GESCO AG
Quarterly statement
1 January to 30 September 2021

Q3
2021

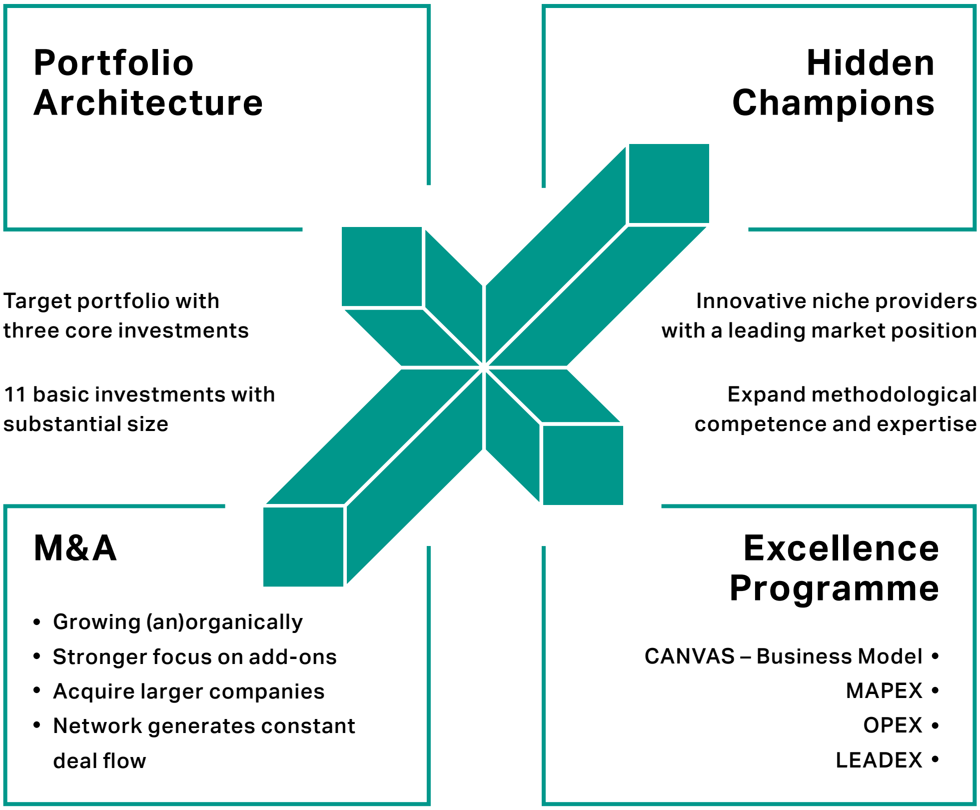
NEXT LEVEL strategy – In Transition

The Executive Board and the Supervisory Board of GESCO AG developed and adopted the NEXT LEVEL strategy in autumn 2018. Based on a shared vision of GESCO as a group of hidden champions, the strategy defines key measures and objectives for the Group's strategic and operational development in the years ahead.

GESCO already made solid progress on its NEXT LEVEL strategy in 2020. By selling a group of six subsidiaries in late 2020 and agreeing to a management buy-out at VWH in early 2021, GESCO has balanced out its direct dependency on the automotive market and discontinued its Mobility segment. The Group has also made good progress on its strategic excellence programmes.

The guiding theme of financial year 2021 is "in transition". We intensively focus on our target portfolio architecture and achieve further success in the implementation of our excellence programmes in order to safeguard the future of our subsidiaries and remain successful in the long term.

The strategy as an integrated concept



Overview of key points

- **Increases in incoming orders and sales**
- **EBIT margin sees further improvement**
- **Positive effects from excellence programmes**
- **Sales forecast specified upward**
- **Earnings forecast raised again**

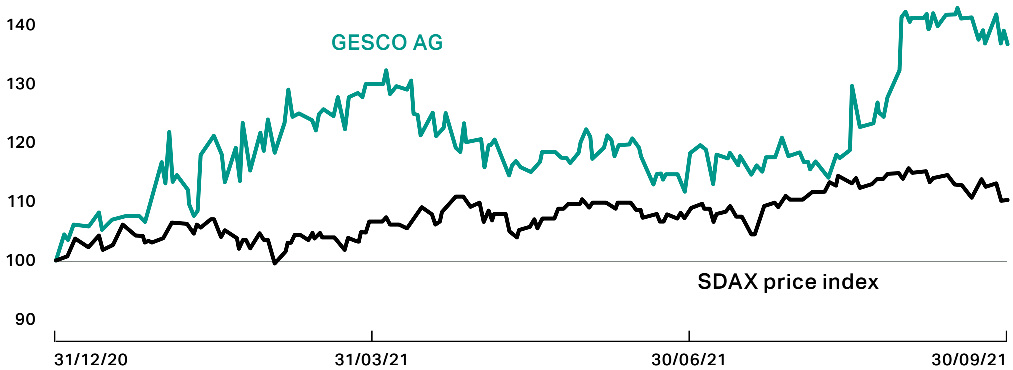
GESCO Group at a glance

Key figures

€'000	01/01/2021 – 30/09/2021 (continuing operations)	01/01/2020 – 30/09/2020 (continuing operations)	Change (in %)
Incoming orders	421,039	293,847	43.3
Sales	351,012	294,426	19.2
EBITDA	40,728	22,634	79.9
EBIT	27,769	9,968	> 100
EBIT margin (in %)	7.9	3.4	453 bps
EBT	26,811	8,633	> 100
Group result[1]	15,179	4,464	> 100
Earnings per share (in €)	1.40	0.41	> 100
Closing price (in €)[2]	25.00	15.25	63.9
Employees[3]	1,789	1,731	3.4

[1] After minority interest. [2] XETRA closing price as at the balance sheet date. [3] Number as at the balance sheet date.

Share performance in the reporting period



Source: Bloomberg, share performance indexed and in %.

Letter to shareholders

Dear Shareholders,

Roughly one year ago, at this time in 2020, GESCO Group found itself in a rather challenging and dynamic environment in operating terms. Since March, the year had been dominated by the coronavirus pandemic. The Group's efforts were dedicated to striking the best possible balance between protecting people's health and maintaining its business operations. The coronavirus pandemic was affecting the subsidiaries in a variety of different ways. Moreover, the automotive industry was being plagued by a reluctance to invest on account of technological change. One year later, it is worth **taking stock** again.

In operating terms, the Group's companies saw a positive start to the current financial year in the **first quarter of 2021**, following a very challenging financial year 2020. All three segments were able to significantly increase their business volume. Group sales grew considerably. Project business gradually picked up. Positive developments in strip and stainless steel provided additional momentum. The EBIT margin recovered to 6.6 %. With little clarity as to whether the uptick in demand was just a catch-up effect or truly sustainable, future developments continued to be associated with uncertainties.

The economic tailwind and the high level of revived demand continued in the **second quarter of 2021**, supported by the economic effects of successful measures related to the Operational Excellence (OPEX) programmes launched in 2020. Besides business with strip steel and stainless steel products, both tool steel and business involving paper sticks in the confectionery and hygiene industries also contributed to the positive trend. The construction, pharmaceutical and biotech sectors acted as additional drivers. Due to seasonal factors, initial earnings contributions from the capital goods industry had yet to materialise. Incoming orders increased by more than 50 % year on year, with sales growing by nearly one-third. Group EBIT grew several times over as a result, leading to a further slight improvement in the margin to 6.8 %. In light of the continued good business development, we raised the Group sales and earnings forecast for the current financial year in August 2021.

As a result of the significantly improved yet complicated situation, which was still influenced by the coronavirus pandemic, the German mechanical and plant engineering sector increasingly felt the impact of material shortages and the associated rise in prices. The supply of steel, plastics and control components was affected to a particularly significant extent. The subsidiaries of GESCO faced the additional challenge of keeping a close eye on the supply of materials and taking forward-looking action.

The continued brisk demand under the more challenging conditions and our efforts to avoid delivery problems and price pressures continued to bear fruit in the **third quarter of 2021**. Alongside the aforementioned industries, the increase in the sales and earnings contribution attributable to capital goods that is typical for the second half of the year started to have a positive impact. In the first half of 2021, the Resource Technology as well as the Health and Infrastructure Technology segments reported considerably improved earnings figures. By now, though, all three segments were reporting a similar improvement. GESCO Group finished the third quarter of 2021 with an increase in incoming orders of nearly two-thirds, a marked rise in Group sales and Group EBIT growth of one-third. The EBIT margin stood at 10.2 %.

In the **first nine months of 2021**, incoming orders were up by more than 40 % year on year. Sales revenues increased significantly, and Group EBIT nearly tripled. The cumulative EBIT margin stood at 7.9 %. Given the expectations for the remainder of the year, we now anticipate Group sales at the upper end of the unchanged range of between € 465 million and € 485 million. On the earnings side, we have raised the **outlook** once again and expect Group net income for the year after minority interest of between € 22 million to € 24 million for financial year 2021 (previously € 20 to € 22 million), both target ranges statet before M&A activities and without changes to the scope of consolidation.

Let us take a look back and a look ahead at our **strategic achievements** to date **and our plans for the future**: Since the successful sale of seven subsidiaries in total and the associated discontinuation of the Mobility Technology segment at the end of 2020 and the start of 2021, we have been shifting our focus back to our core competencies. With a new M&A team and a fully staffed investment manager team, we have expanded our M&A activities and worked hard to advance our programmes for Operational Excellence (OPEX) and for Market and Product Excellence (MAPEX).

In the second quarter of 2021, we were able to announce good news on the acquisition front: On 15 June 2021, we acquired 100 % of the shares in Bückeburg-based United MedTec Holding GmbH. In structural terms, we acquired United MedTec Holding GmbH and W. Krömker GmbH, the principal operating company and European market leader for support arm systems, as well as Tragfreund GmbH, which acts as the licensing company. Collectively, they are referred to as UMT Group. As this group of companies ideally complements the existing portfolio of the long-standing subsidiary Haseke GmbH & Co. KG in Porta Westfalica, Germany, GESCO Group acquired the remaining shares in Haseke GmbH & Co. KG from the minority shareholder in the third quarter of 2021 and transferred its entire holdings to United MedTec Holding GmbH. The goal in doing so was to round out UMT Group and create a substantial basic investment with organic and inorganic growth potential in the attractive segment of medical technology.

We believe that the biotech market offers tremendous opportunities as it continues to evolve and grow, especially for our two subsidiaries in the field of stainless steel, Sommer & Strassburger in Bretten, Germany, and Hubl in Vaihingen / Enz, Germany. The efforts to expand our market position are also visible in the United States, where the new Setterstix location in South Carolina is now up and running as planned with new, state-of-the-art machinery. In the strip steel business, Project "brake line strip", is now being used by customers and is helping to ensure a balanced focus on the automotive sector in this portfolio. The project itself was the product of our MAPEX workshops.

In October 2021, GESCO AG also acquired a 100 % stake in wkk Beteiligung AG, based in Vienna, Austria. As announced on 13 October 2021, plans are in place to convert GESCO AG into a European company by merging wkk Beteiligung AG with GESCO AG and changing the legal form to a Societas Europaea (SE) that is eligible for a stock market listing, provided that the Annual General Meeting of GESCO AG approves the merger. If possible, the next regular Annual General Meeting, in 2022, should address the proposal for resolution.

Nothing is set to change for you, our shareholders. The conversion into an SE is to take place without any new shares being issued. Stock market trading will be unaffected by the transformation. The current dual management system of GESCO AG, consisting of the Executive Board with responsibility for business affairs and the Supervisory Board as a monitoring authority, will remain in place. GESCO SE will continue to have its headquarters in Wuppertal, Germany.

The reason for the planned conversion is that GESCO has evolved into a globally operating group of companies in recent years. The scheduled transformation of GESCO AG into GESCO SE is intended to do justice to the increasingly international nature of our investments and take future investment opportunities into account. Our goal is to make GESCO AG and its operating subsidiaries better known outside Germany. Converting the Group into a European company will help us to continue growing successfully and increasing the value of GESCO in the long term.

And that is where we stand. You can find detailed information on our economic development in the first nine months of the year and in the individual quarters on the following pages of this interim statement.

In conclusion, we are on the right track – and there is still tremendous potential on the path ahead of us. The raft of measures within the scope of the NEXT LEVEL strategy that we have initiated and will continue to enhance going forward is having a positive impact. Those measures serve to further improve the ability of our Group to thrive in the future and remain successful in the long term. GESCO AG will support its subsidiaries in this process as an important source of advice and guidance. In light of the speed required today to respond to changes and adapt accordingly, we are constantly learning in order to keep up with our subsidiaries and their competitive environment.

Wuppertal, November 2021

Ralph Rumberg
CEO / Spokesman of the Executive Board

Kerstin Müller-Kirchhofs
CFO / Chief Financial Officer

Change of financial year and portfolio restructuring

In reporting year 2020, GESCO completed its first full financial year running concurrently with the calendar year after the financial year was changed to 31 December with an abbreviated financial year in 2019. Financial year 2021 marks a return to full comparability on a twelve-month basis (2021 versus 2020).

Following the completed portfolio restructuring in late 2020 and early 2021, the associated sale of a group of seven subsidiaries and the discontinuation of the Mobility Technology segment, the sold companies were reported as "discontinued operations" in the consolidated financial statements for financial year 2020. The same applies for the majority shareholding in VWH GmbH, which was sold as part of a management buy-out in February 2021. We will continue to report this investment under "discontinued operations" in financial year 2021, as the figures for VWH GmbH were still included in the financial statements to a minor extent in January 2021. The "discontinued operations" in financial year 2020 contain the figures of the seven sold subsidiaries. The figures for continuing operations reported in the previous reporting period have also been adjusted for the purpose of better comparability (abbreviated in the following as "9M 2020-c" or "Q3 2020-c").

Changes to the scope of consolidation

In June 2021, GESCO AG acquired 100 % of the shares in United MedTec Holding GmbH, Bückeburg, Germany. In structural terms, GESCO therefore acquired W. Krömker GmbH (the principal operating company), held by United MedTec Holding GmbH, as well as Tragfreund GmbH (the licensing company). Collectively, they are referred to as UMT Group. UMT Group is assigned to the Healthcare and Infrastructure Technology segment. UMT, along with its asset and liability items, is included in the Group balance sheet as at 30 September 2021. It is included in the consolidated income statement on a pro rata basis from June 2021.

Following the transfer of GESCO AG's 80 % stake in Haseke GmbH & Co. KG, Porta Westfalica, Germany, to United MedTec Holding GmbH in August 2021, United MedTec Holding GmbH acquired the remaining 20 % stake in Haseke GmbH & Co. KG from the minority shareholder in September 2021. United MedTec Holding GmbH now owns 100 % of Haseke GmbH & Co. KG. The reason for the restructuring is that the product portfolio of W. Krömker, a provider of support arm systems in the field of medical engineering, complements the product portfolio of the long-standing subsidiary Haseke, a manufacturer of suspension arm systems. Bringing together Haseke GmbH & Co. KG with W. Krömker GmbH and Tragfreund GmbH (UMT Group) has made it possible to create a substantial basic investment with organic and inorganic growth potential in the attractive segment of medical technology.

The liquidation of Georg Kesel Machinery (Beijing) Co., Ltd., Beijing, China, was completed in June 2021. The elimination of the company from the scope of consolidation did not have a material impact on the consolidated financial statements.

Business performance and the development of Group sales and earnings

The high level of revived demand in the first half of 2021 continued unabated in the third quarter of 2021 for the companies of GESCO Group. Besides business with stainless steel products, strip steel and stainless steel, as well as business involving paper sticks in the confectionery and hygiene industries, continued to contribute to the positive trend. The sales and earnings contribution from the delivery of machines and equipment designated as capital goods, which is customarily higher in the second half of the year, also had a positive impact. Moreover, UMT Group (W. Krömker and Tragfreund) made a pro rata contribution to the overall development of GESCO Group following its acquisition in the second quarter of 2021.

In the first half of 2021, the Resource Technology as well as the Health and Infrastructure segments reported considerably improved sales and earnings figures overall compared to the weak period of the previous year. In the first nine months of 2021, however, all three segments reported a similar improvement. Thanks in particular to brisk economic activity in the stainless steel industry, the Resource Technology segment made an above-average earnings contribution in the third quarter of 2021.

In the cumulative reporting period, incoming orders at GESCO Group companies reached a total of € 421.0 million and were therefore markedly above the comparable period (€ 293.8 million, 9M 2020-c). In the third quarter of 2021, incoming orders, at € 146.5 million, were once again higher than in the two previous individual quarters. Compared to the third quarter of the previous year, which was still heavily impacted by the effects of the coronavirus pandemic, incoming orders increased by a substantial 60.0 % (Q3 2020-c: € 91.6 million), confirming the rise in demand that was already noticeable in the first half of the current year.

In the first nine months of 2021, Group sales amounted to € 351.0 million, thereby exceeding the level of the previous year's reporting period by a remarkable 19.2 % (9M 2020-c: € 294.4 million). The third quarter of 2021 ended the reporting period with a 18.0 % higher sales contribution than in the same period in the previous year.

As at the reporting date, the Group's order backlog stood at € 222.4 million (9M 2020-c: € 124.2 million).

Despite a significant increase in material prices, the ratio of material expenditure, at 56.3 %, was virtually unchanged compared to the first nine months of the previous year (56.4 %) but rose to 57.5 % in the third quarter. Despite the commissioning of a new production site in the US, the personnel better capacity utilisation and adjusted capacity, as well as increases in efficiency from successful OPEX activities. At 23.5 %, it was lower in the third quarter than in the previous quarters.

Other operating income increased significantly year on year in the first nine months of 2021, thanks in part to Covid-related aid payments in the US. Other operating expenses grew at a somewhat faster rate than sales revenues in the cumulative reporting period. Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached a total of € 40.7 million in the first nine months of 2021, significantly exceeding the result in the first nine months of 2020 (9M 2020-c: € 22.6 million). At € 17.3 million, the third quarter of 2021 was the strongest quarter of the current financial year so far.

In the first nine months of 2021, depreciation and amortisation stood at € 13.0 million (9M 2020-c: € 12.7 million), with a slight rise over the course of the year. No impairment losses were recognised. At € 27.8 million, EBIT was considerably higher in the first nine months of 2021 than in the weak comparable period of the previous year (9M 2020-c: € 10.0 million). The same applies to EBIT in the third quarter of 2021, at € 12.5 million (compared to € 9.6 million in Q3 2020-c), following € 7.8 million in the second quarter and € 7.4 million in the first quarter of 2021. The EBIT margin amounted to 7.9 % in the cumulative reporting period (compared to 3.4 % in 9M 2020-c) and 10.2 % in the third quarter of 2021, following 6.6 % and 6.8 % in the first and second quarters of 2021.

The financial result again improved noticeably, both for the cumulative and the individual reporting period. The improved tax rate stood at 36.8 % in the first nine months of 2021 and at 37.4 % in the third quarter of 2021. Altogether, Group net income after minority interest amounted to € 15.2 million in the first nine months of 2021 (versus € 4.5 million in 9M 2020-c), € 6.9 million of which was attributable to the third quarter of 2021.

Earnings per share for continuing business operations amounted to € 1.40 in the cumulative reporting period (9M 2020-c: € 0.41). Including discontinued operations, earnings per share also stood at € 1.40 (9M 2020: € -1.12).

Segment performance

On account of continued high demand and further gains in market share, incoming orders in the **Production Process Technology** segment nearly doubled in the first nine months of 2021, rising from € 33.2 million in the same period of the previous year to € 64.9 million. The third quarter of 2021 accounted for € 22.2 million of that amount, making a substantial contribution to the positive development.

The companies in the segment were able to increase their sales from € 37.3 million (9M 2020-c) to € 43.3 million in the first nine months of 2021. In the third quarter of 2021 alone, sales rose from € 16.1 million to € 18.5 million. Segment EBIT amounted to € 4.1 million in the cumulative reporting period, compared to € -1.5 million in 9M 2020-c. At € 3.1 million (compared to € 1.9 million in Q3 2020-c), the segment's EBIT was very positive in the third quarter of 2021. Buoyed by 16.8 % in the third quarter of 2021 (compared to 11.8 % in Q3 2020-f), the segment's EBIT margin stood at 9.6 % in the first nine months of 2021 following a negative margin in the same period of the previous year.

The stainless steel technology business once again made a positive sales contribution and a disproportionately high earnings contribution by comparison. Earnings for capital goods were still negative in the first half of 2021 due to a still noticeable reluctance to invest as a result of the second coronavirus lockdown and the effects of structural change in the automotive industry, as well as the segment's usual sales and earnings development over the course of the year, with the delivery of machines and equipment produced in the previous months usually taking place in the second half of the year, causing both sales and earnings to be higher in the second half of the year than in the first. As expected, the corresponding positive effects made themselves felt in the third quarter of 2021, allowing the segment to report significantly improved sales and earnings figures overall in the first nine months of 2021. In addition, restructuring expenses were included in the previous year, leading to a further improvement in the results for the current year.

Further projects are scheduled for completion in the fourth quarter of 2021 that will support rising sales and earnings through high-margin growth in stainless steel processing while encouraging relief on earnings due to restructuring effects from the previous year.

The companies in the **Resource Technology** segment recorded a continued recovery in demand in the first nine months of 2021 compared to the same period of the previous year. Incoming orders amounted to € 76.7 million in the third quarter of 2021, which resulted in a 33.6 % increase to € 224.5 million for the cumulative reporting period. Sales revenues increased by 19.2 % from € 167.6 million (9M 2020-c) to € 199.6 million in the first nine months of 2021, following a 10.8 % increase in segment sales to € 65.5 million in the third quarter of 2021 (compared to € 59.1 million in Q3 2020-c).

Segment EBIT once again improved many times over in both the cumulative and individual reporting periods, rising from € 8.1 million (9M 2020-c) to € 23.2 million in the first nine months of 2021, and from € 4.2 million (Q3 2020-c) to € 10.1 million in the third quarter of 2021, following € 5.9 million in the first quarter of 2021 and € 7.1 million in the second. The above-average contribution to earnings in the third quarter of 2021 is not least due to the good economic development in the raw material-intensive companies.

The segment's EBIT margin consequently increased from 4.8 % (9M 2020-c) to 11.6 % in the first nine months of 2021 and from 7.1 % (Q3 2020-c) to 15.4 % in the third quarter of 2021, following an EBIT margin of 8.8 % and 10.6 % in the first and second quarters.

Owing to the higher demand in the tool and strip steel business and the ongoing healthy order situation for loading technology, which is supported by the gradual fulfilment of the largest order in the company's history, we continue to expect a significant increase in sales and a disproportionately steep rise in earnings year on year for 2021 as a whole, thanks also to the positive effects from material price developments.

With the **Healthcare and Infrastructure Technology** segment having already confirmed that it is in good shape in the first half of 2021, the segment's companies managed to once again build on their business volume in the cumulative reporting period. At € 47.7 million, incoming orders in the third quarter of 2021 exceeded the figure for incoming orders of the comparable quarter by 59.1 % (Q3 2021-c: € 30.0 million) and again exceeded the previous two quarters in terms of absolute figures, each of which posted roughly € 42 million. In total, the segment's incoming orders came to € 131.7 million in the first nine months of 2021 following € 92.6 million in 9M 2020-c, an increase of 42.2 %. Along with business involving paper sticks in the confectionery and hygiene industries, the construction, pharmaceutical and biotech sectors made a particularly marked contribution to this development.

At € 33.3 million, segment sales in the first quarter of 2021 were on a par with the figure seen in the previous year. In the second quarter of 2021, however, they rose from € 27.6 million to € 35.9 million (+30.4 %) before continuing to increase substantially from € 29.1 million to € 38.9 million (+33.9 %) in the third quarter. Consequently, sales grew by 20.3 % in the first nine months of 2021, from € 89.9 million (9M 2020-c) to € 108.1 million, or roughly 15 % on a like-for-like basis excluding acquisitions. The rise in sales was fuelled by strong demand from the construction and semiconductor industries, with successful OPEX measures in the past two years also helping to lay the groundwork for the growth.

Segment EBIT increased by 16.9 % from € 9.5 million (9M 2020-c) to € 11.2 million in the cumulative reporting period, resulting in an EBIT margin of 10.3 % for the first nine months of 2021 – slightly below the 10.6 % seen in the same period of the previous year, but above the 8.4 % recorded in the third quarter of 2021. One-off effects in connection with the restructuring of UMT Group and Setter's new production site in the US, among other factors, had a mitigating effect during this period.

For the full year, we continue to expect positive sales development on the whole at all companies in the segment and a stable EBIT margin on a like-for-like basis.

Assets and financial position

At € 437.3 million, total assets were higher as at the reporting date than at the beginning of the financial year (€ 390.8 million). The increase in total assets is mainly due to UMT Group, which was acquired in June 2021. Due in particular to the € 27.9 million increase in intangible assets, non-current assets rose from € 159.8 million as at 31 December 2020 to € 189.6 million as at 30 September 2021. Current assets, at € 247.7 million, were up on the € 231.1 million reported as at the balance sheet date on 31 December 2020.

The equity ratio stood at 55.5 % as at the reporting date despite the rise in equity due to the increase in total assets (compared to 58.3 % as at 31 December 2020). Non-current liabilities rose by 10.5 %, mainly as a result of increased deferred tax liabilities and higher lease liabilities. Current liabilities increased by 25.6 %, largely due to higher trade payables, prepayments received on account of orders and other liabilities. By contrast, current liabilities to financial institutions fell by 14.7 %. Non-current liabilities to financial institutions were down slightly compared to 31 December 2020.

At € 147.9 million, working capital was on a par with the level seen in December 2020. As a result, the working capital ratio improved to 32.6 % on account of higher sales (past twelve months).

At € 48.9 million, liquid assets reflected a similarly strong increase in the cash position as compared to € 49.2 million as at 31 December 2020. Operating cash flow stood at € 41.2 million and made it possible to acquire UMT Group while reducing financial liabilities on a net basis. Net debt decreased from € 33.4 million as at 31 December 2020 to € 26.5 million, and from € 48.7 million to € 46.6 million including lease liabilities.

Investments

The difficult economic conditions led to a review of investment projects in financial year 2020. Investment projects that were not absolutely essential were subsequently postponed. In light of the improving economic situation, the companies were able to increase their investment volumes again in the first nine months of 2021. The investments were mainly spread across a series of small and medium-sized replacement and modernisation projects.

The reconciliation from the operating segments to the Group figures includes, among other things, the rights of use capitalised in accordance with IFRS 16, which were higher year on year in the first nine months of 2021. Including new leases, a total of € 11.1 million was invested in GESCO Group's property, plant and equipment and intangible assets in the reporting period (9M 2020-c: € 5.3 million). The significant increase in the third quarter was mainly the result of the new location of Setter Group's US company and the associated capitalisation of rights of use in accordance with IFRS 16 following the commencement of business operations.

Employees

A total of 1,789 people were employed at GESCO Group's continuing business operations as at the reporting date (continuing business operations as at 30 September 2020: 1,731). Compared to the figure of 1,695 as at 31 December 2020, the Group workforce increased slightly in the reporting period.

The number of employees in the Resource Technology segment decreased slightly year on year, whereas the Production Process Technology segment remained virtually unchanged. The Healthcare and Infrastructure Technology segment recorded an increase that was mainly due to the acquisition of UMT Group in June 2021 and its 50 employees as at the reporting date and the new Setterstix location in South Carolina, USA, with approximately 30 employees.

Opportunities and risks

Our general explanations on the opportunities and risks, as well as the presentation of specific individual risks in the Group financial statements as at 31 December 2020, remain essentially unchanged and valid. For more details, please refer to the Annual Report for financial year 2020 and the additional statements in the half-year interim report for 2021, both of which are available online at www.gesco.de/en/investor-relations/financial-reports/.

Outlook

GESCO published its outlook for financial year 2021 on 27 April 2021, which forecast Group sales of between € 445 million and € 465 million, along with Group net income after minority interest of € 16.5 million to € 18.5 million (both target ranges before M&A activities and without changes to the scope of consolidation). GESCO confirmed this outlook when publishing its figures for the first quarter of 2021 on 18 May 2021. During the virtual Annual General Meeting of GESCO AG on 30 June 2021, the Executive Board refined the outlook, specifying the upper end of the range in each case.

In light of the positive business development, GESCO raised the outlook for financial year 2021 on 17 August 2021 to expect Group sales of between € 465 million and € 485 million, along with Group net income after minority interest of € 20 million to € 22 million (both target ranges before M&A activities and without changes to the scope of consolidation, as previously announced). Given the expectations for the remainder of the year, the Executive Board now anticipates Group sales at the upper end of the unchanged range of between € 465 million and € 485 million, along with Group net income for the year after minority interest of between € 22 million to € 24 million for financial year 2021.

The outlook for financial year 2021 may change at short notice, as the effects of the pandemic and material supply situation cannot currently be assessed with any degree of certainty.

Events after the reporting date

In October 2021, GESCO AG acquired a 100 % stake in wkk Beteiligung AG, based in Vienna, Austria. As announced on 13 October 2021, plans are in place to convert GESCO AG into a European company by merging wkk Beteiligung AG with GESCO AG and changing the legal form to a Societas Europaea (SE), provided that the Annual General Meeting of GESCO AG approves the merger. If possible, the regular Annual General Meeting should address the proposal for resolution in 2022.

The merger is to take place without any new shares being issued. Stock market trading will also be unaffected by the transformation. The current dual management system of GESCO AG, consisting of the Executive Board with responsibility for business affairs and the Supervisory Board as a monitoring authority, will remain in place in the new SE legal structure. GESCO SE is to be registered in Wuppertal, Germany, as in the past.

GESCO Group balance sheet

€'000	30/09/2021	31/12/2020
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	29,570	16,613
2. Goodwill	38,274	23,347
3. Prepayments	82	116
	67,926	**40,076**
II. Tangible assets		
1. Land and buildings	60,403	57,649
2. Technical plant and machinery	26,512	28,764
3. Other plant, fixtures and fittings	16,105	15,710
4. Prepayments and assets under construction	4,184	2,643
	107,204	**104,766**
III. Financial investments		
1. Shares in affiliated companies	0	0
2. Shares in companies recognised at equity	2,105	1,868
3. Investments	156	236
4. Other loans	9,861	9,861
	12,122	**11,965**
IV. Other assets	440	441
V. Deferred tax assets	1,917	2,506
	189,609	**159,754**
B. Current assets		
I. Inventories		
1. Raw materials, supplies and consumables	32,277	22,856
2. Unfinished products and services	31,899	22,634
3. Finished products and goods	56,904	63,308
4. Prepayments	581	119
	121,661	**108,917**
II. Receivables and other assets		
1. Trade receivables	65,978	56,286
2. Amounts owed by affiliated companies	1,303	1,455
3. Amounts owed by companies recognised at equity	693	301
4. Other assets	8,386	5,926
	76,360	**63,968**
III. Cash and credit with financial institutions	48,850	49,226
IV. Accounts receivable and payable	849	928
V. Assets held for sale	0	8,028
	247,720	**231,067**
	437,329	**390,821**

€'000	30/09/2021	31/12/2020
Equity and liabilities		
A. Equity		
I. Subscribed capital	10,839	10,839
II. Capital reserves	72,364	72,364
III. Revenue reserves	152,591	137,871
IV. Treasury shares	- 720	0
V. Other comprehensive income	- 3,929	- 5,432
VI. Minority interests (incorporated companies)	11,747	12,128
	242,892	**227,770**
B. Non-current liabilities		
I. Minority interests (partnerships)	0	903
II. Provisions for pensions	11,561	11,115
III. Other non-current provisions	535	524
IV. Liabilities to financial institutions	37,527	38,256
V. Lease liabilities	16,716	13,032
VI. Other liabilities	1,159	1,678
VII. Deferred tax liabilities	7,883	2,734
	75,381	**68,242**
C. Current liabilities		
I. Other provisions	6,473	8,314
II. Liabilities		
1. Liabilities to financial institutions	37,845	44,357
2. Lease liabilities	3,397	2,287
3. Trade payables	18,451	8,701
4. Payments received on account of orders	21,303	8,620
5. Liabilities to affiliated companies	873	1,021
6. Liabilities to companies recognised at equity	0	0
7. Other liabilities	30,110	18,322
	111,979	**83,308**
III. Accounts receivable and payable	604	159
IV. Liabilities directly relating to assets held for sale	0	3,028
	119,056	**94,809**
	437,329	**390,821**

GESCO Group income statement for the nine months period (01/01 to 30/09)

€'000	01/01/2021 – 30/09/2021	01/01/2020 – 30/09/2020
CONTINUING OPERATIONS		
Sales revenues	**351,012**	**294,426**
Change in stocks of finished and unfinished products	6,631	2,954
Other company-produced additions to assets	381	387
Other operating income	5,118	2,763
Total income	**363,142**	**300,530**
Material expenses	- 197,723	- 165,945
Personnel expenses	- 83,965	- 78,435
Other operating expenses	- 40,656	- 33,450
Impairment losses on financial assets	- 70	- 66
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**40,728**	**22,634**
Amortisation of intangible assets and depreciation on property, plant and equipment	- 12,959	- 12,666
Earnings before interest and tax (EBIT)	**27,769**	**9,968**
Earnings from companies valued at equity	401	278
Other interest and similar income	274	20
Interest and similar expenses	- 1,552	- 1,584
Third-party profit share in partnerships	- 81	- 49
Financial result	**- 958**	**- 1,335**
Earnings before tax (EBT)	**26,811**	**8,633**
Taxes on income and earnings	- 9,877	- 3,463
Earnings from continuing operations	**16,934**	**5,170**
DISCONTINUED OPERATIONS		
Earnings from discontinued operations	**- 19**	**- 16,712**
Group result	**16,915**	**- 11,542**
of which:		
Shares held by third parties in incorporated companies		
Earnings from continuing operations	1,755	706
Earnings from discontinued operations	- 6	- 60
	1,749	**646**
Shares held by GESCO shareholders		
Earnings from continuing operations	15,179	4,464
Earnings from discontinued operations	- 13	- 16,652
	15,166	**- 12,188**
Earnings per share (€)		
From continuing operations	1.40	0.41
From continuing and discontinued operations	1.40	- 1.12

GESCO Group income statement for the third quarter (01/07 to 30/09)

€'000	01/07/2021 – 30/09/2021	01/07/2020 – 30/09/2020
CONTINUING OPERATIONS		
Sales revenues	**122,933**	**104,161**
Change in stocks of finished and unfinished products	6,003	-6,216
Other company-produced additions to assets	131	126
Other operating income	2,502	679
Total income	**131,569**	**98,750**
Material expenses	-70,728	-51,927
Personnel expenses	-28,929	-24,514
Other operating expenses	-14,571	-9,987
Impairment losses on financial assets	-24	-22
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**17,317**	**12,300**
Amortisation of intangible assets and depreciation on property, plant and equipment	-4,783	-2,753
Earnings before interest and tax (EBIT)	**12,534**	**9,547**
Earnings from companies valued at equity	215	143
Other interest and similar income	93	5
Interest and similar expenses	-524	-548
Third-party profit share in partnerships	-78	-63
Financial result	**-294**	**-463**
Earnings before tax (EBT)	**12,240**	**9,084**
Taxes on income and earnings	-4,576	-1,875
Earnings from continuing operations	**7,664**	**7,209**
DISCONTINUED OPERATIONS		
Earnings from discontinued operations	**0**	**-1,749**
Group result	**7,664**	**5,460**
of which:		
Shares held by third parties in incorporated companies		
Earnings from continuing operations	721	273
Earnings from discontinued operations	0	-18
	721	**255**
Shares held by GESCO shareholders		
Earnings from continuing operations	6,943	6,936
Earnings from discontinued operations	0	-1,731
	6,943	**5,205**
Earnings per share (€)		
From continuing operations	0.64	0.53
From continuing and discontinued operations	0.64	0.44

GESCO Group statement of comprehensive income for the nine months period (01/01 to 30/09)

€'000	01/01/2021 – 30/09/2021	01/01/2020 – 30/09/2020
Group result	**16,915**	**- 11,542**
Revaluation of benefit obligations not impacting income	**494**	**0**
Items that cannot be reclassified to the income statement	**494**	**0**
Difference from currency translation		
a) Reclassification to the income statement	- 6	0
b) Changes in value with no effect on income	1,463	- 1,198
Difference from currency translation from companies valued at equity		
a) Reclassification to the income statement	0	0
b) Changes in value with no effect on income	- 164	- 336
Market valuation of hedging instruments		
a) Reclassification to the income statement	0	0
b) Changes in value with no effect on income	- 185	123
Revaluation surplus		
a) Reclassification to the income statement	0	0
b) Change in value with no effect on income	- 281	0
Items that can be reclassified to the income statement	**1,108**	**- 1,411**
Other comprehensive income	**1,602**	**- 1,411**
Comprehensive income for the period	**18,517**	**- 12,953**
of which shares held by third parties in incorporated companies	2,013	542
of which shares held by GESCO shareholders	16,504	- 13,495

GESCO Group cash flow statement for the nine months period (01/01 to 30/09)

€'000	01/01/2021 – 30/09/2021	01/01/2020 – 30/09/2020
Group net loss / income for the period (including share attributable to minority interests in incorporated companies)	**16,915**	**- 11,542**
Amortisation of intangible assets and depreciation on property, plant and equipment	12,959	32,885
Earnings from companies valued at equity	- 401	- 278
Share attributable to minority interests in partnerships	81	49
Decrease in non-current provisions	- 131	- 553
Other non-cash income	329	- 344
Cash flow for the year	**29,752**	**20,217**
Losses from the disposal of tangible / intangible assets	36	223
Gains from the disposal of tangible / intangible assets	- 62	- 329
Gains from the disposal of financial assets	- 290	0
Decrease / increase in inventories, trade receivables and other assets	- 19,160	12,453
Increase in trade payables and other liabilities	30,970	4,932
Cash flow from ongoing business activity	**41,246**	**37,496**
Incoming payments from disposals of tangible / intangible assets	89	604
Disbursements for investments in tangible assets	- 4,937	- 6,425
Disbursements for investments in intangible assets	- 569	- 821
Incoming payments from disposals of financial assets	352	93
Disbursements for the acquisition of consolidated companies and other business units	- 27,814	0
Incoming payments from the sale of consolidated companies and other business operations	3,500	0
Cash flow from investment activity	**- 29,379**	**- 6,549**
Disbursements to shareholders (dividend)	0	- 2,493
Disbursements for the purchase of treasury shares	- 720	0
Disbursements to minority interests	- 1,305	- 1,185
Disbursements for the purchase of non-governing shares	- 1,424	0
Incoming payments from taking out (financial) loans	7,000	9,840
Disbursements for the repayment of (financial) loans	- 14,241	- 16,262
Disbursements for the repayment of leasing liabilities	- 1,701	- 3,185
Cash flow from funding activity	**- 12,391**	**- 13,285**
Changes in cash and cash equivalents	**- 524**	**17,662**
Exchange rate-related changes in cash and cash equivalents	**148**	**- 128**
Cash and cash equivalents on 01/01	49,226	30,870
Cash and cash equivalents on 30/09	**48,850**	**48,404**

Note: Incl. discontinued operations.

GESCO Group statement of changes in equity

€'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares
As at 01/01/2020	**10,839**	**72,364**	**158,049**	**0**
Dividends			- 2,493	
Group net loss / income for the period			- 12,188	0
As at 30/06/2020	**10,839**	**72,364**	**143,368**	**0**
As at 01/01/2021	**10,839**	**72,364**	**137,871**	**0**
Dividends			0	
Acquisition of treasury shares				- 720
Acquisition of shares in subsidiaries			- 281	
Sale of shares in subsidiaries			- 165	
Group net loss / income for the period			15,166	0
As at 30/09/2021	**10,839**	**72,364**	**152,591**	**- 720**

GESCO Group segment report for the nine months period (01/01 to 30/09)

€'000	Production Process Technology		Resource Technology		Healthcare and Infrastructure Technology	
	01/01/2021 – 30/09/2021	**01/01/2020 – 30/09/2020**	**01/01/2021 – 30/09/2021**	**01/01/2020 – 30/09/2020**	**01/01/2021 – 30/09/2021**	**01/01/2020 – 30/09/2020**
Order backlog	42,197	21,279	110,619	69,596	69,624	33,305
Incoming orders	64,873	33,206	224,495	168,056	131,671	92,585
Sales revenues	43,295	37,297	199,643	167,554	108,104	89,874
of which with other segments	15	50	3	247	12	2
Depreciation and amortisation	1,102	1,194	3,805	3,986	3,283	3,270
EBIT	4,143	- 1,506	23,152	8,082	11,149	9,541
Investments	1,093	1,115	1,300	1,768	3,080	1,760
Employees (number / reporting date)	387	386	726	739	654	587

Exchange equalisation items	Revaluation of pensions	Hedging instruments	Total	Minority interests (incorporated companies)	Equity
-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**
-2,220	**-3,386**	**174**	**215,642**	**12,128**	**227,770**
			0	-1,399	-1,399
			-720		-720
			-281		-281
	165		0	-995	-995
1,058	465	-185	16,504	2,013	18,517
-1,162	**-2,756**	**-11**	**231,145**	**11,747**	**242,892**

GESCO AG / other companies		Reconciliation		Group	
01/01/2021 – 30/09/2021	**01/01/2020 – 30/09/2020**	**01/01/2021 – 30/09/2021**	**01/01/2020 – 30/09/2020**	**01/01/2021 – 30/09/2021**	**01/01/2020 – 30/09/2020**
0	0	0	0	222,440	124,180
0	0	0	0	421,039	293,847
1,075	1,441	-1,105	-1,740	351,012	294,426
1,075	1,441	-1,105	-1,740	0	0
99	128	4,670	4,088	12,959	12,666
-5,686	-4,351	-4,989	-1,798	27,769	9,968
35	52	5,544	561	11,052	5,256
22	19	0	0	1,789	1,731

Explanatory notes

Accounts, accounting and valuation methods

The statement of GESCO Group for the first quarter (1 January to 30 September 2021) of financial year 2021 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 2020. 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.

The figures from the previous year have been adjusted accordingly due to the sale of subsidiaries as part of the portfolio restructuring completed in 2020.

Financial calendar

19 November 2021
Publication of the
quarterly statement
for the third quarter 2021

22 – 24 November 2021
German Equity Forum
(virtual)

8 December 2021
Munich Capital Market Conference

9 February 2022
Hamburg Investors' Day

21 April 2022
Press, Investors'
and Analysts' Conference
on the 2021 financial year

13 May 2022
Publication of
the quarterly statement
for the first quarter 2022

12 August 2022
Publication of the half year
interim report 2022

14 November 2022
Publication of
the quarterly statement
for the third quarter 2022

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Note:

This interim statement contains forward-looking statements that are based on current assumptions and forecasts of the Executive Board of GESCO AG. These statements are therefore subject to risks and uncertainties. The results and business development of GESCO AG and GESCO Group may, under certain circumstances, deviate substantially from the estimates provided in this interim statement. GESCO AG does not assume any obligation to update such forward-looking statements or adjust them according to future events or developments. Despite extensive precautions, discrepancies may occur between this interim report and the accounting documents submitted to the German Federal Gazette, especially for technical reasons (e.g. conversion of electronic formats). In this case, the version submitted to the German Federal Gazette takes precedence.

A German version of the interim statement is also available; in the event of any discrepancies, the German version takes precedence.

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