GESCO AG
Quarterly statement
for the first nine months
1 January to 30 September 2020

2020

NEXT LEVEL strategy

NEXT LEVEL
In Progress

Objectives
The NEXT LEVEL strategy developed in financial year 2018/2019 has kicked off a comprehensive transformation of the GESCO Group. The goal of the strategy is to provide the GESCO Group with a viable position for the future by adjusting the portfolio and pursuing further development of subsidiaries.

Portfolio architecture
NEXT LEVEL defines a balanced and resilient target portfolio with three anchor investments and a series of basic investments of a substantial size.

Hidden champions
NEXT LEVEL involves excellence programmes to systematically promote the growth of the Group's companies and increase their efficiency with the aim of transforming them into hidden champions.

Goals
GESCO companies are aiming to outperform respective market growth by 3 % and increase sales per employee by 3 % on an annual basis. GESCO envisions a target EBIT margin of 8 % to 10 % throughout the economic cycle.

Status
We launched the wide-reaching and high-intensity implementation of the strategy in the abbreviated financial year 2019, and continued to pursue its implementation in 2020 against the backdrop of coronavirus restrictions. Business model analysis workshops have taken place at the majority of subsidiaries. On this basis, we launched the operative excellence (OPEX) and market and product excellence (MAPEX) programmes. In addition, we have intensified our M&A activities over the past few months to ensure targeted further development of the portfolio structure.

Overview of key points

- Nine-month period shaped by adverse effects of coronavirus pandemic
- Economic recovery in the third quarter
- M&A activities intensified
- Full-year outlook reasserted

GESCO Group at a glance

GESCO Group key figures for the first nine months of financial year 2020

01.01. – 30.09.		I. – III. Quarter 2020	I. – III. Quarter 2019 adjusted	Change
Incoming orders	€'000	354,172	437,162	- 19.0 %
Sales	€'000	363,044	438,553	- 17.2 %
EBITDA	€'000	27,076	43,259	- 37.4 %
EBIT	€'000	- 5,809	23,627	–
Earnings before tax	€'000	- 7,831	21,200	–
Group net loss / income after minority interest	€'000	- 12,188	12,474	–
Earnings per share pursuant to IFRS	€	- 1.12	1.15	–
Employees as at balance sheet date	No.	2,611	2,734	- 4.5 %

Letter to shareholders

Dear Shareholders,

The year 2020 has been extraordinary, but is gradually coming to a close. Even though the weeks ahead will remain challenging from an operating perspective, and the coronavirus pandemic remains a dynamic situation, it’s time to **take stock**.

In **operating** terms, the year has been dominated by the spread of the pandemic since March. We have recently tightened our internal guidelines and requirements regarding personal contact, working from home and business travel in line with the measures taken by the federal and state governments in Germany. Our aim continues to be to strike the best possible balance between protecting people’s health and maintaining our business operations.

The coronavirus pandemic is affecting the subsidiaries in a variety of different ways. Companies that already suffered from a reluctance to invest in the automotive industry due to technological change in 2019 are now also being impacted structurally. Coronavirus is not responsible for creating this situation, but it has certainly significantly exacerbated it. This applies to the companies in Mobility Technology as well as to mechanical and plant engineering companies in Production Process Technology. The pandemic affected companies across all segments on a selective basis, particularly in the spring. Adverse effects included factory closures for customers and restrictions on travel for sales and service personnel. The general uncertainty led to a reluctance to invest among customers and a decline in incoming orders. Development in the Healthcare and Infrastructure Technology segment proved to be stable. In this segment, Setter continues to develop positively as the world’s leading supplier of paper sticks to the confectionery and hygiene industry, while Hubl was also able to generate brisk demand for its stainless steel products. In the Production Process Technology segment, Sommer & Strassburger is heading for a record-breaking year with its process technology for the pharmaceutical, food and other industries, and SVT significantly increased sales of its sophisticated loading technology solutions in the Resource Technology segment. However, these positive developments are of course not enough to compensate for the declines in other areas.

Strategically, we have made solid progress on NEXT LEVEL implementation in 2020 despite coronavirus-related restrictions. We have driven forward our programmes for operative, market and product excellence and launched a series of targeted projects. Even though the economic effects of these projects are currently overshadowed by the adverse impact of the pandemic, they are strengthening the Group companies on a sustained basis. The second focal point of NEXT LEVEL, besides the excellence programmes, is optimising the portfolio structure in an effort to make the Group more robust. As a result, we have adjusted our M&A activities over the past few months, recruited additional staff and intensified our operations. With increased liquidity and reduced bank liabilities, we have also provided ourselves with greater financial means for acquisitions. Last but not least, we have also familiarised managing directors of existing companies and the responsible investment managers with the topic of M&A so as to generate transactions either in the form of a GESCO AG direct investment or a strategic addition to an existing subsidiary.

That's as far as our assessment goes. This quarterly statement provides detailed information on our economic development in the first nine months of the year. Taken in isolation, the third quarter saw significant recovery in incoming orders, sales and the margin compared to the second-quarter low, but in the reporting period as a whole these indicators all fell significantly short of the previous-year period.

Following the end of the nine-month period, we are reasserting the outlook for the current financial year. In August, we issued an ad hoc notification detailing the need for value adjustments of € 13.5 million for companies in the Mobility Technology segment as a result of impairments. The adjustments were recorded under impairment losses in the second quarter and did not affect liquidity. In this context we also updated our full-year outlook, which we are now able to reassert. We continue to expect sales of more than € 450 million in financial year 2020. In terms of Group net result for the year after minority interest before impairment losses, we expect at least to break even; taking into account the impairment losses, the figure will be at or above € -13.5 million.

The price of the GESCO share had been running largely in parallel to our benchmark index, the SDAX, since the start of the year, but began to lag behind the index in the summer and has been under pressure ever since. Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte informed us in early October 2020 that its share of voting rights had exceeded the threshold of 3% and that it now holds around 3.3% of voting rights. Some institutional investors have sold their investments, while other investors – particularly those interested in value investments – have built up their portfolios at the low price level.

Our conclusion: We have put together a varied range of measures to guide the Group safely and securely through this difficult period. We have learned a great deal as a Group, both in terms of digital communication but also when it comes to the speed at which we adapt and respond to change. It goes without saying that the coronavirus pandemic will cost us sales and earnings, and the impairment losses on Mobility Technology companies will push Group earnings into the red for the first time since financial year 2002/2003. However, GESCO Group is strong enough to absorb the effects of this challenging year. We have a very solid balance sheet and have the resources to make investments and acquisitions. With NEXT LEVEL, we are on the right track to strengthening the company over the long term and optimising the portfolio. Some subsidiaries are in strategically difficult positions that, although not caused by the coronavirus pandemic, have certainly been exacerbated by it. We are currently developing and reviewing strategic options for these companies within the scope of NEXT LEVEL. The pandemic will be with us for some time to come and will continue to shape the social and economic framework. Achieving success in this dynamic environment requires the exact approach we have outlined with NEXT LEVEL: increasing the speed at which we adapt and, above all, pursuing consistent further development.

Wuppertal, 16 November 2020

Ralph Rumberg (CEO)   Kerstin Müller-Kirchhofs (CFO)

Change of financial year

The decision to change the financial year of GESCO AG to coincide with the calendar year resolved by the Annual General Meeting 2019 resulted in a nine-month abbreviated financial year from 1 April to 31 December 2019. The figures in interim reporting for financial year 2020 are not comparable with those in the interim reports published in the previous year, as both the AG and the subsidiaries are included with different periods. As a result, the previous year's figures for 2019 have been adjusted in this statement for the first nine months of the year in order to provide comparable period values.

Business performance and the development of Group sales and earnings in the first nine months of the year

After a satisfactory start to the year, business was drastically disrupted by the coronavirus pandemic in March. The second quarter in particular was shaped by significant declines in incoming orders and sales, while earnings were negative operationally and further impacted by the aforementioned impairment losses. Operating business recovered in the third quarter, with the EBIT margin exceeding the previous year's level. In the cumulative nine-month period, a widespread reluctance to invest among customers and coronavirus-related restrictions to sales activities caused incoming orders to fall to € 354.2 million (adjusted previous-year period: € 437.2 million). Sales dipped from € 438.6 million to € 363.0 million. The fall in capacity utilisation, general price pressure and expenditure in adjustments in line with the lower order level contributed disproportionately to the decline in earnings. The ratio of material expenditure to total output declined and the personnel expenditure ratio increased, partly due to the time it took for some workforce adjustments to have an effect. Earnings before interest, taxes, depreciation and amortisation (EBITDA) fell from € 43.3 million to € 27.1 million. The aforementioned impairment losses of € 13.5 million resulted in depreciation and amortisation rising to € 32.9 million (€ 19.6 million). This considerable rise in depreciation and amortisation meant that earnings before interest and taxes (EBIT) fell more sharply than EBITDA, to € – 5.8 million from € 23.6 million in the previous-year period. Excluding the impairment losses, EBIT would have been positive at € 7.3 million, which would have equated to an EBIT margin of 2.0 %, compared to 5.4 % in the previous year's period. Group net result after minority interest stood at € -12.2 million (€ 12.5 million), which corresponds to earnings per share pursuant to IFRS of € -1.12 (€ 1.15).

Development in the third quarter

Taken in isolation, the third quarter saw business recover compared to the previous quarter. Incoming orders amounted to € 114.5 million (€ 149.9 million) and sales came to € 125.5 million (€ 143.4 million). EBIT came to € 8.0 million (€ 7.7 million) – roughly equivalent to the average value of previous year's quarters – and the EBIT margin of 6.4 % was actually higher than the adjusted previous-year figure of 5.4 %. At € 5.2 million, Group net income after minority interest exceeded the previous year's figure of € 3.9 million. Earnings per share amounted to € 0.48 (€ 0.35).

Segment performance

In the **Production Process Technology** segment, the coronavirus crisis exacerbated the reluctance to invest in the automotive industry that was observed last year. Mechanical and plant engineering companies with a significant share of automotive business were particularly affected by the weak development, whereas stainless steel processor Sommer & Strassburger was able to generate further growth. Overall, incoming orders in the first nine months of the year declined to € 41.0 million (€ 66.0 million). Segment sales totalled € 46.5 million (€ 65.4 million). Segment EBIT was negatively impacted by the deterioration in the underlying conditions and expenditure for capacity adjustments. It was positive in the third quarter, but remained negative over the full nine-month period at € – 3.0 million (€ 4.6 million). In terms of the year as a whole, the decline in sales will be more significant than originally expected, with sales therefore falling considerably short of the adjusted, annualised previous-year figure. We are also expecting a slightly negative segment EBIT.

In the **Resource Technology** segment, the significant decline in demand for tool steel due to the poor development of the capital goods industry is having a particular impact. By contrast, business involving strip steel is developing at a relatively stable level, and sales of loading technology rose year on year. Incoming orders in this segment came to € 168.1 million (€ 217.7 million) and sales stood at € 167.6 million (€ 210.2 million). Segment EBIT amounted to € 8.1 million (€ 17.3 million). For the year as a whole, we expect declining sales compared to the adjusted annualised previous-year period and disproportionately lower but clearly positive EBIT.

The **Healthcare and Infrastructure Technology** segment generated stable business overall. Incoming orders came to € 120.3 million (€ 119.4 million) and sales stood at € 117.4 million (€ 118.4 million) and therefore barely changed at all year on year. At € 10.8 million, segment EBIT was slightly higher than the previous year's figure of € 10.5 million. Growth at the Setter Group, the world's leading supplier of paper sticks to the confectionery and hygiene industry, remains strong. We expect full-year sales to roughly match the adjusted, annualised previous-year figure along with slight growth in segment EBIT.

The **Mobility Technology** segment remains strained, with the poor operating development seen in 2019 only worsening due to the pandemic. All companies in this segment are under pressure, with tool manufacturers suffering particularly and components supply business performing at a stable level. Incoming orders in the nine-month period came to € 24.9 million (€ 34.1 million), and sales stood at € 32.0 million (€ 44.9 million). Also in this segment, earnings were adversely affected by expenditure for capacity adjustments. EBIT, which had been positive in the previous year at € 0.7 million, amounted to € – 2.8 million in the reporting period. We expect full-year segment EBIT to be negative and sales to decline compared to the adjusted, annualised previous-year figure.

Assets and financial position

Total assets declined over the course of the first nine months of the year from € 506.1 million to € 485.0 million. This decline was primarily due to the impairment losses of € 13.5 million, € 1.4 million of which concerned goodwill and € 12.1 million property, plant and equipment. Investments stood at € 8.2 million, leading to a € 25.4 million decline in non-current assets. Current assets rose by € 4.3 million on account of the increase in inventories that typically takes place midway through the year. The rise in liquid assets from € 30.9 million to € 48.4 million includes a tax rebate of € 10.1 million; in previous periods this rebate claim was included in other assets, which fell accordingly. Cash flow from ongoing business activity developed positively once again and reached € 37.5 million (€ 21.2 million).

On the equity and liabilities side, equity declined due to the loss and the dividend payment from € 250.4 million at the beginning of the financial year to € 234.1 million. This means that the equity ratio amounts to 48.3 % (49.5 %). Current and non-current bank liabilities were reduced by 4.8 %, while lease liabilities were also down by 9.1 %.

All in all, the GESCO Group has solid balance sheet ratios in spite of the challenging economic environment and, thanks to increased liquidity and reduced debt, remains in a position to conduct its business in full. We have scrutinised upcoming investments and significantly reduced investment volume. Investment in property, plant and equipment and intangible assets, including newly concluded leases, amounted to € 8.2 million in the first nine months of the year. The reconciliation from the operating segments to the Group figures includes the rights of use capitalised in accordance with IFRS 16. These figures were above average in the adjusted previous-year period, because it was the period in which a significant amount of rights of use was recognised for the first time due to the first-time application of IFRS 16.

Employees

We aim to retain our core workforce to the greatest possible extent in this crisis. Short-time work is a useful instrument here, and is being utilised in a variety of ways by the majority of subsidiaries. However, personnel adjustments are unavoidable at companies facing longer-term declines in demand due to structural market changes. GESCO Group employed 2,611 people as at the reporting date, a decline of 123 compared to the previous year's period.

Opportunities and risks

Our general explanations on the subject of opportunities and risks as well as the presentation of specific individual risks in the Group financial statements as at 31 December 2019 remain essentially unchanged and valid. For more details, please refer to the Annual Report for abbreviated financial year 2019, which is available online at www.gesco.de/en/financial-reports.

In the events after the reporting date section of the consolidated financial statements as at 31 December 2019, the coronavirus pandemic was cited as a significant risk, and it was pointed out that the financial impact of the pandemic on GESCO AG and the GESCO Group could not be estimated at the time due to the dynamic development. A conclusive assessment is still not possible at this stage, as the intensity and duration of the pandemic and its impact on the economy and society in the various regions of the world cannot be predicted. With regard to the achievement of targets in the current financial year, the pandemic poses the greatest risks. These could include the return of massive limitations on public life and the economy in the various regions of the world, in the form of lockdowns, more stringent travel restrictions or other measures, but also in terms of cases of illness throughout our companies. The risks for the operating business of the GESCO Group companies concern both the stability of company operating processes and the supply chains and the customers. A further risk is posed by more restrictive lending by banks as a result of the coronavirus crisis, which could have a negative impact on the financing of projects within the GESCO Group. The poorer economic development of individual subsidiaries may jeopardise compliance with credit covenants, which may result in restrictions on financing.

Outlook and events after the reporting date

After the reporting date, the German federal and state governments announced on 2 November 2020 that restrictions would be imposed on the economy and public life. Other European countries have responded to the rising number of coronavirus infections with similar measures. Beyond the factors impacted by the coronavirus crisis, no other events of particular significance have taken place since the reporting period.

Based on the information available to us at the current time, we are reasserting our full-year outlook as substantiated in August. We continue to expect sales of more than € 450 million in financial year 2020. In terms of Group net result for the year after minority interest before impairment losses, we expect at least to break even; taking into account the impairment losses, the figure will be at or above € -13.5 million. This outlook is based on the assumption that overall economic development will stabilise and that the coronavirus pandemic will not lead to further serious disruptions, such as closures of production sites in Germany and abroad.

GESCO Group balance sheet

€'000		30.09.2020	31.12.2019
Assets			
A.	**Non-current assets**		
I.	Intangible assets		
1.	Industrial property rights and similar rights and assets as well as licences to such rights and assets	18,110	20,354
2.	Goodwill	25,402	26,927
3.	Prepayments	97	133
		43,609	**47,414**
II.	Property, plant and equipment		
1.	Land and buildings	77,810	83,039
2.	Technical plant and machinery	47,982	55,979
3.	Other plant, fixtures and fittings	20,161	21,810
4.	Prepayments and assets under construction	4,563	11,487
		150,516	**172,315**
III.	Financial assets		
1.	Shares in affiliated companies	0	0
2.	Shares in companies valued at equity	1,553	1,635
3.	Investments	236	236
4.	Other loans	100	100
		1,889	**1,971**
IV.	Other assets	615	652
V.	Deferred tax assets	4,676	4,318
		201,305	**226,670**
B.	**Current assets**		
I.	Inventories		
1.	Raw materials and supplies	27,941	28,480
2.	Unfinished products and services	48,552	42,489
3.	Finished products and goods	79,723	79,576
4.	Prepayments	768	976
		156,984	**151,521**
II.	Receivables and other assets		
1.	Trade receivables	67,267	79,072
2.	Amounts owed by affiliated companies	2,946	2,086
3.	Amounts owed by companies valued at equity	254	319
4.	Other assets	6,743	14,597
		77,210	**96,074**
III.	Cash and credit with financial institutions	48,404	30,870
IV.	Accounts receivable and payable	1,114	964
		283,712	**279,429**
		485,017	**506,099**

€'000	30.09.2020	31.12.2019
Equity and liabilities		
A. Equity		
I. Subscribed capital	10,839	10,839
II. Capital reserves	72,364	72,364
III. Revenue reserves	143,368	158,049
IV. Own shares	0	0
V. Other income	- 6,695	- 5,388
VI. Minority interest (incorporated companies)	14,256	14,564
	234,132	**250,428**
B. Non-current liabilities		
I. Minority interest (partnerships)	810	992
II. Provisions for pensions	17,164	17,728
III. Other non-current provisions	561	550
IV. Liabilities to financial institutions	61,551	66,938
V. Lease liabilities	18,387	20,530
VI. Other liabilities	2,178	1,493
VII. Deferred tax liabilities	2,721	2,774
	103,372	**111,005**
C. Current liabilities		
I. Other provisions	9,805	10,683
II. Liabilities		
1. Liabilities to financial institutions	65,758	66,793
2. Lease liabilities	3,945	4,027
3. Trade payables	17,706	14,978
4. Prepayments received on orders	20,547	19,310
5. Liabilities to affiliated companies	721	675
6. Liabilities to companies valued at equity	1	5
7. Other liabilities	28,407	28,012
	137,085	**133,800**
III. Accounts receivable and payable	623	183
	147,513	**144,666**
	485,017	**506,099**

GESCO Group income statement for the nine months period (01.01. to 30.09.)

€'000	I. – III. Quarter 2020	I. – III. Quarter 2019 adjusted
Sales revenues	**363,044**	**438,553**
Change in stocks of finished and unfinished products	3,215	7,071
Other company-produced additions to assets	713	401
Other operating income	4,322	4,979
Total income	**371,294**	**451,004**
Material expenditure	- 191,366	- 235,830
Personnel expenditure	- 109,152	- 119,762
Other operating expenditure	- 43,631	- 52,110
Impairment losses on financial assets	- 69	- 43
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**27,076**	**43,259**
Amortisation of intangible assets and depreciation on property, plant and equipment	- 32,885	- 19,632
Earnings before interest and tax (EBIT)	**- 5,809**	**23,627**
Earnings from companies valued at equity	278	148
Other interest and similar income	36	49
Interest and similar expenditure	- 2,287	- 2,461
Third party profit share in incorporated companies	- 49	- 163
Financial result	**- 2,022**	**- 2,427**
Earnings before tax (EBT)	**- 7,831**	**21,200**
Taxes on income and earnings	- 3,711	- 7,113
Group net income	**- 11,542**	**14,087**
Minority interest in incorporated companies	- 646	- 1,613
Group net loss / income after minority interest	**- 12,188**	**12,474**
Earnings per share (€) acc. to IFRS	- 1.12	1.15
Weighted average number of shares	10,839,499	10,838,733

GESCO Group income statement for the third quarter (01.07. to 30.09.)

€'000	III. Quarter 2020	III. Quarter 2019 adjusted
Sales revenues	**125,458**	**143,433**
Change in stocks of finished and unfinished products	- 6,654	983
Other company-produced additions to assets	259	107
Other operating income	1,472	1,674
Total income	**120,535**	**146,197**
Material expenditure	- 59,364	- 74,926
Personnel expenditure	- 33,572	- 39,574
Other operating expenditure	- 13,424	- 17,190
Impairment losses on financial assets	- 22	- 14
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**14,153**	**14,493**
Amortisation of intangible assets and depreciation on property, plant and equipment	- 6,105	- 6,764
Earnings before interest and tax (EBIT)	**8,048**	**7,729**
Earnings from companies valued at equity	143	7
Other interest and similar income	8	32
Interest and similar expenditure	- 751	- 767
Third party profit share in incorporated companies	- 63	- 137
Financial result	**- 663**	**- 865**
Earnings before tax (EBT)	**7,385**	**6,864**
Taxes on income and earnings	- 1,925	- 2,276
Group net income	**5,460**	**4,588**
Minority interest in incorporated companies	- 255	- 737
Group net income after minority interest	**5,205**	**3,851**
Earnings per share (€) acc. to IFRS	0.48	0.35
Weighted average number of shares	10,839,499	10,837,968

GESCO Group statement of comprehensive income for the nine months period (01.01. to 30.09.)

€'000	I. – III. Quarter 2020	I. – III. Quarter 2019 adjusted
Group net loss / income	**- 11,542**	**14,087**
Revaluation of benefit obligations not impacting income	**0**	**- 1,658**
Items that cannot be transferred into the income statement	**0**	**- 1,658**
Difference from currency translation		
a) Reclassification into the income statement	0	0
b) Changes in value with no effect on income	- 1,198	847
Difference from currency translation from companies valued at equity		
a) Reclassification into the income statement	0	0
b) Changes in value with no effect on income	- 336	- 1
Market valuation of hedging Instruments		
a) Reclassification into the income statement	0	0
b) Changes in value with no effect on income	123	- 364
Items that can be reclassified into the income statement	**- 1,411**	**482**
Other income	**- 1,411**	**- 1,176**
Total result for the period	**- 12,953**	**12,911**
of which shares held by minority interest	542	1,523
of which share attributable to GESCO shareholders	- 13,495	11,388

GESCO Group cash flow statement for the nine months period (01.01. to 30.09.)

€'000	I.–III. Quarter 2020	I.–III. Quarter 2019 adjusted
Group net loss / income for the period (including share attributable to minority interest in incorporated companies)	**- 11,542**	**14,087**
Depreciation on property, plant and equipment and intangible assets	32,885	19,632
Earnings from companies valued at equity	- 278	- 148
Share attributable to minority interest in partnerships	49	163
Increase / decrease in non-current provisions	- 553	35
Other non-cash income	- 344	- 59
Cash flow for the period	**20,217**	**33,710**
Losses from the disposal of property, plant and equipment / intangible assets	223	235
Gains from the disposal of property, plant and equipment / intangible assets	- 329	- 398
Decrease / increase in stocks, trade receivables and other assets	12,453	- 12,433
Decrease / increase in trade creditors and other liabilities	4,932	75
Cash flow from ongoing business activity	**37,496**	**21,189**
Incoming payments from disposals of property, plant and equipment / intangible assets	604	865
Disbursements for investments in property, plant and equipment	- 6,425	- 14,557
Disbursements for investments in intangible assets	- 821	- 707
Incoming payments from disposals of financial assets	93	26
Disbursements for investments in financial assets	0	- 114
Cash flow from investment activity	**- 6,549**	**- 14,487**
Disbursements to shareholders (dividends)	- 2,493	- 9,756
Disbursements to minority interests	- 1,185	- 1,401
Disbursements for the purchase of non-governing shares	0	- 1,684
Incoming payments from raising (financial) loans	9,840	20,490
Outflow for repayment of (financial) loans	- 16,262	- 15,996
Outflow for repayment of lease liabilities	- 3,185	- 1,847
Cash flow from funding activities	**- 13,285**	**- 10,194**
Changes in cash and cash equivalents	**17,662**	**- 3,492**
Exchange-rate related changes in cash and cash equivalents	**- 128**	**94**
Financial means on 01.01.	30,870	30,587
Financial means on 30.09.	**48,404**	**27,189**

GESCO Group statement of changes in equity

€'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares
As at 01.01.2019 adjusted	**10,839**	**72,364**	**151,817**	**0**
Dividends			- 9,756	
Acquisition of shares in subsidiaries			- 1,017	
Result for the period			12,474	
As at 30.09.2019 adjusted	**10,839**	**72,364**	**153,518**	**0**
As at 01.01.2020	**10,839**	**72,364**	**158,049**	**0**
Dividends			- 2,493	
Result for the period			- 12,188	
As at 30.09.2020	**10,839**	**72,364**	**143,368**	**0**

GESCO Group segment report for the nine months period (01.01. to 30.09.)

€'000	Production Process Technology		Resource Technology		Healthcare and Infrastructure Technology	
	I. – III. Quarter 2020	I. – III. Quarter 2019 adjusted	I. – III. Quarter 2020	I. – III. Quarter 2019 adjusted	I. – III. Quarter 2020	I. – III. Quarter 2019 adjusted
Order backlog	27,720	45,885	69,596	80,604	44,995	46,289
Incoming orders	41,006	65,997	168,056	217,696	120,252	119,359
Sales revenues	46,517	65,362	167,554	210,227	117,407	118,371
of which with other segments	50	12	247	300	2	3
Depreciation and amortization	2,098	2,351	3,986	3,512	4,670	5,062
of which unscheduled (IAS 36)						
EBIT	- 2,403	4,554	8,082	17,269	10,804	10,520
Investments	1,906	1,999	1,768	3,563	2,795	7,496
Employees (No. / reporting date)	566	618	739	752	904	900

Exchange equalisation items	Revaluation of pensions	Hedging instruments	Total	Minority interest incorporated companies	Equity
-577	**-3,624**	**-43**	**230,776**	**14,518**	**245,294**
			-9,756	-1,155	-10,911
		-9	-1,026	-650	-1,676
846	-1,568	-364	11,388	1,523	12,911
269	**-5,192**	**-416**	**231,382**	**14,236**	**245,618**
-405	**-4,927**	**-56**	**235,864**	**14,564**	**250,428**
			-2,493	-850	-3,343
-1,430	0	123	-13,495	542	-12,953
-1,835	**-4,927**	**67**	**219,876**	**14,256**	**234,132**

Mobility Technology		GESCO AG / other companies		Reconciliation		Group	
I. – III. Quarter 2020	I. – III. Quarter 2019 adjusted	I. – III. Quarter 2020	I. – III. Quarter 2019 adjusted	I. – III. Quarter 2020	I. – III. Quarter 2019 adjusted	I. – III. Quarter 2020	I. – III. Quarter 2019 adjusted
32,483	37,254	0	0	0	0	174,794	210,032
24,858	34,110	0	0	0	0	354,172	437,162
32,008	44,912	1,441	453	-1,883	-772	363,044	438,553
143	4	1,441	453	-1,883	-772	0	0
3,145	3,154	128	116	18,858	5,437	32,885	19,632
				13,530	0	13,530	0
-2,790	689	-4,351	-5,852	-15,151	-3,553	-5,809	23,627
724	1,937	52	269	960	17,284	8,205	32,548
383	446	19	18	0	0	2,611	2,734

Explanatory notes

Accounts, accounting and valuation methods

The statement of GESCO Group for the first nine months (1 January to 30 September 2020) of financial year 2020 was prepared on the basis of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). It was drawn up in compliance with IAS 34.

The accounting and valuation principles applied generally correspond to those in the consolidated financial statements as at 31 December 2019. The financial statements are affected by the accounting and valuation methods as well as assumptions and estimates which affect the level and recognition of assets, liabilities and contingent liabilities on the balance sheet, as well as those of the income and expenditure items. Sales-related figures are accrued throughout the year.

Financial calendar

16 November 2020
Publication of the quarterly statement for the third quarter

16 – 17 November 2020
German Equity Forum

8 December 2020
Munich capital market conference

27 April 2021
Annual accounts press conference and analysts' meeting

30 June 2021
Annual General Meeting at the Stadthalle Wuppertal, Germany

Dear Shareholder,

If you would like to receive regular information on GESCO AG, please add your name to our information service. Please print this page, fill it out and return it to us by post or fax. You can also register on our website www.gesco.de, send us an e-mail at info@gesco.de or call us on + 49 202 24820-18.

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Website: www.gesco.de

First name / name: ____________________

Street / house number: ____________________

Zip code / City: ____________________

E-mail: ____________________

☐ Please send me your annual report for abbreviated financial year 2019
☐ Please add me to your mailing list. I would like to receive information by
  ☐ e-mail.
  ☐ e-mail (please send annual report per post).
  ☐ post.

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