GESCO SE
Half-year interim report
1 January to 30 June 2023

NEXT LEVEL 25 – In Agility

Based on a jointly developed vision for GESCO as a group of "hidden champions", the NEXT LEVEL 25 strategy defines key directions for the further development of the Group.

In 2022, GESCO expanded the strategy framework with the NEXT LEVEL 25 strategy and specified the targets for 2025: The Industrial Group is to be expanded to 3 anchor holdings and 12 basic holdings that generate a 10 % EBIT margin. The planned increase in sales is to be achieved both through market share gains in the existing portfolio of companies and through inorganic growth.

The established excellence programmes to expand market share and increase operational performance are complemented by the digitalisation activities within the framework of the DIGITEX programme. The focus is increasingly on digital business models as well as digital workflows to increase efficiency. As a further element, the ESG strategy is becoming increasingly important for us and also in the markets we address.

The strategy

NEXT LEVEL 25

- 3 Anchor & 12 Base Participations
- Business model know-how
- Methodological competence
- SE – Europeanisation
  Direct Invests
- ESG – Sustainability

PORTFOLIO ARCHITECTURE

M&A

- Growing inorganically
- Buy & Build Program
- Portfolio Roadmap
- Direct approaches & Expand network

HIDDEN CHAMPIONS

Excellence Programs

- CANVAS
- MAPEX
- OPEX
- LEADEX
- DIGITEX

The essentials at a glance

- **Solid first half year**
- **Incoming orders below previous year's level**
- **International expansion progresses**

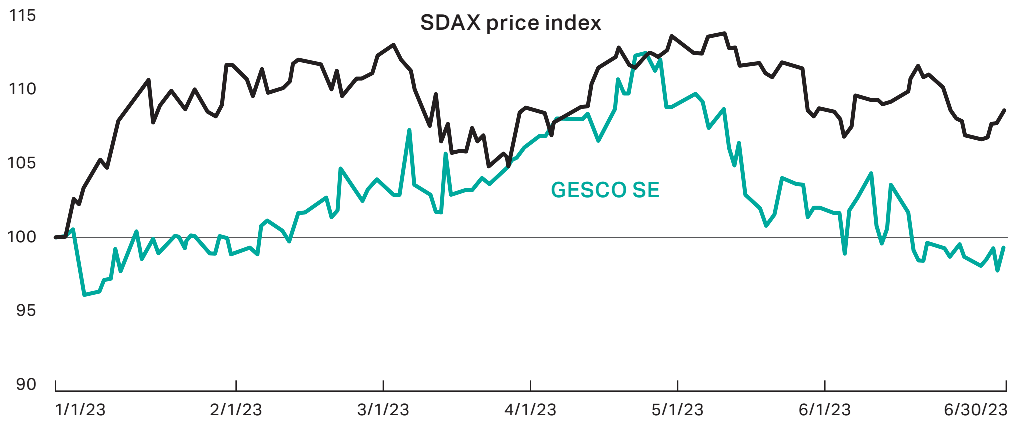
GESCO Group at a glance

Key figures

in T€	01/01/2023 – 06/30/2023	01/01/2022 – 06/30/2022	Change (in %)
Incoming orders	288,785	318,713	- 9.4
Sales	292,135	291,364	0.3
EBITDA	31,688	34,842	- 9.1
EBIT	22,844	25,873	- 11.7
EBIT margin (in %)	7.8	8.9	- 106 bp
EBT	21,245	26,556	- 20.0
Group earnings[1)]	14,303	16,817	- 14.9
Earnings per share (in €)	1.32	1.55	- 14.8
Closing price (in €)[2)]	24.40	23.90	2.1
Employees[3)]	1,889	1,816	4.0

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

Share price development in the reporting period



Source: Onvista, share price trends indexed and in %.

Letter to the shareholders

Dear shareholders, ladies and gentlemen,

After a very successful 2022 business year for us, the economic conditions in Germany have recently deteriorated and with them the prospects for some of our subsidiaries. The main reasons for this are general economic and geopolitical uncertainties, high inflation and rising interest rates and the resulting customer restraint.

GESCO Group companies continue to demonstrate a high level of agility in adapting to changing framework conditions. However, it is clear that some companies are more successful than others in continuously expanding their market position.

In view of the gloomy business environment, GESCO Group performed well overall in the first half of 2023, even though the key business figures of the previous year were only partially achieved. The slight increase in Group sales to € 292.1 million was unable to fully compensate the influence on earnings of higher personnel costs, due among other things to the payment of the inflation compensation premium and the expansion of the scope of consolidation, volatile material prices, and continued high energy costs. In the reporting period, EBITDA fell by 9.1% to € 31.7 million, EBIT by 11.7% to € 22.8 million and Group net earnings after minority interests by 14.9% to € 14.3 million.

GESCO Group's incoming orders reached € 288.8 million in the reporting period, 9.4% below the same period of the previous year. The decline in incoming orders since the first quarter of 2023 is being countered by focused market development at all subsidiaries. A comparison with the pre-Corona year 2019, which was not characterised by strained supply chains like previous years, shows an increase of 3.1%. In addition, we are increasingly strengthening our commitment in foreign markets.

GESCO Group's internationalisation strategy

GESCO Group is not unprepared for the gloomy business outlook in Germany. GESCO is continuing to pursue its internationalisation strategy in a focused manner in order to do justice to the claim of expanding international market shares.

According to a VDMA survey published at the end of June, Germany's attractiveness as a business location has been declining in recent years, while international locations are more convincing. The USA in particular has made up a lot of ground here, and so the expansion of our US activities has been high on our agenda for some time.

In the 2022 Annual Report, we provided detailed information about our engagement there: From the quintupling of our production capacity at Setter, SVT's increasingly strong presence in the Gulf of Mexico, as well as the West and East Coast, to MAE's newly acquired rail customers and INEX-solutions' expansion with the support of a very important customer. And our largest subsidiary Dörrenberg is also expanding its presence in the USA. The acquisition of Tremblay Tool Steels, LLC from Ohio, a supplier of special steel, was completed at the end of May 2023. Tremblay has already been a sales partner of the Dörrenberg Group in the USA since 2014, and now we are intensifying our direct access to highly interesting US customers locally.

Annual General Meeting 2023 – A special event

GESCO invited shareholders to this year's Annual General Meeting on 12 June 2023 in the unique SANAA building at the Zollverein Coal Mine Industrial Complex World Heritage Site in Essen. In addition to the usual agenda, shareholders could expect an extensive supporting programme from our subsidiaries. As a prelude to the day, three selected subsidiaries introduced themselves in the separate auditorium before the official part of the Annual General Meeting. Two more subsidiaries followed after the official part. In addition, all our managing directors were available for individual discussions at informative marketplaces throughout the day.

For us, the Annual General Meeting is a living shareholder culture. The personal exchange with our shareholders and the great response we again received for our face-to-face event encourages us to stick to this format and to continue to offer you an attractive event in the future.

Unsurprisingly, all the resolutions proposed by the administration were adopted with a clear majority; including the distribution of a record dividend of 1.00 Euro per share.

Outlook 2023: Sales and Group earnings expected at the lower end

Even when we first presented our forecast for the current business year, we were only cautiously optimistic against the background of the many challenges that were emerging.

The current development of the business figures now confirms this assessment. It is characterised by increasing customer restraint in the face of an impending recession in Germany. In addition, important customers purchased more than they needed last year to protect themselves from supply bottlenecks. In the current year, these customers are now gradually reducing their high inventory levels. Both influences led to a decline in orders at individual subsidiaries in the first half of 2023 and thus to declining sales from the inventory business. Whether the situation will improve noticeably in the further course of this business year is not yet foreseeable.

Despite the high agility of our subsidiaries and their ability to quickly adapt to changing conditions, as well as the positive effects from the efficiency programmes, some of our subsidiaries cannot escape these adverse market conditions. Therefore, we continue to expect growth in Group sales for the full year 2023, but at a significantly lower rate than in the last financial years. The communicated range of € 600 – 620 million for Group sales and the range of € 32.0 – 34.0 million for Group net earnings remain valid, as an improvement in all key business figures is planned for the second half of the year. Due to declining prices and at the same time declining volumes, we currently expect the values to be in the lower range of the bandwidths.

We remain convinced of the underlying medium- and long-term growth potential of our subsidiaries. The activities initiated in the Excellence Programmes are being intensively pursued and offer a good starting point to continue gaining market share.

We thank you very much for the trust you have placed in us and look forward to continuing our journey together with you.

Wuppertal, August 2023

Ralph Rumberg	Andrea Holzbaur
CEO	CFO

Changes in the scope of consolidation

In January 2023, SVT GmbH acquired 100 % of the shares in the steel construction division of its long-standing Hungarian supplier BAV Tatabánya Kft. BAV-Tatabánya Kft. The acquired division of BAV, which was founded in 1992, employs around 60 people.

The previously non-consolidated company Connex SVT Inc., Houston, USA, also a subsidiary of SVT GmbH, was included in the scope of consolidation as of January 2023.

In May 2023, Doerrenberg Specialty Steel Corp. acquired 100 % of the shares in Tremblay Tool Steels, LLC in Ohio, USA. Tremblay Tool Steels has been a sales partner of the Dörrenberg Group in the USA since 2014 and is a supplier of special steel for various industries.

In May 2023, GESCO SE acquired the 5 % share in Dörrenberg Edelstahl GmbH held by the former managing partner Mr Gerd Böhner. GESCO SE now holds 100 % of the shares in the company.

€ 292.1 million

sales

Business performance, sales and earnings development in the Group

In addition to the general economic conditions, GESCO Group's business development is also influenced by the development of individual industries. These include mechanical engineering in particular, but also the infrastructure, construction and healthcare sectors.

While the global economic development is on a slow recovery course in 2023 according to the OECD, the economy in Germany is developing very cautiously. The Ifo Institute expects economic output to decline by 0.4 % in the current year; an increase of 1.5 % is anticipated in 2024. After the economic decline in the first quarter of 2023, the German economy is in a technical recession. It cannot be ruled out that this will worsen in the further course of the year due to the continuing weakness of the global economy, the decline in construction activity and the general reluctance to spend as a result of high inflation, the OECD continues.

In light of this gloomy business environment, GESCO Group performed well overall in the first half of 2023. The subdued level of incoming orders, which has now persisted since Q1/2023, signals that the market environment remains challenging.

GESCO Group's incoming orders reached € 288.8 million in the reporting period and were thus below the previous year's figure of € 318.7 million (–9.4 % vs. Q2 2022). Group sales increased by 0.3 % to € 292.1 million compared to the same period of the previous year (Q2 2022: € 291.4 million).

Material prices fell significantly in the second quarter compared to the previous quarter. In a half-year comparison, a slightly higher cost of materials ratio of 60.3 % compared to 58.5 % is nevertheless reported. In the first quarter, however, it was still 64.4 %.

Due to higher personnel costs, among other things due to a larger number of employees, not least due to the acquisition of BAV and the inflation compensation premium paid, the personnel expense ratio rose to 21.9 % (same period of the previous year: 21.0 %). Other operating expenses increased by € 1.0 million, mainly as a result of the acquisition of the participations, to € 32.5 million and thus slightly disproportionately to sales. EBITDA totalled € 31.7 million in the reporting period (H1 / 2022: € 34.8 million).

Depreciation and amortisation decreased moderately to € 8.8 million (H1 / 2022: € 9.0 million). EBIT for the reporting period was 11.7 % lower than in the same period of the previous year at € 22.8 million (H1 / 2022: € 25.9 million).

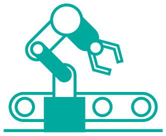
Consolidated net earnings after minority interests reached € 14.3 million. This corresponds to a decrease of € 2.5 million compared to the previous year (H1 2022: € 16.8 million); however, it also represents an increase of € 0.5 million compared to the first quarter of 2023.

Earnings per share thus amount to € 1.32 (H1 2022: € 1.55).

€ 14.3 million

Group earnings

Development of the segments



In the **Process Technology segment,** the uncertainty of market participants regarding future economic development is particularly evident in a pronounced reluctance to place orders. Accordingly, order intake fell significantly in the reporting period to only € 43.0 million (H1 2022: € 62.2 million) and this led back to a normalised order backlog of € 62.5 million as at the reporting date (H1 2022: € 71.9 million).

Nevertheless, segment sales increased by 7.5 % from € 48.7 million in the first six months of the previous year to € 52.4 million. As is usual in this segment, the production of machines and plants is started in the first half of the year, which are only completed in the further course of the year and thus only then have an effect on sales and earnings. Compared to previous years, a more balanced distribution over the entire year has already been achieved through optimised planning processes. EBIT reached € 5.1 million in the reporting period after € 4.2 million in the same period of the previous year, which corresponds to an EBIT margin of 9.8 % (H1 2022: 8.6 %).

For 2023 as a whole, we continue to see a solid development in the machinery and plant engineering sector, supported by the still high order backlog. Compared to the previous year, we expect a moderate increase in sales for the segment for the full year with an almost unchanged contribution to earnings.

The **Resources Technology segment** continued to develop robustly in the reporting period, although the declining material price development had a significant impact on the key figures. Order intake amounted to € 177.6 million and increased by 2.1 % compared to the same period of the previous year (H1 2022). Sales decreased slightly by 1.6 % from € 168.9 million (H1 2022) to € 166.2 million. Segment EBIT amounted to € 17.4 million after € 22.0 million in the comparable period. The segment EBIT margin decreased accordingly from 13.0 % (H1 2022) to 10.5 %.

The somewhat restrained demand in the tool and strip steel segment combined with declining but still high material and energy costs, as well as absolutely increased personnel costs compared to the previous year, cloud the prospects in this segment somewhat. However, we have initiated product expansions and won new projects with our MAPEX programmes. Overall, we expect a slight increase in sales for the year as a whole and earnings slightly below the previous year's level.

The companies in the **Health and Infrastructure Technology segment** experienced a very heterogeneous business development in the first six months of 2023. While paper stick manufacturing continues to play a special role, is on a growth path and is benefiting from the globally demanded sustainability movement, the business development of the other companies in the segment was very restrained.

Order intake in the segment declined by 17.3 % to € 68.2 million compared to the same period of the previous year. The decline reflects the restraint in the construction and health sectors. In this segment, orders are usually placed as longer-term framework agreements and are thus subject to seasonality. The fact that incoming orders were below sales is a visible sign of the difficult market conditions and creates corresponding pressure to adjust. The Executive Board is accompanying this process with vigour. In line with the lower order intake, the order backlog also decreased to € 37.8 million at the end of the reporting period (H1 2022: € 54.4 million).

Sales remained almost unchanged in the reporting period at € 73.6 million (H1 2022: € 73.8 million). EBIT decreased to € 6.7 million (H1 2022: € 7.1 million); the EBIT margin of the segment decreased accordingly from 9.6 % to 9.1 %. Supported by the positive development in rod production, which largely compensates for the difficult situation of the other companies in the segment, sales and earnings for the full year are expected to be at the previous year's level.

Financial and asset position

As of the balance sheet date, the balance sheet total of € 512.3 million was 8.1 % higher than the level at the beginning of the financial year of € 473.9 million. Non-current assets were almost unchanged, while current assets increased by around 12.6 % from € 288.1 million to € 324.0 million. Inventories increased by 15.4 % to € 185.6 million (H1 2022: € 160.8 million), mainly due to higher inventories of finished goods and work in progress.

Trade receivables increased by 5.7 %. The increase in other assets is mainly due to tax receivables. At € 38.3 million, cash and cash equivalents are slightly higher than at the same time in the previous year (€ 36.3 million).

The balance sheet ratios remain extremely solid and the gearing ratio low. At 53.0 % as of the reporting date, the equity ratio was below the figure reported as of 31 December 2022 (58.0 %), mainly due to the increase in total assets by around 8 %. Non-current liabilities increased by 26.8 %; this is mainly due to the higher liabilities to banks (+€ 17.1 million).

Along with the significant increase in current assets, current liabilities also increased by 18.5 % to € 165.9 million. Trade payables (+59.2 %), other liabilities (+25.0 %) and advance payments received on orders (+11.8 %) had a major influence here.

Staff

GESCO Group employed a total of 1,889 people as at the reporting date (31 March 2023: 1,890). Compared to the figure of 1,841 as at 31 December 2022, the Group workforce thus increased by 2.6 % in the reporting period.

The workforces in the Health and Infrastructure Technology and Process Technology segments were slightly reduced in the reporting period, while the workforce in the Resources Technology segment increased significantly. The main reason for this development is SVT's acquisition of its long-standing Hungarian supplier BAV Tatabánya Kft with approx. 60 employees.

1,889

employees

Opportunities and risks

The general statements on opportunities and risks as well as the presentation of specific individual risks in the consolidated financial statements as at 31 December 2022 essentially remain valid and we therefore refer to the detailed presentation in the annual report for the 2022 financial year. The report can be found on the Internet at www.gesco.de/en/investor-relations/financial-reports.

Uncertainties due to the macroeconomic environment in 2023 remain high.

The imponderables include in particular the continuing tense geopolitical situation and its possible impact on global trade flows. Added to this are high inflation rates and the increased interest rates to combat them. A less dynamic development of the global economy and a recessionary development for Germany are forecast by some economic institutes. All these factors have a major influence on the business development of the group of companies. The exact extent of the factors as well as the interactions can hardly be estimated, so that the resulting overall risk remains difficult to calculate.

Despite the difficult macroeconomic and still volatile geopolitical conditions, GESCO subsidiaries are well positioned not only to maintain their market positions, but to expand them further.

Outlook

The current development of the business figures is characterised by increasing customer restraint in the face of an impending recession in Germany. Despite the high agility of our subsidiaries and their ability to quickly adapt to changing conditions, as well as the positive effects from the efficiency programmes, a number of our subsidiaries cannot escape the adverse market conditions.

We continue to expect growth in Group sales for 2023 as a whole, but to a much lesser extent than in the last financial years. The communicated range of € 600 – 620 million for consolidated sales and the range of € 32.0 – 34.0 million for consolidated net earnings remain valid, as an improvement in all key business figures is planned for the second half of the year. Due to declining prices and at the same time declining volumes, we currently expect the values to be in the lower range of the bandwidths.

The actual business performance of GESCO Group may deviate from current expectations against the backdrop of the numerous uncertainties and due to the opportunities and risks already explained above. Intended transactions are not taken into account in this forecast.

Events after the end of the reporting period

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

GESCO Consolidated Balance Sheet

in T€	06/30/2023	12/31/2022
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	23,183	24,683
2. Goodwill	38,894	38,935
3. Advance payments made	1	148
	62,078	**63,766**
II. Tangible assets		
1. Land and buildings	56,187	55,482
2. Technical equipment and machinery	29,286	28,050
3. Other equipment, operating and office equipment	14,604	14,861
4. Prepayments made and assets under construction	9,419	6,906
	109,496	**105,299**
III. Financial investments		
1. Shares in affiliated companies	0	0
2. Shares in companies recognised at equity	2,066	2,424
3. Investments	156	156
4. Other loans	9,371	9,371
	11,593	**11,951**
IV. Other assets	12	12
V. Deferred tax assets	4,788	4,807
	187,967	**185,835**
B. Current assets		
I. Inventories		
1. Raw materials and supplies	43,729	40,083
2. Work in progress, unfinished services	36,676	27,770
3. Finished products and goods	104,116	92,359
4. Advance payments made	1,068	542
5. Advance payments received	1	0
	185,590	**160,754**
II. Receivables and other assets		
1. Trade receivables	86,873	82,219
2. Receivables from affiliated companies	0	1,698
3. Receivables from companies recognised at equity	34	392
4. Other assets	10,407	5,444
	97,314	**89,753**
III. Cash in hand and bank balances	38,303	36,251
IV. Accounts receivable and payable	3,093	1,320
	324,300	**288,078**
	512,267	**473,913**

in T€	06/30/2023	12/31/2022
Equity and liabilities		
A. Equity		
I. Subscribed capital	10,839	10,839
II. Capital reserve	72,433	72,433
III. Revenue reserves	185,551	184,442
IV. Own shares	0	0
V. Other result	-3,717	-3,114
VI. Minority interests (corporations)	6,389	10,106
	271,495	**274,706**
B. Non-current liabilities		
I. Minority interests (partnerships)	0	0
II. Provisions for pensions	9,838	10,209
III. Other non-current provisions	467	597
IV. Liabilities to banks	42,681	25,557
V. Leasing liabilities	14,099	15,404
VI. Other liabilities	477	995
VII. Deferred tax liabilities	7,341	6,421
	74,903	**59,183**
C. Current liabilities		
I. Other provisions	7,182	10,220
II. Liabilities		
1. Liabilities to banks	56,099	50,800
2. Leasing liabilities	3,415	3,228
3. Trade payables	29,014	18,224
4. Advance payments received on orders	19,806	17,717
5. Liabilities to affiliated companies	145	478
6. Liabilities to companies recognised at equity	0	0
7. Other liabilities	48,992	39,202
	157,471	**129,649**
III. Accruals and deferrals	1,216	155
	165,869	**140,024**
	512,267	**473,913**

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

in T€	01/01/2023 – 06/30/2023	01/01/2022 – 06/30/2022
CONTINUED OPERATIONS		
Sales revenues	**292,135**	**291,364**
Change in inventories of finished goods and work in progress	9,492	3,543
Other own work capitalised	218	326
Other operating income	2,614	4,268
Total output	**304,459**	**299,501**
Cost of materials	-176,271	-170,492
Personnel expenses	-63,832	-61,105
Other operating expenses	-32,537	-31,540
Impairment losses on financial assets	-131	-1,522
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**31,688**	**34,842**
Amortisation of intangible assets and tangible assets	-8,844	-8,969
Earnings before interest and taxes (EBIT)	**22,844**	**25,873**
Earnings from investments	0	1,034
Earnings from companies recognised at equity	149	480
Income from loans of financial assets	180	180
Other interest and similar income	37	5
Depreciation on financial assets	10	0
Interest and similar expenses	-1,975	-1,038
Third-party profit shares in partnerships	0	22
Financial result	**-1,599**	**683**
Earnings before taxes (EBT)	**21,245**	**26,556**
Taxes on income and earnings	-6,480	-8,240
Earnings from continued operations	**14,765**	**18,316**
Group earnings	**14,765**	**18,316**
thereof		
Minority interests in companies		
Earnings from continued operations	**462**	**1,499**
Attributable to GESCO shareholders		
Earnings from continued operations	**14,303**	**16,817**
Earnings per share (€)		
From continued operations	**1.32**	**1.55**

GESCO Consolidated Profit and Loss account for the second quarter (1 April to 30 June)

in T€	04/01/2023 – 06/30/2023	04/01/2022 – 06/30/2022
CONTINUED OPERATIONS		
Sales revenues	**144,865**	**153,246**
Change in inventories of finished goods and work in progress	- 1,397	- 3,049
Other own work capitalised	96	164
Other operating income	1,386	1,632
Total output	**144,950**	**151,993**
Cost of materials	- 81,437	- 86,060
Personnel expenses	- 30,968	- 30,426
Other operating expenses	- 16,582	- 16,984
Impairment losses on financial assets	- 99	- 1,496
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**15,864**	**17,027**
Amortisation of intangible assets and intangible assets	- 4,550	- 4,497
Earnings before interest and taxes (EBIT)	**11,314**	**12,530**
Earnings from investments	0	0
Earnings from companies recognised at equity	96	343
Income from loans of financial assets	90	90
Other interest and similar income	26	2
Depreciation on financial assets	10	0
Interest and similar expenses	- 1,010	- 505
Third-party profit shares in partnerships	0	- 37
Financial result	**- 788**	**- 107**
Earnings before taxes (EBT)	**10,526**	**12,423**
Taxes on income and earnings	- 2,972	- 3,875
Earnings from continued operations	**7,554**	**8,548**
Group earnings	**7,554**	**8,548**
thereof		
Minority interests in companies		
Earnings from continued operations	**- 19**	**552**
Attributable to GESCO shareholders		
Earnings from continued operations	**7,573**	**7,996**
Earnings per share (€)		
From continued operations	**0.70**	**0.74**

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

in T€	01/01/2023 – 06/30/2023	01/01/2022 – 06/30/2022
Group earnings	**14,765**	**18,316**
Revaluation of defined benefit obligations not affecting net income	**332**	**2,294**
Items that cannot be reclassified to the Profit and Loss account	**332**	**2,294**
Currency conversion difference		
a) Reclassification to the Profit and Loss account	0	0
b) Change in value not affecting Profit or Loss	-445	1,480
Difference from currency conversion of companies valued at equity		
a) Reclassification to the Profit and Loss account	0	0
b) Change in value not affecting Profit or Loss	-507	-156
Market valuation of hedging instruments		
a) Reclassification to the Profit and Loss account	0	0
b) Change in value not affecting Profit or Loss	15	-28
Items that can be reclassified to the Profit and Loss account	**-937**	**1,296**
Other earnings	**-605**	**3,590**
Total earnings for the period	**14,160**	**21,906**
of which minority interests in companies	461	1,518
of which attributable to GESCO shareholders	13,699	20,388

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

in T€	01/01/2023 – 06/30/2023	01/01/2022 – 06/30/2022
Profit for the period (including minority interests in the profit of corporations)	**14,765**	**18,316**
Amortisation of intangible assets and depreciation of tangible assets	8,844	8,969
Impairment losses on non-current assets	- 10	0
Earnings from companies valued at equity	- 149	- 480
Share of earnings attributable to minority shareholders	0	- 22
Decrease in non-current provisions	- 1,148	- 174
Other non-cash income / expenses	- 499	50
Cash flow for the period	**21,803**	**26,659**
Losses from the disposal of tangible / intangible assets	11	0
Gains from the disposal of tangible / intangible assets	- 62	- 27
Increase in inventories, trade receivables, and other assets	- 28,098	- 49,832
Increase in trade payables and other liabilities	17,960	16,631
Cash flow from operating activities	**11,614**	**- 6,569**
Proceeds from disposals of tangible / intangible assets	451	570
Payments for investments in tangible assets	- 7,955	- 2,759
Payments for investments in intangible assets	- 446	- 522
Proceeds from disposals of financial assets	- 80	0
Payments for investments in financial assets	149	0
Payments for the acquisition of consolidated companies and other business units	- 4,343	0
Cash flow from investing activities	**- 12,224**	**- 2,711**
Payments to shareholders (dividend)	- 10,839	0
Payments for the purchase of own shares	0	- 455
Payments to minority interests	- 792	- 1,023
Payments for the acquisition of non-controlling interests	- 6,368	- 5,875
Proceeds from the taking up of (financial) loans	32,759	7,724
Payments for the redemption of (financial) loans	- 10,336	- 7,310
Payments for the redemption of lease liabilities	- 1,762	- 1,272
Cash flow from financing activities	**2,662**	**- 8,211**
Cash-effective change in cash and cash equivalents	**2,052**	**- 17,491**
Exchange rate-related changes in cash and cash equivalents	**0**	**131**
Cash and cash equivalents as at 01/01	36,251	57,714
Cash and cash equivalents as at 06/30	**38,303**	**40,354**

GESCO Consolidated Statement of Changes in Equity for the first half year (1 January to 30 June)

in T€	Subscribed capital	Capital reserves	Revenue earnings	Own shares
As at 01/01/2022	**10,839**	**72,398**	**164,479**	**0**
Dividends			0	
Acquisition of own shares				-455
Sale of own shares				
Acquisition of shares in subsidiaries			-2,675	0
Sale of shares in subsidiaries				
Group net earnings for the period			16,817	0
As at 06/30/2022	**10,839**	**72,398**	**178,621**	**-455**
As at 01/01/2023	**10,839**	**72,433**	**184,442**	**0**
Dividends			-10,839	
Acquisition of own shares				0
Sale of own shares		0	0	0
Changes in scope of consolidation			1,016	
Acquisition of shares in subsidiaries			-3,371	
Divestment of shares in associated companies			0	
Group net earnings for the period			14,303	0
As at 06/30/2023	**10,839**	**72,433**	**185,551**	**0**

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

in T€	Process Technology		Resource Technology		Healthcare and Infrastructure Technology	
	01/01/2023–06/30/2023	**01/01/2022–06/30/2022**	**01/01/2023–06/30/2023**	**01/01/2022–06/30/2022**	**01/01/2023–06/30/2023**	**01/01/2022–06/30/2022**
Order backlog	62,512	71,868	124,028	114,042	37,817	54,449
Incoming orders (consolidated)	43,001	62,203	177,540	173,995	68,243	82,515
Sales revenues	52,376	48,726	166,207	168,870	73,560	73,774
of which with other segments	0	0	9	6	0	0
Depreciation and amortisation (annual accounts)	1,048	907	2,466	2,466	2,191	2,030
thereof unscheduled according to IAS 36	0	0	0	0	0	0
EBIT	5,136	4,186	17,371	21,748	6,695	6,631
Investments	2,937	1,006	3,555	1,510	1,883	725
Employees (number / reporting date)	531	540	834	728	507	526

	Currency adjustment item	Revaluation of pensions	Hedging instruments	Total	Minority interests in corporations	Equity
	-1,219	**-3,215**	**-14**	**243,268**	**12,466**	**255,734**
				0	-813	-813
				-455		-455
				0		0
	-74	-117	0	-2,866	-3,272	-6,138
				0		0
	1,368	2,231	-28	20,388	1,518	21,906
	75	**-1,101**	**-42**	**260,335**	**9,899**	**270,234**
	-1,107	**-2,011**	**4**	**264,600**	**10,106**	**274,706**
				-10,839	-792	-11,631
				0		0
				0		0
	0	0		1,016		1,016
				-3,371	-3,386	-6,757
		0		0	0	0
	-941	323	15	13,700	461	14,161
	-2,048	**-1,688**	**19**	**165,106**	**6,389**	**271,495**

	GESCO SE / other companies		Reconciliation		Group	
	01/01/2023–06/30/2023	**01/01/2022–06/30/2022**	**01/01/2023–06/30/2023**	**01/01/2022–06/30/2022**	**01/01/2023–06/30/2023**	**01/01/2022–06/30/2022**
	0	0	0	0	224,357	240,359
	0	0	1	0	288,785	318,713
	1,272	649	-1,280	-655	292,135	291,364
	1,272	649	-1,281	-655	0	0
	41	154	3,098	3,412	8,844	8,969
	0	0	0	0	0	0
	-4,213	-4,937	-2,145	-1,755	22,844	25,873
	0	40	644	1,306	9,019	4,587
	17	22	0	0	1,889	1,816

Explanatory information

The report on the half-year period (1 January to 30 June 2023) of the financial year 2023 (1 January to 31 December 2023) of GESCO Group was prepared on the basis of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). It has been prepared in accordance with IAS 34.

Unless otherwise stated, the accounting and valuation principles applied correspond to those of the consolidated financial statements as at 31 December 2022. The preparation of the financial statements is influenced by recognition and valuation methods as well as assumptions and estimates that affect the amount and disclosure of the assets, liabilities and contingent liabilities recognised in the balance sheet as well as the expense and income items. Revenue-dependent items are accrued during the year.

Application and effects of new and amended standards

The following new or amended standards are mandatory for the first time in the reporting year:

- Amendments to IAS 1 and Practice Statement 2 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Prohibition on recognising deferred taxes on initial recognition of an asset or liability”
- IFRS 17: “Insurance contracts”

Compliance with the above-mentioned regulations did not have any significant impact on the consolidated financial statements of GESCO SE.

Changes in the scope of consolidation / business combinations according to IFRS 3

In January 2023, SVT GmbH acquired 100 % of the shares in BAV-Tatabánya Kft (BAV for short), Tatabánya, Hungary. The company is a long-standing supplier of steel structures to SVT GmbH and other customers. The company is allocated to the Resource Technology segment. The purchase price allocation carried out is preliminary within the meaning of IFRS 3.45 et seq. The fair value of the consideration amounted to € 1.5 million and consisted of a cash component of € 1.3 million and contingent consideration of € 0.2 million, which was recognised at fair value and resulted in particular from covenants.

The preliminary effects of the addition at the time of acquisition are as follows:

in T€	
Intangible assets	1
Property, plant and equipment	762
Inventories	131
Receivables from deliveries and services	934
Cash and cash equivalents	365
Other assets	9
Provisions	49
Other debts	375
Net assets acquired	1,778
Negative goodwill	278

The fair value of the acquired trade receivables amounted to T€ 934. The gross amount of the receivables was T€ 934. No receivables were assessed as uncollectible.

The first-time consolidation resulted in income of T€ 278, which is reported under other operating income. The negative difference is the result of a favourable negotiating position due to the long-standing business relationship between BAV and SVT GmbH.

As of 30 June 2023, BAV contributes € 0.5 million to the Group's sales and € 1.1 million to the Group's EBIT.

Connex SVT Inc., Houston, USA, which was not consolidated due to immateriality, was included in the scope of consolidation as of January 2023. The initial consolidation resulted in a negative difference of € 1.0 million, which was recognised directly in equity in the profit carried forward. The company is allocated to the Resource Technology segment.

In May 2023, Doerrenberg Specialty Steel Corp., Macedonia (OH), USA acquired 100 % of the shares in Tremblay Tool Steels, LLC, Macedonia (OH), USA as well as 100 % of the shares in 8111 Roll & Hold, LLC, Macedonia (OH), USA, which was renamed Doerrenberg Real Estate, LLC, Macedonia (OH), USA as part of the acquisition. Tremblay Tool Steels has been a sales partner of the Dörrenberg Group in the USA since 2014 and is a supplier of special steel for various industries.

The present consolidated balance sheet as at 30 June 2023 includes the companies with their asset and liability items. The consolidated income statement contains the pro rata temporis figures from June 2023.

The companies are allocated to the Resource Technology segment. The purchase price allocation carried out is preliminary within the meaning of IFRS 3.45 et seq.

The fair value of the consideration amounted to € 4.3 million and consisted of a cash component of € 4.2 million and contingent consideration of € 0.1 million, which was recognised at fair value and resulted in particular from covenants.

The preliminary effects of the addition at the time of acquisition are as follows:

in T€	
Property, plant and equipment	2,138
Inventories	1,767
Receivables from deliveries and services	895
Cash and cash equivalents	429
Other assets	15
Provisions	21
Other debts	582
Net assets acquired	4,641
Negative goodwill	306

The fair value of the acquired trade receivables was T€ 895. The gross amount of the receivables was T€ 895. No receivables were assessed as uncollectible.

The initial consolidation resulted in income of T€ 306, which is reported under other operating income. The negative difference is the result of a favourable negotiating position due to the long-standing business relationship between Tremblay Tools Steel and the Dörrenberg Group.

As of 30 June 2023, the companies contribute € 0.6 million to Group sales and € 0.1 million to Group EBIT. If the companies had been consolidated for the first time on 1 January of the year, they would have contributed € 3.5 million to Group sales and € 0.3 million to Group EBIT.

In May 2023, GESCO SE acquired the 5 % share in Dörrenberg Edelstahl GmbH held by the former managing partner Mr Gerd Böhner. GESCO SE now holds 100 % of the shares in the company.

Transactions with related parties

The Chairman of the Supervisory Board, Stefan Heimöller, maintains business relations to a small extent with Dörrenberg Edelstahl GmbH and SVT GmbH through his company Platestahl Umformtechnik GmbH. The business relations are conducted at arm's length conditions.

Auditor's review

The condensed interim financial statements as at 30 June 2023, the interim management report and the restated prior-year figures are neither audited in accordance with § 317 HGB nor reviewed by an auditor.

Disclosures on financial instruments

in T€	Carrying amount 06/30/2023	Not within the scope of IFRS 9	Application IFRS 9	Thereof at fair value	Thereof at amortised cost
Financial assets	11,593	2,066	9,527	156	9,371
Demands	86,907	0	86,907	0	86,907
Other assets	10,419	5,497	4,922	20	4,902
Cash and cash equivalents	38,303	0	38,303	0	38,303
Financial assets	**147,222**	**7,563**	**139,659**	**176**	**139,483**
Liabilities to credit institutions	98,780	0	98,780	0	98,780
Leasing liabilities	17,514	17,514	0	0	0
Liabilities from deliveries and services	29,014	0	29,014	0	29,014
Other liabilities	49,614	19,196	30,418	0	30,418
Financial liabilities	**194,922**	**36,710**	**158,212**	**0**	**158,212**

in T€	Book value 12/31/2022	Not within the scope of IFRS 9	Application IFRS 9	Thereof at fair value	Thereof at amortised cost
Financial assets	11,951	2,424	9,527	156	9,371
Demands	84,309	0	84,309	0	84,309
Other assets	5,456	2,127	3,329	5	3,324
Cash and cash equivalents	36,251	0	36,251	0	36,251
Financial assets	**137,967**	**4,551**	**133,416**	**161**	**133,255**
Liabilities to credit institutions	76,357	0	76,357	0	76,357
Leasing liabilities	18,632	18,632	0	0	0
Liabilities from deliveries and services	18,224	0	18,224	0	18,224
Other liabilities	40,675	16,607	24,068	0	24,068
Financial liabilities	**153,888**	**35,239**	**118,649**	**0**	**118,649**

Assignment of financial instruments to categories according to IFRS 9

in T€	Balance sheet item		Net results in the income statement	
Category IFRS 9	**06/30/2023**	**12/31/2022**	**06/30/2023**	**12/31/2022**
Financial assets at fair value through profit or loss	176	161	0	0
Financial assets measured at fair value without effect on profit or loss	20	5		0
Financial assets valued at acquisition cost	139,483	133,255	217	390
Financial assets	**139,679**	**133,421**	**217**	**390**
Financial liabilities at fair value through profit or loss	0	0	0	0
Financial liabilities measured at fair value through other comprehensive income	0	0	0	0
Financial liabilities valued at acquisition cost	158,212	118,649	- 1,969	- 2,254
Financial liabilities	**158,212**	**118,649**	**- 1,969**	**- 2,254**

Responsibility statement by the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group. To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

GESCO SE
The Executive Board

Wuppertal, August 2023

Financial calendar

11 August 2023
Publication
Half-year interim report 2023

04 – 05 September 2023
Autumn Conference (Equity Forum)

13 September 2023
13th ZKK – Zurich
Capital Market Conference

10 November 2023
Publication
Quarterly Statement Q3/2023

15 – 16 November 2023
36th MKK – Munich
Capital Market Conference

27 – 29 November 2023
German Equity Forum

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If you would like to be informed regularly, please notify us by e-mail or telephone. Alternatively, use the order function on our website at www.gesco.de/en/investor-relations/service-ir-contact. We will be happy to add you to our permanent mailing list.

Important notice:

This 6-month report contains forward-looking statements based on current assumptions and forecasts made by the Executive Board of GESCO SE. These statements are therefore subject to risks and uncertainties. The actual results and business development of GESCO SE and GESCO Group may differ materially from the estimates made in this interim report. GESCO SE assumes no obligation to update such forward-looking statements or to conform them to future events or developments.

This 6-month report is also available in English translation; in case of discrepancies, the German version of the 6-month report shall prevail.

www.gesco.de