INTERIM REPORT Q1 2020
JOST Werke AG

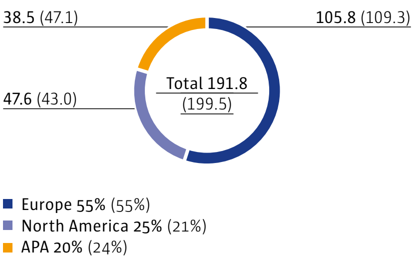
AT A GLANCE

Key figures

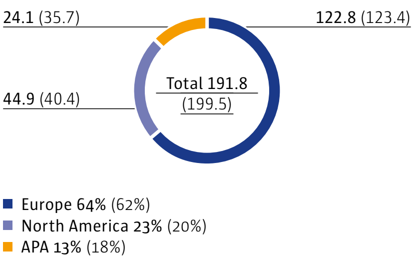
in € million	**Q1 2020**	Q1 2019	Change
Consolidated sales	**191.8**	**199.5**	**–3.8%**
of which: Sales, Europe	122.8	123.4	–0.5%
of which: Sales, North America	44.9	40.4	11.3%
of which: Sales, Asia, Pacific and Africa (APA)	24.1	35.7	–32.6%
Adjusted EBITDA[1]	22.0	29.6	–25.7%
Adj. EBITDA margin (%)	11.5%	14.9%	–3.4%-points
Adjusted EBIT[1]	14.3	23.9	–40.3%
Adj. EBIT margin (%)	7.4%	12.0%	–4.6%-points
Equity ratio (%)	26.9%	40.4%	–13.5%-points
Net debt[2]	278.2	86.8	220.6%
Leverage[9]	2.45x	0.86x	186.2%
Capital expenditures[4]	4.1	3.3	25.7%
ROCE (%)[5,9]	12.0%	18.2%	–6.2%-points
Cash Conversion rate (%)[6]	81.4%	89.0%	–7.6%-points
Earnings after taxes	–4.1	14.2	–128.9%
Earnings per share (in €)	–0.28	0.95	–129.5%
Adjusted earnings after taxes[7]	5.4	16.1	–66.5%
Adjusted earnings per share (in €)[8]	0.36	1.08	–66.7%

1 Adjusted for PPA effects and exceptionals
2 Net debt = interest-bearing capital (without refinancing costs) - liquid assets
3 Leverage = net debt / adjusted EBITDA, last 12 months
4 Gross presentation (capex; without taking into account divestments)
5 LTM adj. EBIT / interest bearing capital employed; interest bearing capital: equity + financial liabilities (excl. refinancing costs) - liquid assets + provisions for pensions
6 (Adj. EBITDA - Capex) adj. EBITDA
7 Earnings after taxes adjusted for exceptionals in accordance with note 7
8 Adjusted earnings after taxes / 14,900,000 (number of shares as of March 31, 2018)
9 LTM figures for comparison purposes also include figures for Ålö before the January 31, 2020 acquisition date

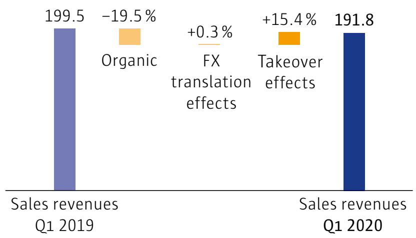
Regional sales by destination
Q1 2020 (2019), in € million



Regional sales by origin
Q1 2020 (2019), in € million



Sales development
Q1 2020, in € million



ABOUT JOST

JOST is a leading global producer and supplier of safety-critical systems for the commercial vehicle industry under the JOST, ROCKINGER, TRIDEC, Edbro and Quicke brands.

JOST's global leadership position is driven by the strength of its brands, by its long-standing client relationships serviced through its global distribution network as well as by its efficient and asset-light business model. With its sales and production facilities in more than 20 countries across five continents, JOST has direct access to all major manufacturers of trucks, trailers and agricultural tractors and relevant end customers in the commercial vehicle industry.

JOST currently employs over 3,500 staff worldwide and has been listed on the Frankfurt Stock Exchange since 20 July 2017.

CONTENT

INTERIM GROUP MANAGEMENT REPORT

for the first quarter of 2020

MACROECONOMIC ENVIRONMENT

Coronavirus pandemic triggering global recession in 2020: The economic situation has changed dramatically in the first few months of 2020. At the end of December 2019, the first cases of a new respiratory disease caused by a novel virus in the coronavirus family (SARS-CoV-2 virus) were recorded in the Chinese province of Hubei. The first infections outside of China were already being reported at the end of January. The rapid spread of this novel coronavirus around the world, together with the associated countermeasures introduced to reduce the rate of infection, slowed down the global economy significantly in the first quarter of 2020. While experts were still forecasting economic growth at the start of the year, all economic experts now expect the global economy to contract sharply in 2020.

The International Monetary Fund (IMF) now anticipates a 3.0% decline in economic output in 2020. Global trade is expected to fall by 11.0%, due in particular to dwindling demand for products and services, interruptions in trading activity and disruption to production and supply chains resulting from national quarantines and border controls. According to the IMF, economic output in Europe is likely to drop by 7.5% in 2020 compared to the previous year. The IMF anticipates a 5.9% decline in the USA compared to 2019. Only in China is the economy expected to grow by 1.2%, 4.8 percentage points weaker than forecast as recently as the start of the year. This weak performance of the Chinese economy is expected to determine the economic momentum of the Asian region as a whole. As a result, the IMF anticipates 1.0% year-over-year growth in Asia’s emerging and developing markets. According to the IMF’s expectations, the effects of the coronavirus pandemic will halt Latin America’s economic recovery and reduce the region’s gross domestic product by 5.2% compared to the previous year.

SECTOR-SPECIFIC ENVIRONMENT

Sharp decline expected in global truck market: Even before the outbreak of the pandemic, market experts were predicting that global heavy truck production would decline in 2020. After making substantial investments in previous years, fleet operators in many regions were coming to a natural break in the investment cycle. The deteriorating economic outlook and interruptions to the production and supply chains of many OEMs will exacerbate this negative development further. By the end of the first quarter of 2020, almost all OEMs worldwide had announced production shutdowns lasting up to four weeks.

LMC Automotive currently anticipates a decline in global heavy truck production of 32.0% in 2020 compared to 2019. Truck production in Europe is expected to shrink by 39.6% compared to the previous year. In the USA, the institute anticipates a 53.1% year-over-year reduction. In Asia, Pacific and Africa, the market for heavy trucks is expected to decrease by 24.2% in 2020. In Latin America, the effects of the pandemic will also lead to a 37.4% contraction in the truck market.

Decline in trailer production in 2020 accelerates: After the sharp decline in the trailer market in the 2019 fiscal year, forecasting institute Clear Consulting expected a certain degree of stabilization in fiscal year 2020. However, the spread of the pandemic will leave a significant mark on the trailer market. Clear Consulting currently expects European trailer production figures to fall by around 22% compared to the previous year. Market research firm FTR, which specializes in North America, anticipates a 53% contraction in the North American trailer market in 2020. The trailer market in Asia, Pacific and Africa is also expected to record a double-digit percentage decline as a result of the pandemic and the associated economic impact.

Market for agricultural tractors also expected to shrink: As demand for food is not impacted by the pandemic, the agricultural sector is likely to be significantly less affected by the pandemic than the truck and trailer market. Nevertheless, economic uncertainty is expected to dampen farmers' willingness to invest. In addition, several OEMs in this sector have had to temporarily close their production plants due to quarantine measures and supply chain disruptions. Overall, experts expect the market for agricultural tractors in Europe and North America to record a low double-digit percentage decline compared to the previous year.

COURSE OF BUSINESS IN THE FIRST QUARTER OF 2020

In January 2020, the relevant antitrust authority approved JOST's acquisition of Ålö Holding AB („Ålö“) without conditions. This enabled JOST to complete the planned transaction on January 31, 2020, and acquire 100% of the shares in Ålö.

The Ålö Group is headquartered in Umeå, Sweden, with production sites in Sweden, China, the USA and France as well as sales offices in all significant markets. The company develops, produces and markets its agricultural applications under the internationally renowned brand Quicke. The acquisition will transform JOST's existing business with commercial vehicle components for the agricultural industry into another cornerstone of the group.

JOST acquired a total of 14,207,973 shares with a notional value of SEK 10 per share. The enterprise value was €245.4m. Ålö had liquid assets of €12.3m at the acquisition date. The existing bank liabilities in the amount of €98.9m were repaid by JOST on January 31, 2020.

Ålö was included in the basis of consolidation of the JOST Group effective February 1, 2020. Comparability with the previous year's key figures is therefore limited.

Sales Development

Sales revenues by origin

in € thousands	**Q1 2020**	Organic development	FX translation	Takeover effects	**yoy change**	Q1 2019
Europe	122,796	−19.4%	0.0%	18.9%	−0.5%	123,379
North America	44,923	−9.0%	2.7%	17.6%	11.3%	40,372
APA	24,086	−32.0%	−1.8%	1.2%	−32.6%	35,723
Total	**191,805**	**−19.5%**	**0.3%**	**15.4%**	**−3.8%**	**199,474**

The outbreak of the coronavirus pandemic had a severe negative impact on JOST's performance in the first quarter of 2020. Demand in Asia, Pacific and Africa particularly suffered, as the first cases of the new virus were recorded in Wuhan, China. As the disease spread and the infection rate and number of deaths rose dramatically, the Chinese government imposed nationwide restrictions on movement that practically brought the Chinese economy to a standstill from the end of January to the end of February. In Wuhan, where most cases of illness were recorded, the restrictions on movement applied until March 11, 2020. As our Chinese production plant is located in Wuhan, the effect of these restrictions on JOST's business was particularly dramatic. The acquisition of the Ålö Group, on the other hand, had a positive impact on business performance.

Consolidated sales fell by 3.8% in the first quarter of 2020 to €191.8m (Q1 2019: €199.5m). This includes a positive effect of 15.4% or €30.8m arising from the acquisition of the Ålö Group, which has been consolidated since February 1, 2020. Organic consolidated sales decreased by 19.5% to €161.0m.

In Europe, sales fell by 0.5% to €122.8m (Q1 2019: €123.4m). Ålö made a positive contribution of 18.9% or €23.3m. Excluding the effects of the acquisition, organic sales in Europe fell by 19.4% to €99.5m. The European truck and trailer markets had already reached the turning point of their growth cycle in 2019 and were expected to decline year-over-year in 2020. The effects of the pandemic have placed an additional strain on already weak demand. Interruptions to the supply chain caused by plant closures in China and the accelerated spread of the virus in Europe in February and March 2020 forced many truck manufacturers to close their European production plants at the end of March. This had an additional adverse impact on demand. By contrast, the trailer market appeared to be slightly more robust, even though the anticipated decline in demand was also apparent here. On the other hand, the strong aftermarket business had a positive impact that helped to soften the downturn in the original equipment business. The agricultural front loader business, which became an important pillar of JOST's business as a result of the acquisition of Ålö Group, was not as heavily affected by the initial impact of the pandemic in the first quarter of 2020 and helped to stabilize European sales.

JOST succeeded in recording growth in North America once again thanks to Ålö. Sales rose by 11.3% in the first quarter of 2020 to €44.9m (Q1 2019: €40.4m). The positive effect of the Ålö acquisition accounted for 17.6% or €7.1m. Organic growth fell by just 9.0% to €37.8m, thus significantly outperforming the truck and trailer market. JOST benefited from gaining additional market share in the region, which led to a sharp rise in the replacement parts business. Furthermore, the pandemic only spread later in North America, which meant that many of the countermeasures aimed at slowing the rate of infection were only introduced at the start of April and thus had no impact on the first quarter.

Our business in Asia, Pacific and Africa (APA) was most strongly affected by the negative impact of the coronavirus pandemic in the first quarter of 2020. The restrictions on movement in China, particularly in Wuhan, led to an almost total loss of sales in this country in February and March. At the same time, demand in many Asian countries was adversely impacted by the situation in China. The exceptionally severe bush fires in Australia also had a negative effect on demand in the Pacific region at the start of 2020. On the whole, sales in APA dropped by 32.6% to €24.1m in the first quarter of 2020 (Q1 2019: €35.7m). As Ålö´s sales presence in APA is not as strong yet, the acquisition made an almost negligible contribution to regional sales of 1.2% or €0.4m.

Earnings performance

In the first three months of the year, the cost of sales fell (−3.5%) in line with sales (−3.8%), demonstrating the flexibility of our business model. This development was also supported by the increased share of the replacement parts business. As a result, the gross margin remained stable compared to the prior-year quarter at 25.5% (Q1 2019: 25.7%).

By contrast, factors such as exceptionals relating to the acquisition of Ålö led to a sharp year-over-year rise in operating expenses. In addition, our ability to adjust personnel expenses in administration and sales to reflect falling business volumes was severely limited in APA, as companies in China were required to pay all of their employees' salaries in full during the quarantine period even though they were not working. The great uncertainty in the capital markets also caused significant currency fluctuations that had an additional negative impact on operating expenses. Overall, operating expenses rose by €12.3m year-over-year, causing earnings before interest and taxes (EBIT) to fall by €14.8m to €2.4m (Q1 2019: €17.2m).

EBIT adjusted for exceptionals fell by €9.6m to €14.3m (Q1 2019: €23.9m). The adjusted EBIT margin was 7.4% (Q1 2019: 12.0%).

In the first quarter of 2020, EBIT was adjusted for expenses of €11.8m overall (Q1 2019: €6.7m). EBIT adjustments mainly concerned non-operating exceptionals arising from purchase price allocation in the amount of €8.2m (Q1 2019: €6.3m). This contains €1.7m from step-ups on inventories. The year-over-year increase is exclusively attributable to effects in connection with the purchase price allocation for Ålö. JOST also adjusted administrative expenses by €2.2m, a substantial portion of which was triggered by consulting costs in connection with the acquisition of Ålö. The remaining €1.3m are one-off costs from an optimization project at Ålö, which will be completed by the end of 2020. The following table shows a summary of adjustments made:

Results of operations

in € thousands	Q1 2020	Q1 2019	% yoy
Sales revenues	**191,805**	**199,474**	**−3.8%**
Cost of sales	−142,888	−148,133	
Gross profit	**48,917**	**51,341**	**−4.7%**
Operating expenses / income	−46,481	−34,146	
Operating profit (EBIT)	**2,436**	**17,195**	**−85.8%**
Net finance result	**−6,765**	**−808**	
Earnings before taxes	**−4,329**	**16,387**	**−126.4%**
Income taxes	216	−2,160	
Earnings after taxes	**−4,113**	**14,227**	**−128.9%**

Reconciliation of adjusted earnings

in € thousands	Q1 2020	Q1 2019
EBIT	**2,436**	**17,195**
PPA depreciation	−579	−555
PPA amortization	−5,962	−5,722
Other	−5,280	−404
Adjusted EBIT	**14,257**	**23,876**
Depreciation	−6,203	−5,311
Amortization	−1,573	−460
Adjusted EBITDA	**22,033**	**29,647**

The net finance result deteriorated by €6.0m to €−6.8m compared to the previous year (Q1 2019: €−0.8m). The main reason for this negative development was non-cash effects totaling €5.5m from the valuation of foreign currency loans. These unrealized currency losses primarily arose from the weakening of the Swedish krona and British pound against the euro as of the March 31, 2020 reporting date. The increase in interest expenses due to the acquisition only amounted to €0.3m and hardly impacted the net finance result. Total interest expense in the first quarter of 2020 came to €1.4m.

The high finance expenses led to earnings before taxes of €−4.3m (Q1 2019: €16.4m). In the first quarter of 2020, earnings after taxes therefore decreased to €−4.1m (Q1 2019: €14.2m). Earnings per share amounted to EUR −0.28 (Q1 2019: EUR 0.95).

Adjusted for exceptionals, earnings after taxes in the first quarter of 2020 fell to €5.4m (Q1 2019: €16.1m) and earnings per share to €0.36 (Q1 2019: €1.08). No adjustments were made for effects of the corona-virus pandemic.

Segments

Segment reporting January 1 to March 31, 2020

	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements		
in € thousands					JOST	JOST (excl. Ålö)	Ålö
Sales revenues*	201,586	47,604	35,716	−93,101	191,805	160,974	30,831
thereof: external sales revenues*	**122,796**	**44,923**	**24,086**	**0**	**191,805**	**160,974**	**30,831**
thereof: internal sales revenues*	78,790	2,681	11,630	−93,101	0	0	0
Adjusted EBIT* **	**10,083**	**3,282**	**259**	**633**	**14,257**	**11,579**	**2,678**
thereof: depreciation and amortization	5,279	1,335	1,162	0	7,776	6,328	1,448
Adjusted EBIT margin	8.2%	7.3%	1.1%		7.4%	7.2%	8.7%
Adjusted EBITDA* **	**15,362**	**4,617**	**1,421**	**633**	**22,033**	**17,907**	**4,126**
Adjusted EBITDA margin	12.5%	10.3%	5.9%		11.5%	11.1%	13.4%

* Sales by destination in the reporting period:
- Europe: €105,749 thousand
- Americas: €47,550 thousand
- Asia, Pacific and Africa: €38,506 thousand

** Sales revenues in the segments show the sales revenues by origin.

*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

Segment reporting January 1 to March 31, 2019

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues*	203,570	40,678	45,517	−90,291	199,474 **
thereof: external sales revenues*	**123,379**	**40,372**	**35,723**	**0**	**199,474**
thereof: internal sales revenues*	80,191	306	9,794	−90,291	0
Adjusted EBIT* **	**14,862**	**3,253**	**4,918**	**843**	**23,876**
thereof: depreciation and amortization	3,902	979	890	0	5,771
Adjusted EBIT margin	12.0%	8.1%	13.8%		12.0%
Adjusted EBITDA* **	**18,764**	**4,232**	**5,808**	**843**	**29,647**
Adjusted EBITDA margin	15.2%	10.5%	16.3%		14.9%

* Sales by destination in the reporting period:
- Europe: €85,773 thousand
- Americas: €38,853 thousand
- Asia, Pacific and Africa:: €36,348 thousand

** Sales revenues in the segments show the sales revenues by origin.

*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

Europe

The decline in demand in the European truck and trailer markets was further intensified by the closure of our truck customers' plants at the end of March as a result of the coronavirus pandemic. In Europe, this caused organic sales to drop by 19.4% to €99.5m (Q1 2019: €123.4m). Earnings were impacted by personnel expenses and higher logistics costs in particular. JOST was forced to temporarily rearrange its international supply chain as a result of the pandemic and the associated shutdown of all production activities in China. The Group was forced to accept extra cargo charges and find new suppliers who could only deliver at higher costs.

In contrast, the acquisition of Ålö effective February 1, 2020, had a particularly positive impact on segment earnings in Europe. The market for agricultural front loaders was not as significantly affected by the pandemic as the truck and trailer market in the first quarter of 2020. Ålö reported sales of €23.3m in Europe in February and March 2020 and lifted the operating result considerably.

Overall, JOST's adjusted EBIT in Europe came to €10.1m (Q1 2019: €14.9m) with an adjusted EBIT margin of 8.2% (Q1 2019: 12.0%).

North America

In North America, JOST's sales excluding takeover effects fell by 6.3% to €37.8m (Q1 2019: €40.4m), which was primarily due to the expected cyclical decline in the truck and trailer markets. Due to the market share acquired in recent years, the share of the aftermarket business rose strongly and was able to offset some of the decline in sales from OEM customers. This development led to an improvement in the margin compared to the previous year, as replacement parts margins are comparatively higher.

Ålö generated sales of €7.1m in North America in February and March. However, earnings in this region were impacted to some extent by supply difficulties caused by the temporary closure of the Ålö's production plant in China as a result of the coronavirus quarantine imposed. In addition, the planned production plant relocation from Telford, Tennessee to Simpsonville, South Carolina, also adversely impacted earnings and reduced operating margins for this segment.

Overall, JOST's adjusted EBIT in North America was stable year-over-year at €3.3m (Q1 2019: €3.3m). The adjusted EBIT margin was 7.3% (Q1 2019: 8.1%).

Asia, Pacific and Africa (APA)

The APA segment was particularly hard hit by the outbreak of the coronavirus pandemic in the first quarter of 2020. JOST was required to close its Chinese production plant in Wuhan, Hubei province, from the end of January to mid-March 2020. All of our Chinese customers were also forced to close their production plants, even though those outside the Hubei province were able to slowly ramp up production again at the end of February. As a result, sales in APA excluding the effects of the Ålö acquisition decreased by 33.8% to €23.7m (Q1 2019: €35.7m).

Adjusting our supply chain at short notice enabled us to serve other countries in the region to ensure that all customers outside China could be supplied and could continue producing. Adjusted EBIT was adversely impacted by the plant closure in China and additional logistics costs for maintaining the supply chain in the APA region. At the same time, personnel expenses remained high, as the Group was required to continue paying the salaries of all employees in full during quarantine. JOST also had to close its production plants in India and South Africa effective March 23, 2020, due to the quarantine measures ordered by the authorities. We were able to cover our operating costs despite these difficulties.

Ålö's production in Ningbo, China, was also affected by the quarantine measures. However, as the plant is located outside the Hubei province, it was able to restart production as early as the end of February. The plant in Ningbo primarily manufactures products for distribution in North America but also for Europe. At present, Ålö's sales activities in APA are mainly limited to the Pacific region with only relatively low sales. Ålö's sales in this region thus amounted to €0.4m.

Overall, JOST's adjusted EBIT in APA fell to €0.3m in the first quarter of 2020 (Q1 2019: €4.9m) and the adjusted EBIT dropped to 1.1% (Q1 2019: 13.8%).

Net assets and results of operations

Condensed balance sheet

Assets

in € thousands	03/31/2020	12/31/2019
Noncurrent assets	529,548	313,477
Current assets	407,947	325,075
	937,495	**638,552**

Equity and Liabilities

in € thousands	03/31/2020	12/31/2019
Equity	251,879	263,130
Noncurrent liabilities	408,512	267,851
Current liabilities	277,104	107,571
	937,495	**638,552**

In the first quarter of 2020, the equity of JOST Werke AG fell by 4.3% to €251.9m (December 31, 2019: €263.1m). The equity ratio decreased to 26.9% (December 31, 2019: 41.2%). The main reason for this development was the increase in noncurrent and current liabilities following the acquisition of the Ålö Group.

To finance its acquisition of Ålö, JOST entered into a financing arrangement with a consortium of banks for an amount of €120.0m and a term of 5 years. This was the primary reason for the increase in noncurrent liabilities by €140.7m to €408.5m (December 31, 2019: €267.9m). JOST also drew €110.0m from the available revolving facility as of March 31, 2020. Around €90m of this figure was used to finance the acquisition of Ålö. The remainder was drawn at the end of March as a precaution to counteract potential liquidity shortages as a result of the coronavirus pandemic. JOST repaid the bank liabilities it assumed from Ålö totaling €98.9m on January 31, 2020, also using around €50m in existing liquidity in the process.

The Group's current and noncurrent assets also increased as a result of the acquisition. As part of the purchase price allocation, significant intangible assets such as customer lists (€32.5m) and brand names (€48.8m) were identified and measured. As a result of the Ålö Group's strong market position and high profitability, as well as the expected synergies, goodwill of €79,7m was also recognized in intangible assets. A detailed overview of the assets identified in the acquisition can be found in note 3 of the financial statements.

The increase in property, plant and equipment by €18.7m to €128.4m (December 31, 2019: €109.7m) is largely due to the initial consolidation of Ålö. Overall, noncurrent assets rose by €216,0m to €529,5m in the first quarter of 2020 (December 31, 2019: €313.5m).

The €44.1m increase in inventories to €152.3m (December 31, 2019: €108.2m) was primarily attributable to the initial consolidation of Ålö and includes a step-up of Ålö's inventories totaling €7.8m resulting from the purchase price allocation. In addition, the short-term disruptions to the supply chain caused by the spread of the pandemic led to an additional rise in inventories. The increase was also bolstered by seasonal effects as inventories and receivables are generally lower at the end of the year. In addition to the initial consolidation of Ålö, this was the main reason for the €40.3m increase in trade receivables to €130.2m as of March 31, 2020 (December 31, 2019: €89.9m). Trade payables rose by €41.4m to €105.6m (December 31, 2019: €64.2m). As a result, working capital increased by 32.1% to €176.9m in the first quarter of 2020 (December 31, 2019: €133.9m).

By contrast, working capital rose by only 6.7% compared with the prior-year quarter (Q1 2019: €165.8m), mainly due to the consolidation of Ålö. Working capital as a percentage of last-twelve-months sales improved to 20.0% (Q1 2019: 21.7%). To improve comparability, Ålö's sales of the last twelve months have been taken into account in this calculation.

Liquid assets amounted to €102.8m as of March 31, 2020 (December 31, 2019: €104.8m) and remained almost unchanged compared to December 31, 2019, despite the use of cash for the acquisition of Ålö. However, net debt rose to €278.2m (December 31, 2019: €46.3m) due to the acquisition. As a result, the ratio of net debt to adjusted EBITDA (last twelve months) rose to 2.45x as of March 31, 2020 (December 31, 2019: 0.46x).

Cash flows

in € thousands	Q1 2020	Q1 2019
Cash flow from operating activities	**22,210**	**2,523**
thereof change in net working capital	–5,708	–23,623
Cash flow from investing activities	**–249,427**	**–3,160**
Cash flow from financing activities	**227,096**	**–1,991**
Net change in cash and cash equivalents	**–121**	**–2,628**
Change in cash and cash equivalents due to exchange rate movements	–1,852	1,080
Cash and cash equivalents at January 1	104,812	66,087
Cash and cash equivalents at March 31	**102,839**	**64,539**

Cash flow from operating activities increased to €+22.2m in the first quarter of 2020, driven primarily by the year-over-year improvement in working capital (Q1 2019: €2.5m).

As a result of the acquisition of Ålö effective January 31, 2020, cash flow from investing activities in the first quarter of 2020 was €–249.4m (Q1 2019: €–3.2m). Investments in property, plant and equipment increased only slightly year-over-year to €–3.3m (Q1 2019: €–3.0m).

Cash flow from financing activities was also significantly impacted by the acquisition of Ålö. As a result of cash inflows from long-term loans (€+120.0m) and short-term loans (€+110.0m), it rose to €+227.1m in the reporting period (Q1 2019: €–2.0m).

Overall, liquid assets rose to €102.8m at the end of the first quarter of 2020 (Q1 2019: €68.4m).

Opportunities and risks

The risk situation of the JOST Group has changed significantly since the preparation of our 2019 Annual Report. The global spread of the SARS-CoV-2 coronavirus is having a major negative impact on the Company and the economy. As the duration and severity of measures to contain the epidemic differ significantly from one country to the next, it is not possible to reliably predict the consequences of the epidemic for the future development of both individual economies and the global economy. Considerable uncertainties are bringing turbulence to the commodity, currency and capital markets that will have a negative impact on our business.

JOST is affected by the consequences of the pandemic in all areas. Particular risks arise from persistently low demand and possible production and supply chain interruptions caused by the pandemic as well as the quarantine measures imposed to contain the pandemic. Competition may also continue to intensify as a result of decreasing demand worldwide. There are also other challenges associated with protecting the health of our workforce. JOST has introduced additional hygiene and protective measures in all production plants to protect the health of its employees and ensure operations.

JOST's Management Board currently expects negative impacts on the operating business worldwide. As a result, the guidance published in the 2019 Annual Report will not be met. Nevertheless, JOST's solid financial position and healthy profitability mean it is very well positioned to manage the current crisis.

Overall, the risks identified do not influence our net assets, financial position and results of operations in a way that represents a risk to the Group as a going concern and are considered by the Management Board to be manageable from today's perspective.

Outlook

Since the Annual Report was prepared on March 13, 2020, the effects of the coronavirus pandemic have intensified significantly worldwide. In most countries, OEM customers have reacted by temporarily closing their plants or reducing their production programs. National quarantine measures are putting additional pressures on the production of our customers and suppliers. Several of our sites have also had to close, in part due to national regulations.

The assumptions underlying our forecasts in the 2019 Annual Report no longer apply, as it is currently expected that the spread of the coronavirus pandemic will lead to a significant deterioration in the global economic situation in 2020.

As a result of the pandemic's rapid spread around the world, the associated crisis measures and the their significant impact on the economy, it is not currently possible to provide a reliable assessment of the course of business development for the 2020 fiscal year.

In view of these circumstances, the Management Board has decided to propose to the General Meeting that no dividend be paid in 2020. The originally intended proposal of a EUR 0.80 dividend per share is no longer appropriate given the dramatic deterioration of the economy. The Supervisory Board concurs with the new proposal of the Management Board regarding the appropriation of net retained profit. The General Meeting will vote on the proposal on July 1, 2020.

JOST currently expects the second quarter of 2020 to be most strongly affected by the economic impact of the pandemic and believes that its figures will be well below both those of the previous year and those of the first quarter of 2020. At present, an economic recovery can only be anticipated from the third quarter of 2020 onwards, even though it is unclear whether this will happen at this point. The Management Board will provide a more precise guidance for the entire 2020 fiscal year as soon as it has sufficiently reliable insights into the expected course of business.

JOST is working hard to swiftly adapt its costs, structures and processes to the rapidly changing situation. The Management Board is confident that JOST is well positioned to deal with the latest challenges in a successful and results-driven manner and that the Group will emerge stronger from the current crisis.

The Management Board of JOST Werke AG

Neu-Isenburg, May 14, 2020

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the three months ended March 31, 2020
Neu-Isenburg, Germany

CONDENSED CONSOLIDATED STATEMENT OF INCOME – BY FUNCTION OF EXPENSES

for the three months ended March 31, 2020
JOST Werke AG

in € thousands	Notes	Q1 2020	Q1 2019
Sales revenues	(6)	**191,805**	**199,474**
Cost of sales		**–142,888**	**–148,133**
Gross profit		**48,917**	**51,341**
Selling expenses		–26,608	–21,991
thereof: depreciation and amortization of assets		–7,736	–6,497
thereof: depreciation of right-of-use assets from leases		–468	–529
Research and development expenses	(7), (12)	–3,689	–3,188
Administrative expenses	(8)	–16,556	–10,399
Other income	(8)	2,513	1,440
Other expenses		–2,774	–851
Share of profit or loss of equity method investments		633	843
Operating profit (EBIT)		**2,436**	**17,195**
Financial income	(9)	464	924
Financial expense	(9)	–7,229	–1,732
Net finance result		**–6,765**	**–808**
Earnings before tax		**–4,329**	**16,387**
Income taxes	(10)	216	–2,160
Earnings after taxes		**–4,113**	**14,227**
Weighted average number of shares		**14,900,000**	**14,900,000**
Basic and diluted earnings per share (in €)	(11)	**–0.28**	**0.95**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three months ended March 31, 2020
JOST Werke AG

in € thousands	Q1 2020	Q1 2019
Earnings after taxes	**−4,113**	**14,227**
Items that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translating foreign operations	−12,971	4,017
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	8,333	−6,229
Deferred taxes relating to other comprehensive income	−2,500	1,869
Other comprehensive income	**−7,138**	**−343**
Total comprehensive income	**−11,251**	**13,884**

CONDENSED CONSOLIDATED BALANCE SHEET

as of March 31, 2020
JOST Werke AG

Assets

in € thousands	Notes	03/31/2020	12/31/2019
Noncurrent assets			
Goodwill	(3)	76,699	0
Other intangible assets	(3)	307,987	184,233
Property, plant, and equipment		128,411	109,716
Investments accounted for using the equity method		9,175	10,851
Deferred tax assets		5,820	7,348
Other noncurrent financial assets	(13), (14)	157	0
Other noncurrent assets		1,299	1,329
		529,548	**313,477**
Current assets			
Inventories		152,301	108,173
Trade receivables	(13)	130,206	89,937
Receivables from income taxes		4,360	4,799
Other current financial assets	(13), (14)	380	628
Other current assets		17,861	16,726
Cash and cash equivalents		102,839	104,812
		407,947	**325,075**
Total assets		**937,495**	**638,552**

Equity and Liabilities

in € thousands	Notes	03/31/2020	12/31/2019
Equity			
Subscribed capital		14,900	14,900
Capital reserves		474,653	474,653
Other reserves		−46,676	−39,538
Retained earnings		−190,998	−186,885
		251,879	**263,130**
Noncurrent liabilities			
Pension obligations	(15)	60,618	69,098
Other provisions		3,166	2,405
Interest-bearing loans and borrowings	(16)	270,131	150,444
Deferred tax liabilities		45,359	16,661
Other noncurrent financial liabilities	(13)	24,549	25,161
Other noncurrent liabilities		4,689	4,082
		408,512	**267,851**
Current liabilities			
Pension obligations	(15)	1,897	1,897
Other provisions		10,886	7,331
Interest-bearing loans and borrowings	(16)	110,309	311
Trade payables		105,571	64,223
Liabilities from income taxes		5,044	3,407
Contract liabilities		3,806	4,571
Other current financial liabilities	(13), (17)	8,569	7,419
Other current liabilities		31,022	18,412
		277,104	**107,571**
Total equity and liabilities		**937,495**	**638,552**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three months ended March 31, 2020
JOST Werke AG

Condensed Consolidated Statement of Changes in Equity for the three months ended March 31, 2020

in € thousands	Subscribed capital	Capital reserves	Retained earnings
Balance at January 1, 2020	**14,900**	**474,653**	**–186,885**
Earnings after taxes	0	0	–4,113
Other comprehensive income	0	0	0
Deferred taxes relating to other comprehensive income	0	0	0
Total comprehensive income	0	0	–4,113
Balance as of March 30, 2020	**14,900**	**474,653**	**–190,998**

Condensed Consolidated Statement of Changes in Equity for the three months ended March 31, 2019

in € thousands	Subscribed capital	Capital reserves	Retained earnings
Balance at January 1, 2019	**14,900**	**499,399**	**–228,765**
Earnings after taxes	0	0	14,227
Other comprehensive income	0	0	0
Deferred taxes relating to other comprehensive income	0	0	0
Total comprehensive income	0	0	14,227
Balance as of March 30, 2019	**14,900**	**499,399**	**–214,538**

Other reserves: Exchange differences on translating foreign operations	Other reserves: Remeasurements of defined benefit pension plans	Other reserves: Other reserves	**Total consolidated equity**
−10,025	**−29,410**	**−103**	**263,130**
0	0	0	−4,113
−12,971	8,333	0	−4,638
0	−2,500	0	−2,500
−12,971	5,833	0	−11,251
−22,996	**−23,577**	**−103**	**251,879**

Other reserves: Exchange differences on translating foreign operations	Other reserves: Remeasurements of defined benefit pension plans	Other reserves: Other reserves	**Total consolidated equity**
−12,529	**−21,289**	**−103**	**251,613**
0	0	0	14,227
4,017	−6,229	0	−2,212
0	1,869	0	1,869
4,017	−4,360	0	13,884
−8,512	**−25,649**	**−103**	**265,497**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the three months ended March 31, 2020
JOST Werke AG

in € thousands	**Q1 2020**	Q1 2019
Earnings before tax	**−4,329**	**16,387**
Depreciation, amortization, impairment losses and reversal of impairment on noncurrent assets	14,317	12,048
Other noncash expenses and income	6,292	−545
Change in inventories	−9,820	186
Change in trade receivables	−16,112	−18,756
Change in trade payables	20,224	−5,053
Change in other assets and liabilities	11,005	−301
Income tax payments	633	−1,443
Cash flow from operating activities	**22,210**	**2,523**
Payments to acquire intangible assets	−809	−268
Proceeds from sales of property, plant, and equipment	45	33
Payments to acquire property, plant, and equipment	−3,293	−2,995
Acquisition of subsidiaries, less acquired cash and cash equivalents	−245,419	0
Interests received	49	70
Cash flow from investing activities	**−249,427**	**−3,160**
Interest payments	−390	−294
Proceeds from short-term interest-bearing loans and borrowings	110,000	0
Proceeds from long-term interest-bearing loans and borrowings	120,000	0
Acquisition financing costs	−510	0
Repayment of short-term interest-bearing loans and borrowings	−78	0
Repayment of lease liabilities	−1,926	−1,697
Cash flow from financing activities	**227,096**	**−1,991**
Net change in cash and cash equivalents	**−121**	**−2,628**
Change in cash and cash equivalents due to exchange rate movements	−1,852	1,080
Cash and cash equivalents at January 1	104,812	66,087
Cash and cash equivalents at March 31	**102,839**	**64,539**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from January 1 to March 31, 2020
JOST Werke AG

1. GENERAL INFORMATION

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

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

As of July 20, 2017, the shares of JOST Werke AG (hereinafter also "JOST", the "Group," the "Company," or the "JOST Werke Group") were traded for the first time on the Frankfurt Stock Exchange. As of March 31, 2020, the majority of JOST shares were held by institutional investors.

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

2. BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements (hereinafter also "interim financial statements") as of and for the three months ended March 31, 2020 (hereinafter also "2020 reporting period") comprise JOST Werke AG, its subsidiaries and the joint venture. These interim financial statements 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).

The interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's net assets, financial position and results of operations since the last annual consolidated financial statements as of and for the fiscal year ended December 31, 2019. The interim financial statements should be read in conjunction with the annual consolidated financial statements as of and for the fiscal year ended December 31, 2019, which can be downloaded at http://ir.jost-world.com/.

We have taken extensive measures at our sites to restrict and prevent the spread of the COVID-19 pandemic. These range all the way from the introduction of short-time work for some of our staff in Germany to temporary site shutdowns. By doing this, we are complying with the recommendations and regulations issued by international, national and local authorities. The health and safety of our employees and customers is our number one priority. Infection control precautions have been taken wherever work is being carried out.

The JOST Werke Group provides its global customers with important services and rapidly supplies them with replacement parts. By doing this, we can ensure that transport is still out on the road during times of crisis, particularly when it comes to carrying medication and food.

The situation at our site in Wuhan has largely returned to normal after a temporary closure. Employees have now gone back to work and the plant start-up is running according to schedule. The plants in India, South Africa and Brazil are also affected by plant closures.

The Management Board approved the condensed consolidated interim financial statements of JOST Werke AG for the period ended March 31, 2020 for issue on May 14, 2020.

3. BUSINESS COMBINATIONS

Acquisition of Ålö Holding AB, Umeå, Sweden

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 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 is 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.

The Ålö Group reports pro-forma sales revenues of €45.0m and pro-forma earnings of €–7.1m for the first quarter of 2020.

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

in € thousands	
Consideration transferred	
Payment made in cash	159,160
Contingent consideration	0
Total	**159,160**

in € thousands	
Intangible assets	137,809
Property, plant, and equipment	25,464
Inventories	49,250
Trade receivables	26,676
Cash and cash equivalents	12,318
Trade payables	–23,142
Interest-bearing loans and borrowings	–98,904
Other assets and liabilities	–49,988
Net identifiable assets acquired	**79,483**
Plus: goodwill	79,677
Net assets acquired	**159,160**

Significant step-ups (fair value adjustments) on intangible assets such as customer lists (€32.5m) and brand names (€48.8m) as well as tangible assets such as inventories (€9.5m) and property, plant and equipment (€2.6m) were identified and measured as part of the purchase price allocation. The acquired goodwill of €79.7m is attributable to the strong market position and high profitability of the Ålö Group and the expected synergies. This goodwill is not deductible for tax purposes.

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

The purchase price allocation resulted in €273 thousand in depreciation of land, land rights and buildings, including buildings on third-party land, and amortization of customer lists and acquired intangible assets. There are also earnings effects from step-ups on inventories amounting to €1,721 thousand.

Costs of business combinations

The costs of business combinations up to now of €2,035 thousand (2019: €2,482 thousand) are presented in administrative expenses within the income statement. For further details on exceptionals, see note 12.

Contingent consideration

Should the gross margin of Ålö Holding AB exceed a certain figure in fiscal year 2020, the Group is obliged to pay the former owners of Ålö Holding AB up to €25m.

The Group's potential payment obligations under this agreement are between €1 and €25m and will become due and payable in 2021 if this company's gross margin exceeds a certain figure.

Based on the assessment at the acquisition date, a value of zero was recognized for the contingent consideration. Should this assessment be proven wrong, the corresponding amounts will be recognized in profit or loss.

4. SEGMENT REPORTING

Segment reporting as of March 31, 2020

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	**Consolidated financial statements**
Sales revenues*	201,586	47,604	35,716	–93,101	191,805 **
thereof: external sales revenues*	**122,796**	**44,923**	**24,086**	**0**	**191,805**
thereof: internal sales revenues*	78,790	2,681	11,630	–93,101	0
Adjusted EBIT* **	**10,083**	**3,282**	**259**	**633**	**14,257**
thereof: depreciation and amortization	5,279	1,335	1,162	0	7,776
Adjusted EBIT margin	8.2%	7.3%	1.1%		7.4%
Adjusted EBITDA* **	**15,362**	**4,617**	**1,421**	**633**	**22,033**
Adjusted EBITDA margin	12.5%	10.3%	5.9%		11.5%

* Sales by destination in the reporting period:
- Europe: 105,749 thousand
- Americas: 47,550 thousand
- Asia, Pacific and Africa: 38,506 thousand

** Sales revenues in the segments show the sales revenues by origin.
*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

Segment reporting as of March 31, 2020 for JOST excluding Ålö

in € thousands	Ålö	JOST excluding Ålö	**Consolidated financial statements**
Sales revenues	**30,831**	**160,974**	**191,805**
Adjusted EBIT	**2,678**	**11,579**	**14,257**
thereof: depreciation and amortization	1,448	6,328	7,776
Adjusted EBIT margin	8.7%	7.2%	7.4%
Adjusted EBITDA	**4,126**	**17,907**	**22,033**
Adjusted EBITDA margin	13.4%	11.1%	11.5%

Segment reporting as of March 31, 2019

in € thousands	Europe	North America	Asia, Pacific and Africa	Reconciliation	Consolidated financial statements
Sales revenues*	203,570	40,678	45,517	−90,291	199,474 **
thereof: external sales revenues*	**123,379**	**40,372**	**35,723**	**0**	**199,474**
thereof: internal sales revenues*	80,191	306	9,794	−90,291	0
Adjusted EBIT***	**14,862**	**3,253**	**4,918**	**843**	**23,876**
thereof: depreciation and amortization	3,902	979	890	0	5,771
Adjusted EBIT margin	12.0%	8.1%	13.8%		12.0%
Adjusted EBITDA***	**18,764**	**4,232**	**5,808**	**843**	**29,647**
Adjusted EBITDA margin	15.2%	10.5%	16.3%		14.9%

* Sales by destination in the reporting period:
- Europe: €109,346 thousand
- Americas: €42,988 thousand
- Asia, Pacific and Africa: €47,140 thousand

** Sales revenues in the segments show the sales revenues by origin.

*** Adjusted EBIT / EBITDA includes share of profit or loss of investment accounted for using the equity method that is not allocated to a segment and therefore included in the reconciliation column.

Reconciliation of adjusted earnings figures

in € thousands	Q1 2020	Q1 2019
Earnings after taxes	**−4,113**	**14,227**
Income taxes	216	−2,160
Net finance result	−6,765	−808
EBIT	**2,436**	**17,195**
D&A from PPA	−6,541	−6,277
Other effects	−5,280	−404
Adjusted EBIT	**14,257**	**23,876**
Depreciation of property, plant and equipment	−6,203	−5,311
Amortization of intangible assets	−1,573	−460
Adjusted EBITDA	**22,033**	**29,647**

Reconciliation of adjusted earnings figures of JOST excluding Ålö

in € thousands	Q1 2020	Q1 2019
Earnings after taxes	**892**	**14,227**
Income taxes	451	−2,160
Net finance result	−2,618	−808
EBIT	**3,059**	**17,195**
D&A from PPA	−6,268	−6,277
Other effects	−2,252	−404
Adjusted EBIT	**11,579**	**23,876**
Depreciation of property, plant and equipment	−5,644	−5,311
Amortization of intangible assets	−684	−460
Adjusted EBITDA	**17,907**	**29,647**

Reconciliation of adjusted earnings figures of Ålö

in € thousands	Q1 2020
Earnings after taxes	**–5,005**
Income taxes	–235
Net finance result	–4,147
EBIT	**–623**
D&A from PPA	–273
Other effects	–3,028
Adjusted EBIT	**2,678**
Depreciation of property, plant and equipment	–559
Amortization of intangible assets	–889
Adjusted EBITDA	**4,126**

5. SEASONALITY OF OPERATIONS

Seasonal effects during the fiscal year can result in variations in sales and resulting profit. The JOST Werke Group usually has higher sales and earnings in the first half-year due to the fact that major customers close their manufacturing plants for summer break at the start of the second half-year. It cannot be ruled out that the coronavirus pandemic may also trigger seasonal shifts.

6. SALES REVENUES

The decline in sales revenues is mainly attributable to the APA region. By contrast, the North America region recorded an increase in sales.

The sales revenues gained as part of the acquisition of the Ålö Group are shown in note 4. When adjusted for Ålö Group sales revenues, sales revenues declined across all regions, primarily as a result of the COVID-19 pandemic.

For information on the effects of the COVID-19 pandemic, please refer to the explanations in note 2.

7. ADMINISTRATIVE EXPENSES

The rise in administrative expenses compared to the previous year is associated with expenses from the acquisition of Ålö Group (€2.2m; see note 12) as well as the administrative expenses of the Ålö Group itself (€3.1m).

8. OTHER INCOME / OTHER EXPENSES

For the 2020 reporting period, other income amounted to €2.5m (2019 reporting period: €1.4m) and other expenses amounted to €2.8m (2019 reporting period: €0.9m).

In the 2020 reporting period as well in the 2019 reporting period, other income mainly comprises currency gains and government grants. Other expenses mainly compromise currency losses.

9. FINANCE RESULT

Financial income is composed of the following items:

in € thousands	Q1 2020	Q1 2019
Interest income	58	66
Realized currency gains	0	10
Unrealized currency gains	403	839
Other financial income	3	9
Total	**464**	**924**

Financial expense is composed of the following items:

in € thousands	Q1 2020	Q1 2019
Interest expenses	–1,412	–872
thereof: interest expenses from leasing	–225	–135
Realized currency losses	–3	–98
Unrealized currency losses	–5,460	–254
Result from measurement of derivatives	–77	–504
Other financial expenses	–277	–4
Total	**–7,229**	**–1,732**

Expenses of €0.3m recognized in other financial expense resulted from the additional financing agreement dated December 19, 2019 for financing the acquisition of Ålö Holding AB.

10. INCOME TAXES

The following table shows a breakdown of income taxes:

in € thousands	Q1 2020	Q1 2019
Current tax	–2,398	–3,463
Deferred taxes	2,614	1,303
Taxes on income	**216**	**–2,160**

Tax expenses are calculated based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year multiplied by the pre-tax income of the interim reporting period.

11. EARNINGS PER SHARE

As of March 31, 2020, the number of no-par value shares (bearer shares) remained unchanged at 14,900,000.

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

Earnings per share

	Q1 2020	Q1 2019
Earnings after taxes (in € thousand)	–4,113	14,227
Weighted average number of shares	14,900,000	14,900,000
Basic and diluted earnings per share (in €)	**–0.28**	**0.95**

12. EXCEPTIONALS

The following explanation of adjusted effects serves to clarify the information in the income statement.

In the 2020 reporting period, expenses amounting to €11,821 thousand (2019: €6,681 thousand) were adjusted within earnings before interest and taxes (EBIT).

The items adjusted within EBIT relate to selling expenses arising from the purchase price allocations (PPA depreciation and amortization) and other effects in the amount of €7,870 thousand (2019: €6,367 thousand). Furthermore, cost of sales and administrative expenses were adjusted for expenses relating to other effects totaling €3,951 thousand (2019: €314 thousand). The other effects mainly relate to the expenses associated with the acquisition of Ålö Holding AB in the amount of €2,035 thousand and earnings effects from step-ups on inventories in the amount of €1,721 thousand.

In the 2020 reporting period, expenses of €240 thousand (2019: €0 thousand) arising from acquisition financing were adjusted within the net finance result.

Notional income taxes after adjustments were recognized in the amount of €–2,320 thousand in the 2020 reporting period (2019: €–6,920 thousand).

The tables below show the earnings adjusted for these effects:

in € thousands	January 1 – March 31, 2020 Unadjusted	D&A from PPA	Other effects	Acquisition financing	Adjustments, total	**January 1 – March 31, 2020 Adjusted**
Sales revenues	**191,805**				**0**	**191,805**
Cost of sales	**–142,888**		**1,720**		**1,720**	**–141,168**
Gross profit	**48,917**	**0**	**1,720**	**0**	**1,720**	**50,637**
Selling expenses	–26,608	6,541	1,329		7,870	–18,738
Research and development expenses	–3,689				0	–3,689
Administrative expenses	–16,556		2,231		2,231	–14,325
Other income	2,513				0	2,513
Other expenses	–2,774				0	–2,774
Share of profit or loss of equity method investments	633				0	633
Operating profit (EBIT)	**2,436**	**6,541**	**5,280**	**0**	**11,821**	**14,257**
Financial income	464					464
Financial expense	–7,229			240	240	–6,989
Net finance result	**–6,765**	**0**	**0**	**240**	**240**	**–6,525**
Earnings before tax	**–4,329**	**6,541**	**5,280**	**240**	**12,061**	**7,732**
Income taxes	216					–2,320
Earnings after taxes	**–4,113**					**5,412**
Weighted average number of shares	**14,900,000**					**14,900,000**
Basic and diluted earnings per share (in €)	**–0.28**					**0.36**

in € thousands	January 1 – March 31, 2019 Unadjusted	D&A from PPA	Other effects	Adjustments, total	**January 1 – March 31, 2019 Adjusted**
Sales revenues	**199,474**			**0**	**199,474**
Cost of sales	**–148,133**		**132**	**132**	**–148,001**
Gross profit	**51,341**	**0**	**132**	**132**	**51,473**
Selling expenses	–21,991	6,277	90	6,367	–15,624
Research and development expenses	–3,188			0	–3,188
Administrative expenses	–10,399		182	182	–10,217
Other income	1,440			0	1,440
Other expenses	–851			0	–851
Share of profit or loss of equity method investments	843			0	843
Operating profit (EBIT)	**17,195**	**6,277**	**404**	**6,681**	**23,876**
Financial income	924			0	924
Financial expense	–1,732			0	–1,732
Net finance result	**–808**	**0**	**0**	**0**	**–808**
Earnings before tax	**16,387**	**6,277**	**404**	**6,681**	**23,068**
Income taxes	–2,160				–6,920
Earnings after taxes	**14,227**				**16,148**
Weighted average number of shares	**14,900,000**				**14,900,000**
Basic and diluted earnings per share (in €)	**0.95**				**1.08**

13. 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 03/31/2020	Fair value 03/31/2020	Carrying amount 12/31/2019	Fair value 12/31/2019	Level
Assets						
Cash and cash equivalents	FAAC	102,839	102,839	104,812	104,812	n/a
Trade receivables	FAAC	130,206	130,206	89,937	89,937	n/a
Other financial assets	FAAC	537	537	628	628	n/a
Total		**233,582**	**233,582**	**195,377**	**195,377**	

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, 2019.

in € thousands	Measurement categories in accordance with IFRS 9	Carrying amount 03/31/2020	Fair value 03/31/2020	Carrying amount 12/31/2019	Fair value 12/31/2019	Level
Liabilities						
Trade payables	FLAC	105,571	105,571	64,223	64,223	n/a
Interest bearing loans and borrowings*	FLAC	380,997	381,317	151,076	151,396	2
Lease liabilities	n/a**	30,992	30,992	30,618	—	n/a
Other financial liabilities	FLAC	476	476	389	389	n/a
Derivative financial liabilities	FLtPL	1,650	1,650	1,573	1,573	2
Total		**519,686**	**520,006**	**247,879**	**217,581**	

* excluding accrued financing costs (see note 16)
** 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, all financial 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.

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 2020 and 2019.

The fair value of the interest-bearing loans and borrowings is determined in 2020 and 2019 considering actual interest curves and classified as level 2 of the fair value hierarchy.

The measurement of derivatives is described in note 17.

14. OTHER FINANCIAL ASSETS

Other financial assets primarily include overpayments to suppliers in the amount of €12 thousand (December 31, 2019: €197 thousand) and deposits in the amount of €461 thousand (December 31, 2019: €431 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 financial assets were at risk of default as of the balance sheet date.

15. PENSION OBLIGATIONS

Pension obligations as of March 31, 2020 were €62.5m (December 31, 2019: €71.0m). The following significant actuarial assumptions were made:

Assumptions

	03/31/2020	12/31/2019
Discount rate	1.5%	0.8%
Inflation rate / future pension increases	2.0%	2.0%
Future salary increases	2.0%	2.0%

16. INTEREST-BEARING LOANS AND BORROWINGS

The following table shows the Group's loan liabilities as of March 31, 2020:

in € thousands		03/31/2020	12/31/2019
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	120,000	0
Revolving credit facility		110,000	0
Other		997	1,076
Interest-bearing loans		**380,997**	**151,076**
Accrued financing costs		–557	–321
Total		**380,440**	**150,755**

In order to finance its acquisition of Ålö Holding AB, JOST has entered into a new financing arrangement with a consortium of banks for an amount of €120m and over a term of 5 years.

JOST drew €110.0m from the available revolving facility as of March 31, 2020 (2019 reporting period: €0.0m). Interest payments were made in the amount of €151 thousand (2019 reporting period: €159 thousand).

To the extent that they can be accrued, the costs incurred under the previous financing agreement are spread on a pro rata basis 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.

17. OTHER FINANCIAL LIABILITIES

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 March 31, 2020 had a negative fair value of €1,650 thousand (December 31, 2019: €1,573 thousand) (mark-to-market valuation), which is shown in the balance sheet under other noncurrent financial liabilities. For details regarding the maturities of loans see note 16.

As in the previous year, the Group did not apply hedge accounting in accordance with IFRS 9 in the reporting period.

18. RELATED PARTY DISCLOSURES

IAS 24 defines related parties as those persons and companies that have control or a significant influence over the other party.

The structure of the JOST Group, including the subsidiaries and the joint venture, as of March 31, 2020, has changed compared to December 31, 2019 as a result of the acquisition of Ålö Holding AB and its subsidiaries. The following entities were acquired in this context. The list includes information on their registered offices and the equity interest acquired.

- Ålö Holding AB, Umeå, Sweden (100%)
- Ålö Group AB, Umeå, Sweden (100%)
- Ålö Intressenter AB, Umeå, Sweden (100%)
- Ålö AB, Umeå, Sweden (100%)
- Alö Deutschland Vertriebs-GmbH, Dieburg, Germany (100%)
- Alo Danmark A/S, Skive, Denmark (100%)
- Ålö Norge A/S, Rakkestad, Norway (100%)
- Alo UK Ltd, Droitwich, United Kingdom (100%)
- Alo France S.A.S., Blanzac-Les-Matha, France (100%)
- Agroma S.A.S., Blanzac-Les-Matha, France (100%)
- Alo Canada Inc, Vancouver, Canada (100%)
- Alo USA Inc, Elgin, IL, USA (100%)
- Alo Tennessee Inc, Telford, TN, USA (100%)
- Alo Agricult. Machinery (Ningbo) Co. Ltd., Ningbo, PR China (100%)
- Alo Trading (Ningbo) Co. Ltd., Ningbo, PR China (100%)
- Alo Brasil Ltda, Brazil (100%)

The **Management Board** comprises the following members, who are all related parties within the meaning of IAS 24:

Joachim Dürr, Diplom-Ingenieur, Dachau
Chairman of the Management Board
Chief Executive Officer

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

Dr. Christian Terlinde, Diplom-Kaufmann, Dinslaken
Chief Financial Officer

The **Supervisory Board** consists of the following persons:

Manfred Wennemer
(Chair)

Prof. Dr. Bernd Gottschalk
(Deputy Chair)

Natalie Hayday

Rolf Lutz

Jürgen Schaubel

Klaus Sulzbach

There were no other material changes to existing transactions or new transactions with related parties during the 2020 reporting period.

19. EVENTS AFTER THE REPORTING DATE

There were no significant, reportable events after the reporting date.

REVIEW

This interim report was neither audited according to Section 317 HGB nor reviewed by auditors.

Neu-Isenburg, May 14, 2020

Joachim Dürr Dr. Ralf Eichler Dr. Christian Terlinde

FINANCIAL CALENDAR

JULY 1, 2020
ANNUAL GENERAL MEETING

AUGUST 13, 2020
INTERIM REPORT
H1 2020

NOVEMBER 12, 2020
INTERIM REPORT
9M 2020

Publishing Information

Contact
JOST Werke AG
Siemensstraße 2
63263 Neu-Isenburg
Germany
Phone: 0049-6102-295-0
Fax: 0049-6102-295-661
www.jost-world.com

Investor Relations
Romy Acosta
Investor Relations
Phone: 0049-6102-295-379
Fax: 0049-6102-295-661
romy.acosta@jost-world.com

Consulting, Concept & Design
Silvester Group
www.silvestergroup.com

JOST Werke AG
SIEMENSSTRASSE 2
63263 NEU-ISENBURG
GERMANY

PHONE: 0049-6102-295-0
FAX: 0049-6102-295-661

WWW.JOST-WORLD.COM