization and e-commerce offer us major growth opportunities in freight transport. In the agricultural sector, we are seeing strong demand for investments to increase agricultural productivity and protect the global food supply, particularly in emerging and developing countries. 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. This provides us with the flexibility we need 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 plant 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 and/or adjusted EBITDA as well as 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, net debt (leverage) and net debt in relation to equity (gearing). Any deviations from target values are analyzed and managed as required.

Calculation of financial key performance indicators

<p>± Operating profit (EBIT)</p> <p>+ D&A from PPA</p> <p>± Other exceptionals</p> <hr/> <p>= Adjusted EBIT</p> <p>+ Depreciation of property, plant and equipment</p> <p>+ Amortization of intangible assets</p> <hr/> <p>= Adjusted EBITDA</p>	<p>+ Inventories</p> <p>+ Trade receivables</p> <p>– Trade payables</p> <hr/> <p>= Net working capital (NWC)</p> <p>: Sales revenues x 100</p> <hr/> <p>= NWC as a percentage of sales</p>	<p>+ Interest-bearing loans excluding accrued financing costs</p> <p>– Cash and cash equivalents</p> <hr/> <p>= Net debt</p> <p>: Adjusted EBITDA</p> <hr/> <p>= Leverage</p>
<p>Adjusted EBIT</p> <p>: Sales revenues x 100</p> <hr/> <p>= Adjusted EBIT margin</p>	<p>Net debt</p> <p>: Equity x 100</p> <hr/> <p>= Gearing</p>	

The development of KPIs in the 2021 fiscal year and any potential deviations are explained in the report on economic position.

■ See course of business in 2021

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

The disclosures as of December 31, 2021, 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) sentence 1 of the Aktiengesetz (German Stock Corporation Act – AktG):

Subscribed capital: As of December 31, 2021, 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 disappled by law. If the company holds treasury shares – which was not the case as of December 31, 2021, – 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, 2021, 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 May 20, 2021 that 10.54% 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, 2021.

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) 5. 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 disappplied 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 exist as of the December 31, 2021, reporting date between JOST Werke AG and various lenders for promissory note loans totaling €150.0m 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. The program does not grant 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 2021

Executive Board's overall assessment of the economic situation in 2021

During the 2021 fiscal year, JOST successfully pushed ahead with its group strategy of a long-term, sustainable increase in enterprise value based on innovation, growth and greater efficiency. Our broad and diversified product portfolio together with our balanced global positioning allowed us to balance the different dynamics within our business and turn them to our advantage.

For example, we were able to profit from the strong upturn in the Chinese truck market in the first half of 2021 and reliably serve our customers at all times in an environment dominated by supply bottlenecks. We also reacted flexibly to changes in the European and North American markets. Shortages of materials, particularly semiconductors, prompted key OEM customers in the truck sector in these markets to temporarily reduce their call-offs, forcing JOST to rapidly adjust its production processes to ensure that it could use the materials to supply other customers. At the same time, our strong positioning in the international trailer market made a vital contribution to our positive business performance in 2021 as OEM trailer customers were less reliant upon semiconductor availability, which meant that demand for our trailer systems and components remained very high throughout the year. In the agricultural sector, JOST was able to profit from strong demand for front loaders – an important driver for the growth achieved during the 2021 fiscal year.

Despite mounting challenges in the global procurement markets, JOST was able to maintain its supply chains and deliveries and thus remain a reliable partner to its customers during fiscal year 2021. JOST also pushed ahead with the marketing of key product innovations in 2021. For example, we presented the benefits of our new KKS system – which enables fully automated coupling of semi-trailers – to fleet operators for the first time. In the agricultural business, we began marketing our innovative Quicke Control System (QCS), which also automates repetitive front loader tasks to make farmers' work more efficient.

JOST passed the €1 billion sales mark for the first time in the company's history, growing sales revenues by 32.0% year-over-year to reach €1,048.6m during the 2021 fiscal year (2020: €794.4m). This figure has been adjusted to exclude €2.3m in sales generated by Jost UK Ltd. (Edbro), as this company was sold on May 12, 2021 and the associated operating activities have not continued. ■ See Significant business events in 2021

Despite the sharp rise in materials and logistics costs during the 2021 fiscal year, the group's adjusted EBIT grew much faster than sales, increasing by 43.2% to €104.8m (2020: €73.2m). This was primarily due to higher production capacity utilization year-over-year and the related operating leverage of fixed cost depression. Operating expenses in particular did not rise as much, as JOST's lean organizational structure enabled it to generate significantly higher sales revenues with comparatively stable selling, development and administrative expenses. As a result, the adjusted EBIT margin rose by 0.8 percentage points to 10.0% in the 2021 fiscal year (2020: 9.2%).

The sharp rise in activity compared to 2020 and bottlenecks in the procurement markets posed major challenges for working capital management in 2021. In addition to pre-financing its strong growth, JOST also had to invest in inventories to ensure the group could continue to make deliveries. As a result, working capital rose by 41.6% to €188.4m compared with the prior-year period (2020: €133.0m). It is important to note that activity levels were exceptionally low in 2020 due to the outbreak of the coronavirus pandemic and the ensuing significant decline in demand. Despite this, JOST kept the ratio of working capital to sales well below its target level of 20% at 18.0% in the 2021 fiscal year due to its disciplined approach to working capital management (2020: 16.4%).

Despite the increase in working capital, we were 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 €+33.3m in the 2021 fiscal year (2020: €+98.1m). Liquid assets amounted to €87.5m as of December 31, 2021 (December 31, 2020: €108.3m). In addition to the increase in working capital, the decline in liquid assets was primarily driven by the dividend payment of €14.9m (2020: €0m) as well as repayments of financial liabilities totaling €43.3m.

JOST was able to reduce its net debt to €193.9m as of December 31, 2021 (31 December 2020: €207.6m). The ratio of net debt to adjusted EBITDA fell to 1.45x in the same period (2020: 1.997x).

As a result, JOST reached or significantly exceeded all of the financial targets set at the start of 2021. For further information, see the "Variance analysis" section. Details of JOST's performance during the 2021 fiscal year are reported in the section entitled "Course of business in 2021".

Significant business events in 2021

Sale of Jost UK Ltd. (Edbro): Following a periodic analysis of its organic and external expansion strategy, JOST decided to divest the hydraulic cylinder business operating under the Edbro brand during the 2021 fiscal year to focus on other identified strategic growth opportunities in transport and agriculture. As a result, the group sold Jost UK Ltd., which produced hydraulic cylinders within the JOST group of companies, to Enact and its fund company Endless LLP on May 12, 2021.

The disposal created one-time negative exceptionals amounting to €13.3m during the 2021 fiscal year, which are mainly attributable to non-cash impairment losses incurred as a result of the deconsolidation. The deconsolidation date was April 30, 2021.

All of the following notes to the sales and segment performance of the JOST Group in the 2021 fiscal year were adjusted to exclude €2.3m in sales revenues generated by Jost UK Ltd. up to April 30, 2021. A summary of the effects from the sale of the disposal group can be found in **note 5** of the notes to the consolidated financial statements.

Macroeconomic and sector-specific environment in 2021

Macroeconomic environment

The global economy is recovering despite mounting risks. During the 2021 fiscal year, the global economy was able to continue steadily recovering from its pandemic-related slump in 2020. Although material and capacity bottlenecks, rising inflation and new waves of coronavirus cases slowed the economy in the second half of 2021, the economic recovery continued overall. According to the International Monetary Fund (IMF), the global economy grew considerably by 5.9% year-over-year in 2021 (2020: -3.1%). Buoyed by the positive economic situation, international trade increased by 9.3% year-over-year during the 2021 fiscal year (2020: -8.2%).

In Europe, gross domestic product (GDP) rose by 5.2% compared to the previous year (2020: -6.4%). According to the IMF, the US economy expanded by 5.6% compared to 2020 (2020: -3.4%). The Asian economy also recovered considerably after the slump triggered by the pandemic during the 2020 fiscal year, with economic output in Asia's emerging and developing countries rising by 7.2% (2020: -0.9%). This growth was predominantly driven by China (8.1%) and India (9.0%). According to the IMF, GDP in Latin America grew by 6.8% in 2021 (2020: -6.9%).

Sector-specific environment

Strong demand for trucks in 2021: The significant reluctance of many fleet operators to invest during the 2020 fiscal year – due in particular to uncertainty caused by the outbreak of the coronavirus pandemic – shortened the customary downturn in the fleet investment cycle. As a result, demand for trucks during the 2021 fiscal year was very strong and could not be fully satisfied in some cases as the shortage of semiconductors and further supply chain disruption adversely affected the production and delivery capabilities of many OEMs.

According to LMC Automotive (LMC), global truck production (excluding China) rose by 27.2% year-over-year in 2021 (2020: -31.1%). Only the Chinese truck market recorded a negative performance in 2021, contracting by 22.4% overall compared to the previous year (2020: +38.7%). The Chinese truck market bucked the global market trend and shrugged off the coronavirus pandemic to record strong growth in 2020, which meant that fleets were expected to cut down on capital expenditure in 2021. This effect was intensified by the fact that a new truck emissions regulation came into force effective July 1, 2021, triggering considerable pull-forward effects.

In Europe, truck production increased by 17.5% in 2021 compared to the previous year despite supply bottlenecks (2020: -22.0%), while in North America truck production was up 17.6% in 2021 (2020: -37.8%). In both regions, high demand for trucks could not be fully satisfied due to supply bottlenecks, forcing many orders to be postponed until 2022. This caused a significant order backlog for OEMs and their suppliers at the end of the 2021 fiscal year.

Impacted by the sudden slump in the Chinese truck market in the second half of 2021, the truck market in Asia-Pacific-Africa (APA) shrunk by 16.6% (2020: 23.1%). Excluding China, however, the other countries in the APA region grew by 37.9% year-over-year in 2021 (2020: -40.2%) and followed the positive recovery trend seen in Europe and North America. According to LMC Automotive, the truck market in Latin America grew by 77.2% during the 2021 fiscal year (2020: -21.1%).

Trailer market on track for growth: After a sharp decline in the trailer market in the 2019 and 2020 fiscal years, trailer production recovered significantly in 2021. Forecasting institute Clear Consulting expects the global trailer market to have grown by 19.5% in 2021 (2020: -20.2%).

In Europe, Clear Consulting believes the trailer market increased by 18.6% year-over-year in 2021 (2020: -22.3%). In North America, market research firm FTR, which specializes in this region, projects that trailer production will rise by 25.8% versus 2020 (2020: -35.7%), while Clear Consulting expects the trailer market in Asia-Pacific-Africa to have grown by 11.1% (2020: -6.7%).

Strong demand for agricultural tractors: In the agricultural sector, willingness to invest in commercial vehicles also increased during the 2021 fiscal year. Rising prices for agricultural products and an aging tractor fleet gave the market a further boost in both Europe and North America. In North America, demand for tractors rose by around 14% compared to the previous year. In Europe, crop and live-stock farmers achieved high yields that also supported the increase in demand for agricultural tractors. Market experts predict that the European tractor market grew by 16% year-over-year in 2021.

Course of business in 2021

Variance analysis

The rapid recovery in our markets around the globe and the related strong demand for trucks, trailers and agricultural tractors led to unexpectedly high sales and earnings growth in fiscal year 2021. Despite the market uncertainty stemming from the ongoing coronavirus pandemic and new virus variants, as well as supply bottlenecks and rising materials and freight costs, JOST in 2021 was able to meet or clearly exceed all targets set at the beginning of the year.

For this reason, we raised our guidance for 2021 when publishing the interim report for the third quarter of 2021 on November 11, 2021. We met those higher forecasts on the back of strong sales figures in the fourth quarter of 2021.

JOST increased adjusted consolidated sales by 32% in fiscal year 2021 to €1,048.6m (2020: €794.4m). We therefore clearly exceeded the target raised to generating sales of €1bn for the first time in the company's history.

Adjusted EBIT rose by 43% year-over-year to €104.8m (2020: €73.2m) while the adjusted EBIT margin improved by 0.8 percentage points to 10.0% (2020: 9.2%). Adjusted EBITDA likewise rose by 30% year-over-year to €133.4m (2020: €102.7m). Despite the uncertainties stemming from higher materials and freight costs, JOST therefore also met its raised targets for operating earnings.

Investments in property, plant and equipment and intangible assets remained stable year-over-year at €20.1m (2020: €20.9m). Due to the very sharp increase in sales, capital expenditure as a percentage of sales fell to 1.9% (2020: 2.6%).

In spite of global supply bottlenecks and materials shortages, we kept the ratio of working capital to sales well below the 20% target at 18.0% in fiscal year 2021. We also improved our leverage ratio (ratio of net debt to adjusted EBITDA) compared with the previous year to 1.45x (2020: 1.997x).

The following table shows the forecasts when the 2020 annual report was published, the upward revisions in the third quarter of 2021 and the results achieved in fiscal year 2021.

Financial key performance indicators

Indicator	2020 results	2021 guidance	Adjustment on November 11, 2021	2021 results
Sales	€794.4m	low double-digit growth vs. 2020	>25% growth vs. 2020; €1 billion in sales targeted	+32% to €1,048.6m
Adjusted EBIT	€73.2m	low double-digit growth vs. 2020; outperforming sales	>30% growth vs. 2020;	+43% to €104.8m
Adjusted EBIT margin	9.2%	Slight increase vs. 2020	Increase vs. 2020	10.0%
Adjusted EBITDA	€102.7m	low double-digit growth vs. 2020	>30% growth vs. 2020;	+30% to €133.4m
Capital expenditures as a percentage of sales	€20.9m 2.6%	approx. 2.5%	no adjustment	€20.1m 1.9%
Net working capital as a percentage of sales	€133.0m 16.4%	higher than in 2020, but less than 20% of sales	no adjustment	€188.4m 18.0%
Leverage	1,997x	lower than 1.997x	no adjustment	1.45x

Results of operations

Sales

Sales revenues by origin

in € thousands	2021	2020 ²⁾	% yoy
Europe	618,230 ¹⁾	482,235	+28.2%
North America	258,956	172,298	+50.3%
Asia-Pacific-Africa (APA)	171,419	139,877	+22.5%
Total	1,048,605¹⁾	794,410	+ 32.0%
of which transport	785,420¹⁾	609,859	+ 28.8%
of which agriculture	263,185	184,551	+ 42.6%

¹⁾ Sales revenues in the European transport sector were adjusted by €2,326 thousand 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](#).

²⁾ The Ålö Group was only included in the group's basis of consolidation effective February 1, 2020. Accordingly, year-over-year comparability of sales in 2021, especially in agriculture, is somewhat limited.

The positive economic and sector-specific environment supported the strong growth in fiscal year 2021. Following the pandemic-induced market downturn in the previous year, the commercial vehicle markets in the transport and agriculture segments made a clear recovery in 2021. Despite the uncertainties stemming from the ongoing coronavirus pandemic and the repeated emergence of new virus mutations, demand for trucks, trailers and agricultural tractors remained very robust during the course of the year and in some cases exceeded supply. The second half of 2021 in particular was impacted by supply chain bottlenecks and, despite a large order backlog, many OEM customers had to scale back their production plans due to the shortage of semiconductors.

The strong market recovery had a positive impact on JOST's sales performance. At the same time, the healthy state of the economy and high demand for industrial goods led to a rise in steel prices worldwide, forcing JOST to also raise prices in the course of the year in order to offset higher materials costs. JOST therefore increased group-wide sales significantly in fiscal year 2021, by 32.0% overall to €1,048.6m (2020: €794.4m). Year-over-year comparability is somewhat limited, as Älö was only consolidated with effect from February 1, 2020 and the Älö Group's sales for January 2020 were not included in 2020. Adjusted both for this effect and for currency translation effects, JOST's organic consolidated sales rose by 29.3% in fiscal year 2021.

Global sales of agricultural components grew by 42.6% to €263.2m in 2021 (2020: €184.6m). JOST's sales in the transport sector also increased significantly by 28.8% in fiscal year 2021 to €785.4m compared with 2020 (2020: €609.9m). This was after the elimination of sales revenues of €2.3m stemming from the discontinued operations of Jost UK Ltd., which was sold in the second quarter of 2021.

In Europe, JOST increased sales by 28.2% to €618.2m (2020: €482.2m). After very strong sales growth in the first half of 2021, the pace of growth slowed in the second half of the year due to the typical seasonality of the business. Supply bottlenecks for key OEM customers, who responded by reducing planned call-offs of JOST products at short notice, also amplified this seasonal effect. Nevertheless, JOST's high level of flexibility enabled it to adjust production in many cases and deliver goods that had not been accepted at short notice to other customers. Adjusted for currency effects and taking into account the Älö Group's European sales in January 2020 on a pro forma basis, JOST's organic growth in Europe rose by 24.5% in 2021.

In North America, sales increased by 50.3% to €259.0m in the 2021 fiscal year (2020: €172.3m). Adjusted for currency and takeover effects, JOST's organic sales in the region increased by 52.9% in 2021, which meant the group once again outperformed the relevant markets in North America. JOST gained further market share in North America in 2021, particularly in the transport business.

In Asia-Pacific-Africa (APA), JOST increased sales by 22.5% in fiscal year 2021 to €171.4m (2020: €139.9m). The contribution made by agricultural components was small at €3.4m. Adjusted for currency effects, APA sales rose by 18.5%. Market performance in the region was shaped in particular by the entry into force of a new emissions standard for trucks in China on July 1, 2021. In the first half of 2021, JOST achieved sales growth of 65.7% compared with the prior-year period, as purchases brought forward ahead of the standard's entry into force pushed up demand for trucks in China substantially. This positive trend was also supported by the healthy state of the economy and robust demand in the transport segment in the other countries across the region. Once the new emissions standard entered into force, demand for trucks in China dropped significantly from the

second half of the year onwards as expected. As we are well positioned in other countries in the APA region, such as India, South East Asia, Australia and South Africa, we were nevertheless able to largely offset China's market downturn, as a result of which sales in the second half of 2021 were only down by 8.3% year-over-year. Overall in APA, JOST strengthened its market position and generated record sales of €171.4m in fiscal year 2021.

Earnings performance

Results of operations 2021

in € thousands	2021	2020	% yoy
Sales revenues¹⁾	1,050,931	794,410	32.3%
Cost of sales	-772,309	-578,018	
Gross profit	278,622	216,392	28.8%
Gross margin	26.5%	27.2%	
Operating expenses/income	-224,682	-192,341	
Operating profit (EBIT)	53,940	25,051	115.3%
Net finance result	-6,193	-5,850	
Profit / loss before tax	47,747	19,201	148.7%
Income taxes	-3,883	89	
Profit / loss after taxes	43,864	19,290	127.4%
Earnings per share in €	2.94	1.29	127.4%

¹⁾ The reported sales revenues include sales of €2,326 thousand from the entity Jost UK Ltd., which was sold in the second quarter of 2021.

The strong sales growth in fiscal year 2021 enabled JOST to partly offset the strong increases in materials and logistics costs, as a result of which the gross margin declined only slightly year-over-year to 26.5% in fiscal year 2021 (2020: 27.2%). Higher materials prices in particular were mostly passed on to customers by adjusting prices some time later. Together with already-robust demand for our products, these price increases had a positive impact on sales performance in the past fiscal year. Compared with 2020, the share of total sales accounted for by the aftermarket business fell slightly to 27% (2020: 30%). This is due primarily to the comparatively stronger growth in business with OEM customers in fiscal year 2021 as a result of the recovery in the markets for trucks, trailers and agricultural tractors. Overall, the average gross margin with OEM customers is lower than in the aftermarket business, as a result of which the product mix also had a slightly negative impact on the overall gross margin in 2021.

Operating expenses increased at a slower rate than sales in 2021, rising by 17.4% to €224.7m (2020: €191.3m). 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, for example, were up only slightly on the previous year to €17.9m (2020: €17.2m). Administrative expenses also held steady at €63.4m (2020: €61.7m). Only selling expenses rose at a higher rate of 27.0% to €147.7m (2020: €116.3m). This was due predominantly to the higher volume of business and increased costs for outgoing freight.

Overall in the 2021 fiscal year, earnings before interest and taxes (EBIT) doubled to €53.9m (2020: €25.1m).

Adjusted for exceptionals, EBIT rose by 43.2% to €104.8m in 2021 (2020: €73.2m) while the adjusted EBIT margin improved by 0.8 percentage points to 10.0% (2020: 9.2%).

Adjusted for exceptionals, EBITDA grew by 29.9% to €133.4m (2020: €102.7m), driven by the increase in business volume and the improved operating business compared with 2020. The adjusted EBITDA margin was 12.7% (2020: 12.9%).

The adjustments made in fiscal year 2021 mainly concerned non-operating or non-cash exceptionals arising from depreciation and amortization in connection with purchase price allocation (D&A from PPA) in the amount of €27.8m (2020: €29.1m). Also in fiscal year 2021, an adjustment was made for €13.3m of one-time deconsolidation effects in connection with the disposal of Jost UK Ltd. (2020: 0). This also includes one-time D&A from PPA in the amount of €4.7m arising from the sale of Jost UK Ltd. Other effects amounted to €9.9m in fiscal year 2021 and were impacted mainly by restructuring expenses in connection with the relocation of a logistics center and a production site. In the previous year, other effects were driven to a significant extent by exceptionals in connection with the acquisition of the Ålö Group (2020: €19.1m).

The following tables show a summary of adjustments made:

Reconciliation of adjusted earnings 2021

in € thousands	2021	2020
EBIT	53,940	25,051
D&A from PPA	-27,750	-29,077
Effects from the sale of the disposal group ¹⁾	-13,281	0
Other effects	-9,864	-19,098
Adjusted EBIT	104,835	73,226
Adjusted EBIT margin	10.0%	9.2%
Depreciation of property, plant and equipment	-25,373	-26,434
Amortization of intangible assets	-3,182	-3,015
Adjusted EBITDA	133,390	102,675
Adjusted EBITDA margin	12.7%	12.9%

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

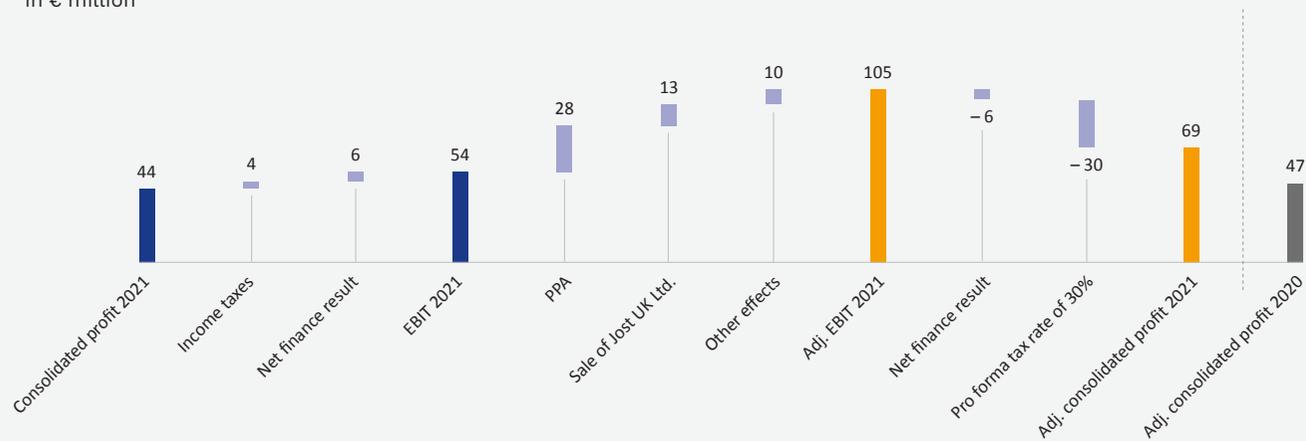
The net finance result fell by €–0.3m to €–6.2m in fiscal year 2021 (2020: €–5.8m). This change is due mainly to unrealized currency losses as a result of non-cash effects arising on the measurement of foreign currency loans and derivatives.

Adjusted for the exceptionals mentioned above, earnings after taxes rose by 46.1% to €69.1m (2020: €47.3m) and earnings per share to €4.63 (2020: €3.18).

Driven by the strong sales growth and the clear improvement in profitability, earnings after taxes rose by 127.5% in fiscal year 2021 to €43.9m (2020: €19.3m). Earnings per share increased to €2.94 (2020: €1.29).

Reconciliation of 2021 adjusted earnings

in € million



Segments

Segment Reporting 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 revenues¹⁾	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 EBIT³⁾	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 EBITDA³⁾	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. For further information, please refer to note 5.

³⁾ Adjusted EBIT/EBITDA includes the share of the profit or loss of investments accounted for using the equity method.

Segment Reporting 2020

in € thousands	Europe	North America	Asia-Pacific-Africa	Reconciliation	Consolidated financial statements
Sales revenues ¹⁾	757,761	187,315	218,042	-368,708	794,410 ²⁾
thereof: external sales revenues¹⁾	482,235	172,298	139,877	0	794,410
thereof: internal sales revenues ¹⁾	275,526	15,017	78,165	-368,708	0
Adjusted EBIT³⁾	37,275	11,847	21,292	2,812	73,226
of which:					
depreciation and amortization	19,606	5,043	4,800	0	29,449
Adjusted EBIT margin	7.7%	6.9%	15.2%		9.2%
Adjusted EBITDA³⁾	56,881	16,890	26,092	2,812	102,675
Adjusted EBITDA margin	11.8%	9.8%	18.7%		12.9%

¹⁾ Sales by destination in 2020:

- Europe: €404,374 thousand
- Americas: €188,610 thousand
- Asia-Pacific-Africa: €201,426 thousand

²⁾ Sales revenues in the segments show the sales revenues by origin.

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 developed positively in the 2021 fiscal year, with order intake remaining very robust during the year. However, supply bottlenecks, particularly for semiconductors, forced important OEM customers in Europe to reduce their call-offs and shift some of their orders to 2022. Nevertheless, JOST benefited from the generally positive market environment and increased European sales by 28.2% to €618.2m in fiscal year 2021 (2020: €482.2m).

Bolstered by the increase in business volume, JOST grew adjusted EBIT in Europe by 21.8% year-over-year in fiscal year 2021 to €45.4m (2020: €37.3m). The rise in material and logistics costs had an adverse impact on earnings in the region. Although JOST managed to offset a large part of the inflated material costs by making price adjustments, it was only able to implement the agreed increases after a time delay. JOST was also forced to make production changes several times due to the temporary changes in customer call-offs resulting from the semiconductor shortage. These changes inevitably resulted in some efficiency losses. As a result, the adjusted EBIT margin in Europe was 7.3% in 2021 (2020: 7.7%).

In 2021, we invested €14.0m in Europe (2020: €15.8m). Investments in property, plant and equipment totaled €9.5m (2020: €10.9m) while investments in intangible assets amounted to €4.6m (2020: €4.9m). This figure mainly comprised replacement investments for machinery and production plants as well as investments in research and development.

North America

JOST recorded robust growth in North America in both transport and agriculture, increasing sales considerably by 50.3% to €259.0m (2020: €172.3m). Due to the encouraging order situation and high sales volumes, we assume that JOST has gained further market share in North America.

We doubled adjusted EBIT to €23.7m during the past fiscal year (2020: €11.8m). Although the rise in material and logistics costs also had an adverse impact on operating profit in this region, this negative effect was partly offset by a significant increase in production capacity utilization compared to the previous year and the related operating leverage of fixed cost depression. Another positive was the thriving aftermarket business, which also recorded powerful growth boosted by market share gains in recent years. JOST also significantly improved its profitability in the agricultural sector in 2021, as business performance in this industry during the previous year was negatively affected by the relocation of the US production plant from Telford, Tennessee to Simpsonville, South Carolina. Overall, the adjusted EBIT margin in North America was 9.1% in fiscal year 2021 (2020: 6.9%).

The group invested €4.1m in North America in the 2021 fiscal year (2020: €1.9m), primarily in property, plant and equipment. Several CapEx projects in North America that were delayed until 2021 due to the coronavirus pandemic in the previous year are now being realized.

Asia-Pacific-Africa (APA)

JOST used its excellent market positioning in the APA region to benefit from the market recovery in various countries across the region. Strong demand growth in China in the first half of 2021 and sustained positive market developments in India, Australia, New Zealand and South Africa enabled the group to increase sales in APA by 22.5% to €171.4m in the 2021 fiscal year (2020: €139.9m).

The high level of capacity utilization at production plants in the region and a beneficial product mix in APA resulted in a 40.8% increase in adjusted EBIT to €30.0m compared with the previous year, which was weighed down by the coronavirus pandemic (2020: €21.3m). JOST improved its EBIT margin in APA to 17.5% in the 2021 fiscal year (2020: 15.2%).

We invested €2.0m in APA in 2021 (2020: €3.2m), primarily in property, plant and equipment. During the previous year, JOST made significant investments in machinery and production plants in APA to enable it to meet increased demand from the Chinese market. This reduced the need for capital expenditure in 2021 compared to the previous year.

Net assets

Balance sheet structure

Assets

in € thousands	12/31/2021	12/31/2020
Noncurrent assets	522,472	546,916
Current assets	462,382	391,649
	984,854	938,565

In fiscal year 2021, Group equity rose by €42.0m to €307.2m (December 31, 2020: €265.2m). The rise is mainly attributable to the improvement in earnings after taxes. Equity was also positively impacted by non-cash differences arising on the translation of foreign operations. The equity ratio improved to 31.2% as of December 31, 2021 (December 31, 2020: 28.3%).

Noncurrent liabilities decreased by €23.3m to €388.6m as of December 31, 2021 (December 31, 2020: €411.9m). 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 noncurrent interest-bearing loans and borrowings and the decline in deferred tax liabilities. Non-current interest-bearing bank loans declined by €14.0m to €254.2m (December 31, 2020: €268.2m). They consist of a promissory note loan of €150m placed in 2018 and a further €102m from a financing

Equity and liabilities

in € thousands	12/31/2021	12/31/2020
Equity	307,152	265,235
Noncurrent liabilities	388,591	411,941
Current liabilities	289,111	261,389
	984,854	938,565

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. Pension obligations fell slightly year-on-year to €66.0m in 2021 (December 31, 2020: €69.9m). Deferred tax liabilities declined to €28.0m (December 31, 2020: €35.8m). Other noncurrent financial liabilities increased to €33.2m (December 31, 2020: €28.9m).

Current liabilities rose by €27.7m to €289.1m in 2021 (December 31, 2020: €261.4m). This increase is primarily due to the €36.2m increase in trade payables to €163.5m as a result of the growing business volume (December 31, 2020: €127.3m). The rise in other current liabilities to €39.1m also contributed to this performance (December 31, 2020: €29.7m). Conversely, the repayment of interest-bearing loans and borrowings reduced current liabilities by €20.3m to €26.9m (December 31, 2020: €47.2m).

Noncurrent assets declined by €24.4m to €522.5m (December 31, 2020: €546.9m), the main reason being the €33.0m reduction in other intangible assets to €268.9m due to the amortization of intangible assets from purchase price allocation (PPA) and the impairment losses due to the sale of Jost UK Ltd. in the second quarter of 2021. Ongoing depreciation of property, plant and equipment and the disposal of noncurrent assets in connection with the sale of Jost UK Ltd. also reduced noncurrent assets. The €5.9m increase in the carrying amount of the equity-accounted investment in JOST Brasil to €14.0m (December 31, 2020: €8.1m) had an opposite effect.

Current assets rose by €70.7m to €462.4m (December 31, 2020: €391.6m). The main driver of the rise was the increase in inventories and trade receivables.

Working capital

in € thousands	12/31/2021	12/31/2020
+ Inventories	198,434	136,339
+ Trade receivables	153,437	123,947
– Trade payables	163,458	127,261
= Working capital	188,413	133,025
Working capital as a percentage of sales	18.0%	16.4%

In the 2021 fiscal year, inventories rose by €62.1m to €198.4m (December 31, 2020: €136.3m), while trade receivables increased by €29.5m to €153.4m (December 31, 2020: €123.9m). This rise was primarily due to the strong growth in activity compared to 2020 and bottlenecks in the procurement markets. JOST had to finance its sales growth in advance while at the same time making additional investments in inventories to ensure the group could continue to make deliveries. Activity and inventory levels were exceptionally low in 2020 due to the outbreak of the coronavirus pandemic and the subsequent slump in demand.

Overall, working capital rose by 41.6% year-over-year to €188.4m in the 2021 fiscal year (2020: €133.0m). The increase in trade payables, which reduced the rise in working capital, also had a positive impact. Despite this, JOST kept the ratio of working capital to sales well below its target level of 20% at 18.0% in the 2021 fiscal year due to its disciplined and successful approach to working capital management (2020: 16.4%).

Liquid assets dropped by €20.8m to €87.5m as of December 31, 2021 (December 31, 2020: €108.3m). The dividend payout of €14.9m and repayments of current and noncurrent liabilities to banks of €43.3m contributed to this decline. However, JOST's strong cash generation enabled the company to reduce its net debt to €193.9m as of December 31, 2021 (December 31, 2020: €207.6m). The leverage ratio (ratio of net debt to adjusted EBITDA) improved considerably to 1.45x over the same period (2020: 1.997x). This positive development underlines JOST's strong operating performance and the high volume of cash generated by its business model.

Liquidity and financial position

Cash flow

in € thousands	2021	2020
Cash flow from operating activities	53,401	118,956
thereof change in net working capital	-56,497	40,352
Cash flow from investing activities	-13,582	-260,993
of which payments to acquire intangible assets	-4,615	-4,936
of which payments to acquire property, plant, and equipment	-15,528	-15,928
thereof acquisition of subsidiary, net of cash acquired	0	-245,419
thereof proceeds from sales of subsidiaries	7,965	0
thereof cash disposed of from sales of subsidiaries	-2,293	0
Cash flow from financing activities	-64,954	148,876
Net change in cash and cash equivalents	-25,135	6,839
Change in cash and cash equivalents due to exchange rate movements	4,302	-3,336
Cash and cash equivalents at January 1	108,315	104,812
Cash and cash equivalents at December 31	87,482	108,315

The proactive measures taken to manage working capital were key in enabling the group to prefinance its strong growth and also handle the challenges in procurement markets. Compared with the previous year, which was marked by a comparatively low level of activity as a result of the coronavirus pandemic, the rise in working capital in 2021 (mainly inventories) led to a decline in cash flow from operating activities. However, the operating cash flow achieved by JOST in 2021 was once again positive at €53.4m (2020: €+119.0m).

Cash flow from investing activities in 2021 amounted to €-13.6m (2020: €-261.0m). The substantial change can be attributed to the acquisition of the Älö Group in the preceding year. At €-15.5m, investments in property, plant and equipment were stable compared to the previous year (2020: €-15.9m). Investments in intangible assets at €-4.6m also remained at a level comparable to the previous year (2020: €-4.9m). Overall, investments in property, plant and equipment and intangible assets came to €-20.1m (2020: €-20.9m). There were no investment obligations as of December 31, 2021. Cash flow from investing activities was positively impacted by the proceeds of €8.0m from the sale of Jost UK Ltd.

Free cash flow (cash flow from operating activities less payments made for the acquisition of property, plant and equipment and intangible assets) stood at €+33.3m (2020: €+98.1m). The reduction is due to the higher volume of business and the associated increase in working capital. The proceeds from the sale of Jost UK Ltd. are not being taken into account when calculating free cash flow.

Cash flow from financing activities fell sharply year-over-year owing to the financing arrangements made for the acquisition of the Ålö Group in 2020, amounting to €–65.0m in 2021 (2020: €+148.9m). The key driver of the trend in cash flow from financing activities in 2021 was the dividend payment of €–14.9m (2020: €0) and repayments of current and noncurrent interest-bearing loans totaling €–43.3m (2020: €–71.8m).

As of the December 31, 2021 reporting date, liquid assets amounted to €+87.5m (2020: €+108.3m). The group's financial position is very solid and allows it to implement its 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, 2021, of which an amount of €125m 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 Annual General Meeting a dividend of €1.05 per share for the 2021 fiscal year (2020: €1.00). This represents a total dividend payout of €15.6m and a payout ratio of 35.6% (2020: 77.2%). In the previous year, the dividend payment exceeded the envisaged long-term distribution range of between 35% and 50% of consolidated profit on a one-off basis. This was because the shareholders voluntarily waived a dividend payment for the 2019 fiscal year to help the company during the coronavirus pandemic. This prompted the Executive Board and Supervisory Board to increase the payout ratio on a one-off basis for the 2020 fiscal year to thank the shareholders of JOST Werke AG for their support and for the confidence they demonstrated during the crisis.

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 complex, 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 2021, we employed an average of 147 people worldwide in this area (2020: 137).

Research and development expenses were up 4.6% in 2021 to €18.0m (2020: €17.2m).

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 2021, our research and development efforts focused particularly on pushing ahead with the development of a fully autonomous coupling system in collaboration with our OEM customers. This system is an advancement on our fully automated coupling system (KKS) and should enable semitrailers to carry out the coupling process not just automatically but fully autonomously (i. e. without a driver).

We focused on the areas of safety and convenience features and on efforts to cut weights and carbon emissions. We are working to develop new components and solutions that should help fleets and farmers to work more efficiently and reduce fuel consumption and emissions, thus improving their ecological footprint.

Detailed information about this can be found in the “Innovation and product management” section of the Sustainability Report 2021.

Report on opportunities and risks

Risk management 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, moderate, 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% up to 10%	>10% up to 40%	>40% 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	Moderate	High	Very high

Each risk owner is responsible for carrying out risk monitoring on a decentralized basis. 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.

In 2021, the risk management system considered multiple future periods for the first time 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 PS 340 n.F. In addition to the usual 12 months, those responsible also assessed the two subsequent years. Risks were also considered on a gross and net basis for the first time 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, who is advised by external lawyers, if required.

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 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) implemented by the JOST 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.

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.

Internal Audit is responsible for regularly reviewing the internal control and risk management system introduced by the Executive Board in accordance with Section 91 (3) AktG and helps to continually improve the ICS.

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. The exception to this is the risks that have arisen from the global spread of the novel SARS-CoV-2 virus ("coronavirus") since the start of 2020. These are explained in further detail in a Group-wide paragraph at the end of this section.

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.

The expected uncertainty surrounding macroeconomic development increased due to the outbreak of the Russia-Ukraine conflict compared to the 2021 fiscal year. At present, we are unable to assess how the geopolitical conflict and any economic sanctions may affect the general European and global economy.

There also still remains a lack of certainty surrounding the coronavirus pandemic and its negative impact on the global economy. Although inflation fears caused by rising raw material prices and energy and logistics costs and further exacerbated by the Russia-Ukraine conflict could also hamper macroeconomic development, at the time of preparing this report leading indicators point to a continued recovery in the global economy and international trade. The International Monetary Fund (IMF) expected economic output to grow further in all of JOST's relevant economies in 2022.

Nevertheless, the political conflicts or 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.

The asset-light nature of our production allows us to react quickly and flexibly to changes in demand. Likewise, 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. Forecasting institute LMC currently expects global truck production excluding China to grow by 11.2% year-over-year in the 2022 fiscal year. Only China is still expected to see a 18.9% drop in truck production in 2022 compared to 2021. Forecasting institutes also expect the trailer market to grow by 7% year-over-year in 2022.

In the agricultural business, market experts believe that demand for tractors will rise slightly compared to the previous year. In addition to overall economic developments, the weather, 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. The assessment of these risks has grown compared with the previous year, in particular due to the existing uncertainties in the wake of the Russia-Ukraine conflict

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 commercial vehicle industry 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. By acquiring Ålö, we have expanded our presence in the agricultural market for commercial vehicles and given ourselves access to additional customers. Carrying out joint research and development activities and combining JOST and Ålö's sales channels should enable us to further expand our competitive advantages.

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

Risks arising from business activities

We generated more than one third (about 44%) of our 2021 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 29%), is significantly more fragmented and is served by several hundred manufacturers, most of whom operate regionally. The remaining share of sales (about 27%) 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 (extent of loss) 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), DIN ISO 14001 (environment) and, at selected sites, OHSAS 18001 (occupational safety). Nevertheless, 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 potential impact (extent of loss) of these risks is low. We still rate the probability of future production downtime as possible. The assessment has not changed compared with 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, or 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 our 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 extent of loss 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 procurement risks to our business are high and rate their probability of occurrence as possible. Both the probability of occurrence and the extent of loss have risen compared to the previous year due to the strained situation in the procurement markets. In particular, rising steel prices and a shortage of logistics capacity in global markets pose an increased risk for the coming year. The Russia-Ukraine conflict may also further exacerbate the shortage of supply and logistics capacities and lead to more price increases, particularly in Europe.

Human resources risks

We rely upon qualified and motivated employees in order to continue competing successfully in the market in the long term. The shortage of skilled professionals and the demographic shift, as well as the different training and qualification standards in the various countries in which we operate, may mean we are unable to fill posts or fill them in a timely manner. The low level of unemployment in the countries in which JOST manufactures its products exacerbates the shortage of skilled workers and carries the risk of rising personnel expenses. 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. Work stoppages or other labor issues at our facilities or those of our customers and suppliers may have an adverse effect on our business.

Development measures such as continued professional training and talent management programs also help us retain our employees while at the same time enabling them to perform their tasks more effectively. We counteract the loss of experts and senior managers in key positions by transferring knowledge at an early stage.

We currently believe the extent of loss of human resources risks is low and the probability of occurrence is unlikely to be possible. The overall risk decreased slightly compared to the previous year.

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 cyberattacks 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 impact (extent of loss) 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 the risks is slightly higher than 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, Chinese renminbi and British pound, 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. There is an interest rate risk for the floating-rate promissory note loans, a portion of which is hedged by interest rate swaps. As at December 31, 2021, JOST's net debt amounted to €193.9m. 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 that had only been partially utilized as of the December 31, 2021, reporting date.

Overall, we believe the extent of loss arising from financial risks is mostly low and the probability of occurrence is unlikely. The expected value is more or less unchanged compared to 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 organize regular workshops on export control and permanently check our business partners against sanctions lists. In addition, we regularly train our employees on compliance issues.

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 heavily impacted by the coronavirus pandemic again in 2021. 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. 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.

Due to dynamic developments in the spread of the virus and new mutations, uncertainties remain and the future economic impact is difficult to assess. In the past fiscal year, however, measures were introduced to protect our employees and steps were taken to maintain production at all plants, which means that the risk of the pandemic to our business is currently assessed as medium. We expect the pandemic to remain with us over the coming years. However, we also assume that its negative impact will be lessened by measures such as vaccines.

Opportunities

Macroeconomic 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 2020*, between 720 and 811 million people were suffering from hunger in 2020. 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.

In 2021, we generated about one quarter of consolidated sales in emerging and developing markets. We are also supplying the Latin American market with JOST products via a joint venture in Brazil. Due to our strong global presence, we are well positioned to benefit from dynamic growth in emerging and developing countries.

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. The APA segment in particular, but also some countries in Europe, especially in Eastern Europe, could grow faster as a result. We believe the opportunities provided by this development to be moderate and their probability of occurrence to be possible in the 2022 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 agricultural 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 2021

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 fatigue during long operating times. This is crucial for professional use and adds value for fleets and agricultural service providers. ■ See Sustainability Report 2021 / 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.

Sector-specific opportunities

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 some extent today is still 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 2022 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 fleets 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. For example, China introduced stricter standards in 2021 aimed at reducing truck exhaust emissions. Developments such as these will increase the demand for new products and replacement parts in the region. As a result, we will continue developing our sites in Asia in order to profit from the growing replacement parts market in this region.

Overall, we believe that these opportunities are of moderate significance for the APA segment and we rate their probability of occurrence as possible. We believe that these opportunities have a low significance and an unlikely probability of occurrence for our North America and Europe segments in the 2022 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.

As part of the process of integrating the Ålö Group acquired in fiscal year 2020, we have identified global procurement synergies that we will leverage when awarding new contracts. This will enable us to further optimize our international goods flows and limit the rise in procurement costs for JOST worldwide.

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 low.

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.

The integration of Ålö provides us with opportunities in product development and purchasing as well as in the joint commercialization of products for the agricultural industry marketed under JOST's current brand ROCKINGER and Ålö's brand Quicke. Combining the two companies' joint expertise should enable JOST to successfully develop new promising business areas and markets, especially in APA.

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 further 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 low.

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

The global economy is expected to grow further in 2022: Despite the uncertainty caused by further coronavirus mutations as well as ongoing supply bottlenecks and inflation concerns, the global economy is expected to grow further in 2022 and steadily continue its recovery from the recession triggered by the coronavirus pandemic in 2020. The International Monetary Fund (IMF) expects global economic output to increase by 4.4% year-over-year in 2022 (2021: 5.9%). International trade is also likely to grow by 6.0% in 2022 compared to 2021 (2021: 9.3%).

For Europe, the IMF expects economic output to expand by 3.9% in 2022 compared to 2021 (2021: -5.2%), The IMF is also expecting the robust economic recovery in the USA to continue and predicts economic growth of 4.0% year-over-year for 2022 (2021: 5.6%). According to the IMF, the economy in Asia's emerging and developing countries is likely to expand by 5.9% in 2022 (2021: 7.2%), with the Chinese economy predicted to grow by 4.8% year-over-year (2021: 8.1%). The Indian economy is expected to maintain the rapid rate of recovery it recorded in 2021 to grow by 9.0% in 2022 (2021: 9.0%). The economy in Latin America is also expected to continue recovering to record year-over-year growth of 2.4% in 2022 (2021: 6.8%).

Expected sector-specific environment

Truck market in Europe and North America continues to grow in 2022: Demand for heavy trucks remains high due to the robust economic upturn. As supply bottlenecks for semiconductors in particular during the past fiscal year meant that this demand for trucks could not be fully satisfied in 2021, many orders were shifted into 2022. LMC Automotive expects global heavy truck production (excluding China) to grow by a further 11.2% in 2022 (2021: 27.2%).

According to LMC Automotive's forecasts, heavy truck production in Europe is likely to grow by 7.4% year-over-year in 2022 (2021: 17.5%). In North America, truck production is set to increase by 18.9% in 2022 compared to the previous year (2021: 17.6%), while LMC Automotive expects truck production in Asia-Pacific-Africa (APA) to fall by -13.9% in 2022 (2021: -16.6%). This decline is attributable to China, as LMC believes the Chinese truck market will contract by -18.9% in 2022. This is primarily due to considerable pull-forward effects in the first half of 2021 as the introduction of a new emissions standard for trucks effective July 1, 2021 prompted 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 is likely to grow by 12.5% in 2022. The truck market in South America is also expected to perform well during the 2022 fiscal year, growing by 5.9% year-over-year according to LMC (2021: 77.2%).

Trailer market remains robust: According to Clear Consulting and FTR, the trailer market is likely to remain robust in 2022, expanding by 7% compared to 2021 (2021: 19%). In Europe, Clear Consulting expects trailer production to increase by 4% compared to the very strong previous year (2021: 19%). According to FTR, a research institute specializing in North America, the North American trailer market is set to expand by 18.7% compared to 2021 (2021: 25.8%), while the market in Asia-Pacific-Africa is predicted to grow by 9.3% (2021: 11.1%). Clear Consulting expects the trailer market in Latin America to shrink slightly by -2.2% in 2022.

Agricultural tractor market remains consistently buoyant: Rising prices for agricultural products will have a positive impact on the agricultural market in 2022. For this reason, market experts believe farmers' willingness to invest will remain robust in North America during 2022. They expect the agricultural tractor market in North America to grow by 5% to 10% in 2022 compared to the already strong 2021 fiscal year. Positive conditions in the European market are also creating a greater willingness to invest. After a surge during the 2021 fiscal year, industry experts expect demand for agricultural tractors to remain at a consistently high level, increasing by up to 5% compared to the previous year.

Group outlook

JOST is positive about its prospects in 2022. While economic uncertainty remains due to the ongoing pandemic as well as sector-specific risks caused by supply bottlenecks for key customers, many leading indicators suggest that the demand cycle for transport and agriculture is back on track for growth.

In light of our broad international presence and diversified product portfolio equally balanced between trucks, trailers and agricultural tractors, we expect JOST's consolidated sales to increase in the mid single-digit range year-over-year for the 2022 fiscal year (2021: €1,048.6m).

Adjusted EBIT is likely to develop in line with sales in 2022 and will also grow in the mid single-digit range compared to 2021 (2021: €104.8m). Although the Executive Board expects further rises in shipping and materials costs to have an adverse impact, JOST should be able to largely offset this with ongoing efficiency measures and price adjustments. As a result, the EBIT margin is expected to remain stable in 2022 compared to the previous year. We expect adjusted EBITDA to develop in line with adjusted EBIT by growing at a mid single-digit rate compared to 2021 (2021: €133.4m).

This forecast was drawn up on the assumption that the Russia-Ukraine conflict will remain local and limited in time and will not spread beyond the region. Based on this premise, we do not expect the conflict to have a material impact on JOST's business, as the share of Russian and Ukrainian sales in total consolidated sales is very small. The forecast also assumes that the global economic situation will not unexpectedly and rapidly deteriorate and no plant closures at JOST or at important JOST customers or suppliers occur.

Investments in 2022 will continue to focus on further increasing automation in production. We also want to continuously improve the energy efficiency of our plants to reduce our carbon emissions even further. Overall, capital expenditure (excluding acquisitions) as a percentage of sales are expected to remain at around 2.5% (2021: 1.9%).

Net working capital as a percentage of sales is expected to improve over fiscal year 2021 and come in below 20% (2021: 18.0%).

Excluding any acquisitions, leverage (ratio of net debt to adjusted EBITDA) should continue to improve compared to 2021 (2021: 1.45x).

From today's perspective and taking into account the operating performance of the JOST Werke Group during the first months of 2022, the Executive Board is confident that the group's economic position is sound and offers an excellent basis for effectively seizing opportunities. JOST believes that it is well positioned to further reinforce its position as a global leader in the transport and agriculture markets with its innovative products and reliable customer service.

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 rose by €4.7m to €6.8m in 2021 (2020: €2.1m). 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 €6.1m (2020: €1.8m) and other income of €0.7m (2020: €0.3m) are generated.

The increase in gross revenue is due mainly to the fact that cost transfers to affiliated companies were higher during the year under review. As a result, the performance far exceeded our expectations (forecast for 2021 for the single entity JOST Werke AG: slight year-over-year decline in sales).

Earnings after taxes rose year-over-year by €3.4m to €–6.5m (2019: €–9.9m), and thus far exceeded our expectations (forecast for 2021 for the single entity JOST Werke AG: slight year-over-year decline in earnings after taxes).

This increase is primarily due to the €4.7m rise in gross revenue. This was offset by a €1.2m increase in other operating expenses to €–5.2m (2020: €–4.0m), due mainly to the year-over-year rise in advisory costs.

The net retained profit in the reporting period amounted to €16.4m (2020: €14.9m).

Net assets and financial position (HGB)

Total assets rose by €1.5m to €831.9m in fiscal year 2021 (December 31, 2020: €830.4m).

Reflecting the net loss for the year of €6.5m and the dividend of €14.9m paid to shareholders in May 2021, equity declined by €21.4m to €480.8m (December 31, 2020: €502.2m). The equity ratio fell to 57.8% (December 31, 2020: 60.5%), 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. Of this total, €12m was repaid as scheduled in 2021 (€6m in 2020). For the same purpose, the company drew down a further €110.0m from a revolving credit facility, of which €65.0m was repaid in 2020 and a further €20.0m in 2021. In addition, as in the previous year, there were promissory note loans totaling €150.0m.

Liabilities to affiliated companies rose from €52.2m to €63.4m compared with the previous year. These mainly concern the settlement account with JOST Werke Deutschland GmbH. Trade payables stood at €0.1m in the year under review (December 31, 2020: €0.2m) and other liabilities amounted to €0.8m (December 31, 2020: €0.8m).

Report on expected developments (HGB)

For 2022, 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 2021.

Net retained profit and proposal for the appropriation of net profit

A proposal will be made to the Annual General Meeting to distribute €1.05 per share from the net retained profit of €16.4m shown by the parent company, JOST Werke AG, for the period ended December 31, 2021.

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” and on our website at <https://www.jost-world.com/en/corporate/investor-relations/corporate-governance.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 2021.

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 2, 2021, reads as follows:

“The Executive Board and Supervisory Board of JOST Werke AG issued the annual declaration of compliance on December 2, 2020. In this declaration of compliance, the Executive Board and Supervisory Board declared deviations from recommendations B.1, D.8 as well as G.2, G.3, G.4, G.7, G.9, G.10 and G.11 of the version of the German Corporate Governance Code (“GCGC”) published in the Bundesanzeiger (Federal Gazette) on March 20, 2020.

On March 18, 2021, the Supervisory Board of JOST Werke AG resolved on a new remuneration system for Executive Board members, which was approved by the Annual General Meeting of JOST Werke AG on May 6, 2021, in accordance with Section 120a (1) AktG. Regarding the resolved new remuneration system, the Executive and Supervisory Board issued an update to the Declaration

of Compliance on March 18, 2021, according to which, in addition to the unchanged deviations from recommendations B.1 and D.8, deviations were also made from recommendations G.3, G.4, G.8 and G.11 sentence 2.

The Executive Board and Supervisory Board now declare that the recommendations of the GCGC have been complied with since the Declaration of December 2, 2020 until March 18, 2021 and since March 18, 2021 until the present day, with the exceptions stated in the respective Declarations of Compliance, and that JOST Werke AG will continue to comply with the recommendations of the GCGC in the future 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.
- 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 <https://www.jost-world.com/en/corporate/investor-relations/corporate-governance.html>. 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 <https://www.jost-world.com/en/corporate/investor-relations/corporate-governance.html>.

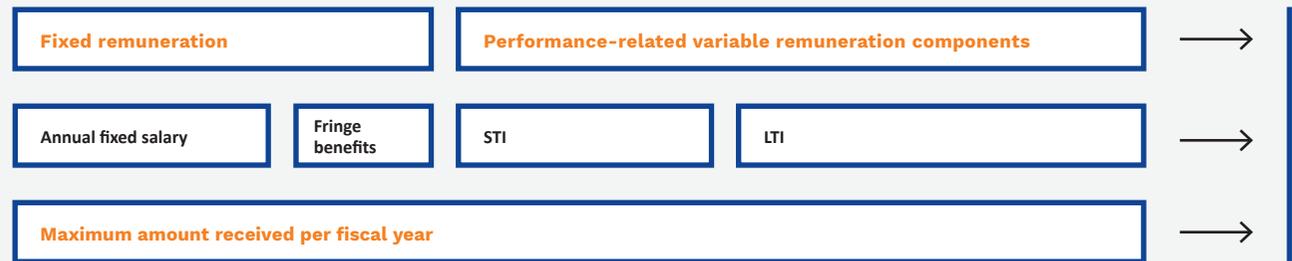
Remuneration report

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 2021 fiscal year. This reporting is aligned, for the first time, with the new requirements under Section 162 AktG which have been introduced by the German Act Transposing the Second Shareholder Rights Directive (Gesetz zur Umsetzung der Zweiten Aktionärsrechterichtlinie – ARUG II).

The Executive Board's remuneration system and its application to the 2021 fiscal year

ARUG II includes new regulations regarding the remuneration of the Executive Board whose implementation was required for the first time in the 2021 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. This was approved by the Annual General Meeting on May 6, 2021. <https://ir.jost-world.com/remuneration>

The remuneration system approved by the Annual General Meeting complies with the requirements of ARUG II. It is likewise based on the recommendations of the German Corporate Governance Code, as amended on December 16, 2019, and complies with these recommendations except for certain exceptions which are explained in the company's declaration of compliance. **Declaration of compliance**



The current employment contracts of the Executive Board were concluded on the basis of the remuneration system effective as of the date of signing of these contracts (“old remuneration system”) and are grandfathered. **Main features of the Executive Board remuneration system in the 2020 Annual Report, p. 54 et seq.** The current Executive Board employment contracts therefore deviate from the system newly resolved. The following reporting mainly focuses on the old remuneration system and compliance with this system, since the Executive Board's remuneration in the 2021 fiscal year has been provided according to the old remuneration system, on the basis of the currently applicable contracts.

The old and new remuneration systems for the Executive Board are both 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

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.

From the point of view of non-performance-related fixed remuneration, there are no differences between the newly resolved remuneration system and the old remuneration system under which the currently applicable Executive Board contracts were concluded.

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

Performance-related variable remuneration

The variable, performance-related remuneration components consist of a short-term incentive (STI) and a long-term incentive (LTI). In both the old and new remuneration systems, the performance-related component is based on the group's adjusted EBITDA. Unlike in the case of the new remuneration system, the old remuneration system did not yet include a non-financial component (ESG goal).

The adjusted EBITDA target to be achieved is set annually by the Supervisory Board. The CEO Joachim Dürr receives as an overall bonus (sum total of all performance-related components) 0.60% of the adjusted EBITDA actually achieved, while the Executive Board members Dr. Ralf Eichler and Dr. Christian Terlinde 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. As in the case of the old 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. Under the old remuneration system, the LTI component will be paid out in

Individualized fixed remuneration of current Executive Board members

	Joachim Dürr (CEO)		Dr. Ralf Eichler (COO)		Dr. Christian Terlinde (CFO)	
in € thousands	2020	2021	2020	2021	2020	2021
Fixed remuneration	583	620	388	415	388	415
Deferred compensation for pension scheme	120	124	80	83	80	83
Fringe benefits	8	6	22	12	6	6
Total (fixed components)	711	750	490	510	474	504

The increase in fixed remuneration in the 2021 fiscal year relative to the previous year mainly reflects the fact that, in the 2020 fiscal year, all of the Executive Board members voluntarily forewent 5% of their fixed monthly remuneration, in order to ease the strain on

the company during the crisis caused by the coronavirus pandemic. This agreement was in place for the period of seven months in which short-time work was introduced at the company's German plants.

full to Dr. Christian Terlinde if the adjusted Group EBITDA three years later has exceeded the adjusted EBITDA in the assessment period. The old system is not linked to the share price trend.

Target achievement and calculation of performance-related remuneration in 2021

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

Target achievement for financial key performance indicators

in € million	Performance criterion	Threshold for granting (80% target achievement)	Target (100% target achievement)	Threshold for max. granting (200% target achievement)	Profit / loss	Target achievement
2019	Adjusted EBITDA	83	104	208	101	97%
2020	Adjusted EBITDA	90	112	224	103	92%

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

Executive Board	Target amount (STI) 100% STI 2020	Target achievement	Amount paid out in 2021 (STI 2020)
Joachim Dürr (CEO)	€302 thousand	92%	€277 thousand
Dr. Ralf Eichler (COO)	€202 thousand	92%	€185 thousand
Dr. Christian Terlinde (CFO)	€202 thousand	92%	€185 thousand

Since the adjusted EBITDA achieved in the 2020 fiscal year exceeds the adjusted EBITDA in 2019, the Executive Board members are entitled to receive payment of the LTI component for the year 2019.

Calculation of payment of the LTI component from the 2019 fiscal year

Executive Board	Target amount (LTI) 100% LTI 2019	Target achievement	Amount paid out in 2021 (LTI 2019)
Joachim Dürr (CEO)	€257 thousand	97%	€249 thousand
Dr. Ralf Eichler (COO)	€229 thousand	97%	€222 thousand
Dr. Christian Terlinde (CFO) ¹⁾	€229 thousand	97%	–
Lars Brorsen (former CEO)	€430 thousand	97%	€416 thousand

¹⁾ For Dr. Christian Terlinde, the LTI component from fiscal year 2019 will be paid out in fiscal year 2023. He was appointed to the Executive Board as of January 1, 2019 and therefore is not entitled to any LTI payouts from previous years.

STI/LTI for the 2022 (STI) or 2023 / 2025 (LTI) fiscal years, payable on the basis of the 2021 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 2021 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 2021 fiscal year have exclusively been presented in this remuneration report in order voluntarily to provide the greatest possible level of transparency.

Remuneration of the Executive Board members granted and owed in fiscal year 2021

The following tables provide a breakdown of the remuneration components “granted” and “owed” in the 2021 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**”).

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)	Profit / loss	Target achievement
2021	Adjusted EBITDA	€91m	€113m	€227m	€133m	118%

Calculation of the STI component from fiscal year 2021

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

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 2020 fiscal year and the LTI based on the 2019 fiscal year, both of which were paid out in the 2021 fiscal year.

Calculation of the LTI component from fiscal year 2021

Executive Board	Target amount (LTI) 100% LTI 2021	Target achievement	Amount paid out in 2023 / 2025 (LTI)
Joachim Dürr (CEO)	€374 thousand	118%	€440 thousand
Dr. Ralf Eichler (COO)	€249 thousand	118%	€293 thousand
Dr. Christian Terlinde (CFO)	€249 thousand	118%	€293 thousand

Remuneration granted and owed to current members of the Executive Board

Executive Board remuneration according to Section 162 AktG	Joachim Dürr (CEO) Appointed: 2019				Dr. Ralf Eichler (COO) Appointed: 2000				Dr. Christian Terlinde (CFO) Appointed: 2019			
	in € thousands	2020	in %	2021	in %	2020	in %	2021	in %	2020	in %	2021
Fixed remuneration	583	64	620	49	388	45	415	45	388	59	415	60
Deferred compensation, pension scheme	120	13	124	10	80	9	83	9	80	12	83	12
Fringe benefits	8	1	6	0	22	3	12	2	6	1	6	1
Non-performance related component	711	78	750	59	490	57	510	56	474	72	504	73
One-year variable remuneration (STI)	204	22	277	22	181	21	185	20	181	28	185	27
Multi-year variable remuneration (LTI)	–	–	249	19	192	22	222	24	–	–	–	–
Performance related component	204	22	526	41	373	43	407	44	181	28	185	27
Total remuneration	915	100	1,276	100	863	100	917	100	658	100	689	100

The above table does not include the STI based on the 2021 fiscal year – which will only be owed in 2022 following the approval of the 2021 Annual Report and will be granted two weeks later – or the LTI for 2021, which will not be granted until 2023 or 2025. For further information, please see the voluntary disclosures made in the previous section “STI/LTI for the 2022 (STI) or 2023/2025 (LTI) fiscal years, payable on the basis of the 2021 fiscal year” and the section “Compliance with maximum remuneration.”

The following table provides a breakdown of the remuneration components granted (i. e. paid out) and owed (i. e. due, but not yet paid out) in the 2021 fiscal year and in each case their relative proportion of overall remuneration under Section 162 AktG for former members of the Executive Board.

Remuneration granted and owed to former members of the Executive Board

Executive Board remuneration according to Section 162 AktG	Lars Brorsen (former CEO) Appointed: 1999 Departed: 09/30/2019				Christoph Hobo (former CFO) Appointed: 2016 Departed: 12/31/2018				
	in € thousands	2020	in %	2021	in %	2020	in %	2021	in %
Fixed remuneration	–	–	–	–	–	–	–	–	–
Deferred compensation, pension scheme	–	–	–	–	–	–	–	–	–
Fringe benefits	–	–	–	–	–	–	–	–	–
Non-performance related component	–	–	–	–	–	–	–	–	–
One-year variable remuneration (STI)	340	45	–	–	–	–	–	–	–
Multi-year variable remuneration (LTI)	411	55	416	100	192	100	–	–	–
Performance related component	751	100	416	100	192	100	–	–	–
Total remuneration	751	100	416	100	192	100	–	–	–

Compliance with maximum remuneration

In both the old and new remuneration systems, the overall bonus granted in the fiscal year in question may not exceed twice the fixed annual remuneration (cap).

For the new 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 new system and its link to the share price trend – has introduced a cap in terms of the benefits received.

Under the old remuneration system, the total performance-related remuneration components may not exceed twice the fixed annual remuneration of the respective Executive Board member. The timing

of the related expense is relevant for this purpose, i.e. the fixed annual remuneration in 2021 and the STI/LTI based on the 2021 fiscal year which the Executive Board will not receive until the 2022 (STI) or 2023/2025 (LTI) fiscal years.

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 2021

Benefits granted	Joachim Dürr (CEO) Appointed: 2019		Dr. Ralf Eichler (COO) Appointed: 2000		Dr. Christian Terlinde (CFO) Appointed: 2019		Lars Brorsen (former CEO) Departed: 09/30/2019	
in € thousands	2021	Max.	2021	Max.	2021	Max.	2021	Max.
Fixed remuneration	620	620	415	415	415	415	0	0
Deferred compensation, pension scheme	124	124	83	83	83	83	0	0
Fringe benefits	6	6	12	12	6	6	0	0
Non-performance related component	750	750	510	510	504	504	0	0
One-year variable remuneration (STI)	360	558	240	374	240	374	0	0
Multi-year variable remuneration (LTI)	440	682	293	456	293	456	0	0
Performance related component	800	1,240	533	830	533	830	0	0
Total remuneration	1,550	1,990	1,043	1,340	1,034	1,334	0	0

For the calculation of the STI and LTI components relevant in this context, please see the above section entitled “STI/LTI for the 2022 (STI) or 2023/2025 (LTI) fiscal years, payable on the basis of the 2021 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 Group.

In the Executive Board’s current contracts, in accordance with the old remuneration system no provision has been made for a compliance or performance clawback or a related malus. The new remuneration system includes provisions covering compliance and performance clawbacks.

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 6, 2021.

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 2020. Pursuant to recommendation G.17 GCGC 2020, 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 as well as any sales tax payable on the remuneration and expenses.

The following table provides a breakdown of the remuneration "granted" and "owed" in the 2021 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 2021."

Remuneration granted and owed to the members of the Supervisory Board

in € thousands	2020						2021					
	Fixed remuneration	in %	Committee work	in %	Total	in %	Fixed remuneration	in %	Committee work	in %	Total	in %
Supervisory Board members												
Manfred Wennemer (Chair: Supervisory Board and Nomination Committee)	150	88	20	12	170	100	146	88	19	12	165	100
Prof. Dr. Bernd Gottschalk (Deputy Chair)	75	88	10	12	85	100	73	88	10	12	83	100
Jürgen Schaubel (Audit Committee Chair)	50	71	20	29	70	100	49	72	19	28	68	100
Klaus Sulzbach	50	83	10	17	60	100	49	83	10	17	59	100
Natalie Hayday	50	83	10	17	60	100	49	83	10	17	59	100
Rolf Lutz	50	83	10	17	60	100	49	83	10	17	59	100
Total remuneration, Supervisory Board	425		80		505		415		78		493	

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 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 is reflected in terms of the remuneration granted and owed in the 2021 fiscal 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 %)
Current Executive Board members	
Joachim Dürr (appointed 01/01/2019)	40%
Dr. Ralf Eichler (appointed in 2000)	6%
Dr. Christian Terlinde (appointed 01/01/2019)	5%
Former Executive Board members	
Lars Brorsen (departed 09/30/2019)	-45%
Christoph Hobo (departed 12/31/2018)	-100%
Current Supervisory Board members	
Manfred Wennemer (Chair)	-3%
Prof. Dr. Bernd Gottschalk (Deputy Chair)	-2%
Jürgen Schaubel	-3%
Klaus Sulzbach	-2%
Natalie Hayday	-2%
Rolf Lutz	-2%
Earnings trend	
Adjusted EBITDA of the JOST Werke Group	30%
Earnings after taxes of JOST Werke AG (single entity)	34%
Ø employee remuneration in Germany (full-time equivalents)	4%

The Executive Board
of JOST Werke AG

Neu-Isenburg, March 16, 2022

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021, JOST WERKE AG
NEU-ISENBURG, GERMANY

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Consolidated income statement – by function of expenses

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021
JOST WERKE AG

in € thousands	Notes	2021	2020
Sales revenues	(31)	1,050,931	794,410
Cost of Sales	(32)	- 772,309	- 578,018
Gross profit		278,622	216,392
Selling expenses	(33)	- 147,122	- 116,268
thereof: depreciation and amortization of assets		- 28,322	- 30,011
Research and development expenses	(34)	- 17,983	- 17,192
Administrative expenses	(35)	- 63,361	- 61,690
Other income	(36)	11,022	10,828
Other expenses	(36)	- 13,045	- 9,831
Share of profit or loss of equity method investments	(37)	5,807	2,812
Operating profit (EBIT)		53,940	25,051
Financial income	(38)	8,383	5,926
Financial expense	(39)	- 14,576	- 11,776
Net finance result		- 6,193	- 5,850
Profit / loss before tax		47,747	19,201
Income taxes	(42)	- 3,883	89
Profit / loss after taxes		43,864	19,290
Weighted average number of shares		14,900,000	14,900,000
Basic and diluted earnings per share (in €)	(43)	2.94	1.29

Consolidated statement of comprehensive income

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021
JOST WERKE AG

in € thousands	Notes	2021	2020
Profit / loss after taxes		43,864	19,290
Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences of foreign operations		10,026	-15,764
Gains and losses from hedge accounting		-832	0
Deferred taxes relating to hedge accounting		170	0
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plans	(22)	5,127	-2,030
Deferred taxes relating to other comprehensive income	(15)	-1,538	609
Other comprehensive income		12,953	-17,185
Total comprehensive income		56,817	2,105

Consolidated balance sheet

AS OF DECEMBER 31, 2021
JOST WERKE AG

Assets				Equity and liabilities			
in € thousands	Notes	12/31/2021	12/31/2020	in € thousands	Notes	12/31/2021	12/31/2020
Noncurrent assets				Equity			
Goodwill	(11)	91,811	92,146	Subscribed capital		14,900	14,900
Other intangible assets	(11)	268,855	301,839	Capital reserves		443,302	466,212
Property, plant, and equipment	(12)	130,467	133,791	Other reserves		-43,770	-56,723
Investments accounted for using the equity method	(13)	14,029	8,085	Retained earnings		-107,280	-159,154
Deferred tax assets	(15)	13,646	9,359		(21)	307,152	265,235
Other noncurrent financial assets	(16), (18)	2,719	0	Noncurrent liabilities			
Other noncurrent assets	(19)	945	1,696	Pension obligations	(22)	65,959	69,885
		522,472	546,916	Other provisions	(23)	5,458	3,845
Current assets				Interest-bearing loans and borrowings	(25)	254,192	268,238
Inventories	(17)	198,434	136,339	Deferred tax liabilities	(15)	27,972	35,842
Trade receivables	(18)	153,437	123,947	Other noncurrent financial liabilities	(27)	33,233	28,903
Receivables from income taxes		3,304	3,981	Other noncurrent liabilities	(29)	1,777	5,228
Other current financial assets	(16), (18)	1,124	4,546			388,591	411,941
Other current assets	(19)	18,601	14,521	Current liabilities			
Cash and cash equivalents	(20)	87,482	108,315	Pension obligations	(22)	2,059	1,962
		462,382	391,649	Other provisions	(23)	22,754	19,461
				Interest-bearing loans and borrowings	(25)	26,897	47,187
				Trade payables	(26)	163,458	127,261
				Liabilities from income taxes		6,047	6,503
				Contract liabilities	(28)	6,067	4,943
				Other current financial liabilities	(16), (27)	22,681	24,353
				Other current liabilities	(29)	39,148	29,719
						289,111	261,389
				Total equity and liabilities			
						984,854	938,565
Total assets		984,854	938,565				

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				Retained earnings	Total consolidated equity
			Exchange differences on translating foreign operations	Remeasurements of defined benefit pension plans	Miscellaneous other reserves			
Notes	(21)	(21)	(21)	(21)	(21)	(21)		
Balance at January 1, 2021	14,900	466,212	-25,789	-30,831	-103	-159,154	265,235	
Profit/loss after taxes	0	0	0	0	0	43,864	43,864	
Other comprehensive income	0	0	10,026	5,127	-832	0	14,321	
Deferred taxes relating to other comprehensive income	0	0	0	-1,538	170	0	-1,368	
Total comprehensive income	0	0	10,026	3,589	-662	43,864	56,817	
Dividends paid	0	0	0	0	0	-14,900	-14,900	
Withdrawals from capital reserves	0	-22,910	0	0	0	22,910	0	
Balance at December 31, 2021	14,900	443,302	-15,763	-27,242	-765	-107,280	307,152	

Consolidated statement of changes in equity for the fiscal year from January 1 to December 31, 2020

in € thousands	Subscribed capital	Capital reserves	Other reserves				Retained earnings	Total consolidated equity
			Exchange differences on translating foreign operations	Remeasurements of defined benefit pension plans	Miscellaneous other reserves			
Notes	(21)	(21)	(21)	(21)	(21)	(21)		
Balance at January 1, 2020	14,900	474,653	-10,025	-29,410	-103	-186,885	263,130	
Profit/loss after taxes	0	0	0	0	0	19,290	19,290	
Other comprehensive income	0	0	-15,764	-2,030	0	0	-17,794	
Deferred taxes relating to other comprehensive income	0	0	0	609	0	0	609	
Total comprehensive income	0	0	-15,764	-1,421	0	19,290	2,105	
Withdrawals from capital reserves	0	-8,441	0	0	0	8,441	0	
Balance at December 31, 2020	14,900	466,212	-25,789	-30,831	-103	-159,154	265,235	

Condensed consolidated cash flow statement

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021
JOST WERKE AG

in € thousands	Notes	2021	2020
Profit / loss before tax		47,747	19,201
Depreciation, amortization, impairment losses and reversal of impairment on non current assets	(41)	67,215	58,526
Net finance result	(38), (39)	6,193	5,850
Other noncash income/expenses		-3,771	-3,459
Change in inventories	(17)	-61,803	7,397
Change in trade receivables	(18)	-28,403	-9,811
Change in trade payables	(26)	33,709	42,766
Change in other assets and liabilities		9,829	9,732
Income tax payments	(42)	-17,315	-11,246
Cash flow from operating activities		53,401	118,956
Proceeds from sales of intangible assets	(11)	3	0
Payments to acquire intangible assets	(11)	-4,615	-4,936
Proceeds from sales of property, plant, and equipment	(12)	223	2,498
Payments to acquire property, plant, and equipment	(12)	-15,528	-15,928
Acquisition of subsidiary, net of cash acquired		0	-245,419
Proceeds from sales of subsidiaries	(5)	7,965	0
Cash disposed of from sales of subsidiaries	(5)	-2,293	0
Dividends received from joint ventures	(13)	0	2,106
Interests received	(13)	663	686
Cash flow from investing activities		-13,582	-260,993

in € thousands	Notes	2021	2020
Interest payments	(25)	-4,432	-5,083
Payment of interest portion of lease liabilities	(14)	-1,441	-1,204
Proceeds from short-term interest-bearing loans and borrowings	(25)	8,871	110,000
Proceeds from long-term interest-bearing loans and borrowings	(25)	0	126,580
Refinancing costs	(25)	0	-510
Repayment of short-term interest-bearing loans and borrowings	(25)	-28,486	-65,310
Repayment of long-term interest-bearing loans and borrowings	(25)	-14,860	-6,470
Dividends paid to the shareholders of the company	(21)	-14,900	0
Payment of principal portion of lease liabilities	(14)	-9,706	-9,127
Cash flow from financing activities		-64,954	148,876
Net change in cash and cash equivalents		-25,135	6,839
Change in cash and cash equivalents due to exchange rate movements		4,302	-3,336
Cash and cash equivalents at January 1	(20)	108,315	104,812
Cash and cash equivalents at December 31	(20)	87,482	108,315

Notes to the consolidated financial statements

FOR THE FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2021
JOST WERKE AG

1. General information

Since having been converted from a limited liability company under German law (GmbH) to a stock corporation, JOST Werke AG (hereinafter also “JOST”, the “group,” the “company,” or the “JOST Werke Group”) has been listed at the Frankfurt Stock Exchange since July 20, 2017. As of 31 December 2021, the majority of JOST shares were held by institutional investors. Further details are provided in [note 46](#).

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, 2021, 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 16, 2022. The Supervisory Board is to approve the 2021 annual financial statements of JOST Werke AG and the 2021 consolidated financial statements together with the associated group management report at the meeting on March 17, 2022.

1. New and amended standards applied in 2021

The following new and amended International Financial Reporting Standards and Interpretations that are effective for fiscal years beginning on or after January 1, 2021, were applied for the first time:

I. Interest Rate Benchmark Reform (Phase 2) – Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases

The IBOR reform Phase 2 amendments were issued on August 27, 2020. These amendments provide further relief so that a gain or loss is not immediately recognized when contractual cash flows change as a result of the change in the interest rate benchmark; instead, the effective interest rate is updated. Its effective date was January 1, 2021.

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. COVID-19-Related Rent Concessions beyond June 30, 2021 – Amendments to IFRS 16 Leases

The amendments to IFRS 16 provide a practical expedient that allows lessees to simplify their accounting for rent concessions granted as a result of the coronavirus pandemic.

The practical expedient was originally limited to rent concessions that resulted in a reduction of lease payments due on or before June 30, 2021. The IASB extended this date to June 30, 2022.

These amendments did not have any material 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 2021 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 changes 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. Its effective date is January 1, 2023.

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

VI. 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 IFRIC 21. Its effective date is January 1, 2022.

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

VII. 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 changes are not expected to have a material effect on future periods.

VIII. 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 changes 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, 2021, 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.

On May 12, 2021, the group sold its Bolton, UK-based subsidiary Jost UK Ltd. (Edbro) to Enact and its fund company Endless LLP. The deconsolidation date was April 30, 2021. As of this date, Jost UK Ltd. (Edbro) was no longer included in the consolidated financial statements. For further information, please refer to [note 5](#), Company disposals.

Alo Tennessee Inc., Telford, USA, was merged with Alo USA Inc., Elgin, USA, as of February 1, 2021. In addition, Ålö Group AB and Ålö Intressenter AB, both based in Umeå, Sweden, were merged with the direct parent company Ålö Holding AB, also based in Umeå, Sweden, on November 8, 2021.

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, 2021 (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. Business combinations

Acquisition of Ålö Holding AB, Umeå, Sweden, in fiscal year 2020

On January 31, 2020, the subsidiary Jost-Werke International Beteiligungsverwaltung GmbH acquired a 100% interest in Ålö Holding AB, a leading international manufacturer of agricultural front loaders marketed under the Quicke brand, for a fixed purchase price of €159.2m. This acquisition concerned 14,207,973 shares with a notional value of SEK 10 per share. The main reason for the acquisition was that JOST intends to use the takeover to expand its successful business and sales model, and its industrial expertise as a producer and supplier of systems and components in the agricultural sector.

For better comparability of the results in the reporting period, the results of the comparative period would have to be restated as follows: If the Ålö Group had already been included in the basis of consolidation as of January 1, 2020, the consolidated income statement would have shown additional sales revenues of €14.6m. The sales revenues attributable to Ålö for the period from January 1 to December 31, 2020, would be €190.3m. For the period from January 1 to December 31, 2020, the Ålö Group would have contributed a total of €8.4m to consolidated earnings instead of €10.6m for the period from February 1 to December 31, 2020.

The following table summarizes the consideration transferred for the acquisition and the fair values of the assets identified and liabilities assumed at the acquisition date:

in € thousands	
Consideration transferred	
Payment made in cash	159,160
Contingent consideration	10,480
Total	169,640
Intangible assets	137,646
Property, plant, and equipment	33,007
Inventories	49,250
Trade receivables	26,409
Cash and cash equivalents	12,318
Trade payables	-22,910
Interest-bearing loans and borrowings	-98,904
Deferred tax liabilities	-32,361
Other assets and liabilities	-24,972
Net identifiable assets acquired	79,483
Plus: Goodwill	90,157
Net assets acquired	169,640

The items identified and measured in the course of purchase price allocation included mainly intangible assets such as customer lists in the amount of €38.2m (of which from step-ups (fair value adjustments): €32.5m), brand names in the amount of €68.3m (of which from step-ups: €48.8m) and technologies in the amount of €31.2m (of which from step-ups: €-1.0m), but also tangible assets such as inventories in the amount of €49.2m (of which from step-ups: €9.5m) and property, plant and equipment in the amount of €33.0m (of which from step-ups: €2.6m). The acquired goodwill amounting to €90.2m as of the acquisition date is attributable to the strong market position and high profitability of the ÄlÖ Group and the expected synergies. This goodwill is not deductible for tax purposes.

The fair values of brand names and technologies were calculated or measured in the course of purchase price allocation using the relief-from-royalty method, the fair values of customer lists using the multi-period excess earnings method, the fair values of inventories at net realizable value and the fair values of property, plant and equipment at market value. The fair value (Level 3) of the contingent consideration was determined using a Monte Carlo simulation.

The acquisition date fair value of the trade receivables acquired amounted to €26,409 thousand. The gross amount due under contractual trade receivables was €26,831 thousand, with an impairment loss of €422 thousand recognized as of the acquisition date.

The bank liabilities assumed in the amount of €99m were repaid by JOST on January 31, 2020.

The purchase price allocation carried out in connection with initial consolidation in 2021 resulted in €4,945 thousand (2020: €4,298 thousand) in depreciation of land, land rights and buildings, including buildings on third-party land, and amortization of customer lists and acquired intangible assets. The prior-year period relates to only eleven months. In the prior-year period, there were also negative earnings effects from the utilization of step-ups on inventories amounting to €9,617 thousand.

Costs of business combinations

In the prior-year period, there were costs of business combinations amounting to €1,964 thousand (2019: €2,482 thousand). These were presented in administrative expenses within the income statement. For further details on exceptionals, see note 9.

Contingent consideration

Depending on the absolute amount of Älö Holding AB's gross margin in fiscal year 2020, the group is obliged to pay the former owners of Älö Holding AB up to €25m.

The group's potential payment obligations under this agreement are between €1 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 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. This assessment remains unchanged as of December 31, 2021. No payment has been made to date. The contingent consideration is expected to be settled in 2022.

5. Company disposals

In the second quarter of 2021, following a periodic analysis of its organic and external expansion strategy, JOST decided to divest Edbro's hydraulic cylinder production activities to focus on other identified strategic growth opportunities in transport and agriculture. The group thus sold its Bolton, UK-based subsidiary Jost UK Ltd. (Edbro) to Enact on May 12, 2021 and disposed of its fund company Endless LLP. In these financial statements for the period ended December 31, 2021, the sale of the company is presented in the Europe segment as a disposal group as defined by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The deconsolidation date is April 30, 2021.

The expenses and income arising from the sale are presented in the corresponding functional areas of the income statement. An overview of the effects arising from the sale of the disposal group is shown below.

Effects on earnings arising from the sale of the disposal group

The results presented show the activities for the four months up until the deconsolidation date of April 30, 2021.

in € thousands	01/01/ – 04/30/2021
Sales revenues	2,326
Expenses	-3,455
Profit / loss of JOST UK (after income taxes)	-1,129
Disposal loss (including impairment losses) within the group after income taxes	-11,341
Profit / loss from the sale of the disposal group (after income taxes)	-12,470

Disclosures on the sale of the disposal group

in € thousands	04/30/2021
Consideration received:	
Cash	7,965
Total	7,965
Carrying amount of net assets disposed of (before impairment losses)	18,875
Impairment of noncurrent assets (esp. property, plant and equipment)	-6,204
Impairment of hidden reserves from PPA	-3,905
Impairment of goodwill from PPA	-801
Carrying amount of net assets disposed of (after impairment losses)	7,965
Reclassification of currency translation reserve	-431
Disposal loss (including impairment losses) within the group after income taxes	-11,341

The sale of the disposal group and the measurement methods set out in IFRS 5 gave rise to impairment losses on customer lists in the amount of €2,934 thousand, on trademark rights in the amount of €971 thousand, and on goodwill in the amount of €801 thousand, which are presented under selling expenses. In addition, impairment losses of €6,204 thousand were charged primarily on property, plant and equipment and reported under cost of sales. When the need for impairment was being determined, the selling price agreed with the buyer (= recoverable amount) of the disposal group was used as a yardstick for the measurement.

In connection with the sale of the disposal group, cumulative translation differences of €431 thousand from other comprehensive income were reclassified to profit or loss.

in € thousands	Profit / loss from the sale of the disposal group
Sales revenues	2,326
Cost of Sales	– 10,143
Gross profit	– 7,817
Selling expenses	– 4,853
Research and development expenses	– 141
Administrative expenses	– 463
Other income	16
Other expenses	– 23
Operating profit (EBIT)	– 13,281
Financial income	1
Financial expense	– 17
Net finance result	– 16
Profit / loss before tax	– 13,297
Income taxes	827
Profit / loss after taxes	– 12,470

The carrying amounts of the assets and liabilities at the date of disposal were as follows:

in € thousands	04/30/2021
Other intangible assets	2,258
Property, plant, and equipment	3,545
Deferred tax assets	439
Inventories	3,203
Trade receivables	2,663
Other current assets	1,034
Cash and cash equivalents	2,293
Total assets	15,435
Noncurrent liabilities	3,100
Other provisions	1,061
Trade payables	3,309
Total liabilities	7,470
Net assets	7,965

6. 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 Deutschland GmbH ¹⁾		Production company
Neu-Isenburg	100.00%	Sales company
JOST-Werke Logistics GmbH ¹⁾ (formerly JOST-Werke Asset Management GmbH)		
Neu-Isenburg	100.00%	Sales company
Jost-Werke International Beteiligungsverwaltung GmbH ¹⁾		
Neu-Isenburg	100.00%	Holding company
Rockinger Agriculture GmbH ¹⁾		Production company
Waltershausen/Germany	100.00%	Sales company
JOST France S.à r.l. ¹⁾		
Paris/France	100.00%	Sales company
JOST Iberica S.A. ¹⁾		Production company
Zaragoza/Spain	100.00%	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

¹⁾ Indirectly via Jasione GmbH

Company	Shareholdings JOST Werke AG	Nature of business
JOST TAT LLC ¹⁾		
Naberezhnye Chelny/Russia	100.00%	Production company
JOST Polska Sp. z o.o. ¹⁾		Production company
Nowa Sól/Poland	100.00%	Sales company
Jost Hungaria Kft. ¹⁾		
Veszprém/Hungary	100.00%	Production company
Transport Industry Development Centre B.V. ¹⁾		Development company
Best/The Netherlands	100.00%	Sales company
Tridec Ltda. ¹⁾		
Cantanhede/Portugal	100.00%	Production company
JOST Achsen Systeme GmbH ¹⁾		
Calden/Germany	100.00%	Sales company
Jost Otomotiv Sanayi Ticaret A.S. ¹⁾		
Izmir/Turkey	100.00%	Production company
JOST (S.A.) Pty. Ltd. ¹⁾		Production company
Chloorkop/South Africa	100.00%	Sales company
JOST Transport Equipment Pty. Ltd. ¹⁾		
Chloorkop/South Africa	100.00%	Sales company
Jost Australia Pty. Ltd. ¹⁾		Production company
Seven Hills/Australia	100.00%	Sales company
JOST New Zealand Ltd. ¹⁾		
Hamilton, New Zealand	100.00%	Sales company
JOST International Corp. ¹⁾		Production company
Grand Haven, Michigan/U.S.A.	100.00%	Sales company
Jost (China) Auto Component Co. Ltd. ¹⁾		Production company
Wuhan, Hubei Province/PR China	100.00%	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⁾		Production company
Jamshedpur/India	100.00%	Sales company
JOST Japan Co. Ltd. ¹⁾		
Yokohama/Japan	100.00%	Sales company
Jost (Thailand) Co. Ltd. ¹⁾		Production company
Bangsaotong/Thailand	100.00%	Sales company

Company	Shareholdings JOST Werke AG	Nature of business
Ålö Holding AB ¹⁾ Umeå/Sweden	100.00%	Holding company
Ålö AB ¹⁾ Umeå/Sweden	100.00%	Production company Sales company
Alö Deutschland 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, Brazil (dormant company) ¹⁾ 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

On May 12, 2021, the group sold its Bolton, UK-based subsidiary Jost UK Ltd. (Edbro). The deconsolidation date was April 30, 2021. As of this date, Jost UK Ltd. (Edbro) was no longer included in the consolidated financial statements.

Alo Tennessee Inc., Telford, USA, was merged with Alo USA Inc., Elgin, USA, effective February 1, 2021. In addition, Ålö Group AB and Ålö Intressenter AB, both based in Umeå, Sweden, were merged with the direct parent company Ålö Holding AB, also based in Umeå, Sweden, on November 8, 2021.

JOST-Werke Asset Management GmbH, Neu-Isenburg, Germany, which was founded in November 2019, was renamed JOST-Werke Logistics GmbH in 2021. The company commenced operations on January 3, 2022 and serves as the new global logistics center in Erfurt. This did not result in any sales revenues for the group in fiscal year 2021, nor did it have any effect on its earnings.

As of December 31, 2021, 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, 2021, has not changed compared to December 31, 2020.

7. 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 borrowings 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 €6,372 thousand (2020: €5,794 thousand) and €-9,390 thousand (2020: €-7,494 thousand) respectively. The finance result contains net foreign exchange gains and losses of €6,486 thousand (2020: €5,279 thousand) and €-6,802 thousand (2020: €-1,909 thousand) respectively. Overall, this results in a net foreign exchange loss of €-3,334 thousand (2020: net foreign exchange gain of €1,670 thousand). For further information, please refer to  notes 36, 38 and 39.

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 (none of which has the currency of a hyper-inflationary economy) 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.

8. Accounting policies in the consolidated financial statements

8.1. Management judgment, estimates, and assumptions

Application of accounting policies under IFRSs as adopted in the EU requires the 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 which, by definition, will seldom equal the actual results. 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.

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 notes 8.2 to 8.4, 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 11 and note 12](#).

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 8.2](#)). In this context, various significant estimates and assumptions are required; these are explained in further detail in [note 11](#).

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 22](#).

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 test 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 as an expense in fiscal year 2019. Moreover, assumptions regarding future business performance are made for the five-year planning period that determine the amount of taxable income and therefore the amount of loss carryforwards to be used in the future.

8.2. 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, the impairment test date was brought forward from December 31 to November 30 to improve the process of preparing the consolidated financial statements.

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 group’s 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 and 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, 2021) 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 accumulated impairment. 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.

8.3. 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.

8.4. 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 2021 and 2020.

8.5. 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.

8.6. 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.

8.7. 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 ssets 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, 2020, and as of December 31, 2021, 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 24 and 27](#).

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.

8.8. 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.

8.9. 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.

8.10. 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.

8.11. 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.

8.12. 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.

8.13. Derivatives

The group uses derivatives to hedge existing interest rate risks and exchange rate risks arising from loans 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 16 and 27**. Changes in the fair values of the hedges are recognized in the income statement and shown in **notes 38 and 39**. 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.

8.14. 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. The group applies hedge accounting for derivatives for the first time.

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.

For all forward contracts that it uses in hedging relationships, the group designates only the change in the spot element of the forward contract as the hedging instrument and not the full fair value change.

The group designates only the intrinsic value of option contracts as the hedging instrument, i.e. excluding the time value of the option. Changes in the fair value of the option are recognized in other comprehensive income and accumulated in the reserve for costs of hedging. If the hedged item is a transaction related hedged item, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is a time-period related hedged item, the amount recognized in the reserve for costs of hedging is reclassified to profit or loss on a pro rata basis. Those reclassified amounts are recognized in the same line item in the income statement as the hedged item. If the hedged item is a non-financial hedged item, the amount recognized in the reserve for costs of hedging is removed directly from equity and transferred to the initial carrying amount of the non-financial hedged item. If the group expects that all or a portion of a loss recognized in the reserve for costs of hedging will not be recovered in one or more future periods, that amount is immediately reclassified to profit or loss.

Information on the fair value of derivatives designated in hedging relationships can be found in ■ notes 27 and 47. Gains and losses on cash flow hedges are presented in equity in ■ note 21. All other disclosures are provided in ■ note 47.

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 comprehensive income under the cash flow 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”.

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 cash flow 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 comprehensive income and accumulated in the cash flow 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 cash flow hedge reserve is immediately reclassified to profit or loss.

8.15. 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.

8.16. 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 is recognized only to the extent that it is highly probable that a significant reversal of the revenue will not become necessary, provided that the uncertainty related to this no longer exists. Revenue from these sales is recognized at the contract price less estimated customer discounts. 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.

8.17. 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.

8.18. 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.

8.19. 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 and business acquisitions 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.

9. 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 2021, expenses amounting to €50,895 thousand (2020: €48,175 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 €27,750 thousand (2020: €29,077 thousand) recognized under selling expenses and research and development expenses. The income effects in EBIT arising from the sale of the disposal group amount to €13,281 thousand and to €16 thousand in the net finance result. Of this, €1,113 thousand relates 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. For more information, see note 5. Furthermore, cost of sales as well as selling, administrative and other expenses were adjusted for expenses relating to other effects totaling €9,864 thousand (2020: €19,098 thousand). The other effects mainly relate to expenses for an optimization project at the Älô Group in the amount of €2,279 thousand (2020: €4,458 thousand), expenses for the relocation of a production site from the Netherlands to Portugal in the amount of €1,101 thousand as well as expenses of €3,123 thousand for the relocation of a logistics center in Germany. In the 2020 reporting period, expenses of €240 thousand arising from entering into the acquisition financing agreement were adjusted within the net finance result.

After taking into account the adjustments of earnings before taxes, this would give a tax expense of €29,597 thousand for 2021 (2020: €20,285 thousand) based on the tax rate applicable for JOST Werke AG.

The table below shows the earnings adjusted for these effects:

in € thousands	2021 Unadjusted	D&A from PPA (10), (11), (12)	Effects from the sale of the disposal group	Other effects (9)	Adjustments, total	2021 Adjusted
Sales revenues	1,050,931		- 2,326	0	- 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
Financial income	8,383		- 1		- 1	8,382
Financial expense	- 14,576		17	0	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

in € thousands	2020 Unadjusted	D&A from PPA (10), (11), (12)	Other effects (9)	Adjustments, total	2020 Adjusted
Notes					
Sales revenues	794,410			0	794,410
Cost of Sales	- 578,018		11,865	11,865	- 566,153
Gross profit	216,392	0	11,865	11,865	228,257
Selling expenses	-116,268	26,607	1,544	28,151	-88,117
Research and development expenses	-17,192	2,470	94	2,564	-14,628
Administrative expenses	-61,690		6,606	6,606	-55,084
Other income	10,828		-1,011	-1,011	9,817
Other expenses	-9,831			0	-9,831
Share of profit or loss of equity method investments	2,812			0	2,812
Operating profit (EBIT)	25,051	29,077	19,098	48,175	73,226
Financial income	5,926			0	5,926
Financial expense	-11,776		240	240	-11,536
Net finance result	- 5,850	0	240	240	- 5,610
Profit / loss before tax	19,201	29,077	19,338	48,415	67,616
Income taxes	89				-20,285
Profit / loss after taxes	19,290				47,331
Weighted average number of shares	14,900,000				14,900,000
Basic and diluted earnings per share (in €)	1.29				3.18

10. 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 and 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 and 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, among others, relate to the 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 (previous year: expenses associated with the acquisition of Ålö Holding AB, earnings

effects from the utilization of step-ups on inventories, and expenses for an optimization project at the Ålö group). The exceptionals in 2021 have been incurred mainly in the operating segments Europe and North America. 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 as of December 31, 2021

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues ¹⁾	984,925	261,552	289,736	-487,608	1,048,605 ²⁾
thereof:					
external sales revenues¹⁾	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 EBIT³⁾	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 EBITDA³⁾	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 and 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.

Segment reporting as of December 31, 2020

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues ¹⁾	757,761	187,315	218,042	-368,708	794,410²⁾
thereof: external sales revenues ¹⁾	482,235	172,298	139,877	0	794,410
thereof: internal sales revenues ¹⁾	275,526	15,017	78,165	-368,708	0
Adjusted EBIT³⁾	37,275	11,847	21,292	2,812	73,226
thereof: depreciation and amortization	19,606	5,043	4,800	0	29,449
Adjusted EBIT margin	7.7%	6.9%	15.2%		9.2%
Adjusted EBITDA³⁾	56,881	16,890	26,092	2,812	102,675
Adjusted EBITDA margin	11.8%	9.8%	18.7%		12.9%

¹⁾ Sales by destination in the reporting period:

– Europe: €404,374 thousand – Americas: €188,610 thousand – Asia, Pacific and Africa: €201,426 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 €2,812 thousand.

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

in € thousands	Transport	Agriculture	Consolidated financial statements
Sales revenues	785,420	263,185	1,048,605

In the Europe Segment, sales revenues of JOST UK Ltd. were adjusted by of €2,326 thousand.

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 €301,094 thousand (2020: €237,563 thousand) with its companies registered in Germany. JOST generated external sales revenues in the amount of €244,468 thousand (2020: €166,897 thousand) with its companies registered in the USA and €175,206 thousand (2020: €127,532 thousand) with its companies registered in Sweden.

Reconciliation of earnings to adjusted earnings figures as of December 31, 2021:

in € thousands	2021	2020
Profit / loss after taxes	43,864	19,290
Income taxes	-3,883	89
Net finance result	-6,193	-5,850
EBIT	53,940	25,051
D&A from PPA	-27,750	-29,077
Effects from the sale of the disposal group ¹⁾	-13,281	0
Other effects	-9,864	-19,098
Adjusted EBIT	104,835	73,226
Adjusted EBIT margin	10.0%	9.2%
Depreciation	-25,373	-26,434
Amortization	-3,182	-3,015
Adjusted EBITDA	133,390	102,675
Adjusted EBITDA margin	12.7%	12.9%

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, 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.

The following tables show noncurrent assets by operating segments for December 31, 2020:

in € thousands	Europe ¹⁾	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Noncurrent assets ²⁾	432,314	48,230	48,928	8,085	537,557

- ¹⁾ Of this amount, €51,216 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 in 2021 and 2020.

11. 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, 2020	74,267	14,006	394,063	92,073	113	574,522
Changes in the basis of consolidation	90,157	31,152	38,234	69,781	0	229,324
Additions	0	4,072	0	864	0	4,936
Currency and other changes	1,989	2,154	-240	3,270	-22	7,151
Reclassifications	0	0	0	397	-82	315
Disposals	0	0	0	-20	0	-20
Balance at December 31, 2020	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
Amortization and impairment						
Balance at January 1, 2020	74,267	10,884	234,090	71,048	0	390,289
Changes in the basis of consolidation	0	0	0	1,521	0	1,521
Additions	0	3,967	22,446	3,389	0	29,802
Currency and other changes	0	106	635	-90	0	651
Disposals	0	0	0	-20	0	-20
Balance at December 31, 2020	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
Carrying amount as of December 31, 2020	92,146	36,427	174,886	90,517	9	393,985
Carrying amount as of December 31, 2021	91,811	35,322	148,396	85,120	17	360,666

The goodwill of €74,267 thousand presented as of January 1, 2020 has been impaired since 2009; the impairment may not be reversed in accordance to IAS 36. The addition of €90,157 thousand in the previous year resulted 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 internally generated intangible assets result from various development projects with amortization periods of one to 13 years. The average remaining amortization period is 6 years.

The customer lists result from various business combinations with amortization periods of 2 to 18 years. The average remaining amortization period is 10 years.

Other intangible assets mainly include brand names in the amount of €82,349 thousand (2020: €87,150 thousand), of which €70,397 thousand (2020: €71,904 thousand) have an indefinite useful life. From a market perspective, the Quicke brand with a carrying amount of €70,397 thousand (2020: €71,912 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 there is no foreseeable and therefore determinable end to its usefulness. This brand is subject to an annual impairment test. The brand's recoverable amount was determined as its fair value (Level 3) 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 8.5% p.a. (2020: 9.3% p.a.) and a license rate of 5% (2020: 5%) as well as a 0.3% growth rate (2020: 0.3%). The 2021 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 (2021: 0.3%; 2020: 0.0%), the market risk premium (2021: 7%; 2020: 7%) and the borrowing rate resulting from specific peer group information (2021: 1.3%; 2020: 2.5%). 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 50.5% (2020: 61.0%).

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 10.5%, 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 4.1%, the fair value would fall below the carrying amount.

For further details regarding amortization, impairments, and the reversal of impairments ■ see note 41.

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	12/31/2021	12/31/2020
Cash-generating unit Europe	69,676	69,930
Cash-generating unit North America	13,453	13,502
Cash-generating unit Asia, Pacific and Africa	8,682	8,714
Total	91,811	92,146

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

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%

Goodwill by segment – material assumptions

2020	CGU Europe	CGU North America	CGU APA
Long-term terminal value growth rate	0.9%	0.9%	0.9%
Discount rate	9.1%	8.5%	9.3%

For 2022, management assumed a year-over-year increase in consolidated revenues in the mid-single-digit range and year-over-year growth in EBIT and EBITDA also in the mid-single-digit range.

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.

12. 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, 2020	49,021	30,399	68,618	893	27,547	6,850	7,756	191,084
Changes in the basis of consolidation	13,009	9,505	41,025	0	9,670	930	305	74,444
Additions	248	1,420	11,613	92	1,812	2,020	7,672	24,877
Currency and other changes	-1,589	-483	-4,978	-57	-2,192	1,144	-189	-8,344
Reclassifications	365	0	6,596	0	375	0	-7,651	-315
Disposals	-1,840	-460	-4,999	0	-2,357	-1,444	-47	-11,147
Balance at December 31, 2020	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 ¹⁾	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
Depreciation and impairment								
Balance at January 1, 2020	26,660	5,284	31,709	213	15,249	2,253	0	81,368
Changes in the basis of consolidation	5,357	87	30,040	0	5,923	30	0	41,437
Additions	3,667	7,038	9,072	201	5,735	3,011	0	28,724
Currency and other changes	-594	-90	-2,703	0	-1,801	-51	0	-5,239
Disposals	-1,041	-215	-4,818	0	-2,286	-1,122	0	-9,482
Balance at December 31, 2020	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
Carrying amount as of December 31, 2020	25,165	28,277	54,575	514	12,035	5,379	7,846	133,791
Carrying amount as of December 31, 2021	24,494	34,467	46,887	68	9,894	4,574	10,083	130,467

¹⁾ Thereof modification of a lease in the amount of €8,547 thousand, which did not result in the recognition of a separate lease.

As of December 31, 2021, assets under construction in the amount of €9,149 thousand have been included in the "Advance payments made and assets under construction" item (2020: €7,303 thousand).

The following overview separately lists the right-of-use assets recognized in connection with leases in noncurrent assets.

For further details regarding depreciation, see note 41.

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, 2020	30,399	893	6,850	38,142
Changes in the basis of consolidation	9,505	0	930	10,435
Additions	1,420	92	2,020	3,532
Currency and other changes	-483	-57	1,144	604
Disposals	-460	0	-1,444	-1,904
Balance at December 31, 2020	40,381	928	9,500	50,809
Changes in the basis of consolidation	0	-1,053	-943	-1,996
Additions	12,342 ¹⁾	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
Depreciation and impairment				
Balance at January 1, 2020	5,284	213	2,253	7,750
Changes in the basis of consolidation	87	0	30	117
Additions	7,038	201	3,011	10,250
Currency and other changes	-90	0	-51	-141
Disposals	-215	0	-1,122	-1,337
Balance at December 31, 2020	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
Carrying amount as of December 31, 2020	28,277	514	5,379	34,170
Carrying amount as of December 31, 2021	34,467	68	4,574	39,109

¹⁾ Thereof modification of a lease in the amount of €8,547 thousand, which did not result in the recognition of a separate lease.

The corresponding lease liabilities are shown as other financial liabilities (see notes 24 and 27).

13. 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	2021	2020
Noncurrent assets	11,217	6,590
Current assets	32,308	16,195
Noncurrent liabilities	2,511	775
Current liabilities	17,304	10,133
Equity	23,709	11,876
Sales revenues	78,127	45,689
Total income	83,566	49,055
Total expenses	71,715	43,319
Profit or loss for the period ¹⁾	11,851	5,736
Equity interest (%)	49	49
Share of profit or loss for the period	5,807	2,812
Carrying amount of investment at 12/31	14,209	8,085

¹⁾ For 2021 and 2020 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	2021	2020
Net assets at 12/31	23,709	11,876
Interest in joint venture	11,617	5,819
Goodwill (translated at current fx rate)	1,930	1,910
Fx effects on net assets	482	356
Carrying amount	14,029	8,085

Additional information:

in € thousands	2021	2020
Cash and cash equivalents	9,062	2,748
Current financial liabilities	11,597	156
Noncurrent financial liabilities	1,865	382
Depreciation and amortization	664	675
Interest income	2,830	1,577
Interest expenses	858	479
Income tax expenses	4,788	2,873

Interest received of €231 thousand (2020: dividend income of €2,106 thousand and interest received of €292 thousand) was recognized in fiscal year 2021.

An average of 416 people were employed in the reporting period (192 salaried employees and 224 hourly paid workers). In 2020, the headcount was 324 (168 salaried employees and 156 hourly paid workers).

Effects of €135 thousand (2020: €3,180 thousand) were recognized in other comprehensive income in the reporting year.

As in prior years there were no contingent liabilities as at December 31, 2021.

14. 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	12/31/2021	12/31/2020
Assets		
Property, plant, and equipment		
Right-of-use assets – Land, land and rights, and buildings, including buildings on third-party land	34,467	28,277
Right-of-use assets – Technical equipment and machinery	68	514
Right-of-use assets – Other equipment, operating and office equipment	4,574	5,379
	39,109	34,170
Equity and liabilities		
Other noncurrent financial liabilities		
Noncurrent lease liabilities	31,906	25,908
Other current financial liabilities		
Current lease liabilities	9,947	9,663
	41,853	35,571

For further information on the development of the rights of use, see note 12. The lease liabilities as the present value of future lease payments are based on the maturities indicated in note 24.

The application of IFRS 16 results in the following income statement disclosures:

IFRS 16 – Disclosures in the Income Statement

in € thousands	2021	2020
Depreciation charge on right-of-use assets	–9,890	–10,250
Depreciation of right-of-use assets – Land, land rights, and buildings, including buildings on third-party land	–7,213	–7,038
Depreciation of right-of-use assets – Technical equipment and machinery	–19	–201
Depreciation of right-of-use assets – Other equipment, operating and office equipment	–2,658	–3,011
Expenses from short-term leases	–526	–63
Expenses from leases of low-value assets	–83	–62
Income from subleasing right-of-use assets	1	0
Profit/loss from sale-and lease-back transactions	0	712
Interest expense on lease liabilities	–1,346	–1,359

The following amounts were recognized in the cash flow statement:

IFRS 16 – Disclosures in the Cash Flow Statement

in € thousands	2021	2020
Cash flow from operating activities		
Profit/loss before tax		
Expenses relating to short-term leases and leases of low-value assets	-614	-74
Cash flow from financing activities	-11,147	-10,331
Interest payments	-1,441	-1,204
Repayment of lease liabilities	-9,706	-9,127
Total cash outflow for leases	-11,761	-10,405

As of the reporting date, the group entered into a lease agreement under which the asset will not be transferred for use until a future date. The undiscounted payments resulting from the base lease term of 10 years amount to €4,488 thousand. 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 reporting year. In the previous year, there was one sale-and-leaseback transaction within the group resulting in a gain of €712 thousand and with an initial present value of the lease liability of €777 thousand.

15. Deferred tax assets and liabilities

The analysis of deferred tax assets and deferred tax liabilities is as follows:

in € thousands	2021	2020
Deferred tax assets		
Deferred tax assets realized after more than 12 months	12,736	8,634
Deferred tax assets realized within 12 months	910	725
Total	13,646	9,359
Deferred tax liabilities		
Deferred tax liabilities realized after more than 12 months	20,239	27,028
Deferred tax liabilities realized within 12 months	7,733	8,814
Total	27,972	35,842
Deferred tax liabilities (net)	14,326	26,483

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 01/01/2020	13,688	1,351	24,394	1,988	2,716	44,137
Addition due to change in the basis of consolidation	0	-2,041	0	0	0	-2,041
Amount recognized in profit or loss	-684	2,207	2,192	-615	3,148	6,248
Amount recognized directly in equity	609	0	0	0	0	609
Balance at 12/31/2020	13,613	1,517	26,586	1,373	5,864	48,953
Offsetting of deferred tax liabilities						-39,594
Net deferred tax assets as of December 31, 2020						9,359
Disposal due to change in the basis of consolidation	0	0	0	0	-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	0	0	0	0	-1,538
Balance at 12/31/2021	10,993	1,821	25,658	1,439	10,386	50,297
Offsetting of deferred tax liabilities						-36,651
Net deferred tax assets as of December 31, 2021						13,646

¹⁾ Jost Polska Sp. z o.o. in 2021 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	Hedge accounting	Total
Balance at 01/01/2020	52,306	982	162	0	53,450
Addition due to change in the basis of consolidation	29,743	577	0	0	30,320
Amount recognized in profit or loss	-7,362	-681	-41	0	-8,084
Currency changes	-250	0	0	0	-250
Balance at 12/31/2020	74,437	878	121		75,436
Offsetting of deferred tax liabilities				0	-39,594
Net deferred tax liabilities as of December 31, 2020					35,842
Disposal due to change in the basis of consolidation	-1,844	0	0	0	-1,844
Amount recognized in profit or loss	-9,203	40	87	0	-9,076
Amount recognized directly in equity	0	0	0	170	170
Currency changes	-63	0	0	0	-63
Balance at 12/31/2021	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

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.

An amendment to corporate tax law was passed in Sweden in December 2020, resulting in a reduction of the corporate tax rate from 21.4 to 20.6 percent effective January 1, 2021. Furthermore, various amendments to tax laws were passed in France in December 2020, including a reduction in the corporate income tax rate from 27.5 to 26.5 percent. This reduction in corporate income tax took effect on January 1, 2021. Further changes to tax rates were announced in Turkey, as a result of which the tax rate was raised by 3% to 25% effective January 1, 2021.

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 30% (2020: 30%) has been used: In addition to corporate income tax of 15% (2020: 15%), the solidarity surcharge amounting to 5.5% (2020: 5.5%) of corporate income tax and the average trade tax rate of 14% (2020: 14%) were taken into account.

The changes in deferred taxes (net) are as follows:

in € thousands	2021	2020
Balance at 01/01 (net liability)	26,483	9,313
Addition (+)/disposal (-) due to changes in the basis of consolidation	-827	32,361
Expense (+)/income (-) in income statement	-12,635	-14,332
Income taxes recognized in OCI (- profit/+ loss) (pensions)	1,368	-609
Currency changes	-63	-250
Balance at 12/31 (net liability)	14,326	26,483

Taxes on income in € thousands	2021	2020
Current tax on profit before tax	17,515	14,243
Deferred taxes	-13,632	-14,332
Income taxes	3,883	-89

Current tax on earnings before taxes compromise expenses for other fiscal years with an amount of €277 thousand (2020: income of €313 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	2021	2020
Profit/loss before tax	47,747	19,201
Expected tax rate (in %)	30.0%	30.0%
Expected income taxes	14,324	5,760
Taxes on distributed dividends	925	1,119
Differences due to deviating tax rates from group tax rate	-4,195	-3,096
Recognition of deferred taxes on losses carried forward	-4,018	-4,702
Income tax reduction for results from associates	-1,655	-801
Tax effects of non-deductible income/expenses	-1,140	426
Utilization of loss carryforwards for which no deferred taxes were recognized	-2,495	-2,853
Losses for which no deferred taxes were recognized	2,417	4,045
Income/expenses for other fiscal years	-491	-313
Income taxes not based on profit/loss before tax (other taxes)	-57	-19
Other	269	345
Effective tax charges	3,883	-89
Effective tax rate (in %)	8.1%	-0.5%

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 €394,826 thousand (December 31, 2020: €406,054 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 amounting to €-928 thousand (2020: €2,192 thousand) were recognized on previously unrecognized loss carryforwards in the reporting year. Unused tax loss carryforwards for which no deferred tax assets were recognized in the consolidated balance sheet are shown in the table below.

Unused tax loss carryforwards

in € thousands	2021	2020
Loss carryforwards in Germany ¹⁾	220,463	211,413
Loss carryforwards outside of Germany	30,030	30,523
Total	250,493	241,936

¹⁾ Of which trade tax loss carryforwards in the amount of €148,147 thousand (2020: €136,722 thousand)

The losses can be carried forward indefinitely and have no expiry date.

16. 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 12/31/2021	Fair value 12/31/2021	Carrying amount 12/31/2020	Fair value 12/31/2020	Level
Assets						
Cash and cash equivalents	FAAC	87,482	87,482	108,315	108,315	n/a
Trade receivables	FAAC	153,437	153,437	123,947	123,947	n/a
Other financial assets	FAAC	3,843	3,843	4,546	4,546	n/a
Total		244,762	244,762	236,808	236,808	

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, 2020.

in € thousands	Measurement categories in accordance with IFRS 9	Carrying amount 12/31/2021	Fair value 12/31/2021	Carrying amount 12/31/2020	Fair value 12/31/2020	Level
Liabilities						
Trade payables	FLAC	163,458	163,458	127,261	127,261	n/a
Interest-bearing loans and borrowings ¹⁾	FLAC	281,400	282,305	315,875	315,807	2
Lease liabilities	n/a ²⁾	41,853	–	35,571	–	n/a
Contingent purchase price liability	FLtPL	10,200	10,200	10,200	10,200	3
Other financial liabilities	FLAC	2,875	2,875	4,490	4,490	n/a
Derivative financial liabilities	FLtPL	986	986	2,995	2,995	2
Total		500,772	459,824	496,392	460,753	

¹⁾ Excluding accrued financing costs (see note 25)

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 2021	Carrying amount 12/31/2021	Fair value 12/31/2021	Net gains / losses 2020	Carrying amount 12/31/2020	Fair value 12/31/2020
Of which aggregated by measurement categories in accordance with IFRS 9							
"Financial assets at amortized costs"	FAAC	-55	244,762	244,762	-649	236,808	236,808
"Financial liabilities at amortized costs"	FLAC	-6,110	447,733	448,638	-6,258	447,626	447,558
"Financial assets and Liabilities at Fair Value through Profit or Loss"	FAFLtPL	1,441	11,186	11,186	-1,154	2,995	2,995

The net loss on financial assets measured at amortized cost amounts to €55 thousand (2020: €649 thousand) and stems from the loss allowances recognized on trade receivables as of December 31, 2021. The net loss from financial liabilities measured at amortized cost amounts to €6,110 thousand (2020: €6,258 thousand) and stems from interest expense and other financial expenses (see note 39). The net gain from financial liabilities measured at fair value amounts to €1,441 thousand (2020: net loss of €1,154 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, 2021 (see note 27).

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 2021 and 2020.

The fair value of the interest-bearing loans and borrowings is determined in 2021 and 2020 considering actual interest curves and classified as level 2 of the fair value hierarchy.

The measurement of derivatives is described in notes 8.13, 24 and 27.

17. Inventories

in € thousands	12/31/2021	12/31/2020
Raw materials, consumables, and supplies	70,084	48,777
Work in process	26,121	19,238
Finished goods and merchandise	102,229	68,324
Total	198,434	136,339

As at December 31, 2021, impairments on inventories amounting to €10,344 thousand (December 31, 2020: €11,418 thousand) were recognized. The impairment losses resulted in income recognized in cost of sales in the amount of €1,074 thousand (previous year: expense of €4,995 thousand).

18. Trade receivables and other financial assets

Trade receivables

Trade receivables amounted to €153,437 thousand at the closing date (2020: €123,947 thousand).

Allowances on receivables changed as follows:

in € thousands	2021	2020
Balance at 01/01	2,633	2,149
Additions/disposals due to changes in the basis of consolidation	-154	449
Additions	437	402
Utilization	-175	-246
Currency and other changes	-198	-121
Balance at 12/31	2,543	2,633

The contractual amount outstanding from receivables that were written off during the reporting period and are still subject to enforcement activity is €86 thousand (2020: €215 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	Of which past due at the closing date				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, 2021	155,980	134,337	18,076	560	393	71	2,543
December 31, 2020	126,580	107,960	15,241	208	467	71	2,633

¹⁾ The figures in the column “up to 3 months” include receivables due immediately.

Loss allowances on trade receivables changed as follows:

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

2020

in € thousands	Total	Up to 3 months	3–6 months	6–12 months	More than 12 months
Item-by-item loss allowance	2,500	509	43	295	1,653
Loss allowance, expected credit loss	133	123	5	4	1
Total	2,633	632	48	299	1,654

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 previous year mainly comprised bank bills that do not qualify as cash equivalents. In 2021, other financial assets mainly include security deposits of €2,511 thousand (2020: €508 thousand). There were no credit-impaired financial assets as of the balance sheet date. The gross carrying amount corresponds to the maximum default risk. No other financial assets were at risk of default as of the balance sheet date.

19. Other assets

As of the end of the year, other assets amounted to €19,546 thousand (2020: €16,217 thousand). Other noncurrent assets consist of pension liability insurance claims (2021: €104 thousand; 2020: €98 thousand) and from prepaid expenses for a period of more than one year. Other current assets primarily include VAT receivables (2021: €10,237 thousand; 2020: €8,511 thousand), prepaid expenses (2021: €5,421 thousand; 2020: €4,789 thousand), recoverable taxes from business operations (2021: €368 thousand; 2020: €253 thousand), and current liability insurance claims (2021: €840 thousand; 2020: €768 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.

20. Cash and cash equivalents

in € thousands	12/31/2021	12/31/2020
Cash on hand and bank balances	73,801	91,241
Bank bills of exchange	13,681	17,074
Total	87,482	108,315

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.

21. Equity

As of December 31, 2021, 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 disappplied 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 July 2020, no dividend was distributed to the shareholders of the company. The retained earnings include the net profit for fiscal year 2020 of €19,290 thousand.

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.

An amount of €22,910 thousand was taken from capital reserves and transferred to retained earnings in fiscal year 2021 (2020: €8,441 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 2021 recognized in other reserves in an amount of €–12,953 thousand (2020: €–17,185 thousand) includes exchange differences on translating foreign operations of €10,026 thousand (2020: €–15,764 thousand), remeasurements from defined benefit plans with an amount of €5,127 thousand (2020: €–2,030 thousand) and deferred taxes resulting from this of €–1,538 thousand (2020: €609 thousand) and losses from hedge account of €–832 thousand less deferred taxes of €170 thousand. Hedge accounting has been applied in the group since July 2021 and is recognized in miscellaneous other reserves. 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, cumulative translation differences of €431 thousand from other comprehensive income were reclassified to profit or loss.

22. Pension obligations

Some of the group entities, particularly in Germany, have established pension plans for their employees. As of December 31, 2021, the defined benefit obligations amounted to €68,018 thousand in total as calculated pursuant to IAS 19 with a discount rate of 0.9%, 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 01/01/2020	75,097	- 4,102	70,995
Current service cost	220	0	220
Past service cost	0	0	0
Interest cost	604	-33	571
Remeasurements on obligation	1,951	0	1,951
thereof: experience adjustments	221	0	221
thereof: changes in demographic assumptions	0	0	0
thereof: changes in financial assumptions	1,730	0	1,730
thereof: Return on plan assets	0	0	0
Benefits paid	-1,844	0	-1,844
Employer contributions	0	-46	-46
Balance at 12/31/2020	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 demographic assumptions	0	0	0
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 12/31/2021	69,586	- 1,568	68,018

in € thousands	2021	2020
Recognized provision (unfunded pension obligation)	68,018	71,847
Funded pension obligation	1,568	4,181
Total pension obligations	69,586	76,028
Total pension obligations	69,586	76,028
Net of plan assets	-1,568	-4,181
Carrying amount (corresponds to underfunding)	68,018	71,847
Reimbursement rights	104	93
Expected return		
Expense reported in the income statement	498	791
consisting of		
Service cost	200	220
Interest cost	318	604
Interest income on plan assets	-17	-33
Interest income on reimbursement rights	-3	0
Total	498	791

The defined benefit obligation and the fair value of plan assets developed as follows:

in € thousands	2021	2020
Income and expenses from remeasurements recognized in other comprehensive income	-5,092	1,951
Changes in the defined benefit obligation in the fiscal year		
Balance at 01/01	76,028	75,097
Current service cost	200	220
Past service cost	0	0
Interest cost	318	604
Remeasurements on obligation	-5,054	1,951
Benefits paid	-1,906	-1,844
Balance at 12/31	69,586	76,028
Fair value of plan assets		
Balance at 01/01	4,181	4,102
Interest income	17	33
Return on plan assets	38	0
Employer contributions	46	46
Benefits paid	-2,714	0
Balance at 12/31	1,568	4,181

The plan assets only relate to Germany and as in 2020 exclusively consist of pension liability insurances with guaranteed return that 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	2021	2020
Balance at 01/01	93	93
Interest income	3	0
Employer contributions	8	0
Balance at 12/31 (fair value)	104	93

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 are therefore reported under other noncurrent assets on the asset side of the balance sheet.

The following significant actuarial assumptions were made:

Assumptions

	2021	2020
Discount rate	0.9%	0.4%
Inflation rate/future pension increases	1.8%	1.7%
Future salary increases	1.8%	2.0%

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:

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%

2020			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 8.1%	Increase by 7.3%
Salary growth rate	0.5%	Increase by 1.1%	Decrease by 1.1%
Pension growth rate	0.5%	Increase by 6.8%	Decrease by 6.2%
Life expectancy	1 year	Increase by 6.2%	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.

Expected maturity analysis of undiscounted pension benefits:

2021					
in	Up to 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Total
€ thousands	2,059	2,242	7,562	14,791	26,654

2020					
in	Up to 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Total
€ thousands	1,962	2,085	7,260	14,414	25,721

Expected undiscounted pension benefits over ten years are not presented in the table.

The weighted average duration of the defined benefit obligation is 16 years (2020: 17 years).

Expected contributions to plan assets and reimbursement rights for the fiscal year ending December 31, 2021, are €46 thousand (2020: €46 thousand).

23. Other provisions

Other provisions changed as follows:

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 due to changes in the basis 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 12/31/2021	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

2020						
in € thousands	Warranties	Customer commissions and bonuses	Share-based payment	Other personnel-related provisions	Other costs	Total
Balance at 01/01/2020	4,644	1,333	676	1,872	1,211	9,736
of which current	4,041	1,333	0	1,137	820	7,331
of which noncurrent	603	0	676	735	391	2,405
Additions due to changes in the basis of consolidation	1,320	1,547	0	0	0	2,867
Additions	6,910	1,447	1,387	666	4,997	15,407
Utilization	-1,653	-866	0	-538	0	-3,057
Reversal	-346	-52	0	-492	-575	-1,465
Currency and other changes	-201	59	0	-29	-11	-182
Balance at 12/31/2020	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

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, bonuses for customers and bonuses for sales staff. 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, €5,249 thousand relates to rebates and commissions to customers of the Älö 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 phantom stocks 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 phantom stocks 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 2021, a total of 8,369 phantom stocks with an initial value of €250 thousand were granted within the scope of the LTIP (2020: 29,794 phantom stocks with an initial value of €890 thousand).

The fair value of the phantom stocks was determined using a Monte Carlo simulation with the following input factors as of December 31, 2021:

	12/31/2021
JOST share price	€49.50
SDAX index	16,414.67
Expected volatility, JOST	29.59%
Expected volatility, SDAX	16.40%
JOST/SDAX correlation	0.5385
JOST dividend yield	1.74%
Risk-free interest rate	-0.74%
Fair value	€41.39

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, 2021, 147,799 phantom stocks (2020: 164,537 phantom stocks) with a carrying amount of provisions amounting to €4,049 thousand (2020: €2,063 thousand) were outstanding. The expense recognized in the fiscal year amounts to €1,986 thousand (2020: €1,387 thousand). A total of 25,107 phantom stocks expired (2020: 10,880 phantom stocks) and no phantom stocks vested.

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 (2021: €893 thousand; 2020: €1,013 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 €114 thousand, as they are no longer expected to be utilized. The increase in the reporting period is due to costs triggered by the relocation of the GLC (Global Logistic Center) from Neu-Isenburg to Erfurt and risks from additional claims from suppliers as a result of retroactive price increases. The provision amounts are reviewed regularly and adjusted as necessary. Utilization of the provisions is expected in the short- to medium term.

24. Financial liabilities

The following overview shows the maturity of financial liabilities and derivative financial instruments as of December 31, 2021. 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
Financial liabilities	228,995	269,373	13,502	511,870
Derivatives	37	949	0	986
Total	229,032	270,322	13,502	512,856

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
Liabilities to banks	39,748	243,517	0	283,265
thereof: fixed interest	679	49,996	0	50,675
thereof: floating-rate	39,069	193,521	0	232,590
Other liabilities to banks	2,606	1,834	0	4,440
Trade payables	163,458	0	0	163,458
Lease liabilities	10,108	24,022	13,502	47,632
Other financial liabilities	13,075	0	0	13,075
Derivatives	37	949	0	986
Total	229,032	270,322	13,502	512,856

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 €996 thousand for fixed-interest promissory notes and an anticipated €821 thousand for floating-rate promissory notes, as well as an anticipated €1,701 thousand for the floating-rate loan. As the promissory note loans mature within the next five years, no interest payments will fall due in more than five years.

For the year-over-year change in derivatives, please [see note 16](#).

Undiscounted cash outflow as of December 31, 2020:

in € thousands	Up to 1 year	More than 1 and up to 5 years	More than 5 years	Total
Financial liabilities	214,785	283,293	6,130	504,208
Derivatives	704	2,291	0	2,995
Total	215,489	285,584	6,130	507,203

The following table shows the fixed and expected cash outflows as of December 31, 2020, broken down by time of occurrence:

2020

in € thousands	Up to 1 year	More than 1 and up to 5 years	More than 5 years	Total
Liabilities to banks	60,679	258,272	0	318,951
thereof: fixed interest	679	50,675	0	51,354
thereof: floating-rate	60,000	207,597	0	267,597
Other liabilities to banks	2,492	5,243	0	7,735
Trade payables	127,261	0	0	127,261
Lease liabilities	9,663	19,778	6,130	35,571
Other financial liabilities	14,690	0	0	14,690
Derivatives	704	2,291	0	2,995
Total	215,489	285,584	6,130	507,203

Liabilities to banks have been uncollateralized as of December 31, 2021, as in the previous year.

25. Interest-bearing loans and borrowings

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. In addition to the promissory note loans, there is a revolving credit facility of €150m. The financing comes with more favorable interest rates and longer terms. 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.

Two 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 27](#).

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, 2021:

in € thousands		12/31/2021	12/31/2020
Promissory note loans	5 years, fixed	29,000	29,000
	5 years, variable	86,500	86,500
	7 years, fixed	20,000	20,000
	7 years, variable	14,500	14,500
		150,000	150,000
Loan	5 years, variable	102,000	114,000
Revolving credit facility		25,000	45,000
Other		4,400	6,875
Interest bearing loans		281,400	315,875
Accrued financing costs		- 311	- 450
Total		281,089	315,425

The group drew €25m from the available revolving facility as of December 31, 2021 (December 31, 2020: €45m). Interest payments were made in the amount of €4,432 thousand (2020: €5,083 thousand). Loan repayments of €12,000 thousand (2020: €6,000 thousand) have been made for the loan to finance the acquisition of Ålö Holding AB. The group made principal payments of 306 thousand (2020: € 306 thousand) and interest payments of € 26 thousand (2020: € 38 thousand) for the loan of Jost Otomotiv Sanayi Ticaret A.S., Izmir, Turkey. The group made principal payments of €2,554 thousand (2020: €470 thousand) and interest payments of €45 thousand (2020: €18 thousand) for the loan of JOST Werke Deutschland GmbH, Neu-Isenburg, Germany.

The revolving credit facility has a short-term maturity and is reported as to be shown under current liabilities. It carries a variable interest rate depending on the EURIBOR and the group-wide leverage of JOST. Repayments of €20,000 thousand were made on the revolving credit facility in the fiscal year.

To the extent that they can be accrued, the costs incurred under the financing agreement dated June 29, 2018 are spread until mid-2025 in accordance with the effective interest method, and those incurred under the additional financing agreement dated December 19, 2019, are spread until the end of 2024.

26. Trade payables

Trade payables recognized at the reporting date are non-interest bearing. As of the end of the year, trade payables amount to €163,458 thousand (2020: €127,261 thousand).

27. Other financial liabilities

Other financial liabilities as of the reporting date include lease liabilities in the amount of €41,853 thousand (2020: €35,571 thousand), This present value of future lease payments is based on the maturities shown in [note 24](#).

The future interest rate volatility from the variable interest tranches of the promissory note loan is hedged via four interest rate swaps. Overall, the interest rate swaps as of December 31, 2021, had a negative fair value of €780 thousand (2020: €1,348 thousand) (mark-to-market valuation), which is shown in the balance sheet under other noncurrent financial liabilities. 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 negative fair value of €206 thousand (2020: €1,647 thousand) as of December 31, 2021 (mark-to-market valuation), which is also shown in the balance sheet under other non-current financial liabilities. For details regarding the maturities of loans [see notes 24 and 25](#).

Since July 2021, the group has been applying hedge accounting in accordance with IFRS 9 to a small extent, 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 and the Canadian dollar. The nominal amount of the hedges as of December 31 is SEK 167,410 thousand. Since the contracts expire on January 31, 2022 at the earliest, no gains or losses from hedge accounting recognized in other comprehensive income in the statement of comprehensive income were reclassified to profit or loss as of December 31, 2021.

Other current financial liabilities also include overpayment from customers in the amount of €655 thousand (2020: €458 thousand).

28. Contract balances

in € thousands	12/31/2021	12/31/2020
Contract assets	0	0
Contract liabilities	6,067	4,943

There were no contract assets in 2021 or 2020. Accordingly, nor was any related impairment recognized for expected losses.

The group's contract liabilities result from prepayments received in the amount of €346 thousand (2020: €110 thousand) and obligations from sales transactions (particularly discounts) in the amount of €5,721 thousand (2020: €4,833 thousand). The contract liabilities recognized in the previous year as of December 31, 2020, resulted in sales revenues in the amount of €110 thousand in the 2021 fiscal year (2020: €295 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.

29. Other liabilities

Other liabilities amount to €40,925 thousand (2020: €34,947 thousand). They primarily include €24,764 thousand in employee benefits (2020: €19,910 thousand) and €1,451 thousand in other liabilities from social insurance contributions (2020: €2,209 thousand). Furthermore, other liabilities include VAT liabilities in the amount of €4,869 thousand (2020: €4,517 thousand) and wage taxes in the amount of €1,109 thousand (2020: €1,746 thousand).

30. Other financial obligations

Within the scope of the first-time application of IFRS 16 Leases as of 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 8.15 and 27).

The group's other financial obligations in the year under review include, in particular, financial obligations and warranty commitments of €17,430 thousand (2020: €28,558 thousand) associated with obligations under license and maintenance agreements. There are also other financial obligations from purchase commitments for property, plant and equipment amounting to €463 thousand (2020: €1,599 thousand).

Due to the non-applicability of IFRS 16 to all of the agreements and the exercise of options, in 2021 the company continued to recognize rental and lease expenses in the amount of €5,386 thousand (2020: €2,832 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	1 to 5 years	More than 5 years	Total
2021	2,574	2,031	4	4,609
2020	3,566	2,423	651	6,640

31. 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	2021	2020
Europe	620,556	482,235
North America	258,956	172,298
APA	171,419	139,877
Total	1,050,931	794,410

The increase in sales revenues is mainly market-driven. Price hikes due to higher raw material costs also contributed to the increase. 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 in the second half of 2021.

Since the acquisition of the Älö Group in 2020, consolidated sales revenues have no longer been disaggregated into the Truck, Trailer and Trading product areas, but instead are broken down into the newly defined Transport and Agriculture business units. They are as follows:

in € thousands	2021	2020
Transport	787,746	609,859
Agriculture	263,185	184,551
Total	1,050,931	794,410

In 2021, as in the previous year, more than half of the sales revenue in the Transport business was generated in Europe, with the remainder distributed more or less equally between North America and Asia, Pacific, Australia. In the Agriculture business, approximately three quarters of sales revenues were generated in Europe (73% in the previous year) and one quarter in North America (26% in the previous year), while still no significant external sales revenues are generated in Asia, Pacific, Australia.

Sales revenues include sales revenues of €110 thousand (2020: €295 thousand), which as of December 31, 2020, were shown as contract liabilities.

32. Cost of Sales

Cost of sales mainly comprise the following: Cost of materials of €–538,426 thousand (2020: €–405,112 thousand), personnel expenses of €–86,212 thousand (2020: €–70,901 thousand), incidental production costs of €–21,701 thousand (2020: €–19,854 thousand), freight costs of €–31,654 thousand (2020: €–14,830 thousand) reflecting the massive increase in freight costs in 2021, depreciation of property, plant and equipment of €–13,478 thousand (2020: €14,051 thousand), depreciation of right-of-use assets from leases of €–5,902 thousand (2020: €–5,983 thousand), maintenance expenses of €–7,770 thousand (2020: €–6,801 thousand), reversals of write-downs and write-downs of inventories of €981 thousand (2020: €–5,033 thousand) and rental expenses of €–889 thousand (2020: €–199 thousand). The prior-year figures also included expenses from the utilization of step-ups on inventories amounting to €9,617 thousand.

33. Selling expenses

Selling expenses mainly comprise the following: Personnel expenses of €–44,326 thousand (2020: €–39,162 thousand), outbound freight of €–45,981 thousand (2020: €–29,950 thousand) – the increase was mainly due to the higher sales activity combined with massive price hikes –, depreciation of property, plant and equipment of €–1,012 thousand (2020: €–2,810 thousand), amortization of intangible assets of €–24,466 thousand (2020: €–24,396 thousand) and depreciation of right-of-use assets under leases of €2,844 thousand (2020: €–2,805 thousand) as well as rental expenses of €–3,116 thousand (2020: €–1,425 thousand).

34. Research and development expenses

Research and development expenses mainly comprise personnel expenses of €–11,885 thousand (2020: €–10,732 thousand) and amortization of intangible assets of €–4,460 thousand (2020: €–4,072 thousand).

35. Administrative expenses

Administrative expenses mainly comprise the following: Personnel expenses of €–30,915 thousand (2020: €–28,172 thousand), purchased services of €–11,619 thousand (2020: €–13,997 thousand), insurance of €–2,225 thousand (2020: €–2,529 thousand), depreciation of property, plant and equipment of €–1,321 thousand (2020: €–1,457 thousand), depreciation of rights of use under leases of €–1,071 thousand (2020: €–1,349 thousand), amortization of intangible assets of €–1,366 thousand (2020: €–1,255 thousand) and rental expenses of €–1,381 thousand (2020: €–1,208 thousand).

36. Other income / other expenses

As of the end of the year, other income amounted to €11,022 thousand (2020: €10,828 thousand) and other expenses to €–13,045 thousand (2020: €–9,831 thousand).

In 2021 and 2020, other income mainly comprised currency gains, totaling €6,372 thousand (2020: €5,794 thousand) reversals of provisions, insurance income and government grants. The government grants of €669 thousand (2020: €785 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. In contrast, benefits for short-time working and for a reimbursement of social security contributions related to this are recognized directly under personnel expenses (€0 thousand; 2020: €1,480 thousand). Other expenses mainly comprise currency losses in the amount of €–9,390 thousand (2020: €–7,494 thousand) and non-income related taxes in the amount of €–1,328 thousand (2020: €–1,118 thousand).

37. Share of profit or loss of equity method investments

The share of profit or loss of equity method investments (2021: €5,807 thousand; 2020: €2,812 thousand) relates to JOST Brasil Sistemas Automotivos Ltda.

38. Financial income

Financial income is composed of the following items:

in € thousands	2021	2020
Interest income	415	372
Realized currency gains	110	8
Unrealized currency gains	6,376	5,271
Result from measurement of derivatives	1,441	225
Other financial income	41	50
Total	8,383	5,926

39. Financial expense

Financial expense is composed of the following items:

in € thousands	2021	2020
Interest expenses	-7,711	-7,517
Realized currency losses	-311	-206
Unrealized currency losses	-6,491	-1,703
Result from measurement of derivatives	0	-1,659
Other financial expenses	-63	-691
Total	-14,576	-11,776

Interest expense from financial liabilities measured using the effective interest method amounted to €0.1m (2020: €0.1m).

40. Employee benefit expenses

Employee benefit expenses are composed of the following items:

in € thousands	2021	2020
Employee benefit expenses	-153,174	-129,374
Social security contributions ¹⁾	-19,964	-19,373
Pension expenses	-200	-220
Total	-173,338	-148,967

¹⁾ The company incurred expenses for employer contributions to the statutory pension insurance system in the amount of €3,474 thousand in fiscal year 2021 (2020: €3,163 thousand).

41. Depreciation, amortization, impairment and reversal of impairment

Depreciation, amortization, and impairment losses for the fiscal year are recognized in the following line items in the income statement:

2021	Depreciation/ impairment of property, plant and equipment	Amortization/ impairment of intangible assets
in € thousands		
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

The decline in depreciation of property, plant and equipment in the reporting period is mainly the result of depreciation charges on hidden reserves from PPA, as these have now been almost fully written down. Impairment losses on property, plant and equipment amounting to €6,194 thousand are included in cost of sales and led to an increase in depreciation and impairment of property, plant and equipment. Amortization of intangible assets shows a slight year-over-year increase due to amortization charges from PPA in connection with the acquisition of the Ålö Group, as the prior-year figure only included amortization charges for eleven months. Impairment losses on intangible assets of €10 thousand are included in cost of sales and €4,706 thousand in selling expenses.

Depreciation, amortization, and impairment losses for 2020 are recognized in the following line items in the income statement:

2020	Depreciation/ impairment of property, plant and equipment	Amortization/ impairment of intangible assets
in € thousands		
Cost of Sales	–20,034	– 79
Selling expenses	–5,615	– 24,396
thereof: depreciation and amortization from PPA ¹⁾	– 2,290	– 24,317
Research and development expenses	– 269	– 4,072
thereof: depreciation and amortization from PPA ¹⁾	0	– 2,470
Administrative expenses	– 2,806	– 1,255
Total	– 28,724	– 29,802

¹⁾ PPA: Purchase price allocation

42. 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 €–3,883 thousand (2020: €89 thousand) includes deferred tax income from the origination and reversal of temporary differences of €14,626 thousand (2020: €11,525 thousand), deferred tax expenses from the recognition of tax exempt grants of €–66 thousand (2020: tax income of €615 thousand), deferred tax expenses from loss carryforwards of €–928 thousand (2020: tax income of €2,192 thousand) and current tax expenses on profit for the fiscal year at an amount of €–17,515 thousand (2020: €–14,243 thousand).

In fiscal year 2021, the group made income tax payments of €17,315 thousand (2020: €11,246 thousand).

43. Earnings per share

The number of shares remained unchanged at 14,900,000 as of December 31, 2021.

The diluted earnings per share (in €) correspond to basic earnings per share.

Earnings per share

	2021	2020
Profit/loss after taxes (in € thousands)	43,864	19,290
Weighted average number of shares	14,900,000	14,900,000
Basic and diluted earnings per share (in €)	2.94	1.29

44. Number of employees

The average number of employees broken down by functional area was as follows in the reporting period:

Average number of employees

	2021	2020
Production	2,220	2,062
Sales	624	555
Research and development	147	137
Administration	333	301
Total	3,324	3,055

For details on personnel expenses see notes 32 to 35.

45. 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 cash inflow from the sale of subsidiaries shown in the cash flow statement amounts to €7,965 thousand.

The amount disclosed in the cash flow statement in 2020 for the acquisition of the subsidiaries also includes the loan liabilities assumed that were to be repaid at the acquisition date in accordance with contractual agreements, less the cash and cash equivalents acquired.

Net debt is as follows:

in € thousands	12/31/2021	12/31/2020
Cash and cash equivalents	87,482	108,315
Interest-bearing loans and borrowings, repayable within one year	- 26,897	- 47,187
Interest-bearing loans and borrowings, repayable after one year ¹⁾	- 254,192	- 268,238
Net debt	- 193,607	- 207,110
Cash and cash equivalents	87,482	108,315
Gross debt – at fixed interest rates ¹⁾	- 53,363	- 55,820
Gross debt – at variable interest rates ¹⁾	- 227,727	- 259,605
Net debt	- 193,607	- 207,110

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 01/01/2020	104,812	311	150,765	- 321	30,618	- 186,885	99,300
Restatements due to changes in accounting standard	0	0	0	0	0	0	0
Changes from financing cash flows	- 5,479	44,690	110	0	- 9,127	0	30,194
Change arising from obtaining or losing control of subsidiaries or other businesses	12,318		120,000	- 510	11,727	0	143,535
Acquisitions – Leases	0	0	0	0	3,055	0	3,055
Effect of changes in foreign exchange rates	- 3,336	0	0	0	- 783	0	- 4,119
Changes in fair value				0	0	0	0
Other changes	0	2,186	- 2,187	381	81	27,731	28,192
Balance at 12/31/2020	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	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 12/31/2021	87,482	26,897	254,503	- 311	41,853	- 107,280	303,144

¹⁾ Gross presentation without taking into account finance costs

46. 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 the JOST Werke Group as of December 31, 2021, including its subsidiaries and the joint venture, changed as follows compared to December 31, 2020, and is also presented in [notes 4 and 6](#). On May 12, 2021, the group sold its Bolton, UK-based subsidiary Jost UK Ltd. (Edbro). The deconsolidation date was April 30, 2021. Alo Tennessee Inc., Telford, USA, was merged with Alo USA Inc., Elgin, USA, effective February 01, 2021. In addition, Ålö Group AB and Ålö Intressenter AB, both based in Umeå, Sweden, were merged with the direct parent company Ålö Holding AB, also based in Umeå, Sweden, on November 08, 2021. There were no further changes compared with the previous year.

The ownership structure of JOST Werke AG has changed as follows since December 31, 2020: As of December 31, 2021, 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 allocated 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 10.54% 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), Universal-Investment-GmbH (Germany) held 5.05% and FMR LLC (USA) 5.03% 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, Germany

Chairman of the Executive Board

Chief Executive Officer

- No posts on supervisory/control bodies

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

Chief Operating Officer

- No posts on supervisory/control bodies

Dr. Christian Terlinde, Diplom-Kaufmann, Dinslaken, Germany

Chief Financial Officer

- No posts on supervisory/control bodies

The total cash benefits (= total benefits) of the Executive Board members in accordance with HGB amounted to €3,169 thousand in the reporting period (2020: €2,793 thousand). In 2021, one former Executive Board member received benefits in the amount of €416 thousand, all of which was deferred as of 31 December 2020. The pension obligations for former members of the Executive Board ("defined benefit obligation under IFRS") amount to €5,521 thousand (2020: €6,042 thousand).

Total remuneration for active members of the Executive Board in accordance with IFRS amounts to €3,631 thousand in the reporting period (2020: €3,110 thousand). It comprises short-term benefits of €2,604 thousand (2020: €2,319 thousand) and long-term employee benefits of €1,027 thousand (2020: €791 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. In addition to their fixed annual salary Executive Board members 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 current remuneration system also includes a non-financial component (ESG target; Environment, Social, Governance target). The adjusted EBITDA target to be achieved is set annually by the Supervisory Board. The CEO Joachim Dürr receives as an overall bonus 0.60% of the adjusted EBITDA actually achieved, while the Executive Board members Dr. Ralf Eichler and Dr. Christian Terlinde 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. 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 in one case three years later matches or exceeds adjusted EBITDA in the assessment period. The current remuneration system is not linked to the share price trend.

Provisions and liabilities for remuneration of active members of the Executive Board amounted to €2,730 thousand (2020: €2,130 thousand).

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: 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, Optimum Maritime Holding, Limassol, Cyprus
- Member of the board of directors, MFD Rail Holding AG, Rotkreuz, Switzerland
- Member of the advisory board, Baiersbronn Frischfaser Karton Holding GmbH, Baiersbronn, Germany
- Member of the advisory board, Nextclinics International GmbH, Augsburg, Germany

Klaus Sulzbach

Occupation: Auditor/Managing Partner, KSWP Consulting, Kronberg, Germany

- No other posts on supervisory/control bodies

The Supervisory Board received remuneration of €505 thousand in the 2021 fiscal year (2020: €493 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, 2021.

No consulting services provided by members of the Supervisory Board were billed for fiscal year 2021 (2020: € 20 thousand by Mr. Lutz and €20 thousand by Mr. Schaubel).

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

The outstanding receivables include receivables from loans in the amount of €792 thousand. The loan has a term of one year and bears interest at 1.75%. The other 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, 2020

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	1,354	741	439	106

For further details regarding dividends from JOST Brasil Sistemas Automotivos Ltda.  see note 13.

No services were received from companies that have a significant influence over JOST Werke AG. There are liabilities of €2 thousand in this context.

47. 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 €5,522 thousand and trade payables by €5,949 thousand. In addition, currency effects apply due to internal group loan receivables and liabilities.

Due to exchange rate fluctuations, in fiscal year 2021 currency losses from internal group loan receivables and liabilities were reported in the total amount of €316 thousand (2020: €3,370 thousand in currency gains) as well as currency losses from trade receivables and trade payables in the total amount of €3,018 thousand (2020: €1,700 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 12/31/2021	Negative fair value at 12/31/2020 in € thousands	Change in fair value in € thousands	Negative fair value at 12/31/2021 in € thousands
FX Forwards	12/30/2025	SEK 285,000 thousand	957	- 769	188
Cross currency SWAPs	12/30/2025	SEK 250,000 thousand	690	- 672	18
Total			1,647	- 1,441	206

Since July 2021, the group has been applying hedge accounting in accordance with IFRS 9 on a small scale for the first time, provided 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 80–100% of forecast future cash payments and receipts within the next three months, 70–90% of cash payments and receipts due in four to six months, and 60–80% 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, 2021, 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 12/31/2021	Fair value at 12/31/2020 in € thousands	Change in fair value in € thousands	Fair value at 12/31/2021 in € thousands
OTC FX Forwards – GBP	01/31/–12/30/2022	GBP 5,410 thousand	–	–100	–100
OTC FX Forwards – DKK	01/31/–12/30/2022	DKK 12,000 thousand	–	–8	–8
OTC FX Forwards – USD	01/31/–12/30/2022	USD 28,200 thousand	–	–580	–580
OTC FX Forwards – NOK	01/31/–12/30/2022	NOK 94,050 thousand	–	–124	–124
OTC FX Forwards – CAD	06/30/–11/30/2022	CAD 1,470 thousand	–	–19	–19
Total			–	–832	–832

No reclassifications have been made from miscellaneous other reserves as of December 31, 2021.

The exchange rates of the major currencies developed as follows:

Exchange rate €1 =	ISO CODE	Closing rate 12/31/2021	Closing rate 12/31/2020	Average rate for the year 2021	Average rate for the year 2020	Net gain sensitivity € thousands	Equity sensitivity € thousands
Australia	AUD	1.56	1.59	1.57	1.65	-125	-702
Brazil	BRL	6.31	6.37	6.38	5.89	-245	-628
China	CNY	7.19	8.02	7.63	7.87	-423	-2,328
Great Britain	GBP	0.84	0.90	0.86	0.89	1,362	1,244
Hungary	HUF	369.19	363.89	358.52	351.25	0	0
India	INR	84.23	89.66	87.44	84.64	-79	-547
Japan	JPY	130.38	126.49	129.88	121.85	-7	-27
Canada	CAD	1.44	1.56	1.48	1.53	-21	-144
New Zealand	NZD	1.66	1.70	1.67	1.76	-12	-28
Norway	NOK	9.99	10.47	10.16	10.72	-17	-42
Poland	PLN	4.60	4.56	4.57	4.44	-288	-799
Russia	RUB	85.30	91.47	87.15	82.72	-64	-272
Sweden	SEK	10.25	10.03	10.15	10.48	-490	-10,244
Singapore	SGD	1.53	1.62	1.59	1.57	-99	-269
Thailand	THB	37.65	36.73	37.84	35.71	-2	-2
Turkey	TRY	15.23	9.11	10.51	8.05	-46	-67
United States	USD	1.13	1.23	1.18	1.14	-631	-3,071
South Africa	ZAR	18.06	18.02	17.48	18.77	-263	-623

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 2021 would not have resulted in an increase in the group's interest expense (2020: €290 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 four interest rate swaps as of December 31, 2021, each with a term running until 2023. In fiscal year 2021, the company generated interest expenses incurred in the amount of €359 thousand (2020: €0 thousand) from these hedging transactions. The group did not apply hedge accounting in accordance with IFRS 9 in fiscal year 2021 or in the previous year.

The following table shows the change in interest rate swaps:

in € thousands	Type	Maturity	Nominal amount at 12/31/2021	Negative fair value at 12/31/2020	Change in fair value	Negative fair value at 12/31/2021
Total	SWAP	06/29/2023	60,000	1,348	- 568	780

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 8.7 and 18). The maximum credit risk resulting from trade receivables, other financial assets and cash and cash equivalents is indicated in ■ notes 18 and 20.

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 2021, the company discharged all of its payment obligations under the bank liabilities. The total amounts in fiscal year 2021 were:

- Interest payments: €4,432 thousand (2020: €5,083 thousand)
- Principal repayments: €43,346 thousand (2020: €71,780 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 €25,000 thousand was drawn down as of the reporting date (December 31, 2020: €45,000 thousand).

In order to finance its acquisition of Ålö Holding AB, JOST in December 2019 entered into a financing arrangement with a consortium of banks for an amount of €120m and over a term of 5 years. This bank loan is subject to compliance with a financial covenant derived from the consolidated financial statements of the ultimate parent company. In case of non-compliance with this financial covenant bank loans could be called to be paid back immediately.

48. 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	12/31/2021	12/31/2020
Interest-bearing loans	281,089	315,425
Cash and cash equivalents	87,482	108,315
Net debt	193,607	207,110
Equity	307,152	265,235
Net debt/equity ratio	63%	78%

Under the financing arrangements, the obligation to comply with covenants applies if the revolving credit facility or the loan for financing the acquisition of Ålö Holding AB is utilized. JOST Werke AG, Neu-Isenburg, complied with the relevant covenants at all times in both 2021 and 2020. In case of non-compliance with those financial covenants bank loans could be called to be paid back immediately.

49. Auditor's fees

Fees recognized for services provided by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, are composed of the following items:

in € thousands	2021	2020
Audit services	382	482
Tax advisory services	209	81
Total	591	563

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).

50. Appropriation of profits of JOST Werke AG

A proposal will be made to the Annual General Meeting to distribute €1.05 per share from the net retained profit of €16,390 thousand shown by the parent company, JOST Werke AG, for the period ended December 31, 2021.

51. 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.

<https://www.jost-world.com/en/corporate/investor-relations/corporate-governance.html>

52. Events after the reporting date

With regard to the Ukraine-Russia conflict, which has been ongoing since February 2022, and its possible impact on the group, we refer to the disclosures in the “Report on opportunities and risks” and “Report on expected developments” sections of the combined management report.

Neu-Isenburg, March 16, 2022



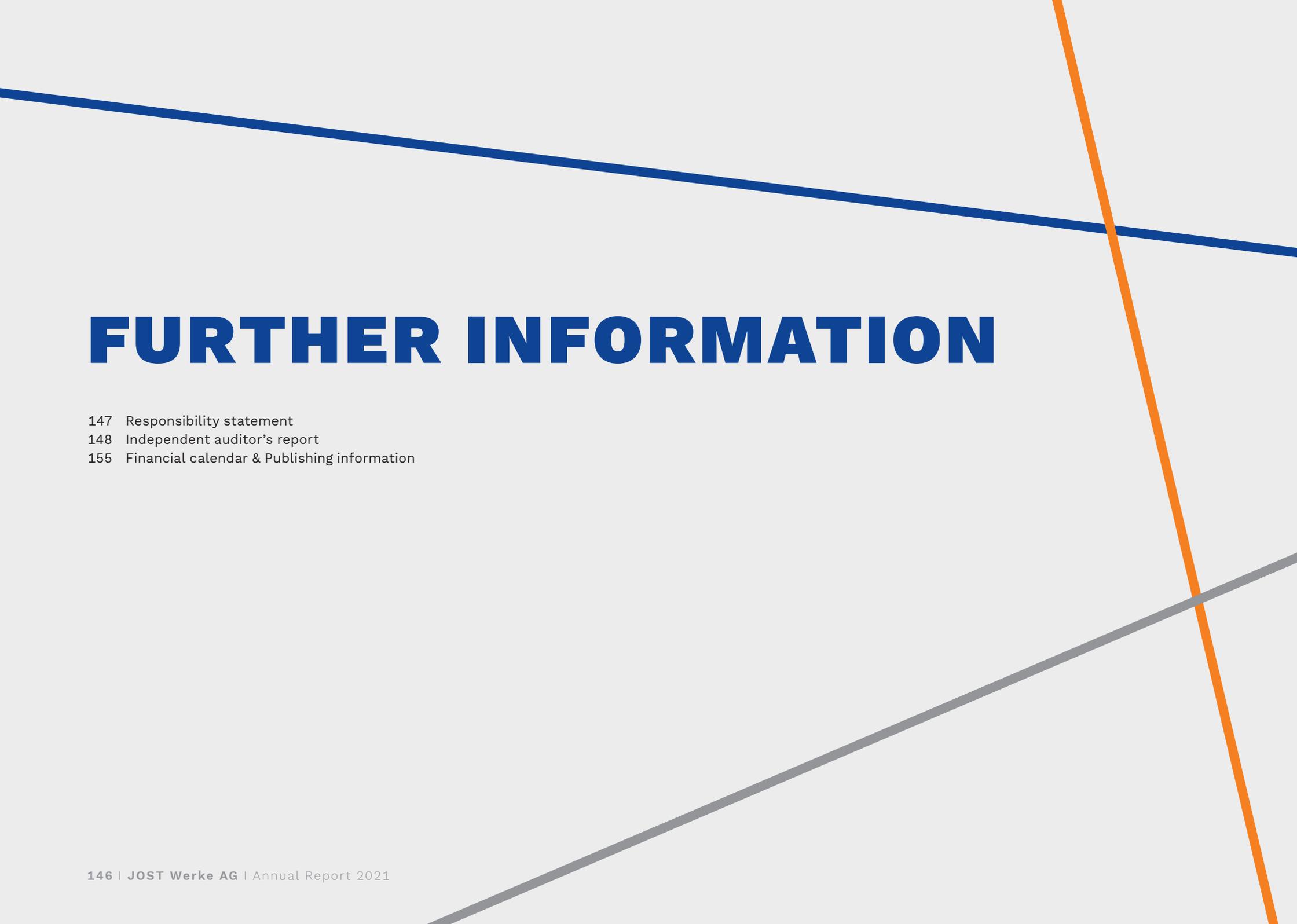
Joachim Dürr



Dr. Ralf Eichler



Dr. Christian Terlinde



FURTHER INFORMATION

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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 16, 2022



Joachim Dürr



Dr. Ralf Eichler



Dr. Christian Terlinde

Independent auditor's report

TO JOST WERKE AG, 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 AG, Neu-Isenburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, 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 AG, which is combined with the Company's management report, – which comprise the content included to comply with the German legal requirements as well as the remuneration report pursuant to § [Article] 162 AktG [Aktengesetz: German Stock Corporation Act], including the related disclosures, included in section „Remuneration report“ of the group management report – for the financial year from 1 January to 31 December 2021.

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 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, 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.

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 2021. 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 AG goodwill amounting to EUR 91.8 million is reported under the „Goodwill“ balance sheet item and a trademark with indefinite useful life amounting to EUR 70.4 million is reported under the „Other intangible assets“ balance sheet item (in total 16.5% of total assets and 52.8% 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 4 „Business combinations“, 8.2 „Goodwill and other intangible assets“, 8.3 „Impairment of intangible assets with indefinite useful lives“ and 11 „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 AG deferred tax assets in respect of loss carryforwards amounting to EUR 25.7 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 8.1 under „Recognition of deferred taxes on interest and loss carryforwards“, 15 „Deferred tax assets and liabilities“ and 42 „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 statement on corporate governance pursuant to §289f HGB and §315d HGB
- the separate non-financial group report pursuant to §315b Abs. 3 HGB
- 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 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, 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 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-2021-12-31.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 2021 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 (10.2021)) 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).

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 6 May 2021. We were engaged by the supervisory board on 6 December 2021. We have been the group auditor of the JOST Werke AG, Neu-Isenburg, without interruption since the financial year 2017.

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

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 published in the Federal Gazette – 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.

German Public Auditor Responsible For the Engagement

The German Public Auditor responsible for the engagement is Thomas Heck.

Frankfurt am Main, 16 March 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Heck ppa. Samuel Artzt
(German Public Auditor) (German Public Auditor)

Financial calendar

May 05, 2022	General Meeting
May 12, 2022	Interim Report Q1 2022
August 11, 2022	Half-year Financial Report H1 2022
November 14, 2022	Interim Report 9M 2022

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.

Publishing information

Contact

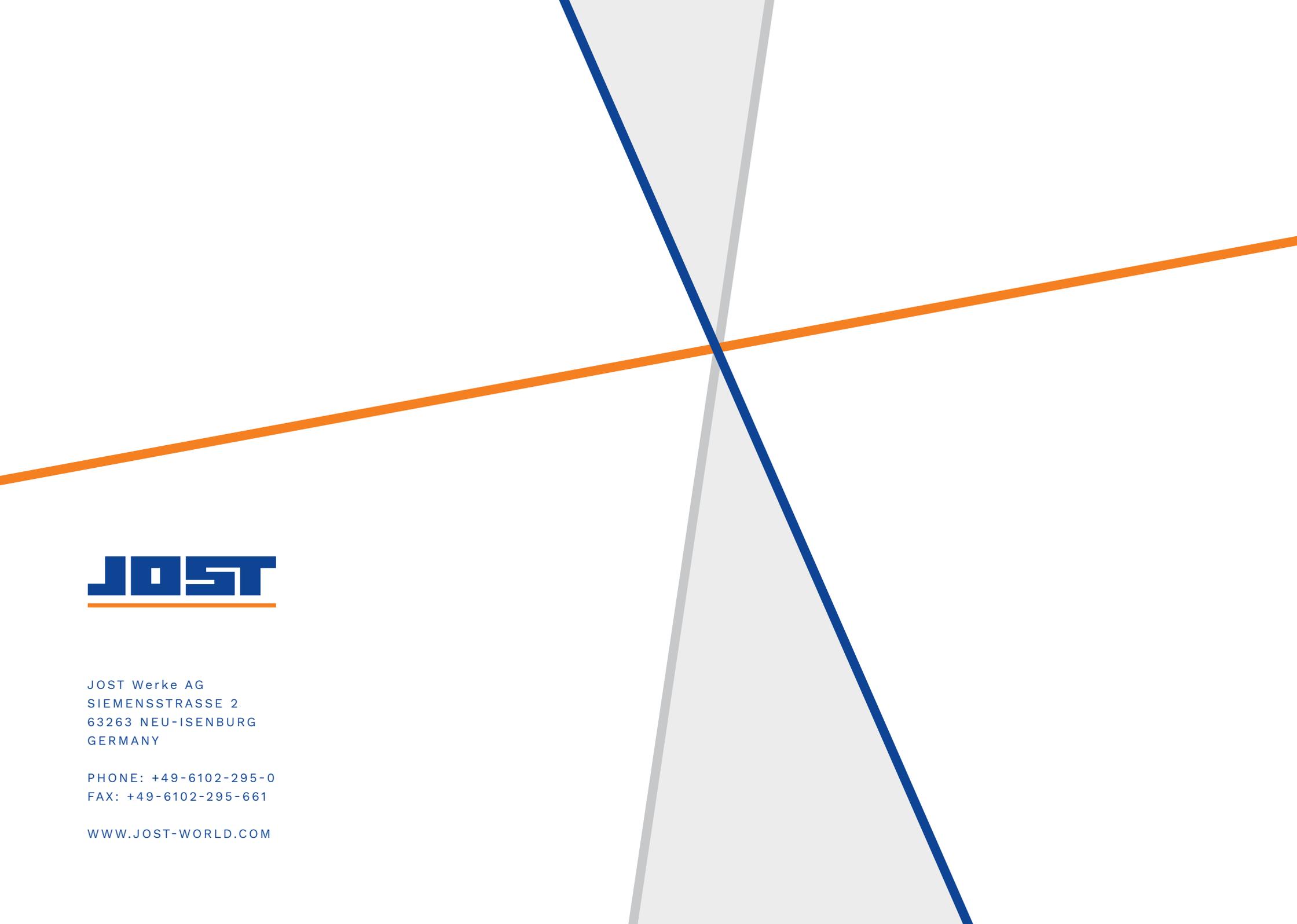
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