Speech by
Ralph Rumberg (CEO)
and Kerstin Müller-Kirchhofs (CFO)

at the
Annual General Meeting
of GESCO AG

on 30 June 2021

- check against delivery -

(Mr Ralph Rumberg, CEO)

Thank you, Mr Möllerfriedrich, for your words of praise for our teams, who truly did a terrific job!

Good morning, ladies and gentlemen!

Esteemed shareholders,
esteemed colleagues,
ladies and gentlemen,

I too would like to welcome you to our Annual General Meeting.

Unfortunately, it's a virtual one again for the second time. This year, we're coming to you from the **Forty Four** in Düsseldorf. The **Forty Four** is a **new** location. It stands for **sophisticated** and **modern** architecture – or, in other words: **foresight** and **vision**.

Foresight and vision are two things that the **new GESCO** also stands for. We are still in the middle of a transformation process – the **largest** transformation process in the **company's history**.

That is also the theme for financial year 2021: “In Transition”.

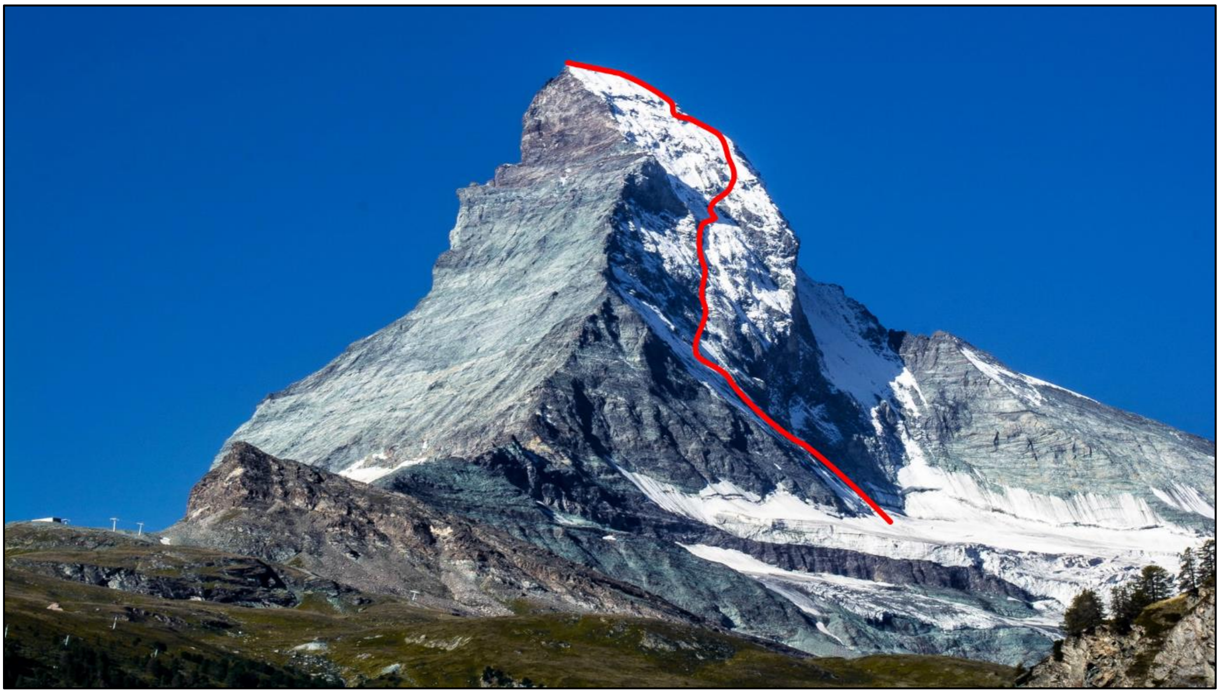
But first an overview. I’ll start with Project Matterhorn – get ready! Then I’ll move onto the NEXT LEVEL strategy and where we stand, followed by the latest topics …
and a **look ahead at 2021**. After that, Kerstin Müller-Kirchhofs will guide you through the figures for financial year **2020** and the business outlook for financial year **2021**.

Our first stop? Financial year 2020 and the biggest highlight: Project Matterhorn, the largest transaction ever at GESCO! Why “Matterhorn”? For us, it was like **ascending** the Matterhorn – for the very first time. And it really felt like climbing the entire 4,478 metres as well.

The project was a big one for us. It was new for GESCO. We had never done anything like it before. **And it was really quite challenging indeed –** just like the first ascent of the Matterhorn back in 1865 by Edward Whymper and his team. Our Matterhorn was just as demanding. For us, it concerned the strategic sale of six companies. And we only had one try!

Just like Whymper. Edward Whymper spent five years exploring the region in order to find the best route. We also took our time at GESCO.

After the **CANVAS** business model analyses, our goal was also to find the **best route**.



In other words, it was about making the right decisions. Still, just a short time later we packed our bags and headed off on our Project Matterhorn.

Edward Whymper was determined to be the first person to climb the Matterhorn. But in 1865, he was overtaken by another rope team that had already started their first ascent of the Matterhorn. He, meanwhile, didn’t even have a team yet.

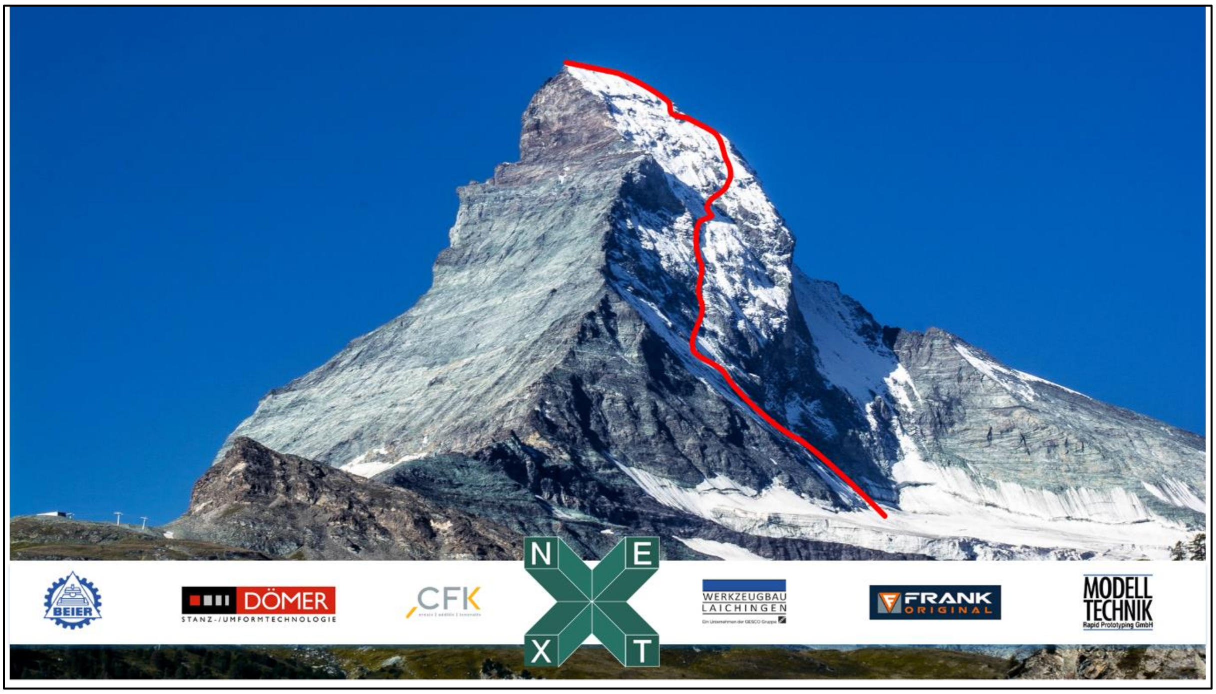
That’s how it was for us too. We also had to be fast. No matter what, we didn’t want the financial situation of the companies we wanted to sell to deteriorate further. When we started the project, we too did not have our rope team yet – our M&A experts. We started putting it together during our ascent, creating a strong and excellent team.

The ascent itself was also rife with uncertainties for Edward Whymper and his team. Some team members even wanted to quit halfway. But Whymper believed firmly in his success. It was the same for us. We had a lot of ups and downs. Sometimes the weather was nasty. Sometimes we had the wind in our face. And some wondered whether we would even make it.

Then there was the coronavirus pandemic, with the first lockdown at just the wrong time for our project. The team hadn’t been fully assembled yet. The travel restrictions prevented us from holding face-to-face meetings, so we had to conduct all of the negotiations virtually.

Also: imagine, if you can, the discussions surrounding the performance of the companies during the Covid pandemic. We're talking about the Mobility segment, after all, which had already been hard hit by the automotive crisis in 2019. Four of the companies to be sold were in troubled water. One of them had already been successfully restructured in 2019.

That brings us back to the Matterhorn. Edward Whymper's team faced a gigantic ice sheet once it reached the glacier. With no way past it, some members of his team once again thought of giving up and heading back. But Edward Whymper didn't give up. He made it and became the first to ascend the 4,478-metre summit. **And we made it too!**



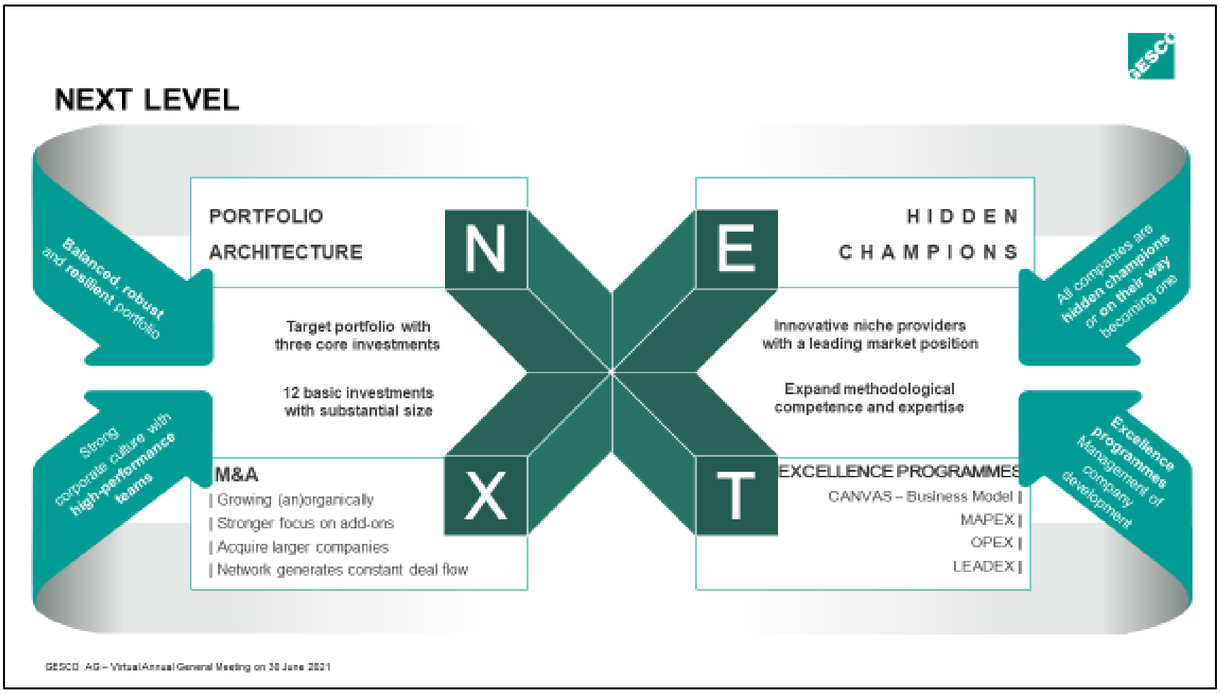
As planned, we sold our six companies: Paul Beier GmbH & Co. KG, Dömer GmbH & Co. KG Stanz- und Umformtechnologie, C.F.K. CNC-Fertigungstechnik Kriftel GmbH, the Werkzeugbau Laichingen Group, the Frank Group and Modell Technik Formenbau GmbH. On 21 December 2020, we ascended the summit of our Project Matterhorn.

By taking this major step, we have given ourselves the freedom **that** we need for the further successful transformation of GESCO. We want to become an **active** and **discerning** shareholder with a wide range of **real** hidden champions. We may have given up € 90 million in sales. But first and foremost, we sold operationally negative EBIT of € 1.3 million as relates to 2020. **The ultimate sales price of € 27 million speaks for itself!**

With Project Matterhorn, we have proved that GESCO is also capable of handling large-scale transactions. And we still have big plans ahead of us with our NEXT LEVEL strategy. We are happy to have successfully mastered Project Matterhorn, and we're delighted to have seen it through to the very end.

Now on to the **NEXT LEVEL** strategy and its status. Project Matterhorn marks a giant step forward for us. You're familiar with the situation from your own lives: before you can buy something new, you need to make room first.

A reminder: What is the driving factor behind our strategy? The Supervisory Board and Executive Board came together at our workshops between October 2018 and January 2019 to develop the new vision for GESCO Group.



We associate four specific aims with this vision. Aim 1: All of our companies are real hidden champions – or are well on their way to becoming one. Aim 2:
Our portfolio is balanced, robust and resilient. Aim 3: Our excellence programmes are firmly anchored at all companies. Aim 4: The GESCO culture is characterised by high-performance teams.

This vision is our guide. It serves as the basis for the NEXT LEVEL strategy, which continues to drive the **most massive transformation** in our company's history.

NEXT LEVEL is based on two pillars: the portfolio architecture and the hidden-champion concept.

Why is the hidden-champion concept so important to us? We think that only the best companies in each industry will be successful in the long term. Because GESCO is a **long-term investor**, and will continue to be, the task we face is **making sure** that **our** companies are still successful five to ten years from now. To ensure that is the case, our companies must lead the market with their own innovations. **That is the most important thing!**

If we do so, then customers will have to choose our products and services, even in the face of disruptive changes like the kind we are experiencing now. Only having this edge **today** will secure the future of our companies. Real hidden champions according to our objectives are leaders in performance and customer satisfaction. That is what makes them particularly profitable, which is why we aim for this position of strength consistently for all companies.

This raises the question: How do we do that? We developed our excellence programmes to this end in 2019. We are incorporating these programmes step by step into the companies and are constantly subjecting them to further development. We are working intensively on their implementation. I'll talk about the first success stories in just a moment.

Here once again, the excellence programmes in a nutshell:

Business model analysis using GESCO's very own CANVAS method, an approach to taking stock of all of the strengths and weaknesses of each company. The objective is to figure out each one's goals and targets – our path **to the top**! The focus is on a common understanding within the management team. We have performed this analysis at all subsidiaries except for one. As I **announced in 2018**, we have consistently made decisions on this basis.

The second excellence programme is our OPEX programme, which stands for "operative excellence". Our goal here is to guarantee an annual increase in the efficiency of the entire organisation to achieve a 3 % increase in sales per employee. That may **not** sound like much. **But if you look at this goal on a year-by-year basis, it is indeed a very sustained increase in value.**

The third excellence programme is called MAPEX. MAPEX stands for “market and product excellence”. This programme aims to increase market share as measured in annual sales growth of at least 3 % over the respective market development.

LEADEX is our fourth programme. It stands for “leadership excellence”. This programme depends on face-to-face meetings, so it has been postponed until after the pandemic.

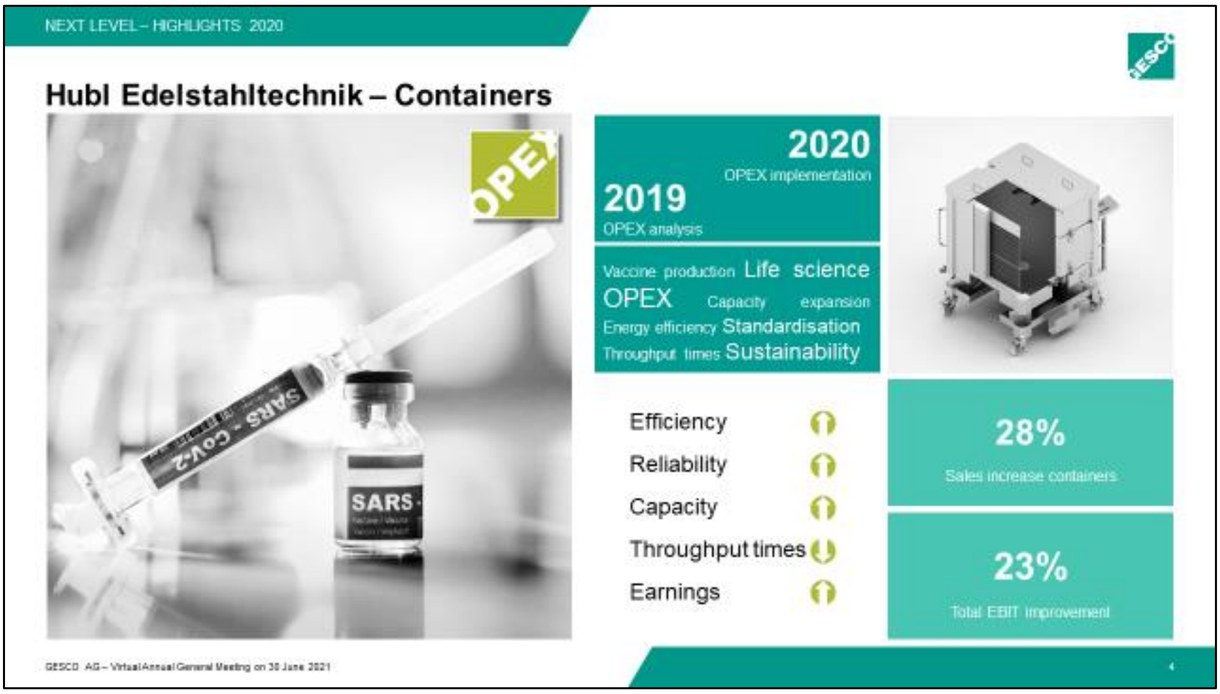
Esteemed shareholders,

With these excellence programmes, we believe we will achieve a stable EBIT margin of 8 % to 10 % for GESCO Group – and do so across market cycles.

What exactly have we achieved so far?

Let’s look at some more highlights from 2020!

The first example: Hubl Edelstahltechnik and our contribution to fighting the pandemic.



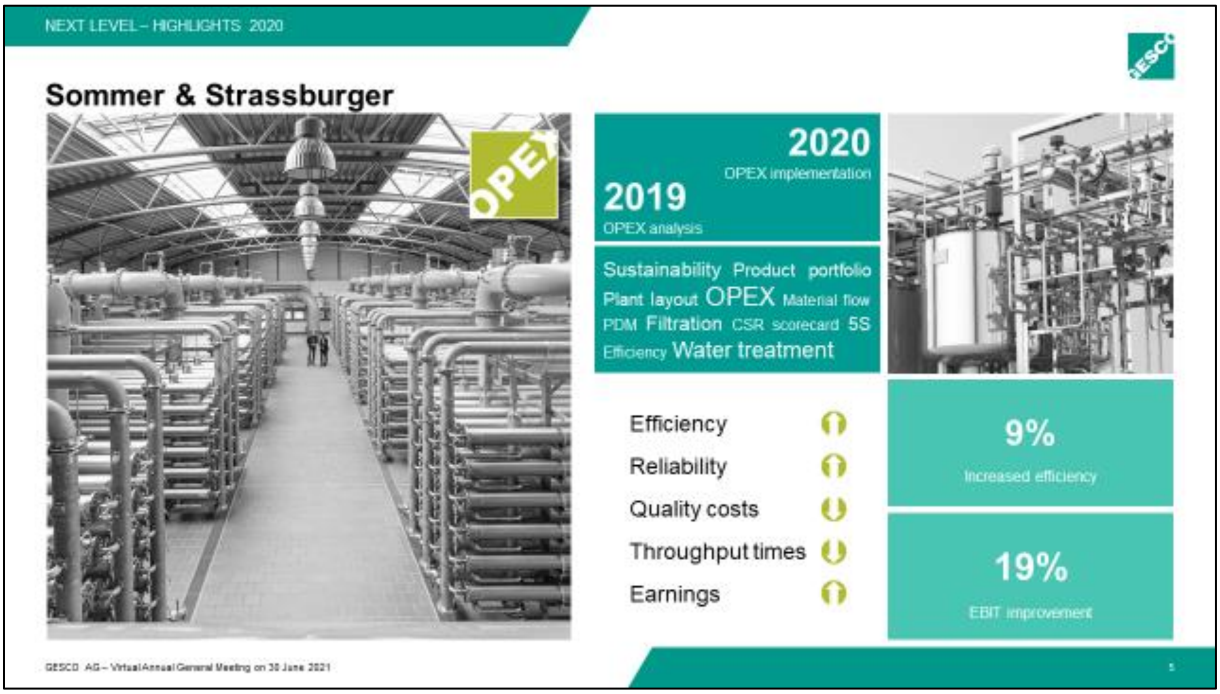
Active ingredients for vaccines are made in these very special containers, seen on the top right, using a **sophisticated biotechnical** process that carries a significantly lower risk than conventional **chemical** production – not only in connection with Covid.

We expect the trend towards **personalised** active ingredient manufacturing to result in further significant growth for our containers. The OPEX measures at Hubl made the successful growth possible **in the first place**. Container sales increased by 28 % in 2020. We even increased production capacity by 45 %. Further capacity expansion is planned for 2021 – by another 40 %!

What makes us particularly happy is that lead time in production is down by 40 %. That indicator has fallen from 14 to eight weeks. Doing so was an essential step in supporting the efforts to fight Covid. For Hubl, it was an important contribution to increasing efficiency.

All in all, Hubl improved EBIT by **23 %**, even compared to the already positive result in 2019.

The second highlight:



We acquired Sommer & Strassburger in August 2018. At the time, it was already a successful company, making its own water treatment filtering technology for drinking water and beverage production, as well as media filters for the pharmaceutical industry.

After its rapid integration, we conducted a CANVAS analysis. During the process, we discovered a few approaches for achieving further improvement. We worked together to launch the OPEX programme in June 2019. The specific outcomes? A 10 % increase in sales in 2019 and a further 10 % in 2020, along with a 9 % increase in efficiency in 2020.

As a result, we exceeded our **OPEX** goal of a 3 % increase in sales per employee by **a factor of three**! This outstanding achievement on the part of the team resulted in a **19 %** rise in EBIT for 2020 compared to the great previous year.

To sum it up, even good companies have the potential to get even better. Or: **OPEX works every time!**

The third highlight:

Pickhardt & Gerlach is an excellent electroplating company. In 2019, we sat down with the management team to explore ways to further expand our market position. As a result of the ideation process, we initiated three specific projects. One of them was Project EMONI.

EMONI stands for “Elektro-Mobilitäts-Nickel”, or “electromobility nickel”, which was developed by Pickhardt & Gerlach as a base material for battery cell connectors. The market is dominated by a single manufacturer – a good chance to expand our market position, but only if our product enables **better performance data**!

An in-house development team rose to the challenge with the support of RWTH Aachen University. The efficiency stands at over 99.9 %, a crucial 0.6 % more than the competition. The true highlight? The EMONI manufacturing process allows us to save **80 kg of CO_2 per tonne** of material.

Given a market need of several tens of thousands of tonnes a year, those savings are a promising foundation to build on. EMONI will continue to fuel the e-mobility trend, and Pickhardt & Gerlach is doing its part to reduce CO_2.

By the way, we also used the excellence programmes to prepare all of the Project Matterhorn companies for sale. At the Frank Group, for example, we carried out the MAPEX programme and won the **Innovation Award** at Agritechnica. We identified new fields of business for Modell Technik Formenbau. And, despite Covid, we generated a better result at Dömer in financial year 2020 than in financial year 2019 thanks to OPEX.

We are **very proud** of the progress we have made thanks to the excellence programmes – and to have done so in 2020, a difficult year.

In 2020, we **dedicated just as much energy** to the **second pillar** of NEXT LEVEL: sophisticated and modern portfolio architecture. What does that mean exactly?

As mentioned, our aim is a **balanced**, **robust** and **resilient portfolio**. Our goal is three anchor investments and twelve basic investments of a substantial size.

For the anchor investments, we expect sales of over € 100 million. For the basic investments, sales of at least € 40 million are substantial. Our goal with this architecture is EBIT of at least 8 % to 10 % over the whole market cycle. The portfolio aims to achieve an ultimate **balance** in the ratio between the sales of the anchor investments and the sales of the basic investments.

We achieve **robustness** through the use of our excellence programmes. **Resiliency** comes from having each anchor investment operate in markets with different cycles, while the basic investments give us wide market coverage with many different segments and market cycles.

Now, you may ask yourself: “Why not **more** than 15 investments?” As an active shareholder with a hidden-champion philosophy, we believe that 15 investments is the ideal size. After all, we want to **personally** and **actively** help oversee the development of the companies going forward. **Moreover, we are looking for the 15 best** instead of staying mired in mediocrity with however many. In Formula 1 racing as well, only the 20 best compete. Sometimes one gets relegated while another gets promoted. Our **road map** has therefore been **charted** – and is being **followed**!

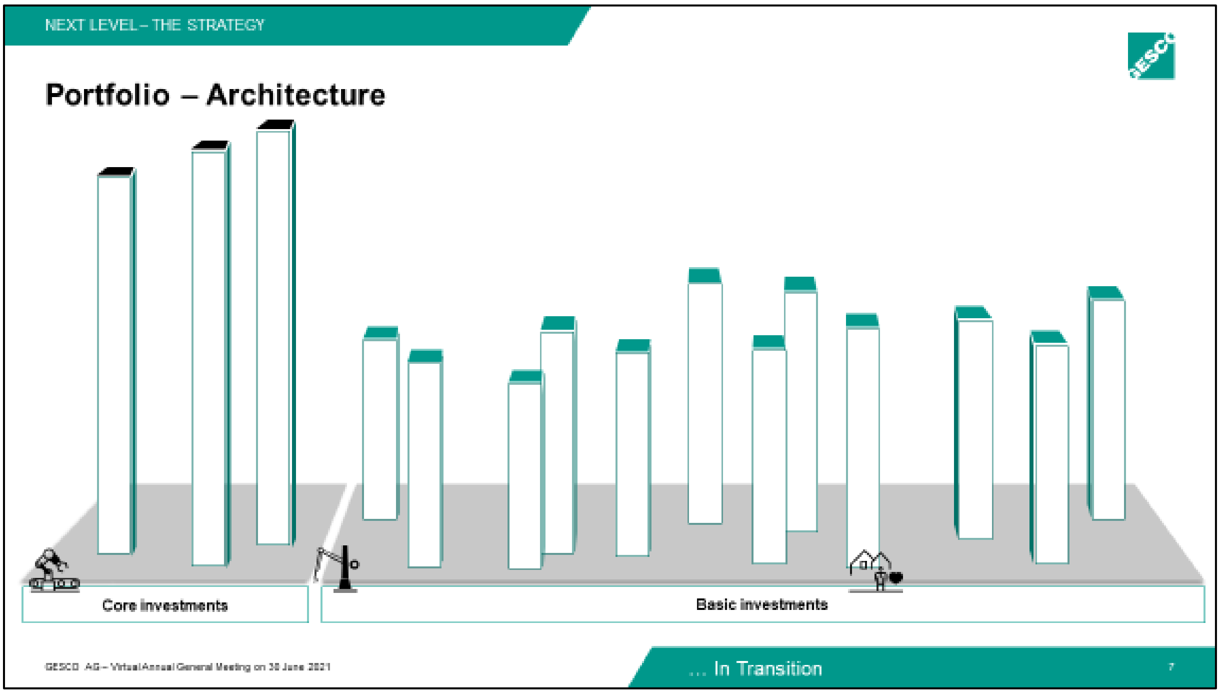
As a result of Project Matterhorn, we have discontinued the Mobility Technology segment. We have strategically sold four companies from a segment that did not seem to us to have a future. We saw no potential for a leading market position, nor did we have a promising outlook.

We parted with **C.F.K.**, as the size of the company and the market didn't offer us any prospects with regard to a substantial basic investment. The decision to sell the **Frank Group** was more difficult to make. The size was there, and the market appeared to be quite interesting. However, the path to the envisaged EBIT margin would have been very rocky. Some structural and expensive changes would have been necessary.

We sold **VWH GmbH** by way of a management buy-out (MBO) in February 2021. Here, we saw no path that would have led us to a substantial basic investment. On the one hand, there were regional ties. On the other, the automotive market is shifting markedly towards low-cost locations. This way, we know VWH is in good hands thanks to the MBO, and we are able to focus our strength on new endeavours.

When it comes to the smaller subsidiaries that do not have the envisaged substantial size, we are working with the management teams to come up with solutions against the backdrop that the markets are changing ever faster. A leading market position is growing more and more important, as companies also have to develop innovations and new products alongside their day-to-day business. To afford that, they need comprehensive expertise and financial substance.

We have sold seven of the 18 investments. **That was a necessary step!** It was essential for the transformation of GESCO Group into a group of **real hidden champions**.
Our focus now lies on **expanding** GESCO Group.



To do so, we have adapted our acquisition criteria in line with the strategy. We are focusing on companies with € 20 million or more in sales and **attractive** expansion potential, all the way up to roughly € 100 million in sales with **sufficient** potential for increasing efficiency through our OPEX programme. For the existing investments, we are looking for add-ons with € 5 million or more in sales.

Our new M&A team has helped us to significantly expand our network, with a focus on directly approaching companies that we have identified through our analyses.

That brings us to **Project London**.

Ladies and gentlemen,

I think you know that project names are assigned by the seller. So the name Project London was already in place. Still, London offers us an opportunity for a nice little analogy. Remember Edward Whymper? Interestingly enough, there is a connection between his first ascent of the Matterhorn and London. London is Edward Whymper's birthplace. The project has also given **birth** to something:

a **new substantial** basic investment.

What’s behind the project?

On 15 June 2021, we acquired a 100 % stake in UMT: United MedTec Holding GmbH. The company is based in the northern German town of Bückeberg. In terms of structure, GESCO has acquired W. Krömker GmbH (the principal operating company) and Tragfreund GmbH, both of which are managed by UMT. The United MedTec Group generated sales of roughly € 20 million with approximately 60 employees in 2020. Within GESCO Group, UMT is assigned to the Healthcare and Infrastructure Technology segment. As the name United MedTec indicates, the company operates in the very attractive medical technology sector.

UMT is the European market leader in support arm systems. What are support arms?

Everything UMT makes is used worldwide at hospitals, especially in operating rooms and intensive care units. **Neither** of those are places where people particularly **want** to spend their time. But when you do end up there, you want to be able to rely fully on the equipment in use. As a result, all of the products must meet high certification standards, which in turn leads to long product and market cycles. That is exactly why we bought UMT.

With the new **SKYDOQ**® suspension arm, UMT has developed an **innovative** and **patented** system that has already received an award for its design.

And this is where things get really interesting: our longest-standing subsidiary, Haseke GmbH & Co. KG, is also active in the suspension arm segment – and has been a leader in the field for years.

Haseke serves the heavy-duty suspension arm segment for carrying loads of 20 kg to 300 kg. The Skydoq® suspension arm is suited for loads of up to 24 kg. So it’s an ideal addition to the portfolio! To take advantage of all the synergies, we will be allocating Haseke to United MedTec in the near future.

Thanks to the different fields of activity, there are also few overlaps when it comes to the customer portfolios – and plenty of growth potential. The fact that the companies are just 15 km apart from each other undoubtedly offers additional potential.

Through this transaction and the allocation of Haseke to United MedTec, we have **given birth** to a **substantial basic investment** in the attractive medical technology segment that we plan to further expand into a **real** hidden champion. The acquisition – in an unusually short space of time, by the way – and the integration of UMT are a **successful next step** on the path to our target portfolio architecture.

Esteemed shareholders,

So much for our progress in a rather unusual financial year 2020 and what has happened so far.

We have cleaned up our portfolio and completed three transactions in the past six months. With UMT and Haseke, we have created a new basic investment with potential for growth and a new home for medical technology. We have already made our portfolio **a great deal more balanced** and **more resilient**.

At our subsidiaries, we have made good progress on the excellence programmes despite substantial travel restrictions. We have achieved remarkable results: At Hubl, we improved EBIT by 23 % in 2020. At Sommer & Strassburger, we improved EBIT by 19 %. And at PGW, we signed more than € 1.5 million in new contracts for 2021 **just** from MAPEX projects. **Tremendous achievements under challenging conditions!**

All of our employees have earned more than just a word of praise for their hard work. We are **very** satisfied with the progress! At the same time, working with so many people at GESCO has been very uplifting and inspiring. Again, allow us to say **thank you!**

Now it’s time to shift our focus to the **current** financial year and its theme: In Transition.

Ladies and gentlemen,

GESCO Group started the current financial year with momentum. Our company is benefiting from the economic recovery.

But the current **tailwind** we are experiencing is the result of the strategic measures, the transactions and our excellence programmes. We significantly increased our results year on year in the first quarter. In 2020, however, we still had 18 companies!

Now, some of you might argue that 2020 was heavily influenced by Covid. Well, then let's compare it with 2019. Both quarters saw net income after minority interest of € 4 million, with 18 companies in 2019 as well. And the economy was still in good shape in the first quarter of 2019. Since then, we have improved our **EBIT** margin by **1.3** percentage points!

We are doing everything we can to keep up **this pace**!

We are also keeping an eye on the current material supply situation and rising material prices. We have been proactive in this area and have so far been largely able to avoid any resulting delivery problems. Depending on the staying power of the economic recovery and the development of the supply situation, we expect a **positive** 2021.

We have the potential to climb even more mountains!

Let's go!

And now my colleague Kerstin Müller-Kirchhofs is here to guide you through financial year 2020.

Thank you very much!

Ladies and gentlemen,

I wish I could say it's nice to see you. But unfortunately I'm limited to extending to you a virtual welcome, albeit no less warmly!

I'd like to start by taking you on a tour through financial year 2020 – with all its peaks and valleys, and highs and lows, to stick to the Matterhorn metaphor.

One technical highlight is clear: that we can once again talk about a **full** financial year following the abbreviated one in 2019, that it contains **periods running concurrently** for both the Group and its subsidiaries, and that it matches the **calendar year**.

As a result, we can do without some of the qualifying statements that we have had to work in here and there in past years.

From an economic perspective, 2020 brought largely difficult conditions for GESCO Group's operating companies. The automotive crisis and reluctance to invest seen in 2019 continued and merged seamlessly with the various stages of the coronavirus pandemic. The VDMA originally expected production in the mechanical and plant engineering industry to decline by 2 % in 2020. In the end, that decline stood at 12 %. Overall, GDP fell by almost 5 %.

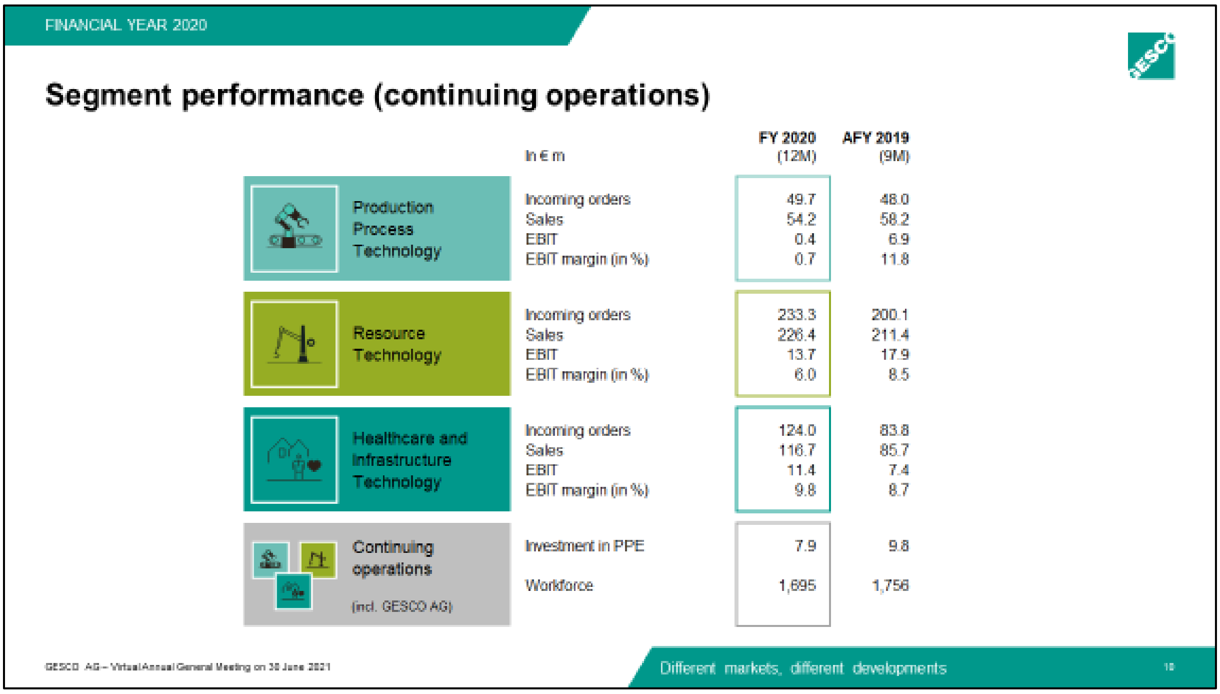
We saw the low point in terms of incoming orders and sales in the second quarter. Lower business volume also means the necessity to adjust capacities accordingly, depending on the individual subsidiary, with a high degree of flexibility provided by the option of short-time work.

During this phase, we too dealt with the questions that were on everybody's minds: How can we organise our work without exposing our teams and business partners to health risks? How can we protect all of us from Covid while still maintaining contact in all directions?

We too have seen working from home and video conferencing become a part of everyday life that we would no longer want to do without, teaching us many lessons in the process. Still, we naturally look forward to being able to combine the best of face-to-face presence and virtual working tools again in the near future.

What was more difficult, especially at first, was implementing the distancing and contact reduction rules in production – from adjusting the shift and floater models to electronic distancing monitoring. But even in sales, the teams found virtual ways of presenting their products and organising acceptance procedures for machines and equipment.

Let’s look at how the individual **segments** developed under these conditions:

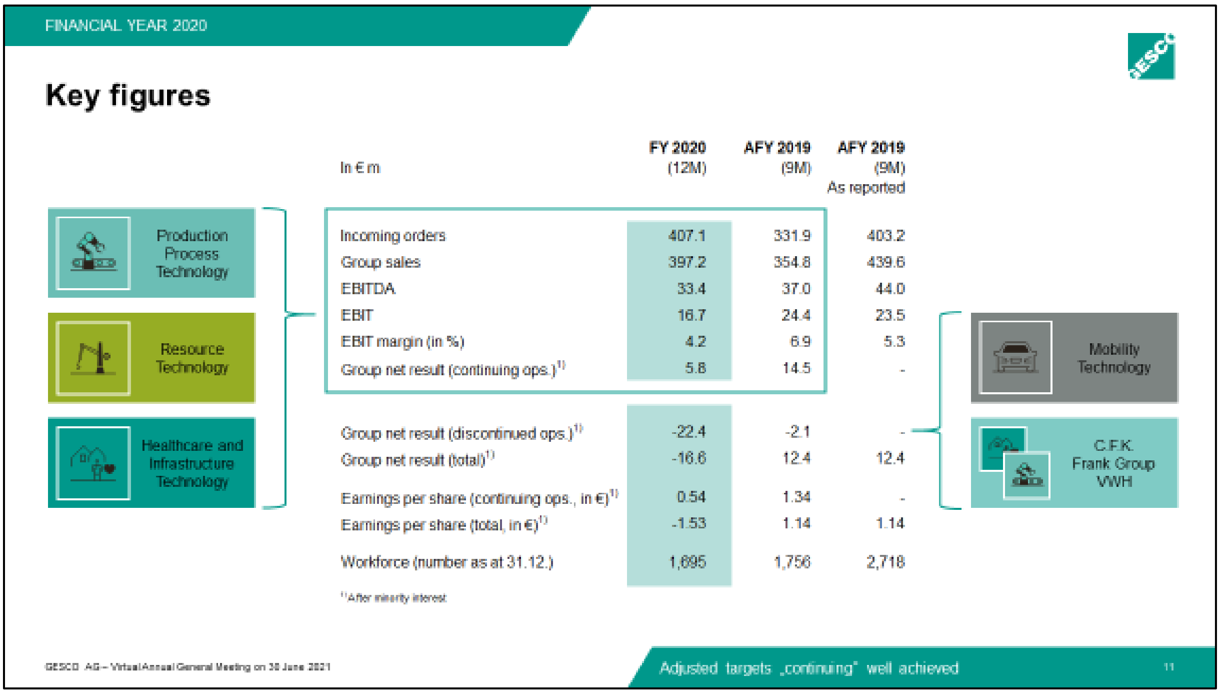


Don’t worry if you see only three segments rather than four on the slide: we discontinued our Mobility segment as a consequence of Project Matterhorn. First, I’d like to concentrate on those companies that are still with us, our “continuing operations”. The comparable figures from the previous year relate solely to these continuing operations too. Unfortunately, they aren’t entirely comparable, either, owing to the nine-month abbreviated financial year in 2019.

Accordingly, **Production Process Technology** now contains the MAE and Kesel Groups, as well as Sommer & Strassburger. The companies with a high share of automotive business continued to be affected by the weak demand. Incoming orders and sales fell on a 12-month, like-for-like basis. To adjust our capacities, we took restructuring measures, which had a non-recurring impact on EBIT. However, it’s worth pointing out the positive development in the stainless steel business at Sommer & Strassburger, which we acquired in 2018.

The **Resource Technology** segment remains unchanged, with Dörrenberg, SVT and Pickhardt & Gerlach. Incoming orders and sales fell by 15 % and 20 % respectively on a 12-month, like-for-like basis overall due to sector-related and macroeconomic factors. On a positive note, I’d like to point out the development in the strip steel business and record incoming orders for loading arms in 2020, which gives us a good starting position for the current year.

In the **Healthcare and Infrastructure Technology** segment, the Frank Group is no longer included. Of the remaining five companies, the Setter Group – the world's leading supplier of paper sticks – continues to be the largest investment. In this segment, Covid only had an impact here and there. At several companies, incoming orders and sales were up year on year. The same goes for the segment as a whole. Marked increases in efficiency at some companies, despite Covid, also resulted in a higher EBIT margin for the segment. Setter completed its expansion at our new second location in Emmerich in 2020. Since then, we have been working on simultaneously relocating and expanding the location in the US. The associated expansion of the range of machinery was another focal point of investment activity at GESCO Group in 2020. Furthermore, we took a critical look at all originally planned investments on an individual basis.



In € m	FY 2020 (12M)	AFY 2019 (9M)	AFY 2019 (9M) As reported
Incoming orders	407.1	331.9	403.2
Group sales	397.2	354.8	439.6
EBITDA	33.4	37.0	44.0
EBIT	16.7	24.4	23.5
EBIT margin (in %)	4.2	6.9	5.3
Group net result (continuing ops.)[1]	5.8	14.5	-
Group net result (discontinued ops.)[1]	-22.4	-2.1	-
Group net result (total)[1]	-16.6	12.4	12.4
Earnings per share (continuing ops., in €)[1]	0.54	1.34	-
Earnings per share (total, in €)[1]	-1.53	1.14	1.14
Workforce (number as at 31.12.)	1,695	1,756	2,718

[1] After minority interest

Overall, incoming orders at the continuing operations, which are circled on the slide, stood at € 407 million – or 11 % less than in calendar year 2019.

At € 397 million, sales were down 15 % compared to calendar year 2019.

The EBIT of the continuing operations stood at € 16.7 million following restructuring expenses and the effects of pressure on margins due to the economic cycle, corresponding to an EBIT margin of 4.2 %. While 4.2 % may not be our target going forward, it is a remarkable achievement for the continuing operations **in the year of Covid without adjusting for restructuring expenses**.

In line with IFRS, we also report Group net income from continuing operations, which amounted to € 5.8 million. This result is the jumping-off point for 2021, but it is not the total Group net income for 2020.

There's also the Group net income from **discontinued** operations, which is presented separately and was negative at € -22.4 million.

How did this result come to be? The € -22.4 million contain the operating EBIT of the four companies belonging to the former Mobility Technology segment, the Frank Group, CFK and VWH of € -1.3 million in total. Added to that are losses from impairment and disposal, as well as finance and tax expenses incurred by these companies.

Let me say a few words about the operating loss of € 1.3 million. My colleague already mentioned this loss in his speech too. The four companies in the Mobility Technology segment suffered significantly under the given circumstances, which was reflected in a decline in incoming orders and sales of 17 % and 20 % respectively compared to calendar year 2019. Despite continued restructuring and, in some cases, recovery measures, EBIT in this segment was negative at € -2.7 million. The discontinued operations also include the Frank Group, CFK and VWH, which was sold at the start of February. Sales were down on the whole here too, but overall positive EBIT was generated, supported by stable margins in the agriculture business.

The aforementioned impairment expenses stood at € 15.5 million and concern non-cash valuation allowances for assets. Ordinarily, we test the recoverability of our investments as at the end of the year. The Covid situation, however, exacerbated the outlook, especially for automotive-heavy companies. As a result, we partially reduced the value of the assets at three mobility companies halfway through the year. These € 13.5 million accounted for the lion's share of the impairment expenses. A further € 2 million are related to the disposals.

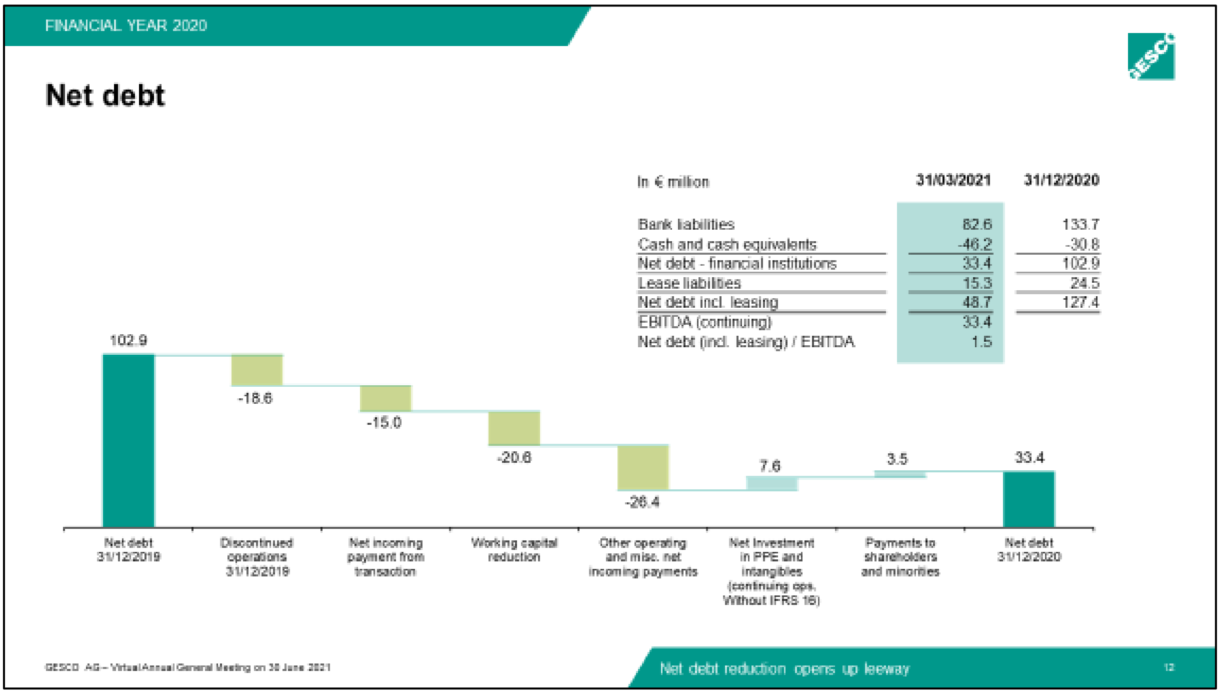
Ultimately, the sale of the Matterhorn bundle resulted in a loss of € 4.1 million.

Including impairment and disposal losses, EBIT from discontinued operations stood at € -20.9 million, with earnings after interest and taxes of € -22.4 million.

The **total loss** for 2020 of € 16.6 million therefore results from the loss from **discontinued** operations of € 22.4 million and the positive earnings from **continuing** operations of € 5.8 million.

We employed 2,718 **people** as at the reporting date in 2019. At the end of 2020, that number stood at just 1,695. The lion's share of that decline is understandably attributable to Matterhorn. But even at the continuing operations, the workforce saw a net decline of 61 people despite the significant expansion of the team at Setter. The decline reflects the personnel measures that were necessary at each individual company in connection with capacity adjustments. Our 63 apprentices account for just under 4 % of the workforce.

We appreciate the dedication of our colleagues under the unusual conditions last year, and I too would like to take this opportunity to sincerely thank GESCO Group's managing directors and staff once again for their hard work!

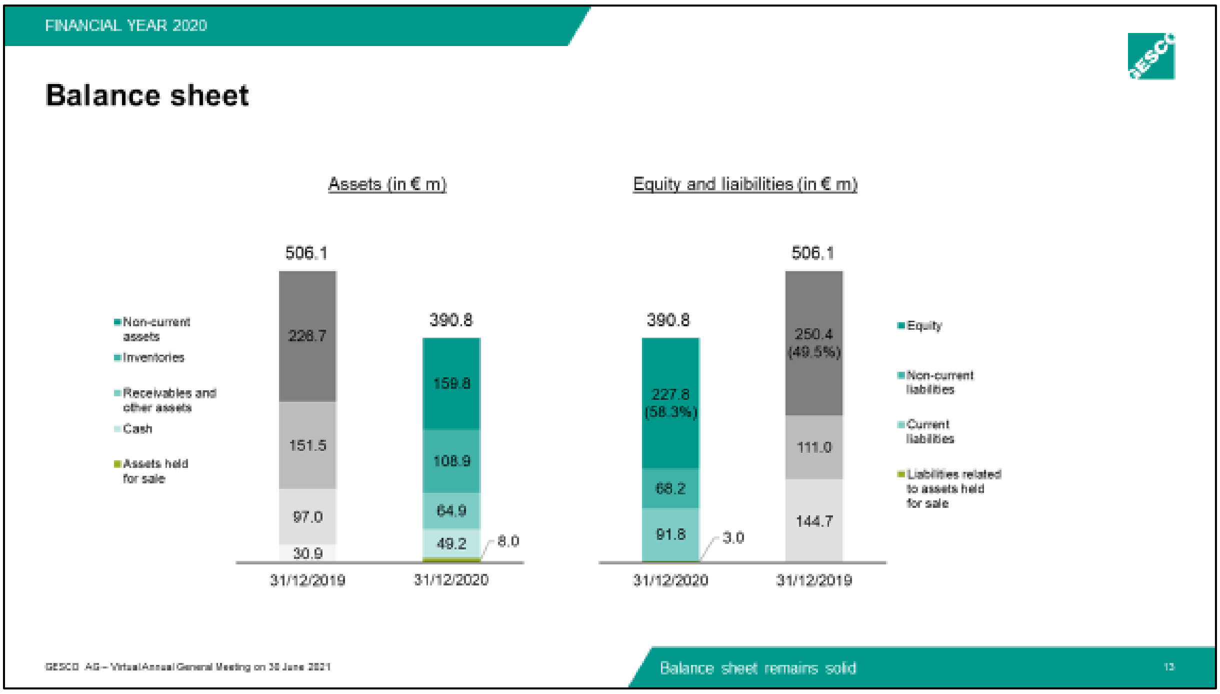


Cash flow and **net debt** developed positively during the reporting period. We started 2020 with liquid assets of € 31 million and ended the year with € 49 million in the reserves. Net bank debt fell from € 103 million to € 33 million. Bank liabilities less liquid assets improved accordingly by € 70 million. What led to that?

On the one hand, the initial basis contained the discontinued operations, with € 19 million in net bank debt. They are now gone. We also received € 15 million net in cash in consideration of the seller loans immediately from the Matterhorn transaction in 2020. In continuing operations, we reduced working capital by nearly € 21 million! Finally, we had income of roughly € 26 million from ongoing business activity including tax refunds. By contrast, capital expenditure was rather low, as explained, at just under € 8 million. In the end, we also paid dividends of just over € 3 million to you and the minority shareholders.

Even in consideration of the lease liabilities, net debt stood at a relatively low € 49 million. That means a very good ratio of net debt to EBITDA for continuing business operations of 1.5.

At € 49 million, liquid assets were higher at the end of the financial year than in recent years. As you know, we were able to put part of those liquid assets to good use two weeks ago to acquire our latest investment, United MedTec!

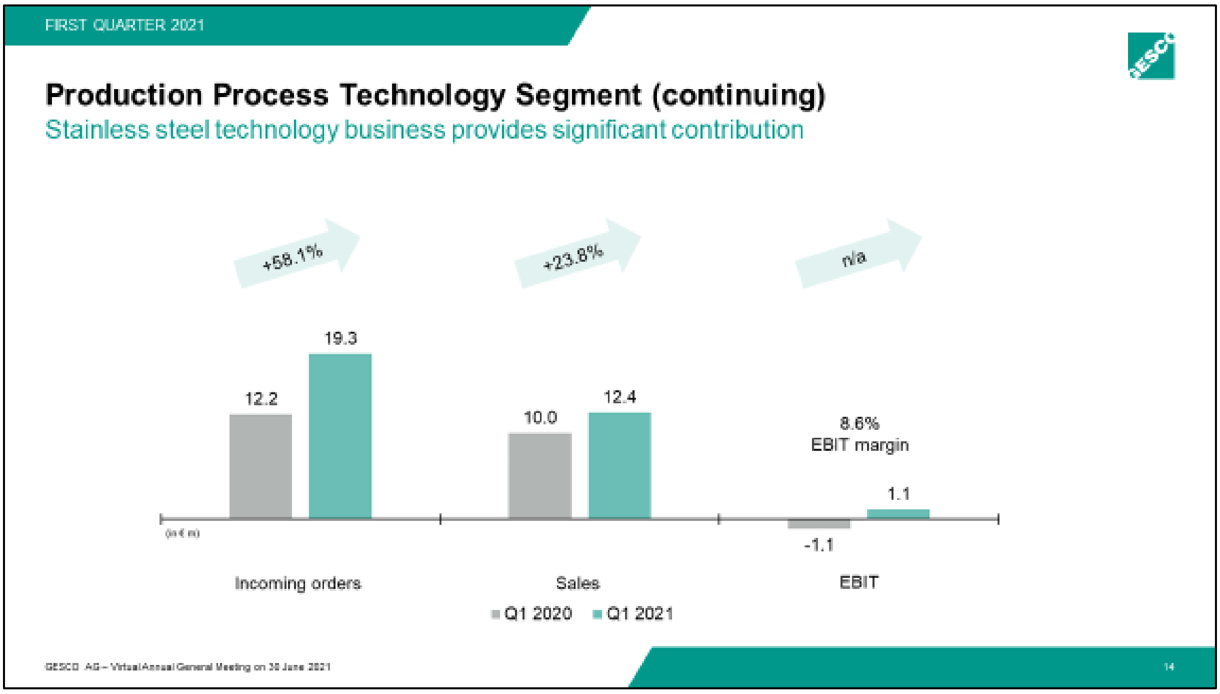


Let's take a look at the **balance sheet**, which remains solid. Total assets were down after the Matterhorn disposals and the reduction in working capital. Equity fell from € 250 million to € 228 million. Still, the equity ratio increased from just under 50 % to 58 %. That gives us scope for additional debt financing.

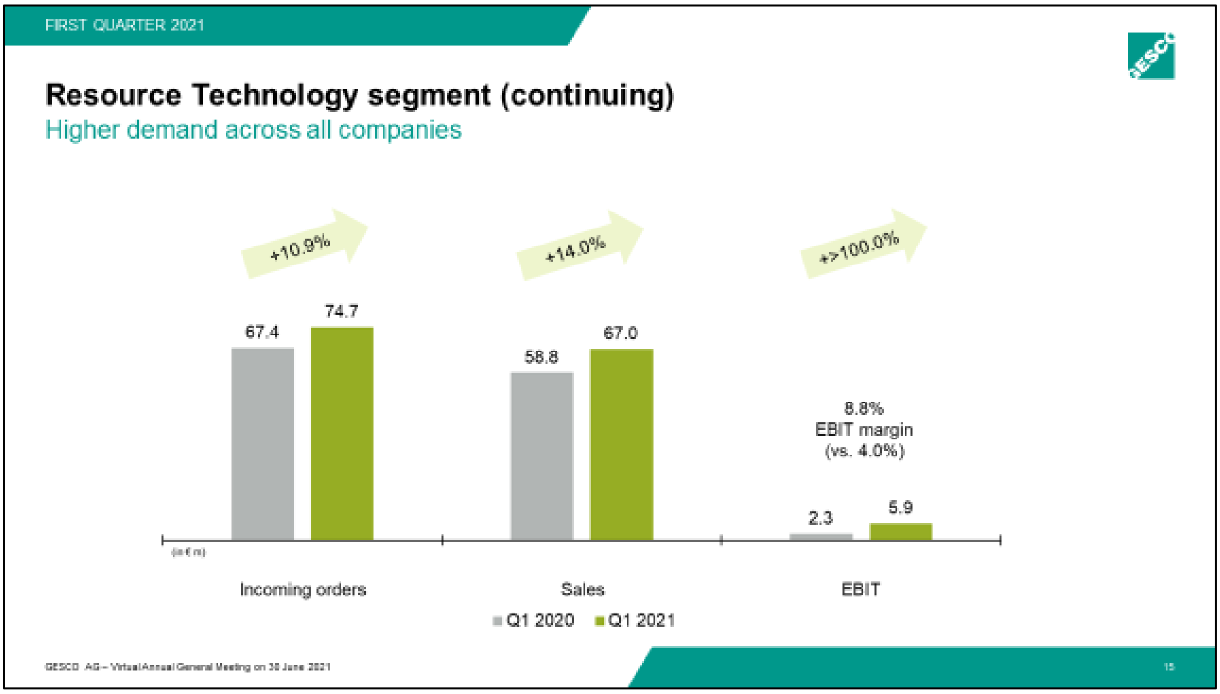
Ladies and gentlemen,

One financial statement leads to another. Right now, the interim financial statements are on the horizon. We're already halfway through the new financial year 2021.

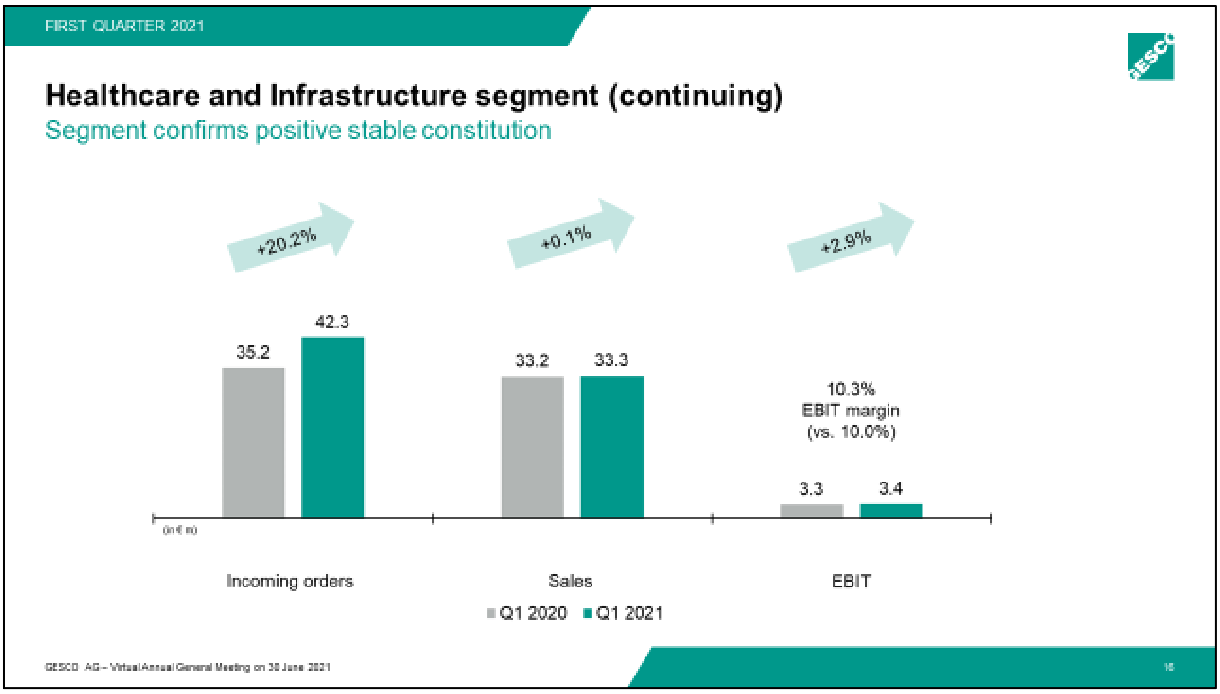
Unfortunately, I can't say much about the first half of the year yet. In fact, it's not even fully over. However, we did publish information about the first quarter of 2021 on 18 May. Let's take a look at 2021 on that basis, starting with the segments:



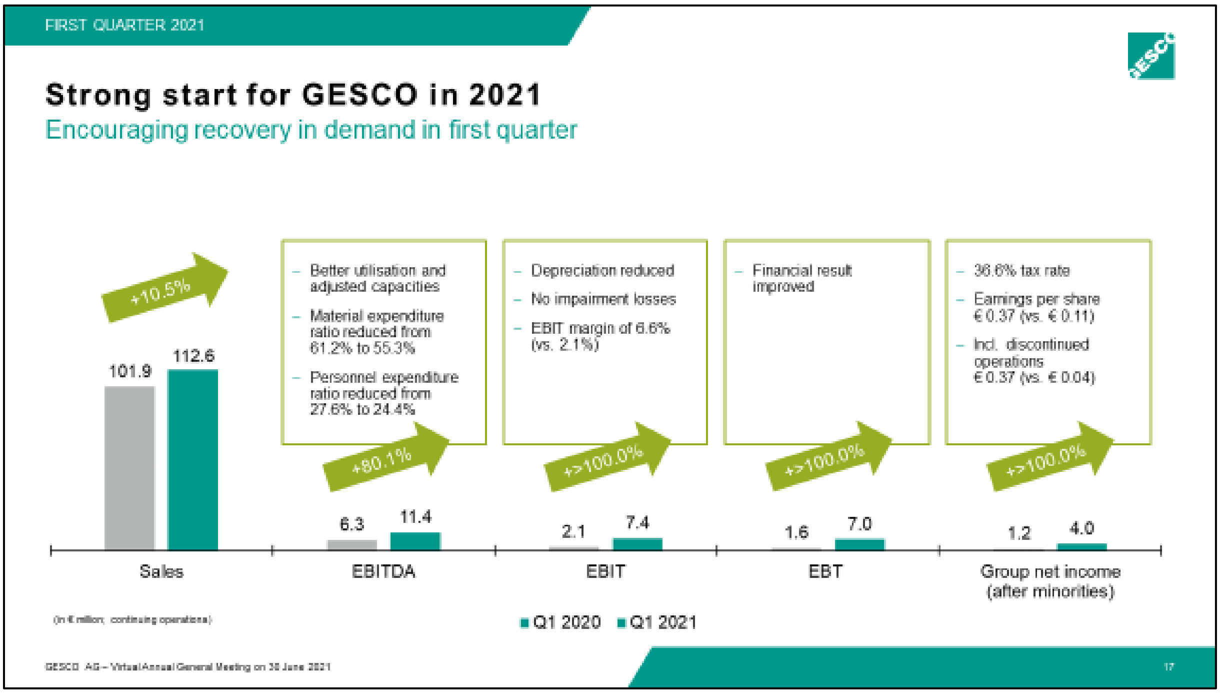
In the Production Process Technology segment, we're seeing a significant increase in incoming orders, sales and earnings year on year. The development is mainly supported by high-margin growth in stainless steel processing, where our reserves of raw materials are currently stretched pretty thin. The start to the year has been more reserved at the mechanical and plant engineering companies, which is typical for the first quarter. However, we can make out a slight recovery. On this basis, we anticipate a rise in sales and an increase in earnings for the financial year thanks to high-margin growth in stainless steel processing and relief following restructuring in the previous year.



The Resource Technology segment has also grown again and seen an improvement in margins. Demand for tool and strip steel has risen, due in no small part to the current issue of material availability. Here, it remains to be seen how the situation develops going forward. SVT started 2021 with a solid order backlog, which should lead to a significant increase in sales along with a disproportionately sharp rise in earnings in the segment for the year as a whole.



The Healthcare and Infrastructure Technology segment started 2021 with higher incoming orders. Sales remained at the high level seen in the previous year. Stainless steel is in particular demand in this segment as well. For the full year, we expect positive sales development for all companies along with a stable margin on the whole.



For the Group, this means a 10.5 % year-on-year increase in sales on a like-for-like basis, resulting in a corresponding rise in earnings figures.

EBIT increased from a comparable € 2.1 million to € 7.4 million. As a result, the margin rose from 2.1 % in the previous year to 6.6 %.

Net income after minority interest stood at € 4.0 million in Q1, whereas the same companies generated just € 1.2 million in the previous year.

The second quarter has been characterised by material scarcity and questions as to the availability of certain raw materials, both steel and plastics alike. This goes hand in hand with higher prices, which often cannot be passed along until later. Following last year's dramatic slump in demand, this situation is confronting many of our subsidiaries with new challenges that their staff are rising to as best they can. It remains to be seen whether the current high level of demand is here to stay.

As part of the Annual Accounts Press Conference, we issued a first outlook for financial year 2021, which we confirmed in the Q1 report. We expect Group sales of between € 445 million and € 465 million, meaning a rise of 12 % to 17 % year on year. We anticipate Group net income after minority interest of € 16.5 million to € 18.5 million, as compared to € 5.8 million for the continuing operations in the previous year.

From today's perspective, we stand by this range. However, we believe we will finish the year at the upper end of it.

These figures are BEFORE M&A transactions. To be specific, the contribution of the United MedTec Group for 2021 is not yet included at the present time. We acquired the group on 15 June 2021, with a transfer of control that very same day. As a result, it will be included in our IFRS Group figures from 15 June. In purely operational terms, the group will make a positive contribution to earnings. Against the backdrop of the upcoming interim financial statements, however, we are currently working intensively on conversion to IFRS, initial consolidation and the associated purchase price allocation. The PPA involves properly allocating the acquired current and non-current assets and liabilities, as well as calculating the remaining goodwill.

Right now, it is still too early to make sufficiently specific statements about the overall impact of the acquisition on the Group balance sheet and earnings in 2021.

Before we take a look at the development of our share and the capital market, I'd like to explicitly touch on an item from today's agenda.

Under item 6, we request your approval regarding a profit and loss transfer agreement between GESCO AG and Setter GmbH.

The contract serves the purpose of further optimising the tax situation at GESCO Group by allowing the profits of the subsidiary to be offset for tax purposes at the holding.

You can find the draft of the profit and loss transfer agreement in the invitation to today's Annual General Meeting on our website. There you will also find the joint written report by the parties to the contract and the corresponding financial statements.

I would also like to take a moment to briefly explain to you the financial and legal reasoning behind the contract:

Setter GmbH is a wholly owned subsidiary of GESCO AG. The intent behind signing the profit and loss transfer agreement is to set up an income tax group between the companies, which makes it possible to allocate Setter GmbH's profit and loss directly to GESCO AG for tax purposes and to offset them at GESCO AG against the Group's earnings and the earnings of further organically affiliated subsidiaries. This may lead to a reduction in tax obligations depending on the taxable earnings situation of the companies involved. Issuing approval in financial year 2021 makes it possible to start including Setter GmbH in GESCO AG's tax group this year.

According to the agreement, the material duties of the parties to the contract are as follows:

Setter GmbH is obliged to transfer its entire profit determined according to commercial principles to GESCO AG. The net income that would have been generated without the transfer of profits must be transferred – subject to the formation or reversal of other revenue reserves. The net income is reduced by any loss carryforwards from the previous year and any amounts barred from distribution. Setter GmbH remains entitled to transfer amounts from the net income to other revenue reserves pursuant to Section 272 para. 3 of the German Commercial Code (HGB) with GESCO AG's consent if doing so is permissible under commercial law and is justifiable according to prudent commercial judgement. The profit to be transferred to GESCO AG is then reduced by the same amount. Any revenue reserves formed during the term of the profit and loss transfer agreement must be reversed at GESCO AG's request to compensate for any net loss or to transfer any profits. Other reserves or profits carried forward from a period PRIOR to the agreement becoming effective may NOT be transferred as profit, NOR may they be used to compensate for a net loss for the year.

Conversely, GESCO AG is obliged to compensate for potential losses of Setter GmbH during the term of the contract – but only to the extent that such losses cannot be compensated for by drawing on amounts in other reserves which were transferred to these reserves DURING the term of the agreement.

The contract is concluded in perpetuity. The agreement may be terminated for the first time after a period of five years with a notice period of three months to the end of any Setter GmbH financial year, in line with the minimum period required to establish a consolidation group for tax purposes. Extraordinary termination for important reasons is possible at all times.

The contract otherwise contains the usual conditions of a profit and loss transfer agreement that are required in order to set up a consolidation group for tax purposes.

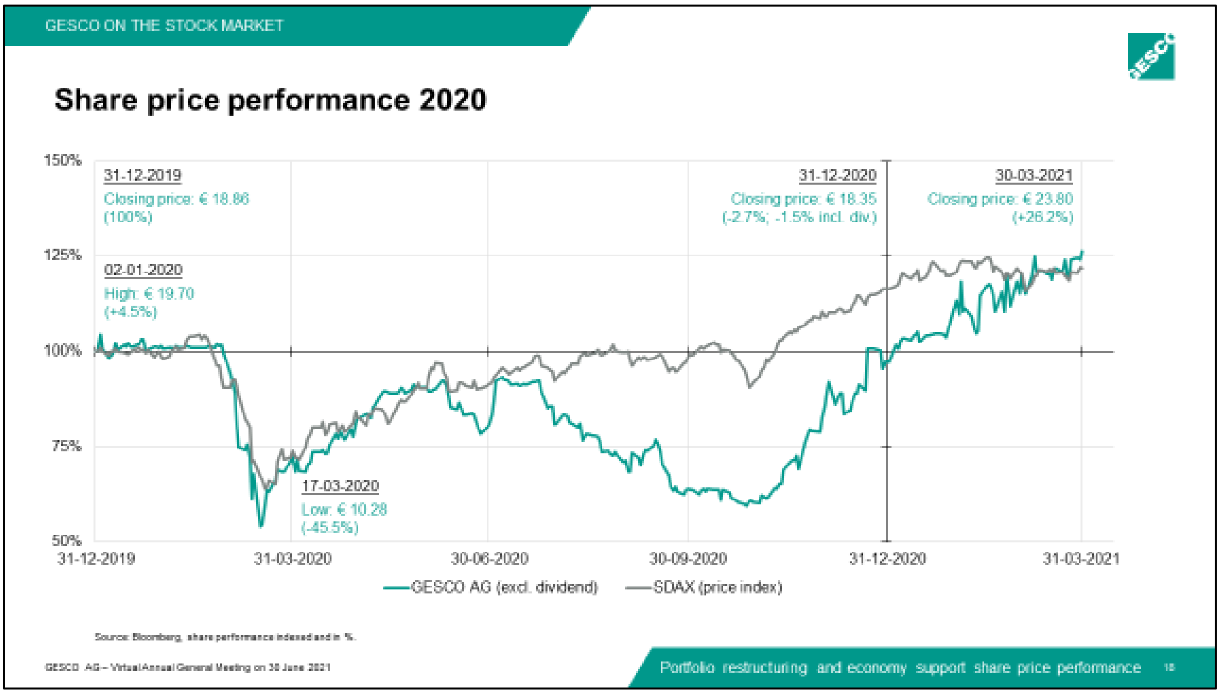
As Setter GmbH is a wholly owned subsidiary of GESCO AG, no compensation or settlements to external shareholders need to be made. For the same reason, the profit and loss transfer agreement does not need to be audited by an expert auditor.

In order to become effective, the contract must be approved by the Annual General Meeting of GESCO AG and the shareholders' meeting of Setter GmbH, plus it has to be entered into the commercial register. That is why I kindly ask for your approval today.

Ladies and gentlemen,

So much for the developments in the previous financial year and in the current one, as well as the profit and loss transfer agreement with Setter GmbH.

I've talked a bit about ups and downs. The same goes for our share in 2020.



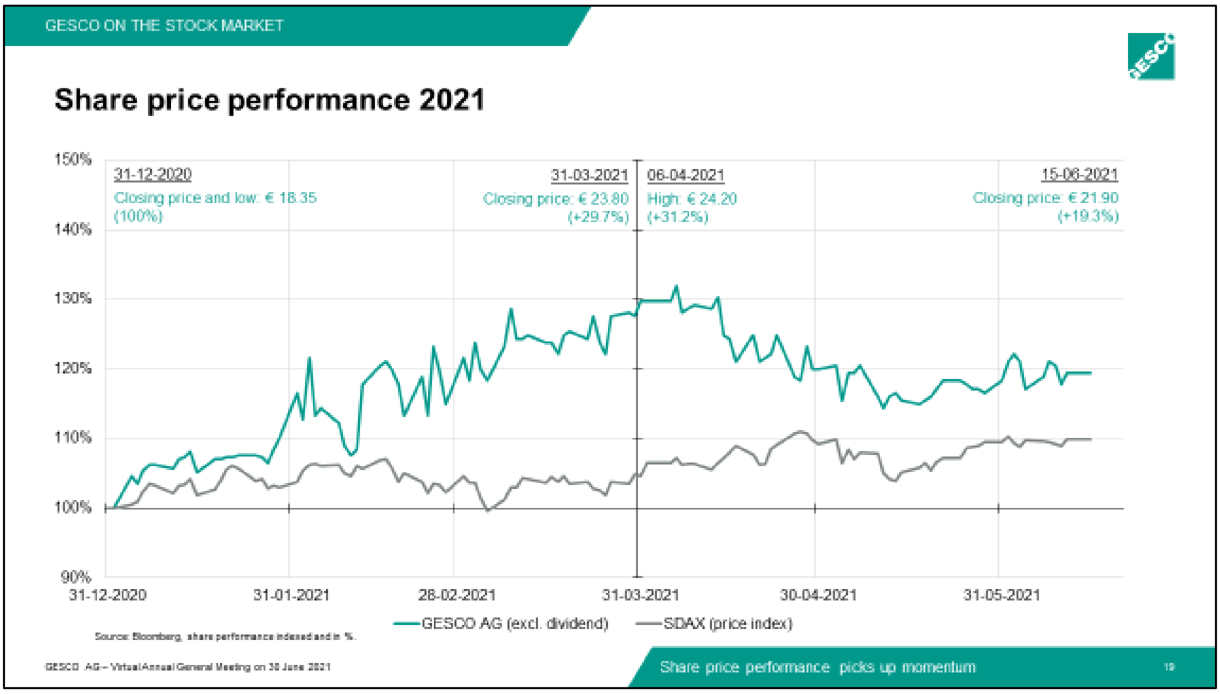
2020 was a very turbulent year for stock markets in general. That is something we too were able to feel. The year got off to a promising start, but the growth on stock markets already started to slow significantly as early as February. The drastic measures to combat Covid led to a dramatic slump in the global economy. By mid-March, GESCO had lost nearly 50 % of its market value. That was a painful experience for us, and probably for you too.

By the end of July, the markets and our share had recovered somewhat and were almost back to where they were at the start of the year – until the second wave of Covid washed over us in the second half of the year, pushing the sentiment indicators back down to the levels seen in March. The result was further price corrections across the board. From October on, the GESCO share started posting significant gains again and, by the end of 2020, was headed back towards its price at the start of the year.

Our announcement of the largest portfolio restructuring in our history and the discontinuation of the Mobility Technology segment on 21 December 2020 probably also had a supporting effect. As a result, we adjusted the outlook for 2020. Ultimately, we finished 2020 with a slightly reduced share price development of -2.7 %, or -1.5 % including the dividend.

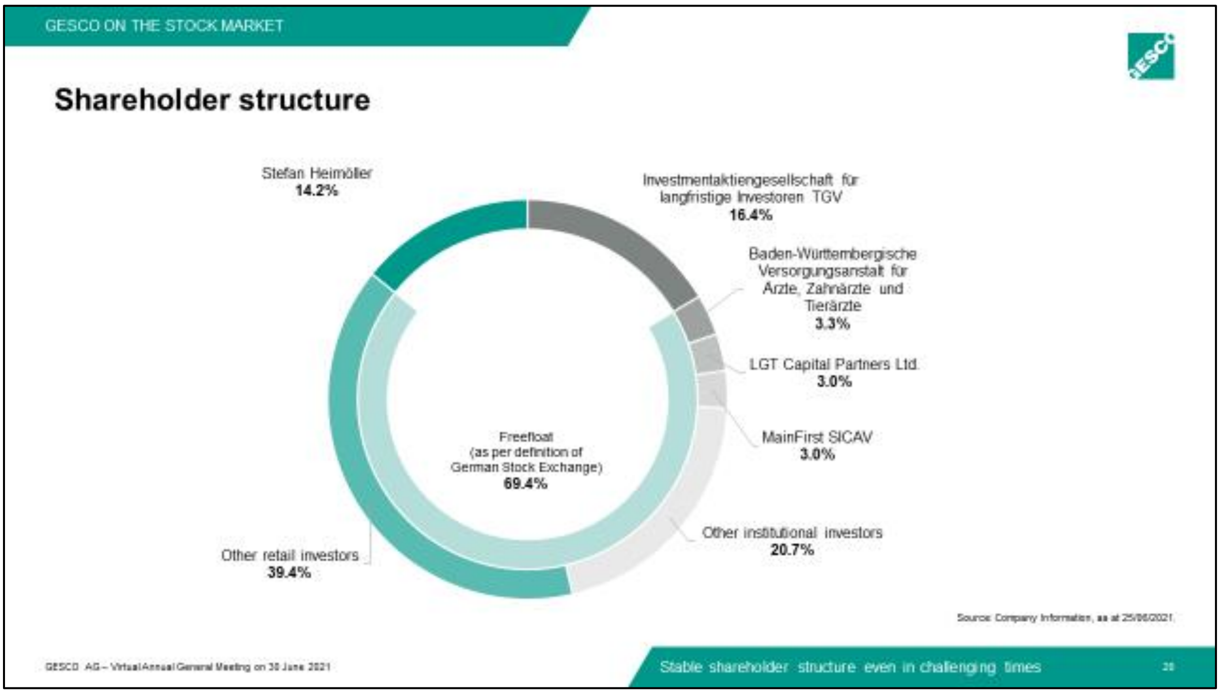
A comparison of the share price with the SDAX price index as at the end of 2019 reveals that the GESCO share managed to fully catch back up with the SDAX at the end of March 2021.

It is therefore absolutely worth taking a look at share price development in the current year.



Let’s start with the current financial year. We can see a significant improvement in the situation. GESCO has been outperforming the SDAX again for the first time in a while. Although it hasn’t been long yet, the development has been constant. The transactions and developments in recent months have made a positive impression. We’re particularly pleased about the high of

€ 24.20 in early April. Up to mid-June, the average price of the GESCO share stood at € 21.67 – a good foundation for continuing to look ahead to the future.

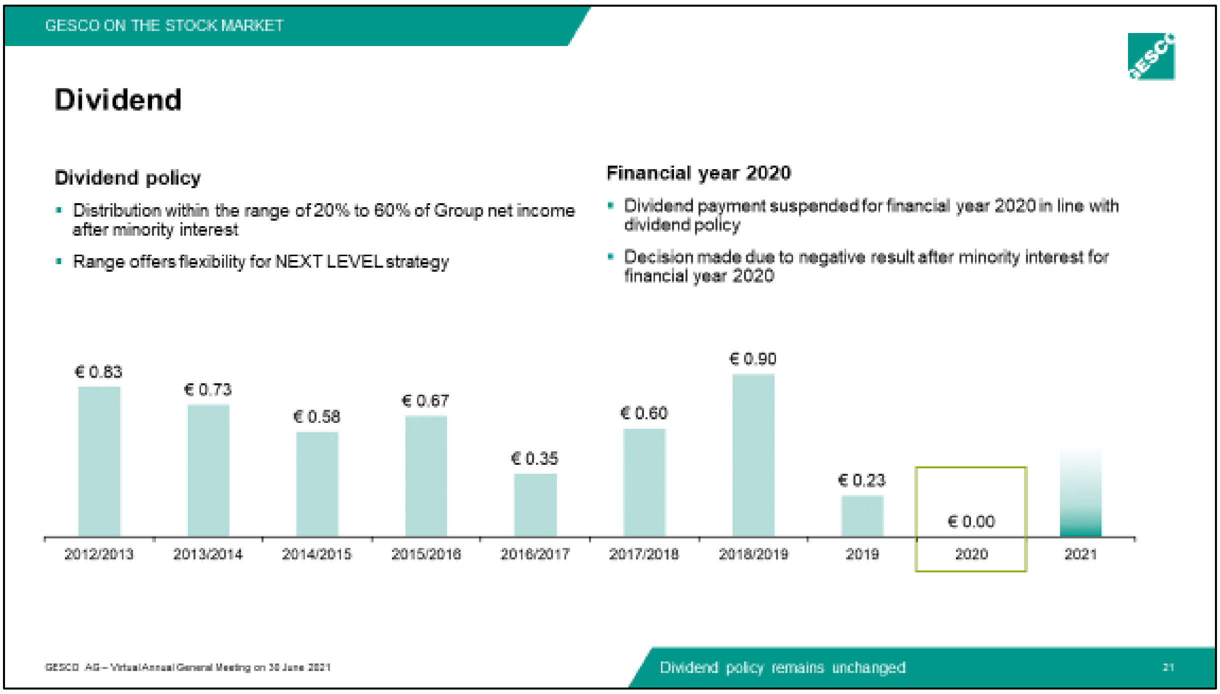


A glance at shareholder structure continues to paint a stable picture. As before, the company has two anchor shareholders who are also represented on the Supervisory Board. Investmentaktiengesellschaft für langfristige Investoren TGV is an institutional investor that increased its shareholding from 14.8 % to 16.4 % year on year. The entrepreneur Stefan Heimöller continues to hold a 14.2 % stake.

Since the last Annual General Meeting, a further institutional investor has reported reaching or exceeding the 3 % threshold. The investor in question is a MainFirst fund based in Frankfurt am Main.

Below the 3 % threshold, we have foundations, insurers, fund companies and a few entrepreneurs who are not only looking for returns, but are also keen to invest in SME-focused and entrepreneurial business models out of conviction. As far as we can determine, the shares in free float are divided almost evenly between institutional and private investors, with private persons holding a slightly larger number.

Now we've come to a topic of some importance: the dividend.



Ladies and gentlemen,

The returns on your investment are made up of more than just share price gains. Dividends are an important additional aspect. GESCO has been on the stock market since 1989. Since then, we have distributed a dividend for each financial year.

In the past year, we introduced a more flexible approach to our dividend so as to do greater justice to our NEXT LEVEL growth strategy, as explained at the last Annual General Meeting. Depending on the business situation, we will distribute between 20 % and 60 % of Group net income for the year after minority interest. This dividend policy continues to apply.

Given the negative result in financial year 2020, we are suspending the dividend payment as part of the aforementioned dividend strategy.

Based on our positive forecast for the current financial year, however, there will definitely be a dividend again in 2022. It is not yet possible at the present time to say where we will stand in the described range. That depends on the current and future M&A activities, as well as the liquid assets generated through business operations. But rest assured that our goal is always to find a good balance between maintaining liquid assets and the legitimate interest of our shareholders in an appropriate dividend.

Before I hand things back to Mr Möllerfriedrich, I'd like to take the opportunity to finish off by informing you about our current sustainability strategy.

We are in the midst of sweeping changes when it comes to how we perceive sustainability, ESG and CSR aspects, however we want to call it.

The topic isn't new to us. Since GESCO was founded in 1989, we have pursued a business policy focused on the long term and sustainability. The principles of good corporate governance and compliance are important building blocks of our SME-sector DNA. Part of that includes a responsible approach to the environment.

We drew up a reporting process a few years ago and have been expanding our sustainability management approach successively since then. New requirements from lawmakers and expectations of internal and external stakeholders are constantly being added.

As you can imagine, the expansion of our sustainability strategy is a real challenge for our lean structures given the widely varying business models. It goes without saying, though, that we want to do our part within our limits.

We are currently examining the topic of ESG systematically throughout the Group. Sustainability and CO_2 reduction are key aspects of ESG. Together with our subsidiaries, we are analysing company-specific factors and needs. By the end of the year, we plan to have a good overview and to have incorporated our expanded ESG strategy into the NEXT LEVEL strategy.

When it comes to reporting, we look to established standards and frameworks for guidance. The publication of a revised sustainability report and the non-financial statement is slated for the coming year as part of the annual report for financial year 2021.

Ladies and gentlemen,

On behalf of myself and my colleague Ralph Rumberg, I would like to thank you very much for your attention during our tour through the past year and a half.

We look forward to the continued exchange with you, your remarks and your suggestions, as well as constructive criticism.

And now back to the chairman of our meeting, Mr Möllerfriedrich.