

GESCO AG  
Half-year interim report  
1 January to 30 June 2022



**Q2**  
**2022**

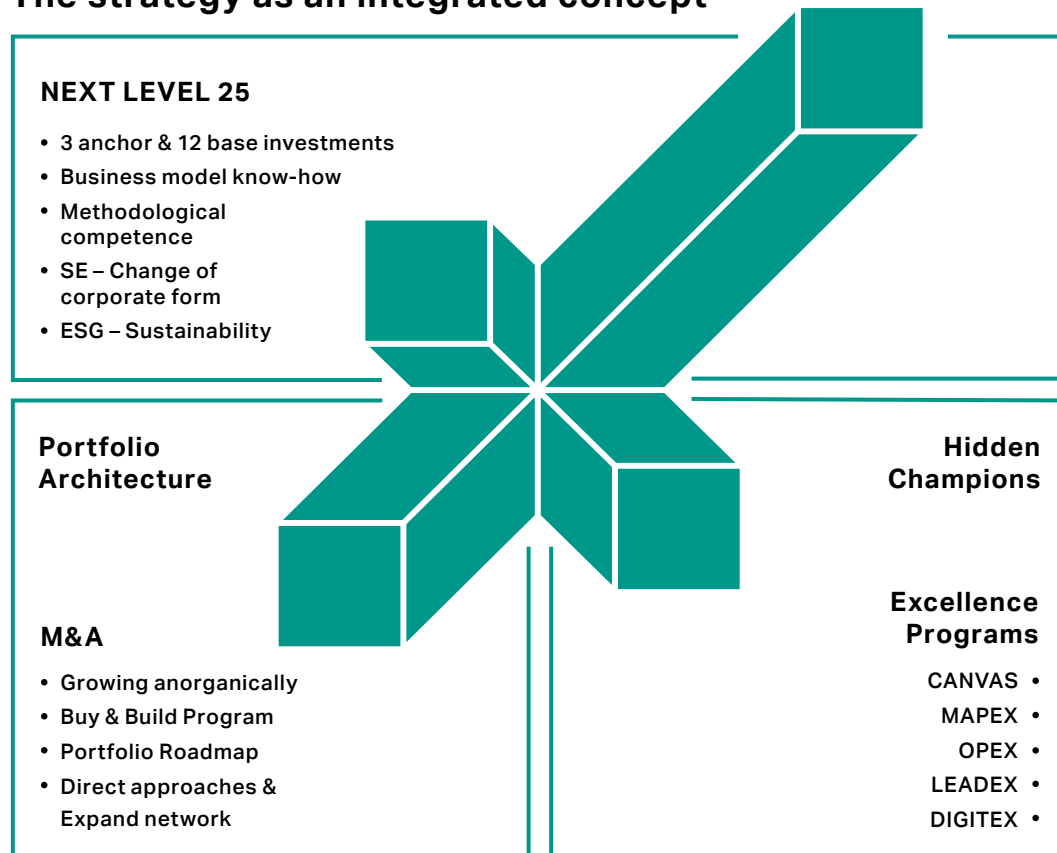
# Strategy NEXT LEVEL 25 – In Leadership

In autumn 2018, the Executive Board and Supervisory Board of GESCO AG developed and adopted the “NEXT LEVEL” strategy. Based on a jointly developed vision for GESCO as a group of “hidden champions”, the strategy defines key directions for the strategic and operational development of the Group in the coming years.

In 2022, GESCO expanded the strategy framework with the NEXT LEVEL 25 strategy and specified the targets to be achieved by 2025: Group sales are to be developed to € 1 billion with a 10 % EBIT margin. This increase in turnover is to be achieved through both organic and inorganic growth. By 2025, the investment portfolio is to be expanded to 3 anchor investments and 12 basic investments.

In addition to the established excellence programmes to expand market share and increase operating performance, the digitalisation of GESCO Group will continue to drive performance in the future. In this context, both digital business models and digital workflows will be increasingly focused on to increase efficiency. The second key element is our ESG strategy, which will take on increasing importance both at GESCO and in the markets we address.

## The strategy as an integrated concept



... € 1 billion sales with 10 % EBIT

# The essentials at a glance

- Outlook 2022: Sales and net earnings expected at the upper end of the range
- Gratifying order intake and increase in sales
- EBIT margin further expanded
- Positive effects from excellence programmes
- Group earnings doubled in H1/2022

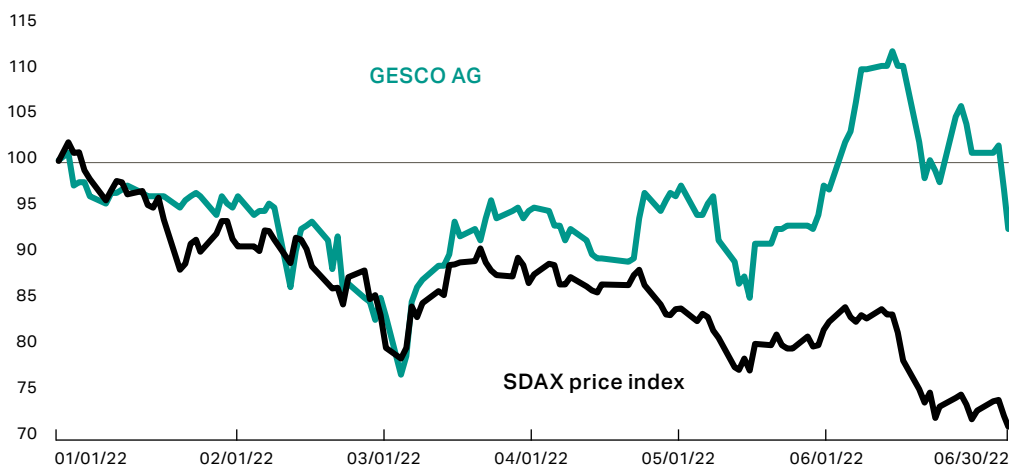
## GESCO Group at a glance

Key figures

T€	01/01/2022 – 06/30/2022	01/01/2021 – 06/30/2021 (continued)	Change (in %)
Incoming orders	318,713	274,508	16.1
Sales	291,364	228,079	27.7
EBITDA	34,842	23,411	48.8
EBIT	25,873	15,235	69.8
EBIT margin (in %)	8.9	6.7	220 bp
EBT	26,556	14,571	82.3
Group earnings <sup>1)</sup>	16,817	8,236	> 100.0
Earnings per share (in €)	1.55	0.76	> 100.0
Closing price (in €) <sup>2)</sup>	23.90	15.25	56.7
Employees <sup>3)</sup>	1,816	1,744	4.1

<sup>1)</sup> After minority interests. <sup>2)</sup> XETRA closing price on the balance sheet date. <sup>3)</sup> Number as at the balance sheet date.

## Share price development in the reporting period



Source: Bloomberg, share price developments indexed, in %.

# Letter to the shareholders

**Dear shareholders, ladies and gentlemen,**

In February this year, a supposed stability in the world has started to move and we are all confronted with the manifold consequences.

What previously seemed self-evident – such as security of energy supply – is now just one of the major challenges.

We are countering the current difficult framework conditions by actively seeking opportunities and taking advantage of the scope that presents itself. However, we also try to identify risks at an early stage in order to be able to react. It is essential for GESCO Group to further increase the speed at which it adapts to a wide range of challenges. With our Excellence Programmes in the subsidiaries, we have contributed to GESCO Group being more resilient today than ever before. The first half of 2022, in which GESCO Group performed well, should also be seen against this backdrop.

Once again, significant improvements were achieved in all KPIs (key performance indicators) compared to the same period of the previous year, even taking into account the UMT holding company that joined the Group in June 2021. Order intake (H1/2022: € 318.7 million; H1/2021: € 274.5 million) and sales (H1/2022: € 291.4 million; H1/2021: € 228.1 million) increased by 16% and 28% respectively compared to the same period last year. The continued positive book-to-bill ratio (ratio of incoming orders to sales) of around 1.09 is evidence of the good demand in H1/2022. Consolidated net earnings rose disproportionately to more than double (H1/2022: € 16.8 million; H1/2021: € 8.2 million).

The main drivers in the first half of 2022 are the now more visible progress in the subsidiaries through the Excellence Programmes and the timely and consistent passing on of the in part significant inflation in materials and energy. Our companies reacted early, especially in the situation of unstable supply chains, and were able to implement the good order situation. Delivery reliability has the highest priority in today's production processes and thus the close monitoring of supply chains in order to be able to react quickly. We have adapted our stockpiling strategy to the situation in order to fulfil our orders and ensure our ability to deliver.

The positive development compared to the previous year was additionally supported by the lower tax rate, which is based on the tax optimisation of GESCO Group's structure in Germany carried out last year.

## **Annual General Meeting on 24 August 2022**

This year's Annual General Meeting of GESCO AG will take place on 24 August 2022 at 10:00 a.m. in the Stadthalle Wuppertal as a presence event. We are particularly pleased to once again welcome you in person at our AGM. The personal exchange with you at the General Meeting is an essential part of our investor relations work that we do not want to do without in the future. You must register by the end of 17 August 2022 at the latest. If you are unable to attend the Annual General Meeting, we would be very pleased if you could still exercise your voting rights.

As announced, the Executive Board and the Supervisory Board propose a dividend of EUR 0.98 per share. In our opinion, this takes into account the justified interest of our shareholders in an appropriate participation in the Company's success on the one hand and maintains our financial framework for upcoming acquisitions on the other.

As you can also see from the invitation to the Annual General Meeting, we are proposing to convert GESCO AG into an SE. The reason for this change in legal form is primarily our goal of making the Group more international in the coming years. We are also increasingly involved in cross-border acquisitions and can better meet possible reservations of our dialogue partners with a public limited company under European law. GESCO was already an international company when it was founded, but the legal form of an SE was not yet established at that time. For you as shareholders, nothing will change with the exception of the new corporate form designation. As a further incentive for you to attend our Annual General Meeting this year, we have asked the managing directors of our subsidiaries to present their companies to you in a "market place".

**Outlook 2022:**  
**Sales and net earnings expected at the upper end of the range**

We started the second half of the year with a good first half behind us. In addition, we are still on track to achieve our communicated goals for the current business year.

The challenges that have already accompanied us in the first half of the year are still present. We are closely monitoring the supply situation, both in terms of supply chains and energy. Our companies are providing the best possible support in efforts to save energy. Like almost every other company, GESCO Group subsidiaries are all part of supply chains. If there are disruptions due to energy shortages, for example, this can also affect companies that are actually coping well with the supply situation. Nevertheless, the effects of an energy bottleneck are very difficult to estimate and therefore the dynamics of the current situation do not allow any more precise statements regarding the possible extent on our subsidiaries.

Despite these challenging conditions, we remain confident about the current financial year. Therefore, we reaffirm our outlook for the full year 2022, but specify that we expect to reach the upper range for Group sales (€ 565 to 585 million) and Group earnings (€ 28.0 to 30.5 million). This forecast does not take into account planned acquisitions.

We continue to focus on our medium-term goal within the framework of our NEXT LEVEL 25 strategy; for 2025, we are aiming for sales of € 1 billion with an EBIT margin of 10 % with 3 anchor participations and 12 basic participations.

We look forward to welcoming you in person to our physical Annual General Meeting to shape GESCO's path with you.

Wuppertal, August 2022

A handwritten signature in black ink, appearing to read 'R. Rumberg', with a horizontal line underneath.

Ralph Rumberg  
CEO

## Changes in the scope of consolidation

In June 2021, GESCO AG acquired 100 % of the shares in United MedTec Holding GmbH, Bückeberg, with its subsidiaries W. Krömker GmbH and Tragfreund GmbH (together UMT Group). In the same period of the previous year, UMT Group was included in the income statement for one month; in the reporting period, it was included for a full period for the first time.

With effect from 1 January 2022, the stainless steel specialist HUBL GmbH was reorganised into the former Production Process Technology segment. In order to underpin the associated focus on process technology, the Production Process Technology segment was consequently renamed Process Technology. HUBL GmbH was previously assigned to the Health and Infrastructure Technology segment.

In February 2022, GESCO AG acquired the shares in the inactive “Blitz 21-339 GmbH, Munich”. The company was subsequently renamed INEX-solutions GmbH. In March 2022, GESCO transferred its shares in the companies Hubl GmbH, Vaihingen Enz, Sommer & Strassburger Edelstahlanlagenbau GmbH & Co. KG, Bretten and So-Straw Verwaltungs-GmbH, Bretten to INEX-solutions GmbH.

In March 2022, GESCO AG took over the 5 % share in Dörrenberg Edelstahl GmbH held by Dr Frank Stahl, who had been the managing partner for many years and had left the company.

UMT Holding founded a subsidiary in the USA in June 2022. The capital has not yet been paid in and consolidation has not yet taken place.

## Business performance, sales and earnings development in the Group

GESCO Group companies experienced a continuation of the previous year’s pleasing business development in the first half of 2022. Key drivers for the positive business development were the business with stainless steel products for biotechnology, the semiconductor industry and the supply for biogas plants. Also worth mentioning is the continued very positive business expansion at the Setter Group as part of the sustainability efforts to avoid plastic waste. Also in other companies, such as our mechanical engineering companies, the business volume was clearly above the previous year’s period. Overall, all segments recorded a pleasing development.

€ **291.4** million

sales were generated by the GESCO Group in the reporting period, 27.7 % more than in the same half of the previous year.



GESCO Group's incoming orders reached € 318.7 million in the reporting period and were thus above the previous year's figure of € 274.5 million (+ 16.1% vs. H1/2021). Group sales amounted to € 291.4 million and significantly exceeded the previous year's half-year by 27.7% (H1/2021: € 228.1 million).

Due to the partly significant increase in material prices, this resulted in a cost of materials ratio of 58.5% compared to 55.7% in the same period of the previous year. The personnel expense ratio was reduced from 24.1% to 21.0%, among other things due to the efficiency improvements, with absolute personnel expenses rising by 11.0%. Other operating income was higher than in the same period of the previous year, as were other operating expenses, which, however, developed disproportionately low compared to sales. In view of the sanctions introduced in connection with the Ukraine conflict, the corresponding receivables from affected orders of the subsidiaries were partially written down. Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached € 34.8 million in the reporting period (H1 2021: € 23.4 million).

Depreciation increased moderately in absolute terms, but remained proportionately below the previous year. There was no unscheduled depreciation. At € 25.9 million, EBIT in the reporting period was significantly higher than in the same period of the previous year (H1/2021: € 15.2 million). The margin increased by 2.2 percentage points to 8.9% (H1/2021: 6.7%).

**€ 16.8 million**

**consolidated net earnings after minority interests were achieved (H1/2021: € 8.2 million). This results in earnings per share of € 1.55 (H1/2021: € 0.76).**

With an improved financial result and a tax rate of now 31.0% (H1/2021: 36.4%) resulting from an optimised Group structure in 2021 and a newly concluded profit and loss transfer agreement, Group net earnings after minority interests was € 16.8 million (H1/2021: € 8.2 million). Earnings per share for continuing operations reached € 1.55 in the reporting period (H1/2021: € 0.76).

## Development of the segments

GESCO AG reclassified the stainless steel specialist HUBL GmbH into the former Production Process Technology segment with effect from 1 January 2022. In order to underpin the associated focus on process technology, the Production Process Technology segment was consequently renamed Process Technology. Previously, HUBL GmbH was assigned to the Health and Infrastructure Technology segment. The comparative figures for the previous year were adjusted accordingly in the (Production) Process Technology and Health and Infrastructure Technology segments.



**For the year as a whole, we expect a stable development in machinery and plant construction.**

The **Process Technology segment** achieved an order intake of € 62.2 million in the reporting period, which led to a significantly increased order backlog of € 71.9 million as at the reporting date (H1/2021: € 54.7 million). Segment sales increased by 38.0 % from € 35.3 million in the first half of the previous year to € 48.7 million. As is usual in this segment, the production of machines and plants was started, which will only be completed in the further course of the year and thus have an

effect on sales and earnings. Therefore, the EBIT margin is usually lower in the first half of the year than in the second half and amounted to 8.6 % (H1/2021: 6.6 %). EBIT reached € 4.2 million in the reporting period after € 2.3 million in the same period of the previous year (H1/2021). All companies of the segment Process Technology drove the significant increase in sales and the positive earnings development. For the full year 2022, we expect a stable development in machine and plant construction, as well as an increase in sales due to attractive growth in stainless steel processing. Compared to the previous year, the segment should therefore show an increase in sales and earnings for the year as a whole.



**The Resources Technology segment also performed well in the reporting period.**

The **Resources Technology segment** also performed well in the reporting period, with material price increases having a significant impact on the key figures. Order intake amounted to € 174.0 million and increased by 17.7 % compared to the same period of the previous year (H1/2021). Sales grew by 25.9 % from € 134.1 million (H1/2021) to € 168.9 million. Segment EBIT amounted to € 21.7 million after € 13.0 million in the comparable period.

The segment's EBIT margin increased accordingly from 9.7% (H1/2021) to 12.9%. As a result of the stable to good demand and the material price effects in the tool and strip steel segment on the one hand and the sanction-related impairments and the continuing supply bottlenecks on the other, we expect a pleasing increase in sales and earnings for the full year compared to the previous year in the mix of influencing factors.



**Order intake in the segment developed favourably overall and improved by 21.2% to € 82.5 million compared to the same period of the previous year.**

The **Health and Infrastructure Technology segment** was characterised by different influences in the first half of 2022. While paper converting continued to benefit strongly from the sustainability trend, series producers were hit by material price increases despite a good order situation. The special situation in hospitals, which continues to be caused by the pandemic, resulted in a reluctance to invest, which we are increasingly using for the merger of the UMT sites.

Against this backdrop, order intake in the segment developed favourably overall and improved by 21.2% to € 82.5 million compared to the same period of the previous year. As a result, the order backlog rose to € 54.4 million at the end of the half-year (H1/2021: € 46.6 million).

Sales rose to € 73.8 million in the reporting period (H1/2021: € 58.7 million). EBIT reached the same level as in the same period of the previous year at around € 6.6 million. Influenced mainly by material price effects, the segment's EBIT margin declined to 9.0% (H1/2021: 11.2%). For the full year, we expect an increase in sales with stable absolute EBIT.

## Financial and asset position

As of the balance sheet date, the balance sheet total of € 479.4 million was just under 7 % above the level at the beginning of the financial year of € 449.5 million. Non-current assets remained almost unchanged, while current assets increased by around 13 % from € 260.0 million to € 293.4 million. At € 40.4 million, cash and cash equivalents recorded a decline of € 17.4 million. The main reason for this decline is on the one hand the increase in value and the build-up of inventories, which takes into account the increased sales but also the disrupted supply chains. On the other hand, the decrease in liquid funds is due to the higher reporting of receivables and other assets.

The balance sheet ratios remain extremely solid and the gearing ratio low. The equity ratio of 56.4 % as of the reporting date was slightly below the figure as of 31 December 2021 (56.9 %), despite an increase in equity, due to the almost 7 % increase in total assets. Non-current liabilities were reduced by 9.7 % by decreasing liabilities to banks and lower provisions for pensions.

Along with the significant increase in orders on hand and sales, current liabilities also increased by 17.6 % to € 147.2 million. Trade payables (+ 72.3 %) and other liabilities (+ 12.6 %) increased the most.

## Staff

As at the reporting date, GESCO Group employed a total of 1,816 people in its continuing operations (continuing operations as at 30 June 2021: 1,744). Compared to the figure of 1,783 as at 31 December 2021, the Group workforce thus increased by just under 2 % in the reporting period.

Overall, the workforce in the Resources Technology segment remained almost unchanged compared to the previous year's reporting date, whereas the Process Technology segment saw an increase of around 7 % and the Health and Infrastructure Technology segment increased by around 5 %.

# 1,816

people were employed by GESCO Group as at the reporting date.

## Opportunities and risks

The general statements on opportunities and risks as well as the presentation of specific individual risks in the consolidated financial statements as at 31 December 2021 essentially remain valid and we therefore refer to the detailed presentation in the annual report for the 2021 financial year. The report can be found on the Internet at [www.gesco.de/en/investor-relations/financial-reports](http://www.gesco.de/en/investor-relations/financial-reports).

In addition, the impact of the sanctions imposed by the EU in connection with the Ukraine conflict cannot yet be fully predicted, including for the GESCO companies. In particular, the significant price increases, the possible further distortions in the global supply chains, the already significantly increased energy prices and possible energy bottlenecks could all have a major impact on business development. Furthermore, it is becoming apparent that the Corona pandemic will not be overcome in the third year.

As the extent of the factors in their mutually influencing effect cannot be estimated, the resulting overall risk is also difficult to calculate. So far, the GESCO subsidiaries have been able to hold their own in the face of the current challenges.

## Outlook

In May 2022, GESCO last confirmed the outlook for the financial year 2022. After a good business performance in the first half of the year, we continue to look to the current financial year with confidence despite the known challenges and under the premise of a stable energy supply. Therefore, we confirm the outlook for the entire 2022 financial year and specify that we expect to achieve the upper range for consolidated sales (€ 565 to 585 million) and consolidated net earnings (€ 28.0 to 30.5 million). Both target ranges are before M&A activities and without changes in the scope of consolidation.

Expectations for the 2022 financial year can of course change at short notice if one of the known influencing factors becomes significantly worse.

## Events after the end of the reporting period

No further events of particular significance occurred after the end of the reporting period.

# GESCO Consolidated balance sheet

T€	06/30/2022	12/31/2021
<b>Assets</b>		
<b>A. Non-current assets</b>		
I. Intangible assets		
1. Industrial property rights and similar rights and assets as well as licences to such rights and assets	26,479	28,002
2. Goodwill	38,994	38,806
3. Prepayments	57	146
	<b>65,530</b>	<b>66,954</b>
II. Tangible assets		
1. Land and buildings	57,950	59,361
2. Technical plant and machinery	28,045	28,800
3. Other plant, fixtures and fittings	15,080	15,616
4. Prepayments and assets under construction	2,890	2,589
	<b>103,965</b>	<b>106,366</b>
III. Financial investments		
1. Shares in affiliated companies	0	0
2. Shares in companies recognised at equity	2,447	2,123
3. Investments	156	156
4. Other loans	9,371	9,371
	<b>11,974</b>	<b>11,650</b>
IV. Other assets	191	183
V. Deferred tax assets	4,321	4,410
	<b>185,981</b>	<b>189,563</b>
<b>B. Current assets</b>		
I. Inventories		
1. Raw materials, supplies and consumables	43,877	36,953
2. Unfinished products and services	29,828	26,883
3. Finished products and goods	82,927	60,243
4. Prepayments	810	758
	<b>157,442</b>	<b>124,837</b>
II. Receivables and other assets		
1. Trade receivables	84,288	68,433
2. Amounts owed by affiliated companies	2,617	2,098
3. Amounts owed by companies recognised at equity	344	364
4. Other assets	6,632	5,469
	<b>93,881</b>	<b>76,364</b>
III. Cash and credit with financial institutions	40,354	57,714
IV. Accounts receivable and payable	1,716	1,057
	<b>293,393</b>	<b>259,972</b>
	<b>479,374</b>	<b>449,535</b>

T€	06/30/2022	12/31/2021
<b>Equity and liabilities</b>		
<b>A. Equity</b>		
I. Subscribed capital	10,839	10,839
II. Capital reserves	72,398	72,398
III. Revenue reserves	178,621	164,479
IV. Own shares	- 455	0
V. Other comprehensive income	- 1,068	- 4,448
VI. Minority interests (incorporated companies)	9,899	12,466
	<b>270,234</b>	<b>255,734</b>
<b>B. Non-current liabilities</b>		
I. Minority interests (partnerships)	8	51
II. Provisions for pensions	8,612	11,932
III. Other non-current provisions	505	494
IV. Liabilities to financial institutions	27,696	32,343
V. Lease liabilities	15,863	16,034
VI. Other liabilities	812	996
VII. Deferred tax liabilities	8,442	6,761
	<b>61,938</b>	<b>68,611</b>
<b>C. Current liabilities</b>		
I. Other provisions	7,863	8,508
II. Liabilities		
1. Liabilities to financial institutions	49,058	43,997
2. Lease liabilities	3,443	3,238
3. Trade payables	27,108	15,735
4. Payments received on account of orders	18,685	16,822
5. Liabilities to affiliated companies	853	1,391
6. Liabilities to companies recognised at equity	0	0
7. Other liabilities	39,782	35,344
	<b>138,929</b>	<b>116,527</b>
III. Accounts receivable and payable	410	155
	<b>147,202</b>	<b>125,190</b>
	<b>479,374</b>	<b>449,535</b>

# GESCO Consolidated Profit and Loss account for the first half year (1 January to 30 June)

T€	01/01/2022 – 06/30/2022	01/01/2021 – 06/30/2021
<b>CONTINUING OPERATIONS</b>		
<b>Sales revenues</b>	<b>291,364</b>	<b>228,079</b>
Change in stocks of finished and unfinished products	3,543	628
Other company-produced additions to assets	326	250
Other operating income	4,268	2,616
<b>Total income</b>	<b>299,501</b>	<b>231,573</b>
Material expenses	-170,492	-126,995
Personnel expenses	-61,105	-55,036
Other operating expenses	-31,540	-26,085
Impairment losses on financial assets	-1,522	-46
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>34,842</b>	<b>23,411</b>
Amortisation of intangible assets and depreciation on property, plant and equipment	-8,969	-8,176
<b>Earnings before interest and tax (EBIT)</b>	<b>25,873</b>	<b>15,235</b>
Earnings from investments	1,034	0
Earnings from companies valued at equity	480	186
Income from lending financial assets	180	0
Other interest and similar income	5	181
Interest and similar expenses	-1,038	-1,028
Third-party profit share in partnerships	22	-3
<b>Financial result</b>	<b>683</b>	<b>-664</b>
<b>Earnings before tax (EBT)</b>	<b>26,556</b>	<b>14,571</b>
Taxes on income and earnings	-8,240	-5,301
<b>Earnings from continuing operations</b>	<b>18,316</b>	<b>9,270</b>
<b>Earnings from discontinued operations</b>	<b>0</b>	<b>-19</b>
<b>Consolidated earnings</b>	<b>18,316</b>	<b>9,251</b>
of which:		
<b>Shares held by third parties in incorporated companies</b>		
Earnings from continuing operations	1,499	1,034
Earnings from discontinued operations	0	-6
	<b>1,499</b>	<b>1,028</b>
<b>Shares held by GESCO shareholders</b>		
Earnings from continuing operations	16,817	8,236
Earnings from discontinued operations	0	-13
	<b>16,817</b>	<b>8,223</b>
<b>Earnings per share (€)</b>		
From continuing operations	1.55	0.76
From continuing and discontinued operations	1.55	0.76



# GESCO Group Consolidated Statement of Income for the second quarter (1 April to 30 June)

T€	04/01/2022 – 06/30/2022	04/01/2021 – 06/30/2021
<b>CONTINUING OPERATIONS</b>		
<b>Sales revenues</b>	<b>153,246</b>	<b>115,448</b>
Change in stocks of finished and unfinished products	- 3,049	1,508
Other company-produced additions to assets	164	127
Other operating income	1,632	1,014
<b>Total income</b>	<b>151,993</b>	<b>118,097</b>
Material expenses	- 86,060	- 64,676
Personnel expenses	- 30,426	- 27,519
Other operating expenses	- 16,984	- 13,883
Impairment losses on financial assets	- 1,496	- 22
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>17,027</b>	<b>11,997</b>
Amortisation of intangible assets and depreciation on property, plant and equipment	- 4,497	- 4,203
<b>Earnings before interest and tax (EBIT)</b>	<b>12,530</b>	<b>7,794</b>
Earnings from companies valued at equity	343	189
Income from lending financial assets	90	0
Other interest and similar income	2	90
Interest and similar expenses	- 505	- 503
Third-party profit share in partnerships	- 37	- 8
<b>Financial result</b>	<b>- 107</b>	<b>- 232</b>
<b>Earnings before tax (EBT)</b>	<b>12,423</b>	<b>7,562</b>
Taxes on income and earnings	- 3,875	- 2,735
<b>Earnings from continuing operations</b>	<b>8,548</b>	<b>4,827</b>
<b>Consolidated earnings</b>	<b>8,548</b>	<b>4,827</b>
of which:		
<b>Shares held by third parties in incorporated companies</b>		
Earnings from continuing operations	552	640
	<b>552</b>	<b>640</b>
<b>Shares held by GESCO shareholders</b>		
Earnings from continuing operations	7,996	4,187
	<b>7,996</b>	<b>4,187</b>
<b>Earnings per share (€)</b>		
From continuing operations	0.74	0.39
From continuing and discontinued operations	0.74	0.39

# GESCO Consolidated Statement of Comprehensive Income for the first half year (1 January to 30 June)

T€	01/01/2022 – 06/30/2022	01/01/2021 – 06/30/2021
<b>Consolidated annual earnings</b>	<b>18,316</b>	<b>9,251</b>
<b>Revaluation of benefit obligations not impacting income</b>	<b>2,294</b>	<b>344</b>
<b>Items not reclassifiable to the Profit and Loss account</b>	<b>2,294</b>	<b>344</b>
<b>Difference from currency translation</b>		
a) Reclassification to the Profit and Loss account	0	- 6
b) Change in value not affecting profit or loss	1,480	833
<b>Difference from currency translation from companies valued at equity</b>		
a) Reclassification to the Profit and Loss account	0	0
b) Change in value not affecting profit or loss	- 156	- 129
<b>Market valuation of hedging instruments</b>		
a) Reclassification to the Profit and Loss account	0	0
b) Change in value not affecting profit or loss	- 28	- 174
<b>Revaluation reserve</b>		
a) Reclassification to the Profit and Loss account	0	0
b) Change in value not affecting profit or loss	0	0
<b>Items reclassifiable to the Profit and Loss account</b>	<b>1,296</b>	<b>524</b>
<b>Other comprehensive income</b>	<b>3,590</b>	<b>868</b>
<b>Comprehensive income for the period</b>	<b>21,906</b>	<b>10,119</b>
of which shares held by third parties in incorporated companies	1,518	1,159
of which shares held by GESCO shareholders	20,388	8,960

# GESCO Consolidated Cash Flow statement for the first half year (1 January to 30 June)

T€	01/01/2022 – 06/30/2022	01/01/2021– 06/30/2021
<b>Group net loss / income for the period (including share attributable to minority interests in incorporated companies)</b>	<b>18,316</b>	<b>9,251</b>
Amortisation of intangible assets and depreciation on property, plant and equipment	8,969	8,176
Earnings from companies valued at equity	- 480	- 186
Share attributable to minority interests in partnerships	- 22	3
Decrease in non-current provisions	- 174	- 174
Other non-cash income	50	206
<b>Cash flow for the year</b>	<b>26,659</b>	<b>17,276</b>
Gains from the disposal of tangible / intangible assets	- 27	-26
Gains from the disposal of financial assets	0	- 291
Increase / decrease in inventories, trade receivables and other assets	-49,832	- 10,102
Increase in trade payables and other liabilities	16,631	21,712
<b>Cash flow from ongoing business activity</b>	<b>- 6,569</b>	<b>28,569</b>
Incoming payments from disposals of tangible / intangible assets	570	45
Disbursements for investments in tangible assets	-2,759	-3,556
Disbursements for investments in intangible assets	- 522	- 289
Incoming payments from disposals of financial assets	0	354
Disbursements for the acquisition of consolidated companies and other business units	0	- 27,814
Proceeds from the sale of consolidated companies and other business units	0	3,500
<b>Cash flow from investment activity</b>	<b>- 2,711</b>	<b>- 27,760</b>
Payments for the purchase of own shares	- 455	0
Disbursements to minority interests	- 1,023	- 1,141
Disbursements for the purchase of non-governing shares	- 5,875	0
Incoming payments from taking out (financial) loans	7,724	7,900
Disbursements for the repayment of (financial) loans	- 7,310	-8,921
Disbursements for the repayment of leasing liabilities	- 1,272	-870
<b>Cash flow from funding activity</b>	<b>- 8,211</b>	<b>- 3,032</b>
<b>Changes in cash and cash equivalents</b>	<b>- 17,491</b>	<b>- 2,223</b>
<b>Exchange rate-related changes in cash and cash equivalents</b>	<b>131</b>	<b>96</b>
Cash and cash equivalents on 01/01	57,714	49,226
<b>Cash and cash equivalents on 06/30</b>	<b>40,354</b>	<b>47,099</b>

## GESCO Consolidated Statement of Changes in Equity

T€	Subscribed capital	Capital reserves	Revenue reserves	Own shares
<b>As at 01/01/2021</b>	<b>10,839</b>	<b>72,364</b>	<b>137,871</b>	<b>0</b>
Dividends			0	
Sale of shares in subsidiaries			- 165	
Group net / loss income for the period			8,223	0
<b>As at 06/30/2021</b>	<b>10,839</b>	<b>72,364</b>	<b>145,929</b>	<b>0</b>
<b>As at 01/01/2022</b>	<b>10,839</b>	<b>72,398</b>	<b>164,479</b>	<b>0</b>
Dividends			0	
Acquisition of own shares				- 455
Acquisition of shares in subsidiaries			- 2,675	
Group net loss / income for the period			16,817	0
<b>As at 06/30/2022</b>	<b>10,839</b>	<b>72,398</b>	<b>178,621</b>	<b>-455</b>

## GESCO Group segment report for the first half year (1 January to 30 June)

T€	Process Technology		Resource Technology		Healthcare and Infrastructure Technology	
	01/01/2022 – 06/30/2022	01/01/2021 – 06/30/2021 (adjusted)	01/01/2022 – 06/30/2022	01/01/2021 – 06/30/2021	01/01/2022 – 06/30/2022	01/01/2021 – 06/30/2021 (adjusted)
Order backlog (number / reporting date)	71,868	54,682	114,042	98,230	54,449	46,569
Incoming orders (consolidated)	62,203	58,602	173,995	147,794	82,515	68,111
Sales revenues	48,726	35,303	168,870	134,129	73,774	58,670
of which with other segments	0	16	6	3	0	4
Depreciation and amortisation (annual accounts)	907	946	2,466	2,551	2,030	1,885
EBIT	4,186	2,315	21,748	13,031	6,631	6,594
Investments	1,006	822	1,510	982	725	2,017
Employees (number / reporting date)	540	503	728	718	526	501

	Exchange equalisation items	Revaluation of pensions	Hedging instruments	Total	Minority interests (incorporated companies)	Equity
	-2,220	-3,386	174	215,642	12,128	227,770
				0	-1,097	-1,097
		165		0	-995	-995
	587	324	-174	8,960	1,159	10,119
	-1,633	-2,897	0	224,602	11,195	235,797
	-1,219	-3,215	-14	243,268	12,466	255,734
				0	-813	-813
				-455		-455
	-74	-117		-2,866	-3,272	-6,138
	1,368	2,231	-28	20,388	1,518	21,906
	75	-1,101	-42	260,335	9,899	270,234

	GESCO AG / other companies		Reconciliation		Group	
	01/01/2022 – 06/30/2022	01/01/2021 – 06/30/2021	01/01/2022 – 06/30/2022	01/01/2021 – 06/30/2021	01/01/2022 – 06/30/2022	01/01/2021 – 06/30/2021
	0	0	0	0	240,359	199,481
	0	0	0	0	318,713	274,508
	649	615	-655	-638	291,364	228,079
	649	615	-655	-638	0	0
	154	66	3,412	2,728	8,969	8,176
	-4,937	-3,788	-1,755	-2,917	25,873	15,235
	40	22	1,306	807	4,587	4,650
	22	22	0	0	1,816	1,744

# Explanatory information

## Accounts, accounting and valuation methods

The report on the half-year period (1 January to 30 June 2022) of the financial year 2022 (1 January to 31 December 2022) of GESCO Group was prepared based on the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). It has been prepared in accordance with IAS 34. Unless otherwise stated, the accounting policies applied correspond to those of the consolidated financial statements as at 31 December 2021. The preparation of the financial statements is influenced by recognition and measurement methods as well as assumptions and estimates that affect the amount and presentation of recognised assets, liabilities and contingent liabilities as well as income and expense items. Sales-related items are accrued during the year. The previous year's figures were adjusted due to the segment change of Hubl GmbH.

All accounting standards that are mandatory from the financial year 2022 onwards have been implemented in these interim financial statements. The application of new standards will not have any significant impact on the presentation of GESCO AG's net assets, financial position and results of operations.

## Financial audit

The condensed half-year interim financial statements as at 30 June 2022 and the interim management report and the adjusted previous-year figures were neither audited in accordance with Section 317 German Commercial Code (HGB) nor reviewed by an auditor.

## Information on financial instruments

T€	Book value 06/30/2022	Not in the scope of application of IFRS 9	Application IFRS 9	Of which at fair value	Of which at amortised cost
Financial investments	11,974	2,447	9,527	156	9,371
Receivables	87,249	0	87,249	0	87,249
Other assets	6,823	1,583	5,240	0	5,240
Liquid assets	40,354	0	40,354	0	40,354
<b>Financial assets</b>	<b>146,400</b>	<b>4,030</b>	<b>142,370</b>	<b>156</b>	<b>142,214</b>
Liabilities to financial institutions	76,754	0	76,754	0	76,754
Lease liabilities	19,306	19,306	0	0	0
Trade payables	27,108	0	27,108	0	27,108
Other liabilities	41,447	12,195	29,252	61	29,191
<b>Financial liabilities</b>	<b>164,615</b>	<b>31,501</b>	<b>133,114</b>	<b>61</b>	<b>133,053</b>

T€	Book value 12/31/2021	Not in the scope of application of IFRS 9	Application IFRS 9	Of which at fair value	Of which at amortised cost
Financial investments	11,650	2,123	9,527	156	9,371
Receivables	70,895	0	70,895	0	70,895
Other assets	5,652	1,971	3,681	0	3,681
Liquid assets	57,714	0	57,714	0	57,714
<b>Financial assets</b>	<b>145,911</b>	<b>4,094</b>	<b>141,817</b>	<b>156</b>	<b>141,661</b>
Liabilities to financial institutions	76,340	0	76,340	0	76,340
Lease liabilities	19,272	19,272	0	0	0
Trade payables	15,735	0	15,735	0	15,735
Other liabilities	37,731	10,307	27,424	20	27,404
<b>Financial liabilities</b>	<b>149,078</b>	<b>29,579</b>	<b>119,499</b>	<b>20</b>	<b>119,479</b>

## Assignment of financial instruments to categories according to IFRS 9

T€	Balance sheet recognition		Net results in the income statement	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
<b>IFRS 9 category</b>				
Financial assets measured at fair value included in earnings	156	156	0	0
Financial assets measured at cost of acquisition	142,214	141,661	185	440
<b>Financial assets</b>	<b>142,370</b>	<b>141,817</b>	<b>185</b>	<b>440</b>
Financial liabilities measured at fair value through other comprehensive income	61	20	0	0
Financial liabilities measured at cost of acquisition	133,053	119,479	-992	-1,912
<b>Financial liabilities</b>	<b>133,114</b>	<b>119,499</b>	<b>-992</b>	<b>-1,912</b>



## Statement of the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim 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 principal opportunities and risks associated with the expected development of the Group over the remainder of the financial year.

GESCO AG  
The Executive Board

Wuppertal, August 2022

# Financial calendar

## **12 August 2022**

Publication half-year report 2022

## **24 August 2022**

Ordinary Annual General Meeting  
(Wuppertal)

## **05 – 06 September 2022**

Autumn Conference  
(Equity Forum, Frankfurt)

## **15 September 2022**

Zurich Capital Markets Conference  
(ZKK, Zurich)

## **14 November 2022**

Publication quarterly statement Q3/2022

## **15 – 16 November 2022**

Munich Capital Markets Conference  
(MKK, Munich)

## **28 – 30 November 2022**

German Equity Forum  
(Frankfurt)

# Contact

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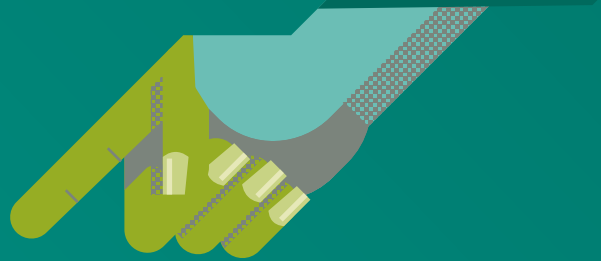
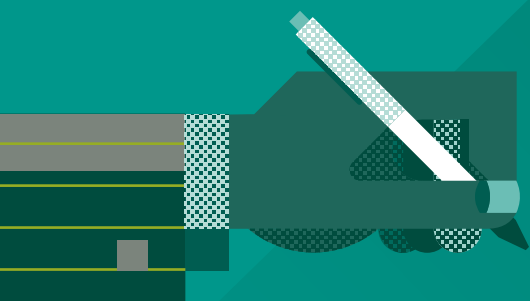
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you to our permanent mailing list.

## **Important notice:**

This interim report contains forward-looking statements based on current assumptions and forecasts made by the Executive Board of GESCO AG. These statements are therefore subject to risks and uncertainties. The actual results and business development of GESCO AG and GESCO Group may differ materially from the estimates made in this interim report. GESCO AG assumes no obligation to update such forward-looking statements or to conform them to future events or developments.

This interim report is the translation of the German report; in case of any discrepancies, the German version of the interim report shall prevail.



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