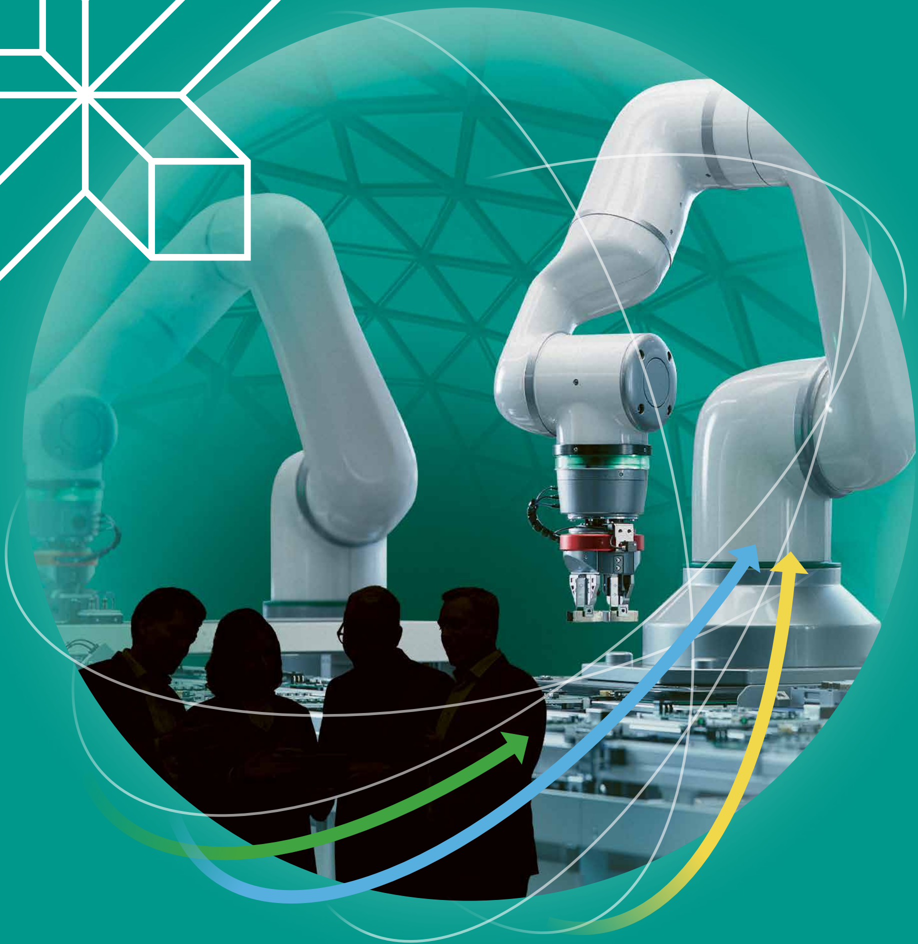
GESCO SE
Annual Report
2023



NEXT LEVEL
Going Global

Following the successful transformation and the establishment of the Excellence programmes, GESCO now consists mainly of market-leading companies, true Hidden champions. We will continue on this successful path.

NEXT LEVEL

Going Global

NEXT LEVEL
Going Global

“Our goal? To become – and remain – global market leaders. Our Group already includes numerous hidden champions that are highly successful internationally thanks to their expertise and innovative strength. However, you don’t become a global market leader with only German locations. That’s why we want to gradually expand our business – in the real and digital world. The first steps have already been taken.”

Ralph Rumberg, CEO, and Andrea Holzbaur, CFO

Profile

GESCO is a strong industrial group. The spectrum ranges from tool steel to stainless steel containers, from paper sticks to support arms for medical technology. GESCO's subsidiaries address end customer markets with their successful brands and innovative products. As true hidden champions, they strive for market-leading positions.

35.9

€ million EBIT
(previous year: € 49.4 million)

1,899

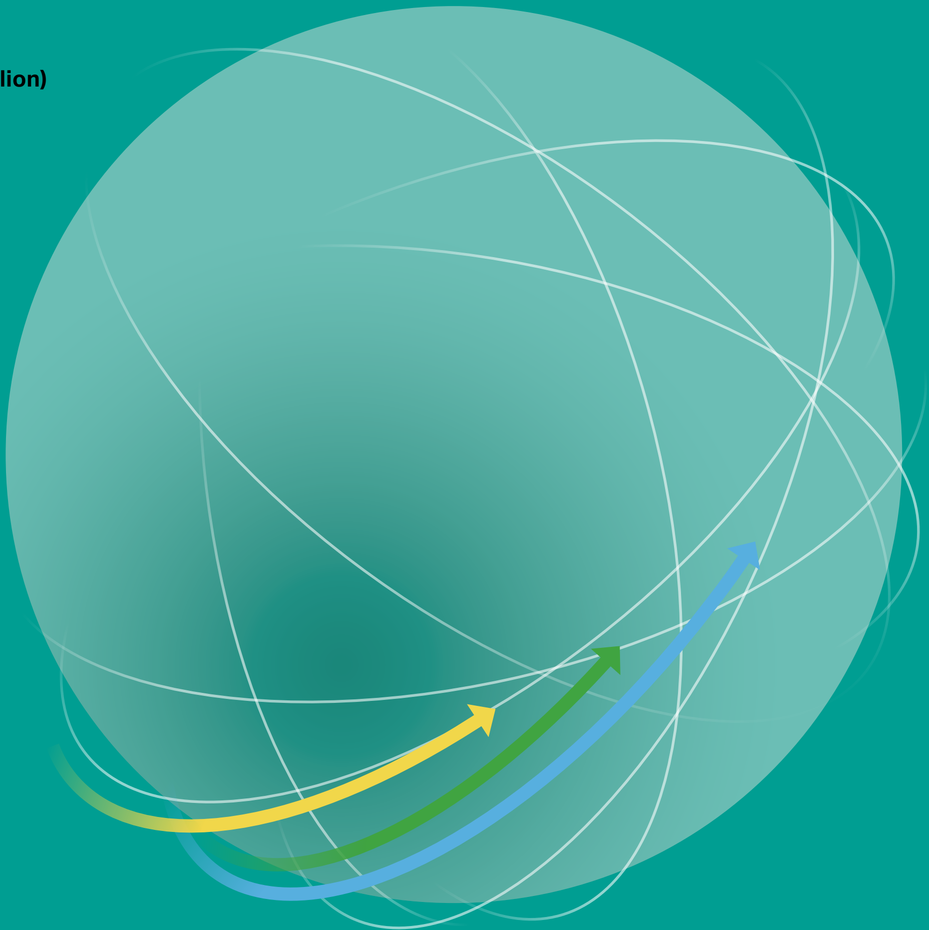
employees worldwide
(as of the balance sheet date)

560.7

€ million sales
(previous year: € 582.3 million)

1.93

€ earnings per share
(previous year: € 3.12)



GESCO at a glance

GESCO Group key figures (IFRS)

Financial years until 2018 / 2019: 04/01 – 03/31 Abbreviated financial year 2019: 04/01 – 12/31 Financial years from 2020: 01/01 – 12/31		**2013 / 2014 04/01 – 03/31**	**2014 / 2015 04/01 – 03/31**	**2015 / 2016 04/01 – 03/31**	**2016 / 2017 04/01 – 03/31**	**2017 / 2018 04/01 – 03/31**	**2018 / 2019 04/01 – 03/31 as reported**
Sales	T€	453,336	451,434	494,014	482,480	547,193	574,532
thereof domestic	T€	300,263	303,597	323,862	302,419	335,981	351,272
thereof abroad	T€	153,073	147,837	170,152	180,061	211,212	223,260
EBITDA	T€	48,719	46,171	53,261	49,745	57,404	73,498
EBIT	T€	32,010	27,300	31,457	22,137	33,789	47,646
Earnings before taxes (EBT)	T€	29,018	24,553	28,828	19,187	31,861	45,420
Taxes on income and earnings	T€	– 9,261	– 10,401	– 10,307	– 9,458	– 13,690	– 15,443
Tax rate	%	31.9	42.4	35.8	49.3	43.0	34.0
Group net earnings for the year from continued operations (after minority interests)	T€	–	–	–	–	–	–
Earnings per share	€	–	–	–	–	–	–
Group net earnings for the year from discontinued operations (after minority interests)	T€	–	–	–	–	–	–
Earnings per share	€	–	–	–	–	–	–
Group net earnings for the year from continued and discontinued operations (after minority interests)	T€	18,121	12,350	16,127	7,890	16,099	26,598
Earnings per share[1]	€	1.82	1.24	1.62	0.79	1.49	2.46
Investments in tangible assets[2]	T€	27,164	29,525	23,974	19,788	24,638	23,838
Depreciation on tangible assets	T€	14,136	15,475	16,940	24,009	17,989	19,081
Equity[3]	T€	176,604	182,803	195,773	214,095	224,265	244,261
Balance sheet total[3]	T€	379,950	403,739	410,175	439,915	456,256	509,513
Equity ratio[3]	%	46.5	45.3	47.7	48.7	49.2	47.9
Employees[3]	No.	2,360	2,465	2,537	2,535	2,489	2,662
thereof trainees[3]	No.	144	156	153	138	134	134
Share price (XETRA) at the end of the financial year[1]	€	25.38	25.46	24.71	24.96	28.50	22.75
Dividend per share	€	0.73	0.58	0.67	0.35	0.60	0.90

[1] Financial years 2013 / 2014 to 2015 / 2016 adjusted according to share split 1 : 3 of Dec. 2016.
[2] Excluding additions from changes in the scope of consolidation.
[3] As of the balance sheet date.
[4] Dividend proposal to the Annual General Meeting 2024.

2018 / 2019 04/01 – 03/31 adjusted	Continued operations 2019 04/01 – 12/31 abbreviated financial year (9 months)	Continued operations 2019 04/01 – 12/31 abbreviated financial year (9 months)	Continued operations 2020 01/01 – 12/31 full financial year (12 months)	Continued operations 2021 01/01 – 12/31 full financial year (12 months)	Continued operations 2022 01/01 – 12/31 full financial year (12 months)	Continued operations 2023 01/01 – 12/31 full financial year (12 months)
580,254	439,619	354,813	397,225	488,051	582,273	560,724
353,178	258,844	194,477	212,225	252,806	280,988	260,974
227,076	180,775	160,336	185,000	235,245	301,285	299,750
68,375	44,035	37,005	33,357	62,188	67,738	59,010
42,101	23,470	24,412	16,693	44,572	49,433	35,866
39,809	21,804	23,363	12,889	42,719	49,459	32,361
– 14,042	– 8,076	– 7,650	– 6,009	– 13,243	– 13,196	– 10,220
35.3	37.0	32.7	46.6	31.0	26.7	31.6
–	–	14,512	5,829	26,876	33,824	20,885
–	–	1.34	0.54	2.48	3.12	1.93
–	–	– 2,126	– 22,405	– 14	0	0
–	–	– 0.20	– 2.07	0.00	0.00	0.00
22,582	12,386	12,386	– 16,576	26,862	33,824	20,885
2.08	1.14	1.14	– 1.53	2.48	3.12	1.93
23,354	15,838	9,014	7,907	12,670	15,577	20,136
19,415	17,487	10,153	13,346	17,616	18,305	23,144
250,567	250,428	–	227,770	255,734	274,706	277,654
525,486	506,099	–	390,821	449,535	473,913	468,962
47.7	49.5	–	58.3	56.9	58.0	59.2
2,684	2,718	1,756	1,695	1,783	1,841	1,899
108	130	60	63	66	60	50
22.75	18.86	18.86	18.35	25.50	24.10	18.60
0.90	0.23	0.23	0.00	0.98	1.00	0.40[4]

560.7

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35.9

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Contents

01
NEXT LEVEL Going Global

02
To our shareholders

03
Sustainability

04
Combined Management Report

05
GESCO Finances

New markets are full of opportunities

The general conditions will remain challenging for the foreseeable future. Volatile prices, higher interest rates, pronounced uncertainty regarding economic development, particularly in the areas of mechanical engineering and artificial intelligence – these are just some of the issues that GESCO Group is facing. How does it still manage to operate successfully in niche markets? Why is GESCO increasingly focusing on internationalisation while many companies are looking at Onshoring? And is the transformation now complete? The interview with CEO Ralph Rumberg and CFO Andrea Holzbaur provides the answers.

Let's start with a review of the past year. After two record years in a row, GESCO recorded a slowdown in 2023. What are the reasons?

RR The past year was undoubtedly characterised by economic challenges, particularly against the backdrop of the general economic conditions with the recession in Germany. We had a significant increase in raw material and energy prices in 2022. In 2023, prices fell again significantly amid high fluctuations. This required particular agility in dealing with cost structures in order to realise our margins. This situation was particularly challenging for our largest subsidiary Doerrenberg, which had to contend with unexpectedly sharp falls in material prices, especially in the second half of the year. With our other nine subsidiaries, we were once again able to exceed the previous year's result overall. Looking back, we can conclude that we had a good financial year despite all the adversity.

In the short term, there are no signs of any significant improvements in the general conditions in Germany. Against this backdrop, how do you assess the opportunities for the current year?

RR Like the trade associations, we expect demand to remain weak in the first half of the year, and it remains to be seen whether it will actually become more dynamic in the second half of the year. We are currently benefiting from a healthy order backlog, which is ensuring good capacity utilisation. Of course, in such a heterogeneous industry group, each GESCO subsidiary fares differently. While a company like SVT, for example, is already enjoying record order intake, the mechanical engineering companies are still feeling the caution of their customers. In our opinion, however, this should gradually be overcome. At the same time, we have taken a number of measures as part of our Market and Product Excellence programmes to strengthen our market position and further expand our presence in promising markets. Our markets are increasingly international and I therefore look forward to the financial year ahead with a certain degree of confidence.

"Our markets are increasingly international and I therefore look forward to the financial year ahead with a certain degree of confidence."

"International" is a good keyword. What exactly are the subsidiaries doing to improve their position abroad?

RR Our internationalisation strategy is increasingly bearing fruit. The USA in particular is becoming an increasingly important market for us. Most of our subsidiaries produce in Germany, and this will remain the case in the future. However, we have been working on establishing and expanding foreign locations for years. Of course, not all subsidiaries will follow the path of Setter, which has been producing internationally for many years. But all companies need to constantly rethink their sales strategy, and this naturally includes having a local presence with sales organisations. For example, Doerrenberg, MAE and Kesel have recently strengthened their presence in the USA and AMTRION and INEX-solutions are in the process of doing so. Setter, SVT and PGW, which also generate pleasing sales in the USA, are pressing ahead with their expansion in Asia. Only our two companies Funke and AstroPlast continue to focus primarily on the domestic market.

Many companies are going the other way round, pursuing Onshoring instead of internationalisation. Why are you going the other route?

RR Onshoring is a major issue, especially on the supplier side. Interrupted supply chains, possible compliance violations by foreign suppliers, sustainability considerations and government subsidies and benefits are reinforcing this trend. When selecting customers, it would not be expedient to limit ourselves to Europe or even just Germany.

There are a number of compelling reasons why GESCO is pushing ahead with internationalisation. This enables our companies to tap into new markets and expand their reach beyond their current borders. This enables them to benefit from growth opportunities in other countries and diversify their sales. At the same time, the risk is reduced as regional economic fluctuations can even out. Despite the trend towards Onshoring, certain production processes or services can be carried out more cost-effectively locally, which increases overall competitiveness and significantly reduces supply chain risk. Where it makes sense, we want to produce and market locally.

Internationalisation enables us to be closer to our customers and respond better to their needs and requirements. By establishing local branches or partnerships, our subsidiaries can strengthen their customer loyalty and increase their market penetration. In our view, the opportunities associated with increasing internationalisation significantly outweigh the associated risks.

Mr Rumberg, you will soon be leaving your position as CEO of GESCO SE. What is your conclusion?

RR I feel a little satisfaction and am very grateful when I look back on my almost six years as CEO of our GESCO. During this time, we have undergone a remarkable transformation process that has strengthened us in the long term and is now almost complete. My thanks go above all to our employees, without whose tireless efforts this would not have been possible.

The transformation from a passive to an active shareholder has enabled us to respond proactively and very methodically to the changing conditions and needs of our customers. I am particularly proud of the progress we have made in our subsidiaries through our excellence programmes. With ten subsidiaries, our GESCO Group now generates almost the same sales as in the financial year 2018/19 with 18 companies. This shows the growth and market share gains we have achieved over the years. We were even able to improve our employee efficiency by 36.4 per cent in the same period. We will be able to see the full effect of this in the near future once material prices normalise. The management teams of the subsidiaries in collaboration with our investment managers have achieved a great deal here.

I am very grateful to the entire GESCO team, to our Supervisory Board for the trust they have placed in me for the sometimes major changes, to the management teams in the subsidiaries for their great willingness to change, but above all to our many employees for their great commitment. I am certain that the successful development of GESCO will continue after my departure.

Ms Holzbaur, for many years inflation was not an issue and interest rates were low. Although inflation rates have now fallen significantly again, we are now at a much higher price level than one or two years ago, and interest rates remain high for the time being. How has inflation affected the GESCO Group and how badly are you affected by the higher interest rates?

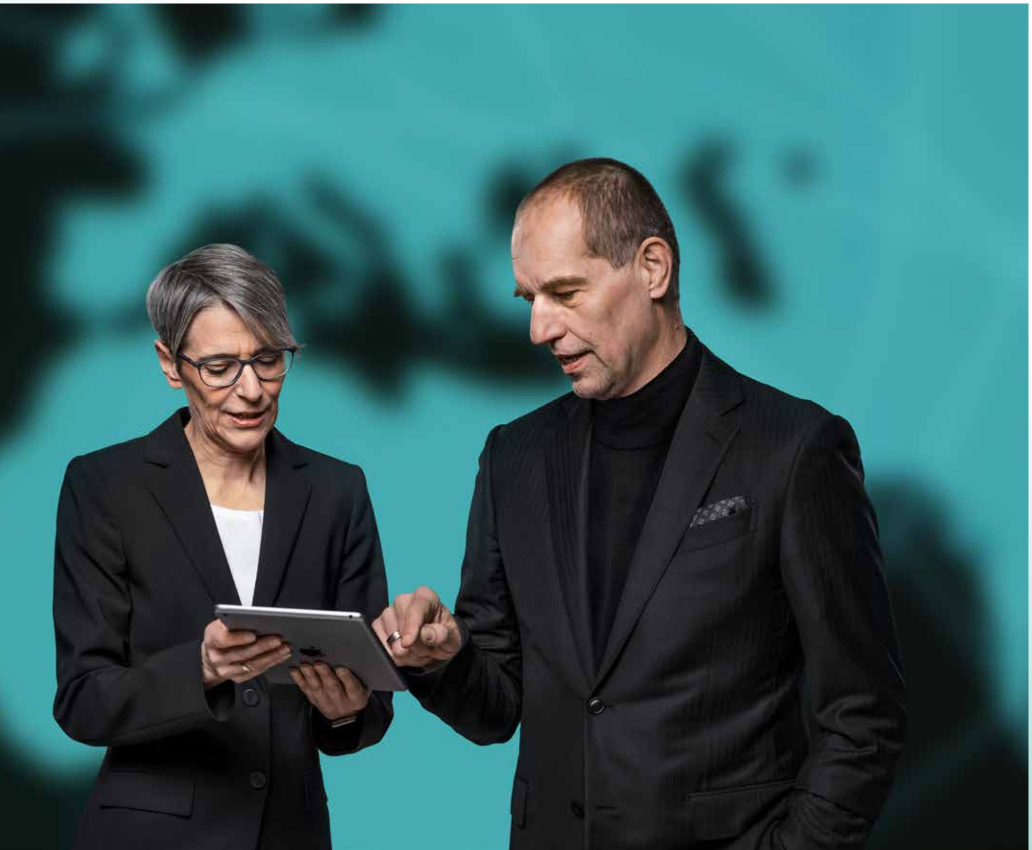
AH The high inflation rate only had an indirect impact on GESCO. In the past, we were in a very good position to pass on higher prices for materials and energy purchases to our customers. We have felt the increased inflation rate above all in the higher wage demands with which we have been confronted. These have undoubtedly increased our personnel costs and thus our operating costs and have had a slight impact on our margins.

In terms of interest rates, we work closely with our financial partners. Each of our subsidiaries, and therefore GESCO Group as a whole, has a very solid balance sheet, which is

appreciated by the banks that finance us. Nevertheless, interest rates have also risen significantly for us. This has a corresponding impact on the raising of new loans or the refinancing of existing debt, as well as on the assessment of acquisition targets and the optimal level of inventories.

You wanted to push ahead with two topics in 2023: the internationalisation of the Group and digitalisation. What have you achieved in terms of digitalisation and what are the next steps?

AH We promote the entrepreneurial independence of our subsidiaries. This leads to particular challenges in the area of digitalisation. In addition to our numerous sectors and different business models, we also have a very heterogeneous IT landscape. In 2023, GESCO therefore initially focussed on thoroughly analysing its IT infrastructure. Based on this, the role of GESCO was specified, next steps defined and initial measures implemented.



The connecting element is GESCO SE as the framework provider. We analyse regulatory requirements and implement them, creating joint structures where it makes sense to do so. We define the framework conditions and requirements and also take care of issues such as cyber risks and their insurance. Our role also includes promoting a mindset that supports openness to change and collaboration. Employees need to be taken on board. This is done by promoting a company-wide culture of willingness to change. To this end, interviews were conducted in 2023 that focused on the role of leadership, corporate culture and technology in the context of digitalisation in SMEs. The findings from these interviews help to further strengthen the corporate culture and optimally support change.

A key first step is to reduce the heterogeneity of the IT landscape within the Group. To this end, server-based isolated solutions are to be replaced by cloud solutions and the number of systems used is to be reduced. To this end, we have introduced Microsoft 365 across the Group. Aspects such as data protection, security and classification of data for the cloud were carefully considered. At the same time, we brought together IT managers from the companies for the first time. Furthermore, ESG reporting software and an HR system were selected and introduced for the Group in order to organise administrative processes more efficiently.

In addition to the Group-wide digitalisation measures, the subsidiaries are of course also pursuing individual digitalisation goals, such as web shops and virtual reality projects.

To summarise: GESCO takes care of implementing and complying with the necessary framework conditions such as data protection, IT security and AI guidelines, and the subsidiaries implement their digital business models quickly and unbureaucratically.

GESCO continues to make targeted investments in technologies such as IoT, big data analytics and cloud computing in order to increase efficiency within the Group.

The digitalisation of GESCO Group is a huge task. But efficiency gains are quickly materialising and promoting acceptance of the measures taken.

Digitalisation is one thing, but the buzzword par excellence is artificial intelligence. What significance does AI have within GESCO Group and what impact do you expect it to have on business development in the future?

AH The use of artificial intelligence plays a very different role at GESCO and its subsidiaries. However, it is clear that its use within the Group will continue to increase, especially as more and more areas of application are emerging. While Chatbots such as ChatGPT can be used across the board, more complex AIs for automating processes, analysing data and making well-founded decisions on this basis will not be used in the same way by all subsidiaries.

We are currently focusing on using suitable analysis tools to record complex customer enquiries more quickly and accurately, thereby further improving the quality of our advice.

Our machine and plant manufacturers produce highly durable products for which maintenance and servicing is a top priority. By using AI, we hope to prevent major breakdowns through predictive maintenance.

AI will play an increasingly prominent role in data analyses and company acquisitions. The examination of facts, the combing of databases, the preparation and comparison with competitors can be significantly accelerated and improved with appropriate tools. Overall, we expect to realise significant efficiency gains through the use of AI. We are therefore planning to further increase our investments in AI across the Group and identify new use cases in order to be able to

"GESCO will continue to increase its investments in AI in order to offer attractive solutions and increase our efficiency while saving costs."

offer attractive solutions for our customers on the one hand and to increase our efficiency and save costs at the same time on the other.

I would also like to ask you: Mr Rumberg will be stepping down as CEO of GESCO SE at the end of the first half of the year. How do you look back on your time together on the Executive Board?

AH Above all, I would like to express my sincere thanks to our Supervisory Board. Thanks to a series of transactions and the effective establishment of our Group-wide excellence programmes, for which Ralph is responsible, the majority of GESCO today consists of market-leading companies that we rightly refer to as hidden champions. In recent years, GESCO has undergone a successful transformation process. As an active shareholder, we have managed to significantly increase the success of the subsidiaries under his leadership.

Personally, I regret the end of our collaboration. We complemented each other well and always worked together in a spirit of trust. I wish you continued success, dear Ralph!

NEXT LEVEL

GOING GLOBAL

New sales opportunities, diversification, risk minimisation – three reasons why the hidden champions of GESCO Group have been increasingly active abroad for many years. The focus is on the world's largest sales market: the USA. The market structures and robust economy there offer promising prospects. Which ones exactly? Setter, PGW and Doerrenberg provide examples of this.

Setter: The world market leader from the Lower Rhine

In 1964 in the tranquil town of Emmerich am Rhein began the success story of today's Setter – a company that makes an important contribution to avoiding plastic waste with its sustainable products. Setter takes responsibility for the environment and future generations and therefore uses cellulose in the manufacture of its products that is biodegradable and does not harm the environment. This philosophy has made Setter the undisputed world market leader in paper sticks.

With a market share of more than 70 per cent, Setter has led the paper stick industry for many years. Around 90 per cent of the products are sold outside Germany and more than 40 per cent beyond the borders of Europe. In order to meet global demand and to be close to customers as a strategic partner, Setter has established production facilities in several regions of the world. In addition to two sites in Germany, Setter group also has a production plant in the USA and another one in Mexico.

Global networking has many advantages

With the acquisition of US supplier Setterstix Corp. in Cattaraugus, New York, Setter returned to its roots in 2015. The original company was founded here in 1938 by the Setter brothers, who set up a foreign site in Germany in 1964. Back then, lollipop sticks were made from wood, as is still the case with ice-cream sticks today. Due to the risk of injury, the brothers worked on better solutions and suitable production processes and developed paper sticks. With the patent on paper sticks, the "inventor of paper sticks" is still recognised today as the original manufacturer, even if the Setter machine solutions of today have little in common with the ideas of that time.

Setter serves the food and hygiene industry from its four locations and at the same time is also a local contact in order to fulfil market-specific requirements and respond flexibly to customer demand. Setter's global orientation extends across the company's entire value chain, including sales, purchasing and logistics: "Thanks to our partnerships, we can take a cost-saving and efficient approach to material procurement and distribution," explains Managing Director Steffen Grasse. "This allows us to offer our customers a competitive, diverse product selection and consistently high quality."

Paper instead of plastic. For the sake of the environment.

The use of paper instead of plastic for cotton wool sticks, lollipop sticks and stirrers is not only an important contribution to global nature conservation, but also offers Setter, as a strategic partner in this change, further promising business prospects and growth potential.

Asia – Setter continues to expand

With the increasing realisation that sustainability is a global necessity, Setter's success story is really taking off. More and more countries are introducing bans on single-use plastic. Setter positions itself as an important partner in this transformation phase and quickly provides sustainable solutions with its products – initially in Europe and North America. The global paradigm shift is also opening up new business opportunities for Setter in the growth regions of Central and South America and Asia. Setter expects demand in these regions to double over the next few years.

"Asia is an important growth market for us, where the switch to paper alternatives is progressing rapidly," emphasises Steffen Grasse. Pioneers such as China, India, Thailand and Malaysia are already gradually restricting single-use plastic, and other nations will follow. "We already supply numerous customers in Asia and are in daily contact with new interested parties who are looking for a partner like us. We are therefore planning a local site in order to support and supply the Asian market from there in the coming years."

Strategic partnerships and market analysis

For Setter, the path to a new target market begins with extensive market analyses, which also include suppliers and customers. Global trends and changes in legislation are also monitored and analysed. In this way, Setter gains a deep understanding of the different market requirements and can identify potential challenges and opportunities. Company structures, processes, products and services can then be proactively adapted, strengthening Setter's position as a pioneer in sustainability.

After the analysis phase, Setter turns its attention to selecting the optimum location. Criteria such as proximity to customers and the availability of supply sources are crucial, as tens of

thousands of tonnes of paper are processed every year, which should be transported as little as possible and therefore in a climate-friendly manner. The company must therefore find employees who have access to the paper industry in the Asian market, as well as to customers and suppliers. They should enjoy starting the business from scratch and making their own success story out of it.

Setter's approach is iterative and well thought out. Continuous reviews, speed of adaptation, global collaboration and a proactive approach to change and market trends form the cornerstones of this strategy and make Setter a role model for successful international business expansion within the GESCO Group.

PGW: From the Sauerland into the wide world

PGW, the leading company in the processing of steel strip, has successfully driven forward its internationalisation. While sales in Germany has increased by 44 per cent over the past five years, international business has grown by as much as 85 per cent. This means that the export ratio in 2023 was a remarkable 74 per cent. How was this targeted market development and consistent expansion of the business possible?

In Europe, the company is expanding very successfully in the traditional foreign markets of France and Italy. PGW addresses all relevant industries here and offers the complete product portfolio. Supported by its market leadership in electroplated brass finishing, PGW expects stable to slightly increasing development at an already traditionally high level. Such brass finishes can be found, for example, in clamps for brushes, furniture fittings and smart home applications.

Export performance increases enormously

PGW is experiencing significant export growth, particularly in Spain. Thanks to close and trusting collaboration with customers, their requirements are being precisely identified and the product range is being expanded through corresponding investments. As a result, export performance increased by 244 per cent between 2018 and 2023, reaching 11% of total sales in 2023. Turkey is developing into another promising market for PGW. Demand from the sports and hunting industry in particular is picking up significantly here. Even though it only accounts for 1 per cent of total sales, the business is developing very promisingly and demonstrates the successful diversification of export markets.

"Asia is an important growth market for us, where the switch to paper alternatives is progressing rapidly."

Steffen Grasse, CEO Setter

"PGW's development in the USA has been nothing short of breath-taking," says a delighted Guido Müller-Späth, Managing Director of PGW. While the American market did not play a role in 2018, the picture has changed fundamentally in recent years: the USA's share of total sales has risen from 0 to 10 per cent. This success is the result of targeted market development, including the collaboration with a distribution partner. Here too, PGW is increasing sales in the sports and hunting sector enormously. The company plans to transfer this positive development to other sectors and enter into further strong partnerships.

Fully focussed on Europe and America

PGW is also looking to expand in South America in the future. Here, too, the focus is on the dynamically growing sporting goods industry. PGW is also working on the Southeast Asian market through on-site visits and comprehensive market analyses in order to further increase its market share there. "However, the competitive situation here is quite convoluted," says Müller-Späth, explaining why his company is focussing on Europe and the USA for the time being.

Overall, PGW's successful internationalisation strategy is based on targeted market development, successful partnerships and a broad diversification of export markets. The focus on growth, particularly in non-European regions, allows the company to look to the future with optimism. "We have bright prospects ahead of us," says Müller-Späth with deliberate ambiguity as he looks at the shiny steel coils in the warehouse.

PGW – Indispensable expertise in electroplating

The PGW group is a European leader in the refinement of steel strip. Applications in which the high-performance materials have been processed can be found in almost every household. But PGW's products are also the first choice for manufacturers of sports equipment, office supplies and decorative items, as well as for customers in the furniture, electrical and automotive industries.

A distinction is made between decorative and functional electroplating. The former is primarily used to embellish objects, for example by brass plating steel parts. Functional electroplating is used for corrosion protection, wear protection, catalysis, improving electrical conductivity and improving sliding properties.

“PGW’s development in the USA has been nothing short of breath-taking.”

Guido Müller-Späth, CEO PGW

“Our mission is to fully serve the needs of our customers as an innovative quality leader.”

Marc Breidenbach, CEO Doerrenberg

Doerrenberg: Tool steel from Germany for the world

Toolmaking requires a wide range of products, technological expertise, careful processing of materials, a high service affinity and, above all, maximum and rapid availability from the full range. As a “one-stop shop”, Doerrenberg offers customers all of this from a single source.

“Our mission is to fully serve the needs of our customers as an innovative quality leader,” explains Managing Director Marc Breidenbach. “Thanks to our expertise in materials, processing, heat treatment and coating, we have become the leading supplier of tool steel in Europe. Now we believe the time has come to continue our success story beyond our continent. The focus here is on the USA, as this market for tool steel has a high demand and offers ideal conditions for our business thanks to a high import share, a constantly growing market and a demonstrable demand for Doerrenberg’s “next generation tool steels”.”

More on this in the article “Go West”

Go West

Tool steel – from Germany to the world.

The route is clear: Having established an excellent reputation for its tool steel in Europe, Doerrenberg is now increasingly focussing on North America. The acquisition of Tremblay strengthens the company's presence in the highly attractive US market.

Doerrenberg is a leading supplier of tool steel. The material is indispensable in the manufacture of tools, which are used for almost all products. The most important customers come from the mechanical engineering and mould making sectors. These tools are exposed to considerable stresses and often high temperatures. The alloy variants for tool steel take these special requirements into account.

Since the company was founded, the customer has consistently taken centre stage: Doerrenberg is characterised by the highest quality of advice, availability, innovation and sustainable management. However, the top priority is not only the development of first-class materials, but above all the establishment of long-term partnerships based on trust and mutual success. These fundamental values have made Doerrenberg a reliable partner for the tool industry worldwide.

Everything from a single source

Toolmaking is a sector that thrives on consulting expertise and technology and expects a high level of service affinity, a wide range of products and first-class material quality. Doerrenberg offers customers everything from a single source with its comprehensive range, which extends from its own material grades and processing to in-house heat treatment and coating.

"We are the 'one-stop shop' that fulfils the diverse requirements of the industry. Thanks to our many years of experience, we have developed into one of the leading suppliers of tool steel in Europe. Now it's time to expand our proven business model beyond the borders of Europe and bring our strengths to new markets," says Managing Director Marc Breidenbach, outlining the company's own aspirations.

In focus: North America

In view of the changing global environment, Doerrenberg has identified new, promising markets and analysed them in terms of their size, growth potential and competitive intensity. The expansion strategy is currently focussed mainly on North America, particularly the USA, as this market has a high demand for tool steel and offers ideal conditions for business. Demand for tool steel in the USA is influenced by various market factors. In particular, the strong presence of the automotive industry and other manufacturing sectors, which have a high demand for high-quality tool steel, makes the USA a lucrative market. Compared to other international markets, the USA is characterised by a large market volume, a developed industry and a robust demand for

Doerrenberg is the 'one-stop shop' that fulfils the diverse requirements of the industry.

"We are the 'one-stop shop' that fulfils the diverse requirements of the industry. Thanks to our many years of experience, we have developed into one of the leading suppliers of tool steel in Europe. Now it's time to expand our proven business model beyond the borders of Europe and bring our strengths to new markets."

Marc Breidenbach, CEO Doerrenberg

tool steels and the need for Doerrenberg's "next generaton tool steels", which makes it particularly attractive for the GESCO subsidiary.

The competitive situation on the US market for tool steel is intense. In addition to established domestic companies, Doerrenberg competes with other global suppliers for market share. Nevertheless, the United States is a market that is heavily dependent on imports, particularly in the tool steel sector. There are only a few local producers who can meet the high demand for first-class material quality. Even a possible protectionist policy will not change this fact. In addition, targeted support measures for the domestic production of battery technology and hydrogen infrastructures are opening up new growth opportunities, particularly in strong industrial regions such as the former “Rust Belt” in the north-east of the USA.

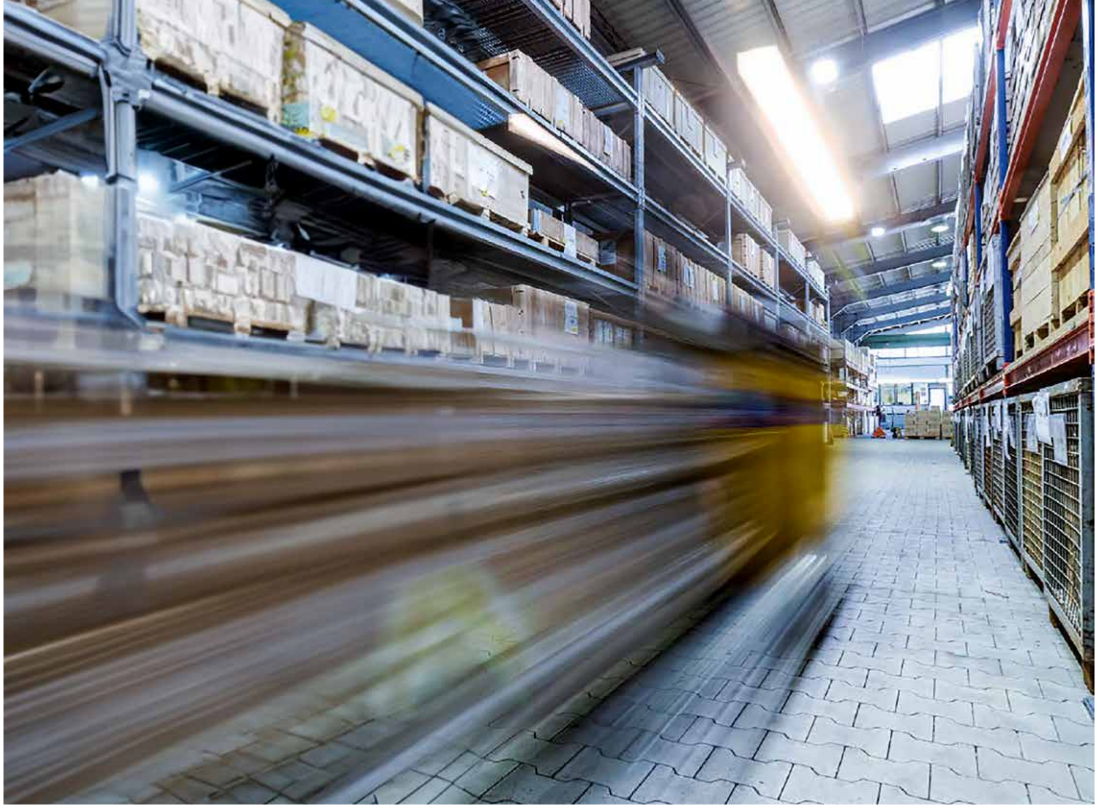
Offer is customised

Thanks to its leading position in Europe and its good international reputation, Doerrenberg also has the opportunity to position itself as a respected brand in North America. Doerrenberg is able to meet the needs of its customers thanks to its proven performance and technological expertise from decades of special steel production.

With its comprehensive expertise as a producer and its global sourcing network, Doerrenberg is able to find the right material for the individual requirements of its customers. The “next generation tool steels” developed in-house supplement the product portfolio if the standard is not sufficient. The company’s own local warehouses in the USA

“With its experienced local team and established network, the company has proven to be a valuable addition to our activities.”

Marc Breidenbach, CEO Doerrenberg



Our own local warehouses in the USA guarantee short delivery times and a reliable supply chain for our customers.

guarantee short delivery times and offer customers a reliable supply chain. From there, global key accounts worldwide can be served even better. The increasing international focus is supported by comprehensive rebranding.

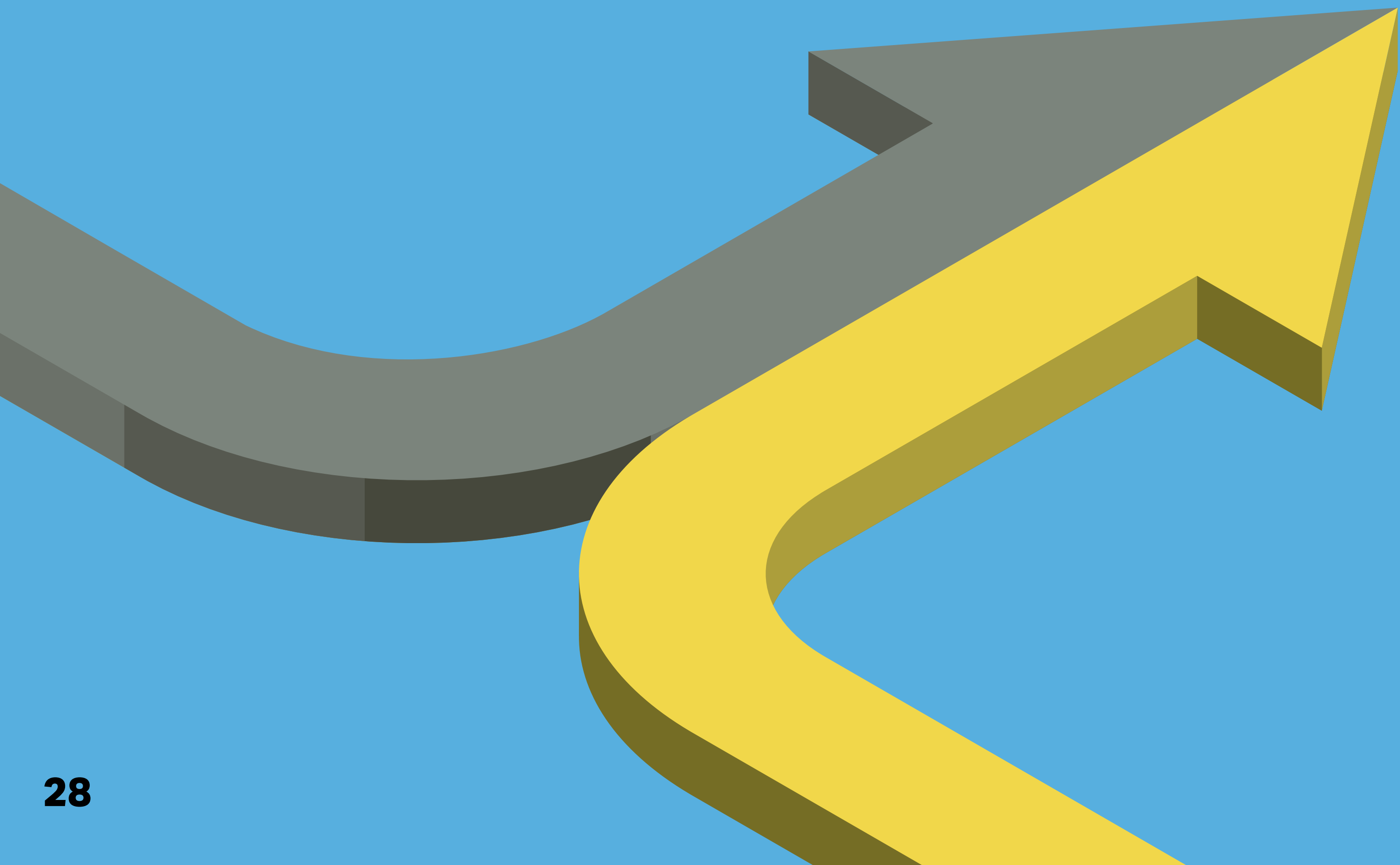
Acquisition Tremblay

The acquisition of Tremblay in Ohio was an important step in the expansion of business in North America. Tremblay had already been a sales partner in the USA since 2014 and had exclusively offered Doerrenberg special steels. "With its experienced local team and established network, the company has proven to be a valuable addition to our activities," continues Breidenbach. "The integration of Tremblay into the Doerrenberg family was a smooth process thanks to the existing relationship of trust between the two companies."

The focus is now on the future and on further expanding market share: The logistics infrastructure in the USA is already well developed, but due to the size of the country, further investment in improved warehousing and distribution technologies is necessary to increase the efficiency of supply chains and shorten delivery times. To this end, Doerrenberg is planning to set up several distribution hubs in order to improve customer proximity and meet demand efficiently.

The aim is to become the leading independent supplier of tool steel in the USA. The first steps on this path have been taken.

Go Together



The merger of Haseke and Krömker to form AMTRION brings dynamism to the domestic market for medical technology. The GESCO subsidiary has set out to become a world leader. First stop: the USA.

Innovations in artificial intelligence and robotics characterise medical technology.

The medical industry is undergoing unprecedented change, driven by various factors. Technological innovations such as artificial intelligence (AI) and robotics are changing diagnosis and treatment methods. Hospitals and medical facilities around the world are facing significant challenges: Limited budgets, rising costs for medical equipment, personnel and technologies are leading to constant pressure for further development.

The market recovers from corona

Following the global coronavirus pandemic, demand for equipment in the medical sector was severely dampened. There are now signs of a recovery, from which the subsidiary AMTRION is also benefiting. This is because digitalisation is playing a central role in industry and automation technology as well as in medical technology. Electronic patient records, telemedicine and intelligent medical devices are just a few examples of how the medical sector is benefiting from digital technologies. Support arm systems that carry medical devices and instruments and place them in the perfect ergonomic working position for the user are an integral part of this digital transformation.

“Precision and fast response times are crucial in medicine. Support arm systems adapt flexibly to different clinical requirements and workflows," explains Managing Director Jürgen Roth. "Whether in operating theatres or intensive care units – support arm systems are an indispensable part of modern medical facilities."

With bundled power

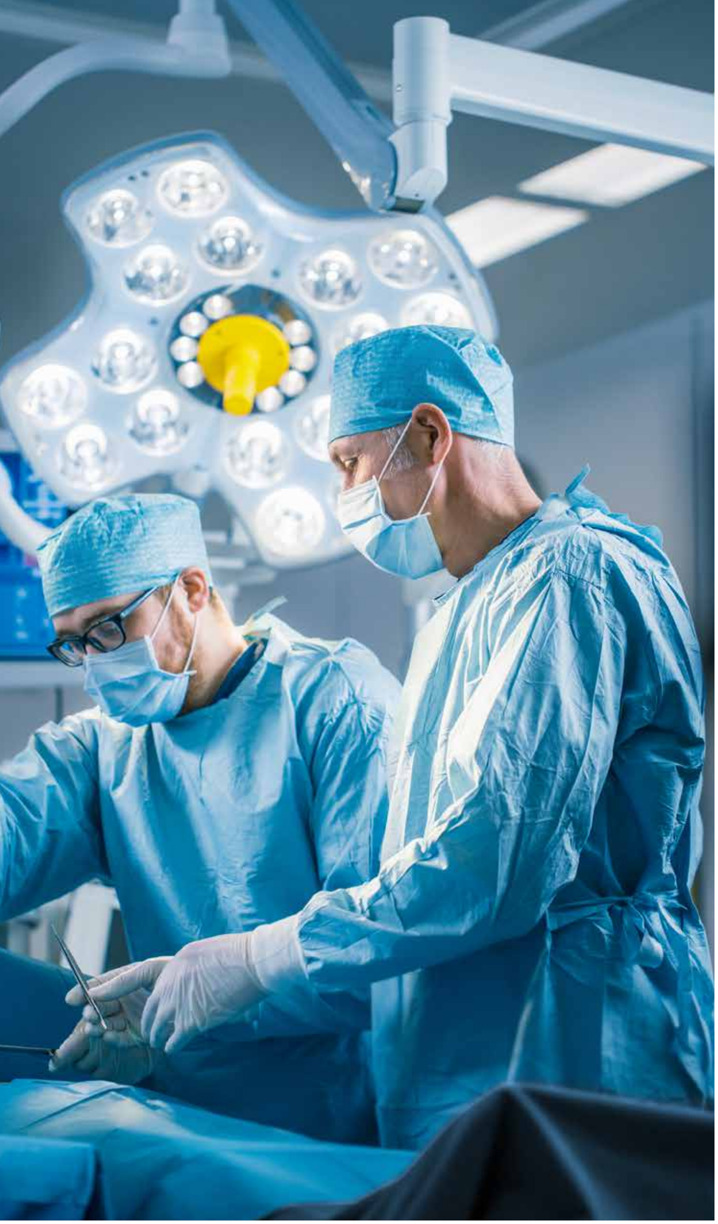
The merger of the two renowned medical technology companies Haseke and Krömker to form AMTRION at one location was a strategic step. By pooling resources and expertise, standardising and homogenising the product portfolio and optimising processes through spatial concentration, coupled with decades of experience, AMTRION has created a unique basis for optimally serving all customer requirements as a strategic partner. AMTRION's guiding principle is to act as a development partner, focussing on active product design and product portfolios. The integration of best practices from the medical and industrial sectors enables AMTRION to position itself as a pioneer in the industry. This approach enables the company to react flexibly and exceptionally quickly to market requirements and develop innovative solutions that offer customers a much shorter time-to-market.

Another key advantage of the merger is the focus on core processes and synergies. Bundled resources and optimised processes keep AMTRION's corporate structure lean. This not only enables efficient production, but also

Technology for the interface between man and machine.

The importance of support arm systems in medicine

Support arm systems are specialized mechanical structures used in medical facilities to support and position medical equipment such as monitors, infusion pumps and surgical instruments. These systems not only help to organize the workplace, but also enable doctors and nursing staff to work more efficiently.



> **"Whether in operating theatres or intensive care units – support arm systems are an indispensable part of modern medical facilities."**

Jürgen Roth, CEO AMTRION

On the way to the top of the world

In the past, the medical technology market was characterised by a small number of established companies. The merger of two of these companies has created a new dynamic with the clear aim of developing AMTRION into the global market leader.

In a highly innovative industry, it is crucial for companies to differentiate themselves. The human-machine interface is a key aspect of this. As a suspension arm system manufacturer, AMTRION can gain a decisive competitive advantage by optimising this interface. With intuitive user interfaces and flexible customisation options, AMTRION ensures that its products can be optimally integrated into the workflow,

competitive pricing, which also secures the company's long-term success internationally. "The synergy effects form a solid foundation for future growth. We want to at least double our sales by 2030," says an optimistic Jürgen Roth.

making the daily work of doctors and nursing staff even more efficient and pleasant. In addition, support arm systems are predestined for the integration of interfaces for automation, control and multimedia. These enable smart interaction between humans and machines.

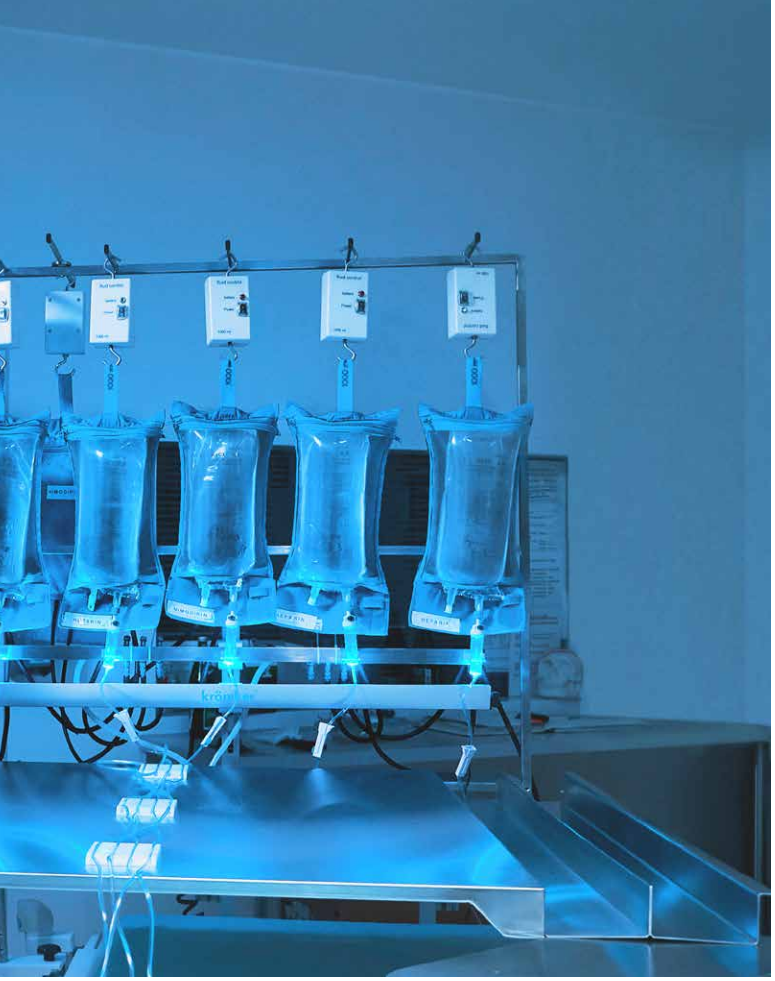
Another market-moving aspect is complete and approval-tested product portfolios. Customers want to condense the number of products used in order to increase cost efficiency. AMTRION is able to offer all the functionalities required by the customer in a low product variance. This not only enables more efficient utilisation, but also makes integration and maintenance easier for customers.

Thanks to its comprehensive product portfolio, AMTRION acts as a full-service provider for all areas of the hospital, thereby serving a key trend. Customers want to further minimise their risks from regulatory requirements by giving preference to partners who offer systems for all their load-bearing and application areas. As AMTRION's support arm systems cover all load capacities and are compatible with various end devices, they are sustainable problem solvers.

Support arm systems are perfectly customised to the user.

"The synergy effects form a solid foundation for future growth. We want to at least double our sales by 2030."

Jürgen Roth, CEO AMTRION



One challenge is to fulfil the strict regulatory requirements of the US healthcare system. The Food & Drug Administration (FDA) has high standards for medical devices and systems. Thanks to its demonstrably high product quality, AMTRION has long been internationally recognised and can reliably meet the strict safety requirements of the US market. In addition, the approval of individual products is highly regulated. AMTRION meets this challenge by certifying entire product groups, which saves time and money. This approach makes it possible to offer a comprehensive product portfolio and fulfil the regulatory requirements at the same time.

Entering the US market is a strategic expansion for AMTRION, building on a solid foundation of market opportunities, quality leadership and customer-centric product solutions.

With this in mind: USA – here we come!

Entering the US market – why AMTRION has good chances

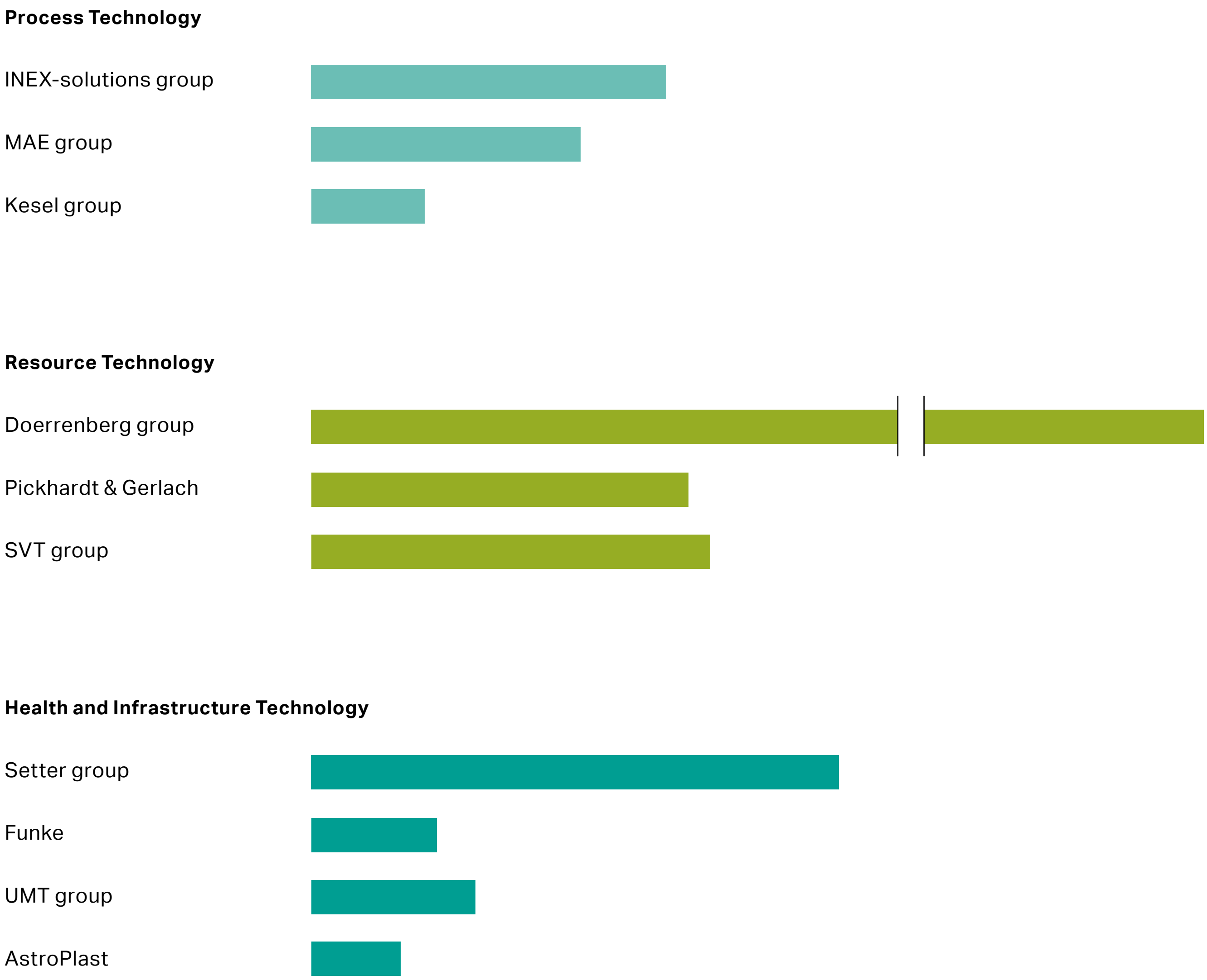
There are many reasons why AMTRION is entering the US medical technology market with the newly founded AMTRION Inc.: In addition to the absolute market volume of the largest single market, the medical technology sector in the USA is characterised by continuous sales growth. Not only does the USA have the largest healthcare industry, but demand is also particularly high for innovative medical technologies. For AMTRION, entering the US market presents opportunities above all, despite some challenges.

Innovative. International. Leading the way.

No limits in thought. Always thinking ahead – and going further. GESCO SE is a forward-looking and increasingly internationally orientated group of companies. This overview shows where the paths of our ten subsidiaries are leading, in the analogue and digital world.

GESCO Group at a glance

Subsidiaries by sales



Company	Sales 2023 in € million	Staff 12/31/2023	Shares of capital in %
Process Technology			
INEX-solutions group	51.8	296	100 %
• Sommer & Strassburger	28.5	154	100 %
• Hubl	23.3	142	80 %
MAE group	39.3	167	100 %
Kesel group	16.5	58	100 %
Resource Technology			
Doerrenberg group	207.8	536	100 %
Pickhardt & Gerlach	55.0	55	100 %
SVT group	58.2	268	100 %
Health and Infrastructure Technology			
Setter group	77.0	250	100 %
Funke	18.3	75	100 %
UMT group	23.9	101	100 %
AstroPlast	13.0	78	100 %

Process Technology

Dynamically growing markets with sophisticated technologies and a high degree of innovation. Our companies supply system solutions for mechanical and plant engineering.

INEX-solutions group

MAE group

Kesel group

3

companies

521

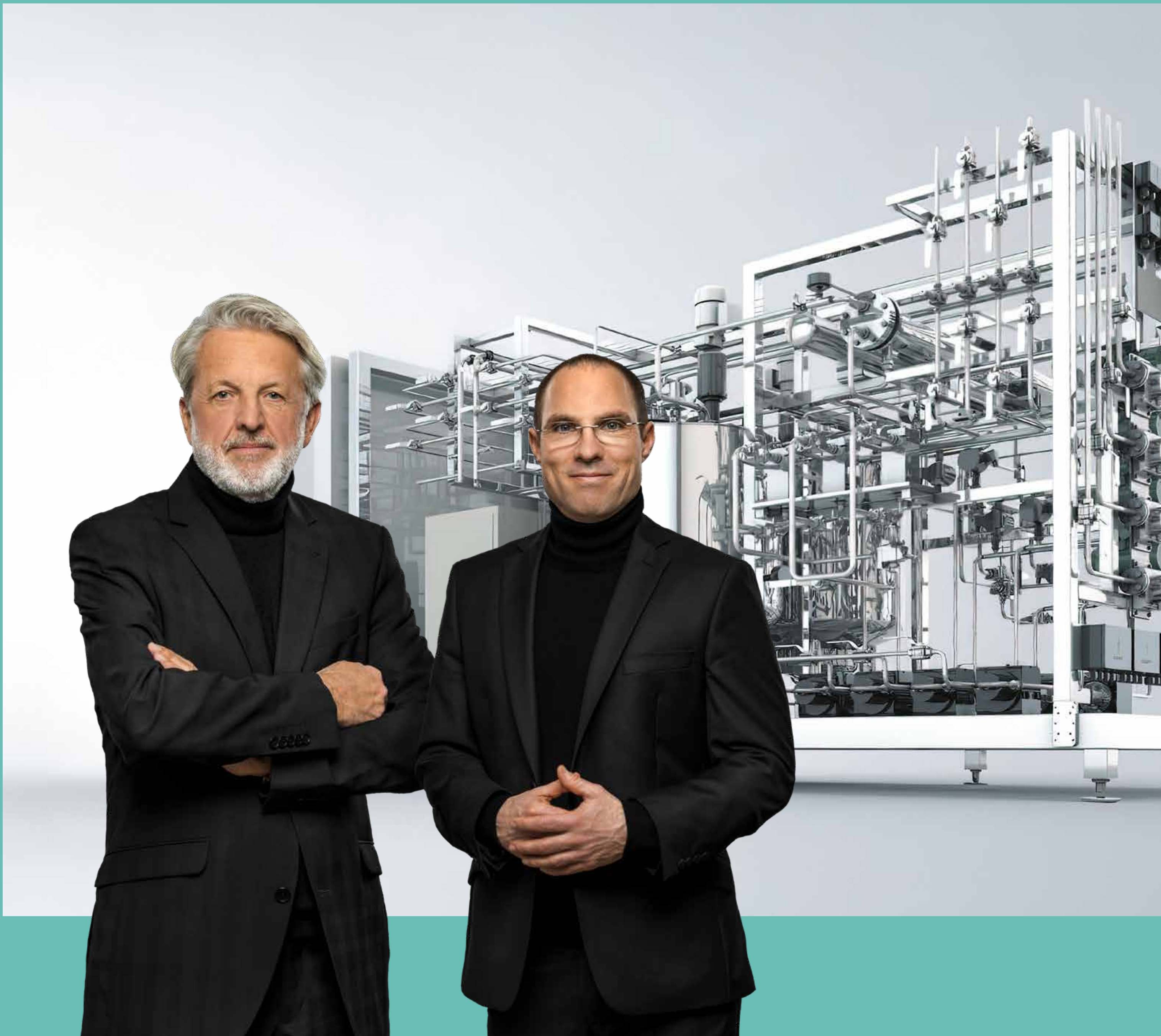
employees 12/31/2023 (previous year: 542)

€ 107.6

million sales (previous year: € 105.1 million)

19 %

share of GESCO Group sales

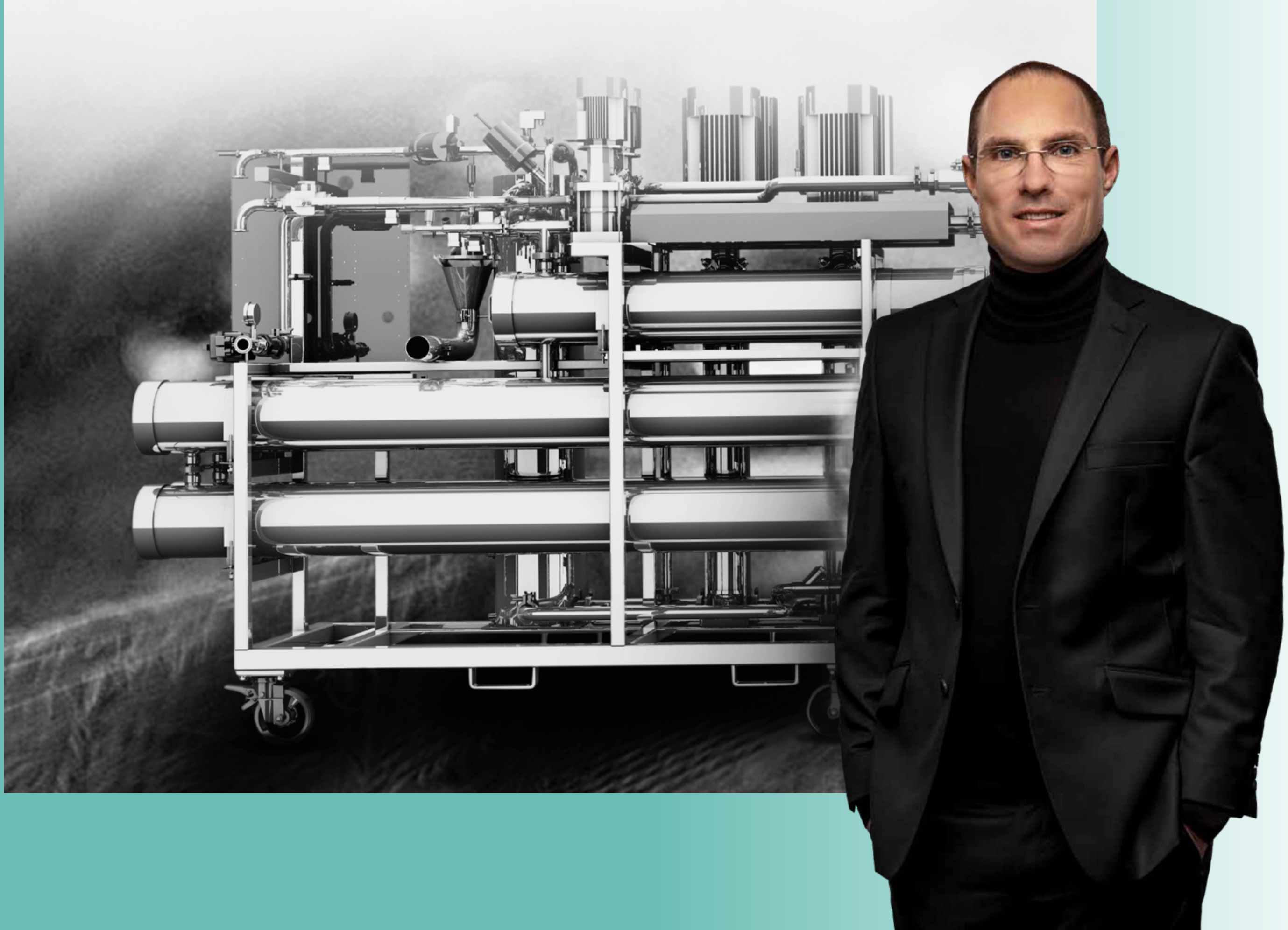


INEX-solutions group

INEX-solutions stands for excellent stainless steel products: From cleanroom-compatible systems for semiconductors and process containers for healthcare to complex systems for energy & environmental and food & beverage. The combined strength makes INEX-solutions a leader.

"In the important healthcare sector, we offer our customers innovative solutions, reliability and proven expertise in handling stainless steel systems and equipment, which contribute significantly to progress in healthcare research."

Stefan Kuhn, Managing Director, Sommer & Strassburger



INEX-solutions group

Sommer & Strassburger

154

employees
12/31/2023
(previous year: 152)

€ 28.5

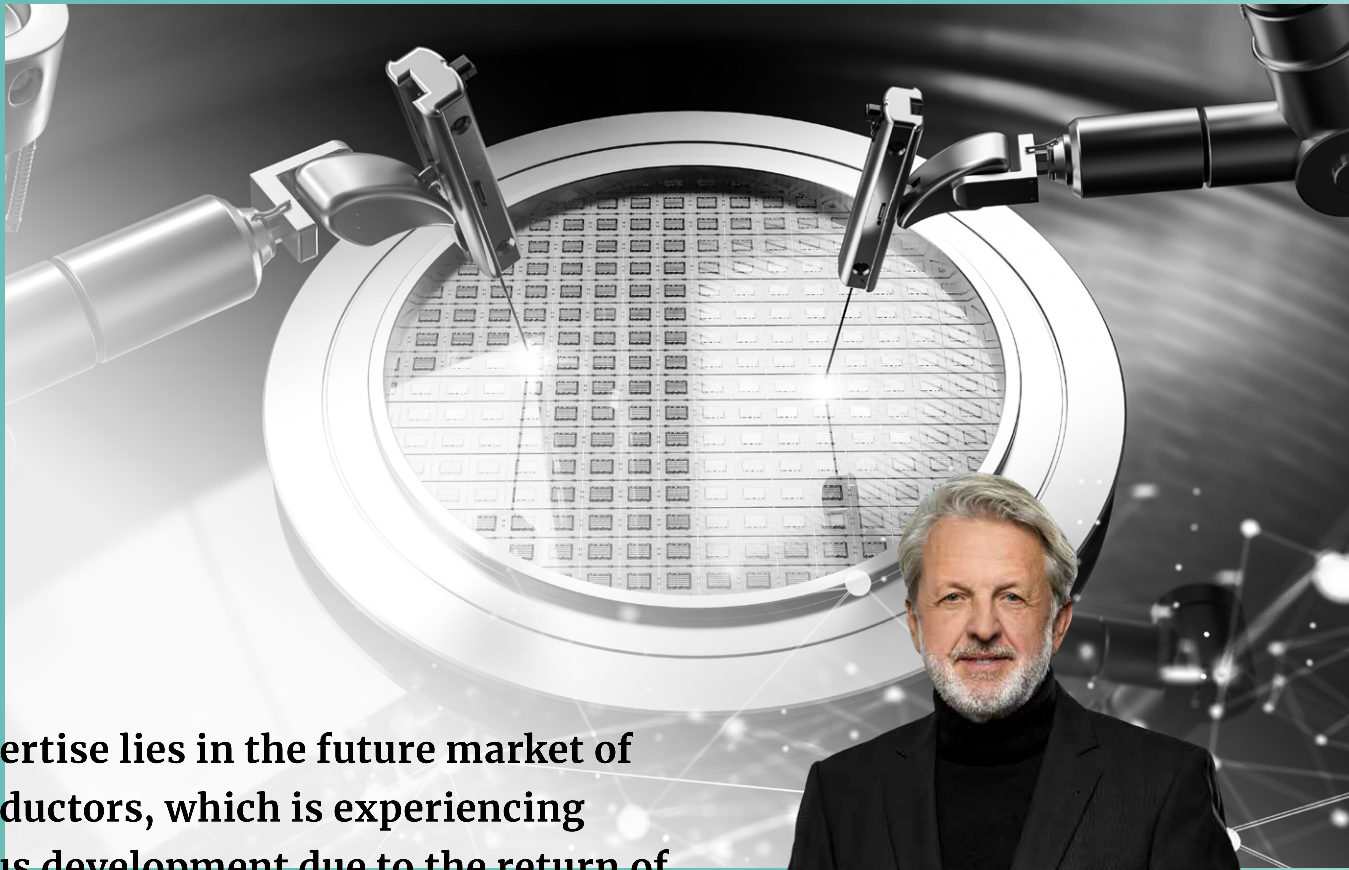
million sales
(previous year:
€ 31.3 million)

Company contribution

Our company plays a crucial role in the healthcare sector by supplying high-quality products and solutions for various production processes. Our membrane and filter housings, stainless steel components and equipment are recognised worldwide and help to improve standards in healthcare. Our extensive approvals and certifications ensure that our products meet the strictest quality and safety standards.

However, our commitment goes far beyond the provision of products. We are passionate about improving healthcare and making a positive contribution to society.

By efficiently designing production processes, we help to reduce costs in the healthcare sector and utilise resources more effectively. Our mission is to improve people's quality of life and create sustainable added value for society.

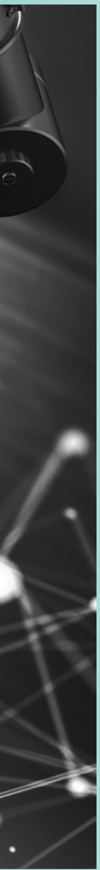


"Our expertise lies in the future market of semiconductors, which is experiencing enormous development due to the return of the chip industry to Germany. Our commitment goes far beyond economic interests. Through innovative solutions, we produce first-class products, secure jobs in the long term and thus actively contribute to shaping the future of Europe."

Rainer Kiefer, Managing Partner, Hubl

INEX-solutions group

Hubl



142

employees
12/31/2023
(previous year: 161)

€ 23.3

million sales
(previous year:
€ 27.2 million)

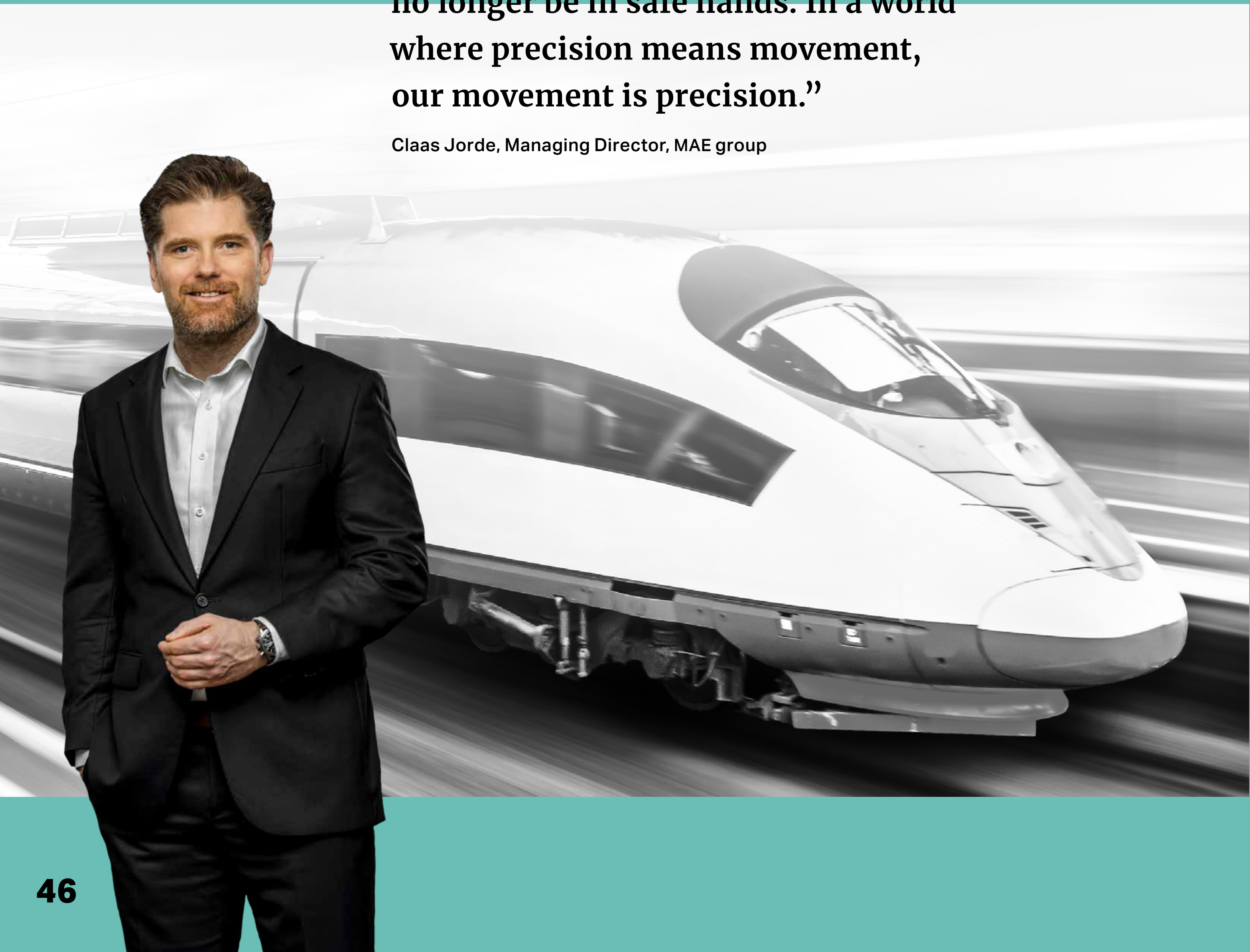
Company contribution

Our cooperation with hidden champions – in the development and production of process equipment for the semiconductor industry – makes a significant contribution to strengthening autonomy in the semiconductor market and has a positive impact on society. Our innovative high-end stainless steel products promote technological progress and create jobs. This strengthens the local economy on the one hand and increases Germany's competitiveness in this key industry on the other.

With our commitment, we make a sustainable social and economic contribution that strengthens and advances society as a whole. For a future worth living for us all.

"Without our innovative spirit, the wheels of progress would stand still, things we take for granted would cease to exist and our mobility would no longer be in safe hands. In a world where precision means movement, our movement is precision."

Claas Jorde, Managing Director, MAE group



MAE group

167

employees 12/31/2023 (previous year: 170)

€ 39.3

million sales (previous year: € 31.5 million)

Company contribution

Whenever customers have high demands in terms of precision and safety, the MAE group is there to support them with its innovative product solutions. As an internationally active group, the company supplies customers worldwide in key sectors such as mobility, energy and healthcare.

Rail journeys around the world, robot-assisted operations with precision drills, ship crankshafts or drill rods all have one thing in common: they all require the highest levels of safety and maximum efficiency. These are characteristics that MAE machines guarantee, as they are the benchmark for precision and process efficiency.

The MAE group is an international technology leader for wheel presses and levelling machines. With its innovative products and service solutions, it is number 1 on the global market. MAE stands for innovation, precision and reliability, in short, MAE stands for the values of the German Mittelstand.

"With our new product B127G, we have successfully tapped into the food, fish & meat market and met the global demand for sanded band saw blades. Thanks to our innovative sanding technology, we have once again proven that we set the benchmark here. The continuous pursuit of excellence is the DNA of the Kesel group and our recipe for success."

Jean Christ, Managing Director Kesel group

Kesel group

58

employees
12/31/2023
(previous year: 59)

€ 16.5

million sales
(previous year:
€ 15.1 million)

Company contribution

The Kesel group is a global leader in the development, design and production of state-of-the-art machine tools for linear gear cutting. The special milling machines are used in the production of band saw blades and in the gearing of automotive components for drive and steering systems. In addition, industrial drive technology companies rely on our machines for the production of their gear racks.

With an international presence in Europe, the USA and Asia, we serve the most demanding customers worldwide. Our technological expertise enables our customers to increase their productivity; a clear competitive advantage that, for example, ensures lower waste of this sustainable and renewable raw material of the future in the case of band saw blades for wood processing.

Opening a new market with concentrated expertise

Have you ever been to a mountain hut? If so, you will certainly remember the intense, warm smell of freshly processed wood. You immediately feel at ease and in harmony with nature. Because wood is not only an experience for the senses due to its smell, grain and feel, it is also a very good and above all sustainable building material.

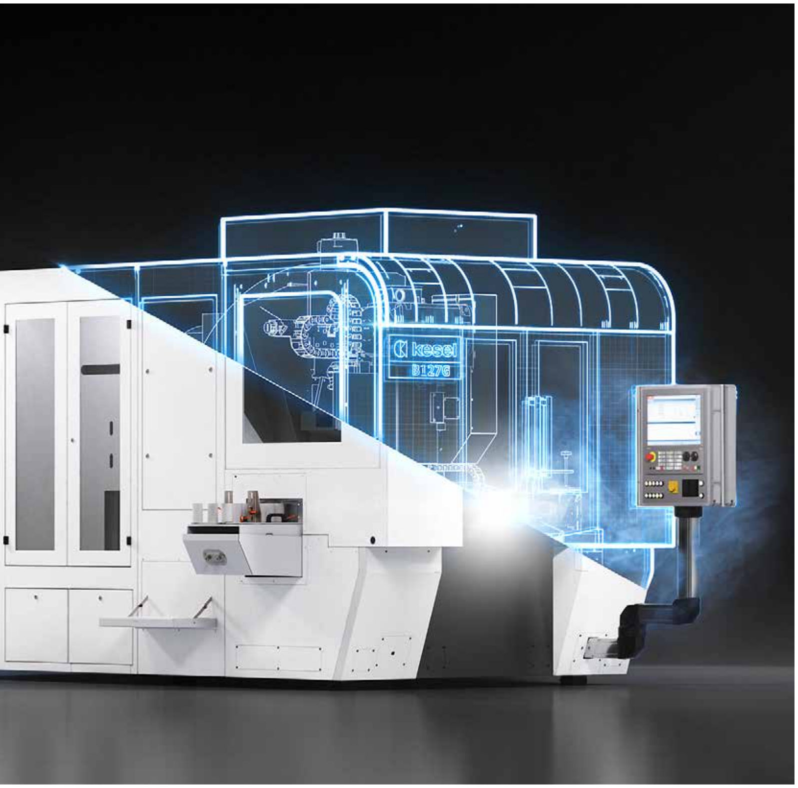
This feeling is increasingly being experienced, because in a world in which sustainability and efficiency are becoming increasingly important, the wood processing industry has taken on a special role. According to the UN Environment Programme, the construction and building industry is responsible for almost 40 percent of global CO_2 emissions. However, building with wood is seen as an important climate-friendly alternative and the market is growing by around 20 per cent every year. In view of these developments, the Kesel group has recognised that the wood processing industry is an important future market that requires innovative solutions.

“Machines for the production of band saw blades are a specialised product for us. Our customers mainly come from the steel, gearing and automotive industries and only a small proportion from the wood processing industry,” says Kesel Managing Director Jean Christ. “However, this is becoming a real future market for us. With our new B127G band saw blade grinding machine, we have developed a machine that offers great potential for the woodworking industry. It means that band saw blades can now be produced much more efficiently and cost-effectively than before.”

Production becomes more efficient

The B127G makes the production of band saw blades up to 50 per cent more productive and thus indirectly contributes to reducing the CO_2 footprint of timber constructions, for example. At the same time, it increases efficiency in production. In concrete terms, this means that thanks to a special process, the machine processes up to 50 blanks in parallel to produce finished saw bands – even with very demanding tooth profiles. In addition, the grinding of band saw blades enables an infinite number of profile designs. This also makes the machine suitable for trials and small series.

The B127G is exceptionally powerful, very innovative and truly unique. It works quickly, precisely and



Augmented reality takes service quality to a new level.

efficiently and produces up to 1,000 metres of band saw blades per hour. The modern, digitalised operating platform creates a seamless interface between man and machine. Thanks to its high-performance operating system with state-of-the-art microprocessors and its intelligent coolant management system, the B127G works fully automatically and significantly increases operating efficiency. The economical use of the modular principle and the almost limitless dimensions of profiles that are possible with the B127G open new doors for Kesel. And with a delivery time of just three months from order to delivery, customer requirements can be met quickly.

Potential is transferable

"This machine is the culmination of all our expertise," says Jean Christ. "Our aim was to build a band saw blade grinding machine that is easy to operate, requires little maintenance and still delivers maximum performance. The feedback from the market proves that we have succeeded." In fact, the company is increasingly attracting the largest customers in the market who produce band saw blades for various industries and who are impressed by the quality and efficiency of the machine. The B127G not only has the potential to fundamentally change processing in the timber industry and make this important sector more sustainable and efficient. Other application areas can also utilise this potential, such as the food industry, which is our next focus.

So if you ever find yourself in an alpine hut again, soaking up the special atmosphere of this rustic, natural location and enjoying a good meal at the same time – then you might be pretty close to the Kesel group and its latest innovation.

Resource Technology

3

companies

859

employees 12/31/2023 (previous year: 739)

€ 321.0

million sales (previous year: € 330.0 million)

57 %

share of GESCO Group sales

Material-intensive industries with a focus on niches and customer service. Our companies supply customised primary materials and solutions, for example in material processing and loading technology.

Doerrenberg group

Pickhardt & Gerlach

SVT group

“Our proven and successful business model is increasingly taking us abroad, particularly to the USA, where we see the best framework conditions and the greatest opportunities for growth.”

Marc Breidenbach, Managing Director, Doerrenberg group

Doerrenberg group

536

employees
12/31/2023
(previous year: 492)

€ 207.8

million sales
(previous year:
€ 213.3 million)

Company contribution

Steel tools are needed to manufacture products that shape our lives and enable innovation and productivity worldwide. The production of this steel requires a high level of technological expertise in order to fulfil customer requirements. The automotive industry, specialised capital goods, mechanical and plant engineering, aerospace and energy supply are all dependent on tool steel and would be inconceivable without it.

Our customers are therefore not only toolmakers, but also a wide range of industrial sectors. To meet their needs, we offer the highest quality of service, a full range of products, technological expertise, the right materials, comprehensive application advice and in-depth processing. Supplemented by our own heat treatment and coating, we supply everything from a single source and thus fulfil the needs of our customers. Our responsibility towards them is the driving force behind our work. This is reflected in the research and development we carry out in collaboration with universities and institutes and in the numerous patents on steels we have developed ourselves.

“Our EMONI®, NIFIN®, BRAFIN®, MULITIN® and ZIFIN® brands make many end products possible that are not only used in almost every SMART home. With an export share of 74 %, PGW is represented in all markets around the world. In the USA in particular, the market share has increased significantly since 2018.”

Guido Müller-Späth, Managing Director (left) and
Dr Paul Braun, Technical Managing Director (right) Pickhardt & Gerlach

Pickhardt & Gerlach

55

employees 12/31/2023 (previous year: 50)

€ 55.0

million sales (previous year: € 62.7 million)

Company contribution

With our competent and highly qualified employees, who work with state-of-the-art machinery, we serve the very broad industry portfolio of our customers. As a steel strip processor, we recognise our responsibility for sustainable business practices and are represented as a partner to our customers all over the world.

The electrolytic refinement of strip steel with brass, nickel, copper and zinc is our passion. Our core competences, from precise cutting, polishing, foiling and painting to coiling and rolling on designed surfaces, are valued by a very diversified customer structure, from battery technology to the electrical and automotive industries.

Our highly motivated team stands for constant innovation and sustainability. We cover 100% of our energy requirements from green electricity. With the development of our products, we always want to make a sustainable contribution to society for future generations. Today, our products can already be found in applications in almost every household and every company around the world.

Investment project: Europe's most modern copper band galvanization

When PGW was able to tap into the new customer segment for thin, copper-plated strips some time ago, there was great joy on the one hand. Everyone involved quickly realised that only a new plant would be able to produce these quantities, as the existing one was only operating just below its maximum production capacity.

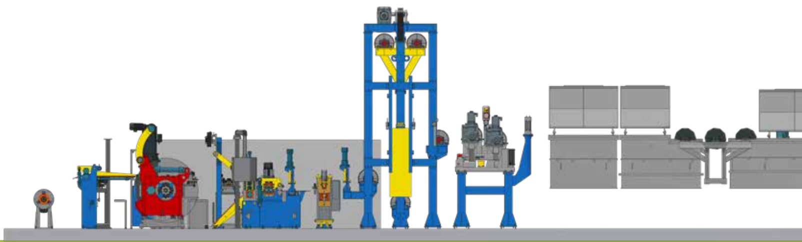
But why do you need a copper band galvanization at all?

Imagine you open the bonnet of your car. You see a complex arrangement of cables and components. For a safe journey, the cables must be reliably connected to the components via plug connections. These important components are made from copper strip from PGW. PGW also ensures that your car comes to a safe stop with brake lines also made from copper strip.

A copper coil coating line is not just a big machine – it is the birthplace of the material without which many modern industries would not function. Think of the electronics that surround us. From mobile phones and laptops to fuse boxes and the sensors in our cars – copper connections are everywhere.

Why copper? Because it is one of the best electrically conductive materials available. It transmits electricity with incredible efficiency and at the same time is flexible enough to adapt to different shapes. But how do we get this conductive copper onto our strip steel? This is where the copper band galvanization comes in. Imagine a long, endless strip of steel being pulled through a series of containers, machines and rollers. These strips are the base to which the copper is applied.

The first step is to clean and prepare the strips. They must be free of dirt and oxidation so that the copper has good adhesion. Then the process begins: the strip is immersed in a solution containing copper ions. Through a complex electrochemical process known as electroplating, the copper is transferred to the steel. The longer the current flows, the thicker the copper coating on



the steel strip becomes. The thickness of the layer on the carrier strip is measured in micrometres (µm) and is the main component of our performance.

Our slitting centre completes the range of services that our customers are very happy to accept. This means you receive the coated belt from a single source, which is customised according to the customer's wishes. At PGW, the belts can also be bright-rolled, lacquered, foiled, wound and even polished on Europe's only belt polishing line.

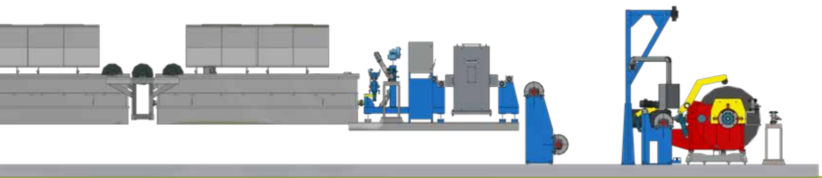
The result? A steel strip that now carries a fine layer of copper. This strip can be cut into various shapes, punched, moulded and integrated into a variety of products by our customers. Whether as a circuit board in a smartphone or as an electrical connector and as the base material for brake lines in a car – these copper strips are the invisible heroes that make our modern world possible and ensure our safety at the same time.

The realisation of an investment project of this size is anything but trivial. It starts with the dimensions of such a system. Such a coil line is very, very long. In the case of the new copper band galvanization, exactly 77 metres. It consists of around 350 tonnes of steel, has 12 tanks in the electroplating area (wet area) (brushing machine, electrolytic degreasing, acidification, rinsing and electroplating tanks, etc.) with 29 pumps and around 88 rollers. An electroplating line consists primarily of the strip run-off group, the strip cleaning section, the electroplating tanks, the final strip cleaning, the X-ray measuring device and the strip winding group. The process expertise acquired over many generations is held by PGW and forms the basis for the continuous further development of processes and systems.

Building an additional coating system during operation requires the most precise planning and precision.

It quickly became apparent that PGW had to realise its plans at a rather unfavourable time. Many of the 60 suppliers increased their prices within a short space of time, in some cases by up to 110%. Worse still were the delivery times, which in some cases had more than doubled. After tough negotiations, however, acceptable solutions were reached with most of the suppliers.

Now, shortly before project completion, the entire PGW team is delighted to be able to officially put the copper band galvanization into operation at the end of the 1st quarter of 2024, as customers are already waiting.



“SVT has secured crucial orders for the German LNG terminals! The excellent global positioning opens up enormous potential for us.”

Michael Schauerte, Managing Director SVT GmbH

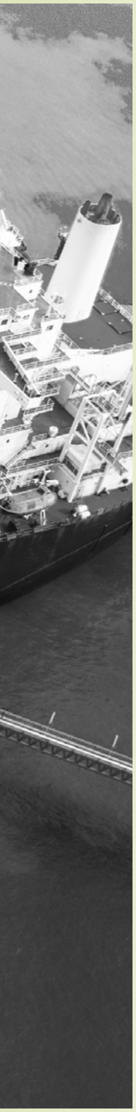
SVT group

268

**employees
12/31/2023
(previous year: 197)**

€ 58.2

**million sales
(previous year:
€ 54.0 million)**



Company contribution

Contributing to security of supply in the energy sector remains a core issue for SVT. The desired coal phase-out and the compensation of fossil fuels from Russia make the increased import of LNG gas unavoidable.

Our next step towards reducing CO_2 emissions is the CCS (Carbon Capture & Storage) applications in Norway, where SVT makes a sustainable contribution through efficient solutions.

The development of a hydrogen loading arm is progressing rapidly and will open up further market opportunities for SVT in the coming years.

4

companies

504

employees 12/31/2023
(previous year: 539)

€ 132.2

million sales (previous year: € 147.2 million)

24 %

share of GESCO Group sales

Health and Infrastructure Technology

Robust, end-consumer-oriented markets in the medical, hygiene, construction and food sectors. Our companies supply sustainable components and innovative product solutions.

Setter group

Funke

UMT group

AstroPlast

> “A small but complex stick with great performance and an important contribution to global nature conservation. At Setter, we take responsibility for the future and provide our customers and consumers with clear alternatives to plastic.”

Steffen Grasse, Managing Director Setter group

Setter group

250

employees 12/31/2023 (previous year: 256)

€ 77.0

million sales (previous year: € 81.4 million)

Company contribution

We live in a world that has become dangerously accustomed to immense plastic waste and, as a consequence, the pollution in our oceans – with over 80 million tonnes of plastic – continues to increase dramatically. It is a huge task, but it is essential that each individual makes their own contribution to nature conservation.

In addition to innovative strength, quality leadership and competitiveness, the Setter group also stands for sustainability. We have anchored this in our DNA and take responsibility for significantly reducing global micro plastic waste.

As the global market leader, we develop and produce 100% biodegradable paper sticks for the confectionery and hygiene industry on three continents. In everyday life, these sticks are used for cotton wool, lollipops and stirrers, among other things.

As a natural product with no chemical additives, they are compostable and certified with the FSC and PEFC eco-labels. If they end up in the sea, they decompose without causing any damage.

Simply replacing plastic with paper is not the end for us. We already work with recycled paper, use sugar cane fibres as a waste product from the food industry and are constantly looking for fast-growing alternatives with our experts. Everyone can do their bit!

“In a market characterised by international competition, we go beyond the ordinary. We offer our customers real added value. Our products are sustainable and free from harmful substances. This creates trust in ecological safety among our customers and end consumers.”

Frank Henschel, Managing Director Funke

Funke

75

employees
12/31/2023
(previous year: 98)

€ 18.3

million sales
(previous year:
€ 24.8 million)

Company contribution

The result of our work is precision and customised solutions that exceed customer expectations.

As a strategic partner to our customers, we understand the requirements for customised, environmentally friendly products.

We select the optimum material for our customers, offer the most efficient processing and thus create customised solutions for sustainable products for everyday use.

We are proud to position ourselves as a reliable problem solver and partner at eye level in a global environment.

“As a subsidiary of UnitedMedTec, AMTRION sees itself as a development supplier. We actively shape product design and align our product portfolio with customer requirements. The unique opportunity to draw on best practices from medicine and industry makes us an innovative pioneer.”

Jürgen Roth, Managing Director UMT group

UMT group

101

employees 12/31/2023 (previous year: 96)

€ 23.9

million sales (previous year: € 23.1 million)

Company contribution

UMT group combines customised solutions and the cost efficiency of a series manufacturer for the healthcare and industrial sectors. In sectors that are characterised by constant innovation, it is crucial for a company's success to differentiate itself. The human-machine interface is a key aspect of this. As a specialist in customised support arm systems, AMTRION offers a decisive competitive advantage by optimising this interface. With our products, we design intelligent workstations that enable efficient and people-orientated processes.

Our support arms and holding systems help to consolidate and streamline processes in order to increase the speed, safety and reproducibility of workflows. AMTRION is able to standardise the functionalities of several products. This not only increases the degree of utilisation, but also enables integrated processes and intelligent system solutions.

UMT offers a unique portfolio of products and expertise based on decades of experience. This makes us a strong strategic partner for our customers – worldwide.

AMTRION's support arm systems: Reliable when it counts

A story that happens every day in a hospital: Mrs Müller is brought to the emergency department with acute abdominal pain. Her face is lined with pain, but she tries to smile bravely as the medical staff attend to her. Doctors and nurses rush in to examine Mrs Müller and find out what is causing her discomfort.

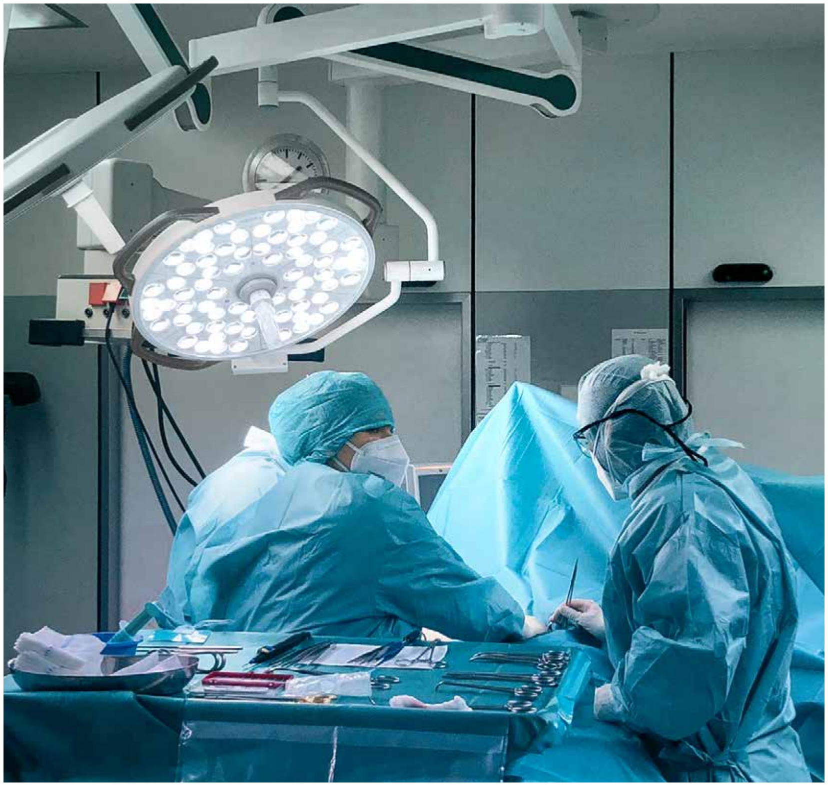
Flexibility, ergonomics and durability are also important in the initial treatment of patients. Whether it's a quick examination in a hospital emergency room or at the GP's – the faster the attending doctor has all the necessary instruments for the examination to hand and can position them on the patient, the faster the doctor and patient can be sure of the causes of the health problems.

It is precisely at these times that AMTRION's support arm systems play a decisive role. They are perfectly tailored to the different room concepts in the healthcare sector and can be permanently installed or used as mobile units. Individually adapted support systems enable medical staff to have everything they need to examine patients like Mrs Müller within easy reach.

The attending physician begins the examinations immediately, while Mrs Müller's condition is carefully monitored. The support arms from AMTRION are an indispensable aid because they place all the work equipment and information screens exactly where they are needed. This allows the medical staff to concentrate on the essentials – the precise diagnosis and treatment of Mrs Müller.

After intensive examinations, it is established that Mrs Müller is suffering from acute appendicitis and requires immediate surgery. Thanks to the support arm systems, the doctor can quickly and easily position the screen and the examination instruments in the optimum position for him and Mrs Müller can also follow the doctor's explanations on the screen. The support arm systems therefore ensure that the treatment runs smoothly and the diagnosis can be made quickly and reliably.

While Mrs Müller is lifted onto the operating table, the support arms around her ensure that all the instruments required for the operation are perfectly positioned. The lighting is optimally adjusted for the operating doctor and ensures that the surgical site is permanently illuminated without glare. The monitoring devices can be easily aligned so that the assisting operating theatre staff have all relevant data in view



Everything you need is perfectly positioned thanks to the AMTRION support arms.

at all times and can operate the devices intuitively if required. Throughout the operation, the necessary instruments are perfectly positioned ergonomically and allow the surgeon to access the instruments literally blindfolded. And if the surgeon has to change position several times during the operation, AMTRION's support arms ensure that everything necessary is quickly returned to its new position, thus ensuring a smooth and safe operation. In this way, AMTRION contributes to an efficient working environment for medical staff and doctors.

At the same time as Mrs Müller is brought back to the ward after a successful operation, the next emergency in the operating theatre already arrives. An enormous burden for the medical staff, but not for the AMTRION support arm systems. This is because the durability of each individual system component, which has been continuously validated, guarantees permanent and long-term availability for the user.

Meanwhile, Mrs Müller slowly wakes up from her anaesthetic and her first thoughts are of her family. She is relieved to know that the operation went well and is very happy when she can embrace her husband and two children.

Happy end made by AMTRION

“Our equipment with large-tonne plastic injection moulding machines enables us to manufacture product applications that 99 % of our competitors cannot match.”

Dennis Gattermann, Managing Director AstroPlast

AstroPlast

78

employees 12/31/2023 (previous year: 89)

€ 13.0

million sales (previous year: € 17.9 million)

Company contribution

Our focus is on the circular economy in order to reduce the use of new plastic. This is helped by our focus on large plastic injection moulding machines, where the functionality of the application is more important than the perfect appearance.

Thanks to our innovative strength, we are already able to realise over 45% of our turnover with recycled material.

We are driven by the conscious use of energy and raw materials. We will gradually increase the proportion of recycled material and thus further increase our contribution to active environmental protection.

02

To our shareholders

Letter from the Executive Board

Dear shareholders, ladies and gentlemen,

Our Company has once again proven itself to be resilient in the midst of last year's crises. The global situation remains very fragile and no improvement is in sight. We are therefore all the more pleased to report a good business performance in the past financial year.

In view of the multiple geopolitical, social and macroeconomic challenges, GESCO's success is anything but self-evident. Geopolitical crises, such as the wars in Ukraine and the Middle East, have impacted global supply chains and global economic growth, while inflation has placed a heavy burden on the cost side. This situation posed a particular challenge for our largest subsidiary Doerrenberg, which was confronted with unexpectedly sharp falls in material prices, particularly in the second half of the year. Our other nine subsidiaries were unable to compensate for these windfall losses, although they were able to exceed

“Companies that have a leading market position are and remain first choice of their customers.”

Ralph Rumberg, CEO GESCO SE

the previous year’s result overall. Against this backdrop, it can be said in retrospect that we had a successful financial year despite all the hurdles.

Overall, GESCO closed financial year 2023 in line with the forecast updated in November 2023: we generated sales of € 560.7 million and operating EBIT of € 35.9 million in financial year 2023. Taking into account the non-cash impairment losses on the subsidiaries AstroPlast and Funke in the amount of € 5.1 million, consolidated net income after minority interests totalled € 20.9 million. The market position of these subsidiaries continues to fail to fulfil GESCO’s expectations and, in connection with the current economic development, particularly in the construction industry, is leading to the impairment losses.

Hidden champions – emerging stronger from the crisis

The goal of being a strong industrial group of hidden champions, market and technology leaders, is therefore not an objective in itself. The reason why we systematically and sustainably develop the companies in the Group with our Excellence programmes for the active development of market share gains and product portfolio innovations, as well as for sharpening leadership skills and corporate culture, is particularly evident in difficult economic phases. Companies that occupy a leading market position are and remain their customers’ first choice. Companies whose products are interchangeable, on the other hand, have to differentiate themselves primarily through price, with the corresponding negative impact on margins.

We believe that GESCO remains well positioned with its portfolio development and that the reorganisation of the portfolio in recent years has largely been completed. In order to counteract the challenging macroeconomic situation, we have implemented adjustment measures, among other things, which already began to take effect during the second half of the year. However, it is above all the numerous measures that we are deriving from our OPEX and

MAPEX programmes that are enabling us to continuously improve. The digitalisation of GESCO Group offers us further potential. Thanks to the autonomous positioning of our subsidiaries, we have attractive synergy potential in this area, which we will realise through targeted investments in IT technology and infrastructure over the next few years.

Agility pays off

The macroeconomic situation mentioned at the beginning of this report has given us an additional boost in our internationalisation efforts. Some of our subsidiaries have already had their own branches abroad for many years. We are currently specifically examining the most attractive foreign markets for each of our subsidiaries. In this context, we have strengthened our presence in the USA in 2023 at Doerrenberg, MAE and Kesel, for example, while INEX-solutions is currently in the start-up phase and AMTRION is in the ramp-up phase. Setter, SVT and PGW are already building on a strong foundation and are successfully expanding this through targeted packages of measures. In addition, Setter is in the preparatory phase for its market entry in Asia, where the search for the right location is in full swing.

> **“We are continuing to make targeted investments in technologies to increase efficiency in the Group.”**
>
> Andrea Holzbaur, CFO GESCO SE

> **“Irrespective of economic developments, we are convinced that our Excellence programmes will continue to produce successes.”**
>
> Ralph Rumberg, CEO GESCO SE

Annual General Meeting As in the previous year, the 2024 Annual General Meeting will once again take place in the SANAA building at the Zollverein Coal Mine Industrial Complex World Heritage Site in Essen. On 29 May 2024, we look forward to informing you about the past financial year, but even more so to introducing you to our subsidiaries. Following the positive response to the concept last year, we would like to give you another opportunity to get to know all of our subsidiaries better on the day of the Annual General Meeting. To kick off the day, three subsidiaries will introduce themselves to you in the separate auditorium before the official part of the Annual General Meeting. After the official part, we have planned a panel discussion in which all managing directors will be available to answer your questions. In addition, all managing directors of our subsidiaries will be available for individual discussions at informative marketplaces throughout the day. We would be delighted if as many of you as possible would accept our invitation to Essen and make use of the opportunity to get to know our hidden champions better.

A look into the future

The year 2024 started with the same general conditions as 2023 ended. The reluctance and postponement of investments on the part of customers already recorded in the second half of 2023 is continuing. Incoming orders in 2023 were significantly weaker than in the previous year. On the one hand, there is uncertainty as to how the economy will develop in 2024. Secondly, higher interest rates have made financing conditions more difficult.

Despite these headwinds, the order books of the majority of our subsidiaries are still well filled until the second half of 2024, which gives us confidence. Should the economy develop greater momentum in the second half of the year, we will benefit from this. Until this happens, however, we will focus on our strengths, drive forward product innovations and gain market share. As prices normalise, we are confident that we will be more successful in the 2024 financial year than in the previous one, even without a tailwind from the market.

Thanks

Over the past six years, we have undergone a remarkable transformation process that has sustainably strengthened us and is now almost complete. GESCO is a successful industrial group with attractive subsidiaries. The balance sheet is rock solid and the foundation for further growth has been laid. Our resilience and operational success, even in difficult times, are no coincidence, but the result of a strong joint effort: the entire GESCO Group has supported the necessary measures with full conviction from the outset and implemented them consistently and with great commitment. We would like to thank the GESCO team for their great personal commitment and hard work over the past year. We would like to thank all GESCO stakeholders for their interest in our company. And we would like to thank you, our shareholders, for your trust and look forward to you continuing to accompany us on our journey.

Best regards from Wuppertal

Ralph Rumberg
CEO

Andrea Holzbaur
CFO

Report of the Supervisory Board for the 2023 financial year

Stefan Heimöller, Chairman

Jens Große-Allermann, Deputy Chairman

Klaus Möllerfriedrich

Dr Nanna Rapp

In the 2023 financial year, the Supervisory Board concerned itself intensively with the situation of the Company and fulfilled the obligations incumbent upon it in accordance with the law, the Articles of Association and the rules of procedure. These include consultations on the basis of regular, timely and comprehensive information from the Executive Board, the involvement of the Supervisory Board in decisions of material importance to the Company and the necessary monitoring of management. The Executive Board provided the Supervisory Board with detailed written and verbal reports on all key issues relating to the Company in and outside of Supervisory Board meetings in accordance with legal requirements. The reporting included information on the economic development and financial situation, the intended business policy, sustainability targets and other fundamental aspects of corporate planning and also included information on the situation of the Company and the Group (including the risk situation, risk management and compliance). The Supervisory Board granted its approval for individual business transactions where this was required by law, the Articles of Association or its own regulations. In addition, the Chairman of the Supervisory Board was in regular contact and exchanged information and ideas with the Executive Board and, in particular, with its CEO. The CEO informed the Chairman of the Supervisory Board continuously and promptly about important developments and upcoming decisions.

In this report, the Supervisory Board provides information on its activities in the 2023 financial year, focusing on the topics of its ongoing dialogue with the Executive Board and the audit of the annual and consolidated financial statements.

Personnel continuity on the Supervisory Board and Management Board

There were no changes to the members of the Supervisory Board or the composition of the committees in the 2023 financial year. Stefan Heimöller, Jens Große-Allermann, Dr Nanna Rapp and Klaus Möllerfriedrich were members of the Supervisory Board for the full year in the 2023 financial year. After the Annual General Meeting on 12 June 2023, the functions were reorganised. Mr Heimöller was elected to succeed Mr Möllerfriedrich as Chairman of the Supervisory Board and Mr Jens Große-Allermann was elected Deputy Chairman of the Supervisory Board. Mr Möllerfriedrich and Dr Rapp continue to serve on the Supervisory Board.

The Company's Executive Board consisted of CEO Ralph Rumberg and CFO Andrea Holzbaur throughout the 2023 financial year.

Cooperation between the Management Board and the Supervisory Board

The intensive and trusting cooperation between the Supervisory Board and the Executive Board continued at all times, both before and after the new appointments to the Supervisory Board. Throughout the reporting year, the Supervisory Board conscientiously fulfilled its supervisory and advisory duties in accordance with the law, the articles of association and the rules of procedure. This included the regular exchange of information with the Management Board and the monitoring of the Company's management with regard to legality, regularity, expediency and economic efficiency.

The Supervisory Board was directly involved in all fundamental company decisions. In particular, the economic situation of GESCO SE and its subsidiaries was discussed in detail. The appointment of new management positions at the subsidiaries of GESCO SE was a focal point of the Supervisory Board's work, as was the monitoring of potential acquisition targets and internal reorganisations under company law in 2023.

The Management Board informed the Supervisory Board regularly, both verbally and in writing, promptly and comprehensively about all relevant issues relating to corporate planning and strategic development, the course of business, the situation of the Group and the individual subsidiaries, including the risk situation, as well as risk and compliance management. Between meetings, the Supervisory Board was also continuously informed in detail by means of written reports and verbally about all projects and plans that were of particular importance to the Company. At the regular quarterly meetings, the Supervisory Board received a detailed report on the compliance management system and the internal control and risk management system from the responsible person at GESCO SE. The Supervisory Board dealt with the structure and content as well as the functionality of these systems as scheduled. In all cases, the members of the Supervisory Board analysed the reports submitted to them intensively and critically and made their own suggestions. The scope and nature of risk reporting are thus constantly updated. The topic of ESG is becoming increasingly important and was dealt with extensively in the non-financial statement.

The course of business was discussed in detail with the Executive Board. Deviations in the course of business from the respective annual plans and targets were explained to the Supervisory Board in detail at the meetings and analysed jointly by the Executive Board and Supervisory Board. The members of the Supervisory Board, and the Chairman in particular, were also in regular contact with the Executive Board outside of the Supervisory Board meetings and were kept informed of current developments in the business situation and significant business transactions. The Supervisory Board examined the Executive Board's reports and proposed resolutions in detail and voted on them to the extent required by law and the Articles of Association.

Significant strategic investments at the subsidiaries were accompanied by extensive discussions based on detailed investment calculations. Companies that were more severely affected by the economic situation were scrutinised in particular by the Supervisory Board.

Changes in the management of subsidiaries were discussed in detail by the Supervisory Board and the Management Board. In the case of new appointments, candidates were interviewed by the Supervisory Board prior to the authorisation resolution.

Organisation of the Supervisory Board's work

The organisation of the Supervisory Board work at GESCO SE remained unchanged. The Supervisory Board continues to consist exclusively of shareholder representatives, who were re-elected for the next five years by the Annual General Meeting on 18 June 2020. In the reporting year, the Supervisory Board consisted of Mr Klaus Möllerfriedrich (Chairman until 12 June 2023, ordinary member since then), Mr Stefan Heimöller (Deputy Chairman until 12 June 2023, Chairman since then), Mr Jens Große-Allermann (ordinary member until 12 June 2023, Deputy Chairman since then) and Dr Nanna Rapp.

The deliberate limitation of the size of the Supervisory Board enables efficient work and intensive discussions on both strategic and detailed issues. For this reason, no Supervisory Board committees are formed. No committees were formed in the 2023 financial year, with the exception of the Audit Committee, the establishment of which was resolved by the Supervisory Board in 2021 and came into effect on 1 January 2022. Mr Jens Große-Allermann, who has extensive knowledge in this area, chairs the Audit Committee, supported by auditor Klaus Möllerfriedrich and Dr Nanna Rapp.

The Supervisory Board as a whole delegates certain tasks to individual members, who prepare them and present them to the Board for final discussion and decision. This relates in particular to acquisitions, personnel decisions and the audit of the financial statements. The four members of the Supervisory Board contribute different, complementary competences and thus ensure appropriate professional diversification, as set out in a competence matrix published in the corporate governance declaration.

Since 2023, the Supervisory Board has had access to a database containing all documents relevant to the Supervisory Board.

Meetings and resolutions of the Supervisory Board

A total of 9 Supervisory Board meetings were held in the 2023 financial year. In addition, the Supervisory Board held various internal telephone and video conferences and, if necessary, made decisions by circular resolution.

All Supervisory Board meetings were held in person. All members of the Supervisory Board attended all meetings.

The Supervisory Board's ongoing discussions focussed on the economic development of GESCO Group, the development of individual subsidiaries, personnel matters at the subsidiaries and GESCO SE, the achievement of targets in relation to the annual planning and ongoing transaction projects. An employee of GESCO SE reported to the Supervisory Board on the compliance management system and the internal control and risk management system on a quarterly basis. The Supervisory Board also discussed the following key topics and, where necessary, passed resolutions:

Discussion of the annual financial statements and consolidated financial statements of GESCO SE as at 31 December 2022; adoption of the annual financial statements and approval of the consolidated financial statements as at 31 December 2022

- Report of the Supervisory Board; Corporate Governance Statement; Non-Financial Statement; Declaration of Conformity and Corporate Governance
- Preparation/follow-up of the 2023 Annual General Meeting
- Annual planning 2023/2024
- Implementation of the NEXT LEVEL 25 strategy at GESCO SE and in GESCO Group
- Supervisory Board, Executive Board and personnel matters
- Internal control, risk management and compliance management system
- Investments in subsidiaries
- Acquisition/disposal of (shares in) companies
- Changes under company law
- Insurance topics, including cyber-security
- Employee participation programme 2023

Between meetings, the Supervisory Board was also informed in detail by means of written reports about all projects and plans that were of particular importance to the Company.

The Audit Committee met four times in 2023. The subject of the meetings in the first quarter was the work and results of the auditor and the auditor's proposal for 2023 and in the fourth quarter the vote on the audit of the 2023 annual financial statements and an interim report on the 2023 audit.

Corporate Governance

The Supervisory Board has continuously monitored the further development of corporate governance standards. The Executive Board and Supervisory Board report on corporate governance at GESCO SE in their joint declaration on corporate governance, which is published both on the website and in the latest annual report.

In December 2023, the Executive Board and Supervisory Board submitted and published the statutory declaration of compliance with the German Corporate Governance Code as required by law. Accordingly, GESCO SE complies with the recommendations of the "Government Commission on the German Corporate Governance Code" with the exception of the deviations listed and justified in the declaration of compliance.

One member of the Supervisory Board took part in an external training programme on the topic of ESG in the reporting year; all members read journals and articles on current Supervisory Board topics. In addition, individual members took part in seminars and lectures.

Executive Board remuneration

The remuneration system adopted in 2021 applies to all Executive Board employment contracts that have been concluded or extended from 1 July 2021 or will be concluded in the future, as long as no other remuneration system is adopted. The employment contracts of Mr Rumberg and Ms Holzbaur are both based on the remuneration system adopted in 2021.

The Annual General Meeting on 30 June 2021 approved the remuneration system presented at the time, which took into account the changes resulting from the Act Implementing the Second Shareholders' Rights Directive (ARUG II) and the then new recommendations of the German Corporate Governance Code.

Detailed information on the Executive Board remuneration system can be found in the remuneration report and the notes to the financial statements of GESCO SE and the Group.

Remuneration system for the Supervisory Board

The Supervisory Board remuneration system was revised in 2020 and, with the exception of a few Company-relevant regulations, largely adapted to the requirements of the GCGC. The modified remuneration system was approved by the 2020 Annual General Meeting and reorganised in the Articles of Association.

Audit of annual and consolidated financial statements

In accordance with the statutory provisions, the auditor elected by the Annual General Meeting on 12 June 2023, Mazars GmbH & Co KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, was commissioned to audit the annual financial statements and the consolidated financial statements. The auditor confirmed its independence in its letter dated 30 August 2023. It also provided us with evidence that it is authorised to audit listed companies following its successful participation in a quality control audit conducted by the Chamber of Public Accountants.

The annual financial statements of GESCO SE for the financial year from 1 January to 31 December 2023 prepared by the Executive Board in accordance with the German Commercial Code (HGB) and the management report were audited by the auditor. The auditor issued an unqualified audit opinion on 27 March 2024.

The consolidated financial statements and Group management report of GESCO Group for the financial year from 1 January to 31 December 2023 were prepared by the Executive Board on the basis of the International Financial Reporting Standards (IFRS) in accordance with Section 315e of the German Commercial Code (HGB) and audited by the auditor. The auditor issued an unqualified audit opinion on the consolidated financial statements and Group management report 2023.

This year, the audit of the separate financial statements of GESCO SE focused on the recoverability of shares in affiliated companies, the recoverability of receivables from affiliated companies, taxes, the management report and the merger of wkk into GESCO AG as part of the conversion into an SE and the corporate conversion of Sommer und Strassburger Edelstahlanlagenbau GmbH& Co. KG into a GmbH. The focal points of the audit of the consolidated financial statements were the recoverability of goodwill (impairment tests) and initial consolidations, the recoverability of customer bases, the acquisition of minority interests, sales realisation, inventory valuation and legal risks in individual subsidiaries as well as pension provisions, deferred taxes, the management report and the notes to the consolidated financial statements including the ESEF. The focal points of the audit were agreed with the auditor before the start of the audit. The Supervisory Board did not issue any special instructions to the auditor this year. The focal points of the audit determined by the auditor already included desired audit areas from the perspective of the Supervisory Board. There was also personal contact between the Chairman of the Audit Committee and the auditor during the ongoing audit work with regard to the exchange of information about the audit. During the audit and in the final phase of the audit work, the Audit Committee held intensive discussions with the auditor on the status of the audit in order to further prepare the decision of the full Supervisory Board. At three Audit Committee meetings on 15 December 2023, 23 February 2024 and 11 March 2024, the auditor informed the committee members in detail about the performance of the audit at GESCO SE, the Group and the individual subsidiaries and answered questions. The ICS in the Group and the risk management system were also discussed with the auditors.

The complete financial statements and the associated auditor's reports were sent to all members of the Supervisory Board in good time before the balance sheet meeting and were included in the Supervisory Board's audit activities. They were also the subject of intensive discussions at the Supervisory Board meeting on 28 March 2024. The auditors attended this meeting, reported extensively on the key findings of the audits and were available to the Supervisory Board to answer questions and provide additional information. All of the Supervisory Board's questions were answered in detail by the auditors. Based on the final results of the audit conducted by the Supervisory Board, no objections were raised to the annual financial statements, the management report, the consolidated financial statements or the Group management report. Following its own review of the annual financial statements, the consolidated financial statements and the combined management report, the Supervisory Board approved the result of the audit by the auditor and unanimously approved the annual financial statements and the consolidated financial statements at the meeting on 28 March 2024. The 2023 annual financial statements of GESCO SE are thus adopted. The Supervisory Board concurred with the Executive Board's proposal for the appropriation of net retained profits, taking into account the Company's earnings and financial position.

Thanks for the work done

The success of GESCO Group depends on the people who work for it. The Supervisory Board would therefore like to thank the Executive Board, the managing directors of the subsidiaries and all GESCO Group employees for their contribution to the successful development of the Group.

Wuppertal, the 28 March 2024

For the Supervisory Board
Stefan Heimöller
Chairman of the Supervisory Board

The GESCO share

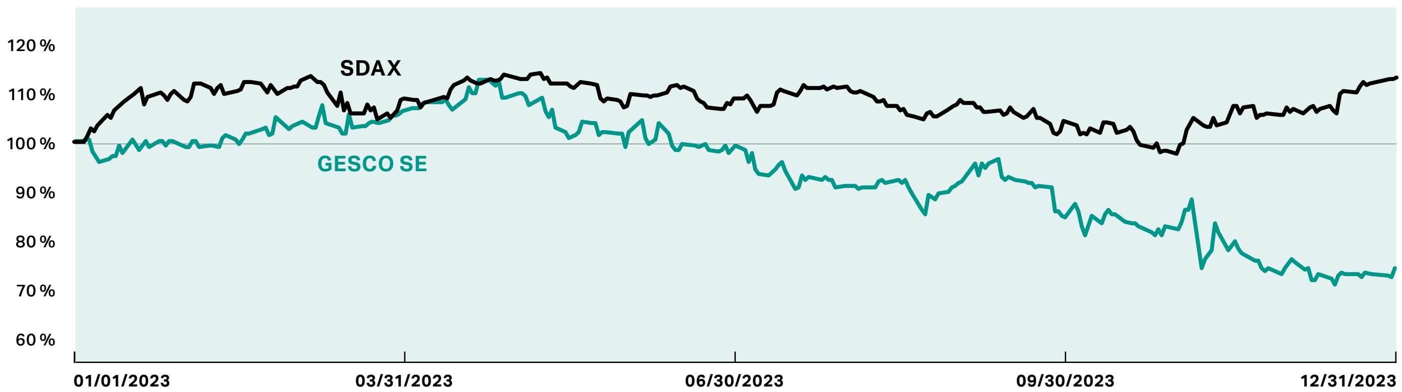
Since its IPO in 1998, GESCO has built a bridge between German SMEs and the capital market. GESCO SE offers companies a long-term home and gives investors access to a portfolio of entrepreneurially managed, technology-driven industrial companies with the GESCO share.

General market development

At the start of 2023, the international stock markets initially continued the upward trend that began in October 2022 on the back of positive economic data and hopes of less aggressive interest rate hikes by the leading central banks, and recorded significant gains. As the year progressed, however, this positive trend was increasingly overshadowed by concerns about further interest rate hikes to curb persistently high inflation rates. This was exacerbated by the interim debates surrounding the debt ceiling in the USA and fears of recession, among other things. The stock markets initially trended sideways in the spring and summer amid greater fluctuations. Despite the difficult market environment, positive economic and corporate data supported share prices in the meantime, with some stock market indices even reaching record highs at the end of July and

GESCO SE (excl. dividend) vs. SDAX (price index)

Financial year 2023



Source: Onvista

beginning of August, although these could not be maintained. As a result, prices on the global stock exchanges came under more significant pressure again until the end of October due to the conflict in the Middle East, the ongoing uncertainty caused by the war in Ukraine and weaker economic data, and in some cases reached their respective lows for the year. In the last two months of the year, lower rates of price increases fuelled hopes of an end to the central banks' cycle of interest rate hikes. Stimulated by this, the global stock markets recorded a significant recovery, which continued until the end of 2023.

The German benchmark index DAX closed the 2023 trading year at 16,752 points, up 20.3%. The MDAX and SDAX recorded less strong increases and ended the year up 8.0% and 17.1% respectively.

Performance of the GESCO share

After a good first quarter, the GESCO share reached its high for the year of € 28.00 at the end of April. The share then came under pressure, and this weakness continued until the end of the year.

For the 2023 financial year, this results in a performance of −25.3%. Taking into account the dividend of € 1.00 per share, which was paid out after the Annual General Meeting on 12 June 2023, a decrease in value of 21.3% remains.

Shareholder structure

According to the latest survey, GESCO has around 8,500 registered shareholders, some of whom hold GESCO shares in different securities accounts. Shareholdings are evenly distributed between institutional and private shareholders, with other shareholders holding a significant proportion in addition to the three shareholders who have reported their holdings.

The two shareholders with the largest share of the share capital are Investmentaktiengesellschaft für langfristige Investoren TGV, based in Bonn, and entrepreneur Stefan Heimöller, who has been a member of the Supervisory Board since the 2013 Annual General Meeting and took over as Chairman in June 2023. Investmentaktiengesellschaft für langfristige Investoren TGV held 18.5% as at the balance sheet date; Mr Heimöller held 14.2%. In addition, the Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte last reported a holding of 3.3%.

The regulations of Deutsche Börse AG stipulate that all shares that are not held by major shareholders (more than 5% of the share capital) are counted as free float. Mr Heimöller's shareholding is therefore deducted from the free float. Although the shares held by institutional investors are generally considered free float, Deutsche Börse also deducts them from the free float in the case of the investment held by Investmentaktiengesellschaft für langfristige Investoren TGV, as the company is represented on the Supervisory Board of GESCO SE via Mr Große-Allermann and therefore influences the corporate strategy. The free float therefore totalled 67.3% as at the reporting date.

Transparent investor relations

The aim of GESCO SE's investor relations activities is a fair and transparent communication policy characterised by equal treatment of all stakeholders. This is intended to enhance the perception of the Company as an attractive investment and further increase awareness of GESCO on the capital market. Business development and corporate strategy are communicated continuously, promptly and reliably. This is intended to further strengthen investor confidence in GESCO and contribute to an adequate valuation of our share on the capital market.

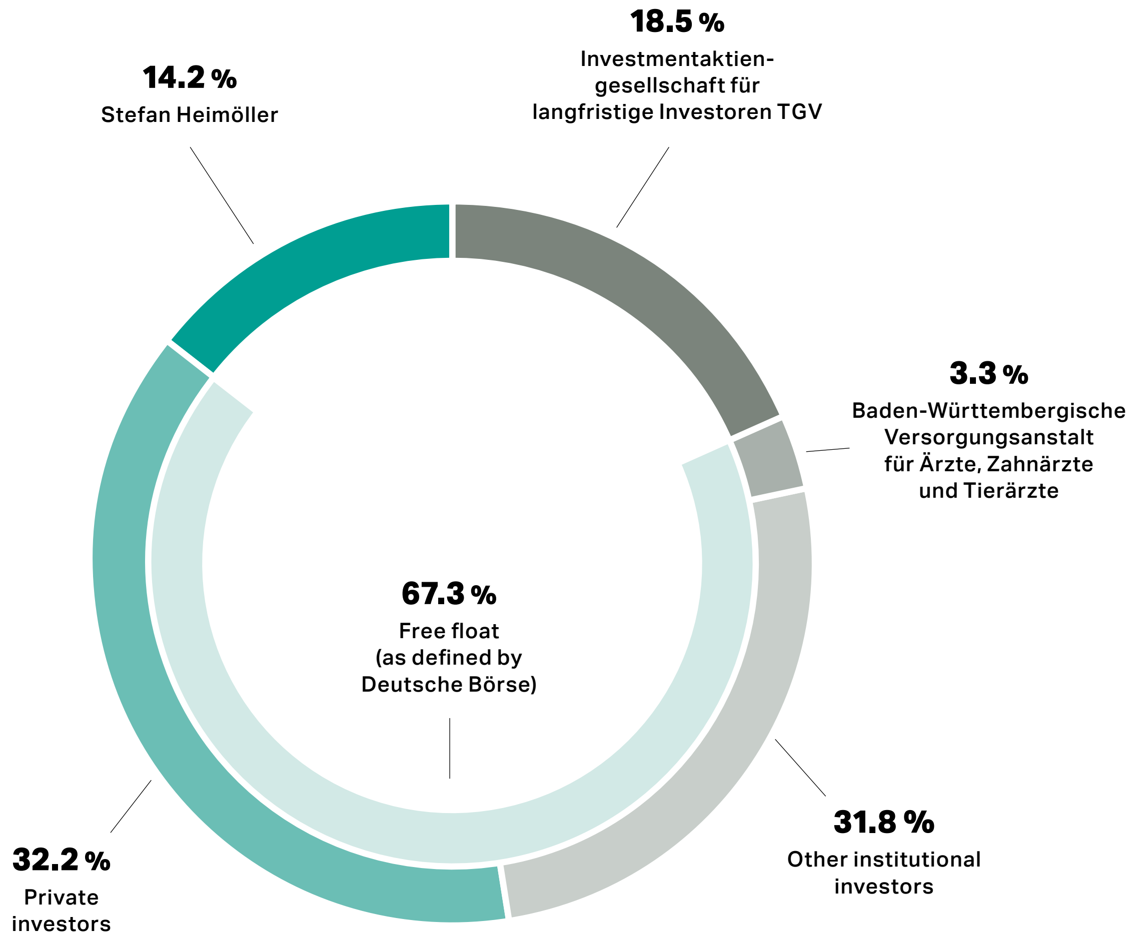
Personal contact with capital market participants was also of great importance in 2023. The Executive Board and Investor Relations were in continuous dialogue with investors and analysts worldwide. The Company's development was discussed in detail in numerous meetings at roadshows and investor conferences as well as at the Annual General Meeting and one-on-ones. Investor Relations utilised a variety of formats to address investors – both virtually and in person.

In addition to the aforementioned activities, the Executive Board and Investor Relations regularly provided information on GESCO SE to investors, analysts and private investors in numerous meetings.

We will once again present the Company at numerous roadshows and capital market events in 2024. The dates can be found in our financial calendar on the GESCO website in the Investor Relations section at https://www.gesco.de/en/investor-relations/financial-calendar.

Shareholder structure

Status: 12/31/2023



The Group's Investor Relations website (https://www.gesco.de/investor-relations) provides access to annual, half-yearly and quarterly financial reports, capital market releases, analysts' assessments and information on the Annual General Meeting. GESCO ensures that up-to-date and detailed information is available and that the Company can be contacted at any time.

Through our membership of Deutsches Aktieninstitut e.V. (DAI), we have been supporting the promotion of share culture in Germany since 1999.

GESCO SE has been a member of the German Investor Relations Association (DIRK) since 2000 and is committed to its principles of open and continuous communication.

Research

Regular research on the GESCO share was prepared by Pareto Securities, GSC Research, SMC Research and Warburg Research in the reporting year. As at the reporting date, the analysts gave the share a "buy" rating.

Analyst ratings

Status: 12/31/2023

	Target price	Recommen-dation	Last update
GSC Research	€ 37.50	Buy	11/22/23
Pareto Securities AS	€ 29.00	Buy	11/09/23
SMC Research	€ 44.00	Buy	11/15/23

Designated Sponsoring

Pareto Securities and Baader Bank have been commissioned with the designated sponsoring.

Dividend policy

For many years, GESCO SE has pursued a sustainable and predictable dividend policy, which has provided for a payout ratio within the range of 20% to 60% of Consolidated net earnings after minority interest since 2020. We believe this dividend policy strikes the right balance between the desire of many shareholders for a payout and GESCO Group's need for strong internal financing for future growth. The scope for distributions enables GESCO SE to retain liquid funds in the Company, particularly in the event of pending acquisitions or major investments, by means of a lower payout ratio.

In light of the good result in the 2023 financial year, the Executive Board and Supervisory Board will propose to the Annual General Meeting on 29 May 2024 the distribution of a dividend of € 0.40 per share for the 2023 financial year. At the time the resolution was passed, this dividend proposal resulted in a dividend yield of around 2.3%.

Employee share ownership programme

Since the IPO in 1998, GESCO SE has offered GESCO Group employees in Germany the opportunity to purchase employee shares at favourable terms under an annual employee share ownership programme.

The programme offers employees the opportunity to build up a not inconsiderable asset position over time with a manageable annual financial investment through a combination of share price performance and dividend payments, thereby contributing to their own retirement provision. In addition, as shareholders, employees become co-entrepreneurs and the participation is therefore intended to promote an entrepreneurial attitude. Last but not least, with this programme we are making a contribution to promoting the share culture in Germany.

At the end of 2023, GESCO successfully concluded its 25th employee share ownership programme, after the programme had to be suspended in 2020 for regulatory reasons. This made it all the more pleasing for GESCO to be able to offer the employees of its subsidiaries more shares than before due to the increased tax allowance.

Information on the GESCO share[1)]

International Securities Identification Number (ISIN)	**DE000A1K0201**
Security identification number (WKN)	A1K020
Stock exchange symbol	GSC1
Share capital (12/31/2023)	€ 10,839,499
Number of shares (12/31/2023)	10,839,499
Initial public offering	24 March 1998
Year-end price previous year (12/31/2022)	€ 24.90
Year-end price financial year (12/31/2023)	€ 18.60
Highest price in reporting year (several days in April)	€ 28.10
Lowest price in reporting year (12/12/2023)	€ 17.55
Market capitalisation (12/31/2023)	€ 201.6 million
Free float (12/31/2023)	69.30 %
Market capitalisation free float (12/31/2023)	€ 139.7 million
Transparency standard	Prime Standard
Indices	CDAX overall index Prime All Share Prime Industrial Classic All Share Prime Industrial Diversified

1) All prices are based on the XETRA closing price.

Stock exchanges

XETRA
Frankfurt a.M. (Regulated Market)
Berlin (Open Market)
Düsseldorf (Open Market)
Gettex/Munich (Open Market)
Hamburg-Hanover (Open Market)
Quotrix
Stuttgart (Open Market)
Tradegate

Contact

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E-mail: ir@gesco.de

Corporate governance declaration in accordance with Sections 289f, 315d of the German Commercial Code (HGB) Financial year 2023

In this declaration, the Executive Board and Supervisory Board report on the Company's corporate governance in accordance with Sections 289f and 315d of the German Commercial Code (HGB) and in compliance with Principle 22 of the German Corporate Governance Code (hereinafter also referred to as the "GCGC" or "Code").

The Executive Board and Supervisory Board of GESCO SE are committed to corporate governance geared towards sustainability. The business model is designed for the long term and all measures are geared towards the goal of sustainable positive development. The Executive Board and Supervisory Board of GESCO SE identify with the aim of the Code to promote good, trustworthy corporate governance that is orientated towards the benefit of shareholders, employees and customers. § Section 161 of the German Stock Corporation Act (AktG) requires an annual declaration of compliance with the recommendations of the Code. The possibility of a justified deviation from the Code's recommendations is expressly provided for in the preamble to the Code. It is intended to enable companies to take industry- or Company-specific particularities into account. Accordingly, deviations from the Code should not be seen as negative per se, but can be in the interests of good corporate governance, particularly for smaller companies.

In December 2023, the Management Board and Supervisory Board issued the statutory declaration of conformity as required by law and made it permanently available to shareholders on the Company's website (www.gesco.de). This declaration is based on the currently valid version of the Code dated 28 April 2022.

The declaration of conformity dated December 2023 is part of this corporate governance declaration. Historical declarations of compliance are also available to the public on our website www.gesco.de under "About us/Compliance and Corporate Governance". The Articles of Association of GESCO SE are also available on the website under this heading.

Compliance management system

GESCO Group counters compliance risks such as corruption, antitrust violations and criminal behaviour with a suitable compliance management system, which includes a Group-wide Code of Conduct, accompanying guidelines and work instructions, an online information system (Rulebook) for GESCO Group employees, accompanying training, case-related spot checks and a whistle-blower system for employees and external parties. The managing directors of the subsidiaries are responsible for anchoring the respective requirements and principles in their companies. The Code of Conduct for GESCO Group employees can be viewed on the website www.gesco.de under "About Us/Compliance and Corporate Governance", along with further information on the whistle-blower system that has been set up.

For GESCO Group companies, the protection of human rights and the environment is one of the fundamental requirements of their business activities. GESCO Group companies have therefore adopted a declaration of principles in which they define their strategy for the protection of human rights and certain environmental assets and formulate their expectations regarding respect for human rights and certain environmental assets vis-à-vis their employees and suppliers. The policy statement also describes how GESCO Group companies fulfil their legal obligations to protect human rights and certain environmental goods in detail and which risks they pay particular attention to due to their specific business activities.

In order to organise the protection of these goods as effectively as possible, GESCO Group has set up a complaints system that can be used to report (possible) violations of human rights and certain environmental goods if these (possible) violations have been committed by GESCO Group companies or their suppliers.

The complaints system was set up at the end of 2023 at https://www.gesco.de/ueber-uns/human-rights-and-environmental-risks in accordance with the Supply Chain Duty of Care Act, which will apply to GESCO Group from 1 January 2024.

Shareholders and Annual General Meeting

Shareholders exercise their rights and voting rights at the Annual General Meeting. Each GESCO SE share entitles the holder to one vote. GESCO SE publishes all documents relevant to the agenda in good time prior to the Annual General Meeting on its website at www.gesco.de under "Investor Relations". In the invitation to the Annual General Meeting, the Company expressly requests that shareholders exercise their voting rights. To make it easier for shareholders to exercise their voting rights, the Company appoints a proxy who votes at the Annual General Meeting in accordance with the shareholders' instructions. The Company uses an online tool to enable shareholders to order admission tickets, cast postal votes and authorise the Company's proxy, among other things. The Company believes that maximising the presence of shareholders at the Annual General Meeting makes a significant contribution to shareholder democracy and to the majority of shareholders forming an opinion at the Annual General Meeting. GESCO SE publishes the invitation to the Annual General Meeting as well as reports and information required to pass resolutions in accordance with the provisions of the German Stock

Corporation Act. This information is also available on the Company's website. Since the IPO in 1998, the Company has published the voting results on its website on the day of the Annual General Meeting.

The Annual General Meeting on 12 June 2023 was held in person as usual. The Executive Board and Supervisory Board have spoken out in favour of holding future Annual General Meetings in person, provided that external circumstances permit.

Executive Board and Supervisory Board

The Executive Board is responsible for managing the Company, while the Supervisory Board monitors the management and advises the Executive Board. The Executive Board and Supervisory Board work together closely and in a spirit of trust within the scope of their legally defined duties. The Executive Board informs the Supervisory Board regularly, promptly and comprehensively about corporate planning, the earnings and financial position, risk management, strategy development and acquisition projects. A catalogue of transactions requiring approval defines those Executive Board decisions that require the approval of the Supervisory Board.

There was no remuneration or benefits granted to members of the Supervisory Board for services provided personally, such as consulting and mediation services, either in the reporting year or in the previous year. There were no conflicts of interest for members of the Executive Board or the Supervisory Board.

Executive Board

The Executive Board is responsible for managing GESCO SE and conducting its business. The members of the Executive Board jointly manage the Company's business in accordance with the law, the Articles of Association and the rules of procedure issued by the Supervisory Board. The Executive Board develops the Company's strategic development, coordinates it with the Supervisory Board and implements it. The Executive Board also defines the objectives, prepares the planning and manages the Company's internal control and risk management system as well as controlling. The Executive Board also prepares the quarterly reports and quarterly statements, the half-year financial report, the separate financial statements of GESCO SE and the consolidated financial statements. The Executive Board bases its actions and decisions on the interests of the Company.

The rules of procedure for the Executive Board issued by the Supervisory Board regulate the responsibilities of the Executive Board and further organise the work of the committees. The rules of procedure also regulate the details of the Executive Board's reporting to the Supervisory Board. They also stipulate which decisions of the Executive Board require the approval of the Supervisory Board. The age limit for the Executive Board is 65.

In the reporting year, the Executive Board consisted of Mr Ralph Rumberg (CEO) and Ms Andrea Holzbaur (CFO).

Relevant disclosures on corporate governance practices

The members of the Executive Board conduct the Company's business with the diligence of a prudent and conscientious manager in compliance with the statutory provisions, the Articles of Association and the Executive Board's rules of procedure.

In addition, the GESCO Code of Conduct contains the basic rules and principles for our actions resulting from our self-image, including our behaviour towards customers, business partners, competitors and other third parties and the public. The GESCO Code of Conduct is available on our website www.gesco.de under "About us/Compliance and Corporate Governance".

There are no relevant corporate governance practices at GESCO SE that go beyond these requirements.

Long-term succession planning for the Executive Board

Together with the Management Board, the Supervisory Board ensures long-term succession planning for the Management Board. The Supervisory Board regularly deals with succession planning for the Management Board, regardless of the occasion. Taking into account the requirements of the German Stock Corporation Act, the Code and the target set by the Supervisory Board for the proportion of women on the Management Board, the Supervisory Board draws up a requirements profile with the key characteristics and qualifications of candidates who could be considered for Management Board positions. The profile of requirements is also influenced by the departments likely to be filled and the Company's strategic planning. In the event of a necessary new appointment or replacement on the Management Board, the Supervisory Board conducts structured selection interviews with selected candidates, on the basis of which the new appointment or replacement is made. If necessary, the Supervisory Board is supported by external consultants in the development of job profiles and the selection of suitable candidates.

Supervisory Board

The Supervisory Board appoints the Executive Board, monitors its management and advises it on the management of the Company. Detailed information on the work of the Supervisory Board in the reporting year can be found in the Report of the Supervisory Board.

The Supervisory Board of GESCO SE is deliberately kept small. This has proven to be extremely effective, as both strategic issues and detailed questions can be discussed intensively by the full Supervisory Board. We see a particular strength in the fact that all members of the Supervisory Board are equally involved in all issues. Beyond the Audit Committee, which is required by law from 1 January 2022 and has since been established, the formation of committees is therefore not considered expedient. Accordingly, the Supervisory Board of GESCO SE did not have any other committees in the reporting year. In this respect, the Executive Board and Supervisory Board declare a deviation from recommendation D.5 GCGC.

In accordance with the requirements of the law and the Articles of Association, the Supervisory Board has adopted rules of procedure in line with the recommendation in D.1 GCGC, which are available on the website www.gesco.de under "About us/Compliance and Corporate Governance". The Chairman coordinates the work of the Supervisory Board, chairs its meetings and represents the interests of the Supervisory Board externally.

In the reporting year, the Supervisory Board consisted of Mr Klaus Möllerfriedrich (Chairman until 12 June 2023; thereafter ordinary member), Mr Stefan Heimöller (Deputy Chairman until 12 June 2023; thereafter Chairman), Mr Jens Große-Allermann (ordinary member until 12 June 2023, thereafter Deputy Chairman) and Dr Nanna Rapp.
In the opinion of the Supervisory Board, it is appropriate for at least two members of the Company's Supervisory Board to be independent within the meaning of the Code. All members of the Supervisory Board currently fulfil the independence criterion. Mr Möllerfriedrich has been a member of the Company's Supervisory Board for more than thirteen years, but the Supervisory Board still considers Mr Möllerfriedrich to be independent within the meaning of recommendation C.7 of the GCGC. In view of his previous performance in office, the Supervisory Board is convinced that, despite his many years of service on the Supervisory Board, Mr Möllerfriedrich continues to have the critical distance to the Company and its Executive Board that is necessary for the performance of his office. Furthermore, Mr Möllerfriedrich has no personal or business relationship with the Company or its Management Board that could give rise to a conflict of interest; nor does he hold any shares in the Company. All members of the Supervisory Board are also qualified as financial experts in accordance with Section 100 (5) AktG. The members of the Supervisory Board as a whole are familiar with the sector in which GESCO SE operates.

Composition of the Supervisory Board and diversity on the Supervisory Board, Executive Board and managers

According to recommendation C.1 sentence 1 GCGC, the Supervisory Board should specify concrete objectives for its composition and draw up a profile of skills and expertise for the entire Board. In doing so, the Supervisory Board should pay attention to diversity.

For the Supervisory Board of GESCO SE, diversity is not only defined by gender or nationality, but also and especially by professional diversity and a well-balanced mix of expertise from different specialist areas. The areas of expertise to be covered by the Supervisory Board of GESCO SE include, in particular, accounting, auditing and monitoring the effectiveness of internal control systems ("financial expert"), capital market experience, entrepreneurial expertise and experience as well as broad-based expertise in strategic, operational and financial entrepreneurial functions. The Supervisory Board believes that these competences are fully covered by the current composition of the Board and are represented as follows:

The age limit for members of the Supervisory Board stipulates that the term of office of a Supervisory Board member generally ends at the end of the regular term of office following the member's 70th birthday. Details on the election and term of office of Supervisory Board members, the constitution of the Supervisory Board, its meetings and resolutions as well as the rights and obligations of its members are governed by the Articles of Association of GESCO SE.

Working methods of the Audit Committee

As required by law, the Audit Committee monitors the accounting process, the effectiveness of the internal control system (ICS), the effectiveness of the risk management system (RMS), the effectiveness of the internal audit and the audit of the financial statements (in particular the independence of the auditor). The Audit Committee discusses the assessment of the audit risk, the audit strategy and audit planning as well as the audit results with the auditor.

Area of competence	Heimöller	Große-Allermann	Möllerfriedrich	Dr Rapp
Organisation of the Supervisory Board's work			x	
Corporate Governance			x	
Legal			x	
Taxes			x	
Controlling and risk management	x	x	x	x
Accounting	x	x	x	x
Personnel	x	x		x
Production	x			x
Financing	x	x	x	x
Capital market		x	x	
M&A	x	x	x	x
Strategy	x		x	
Internationalisation		x		x

Target quotas for the proportion of women

The “Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector”, which came into force on 1 May 2015, requires the definition of target quotas for the proportion of women on the Supervisory Board, Management Board and in the two top management levels as well as the specification of deadlines for achieving these target quotas. The Management Board and Supervisory Board defined corresponding targets on 13 August 2015 and have since reported on the status of target achievement and, if necessary, adjustments to the targets in the annual corporate governance statement.

GESCO Group companies expressly and unreservedly pursue a policy of equal opportunities in their daily practice. Irrespective of legal obligations, this is a matter of course. The companies make every effort to attract female applicants, they support applications from female candidates, take part in campaigns such as “Girls’ Days” and seek dialogue with schools and universities. None of this is due to quota pressure, but rather out of conviction and the need to fill vacancies with qualified candidates. Overall, the GESCO Group companies have a vital interest in positioning themselves as an attractive employer.

In 2017, the Supervisory Board of GESCO SE set a target quota of 25% for the proportion of women on the Supervisory Board. This quota is currently being met.

In 2015, the Supervisory Board of GESCO SE set a target quota of 30% for the Executive Board. This quota is currently being met.

A first management level below the Executive Board was added to the organisational structure of GESCO SE as at 1 September 2020. There is still no second management level below the Executive Board. The Executive Board has set a target quota of 25% for the first management level. This quota is currently not met.

The deadline for the next review of target achievement is 30 June 2024.

Comprehensive and transparent communication

GESCO SE informs shareholders, the capital market, the media and the general public about all relevant events and the economic development of the Company at the same time and with the same content. Financial reports, announcements, the financial calendar, Annual General Meeting documents and a wide range of other information are available on the Company’s website at www.gesco.de under “Investor Relations”.

Shareholdings of board members

GESCO SE immediately publishes transactions in shares and debt instruments of the Company or related financial instruments by the persons named in Article 19 of the Market Abuse Regulation, in particular members of the executive bodies and persons closely associated with them, in accordance with the statutory provisions. The transactions reported to GESCO SE are available on the Company’s website at www.gesco.de under “Investor Relations”. No transactions were reported in financial year 2023.

Remuneration report/remuneration system

The applicable remuneration system for the members of the Management Board pursuant to Section 87a (1) and (2) sentence 1 AktG, which was approved by the Annual General Meeting on 30 June 2021, and the resolution adopted by the Annual General Meeting on 18 June 2020 pursuant to Section 113 (3) AktG on the remuneration of the members of the Supervisory Board are publicly available on the website www.gesco.de under “Compliance and Corporate Governance”. The remuneration report and the auditor’s report in accordance with Section 162 AktG are made publicly available in the published annual reports at https://www.gesco.de/en/investor-relations/financial-reports/.

Accounting and auditing

The separate financial statements of GESCO SE are prepared in accordance with the German Commercial Code, while the consolidated financial statements of GESCO SE have been prepared in accordance with the International Financial Reporting Standards (IFRS) since financial year 2002/2003. The separate and consolidated financial statements were audited by Mazars GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft, Düsseldorf. The responsible auditor is Mr Heiko Wittig.

Mazars GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft, Düsseldorf, also audited the individual financial statements of the subsidiaries. The audit of the foreign sub-subsidiaries was predominantly carried out by international partners of our German auditor.

In accordance with legal requirements, the auditor is elected by the Annual General Meeting for one financial year at a time. At the Annual General Meeting on 12 June 2023, the Annual General Meeting elected Mazars GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft, Düsseldorf, as the auditor of the annual and consolidated financial statements for the 2023 financial year and as the auditor for any audit review of the condensed financial statements and the interim management report as at 30 June 2023, as proposed by the Supervisory Board. On the basis of this resolution, the Chairman of the Supervisory Board commissioned the auditor for the single-entity and consolidated financial statements. An audit or review of the half-year financial report and/or the quarterly statements for the first and third quarters did not take place in the reporting year.

GESCO SE, Wuppertal

Security identification number A1K020
ISIN DE000A1K0201

Declaration of compliance in accordance with Section 161 AktG

The Executive Board and Supervisory Board of GESCO SE declare in accordance with Section 161 AktG that the recommendations of the Government Commission on the German Corporate Governance Code in the version dated 28 April 2022, published in the official section of the Federal Gazette on 27 June 2022, have been and are being complied with since the last declaration of compliance was issued in December 2022, with the following exceptions:

A.1: Systematic identification and assessment of risks and opportunities and of the environmental and social impacts of the Company's activities, and consideration of environmental and social objectives in corporate strategy and planning

Due to the lead time required to implement the new recommendations on ESG, which came into force in June 2022, the necessary processes have not yet been fully completed. However, GESCO SE intends to fully comply with the recommendations in the future.

A.3: Coverage of sustainability-related objectives in the internal control and risk management system

Due to the lead time required to implement the new recommendations on ESG, which came into force in June 2022, the necessary processes have not yet been fully completed. However, GESCO SE intends to fully comply with the recommendations in the future.

A.5: Description of the main features of the overall internal control and risk management system and statement on its adequacy and effectiveness

In accordance with legal requirements, the presentation in the management report is currently limited to a description of the key features of the internal control and risk management system with regard to the accounting process. Due to the lead time required to implement the new recommendation, which came into force in June 2022, the necessary processes have not yet been fully finalised. In the future, GESCO SE intends to expand its reporting in line with the more extensive recommendation.

D.4: Formation of a nomination committee

The Supervisory Board of GESCO SE consists of four members. Due to the small size of the Supervisory Board, both overarching strategic issues and detailed questions can be discussed and decided upon intensively by the full Supervisory Board without any loss of efficiency. We therefore do not consider it expedient to form committees over and above the Audit Committee required by law. Instead, we believe that the fact that all members of the Supervisory Board are equally involved in all topics is a strength.

F.2, 1st half-sentence: Publication of financial information (90-day deadline)

Personnel changes at the Company and the associated increased coordination effort with the auditor mean that the consolidated financial statements and the Group management report cannot be published within 90 days of the end of the financial year. Publication in accordance with the GCGC is planned for the 2024 financial year.

G.18: Remuneration of the Supervisory Board

The remuneration system for the Supervisory Board of GESCO SE approved by the Annual General Meeting on 18 June 2020 includes a fixed component as well as a performance-related component based on Group net income after minority interest. Any Group net losses are carried forward to the next year and offset against positive amounts. We are convinced that this arrangement is in line with a sustainable and entrepreneurial mindset and should also fulfil the focus on the long-term development of the company required by the Code. However, as it cannot be ruled out that other opinions may be held in this regard, we declare a deviation from this recommendation of the Code as a precautionary measure.

Wuppertal, December 2023

GESCO SE

For the Supervisory Board	For the Executive Board
Stefan Heimöller	Ralph Rumberg
(Chairman of the Supervisory Board)	(Spokesman of the Executive Board)

Remuneration report

Report on the Remuneration of the Executive Board and the Supervisory Board of GESCO SE in 2023

Remuneration of the members of the Executive Board

I. Introduction

A. Review of the financial year from a remuneration perspective

GESCO SE (**"GESCO"**, or the **"Company"**) acquires successful industrial SMEs as a long-term investor. Proven business models are continued and further developed over the long term. The central task is to utilise growth potential and secure the Group's future viability in the long term. In this way, GESCO SE creates added value for all stakeholders: **shareholders,** employees, customers, suppliers and business partners of all kinds. Under the umbrella of a lean holding company, the companies operate independently, but with the support of GESCO. The goal: a strong group of hidden champions, market and technology leaders. The prerequisite for this is an experienced management team (**"Executive Board"** or **"Executive Board members"**) that acts responsibly and operates efficiently with the resources granted by the shareholders. On 13 May 2021, the members of the Supervisory Board (**"Supervisory Board"** or **"Supervisory Board members"**) adopted a remuneration system for this management, which applies to all new Executive Board service contracts to be concluded or extended with effect from the Annual General Meeting on 30 June 2021. The remuneration system complies with the applicable statutory provisions of the German Stock Corporation **Act** (**"AktG"**) in the current version following the implementation of the Second Shareholders' Rights Directive (**"ARUG II"**)[1] and takes into account the recommendations of the German Corporate Governance Code (**"GCGC"**) in the version dated 28 April 2022.

This remuneration report was prepared jointly by the members of the Executive Board and the Supervisory Board of the Company and audited by the auditor in accordance with the statutory requirements with regard to its formal completeness.

The current Chief Executive Officer (**CEO**), Mr Ralph Rumberg, has held his position since 1 July 2018 and his term of office was extended for a further two years with effect from 1 July 2022. Ms Andrea Holzbaur was appointed Chief Financial Officer (**CFO**) of the Company with effect from 26 September 2022. The current remuneration system applies to both Mr Rumberg and Ms Holzbaur. The employment contracts run until 30 June 2024 (CEO) and 30 September 2025 (CFO).

1. Overview of variable remuneration

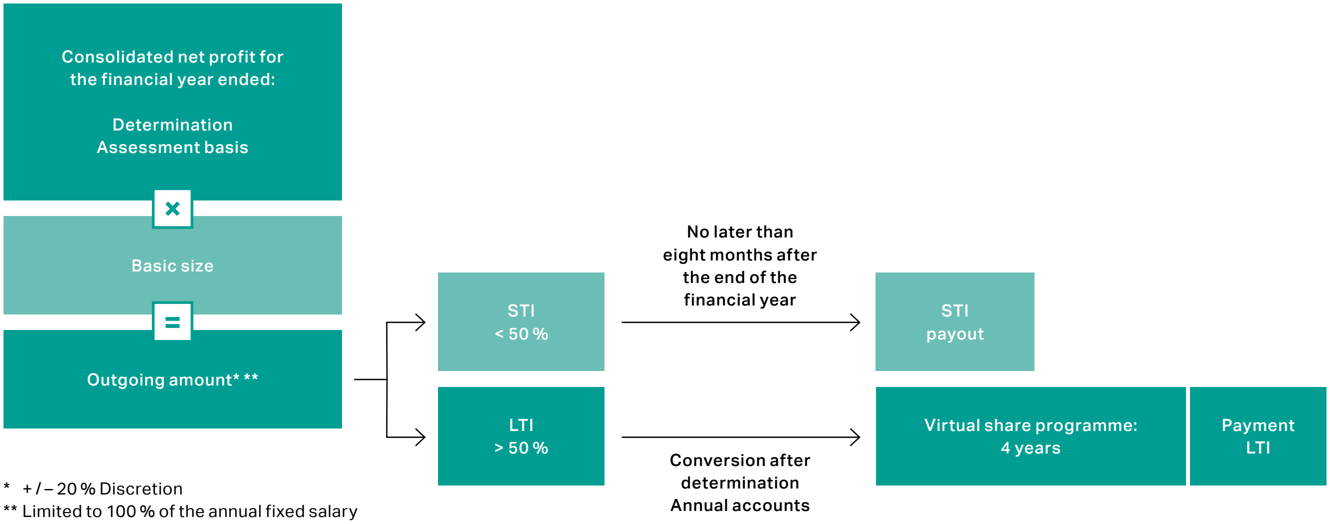
The performance-related remuneration elements (**"variable remuneration"**) consist of a one-year component (Short Term Incentive, **"STI"**) and a multi-year element (Long Term Incentive, **"LTI"**). Both elements are linked to the consolidated net earnings after minority interests (**"consolidated net earnings"**). After the end of the financial year, the consolidated net earnings reported in the approved consolidated financial statements is determined. The consolidated net earnings then serves as the starting point for the variable remuneration (**"assessment basis"**). The assessment basis is then multiplied by an individual percentage for each member of the Executive Board (**"base figure"**) to

[1] "Act on the Implementation of the Second Shareholders' Rights Directive"

obtain the individual starting amount for each Executive Board member (**"starting amount"**). This base amount for the variable remuneration is determined by the Supervisory Board after the end of the financial year, whereby the Supervisory Board has the discretion to change the base amount upwards or downwards by 20%. The initial amount is limited to 100% of the fixed annual salary (**"Cap I"**), but can also be zero. If a Management Board member is not employed for the entire financial year, the variable remuneration is reduced in proportion to the length of service in the corresponding financial year. While a smaller proportion of the base amount, and therefore of the initial amount, is allocated to the STI, the proportion of the LTI is always greater than the proportion of the STI in order to focus on the long-term development of the Company. The portion of the performance-related remuneration granted as STI is paid out in cash to the members of the Executive Board no later than eight months after the end of the financial year. The portion of the initial amount attributable to the LTI is granted in the form of a virtual share programme with a four-year term (**"share-based component"**).

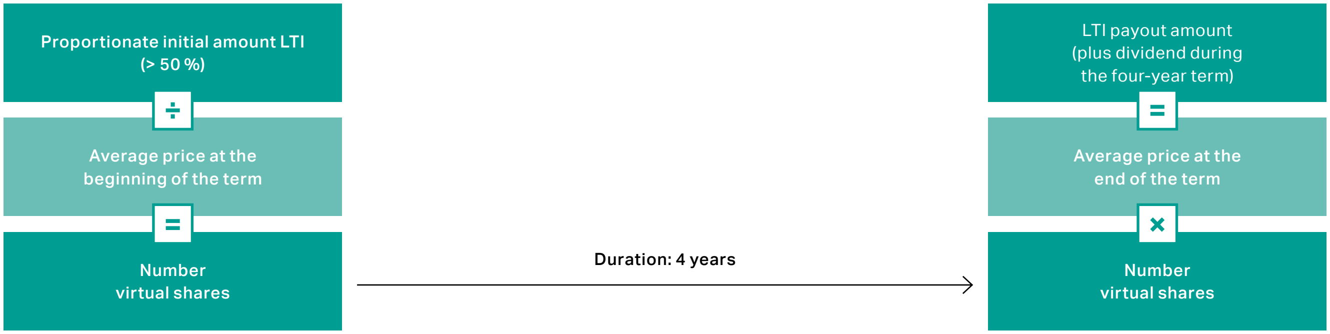
The majority of the variable remuneration is granted as a LTI in the form of virtual shares with a term of four years. The amount of variable remuneration attributable to the LTI is divided by the average XETRA closing price of the GESCO share on the consecutive trading days in the last three months prior to the date of adoption of the consolidated financial statements for the corresponding year in order to obtain the initial number of virtual shares (**"virtual shares"**). This number of virtual shares (commercially rounded to the nearest whole number) is recorded as a calculation item. At the end of the four years, the phantom shares are multiplied by the average XETRA closing price of the GESCO share on the consecutive trading days in the last three months prior to the date of approval of the consolidated financial statements for the fourth financial year, plus the dividend accrued during the four years. The amount calculated in this way is paid out in cash up to the maximum remuneration (Cap II, see section B.).

Overview of variable remuneration



* +/– 20 % Discretion
** Limited to 100 % of the annual fixed salary

Functionality of the LTI (virtual share programme)



The remuneration system supports the corporate strategy and the sustainable and long-term development of the Company by placing particular emphasis on promoting a long-term and sustainable orientation in the actions of the Management Board. In particular, the alignment of the variable remuneration components with the consolidated net earnings for the year takes into account the fact that other quantitative targets in the remuneration of a holding company are subject to potentially large and not always predictable fluctuations and should therefore be avoided. At the same time, this assessment basis for variable remuneration ensures the greatest possible alignment with the interests of the shareholders, the Company as a whole and the employees. The introduction of a multi-year, share-based remuneration component is also aimed in this direction and serves to optimise the alignment between strategy, strategy implementation and shareholder interests.

The remuneration system is designed to be clear and comprehensible. At the same time, incentives to take disproportionate risks are avoided. In particular, the Supervisory Board aims to offer Executive Board members appropriate and competitive remuneration in order to ensure that qualified Executive Board members remain loyal to GESCO in the future and that new Executive Board members can be recruited for the Company.

B. Compliance with the maximum remuneration and principles for determining remuneration

In accordance with the remuneration system, the maximum possible total remuneration (**"Cap II"**) that a member of the Management Board can receive for a financial year is limited to EUR 950 thousand for Mr Rumberg and EUR 850 thousand for Ms Holzbaur.

Compliance with the maximum remuneration for the 2023 financial year can only be reviewed and reported in the 2027 remuneration report once the 2023 LTI has been settled.

The remuneration system is the responsibility of the Supervisory Board. In doing so, the Supervisory Board ensures that remuneration is appropriate compared to other companies and its own employees. The remuneration system was approved by 86.61% of the Annual General Meeting on 30 June 2021.

II. Application of the remuneration system in the 2023 financial year

A. Non-performance-related remuneration (fixed remuneration)

In 2023, the fixed remuneration comprises of three components: the annual fixed salary, fringe benefits and pension benefits. The **fixed annual salary** is paid in 12 monthly instalments. In addition to the fixed annual salary, the members of the Executive Board receive **fringe benefits,** which mainly include the private use of company cars, contributions to employers' liability insurance associations and health insurance subsidies. The **pension benefits** for the CEO and CFO each amount to 20% of the fixed annual salary. The members of the Executive Board can decide whether the retirement benefits are provided by the Company or whether the amount is paid out as part of the monthly salary payment and the Executive Board member arranges the retirement benefits themselves. For reasons of transparency, the amount attributable to the retirement benefits is recognised separately, even if it is paid out in the form of a monthly payment.

B. Variable remuneration

1. Target achievement in 2023

The key performance indicator for the variable remuneration (the STI and the LTI) is the consolidated net earnings for the year. **This amounts to TEUR 20,885 for the 2023 financial year.**

For Mr Rumberg and Ms Holzbaur, the initial amount of the variable remuneration for 2023 results from the multiplication with the respective base figure of 1.24% (Mr Rumberg) and 0.75% (Ms Holzbaur). Of this, 49.2% will be paid out as an STI in 2024 and 50.8% will be granted as a LTI. The following table shows the respective calculation of the variable remuneration for Mr Rumberg and Ms Holzbaur:

Variable remuneration 2023

		Ralph Rumberg	Andrea Holzbaur
T€			
Consolidated net earnings for 2023		20,885.4	20,885.4
Individual base value		1.24 %	0.75 %
Initial amount		259.0	156.6
thereof			
STI	49.2 %	**127.4**	**77.1**
LTI	50.8 %	**131.6**	**79.6**

In total, the variable remuneration for Mr Rumberg for 2023 amounts to TEUR 259.0, of which TEUR 127.4 will be paid out as a cash component (STI) in 2024 and TEUR 131.6 will be converted into virtual shares as part of the LTI.

Ms Holzbaur's total variable remuneration for 2023 amounts to TEUR 156.6, of which TEUR 77.1 will be paid out as STI in 2024 and TEUR 79.6 is attributable to the LTI.

2. LTI 2023

In accordance with the remuneration system, the majority of the variable remuneration is converted into a share-based component. This is granted in the form of virtual shares and has a term of four years. The amount of variable remuneration attributable to the LTI is divided by the average XETRA closing price of the GESCO share on the consecutive trading days in the last three months prior to the date of adoption of the consolidated financial statements for 2023. This number of virtual shares (commercially rounded to the nearest whole number) is recorded as a calculation item.

TEUR 131.6 is attributable to the LTI for Mr Rumberg and TEUR 79.6 for Ms Holzbaur. These amounts are each divided by the average XETRA closing price in the last three months prior to the adoption of the consolidated financial statements for 2023 in order to obtain the number of phantom shares. As the remuneration report was prepared before the consolidated financial statements were adopted, the average XETRA closing price, and therefore also the calculation of the phantom shares, is determined after the remuneration report was prepared.

3. Number of virtual shares from LTI 2022

The number of virtual shares from the LTI 2022 was calculated in 2023 after the adoption of the consolidated financial statements for 2022 (and after the preparation of the remuneration report for 2022). The average XETRA closing price in the three months prior to the adoption of the consolidated financial statements for 2022 was EUR 25.00.

For Mr Rumberg, TEUR 106.5 were attributable to the LTI 2022. Divided by the average XETRA closing price of EUR 25.00, Mr Rumberg was allocated 4,261 phantom shares as part of the LTI 2022. Mrs Holzbaur's LTI 2022 amounted to TEUR 34.7, which corresponds to 1,386 phantom shares.

C. Obligation to hold shares (Share Ownership Guidelines)

In order to align the interests of shareholders and the Management Board and to further align the actions of the CEO and CFO with a sustainable increase in Company value, guidelines for the share ownership of Management Board members were introduced ("Share Ownership"). As part of the share option programme, which was offered for the last time for the 2021 financial year, the members of the Management Board are obliged to acquire and hold shares in the Company ("Share Ownership Guidelines").

D. Benefits in the event of withdrawal & payment cap

In the event of the dismissal of a Management Board member, the fixed annual salary, the performance-related bonus and the pension benefits are granted at most until the end of the fixed term of the contract. In the event of dismissal, the Company may release the Executive Board member from the obligation to provide its services, taking into account any existing holiday entitlements, provided that the employment relationship is otherwise properly settled until the end of the employment contract.

All payments and fringe benefits to the Executive Board during the period after the end of the Executive Board mandate may not exceed the total value of two years' remuneration (based on the total remuneration for the past financial year and, if applicable, on the expected total remuneration for the current financial year) and in any case may not remunerate more than the remaining term of the employment contract (**"payment cap"**). Both the regulations in the event of resignation and the payment cap are applicable under the remuneration system.

III. Remuneration in 2023

In accordance with Section 162 (1) sentence 1 AktG, Executive Board remuneration for 2023 is shown separately for all Executive Board members active in the financial year in the tables below. The tables include all amounts that actually accrued to the Executive Board in the reporting period ("remuneration granted") and all remuneration that is legally due but has not yet accrued ("remuneration owed"). The short-term variable remuneration (STI) is regarded as "remuneration owed", as the underlying service was rendered in full by the reporting date. The STI is therefore recognised for the reporting year, even though payment is only made after the end of the respective reporting year. In contrast, the LTI does not represent "remuneration granted" or "remuneration owed", as the bonus payment depends on the parameters after the end of the four-year term. After the end of the four-year term, any remuneration from the LTI 2023 will be owed and recognised in the remuneration report for the 2027 financial year in accordance with the above provisions.

	Ralph Rumberg		Andrea Holzbaur	
	01/01/2023 – 12/31/2023		01/01/2023 – 12/31/2023	
T€	**Absolutely**	**Relatively**	**Absolutely**	**Relatively**
Remuneration independent of performance	**556.2**	**81.4 %**	**341.1**	**81.6 %**
Annual fixed salary	439.0	64.2 %	270.0	64.6 %
Ancillary services	29.4	4.3 %	17.1	4.1 %
Retirement benefits	87.8	12.8 %	54.0	12.9 %
Variable remuneration	**127.4**	**18.6 %**	**77.1**	**18.4 %**
STI	127.4	18.6 %	77.1	18.4 %
LTI	0.0	0.0 %	0.0	0.0 %
Total 2023	**683.6**	**100.0 %**	**418.2**	**100.0 %**

Remuneration of the members of the Supervisory Board

I. Introduction

A. Overview

At the end of the financial year on 31 December 2023, the Supervisory Board consisted of a total of four members, including the Chairman of the Supervisory Board (**"Supervisory Board Chairman"**) and his deputy (**"Deputy Chairman"**).

The members of the Supervisory Board receive a fixed annual remuneration (**"fixed remuneration"**), which is payable at the end of the respective financial year. Performance-related remuneration (**"variable remuneration"**) is also possible. This is based on the consolidated net earnings after minority interests (**"consolidated net earnings"** or **"basis of assessment"**). In the event that the Supervisory Board forms committees, the members of the Supervisory Board also receive an additional fixed annual remuneration (**"committee remuneration"**) for each position on a committee that meets at least once a year.

Like the remuneration system for the Management Board, this remuneration for the members of the Supervisory Board supports the sustainable development of the Company through a performance-related orientation in the exercise of Supervisory Board activities.

B. Principles of determining remuneration

Every four years, the Annual General Meeting decides on the remuneration of Supervisory Board members and on the remuneration system. The corresponding resolution can also confirm the current remuneration. If the Annual General Meeting does not approve the proposed remuneration system, a revised remuneration system should be presented at the following Annual General Meeting at the latest.

The current system for the members of the Supervisory Board was approved by 93.26% at the Annual General Meeting on 18 June 2020.

II. Application of the remuneration system in 2023

A. Remuneration elements

The remuneration of the members of the Supervisory Board can consist of up to three elements. The fixed remuneration and the committee remuneration are function-dependent, while the variable remuneration depends on the consolidated net earnings for the year. If a member of the Supervisory Board is not a member of the Board or a committee for the entire financial year, the remuneration is paid pro rata temporis.

1. Fixed remuneration

Since the 2020 financial year, the members of the Supervisory Board receive a **fixed annual remuneration** payable at the end of the respective financial year. It amounts to TEUR 50 for each individual member, TEUR 75 for the Chairman of the Supervisory Board and TEUR 55 for the Deputy Chairman.

2. Variable remuneration

The members of the Supervisory Board also receive performance-related remuneration. This amounts to 0.15% of the consolidated net earnings for the year (per Supervisory Board member) and is due after the adoption or approval of the annual and consolidated financial statements. If the assessment basis is negative, it is carried forward to the next year and offset against positive amounts.

The consolidated net earnings for the year of TEUR 20,885.4 results in performance-related remuneration of TEUR 31.3 per Supervisory Board member for 2023.

3. Committee remuneration

In the event that the Supervisory Board forms committees, the members of the Supervisory Board also receive an additional fixed annual remuneration of TEUR 3 for each position on a committee that meets at least once a year. This remuneration amounts to TEUR 5 for the chairmen of committees.

Another component of the remuneration is the reimbursement of training costs for the members of the Supervisory Board.

Furthermore, the Company reimburses the members of the Supervisory Board, but not as part of the remuneration, for reasonable expenses incurred in the exercise of their office as well as any value added tax payable on the remuneration and reimbursement of expenses. The Company includes the activities of the members of the Supervisory Board in the cover provided by a financial loss liability insurance policy it has taken out. The premiums for this are paid by the Company.

B. Maximum remuneration

The total annual remuneration for the individual member is limited to twice the sum of the fixed remuneration and committee remuneration.

III. Remuneration in 2023

The remuneration granted and owed to the members of the Supervisory Board in 2023 in accordance with Section 162 (1) sentence 1 AktG is shown in the table below:

	Fixed remuneration		Variable remuneration		Committee remuneration		Total 2023
Supervisory Board	**T€**	**% from total**	**T€**	**% from total**	**T€**	**% from total**	**T€**
S. Heimöller	66.0	67.8 %	31.3	32.2 %	0.0	0.0 %	97.3
J. Große-Allermann	52.8	59.2 %	31.3	35.2 %	5.0	5.6 %	89.1
N. Rapp	50.0	59.3 %	31.3	37.2 %	3.0	3.6 %	84.3
K. Möllerfriedrich	61.3	64.1 %	31.3	32.8 %	3.0	3.1 %	95.6
Total	**230.0**	**62.8 %**	**125.3**	**34.2 %**	**11.0**	**3.0 %**	**366.3**

There were no committees until the 2021 financial year. An Audit Committee has been in place since 1 January 2022.

Comparison of the change in remuneration and earnings development at GESCO

The following overview shows the average remuneration of GESCO Group employees and the performance of GESCO in 2023. The table also compares the average remuneration of employees and the development of earnings with the remuneration of the current Executive Board and Supervisory Board members in 2023. The remuneration granted and owed within the meaning of Section 162 para. 1 sentence 1 AktG is decisive here.

The note "continuing operations" corresponds to the presentation in the 2020 and 2021 consolidated financial statements insofar as the "discontinued operations", i.e. seven subsidiaries or groups of subsidiaries that were sold in December 2020 and February 2021, are not included.

In accordance with the presentation in the 2020 Group management report, the 2020 Executive Board remuneration includes remuneration components from share option programmes (fair value of commitments) amounting to TEUR 36.

	2023	2023 vs. 2022	2022	2022 vs. 2021	2021	2021 vs. 2020	2020
	T€	%	T€	%	T€	%	T€
Remuneration Executive Board							
Ralph Rumberg	684	– 17 %	823	4 %	793	36 %	585
Andrea Holzbaur (since 26 September 2022)	418	235 %	125	–	–	–	–
Kerstin Müller-Kirchhofs (until 30 April 2022)	–	–	298	– 59 %	729	35 %	542
Remuneration Supervisory Board							
Stefan Heimöller	97	– 8 %	106	51 %	70	27 %	55
Jens Große-Allermann	89	– 16 %	106	63 %	65	30 %	50
Dr Nanna Rapp	84	– 19 %	104	60 %	65	30 %	50
Klaus Möllerfriedrich	96	– 26 %	129	43 %	90	20 %	75
Remuneration employees							
Average remuneration employees	67	1 %	66	4 %	63	7 %	59
Personnel expenses excluding Executive Board remuneration	124,816	4 %	120,271	8 %	111,392	8 %	102,899
Employees (average, incl. trainees) (continued)	1,873	3 %	1,823	4 %	1,759	2 %	1,731
Performance GESCO Group							
Net income / loss GESCO SE (HGB)	7,827	– 71 %	26,970	– 12 %	30,662	– 631 %	– 5,769
Group earnings after minorities (total) (IFRS)	20,885	– 38 %	33,824	26 %	26,862	– 262 %	– 16,576
Group earnings after minorities (continued) (IFRS)	20,885	– 38 %	33,824	26 %	26,876	361 %	5,829
Group sales (continued) (IFRS)	560,724	– 4 %	582,273	19 %	488,051	23 %	397,225

Outlook from a remuneration perspective

No changes to the remuneration or the remuneration system are planned for the members of the Executive Board and the Supervisory Board in 2024.

03

Sustainability

Non-financial report / DNK Declaration

General information

As a long-term investor, GESCO SE acquires successful technology-leading industrial SMEs. GESCO was founded in 1998 with the aim of maintaining successful SMEs without succession and securing jobs. GESCO went public in 1998 and has been listed in the Prime Standard ever since.

GESCO sees its activities as long-term and sustainable. GESCO continues to pursue and further develop proven business models. The central task is to utilise growth potential and secure the future viability of the Group in the long term. The goal: a strong group of hidden champions, market and technology leaders.

GESCO SE takes the claim of hidden champions seriously. Our NEXT LEVEL strategy includes excellence programmes to take the Group's medium-sized companies to the next level. GESCO is systematically and sustainably developing the Group's companies with programmes for operational excellence, active development of market presence and product portfolio as well as sharpening leadership skills and corporate culture. Ultimately, almost all companies are already hidden champions, or at least recognisably on their way to becoming so.

In this way, GESCO creates added value for everyone involved: shareholders, employees, customers, suppliers and other stakeholders. Under the umbrella of a lean holding Company, the companies operate independently, but with the support of the SE. The individual subsidiaries are managed by independent managing directors. As a rule, the holding Company does not perform any centralised functions for the companies. Exceptions relate in particular to compliance issues and individual insurance policies at Group level.

GESCO strives for profitable growth through the further development of existing portfolio companies and the acquisition of additional industrial, technology-leading SMEs. The management of the Group by the holding Company is orientated towards this goal.

The subsidiaries are predominantly small and medium-sized industrial companies, which are allocated to the following segments:

Process Technology

- MAE group
- INEX-solutions GmbH
  - Sommer & Strassburger GmbH & Co. KG (under the umbrella of INEX-solutions GmbH)
  - Hubl GmbH (under the umbrella of INEX-solutions GmbH)
- Kesel group

Resource Technology

- Doerrenberg group
- SVT GmbH
- Pickhardt & Gerlach group

Healthcare and Infrastructure Technology

- Setter group
- Franz Funke Zerspanungstechnik GmbH & Co. KG
- United MedTec Holding GmbH (UMT)
- AstroPlast Kunststofftechnik GmbH & Co. KG

The individual business models of the subsidiaries are widely diversified. The products range from mechanical and plant engineering, tool steel and refined steel strip to paper sticks for the confectionery and hygiene industry. Further information on the business models and areas of activity of the individual subsidiaries can be found in the GESCO SE Annual Report and on the websites of GESCO SE and the GESCO Group companies.

Criteria 1 – 10: Sustainability concept

Criteria 1 – 4 for Strategy

1. Strategic analysis and measures

Sustainability and a long-term approach have been an integral part of GESCO's strategy since it was founded in 1989. Most of our companies are many decades old and are established as hidden champions. Without sustainable thinking and action, these SMEs would not be where they are today.

The purpose of the Company, our strategy and our goals are designed for the long term. Our actions today should therefore have a lasting positive effect on the future. Our corporate philosophy is based on the principles of good corporate governance and a responsible approach to the environment.

Entrepreneurial thinking characterises the actions of the Executive Board and Supervisory Board. Together, they are committed to corporate management based on sustainability.

As a specialist in succession issues, we secure the future of companies and safeguard jobs. We focus on long-term partnerships with customers and suppliers. We see positive and constructive interaction with our employees as an investment in the future of GESCO.

The subsidiaries' business models are highly diversified. Each Company has a different production process, a different value chain and therefore a different consumption of energy and resources.

However, we have a common understanding of our sustainability strategy. Everyone at GESCO Group is aware that we need to conserve our resources, reduce our ecological footprint, make our contribution to society and take responsibility for society. We also focus on sustainable products and solutions for our customers. We also focus on responsibility for our employees, safe and fair working conditions and the management of risks and due diligence in the supply chain.

Our sustainable actions are based on the knowledge that every individual, every participant in economic life and every Company has a duty to use all resources sparingly. With our products and solutions, we help our customers to conserve resources. By taking responsibility in the supply chain and creating transparency, we support our customers' sustainability strategy.

Since 2021, the German Sustainability Code (DNK) has been used as the framework for reporting on sustainability aspects and their management, with the extension in accordance with the requirements of the CSR Directive Implementation Act (CSR-RUG). The transparency requirements of the EU Taxonomy Regulation are met in 2023. In addition, voluntary reporting on the "National Action Plan for Business and Human Rights of the Federal Government" (NAP) has been carried out since 2022.

Five fields of action were identified as part of the extended materiality analysis (see criterion 2). GESCO prioritises these areas and is actively working on them:

Environment	Social	Governance
Climate protection and energy management	Employees	Development of modern sustainability management
Resource management and sustainable products	Responsibility in the supply chain	

2023

both data quality and data collection were expanded and improved in preparation for the ESRS standards.

The development of modern sustainability management has been a focus since 2021 and is being continuously expanded. In 2023, data quality with regard to the EU and data collection in preparation for the ESRS in the areas of diversity and discrimination as well as waste indicators were expanded and improved. For 2024, sustainability management will be expanded to include the disclosure requirements under the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainable Reporting Standard (ESRS) that will apply from the 2024 reporting year.

By establishing modern sustainability management, GESCO SE will fulfil the non-financial regulatory disclosure requirements (EU, federal government, B2B customers), increase the valuation and value of the subsidiaries in the medium term in line with the NEXT LEVEL strategy and continue to strengthen GESCO Group's adaptability (resilience) in a changing environment.

A particular focus in 2023 was on responsibility in the supply chain. A comprehensive analysis of the supply chains and the establishment of human rights due diligence were carried out. Transparency in the supply chains was significantly increased. The requirements of the LkSG will therefore be fully met from the 2024 financial year.

The subsidiaries have so far acted independently in the other three areas of action. Due to the different business models of the subsidiaries, the focus must also be set differently. This is the responsibility of the respective company. The focus across the subsidiaries is on reducing energy consumption and conserving resources for our customers and us. Our employees are our most important resource. Their perspectives and needs are therefore given due consideration in all business decisions. Working conditions are regularly evaluated and adjusted if necessary. Compliance with and fulfilment of legal requirements and guidelines is a matter of course.

A system of key figures for non-financial performance indicators is used for the targeted management of relevant sustainability issues and for transparent reporting. This covers the areas of action:

- Energy consumption
- Resource consumption
- Occupational safety/health protection
- Diversity
- Training and further education
- Social commitment
- Staff recruitment and retention
- Compliance
- Dialogue with interest groups
- Responsibility in the value chain
- Sustainability management
- Employee mobility
- Upstream and downstream logistics

2. Materiality

For GESCO SE as a listed holding Company, the topic of sustainability is becoming increasingly important. GESCO SE and its subsidiaries are also affected by the growing legal requirements such as the CSR Directive Implementation Act (CSR-RUG), the EU Taxonomy and, from 1 January 2024, the Supply Chain Duty of Care Act (Lieferkettensorgfaltspflichtengesetz). Even if the corresponding requirements regarding the recording of key figures initially entail greater effort, GESCO SE sees the long-term opportunity to minimise economic risks through active and transparent sustainability management.

GESCO SE strives across the Group to create value for the environment and society, reduce negative impacts in a meaningful way and conserve resources.

In order to implement the available measures in as targeted a manner as possible, an extended materiality analysis was carried out in 2021 to identify and prioritise the relevant topics. In a first step, the criteria of the Sustainability Code and other relevant trends and developments were analysed as part of desk research. The managing directors of all subsidiaries and key investors were then interviewed by telephone to prioritise their assessments. As a result, six of the 22 potentially material ESG topics were given special prioritisation*:

§

GESCO SE strives to create value for the environment and society across the Group, to sensibly reduce negative impacts and to conserve resources.

Environment
- Business travel and fleet management
- Climate protection and energy management*
- Product responsibility*
- Resource management*

Social
- Compliance with employee rights
- Training and further education*
- Company health management
- Diversity
- Social commitment
- Sustainable organisational development*
- Staff recruitment and retention
- Work-life balance

Governance
- Compliance
- External communication
- Dialogue with interest groups
- Responsibility in the value chain
- Risk management
- Sustainability management*

The negative effects of GESCO Group's business activities in 2021 were identified primarily in the consumption of energy and resources. This topic is therefore also of particular strategic relevance for GESCO SE, and the subsidiaries are implementing optimisation measures in this area.

Due to the changing regulatory framework, this materiality analysis was strategically developed further in the ESG@GESCO Steering Committee at the end of 2022 and focussed on the following five topics:

Environment	Social	Governance
Climate protection and energy management	Employees	Development of modern sustainability management
Resource management and sustainable products	Responsibility in the supply chain	

Field of action 1: Economic efficiency and good corporate governance
GESCO Group is characterised by economic efficiency, corporate governance with integrity and high internal safety standards. The interests of all stakeholders are taken into account in our actions. Measures relating to this area of action are presented in **criterion 20**.

Field of action 2: Innovative, safe and sustainable products
Our products and solutions "Made by Mittelstand" are based on the highest safety and quality standards and are the result of the excellence programmes we pursue. Measures for this area of action are presented in **criterion 10**.

Field of action 3: Sustainable employer
GESCO Group is a major employer in Germany and is globally connected through majority shareholdings at various locations. We offer attractive and secure jobs in a modern and forward-looking environment. Measures for this area of action are presented in **criterion 16**.

Field of action 4: Climate protection and resource efficiency
Operational environmental protection and the economical use of resources are a high priority at GESCO Group. All employees are committed to protecting people and the environment in their working environment. Measures relating to this area of action are presented in **criterion 12**.

Field of action 5: Social responsibility and transparency
We use our expertise to advise our customers and seek industry-specific and cross-industry dialogue. We assume social responsibility through the tax payments resulting from our economic success, as well as through our involvement in educational projects and donations to charitable causes. Measures in the area of social responsibility and transparency are presented in **criterion 18**.

Within GESCO SE, the opportunities, risks and effects depend to a large extent on the business model of the respective subsidiary. The following criteria were used for the uniform assessment and prioritisation of the topics:

1. Particular opportunities or risks for the course of business, the annual financial statements or the situation of the Company
2. Probable positive or negative impact of business activities, business relationships, products and services on at least one subsidiary
3. Key stakeholder concerns
4. Significant contribution to positioning in the sustainability context
5. Reference to the fulfilment of future regulatory requirements

These criteria apply in particular to the topics prioritised in 2023.

All subsidiaries of GESCO SE are subject to the typical opportunities and risks of their respective industries as well as general economic risks in their operating business. Within GESCO Group, all relevant risk topics are regularly assessed according to the extent and probability of occurrence. In addition to the economic situation, there are risks as well as opportunities for the subsidiaries in the strategic orientation of the companies, taking technological change into account. These include, in particular, the replacement of the combustion engine with other drive types, digitalisation, the emergence of new competitors, the political and economic development of regional markets, the change in social values, the political goal of reducing CO_2 emissions and other regulatory conditions, such as the human rights due diligence obligations imposed on GESCO Group. Risk management was established for the latter in the course of financial year 2023. The relevant sustainability issues that primarily affect GESCO are also derived from this area of tension: climate change, scarcity of resources and training and further education of the workforce. GESCO addresses these issues by implementing excellence programmes (OPEX, MAPEX, DIGITEX, LEADEX) in the subsidiaries, among other things. These are complemented by the development of modern sustainability management and due diligence obligations in the value chain. The regular dialogue between the Executive Board of GESCO SE, the investment managers of GESCO SE and the managing directors of the subsidiaries and their teams serves to analyse and further develop strategic topics.

The managing directors of the subsidiaries attribute the greatest negative impact of business activities on sustainability issues to the area of energy and resource consumption. GESCO SE endeavours to reduce environmental impacts in a meaningful way through the core business of the respective subsidiary and thus make important contributions to society as a whole.

Further information on dealing with opportunities and risks can be found in GESCO SE's opportunity and risk report as part of the Annual Report, which also includes non-financial performance indicators. (https://www.gesco.de/en/investor-relations/financial-reports)

3. Targets

GESCO is systematically developing its sustainability strategy. Sustainability issues also play an important role in balancing the portfolio architecture and developing the subsidiaries into hidden champions. The short and medium-term fulfilment of the constantly increasing regulatory requirements forms the corresponding basis. The ESG@GESCO steering committee meets regularly to further develop sustainability issues. In addition to the two Executive Board members responsible for sustainability management at GESCO, this committee also includes the heads of Investor Relations and Legal & Compliance as well as an employee from Finance who is assigned to the ESG topic.

Key objectives for 2023 were the further development of sustainability management, the implementation of human rights due diligence obligations and the reduction of energy consumption and conversion to renewable energies.

To this end, the governance of ESG@GESCO set up in 2022 was consolidated. The ESG and LkSG coordinators in the subsidiaries received further training: Several online training courses and regular exchanges took place. The coordinators communicate the aspects to the respective employees and sensitise them to the numerous links between the individual functional areas.

All-in-one sustainability reporting software was introduced in Q4 2023 to improve the transparency and future viability of sustainability management. The software enables standardised recording and compliance with control and approval routines. It covers the requirements of the CSRD, EU taxonomy and LkSG, enables emissions to be calculated and offers options for tracking sustainability targets and measures.

The development of systematic human rights due diligence was completed in 2023 and integrated into all relevant business activities.

In 2024, the materiality analysis and ESG KPI recording will be expanded with regard to the new EU CSRD Directive (ESRS).

The design and objectives in the three other areas of action – employees, climate protection and energy management as well as resource conservation and sustainable products – are the responsibility of the subsidiaries. The decentralised Group structure and the diverse business models mean that targets and priorities must be set individually depending on the respective business models. The unifying element in the strategy and management approach is the conservation of resources and reduction of energy consumption. No long-term strategic goals have yet been set for this across the Group. However, this will take place with the expansion of sustainability management to include the new EU Corporate Sustainability Reporting Directive (CSRD) in 2024. The initial plan for 2024 is to carry out a materiality analysis based on the new EU directive. Based on these results and taking into account the different focal points of the subsidiaries, the Executive Board and Supervisory Board will define the strategic Group targets by the end of 2024 at the latest. There are currently no plans to align these targets with the SDGs.

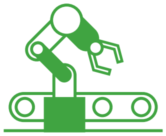
The ESG@GESCO Steering Committee will manage the achievement of the stated objectives. The Supervisory Board's Audit Committee is responsible for monitoring target achievement.

4. Depth of the value chain

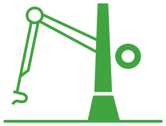
GESCO SE is an industrial group with market- and technology-leading companies specialising in process, resource, healthcare and infrastructure technology. GESCO Group companies are allocated to these three segments accordingly.

GESCO SE's value chain can be characterised by the investment process. Since its foundation in 1989, GESCO has built up a strong group of "hidden champions", market and technology leaders. GESCO continues and further develops proven business models. The central task is to utilise growth potential and secure the future viability of the Group in the long term. In this way, GESCO creates added value for all stakeholders. Most of the companies in the Group are many decades old; without sustainable management, these SMEs would not be where they are today.

In recent years, GESCO has intensively promoted and established dialogue between the subsidiaries and built up extensive methodological expertise at GESCO SE level. This also includes building up expertise in ESG topics that have been categorised as material in the process to date.



The companies in the **Process Technology** segment are primarily mechanical and plant engineering companies as well as technology-intensive manufacturing service providers. They mainly support manufacturing industries and their processes with their products and services.



The subsidiaries in the **Resource Technology** segment supply material-intensive industrial companies in particular. The companies provide customised processing of primary materials, which are further processed into end products by the customers. They also produce systems for loading raw materials and energy sources.

The **Healthcare and Infrastructure Technology** segment comprises companies that supply suppliers for end-consumer-related mass markets in the fields of medical technology, hygiene, food and construction. The companies mostly supply components, assemblies or preliminary products. In addition to metal processing, materials such as plastic granulate or raw paper are also processed here.

In the subsidiaries' own business activities, the greatest leverage currently lies in the areas of resource scarcity and consumption. Although the increasing scarcity of resources, e.g. fossil fuels, cheap electricity, availability of water, etc., is creating more and more risks for the subsidiaries, this also offers opportunities in terms of tapping into environmentally friendly business areas and further developing business models.

For example, the subsidiary SVT GmbH, a global leader in the field of loading technology, is continuously working on further developing its ship loading systems for the transport of liquid gas and developing new solutions, e.g. for loading liquid hydrogen (see criterion 10). The Setter group, on the other hand, has switched 100% of its production to the manufacture of sticks from PEFC® and FSC® certified cellulose, a renewable raw material (see criterion 10).

100 %

of Setter group's sticks are produced from renewable, certified cellulose.

In addition to the sustainable further development of business models, efficient energy consumption in our own business area is one of the main starting points in our own value chain. The majority of subsidiaries have already had specific environmental management systems in place for several years and monitor environmental sustainability criteria, such as energy consumption in their own business operations, on their own responsibility. As part of this, positive and negative environmental impacts that are wholly or partly attributable to the activities, products or services of GESCO subsidiaries are managed in a targeted manner. Subsidiaries that do not have a certified environmental management system carry out regular energy audits in order to adjust their energy use and introduce further measures on this basis.

In addition, all subsidiaries have been analysing their own supply chain since 2022. To this end, the visualisation of the supply chains by product group was initiated with the help of an external consultancy firm and direct suppliers were identified at the individual nodes (e.g. raw material extraction, further processing, logistics, sales, etc.). This process is intended to help us gain an understanding of the impacts in our own supply chain beyond our own business boundaries and, with the help of a risk analysis, to identify which social and environmental problems are potentially to be expected within the supply chain (see criterion 17). This process has not yet been finalised, which is why no definitive statements on potential risks in the supply chain can be made at this time.

In the future, this mapping of suppliers is to be deepened so that information on indirect suppliers is also available for further use. This is also a viable step in view of future EU directives (Corporate Sustainability Due Diligence Directive) in order to be prepared as a Company in good time for the growing requirements. This can result in potential areas of focus with increased risk disposition, which must be addressed in the individual context of the subsidiaries. Information on dealing with suppliers or business partners can be found in criterion 17.

Further insights into the business models of the individual companies can be found in the 2023 Annual Report.

In acquisition processes, the potential company to be acquired is comprehensively analysed and evaluated in terms of risks, opportunities and future viability as part of due diligence. The review includes financial, legal and tax criteria as well as technology and market-related aspects. ESG aspects are also taken into account. From an environmental perspective, this includes in particular the assessment of contaminated sites and the review of licences granted. With regard to social and employee issues, the personnel structure, occupational safety and corporate culture, among other things, are included in an investment decision. GESCO uses both internal and external expertise for due diligence.

Criteria 5 – 10 on Process management

5. Responsibility

Overall responsibility for sustainable development lies with the Executive Board of GESCO SE. In addition, a central ESG@GESCO steering committee has been established, which includes the Executive Board as well as the Investor Relations & Communications, Legal & Compliance and, since 2023, Finance departments. A sustainability consultancy company supplements the ESG@GESCO Steering Committee. The sustainability consultancy advises the members of the ESG@GESCO Steering Committee and supports all ESG activities within GESCO Group on its behalf until March 2024.

In the course of 2023, the Finance department was increasingly involved in sustainability reporting as part of the anticipation of the ESRS. The Finance department is also responsible for implementing and supporting the all-in-one software for sustainability reporting.

For the preparatory implementation of the obligations arising from the Supply Chain Duty of Care Act (LkSG) and other compliance issues, the sustainability consultancy works together with the Legal & Compliance department. The role of Human Rights Officer for GESCO SE will be filled internally from the Legal & Compliance department in 2024.

In the subsidiaries, the management is responsible for the implementation of and input to sustainability activities. The Executive Board has appointed an ESG Officer and an LkSG Officer for operational implementation. The LkSG officers usually have a thematic connection to supply chain management via purchasing and actively shape the topic within their own company. The ESG officers have a stronger connection to general sustainability issues and can have a broader impact on the subsidiaries in particular. In four of the companies, one person combines both functions.

The LkSG coordinators are responsible for implementing the obligations arising from the Supply Chain Sustainability Act. The ESG coordinators are entrusted with the development and implementation of systematic sustainability management. They implement guidelines from the GESCO holding Company, the recording of key figures and the strategy process in coordination with the Executive Board. The subsidiaries are encouraged to go beyond the GESCO specifications to identify their own focal points and to set up suitable regulations and processes for the management of sustainability-related topics in line with these.

All information from the ongoing process is collated in the ESG@GESCO steering committee, further implementation steps are discussed and, if necessary, the extended steering committee including the managing directors from the subsidiaries is convened, e.g. in the strategy process.

6. Rules and processes

The subsidiaries of GESCO SE generally have the opportunity and responsibility to identify their own focal points and establish suitable regulations and processes for the management of sustainability-related topics. GESCO SE supports all efforts, including those that go beyond compliance with legal standards and regulations, provided they are justifiable from a business perspective. This is also anchored in the Group's Code of Conduct.

As a central basis for internal management and transparent reporting, the GESCO Group's key performance indicator system was standardised and expanded in reporting year 2022. Based on the GRI performance indicators specified in the GSC, the first step was to check which key figures could be recorded by the subsidiaries. To date, data has been collected annually. Due to the ESRS published in 2023, the existing data collection logic will have to be specified in more detail. In the medium term, the aim is to measure performance on a quarterly basis. To this end, all-in-one ESG reporting software was implemented in 2023, which GESCO SE used in 2023 for the CSR-RUG and from 2024 will use for ESRS reporting, emissions calculation, the EU taxonomy key figure accrual and for the management of human rights due diligence obligations in the supply chain.

The Code of Conduct will be expanded to include further ESG aspects in 2024 and will also be disseminated in the companies through regular compliance training. A central purchasing guideline, a confidentiality agreement and general terms and conditions of purchase are planned for 2024 as part of the responsibility for the supply chain.

Responsibility for the other three areas of action (employees, climate protection & energy management, resource management and sustainable products) lies with the subsidiaries. The implementation of rules and processes is decentralised and independent. In the current structure, the ESG coordinators of the subsidiaries appointed by the respective managing directors will report on progress to the ESG@GESCO steering committee. In future, the plan is to integrate sustainability activities and the status of target achievement into the monthly meetings between investment managers and managing directors.

7. Control

The targets and measures defined as part of the sustainability strategy are continuously reviewed and adjusted. The non-financial performance indicators serve as a management tool for GESCO's sustainability activities. The ESG indicators are collected by the subsidiaries and summarised at Group level as part of non-financial reporting.

The non-financial performance indicators cover the following areas:

- Energy and resource consumption
- Occupational health and safety
- Diversity
- Training and further education
- Social commitment
- Staff recruitment and retention
- Compliance
- Dialogue with interest groups
- Responsibility in the value chain
- Sustainability management
- Employee mobility
- Upstream and downstream logistics

The ESG coordinators in the subsidiaries coordinate the recording of key figures on a decentralised basis. Authorisation management has been established within the reporting software, within which the commercial managers check and approve the data input of the subsidiaries in the data consolidation process. At holding company level, clear personnel resources are allocated to the Finance department for consolidation and verification. ESG coordination at Group level consolidates the data, checks it on a random basis and takes changes in the Group structure into account. As part of ESRS anticipation, quality specifications are successively developed centrally for individual complex data points to be collected. All German locations, the holding company and the foreign production companies of GESCO Group record the key figures.

For the 2023 targets, progress was monitored as part of the monthly meetings of the ESG@GESCO Steering Committee. From 2024, the definition and monitoring of the subsidiaries' sustainability targets will be integrated into the investment discussions between investment managers and managing directors.

Performance indicators for criteria 5 to 7

Performance indicator GRI SRS-102-16: Values

GESCO Group pools the strength and potential of technology-driven SMEs. Many of the subsidiaries are niche players, while some are already global market leaders. GESCO SE's vision is to form a strong and balanced group of hidden champions through the targeted, systematic and sustainable development of its subsidiaries and further acquisitions. The NEXT LEVEL strategy uses its excellence programmes to set the course for the strategic and operational expansion of the Group in the coming years. As a listed industrial holding company, GESCO SE aims to generate an attractive return for its shareholders. Values such as personal responsibility, openness and transparency as well as legally compliant and ethically correct behaviour play an essential role in this.

These values are set out in the GESCO SE Code of Conduct. They are binding for all executive bodies and employees of GESCO Group. The Code of Conduct thus functions as the corporate constitution of GESCO Group. It sets out the inalienable basic principles for cooperation within GESCO Group and for the behaviour of GESCO Group members towards their business partners and other third parties.

GESCO SE's principles include the goal of generating added value in order to guarantee all employees an attractive and safe workplace and to be a strong partner for customers, business partners, suppliers and shareholders. An important concern is to take the necessary measures to minimise risks and avert dangers in the areas of environmental protection, health, occupational safety, product quality and liability as well as data protection. The development and dissemination of environmentally friendly technologies is welcomed and initiatives to promote environmental awareness are supported. The Code of Conduct is supplemented by specific guidelines as part of the compliance management system.

The Code of Conduct for GESCO Group employees is available for download on the Company website at https://www.gesco.de/en/about-us/compliance-and-corporate-governance. It will be expanded to include human rights and other ESG aspects in 2024.

8. Incentive systems

On 13 May 2021, the Supervisory Board approved a new remuneration system that applies to all new Executive Board service contracts to be concluded or extended with effect from the Annual General Meeting on 30 June 2021.

The extended Executive Board service contract of Mr Rumberg, CEO, of 30 June 2022 and the service contract concluded in the third quarter of 2022 with Ms Andrea Holzbaur, CFO, were concluded on the basis of the remuneration system in place since 30 June 2021.

The remuneration system for members of the Executive Board consists of two components: a non-performance-related remuneration component and a performance-related remuneration component. The latter consists of a one-year component (Short Term Incentive, "STI") and a multi-year element (Long Term Incentive, "LTI"). Both elements are linked to the consolidated net earnings for the year after minority interests.

A modified Executive Board remuneration system was submitted to the 2021 Annual General Meeting for approval, which takes into account the changes resulting from the Act Implementing the Second Shareholders' Rights Directive (ARUG II) and the recommendations of the current version of the German Corporate Governance Code (GCGC). Although non-financial, social and ecological aspects are taken into account as part of the new remuneration system in terms of sustainable action when determining the initial amount of variable remuneration for the past financial year of the Executive Board, these have not yet been measured against any specific sustainability targets. The Executive Board is developing a sustainability strategy in close consultation with the Supervisory Board, the implementation of which will be used by the Supervisory Board to assess the work of the Executive Board. The achievement of targets is also monitored by the Supervisory Board: In principle, the exchange of information on key figures and their target achievement takes place annually at the Supervisory Board meeting, which is also used as a planning and control meeting.

Further information can be found in the valid remuneration system approved by the Annual General Meeting at https://www.gesco.de/en/about-us/compliance-and-corporate-governance.

As GESCO is not an integrated Group, the remuneration systems for managers and all other employees in the subsidiaries are structured differently, depending on the respective business model, the historical development of the individual Company and, in some cases, the provisions of collective labour agreements. No sustainability targets have been integrated into these systems to date and none are planned.

Performance indicators for criterion 8

Performance indicator GRI SRS-102-35: Remuneration policy

The non-performance-related remuneration component for members of the Executive Board currently consists of a fixed annual salary, fringe benefits and pension benefits. The fringe benefits granted mainly consist of the private use of company cars, directors' and officers' liability insurance, contributions to employers' liability insurance associations and contributions to health insurance. The pension benefits for the CEO and CFO each amount to 20% of the fixed annual salary.

The performance-related remuneration component is generally granted in the form of a performance-related bonus, which is based on the consolidated net earnings for the year after minority interests.

Under the current remuneration system, the performance-related remuneration consists of a one-year component (short-term incentive, "STI") and a multi-year element (long-term incentive, "LTI"). Both elements are linked to the consolidated net earnings for the year after minority interests. After the end of the financial year, the consolidated net earnings reported in the approved consolidated financial statements is determined. The consolidated net earnings then serves as the basis for the STI and the LTI. The assessment basis is then multiplied by an individual percentage rate for each Executive Board member in order to arrive at the individual starting amount for each Executive Board member. The initial amount for the variable remuneration is determined by the Supervisory Board after the end of the financial year, whereby the Supervisory Board has the discretion to change the initial amount by 20% upwards or downwards. The initial amount is limited to 100% of the fixed annual salary ("cap"), but can also be zero.

The members of the Executive Board are granted pension contributions amounting to a certain %age of their fixed salary.

Additional details on Executive Board remuneration can be found in the remuneration report on the GESCO SE website at https://www.gesco.de/en/about-us/compliance-and-corporate-governance.

Performance indicator GRI SRS-102-38: Ratio of total annual remuneration

The ratio of average total annual remuneration between the Executive Board of GESCO Group and all other employees is 1:9.9 in 2023 (2022: 1:13.1).

9. Participation of stakeholder groups

GESCO SE is in regular dialogue with its stakeholder groups.

In 2021, the most important stakeholders of GESCO SE were identified as part of an internal analysis based on business operations experience. These were then surveyed in guided interviews. The focus was on the managing directors of the subsidiaries and institutional shareholders.

Private and institutional shareholders are a key external stakeholder group for GESCO SE. Analysts and media representatives are another group of external stakeholders. In financial year 2023, these groups were asked about their assessments and expectations with regard to the sustainability issues of GESCO SE that are classified as material. In the three-digit number of discussions held with investors, analysts and media representatives, as well as in the numerous Q&A sessions at capital market conferences, roadshows and conference calls, sustainability issues play almost no role. This is also confirmed by other listed companies.

Accordingly, it is not just our experience that ESG issues are essentially a political issue. Other stakeholder groups such as investors, employees, customers and business partners criticise the enormous effort, overregulation and the associated obligations and restrictions that are imposed on them. However, neither GESCO nor its stakeholder groups equate this with a rejection of the concept of sustainability. On the contrary: it is in the interests of every well-managed company to use the available and accessible resources as efficiently and sparingly as possible and to minimise the impact on the environment. This also applies to staff development, particularly in view of the shortage of skilled labour.

Since the IPO, GESCO has maintained active and open investor relations and seeks dialogue with its owners, e.g. at capital market events and conferences, roadshows, one-on-one meetings and conference calls.

For personal dialogue with private investors, we not only use the Annual General Meeting, but also stock exchange days and events organised by associations that represent the interests of private investors. We also have a wide range of contacts and enquiries during the year in the form of emails and telephone calls.

In addition, further dialogues are held with selected stakeholders at the level of the individual investments as required. The next systematic stakeholder engagement will take place in 2024 as part of the implementation of a materiality analysis in accordance with ESRS.

Performance indicators for criterion 9

Performance indicator GRI SRS-102-44: Key topics and concerns

GESCO Group takes the concerns of investors very seriously, is in dialogue with other market participants and continues to monitor developments in the European regulatory process. On the other hand, the EU taxonomy and CSRD reporting open up the opportunity for ESG data to become more meaningful and therefore more comparable in the future.

In addition to the regular information published on the website, investors, analysts and media representatives also have the opportunity to engage in personal dialogue. The Executive Board and Investor Relations also regularly took part in investor conferences in 2023. Direct communication is also possible at any time by email, telephone or video call. The contact details of Investor Relations with a personal contact person are published on the GESCO SE website. All options were utilised in 2023. Issues and concerns were also recorded and answered via these channels.

The topics and concerns expressed by investors, analysts and other dialogue partners in 2023 were predominantly limited to the general strategy of GESCO SE, the economic environment and its impact on GESCO SE and its subsidiaries.

2024

as part of the implementation of a materiality analysis in accordance with ESRS, the next systematic stakeholder involvement will take place.

10. Innovation and product management

GESCO SE strives to systematically and sustainably develop all Group companies. To this end, resources are utilised as efficiently as possible in the core business of the subsidiaries. At the same time, products are continuously improved during their utilisation phase, also from an ecological perspective. A centralised innovation and product management system has not yet been installed. Statements on quantifiable data can therefore not be made.

The effects of the main products cannot be determined centrally, as the subsidiaries of GESCO SE represent a diverse product portfolio. This structure also means that there is no centralised innovation management. The impact on the environment and society must be considered at the subsidiary level. Each subsidiary aims to minimise its negative impact on the environment and society. A detailed assessment, such as the evaluation of products in a product life cycle analysis, has not yet been carried out.

A few selected examples from the subsidiaries show how sustainability performance is promoted through innovation processes at GESCO SE:

For example, the paper sticks produced by the subsidiary Setter are also used as stirrers. This allows Setter's customers to significantly replace products previously made from plastic with sticks made from chlorine-free pulp. In contrast to plastic, this is a renewable raw material from controlled forestry (PEFC® and FSC®), which – unlike crude oil as the base material for polypropylene sticks – will only be available for a limited period of time. In addition, the Company processes sugar cane as a paper alternative and has already brought the production process to series maturity.

The subsidiaries are endeavouring to find innovative solutions to tackle ecological and social problems, sometimes in collaboration with business partners and research institutions.

– 256 °C

is the temperature of liquid hydrogen. This requires new materials in the loading systems, which the SVT group is helping to design and develop.

Sugar

The Setter group processes sugar cane as an alternative to paper and has already brought the production process to series maturity.

SVT GmbH, the world's leading manufacturer of loading systems for liquid and gaseous media, is working with Forschungszentrum Jülich GmbH to develop ship loading systems specifically for the loading of liquid hydrogen with third-party funding from the German Federal Ministry for Economic Affairs and Climate Protection. In order to secure the energy supply in the future, it is essential that new technologies are researched and applied. In hydrogen transport, for example, the main components of the process pipeline must fulfil the extended operating conditions. This includes the design of swivel joints, safety disconnect couplings or the connection couplings, as the handling of liquid hydrogen (–256°C) requires special materials, insulation, etc.

In addition, Doerrenberg introduced an internal suggestion scheme in 2023, revised management systems and set up an energy data recording system.

One significant innovation took place at MAE in 2023. This concerns the disposal or recycling of the machines produced. After the utilisation phase by the customer, all machine components can be recycled. All machine components are therefore recyclable.

As part of the DIGITEX (Digital Excellence) strategy, the subsidiary Kesel has developed and launched the Kesel Connect customer portal. The customer portal serves as a central information platform for customers, also providing information about the company's sustainability measures. Customers are actively involved in the company's sustainability activities. For example, customers can use the portal to submit ideas and suggestions on how the company can improve its sustainability measures, or they can take part in community activities to help protect the environment. The customer portal helps the company to be more transparent and credible with regard to its sustainability activities. Customers can access the portal at any time and find out about the company's progress in terms of sustainability. The customer portal provides information about the products purchased from Kesel and the resources used in the manufacture and operation of the products. Advice is given on how best to dispose of old products or machines or how they can be retrofitted to extend their service life. This ensures that existing resources are used responsibly.

In contact

The interactive portal Kesel Connect enables a direct direct line between the Kesel group and its customers. They can in particular about the sustainability aspects of the products.

Performance indicators for criterion 10

Performance indicator G4-FS11

The financial investments do not undergo a selection review based on environmental or social factors because they are demand deposits. Therefore, no review is planned.

Criteria 11 – 20: Sustainability aspects

Criteria 11 – 13 on Environmental concerns

11. Consumption of natural resources

GESCO Group considers resource efficiency as well as energy and climate management to be essential. In addition to the general increase in importance, which is reflected in stricter legal requirements and competition for raw materials, the topics of energy and resource savings have also become a competitive factor for the subsidiaries.

The Doerrenberg group and the Pickhardt & Gerlach group generate a greater environmental impact with their business activities in the fields of metallurgy and electroplating. For this reason, they have had environmental management systems in place for several years to continuously reduce emissions, waste water and waste. Environmental pollution is continuously reduced through the ongoing modernisation and further development of environmentally friendly production processes.

The Setter group already uses renewable raw materials from controlled forestry for the production of paper sticks. However, it is not yet possible to completely dispense with the use of virgin fibres.

Across all companies, resource consumption is recorded within GESCO Group with regard to the materials used in the four clusters of raw materials, auxiliary and operating materials, semi-finished products/parts and packaging materials (see performance indicator GRI SRS-301-1).

There is currently no centralised, more detailed recording of the resources used at Group level.

In terms of purchasing volume, a high proportion of steel products (strip steel, stainless steel, stainless steel tubes, precision cast round bars, steel components) is purchased across the entire Group (32%), while 7% metal parts (iron, castings, etc.) and 3% granulates are either resold or further processed.

There is currently no cross-group recording of resource volumes. The figures are taken from an evaluation of supplier data as part of the LkSG risk analysis for the 2022 financial year.

12. Resources management

GESCO Group's overarching environmental goals are:

- Reduction in energy consumption
- Saving resources

The companies are also endeavouring to replace environmentally harmful materials and processes with more environmentally friendly ones.

To date, GESCO SE has not further specified and quantified these targets. Corresponding target formulations, including action planning and monitoring, are being sought for financial years 2024ff. as part of the further development of the sustainability strategy by 2024.

The management of environmentally relevant issues is generally decentralised within the individual companies. Responsibility for this lies with the respective managing directors (and ESG coordinators). The GESCO Group subsidiaries have conducted an energy audit and identified opportunities to save energy. Individual measures have already been implemented in the companies.

The resource-conserving measures focus primarily on the following areas:

- Energy efficiency in business operations
- Transport and logistics
- Packaging management
- Circular economy in the production processes

Some subsidiaries began implementing resource-saving measures in 2022 **(energy efficiency in business operations)**. INEX, SVT and AstroPlast have partially converted the lighting in their business operations to LED lighting, which consumes less energy. In addition, INEX (Sommer & Strassburger) has invested in a photovoltaic system, which at times covered 25% of its electricity consumption. PGW and Doerrenberg also obtain part of their electricity consumption from a photovoltaic system installed on the company premises. In 2023, Kesel also realised a PV system on its own company premises.

MAE has already started planning its own PV system in 2022 and will install it in 2024. The goal is to reduce externally sourced electricity by a third. The Hubl Company is also planning to install its own PV system in 2024. In addition, hazardous substance management has been reorganised. Kesel will switch its external electricity supply to green electricity from 2024. United MedTec has increased its energy and space efficiency by merging two sites into one.

In terms of **transport and logistics,** some subsidiaries (Kesel, INEX [Hubl], Doerrenberg) will soon be converting their fleets to electric or hybrid vehicles.

When it comes to **packaging management,** the Company mainly endeavours to avoid disposable packaging, use reusable solutions and, if it proves to be more efficient, substitute plastic packaging. Kesel promotes the reuse of packaging and reduces the weight per unit area of packaging by choosing lighter options (cardboard instead of disposable wooden crates). In addition, disposable Euro pallets for shipping have been replaced by reusable pallets and shipments to China and the USA have been optimised through groupage freight. In addition, Kesel substitutes plastic packaging with wooden packaging if the ratio of product weight to packaging is appropriate. The MAE Company is also focussing on the reuse of packaging materials.

In the area of the **circular economy in production processes,** the subsidiaries have already implemented a wide range of energy and resource-saving measures with the help of the results of the energy audits, and many more are in the pipeline. The concept of the circular economy is being pursued in various areas and the associated R-strategies are being implemented in many places:

Circular economy		Strategies	
	Smarter product use and manufacture	R0 Refuse	Make a product redundant by abandoning its function or by offering the same function with a completely different product
		R1 Rethink	Intensify product use (e. g. through sharing)
		R2 Reduce	Efficiency in production or use by using fewer resources / materials
	Extend the life of the product and its components	R3 Reuse	Reuse of a discarded product that is still in good condition and fulfils its original functions
		R4 Repair	Repair and maintenance of a defective product so that original functions are retained
		R5 Refurbish	Restore an old product and bring it up to date
		R6 Remanufacture	Use of parts of a discarded product in a new product with the same function
		R7 Repurpose	Use of parts of a discarded product in a new product with a different function
	Useful use of material	R8 Recycle	Processing of materials to obtain the same (high quality) or a lower (inferior) quality
Linear economy		R9 Recover	Combustion of materials with energy recovery

(Source: Potting et al., 2017)

All companies are endeavouring to increase energy efficiency, particularly in production processes. MAE is leading the way here, with its hydraulic presses not only saving 70% energy, but just as much oil compared to its competitors. The energy consumption of the hydraulic presses is roughly equivalent to that of a kettle. The use of pneumatic systems is also minimised. We have also succeeded in developing a product type without pneumatics. MAE products are also characterised by an extremely long service life of more than 20 years. This is complemented by offers such as the replacement of drive technology with new generations of controls, which further extends the product life cycle.

Kesel fulfils its product responsibility in the area of resource conservation by using a new process to generate oil savings of 75% during the use phase of the products at the customer's premises. This is made possible by recycling the oil that has already been used. In addition, Kesel has achieved significant resource savings by switching to a modular principle (30% less steel used). The companies MAE and INEX-solutions (Sommer & Strassburger) also saved resources in 2023 by increasingly using cast elements for machine parts. At MAE, these are no longer manufactured as welded constructions, but as cast parts with a hollow mould, which means that machine parts are significantly lighter and require considerably less material.

The refurbish strategy is another strategy in the area of **circular economy** in production processes: With its Retrofit department, MAE overhauls used systems at the customer's premises and brings them back up to the state of the art. An expansion of the used machinery business area with the return of old products and their remanufacturing was implemented in 2023. The Company Kesel also expanded its range of B-goods products in the area of clamping technology in 2022, enabling it to save resources. SVT has also been building up the general overhaul division since 2021. A general overhaul of used products is offered for ship and land loading arms, which significantly increases cost and resource efficiency.

Setter also uses **pre-consumer recyclate,** which is used as a secondary raw material in the production of cotton buds. AstroPlast in particular provides significant impetus with regard to the careful use of materials and thus makes a significant contribution to saving resources. For example, the proportion of 46% recycled material, i.e. recycled plastic, in the entire product portfolio was maintained in 2023. In addition, the recycling of old parts is being optimised and the use of lightweight construction and foams, the development of innovative and future-oriented material mixtures and the use of bioplastics are being driven forward.

Furthermore, production residues (scrap) are increasingly being fed back into the same production process or utilised elsewhere in the value chain (e.g. by suppliers). Doerrenberg also works with the use of scrap, return scrap and recycled scrap in production. These activities are part of the **Remanufacture** and **Repurpose** R-strategies.

46%

recyclate, i. e. recycled plastic, was maintained in the entire product portfolio in 2023.

The aforementioned measures contribute to the qualitative objectives

- reduction in energy consumption, and
- saving resources.

As further concretisation is still pending, the exact degree of target achievement cannot yet be specified.

Most of the production sites are located within Germany and are therefore subject to very high standards and legal requirements. By complying with laws and standards and taking great care in their processes, the companies consider themselves sufficiently well equipped to minimise their environmental impact.

GESCO therefore considers the risks to the environment from GESCO Group's business operations to be comparatively low overall. All subsidiaries are surveyed monthly on relevant environmental risks for risk assessment purposes. All recorded risk issues are assessed in terms of the extent and probability of occurrence and reported to the Executive Board. Energy consumption and the respective resource consumption of the Group companies are particularly emphasised as potential risks.

The high level of political uncertainty in particular is seen as a risk, which also has an impact on the subsidiaries' operating business (due to sanctions against Russia). In particular, developments on the global energy and commodities markets affect the subsidiaries in different ways.

As the development of the geopolitical situation is extremely complex, it is difficult to forecast and conclusively assess the risks for the operating business (for more information, please refer to the GESCO SE Annual Report 2023, p. 75ff).

Performance indicators for criteria 11 to 12

Performance indicator GRI SRS-301-1: Materials used

Material used by group

	2023	2022*	Change on previous year
Non-renewable materials	78,273 t		
Renewable materials	22,241 t		
Raw materials*	25,951 t	77,687 t	+ 10 %
Semi-finished products / parts*	66,582 t	5,205 t	
Consumables and supplies	6,404 t	5,248 t	+ 18 %
Packaging materials	1,576 t	1,536 t	+ 3 %

* The low value of purchased raw materials in 2023 is partly due to more accurate recording. In the previous year, some semi-finished products were incorrectly counted as raw materials.

Performance indicator GRI SRS-302-1: Energy consumption

Fuel consumption within the organisation

	2023	2022	Changes compared to the previous year
Total fuel consumption from non-renewable sources	344,866 l*	316,994 l	+ 9 %
Total fuel consumption from renewable sources	0 l	–	–

* To calculate the total energy consumption, the total fuel consumption (in litres) from non-renewable sources is converted into kWh. To do this, the various fuel types were multiplied by the corresponding conversion factor and totalled (2023: 3,138,434 kWh).

Energy consumption within the organisation

	2023	2022	Changes compared to the previous year
i. Power consumption	36,621,883 kWh	41,597,334 kWh	– 12 %
ii. Heating energy consumption	30,858,236 kWh	35,746,509 kWh	– 14 %
iii. Cooling energy consumption	13,776 kWh	–	–
iv. Vapour consumption	0 kWh	0 kWh	–

Energy sold within the organisation

	2023	2022	Changes compared to the previous year
i. electricity sold	13,588 kWh	16,370 kWh	– 17 %
ii. heating energy sold	0 kWh	–	–
iii. cooling energy sold	0 kWh	–	–
iv. steam sold	0 kWh	–	–

Self-generated energy within the organisation

	2023	2022	Changes compared to the previous year
Self-generated electricity that is not sold	93,167 kWh	102,370 kWh	– 9 %
Total energy consumption	70,711,907 kWh	77,780,363 kWh	– 9 %

The data originate from consumption measurements or are calculations from fuel calculations.

Performance indicator GRI SRS-302-4: Reduction of energy consumption

Total energy consumption within the organisation

	2023	2022	Changes compared to the previous year
Total energy consumption	70,711,907 kWh	77,780,363 kWh	– 9 %

In the reporting year, total energy consumption was reduced by 9% from 77,780,363 kWh to 70,711,907 kWh. There is currently no precise definition of what proportion of the reduction is attributable to a direct energy-saving initiative.

Performance indicator GRI SRS-303-3: Water withdrawal

Water withdrawal within the organisation

	2023	2022*	Change compared to previous year
Total water withdrawal	**48,511,000 l**	**–**	**–**
i. Surface water	23,865,000 l	–	–
ii. Groundwater	434,000 l	–	–
iii. Seawater	0 l	–	–
iv. produced water	0 l	–	–
v. Water from third parties	23,437,386 l	26,782,000 l	– 12 %

No water withdrawal is made from areas with water stress. Only water from third parties (from other sources) is given as 50 litres in 2023.

Breakdown of water withdrawal within the organisation

	2023	2022*	Change compared to previous year
i. Fresh water (≤ 1,000 mg / L total dissolved solids)	23,865,000 l	–	–
ii. Other water (> 1,000 mg / L total dissolved solids)	0 l	–	–

* This data was not yet collected in 2022.

Performance indicator GRI SRS-306-3 (2020): Waste generated

Waste generated within the organisation

	2023
Total quantity	**7,337 t**
Of which non-hazardous waste	85 %
Of which hazardous waste	14 %

This distinction could not yet be made for 2022.

The composition of the waste consists of

- Old varnishes
- (Waste) wood
- Building rubble
- Organic waste
- Chlorinated waste oil
- Electrolytes (acidic, cyanide)
- Emulsions
- Filter sludge
- Slide
- Galvanic sludge
- Plastic
- Solvent
- Paper and cardboard
- Residual waste
- Oil-contaminated operating materials
- Lubricant
- Scrap (metal, mixed scrap, cables, electronics)
- Municipal waste
- Hazardous waste
- Spray cans
- Blasting material

13. Climate-relevant emissions

Climate protection and energy management particularly affect the production facilities of the GESCO subsidiaries. Energy is required for manufacturing processes in all three segments (Process, Resource, Healthcare and Infrastructure Technology). For the mechanical and plant engineering companies, the use of products by customers in the downstream value chain is an important aspect.

Companies with integrated environmental management systems regularly carry out systematic analyses of the most important sources of emissions. The most relevant of these come from the use of energy in the various production processes and the use of raw materials, particularly various metals, in the production process. Subsidiaries in which ISO 14001 is not economically viable due to their size comply with the statutory regulations as part of the regular energy audit. There is no Group-wide climate strategy as yet. The plan is to develop one by 2024. However, all subsidiaries have already been called upon to reduce climate-relevant emissions.

Composition of waste (by type in tonnes)

	2023	2022	Change compared to previous year
Metal	2,049 t	1,493 t	+ 27 %
Paper	2,525 t	3,042 t	– 17 %
Residual waste	1,150 t	1,149 t	– 1 %
Slide	50 t	71 t	– 30 %
Organic waste	13 t	17 t	–19 %
Wood	372 t	327 t	+ 12 %
Commercial waste*	0 t	–	–
Hazardous substances*	1,089 t	–	–
Slag*	78 t	–	–
Mixed construction waste*	7 t	–	–

* In 2022, the differentiation of waste types could not yet be recorded in detail for reporting purposes, which is why no comparative values are available for these waste types.

The companies have already taken numerous measures to reduce greenhouse gas emissions. Sommer & Strassburger, for example, implemented a Company car policy in 2023 that still provides for hybrid and electric cars after a transition phase in 2023, but only electric cars from 2024. Hubl, MAE and SVT have also established similar regulations. Kesel wants to switch to a purely electrified Company fleet.

PGW and Hubl are systematically investing in their own photovoltaic systems. As a result, MAE will be able to run the electric forklift truck to be purchased in 2024 on its own electricity.

In 2021, GESCO began recording Scope 1 and 2 emissions in accordance with standardised specifications in all companies for the previous years 2019 and 2020 in accordance with the GHG Protocol. Indirect greenhouse gas emissions (Scope 3) were recorded for the first time in 2022 – more specifically, employee mobility and, in part, upstream and downstream logistics. This laid the foundation for the expansion of data collection in Scope 3 in the past reporting year. This is to be improved in subsequent years, particularly in 2024. The expansion of the balance sheet to include purchasing emissions is being examined.

Some foreign second-tier subsidiaries were also included in the data collection for the 2023 financial year. However, these will only be included in the balance sheet in the next reporting period. The subsidiaries listed under the "General information" tab and the activities of the GESCO SE holding Company in Wuppertal are therefore included in the carbon footprint for 2023.

Climate accounting software programmes have been used to calculate the corporate carbon footprint (CCF) since 2022. Activities such as energy consumption in kWh or transport performance in kilometres are calculated using specific emission factors and the GHG emissions caused are reported accordingly. This accounting methodology is more accurate than the one used previously, which was also based on the GHG Protocol. A first comprehensive Scope 3 footprint is planned for 2025. The recording of purchased goods will be piloted for the 2024 financial year.

As the emissions for the 2022 financial year were recorded using a different calculation method, they are only comparable with the 2023 survey to a limited extent because different emission factors were used in some cases. For the sake of comparability, the climate accounting for both the 2023 and 2022 reporting years is therefore reported according to the future survey methodology and adjusted accordingly ex-post for 2022.

Total emissions (Scope 1 & 2) for 2023 are 10,704 CO_2e [t]. Compared to the previous year, this corresponds to a decrease of 60% (2022: 26,603 CO_2e [tonnes]), although the following fact must be taken into account: In the accounting procedure in accordance with the GHG Protocol, a grid-specific approach was still used in 2022 for the emissions caused by electricity consumption, as the emission factors of the energy operators were not available for energy emissions across all subsidiaries. From 2023, all data and emission factors of the energy service providers will now be available. This results in an 80% reduction in Scope 2 emissions in the balance sheet, as many Group companies purchase green electricity that could not be accounted for as such across the Group in previous years.

Across all scopes, 19,915 tonnes of CO_2e were reported Group-wide in 2023 in accordance with the GHG protocol. As explained, all significant Scope 3 emissions are not expected to be recognised until 2025. It can be assumed that a complete mapping of Scope 3 emissions will result in this scope area accounting for the largest share of GESCO's emissions. A meaningful overall comparison with previous years is only meaningful from the first complete Scope 3 recording. The recording of Scope 1 and 2 emissions is of good quality in this reporting year, and analysing them will enable the Group companies to initiate further reduction measures.

GESCO uses its sales as a reference figure when recording CO_2 emissions, as it pursues a growth-orientated corporate strategy. The CO_2 intensity of the investment portfolio is therefore a key indicator for GESCO SE when assessing development. The CO_2 equivalents are expressed per € million in sales. In financial year 2023, the carbon intensity of the investment portfolio was 19.1 CO_2e [t]/€ million in sales (Scope 1 and 2). In 2022, this was 45.8 CO_2e [t]/€ million in sales according to the current and future measurement methodology – and 63.2 CO_2e [t]/€ million in sales in 2020. Between 2020 and 2023, the CO_2 intensity of the sales generated was thus reduced by 70%. This shows that GESCO Group is already on a clear decarbonisation path with regard to Scope 1 and 2 emissions.

Performance indicators for criterion 13

Performance indicator GRI SRS-305-1 (see GH-EN15): Direct GHG emissions (Scope 1)

Direct GHG emissions in tonnes of CO_2 equivalent amount to 7,054 tonnes of CO_2e in the 2023 reporting year (66% of total emissions in Scope 1 and 2).

In addition to CO_2, the CCF takes into account all other greenhouse gases defined in the Kyoto Protocol, including methane (CH_4), nitrous oxide (N_2O), hydrocarbons (HFCs, PFCs), nitrogen trifluoride (NF_3) and sulphur hexafluoride (SF_6). For better comparability, the greenhouse gases are converted into CO_2 equivalents (CO_2e) according to their global warming potential (GWP) in relation to CO_2.

Biogenic CO_2 emissions, e.g. from the combustion of biomass, were not included in the calculation.

No Group-wide base year has been defined to date, as the Corporate Carbon Footprint (CCF) is not complete. The first year of accounting in normal operation after the coronavirus pandemic in 2021 serves as the base year for the German sites for the Scope 1 survey. Scope 1 emissions in this year amounted to 10,177 CO_2e [tonnes]. Scope 1 emissions for the German sites were therefore reduced by around 31%.

The emission factors were obtained from the software provider's database, which is updated annually. Emission databases of German and British federal offices were predominantly used or studies by renowned environmental NGOs and institutes were included. Care was always taken to use the most up-to-date factors. The updated GWP100 values of the IPCC's Fifth Assessment Report currently apply, referenced from: https://ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf

Operational control was used as the consolidation approach. However, only German sites were included in the calculation. Some of the locations of foreign second-tier subsidiaries were included. A complete survey and accounting is planned for the 2024 reporting year.

The CCF was carried out in accordance with the Greenhouse Gas Protocol Corporate Standard using the emissions calculation module of the Envoria software from Financial Software Architects GmbH. This is based on the GHG Protocol of the WRI (World Resources Institute) and the WBCSD (World Business Council for Sustainable Development), which is the most widely used international standard for a detailed survey of GHG emissions.

Performance indicator GRI SRS-305-2: Indirect energy-related GHG emissions (Scope 2)

Indirect emissions from energy provided (Scope 2) amount to **3,650 CO_2e [tonnes]** in the 2023 reporting year (34% of total emissions in Scope 1 and 2).

The gross volume of market-based indirect energy-related GHG emissions (Scope 2) amounts to **3,650 CO_2e [tonnes]** in the 2023 reporting year.

In addition to CO_2, the CCF takes into account all other greenhouse gases defined in the Kyoto Protocol, including methane (CH_4), nitrous oxide (N_2O), hydrocarbons (HFCs, PFCs), nitrogen trifluoride (NF_3) and sulphur hexafluoride (SF_6). For better comparability, the greenhouse gases are converted into CO_2 equivalents (CO_2e) according to their global warming potential (GWP) in relation to CO_2.

No Group-wide base year has been defined to date, as the Corporate Carbon Footprint (CCF) is not complete. The first year of accounting in normal operation after the coronavirus pandemic in **2021** serves as the base year for the German sites for the Scope 2 survey. Scope 2 emissions in this year amounted to **15,282 CO_2e [tonnes].** Scope 2 emissions for the German sites were therefore reduced by around 76%. The switch to electricity from renewable energy sources is the main factor here.

The emission factors were obtained from the software provider's database, which is updated annually. Emission databases of German and British federal offices were predominantly used or studies by renowned environmental NGOs and institutes were included. Care was always taken to use the most up-to-date factors. The updated GWP100 values of the IPCC's Fifth Assessment Report currently apply, referenced from: https://ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf.

Operational control was used as the consolidation approach. However, only German sites were included in the calculation. Some of the locations of foreign second-tier subsidiaries were included. A complete survey and accounting is planned for the 2024 reporting year.

The CCF was carried out in accordance with the Greenhouse Gas Protocol Corporate Standard using the emissions calculation module of the Envoria software from Financial Software Architects GmbH. This is based on the GHG Protocol of the WRI (World Resources Institute) and the WBCSD (World Business Council for Sustainable Development), which is the most widely used international standard for a detailed survey of GHG emissions.

Performance indicator GRI SRS-305-3: Other indirect GHG emissions (Scope 3)

After 2022, Scope 3 emissions were recorded for the second time in 2023, but with a different assessment methodology. Other indirect emissions (Scope 3) amounted to **9,211 CO_2e [tonnes]** in the 2023 reporting year (46% of total emissions in Scope 1, 2 and 3). A comparison with the previous year is only meaningful within the individual emission categories. The share of Scope 3 emissions in total emissions will continue to rise in subsequent years with an expanded survey.

In addition to CO_2, the CCF takes into account all other greenhouse gases defined in the Kyoto Protocol, including methane (CH_4), nitrous oxide (N_2O), hydrocarbons (HFCs, PFCs), nitrogen trifluoride (NF_3) and sulphur hexafluoride (SF_6). For better comparability, the greenhouse gases are converted into CO_2 equivalents (CO_2e) according to their global warming potential (GWP) in relation to CO_2.

Biogenic CO_2 emissions, e.g. from the combustion of biomass, were not included in the calculation.

The Scope 3 survey included:

- Waste
- Business trips by hire car and train
- Air travel
- the arrival and departure of employees
- upstream and downstream logistics for the largest subsidiaries (in 2023: AstroPlast, Doerrenberg, Hubl, MAE, Pickhardt & Gerlach and SVT)
- Paper consumption
- Water consumption
- Print and advertising products including toner consumption
- IT Purchasing (new 2023)

For 2024, a decision will be made on the piloting of purchasing data from selected Group companies.

There is not yet a complete accounting of indirect GHG emissions according to Scope 3. Once this has been achieved, a base year can be defined.

The emission factors were obtained from the software provider's database, which is updated annually. Emission databases of German and British federal offices were predominantly used or studies by renowned environmental NGOs and institutes were included. Care was always taken to use the most up-to-date factors. The updated GWP100 values of the IPCC's Fifth Assessment Report currently apply, referenced from: https://ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf

In some cases, there is double accounting for e-cars that are charged at the locations. This will be corrected in the next data collection.

For employee travel to and from work, all subsidiaries asked a significant proportion of their employees about their choice of transport and extrapolated this to 100%. Public holidays, holidays, sick days and home office days were taken into account.

In the previous year, Scope 3 emissions were included for energy and heat carriers. This is no longer possible in the new survey procedure. These were still reported in 2022 at 2,983.29 CO_2e [t] and accounted for 31% of Scope 3 emissions under the old reporting method.

Due to these and other calculation changes, we have also rebalanced the indirect GHG emissions ex-post for 2022.

Performance indicator GRI SRS-305-5: Reduction of GHG emissions

Total emissions (Scope 1 & 2) for 2023 are **10,704 CO_2e [tonnes].** Compared to the previous year, this corresponds to a reduction of 60% (Scope 1 & 2 in 2022: 26,603 CO_2e [tonnes]).

In the GHG Protocol accounting procedure, a grid-specific approach was still used in 2022 for the emissions caused by electricity consumption, as the emission factors of the energy operators were not available across all subsidiaries for energy emissions. From 2023, all data and emission factors of the energy service providers will now be available. This will result in an 80% **reduction in** Scope 2 emissions **in the balance sheet,** as many Group companies purchase green electricity that could not be accounted for as such across the Group in previous years.

In addition to CO_2, the CCF takes into account all other greenhouse gases defined in the Kyoto Protocol, including methane (CH_4), nitrous oxide (N_2O), hydrocarbons (HFCs, PFCs), nitrogen trifluoride (NF_3) and sulphur hexafluoride (SF_6). For better comparability, the greenhouse

gases are converted into CO_2 equivalents (CO_2e) according to their global warming potential (GWP) in relation to CO_2.

The base year for the German sites for the Scope 1 and 2 survey is the first year of balancing in normal operation after the Corona pandemic in 2021. For Scope 3 emissions, no base year can yet be defined due to the data situation.

The measures are not managed centrally. The subsidiaries are required to reduce emissions at their own discretion. An exact delineation of what proportion of the reduction is attributable to a direct initiative to reduce emissions is not currently recorded. The following are certainly decisive for the reduction of emissions:

1. Switch to renewable energy contracts
2. Development of in-house power generation capacities in the photovoltaic sector
3. Production efficiency measures: Combined heat and power generation
4. Fleet optimisation

The year 2021 was set as the base year. Scope 1 emissions in 2021 amounted to 10,177 CO_2e [tonnes]. Scope 1 emissions for the German locations were therefore reduced by approx. 31%. Scope 2 emissions amounted to 15,282 CO_2e [tonnes] in 2021. Scope 2 emissions for the German sites were therefore reduced by around 76%. The switch to electricity from renewable energy sources was the main factor here.

The CCF was carried out in accordance with the Greenhouse Gas Protocol Corporate Standard using the emissions calculation module of the Envoria software from Financial Software Architects GmbH. This is based on the GHG Protocol of the WRI (World Resources Institute) and the WBCSD (World Business Council for Sustainable Development), which is the most widely used international standard for a detailed survey of GHG emissions.

EU taxonomy

For 2023, GESCO SE can report **taxonomy-compliant sales of 12.8 %** for the first time. In 2022, 13.3% of sales were still taxonomy-compliant but not compliant because the minimum social standards have only been met since the end of the 2023 reporting year.

	2023	2022
Sales (in € million)	**560.7**	**582.3**
of which taxonomy-eligible in € million / in %	71.9 / 12.8	77.4 / 13.3
of which taxonomy-compliant (aligned) in € million / in %	71.9 / 12.8	0 / 0
OpEx (in € million)	**11.5**	**11.6**
of which taxonomy-compliant (aligned) in € million / in %	1.2 / 10.4	0 / 0
CapEx (in € million)	**15.6**	**15.6**
of which taxonomy-compliant (aligned) in € million / in %	1.6 / 10.3	0 / 0

An economic activity is considered EU taxonomy-compliant if it makes a significant contribution to at least one of the six environmental objectives (climate change mitigation, climate adaptation, protection of water and marine resources, transition to a circular economy, pollution prevention and protection or restoration of biodiversity and ecosystems) without running counter to the other objectives and the minimum social standards. In addition to taxonomy eligibility, three taxonomy ratios must be presented for taxonomy-compliant activities (“alignment”): In terms of Art. 3 of the Taxonomy Regulation, these are the environmentally sustainable share of sales, capital expenditure (CapEx) and operating expenditure (OpEx).

I. Sales

The EU taxonomy defines sales as net sales of goods or services, including intangible goods. The share of sales associated with taxonomy-eligible economic activities is placed in relation to net sales.

II. Capital Expenditure (CapEx)

Taxonomy-eligible capital expenditure relates to assets or processes (IAS 16, 38, 40, 41 and IFRS 16).

III. Operating Expenditure (OpEx)

Operating expenditure within the meaning of the EU taxonomy includes direct, non-capitalised costs relating to research and development (R&D), building refurbishment measures, short-term leases, maintenance and repairs, as well as all other direct expenditure in connection with the day-to-day maintenance of property, plant and equipment that is necessary to ensure its functionality.

SVT GmbH manufactures infrastructure for low-CO_2 shipping (6.16.), which is intended for the transhipment of goods between modes of transport. Specifically, the ship shippers are terminal infrastructure and superstructure for loading, unloading and transhipping goods. This fulfils the first test criterion. The second test criterion is only met for the "Chemicals and Carbon Capture Shippers" business unit, as no fossil fuels are loaded here. The ship shippers for natural gas (LNG and CNG) are nevertheless included in the SVT, as these were also assessed politically as a bridging technology in many taxonomy activities. For **6.16.**, no official adjustment has yet been made to this effect, but the SVT intends to submit a petition to the EU.

1. Identification of taxonomy-eligible activities ("eligibility")

Supported by a consulting firm, the investment management of GESCO SE updated and expanded the NACE code classification of economic activities in the reporting year 2023 by also including foreign second-tier subsidiaries in this process.

For financial year 2023, in addition to the climate-related environmental objectives (prevention of climate change and adaptation to climate change), the taxonomy-eligible sales ("eligibility") for the four newly operationalised, non-climate-related environmental objectives (protection of water and marine resources, transition to a circular economy, reduction of environmental pollution and preservation of biodiversity) had to be collected for the first time.

The comparison of GESCO Group's economic activities with the EU taxonomy extended by the four non-climate-related environmental objectives did not reveal any further taxonomy-eligible economic activities.

As in financial year 2022, two Group companies will continue to have taxonomy-eligible economic activities in 2023, which will be reviewed with regard to the environmental protection objective of "preventing climate change". Doerrenberg Edelstahl GmbH has five business divisions: In the segment with the highest sales, "Special Steels", it primarily trades in tool steel products (NACE code 46.12). In steel production, the two divisions "Steel Mill" (steel mill) and "Steel Foundry" (mould casting) (NACE code 24.52) contribute to the taxonomy-eligible activity "Manufacture of iron and steel (3.9)". The sales of the "Steel Mill" division was not yet included in 2022. This will be adjusted retrospectively for 2022. The economic activities of "Casting Products" (NACE code 46.72) and "Coating & Hardening" (NACE code 25.61) are not covered by the EU taxonomy.

SVT GmbH develops and produces technologically high-quality and safety-related complex systems for loading and unloading ships, tankers and tank wagons with liquid and gaseous substances. Even if the NACE codes assigned to SVT (28.22 Manufacture of lifting and handling equipment; 33.20 Installation of machinery and equipment; 28.29 Manufacture of other non-industry specific machinery) are not listed under **"Infrastructure for low-CO_2 emissions shipping (6.16.)"**, the technical screening criteria for the environmental objective of climate protection result in taxonomy eligibility, as this activity includes the construction of infrastructure, especially transhipment infrastructure: "the infrastructure and facilities are intended for the transhipment of goods between modes of transport: Terminal infrastructure and suprastructure for loading, unloading and reloading of goods." Due to the consequences of the war in Ukraine and the jeopardised security of energy supply for Germany and Europe, natural gas has been re-evaluated in the European Union as a bridging technology and supplemented in some taxonomy-capable economic activities. Although this addition has not yet been officially made for 6.16., it seems sensible to consider the taxonomy eligibility as extended here as well. With the exception of the land shippers and the ship shippers "Oil", the sales for ship shippers "Chemicals", whose sales was already included as taxonomy-eligible in the 2022 reporting, as well as ship shippers "LNG" and "CNG" and "Carbon Capture" were also included. The ship shippers for carbon capture enable the loading of liquid carbon dioxide, which can be stored in former oil and gas fields, for example. LNG and CNG in general act as a bridge technology to the loading of hydrogen. Loading hydrogen as a derivative (bound with ammonia, for example) is already possible today using LNG loading arm technology. SVT is also continuing to develop ship loaders for hydrogen, but these are not yet fully ready for the market.

In order to enable comparability between the financial years, sales were not only delimited for the 2023 reporting year but also retrospectively for 2022 in six business units (SVT: four and Doerrenberg: two), each of which contributes to the following two taxonomy-eligible economic activities:

The **production of iron and steel (3.9)** corresponds to the "Steel Mill" and "Steel Foundry" business units of Doerrenberg Edelstahl GmbH.

Infrastructure for low-CO_2 shipping (6.16.): SVT develops loading equipment and manufactures complete loading systems for the safe loading of liquids and gases. The manufacture of loading equipment for oil was not categorised as "eligible/taxonomy-capable", unlike that for natural gas, and was therefore excluded. The following were taken into account:

- Shiploaders for chemicals (already 2022)

New in 2023:

- Shiploaders for liquefied natural gas (LNG)
- Shiploaders for natural gas (CNG)
- Shiploaders for carbon capture

SVT is also in the process of developing loading facilities for liquid hydrogen and has already invested in the development of this further taxonomy-capable economic activity in 2022, also using funding from the Federal Republic of Germany.

	Subsidiary	2023 in TEUR	2022 in TEUR
"Production of iron and steel (3.9)"	Doerrenberg GmbH (%age share at subsidiary level)	28,241 / 14.7 %	31,251 / 15.8 %
"Infrastructure for low-carbon shipping (6.16.)"	SVT GmbH with natural gas (LNG +DNG) (percentage share at subsidiary level)	43,618 / 80.8 %	46,129 / 86.1 %
"Infrastructure for low-carbon shipping (6.16.)"	SVT GmbH without natural gas shares	6,813 / 12.6 %	5,231 / 9.8 %
Taxonomy-eligible sales ("Eligibility")		71,859	77,380
GESCO Group		560,724	582,273
Share of taxonomy-eligible (eligibility) sales in total net sales of GESCO Group		12.8 %	13.3 %

Accordingly, **12.8 %** of GESCO Group's sales in 2023 (2022: 13.3%) will be taxonomy-eligible.

If the EU does not classify the natural gas share of SVT's loading arm business as taxonomy-eligible, a lower share of 6.3% (EUR 35,054 thousand in sales) would have to be deferred for 2023. GESCO SE and SVT have made a joint submission to the EU in this regard. A response is still pending at the time of reporting.

2. Examination of taxonomy conformity

a. Technical inspection

The business units contributing to the taxonomy-eligible activities of **iron and steel production (3.9)** and **infrastructure for low-CO_2 shipping (6.16.)** were reviewed with regard to the environmental objective of climate protection:

The **production of iron and steel (3.9)** corresponds to the "Steel Mill" and "Steel Foundry" business units of Doerrenberg Edelstahl GmbH.

Both the "Steel Mill" with its electric arc furnace and ladle furnace and the "Steel Foundry" with its induction furnaces comply with the limit values of 0.266 t CO_2e/t product for high-alloy steel produced in the preheating and casting process. This means that the first technical test criterion continues to be fulfilled. Around 90% of the steel melted in the "Steel Mill" has an alloy content of more than 8%. This corresponds to approx. 85% of the total annual volume melted at Doerrenberg Edelstahl GmbH. In the "Steel Foundry", approx. 70% of the steels melted there have an alloy content of more than 8%. This corresponds to approx. 15% of the total annual volume melted at Doerrenberg Edelstahl GmbH. In addition to customer material for remelting orders and alloy metals, more than 80% of steel scrap is used in both divisions. Some of this scrap comes from the Company's own returns, e.g. through output losses from the "Steel Foundry" division or as saw cuttings from the "Special Steels" division, but most of it is purchased for recycling. This fulfils the second technical test criterion with regard to the environmental goal of kilo protection.

SVT GmbH manufactures **infrastructure for low-CO_2 shipping (6.16.)**, which is intended for the transhipment of goods between modes of transport. Specifically, the ship loaders are terminal infrastructure and superstructure for loading, unloading and transhipping goods. This fulfils the first test criterion. The second test criterion is only met for the "Chemicals" and "Carbon Capture" shippers business unit, as no fossil fuels are loaded here. The ship shippers for natural gas (LNG and CNG) are nevertheless included in the SVT, as these were also assessed politically as a bridging technology in many taxonomy activities. For **6.16.**, no official adjustment has yet been made to this effect, but the SVT intends to make a submission to the EU.

b. Do-No-Significant-Harm criteria (DNSH)

The DNSH criteria for the two economic activities were reviewed and documented with the managing directors and other employees on site using checklists in accordance with the technical review criteria of the regulations filed in the EU taxonomy. No negative effects on the achievement of the EU's other environmental objectives were identified. However, the EU has yet to provide improved guidance in terms of threshold values for operationalisation.

c. Minimum social standards

Compliance with minimum social standards is intended to ensure that the following principles are observed:

- the OECD Guidelines for Multinational Enterprises,
- the United Nations Guiding Principles on Business and Human Rights (UNGP),
- the ILO core labour standards
- the International Bill of Human Rights.

The compliance management system proactively addresses the issues of bribery and corruption, taxation and fair competition. Comprehensive compliance training courses were held in 2021 and 2022. The Group's Code of Conduct covers the aforementioned topics. GESCO Group plans to develop a tax guideline for 2024 that complies with OECD requirements. At the end of 2022, GESCO Group began to set up a human rights due diligence process that is based on international agreements and is suitable for fulfilling the due diligence obligations defined in the Supply Chain Due Diligence Act (see criterion 17). Clear responsibilities and processes have been defined in all subsidiaries.

3. Disclosure of sales, investments (CapEx) and operating expenses (OpEx)

In the two subsidiaries concerned, Doerrenberg GmbH and SVT GmbH, in addition to the managing directors, the heads of financial accounting and members of other specialised departments were consulted as necessary for the further audit. Only these two subsidiaries were taken into account for the calculation of capital expenditure (CapEx) and operating expenditure (OpEx). The consideration of the investment plans of all Group companies for the 2023 financial year envisaged in the last report was not implemented, as the EU has clarified here that investment and operating expenses may only ever be allocated in the proportions that are actually linked to a current taxonomy-eligible economic activity or the establishment of a taxonomy-eligible economic activity. The three KPIs sales, capital expenditure and operating expenditure were derived from the existing financial reporting systems in accordance with the KPI definitions of the delegated act explained above. For this reporting period, a switch was also made to digital data collection.

3.1. Sales

The proportion of taxonomy-compliant sales ("alignment") was and is to be reported as zero for the 2021 and 2022 financial years, although the technical criteria and the DNSH criteria are considered to have been met following the audit. As the minimum social standards can now also be met for 2023, taxonomy-compliant sales of EUR 71,859,502 (12.8%) can be reported for the first time (2022: 0% due to non-compliance with the minimum social criteria).

3.2. Capital expenditure (CapEx)

SVT GmbH invested EUR 1,415,362 (78.8% of total investments) in 2023 (2022: EUR 479,325/87.4%) in taxonomy-compliant activities. In 2023, Doerrenberg GmbH invested 8.7% (EUR 194,322) in maintaining the taxonomy-compliant activity "Production of iron and steel (3.9)" (2022: 19.5% or EUR 513,428). In relation to GESCO Group, this corresponds to EUR 1,609,695 or a share of 10.3% in 2023 (2022: 6.4%; EUR 992,744 of EUR 15.6 million).

3.3. Operating expenses (OpEx)

At EUR 735,553, SVT GmbH's share of operating expenses according to the EU taxonomy was 80.8% in 2023 (2022: EUR 866,964/86.1%). Doerrenberg GmbH had an OpEx share of 25.7% (EUR 464,770) in 2023 and 28.9% (EUR 511,290) in 2022.

At Group level, this results in a taxonomy-compliant OPEX of € 1,200,332 in the 2023 reporting year, or 11.1% (comparison 2022: € 1,378,254/11.9%).

The OpeEx indicator for GESCO Group was defined as follows in accordance with the EU taxonomy:

in EUR	2023	2022
Leasing	3,896,473	3,822,011
Maintenance and repair	170,567	168,324
Maintenance	6,700,168	7,635,517
OpEx according to EU taxonomy in the overall group	**10,767,208**	**11,625,852**
Taxonomy-enabled OpEx	1,200,323	1,378,254
OpEx according to EU taxonomy	11.1 %	11.9 %

In 2023, GESCO Group reports OpEx of 11.1% (EUR 1,200,323).

Criteria 14 – 20 on Society

Criteria 14 – 16 on Employee relationships

14. Employee rights

GESCO endeavours to guarantee all employees an attractive and secure workplace. It is in line with the Company's principles that cooperation between the Executive Board, management and employees is characterised by open and constructive dialogue as well as mutual trust and respect.

The topics of occupational safety/health protection and sustainable organisational development are of great relevance to GESCO SE. Both topics promote employee satisfaction and motivation. GESCO sees risks in the health impairment of employees and in the challenge of recruiting and retaining suitable employees in the future. The organisational development objective for the years 2023 to 2025 is to train the management teams of the subsidiaries and the managers of GESCO SE for four days per year as part of the LEADEX programme. The target was achieved in 2023. The managers of the subsidiaries and GESCO SE took part in the LEADEX programme for four days.

In the course of financial year 2023, a risk analysis was carried out as part of the implementation of the LkSG for the entire GESCO Group's own business area. In order to holistically identify risks in the area of "employee matters", not only legal interests covered by the LkSG, such as compliance with employee rights and employee protection, were analysed, but also relevant compliance issues in the area of "employee rights". The risks identified in this context are countered with suitable preventive measures (including training, organisational adjustments, technical improvements, monitoring). In future, this risk analysis will be carried out once a year or on an ad hoc basis outside of the annual cycle. In particular, the existing and now adapted preventive and remedial measures will be analysed.

GESCO derives the following overarching objectives in the area of employees from the existing materiality analysis and the risk analysis for its own business area:

- High occupational safety
- High level of health protection
- Employee-friendly corporate culture

GESCO Group's goal is to avoid accidents at work with serious consequences through appropriate occupational safety measures and health protection. The individual subsidiaries also endeavour to keep the number of accidents at work as low as possible and to continue to reduce them. In addition, the sickness rate is reported to the Executive Board on a monthly basis and discussed so that appropriate measures can be initiated in the event of anomalies. Relevant indicators can be found under Performance indicators (14–16).

There is no Group-wide personnel management or management of occupational health and safety. These tasks are decentralised to the individual companies, which report to GESCO on a regular and ad hoc basis. Any undesirable developments in the areas of personnel management or occupational health and safety management can be reported to GESCO by employees via the Group-wide Whistleblower Protection Act. Corresponding reports led to personnel adjustments and personal sanctions in the reporting year.

GESCO Group companies emphasise appropriate, ergonomic workplaces, regular training and medical examinations of employees by Company doctors. In addition, regular occupational safety committee meetings are held at all companies. As a long-term investor, GESCO SE favours modern technologies and adequate safety equipment. These guidelines are set out in the GESCO Group Code of Conduct.

GESCO SE records monthly sickness rates in the companies and communicates these within GESCO Group. Significant deviations or increases are discussed in monthly meetings with the subsidiaries.

At some subsidiaries, employee aspects are particularly affected by their products and their use by customers. The subsidiaries that are active in mechanical and plant engineering also contribute to safe and appropriate deployment at the customer site with a range of measures. These include training, familiarisation and commissioning as well as comprehensive documentation of the delivered products and after-sales services and support.

For GESCO Group, sustainable organisational development and an appropriate corporate culture are essential for securing the future of the Company from an employee perspective. This includes measures to increase sustainability awareness and motivation within the workforce, the establishment of a continuous change process and appropriate information on sustainability goals and measures, as well as issues relating to organisational structure, positioning as an employer and training and development. As in the previous year, the exchange of knowledge between the subsidiaries continues to be strengthened through intensive communication between the ESG and LkSG coordinators appointed in each GESCO Group Company. To this end, the opportunity to exchange information on sustainability-related processes within their Company was also provided at regular intervals in 2023. If it is determined during this exchange that adjustments or changes to the process are necessary, this is realised accordingly.

In 2023, the transfer of knowledge about the LkSG was also extended beyond the purchasing departments of the subsidiaries to other relevant areas of the Company. This primarily related to the implementation of risk analyses in the Company's own business area and the ability to fulfil future due diligence obligations imposed on companies by the legislator in a broader corporate context (see criterion 17).

In addition, the employees of the subsidiaries are encouraged to contribute their own ideas for sustainability management within their Company. The subsidiaries have various channels such as the suggestion scheme, the works council or the anchoring of employee participation as part of the labour or health policy, which offer their employees the opportunity to help shape the Company. At Doerrenberg Edelstahl GmbH, in addition to the general channels for employee participation, there is also an ideas management system on the topic of environmental safety.

GESCO SE attaches great importance to filling positions at all levels with suitably qualified, loyal, motivated and high-performing employees. As part of the NEXT LEVEL 25 strategy, the LEADEX programme was continued in 2023 in order to specifically promote and develop the subsidiaries' managers and hone their leadership skills in a dynamic environment. The managers of the subsidiaries took part in the LEADEX programme for four days in 2023. By implementing the provisions of the Whistle-blower Protection Act, GESCO Group employees can also express their concerns anonymously to GESCO SE or an external lawyer.

As the holding Company, GESCO SE is based in Wuppertal and operates exclusively in Germany. The direct subsidiaries of GESCO SE also have their headquarters in Germany. In the case of international locations, the laws, regulations and rules applicable there are implemented.

15. Equal opportunities

Respecting human diversity within the workforce and treating each other with respect is in line with the principles of GESCO SE as set out in the Code of Conduct. GESCO does not tolerate discrimination based on national or ethnic origin, gender, marital status, age, sexual orientation, personal health, religion, ideology or physical appearance. Personnel decisions are based solely on competence, personal suitability and work performance. No cases of discrimination were reported in the reporting year, which GESCO views as confirmation of the Code of Conduct and the corresponding objectives.

GESCO Group companies expressly and unreservedly pursue a policy of equal opportunities in their daily practice. Irrespective of legal obligations, this is a matter of course.

The companies support applications from female candidates, take part in campaigns such as "Girls' Days" and seek dialogue with schools and universities. All of this is not due to quota pressure, but out of conviction.

In 2017, the Supervisory Board of GESCO SE set a target quota of 25% for the proportion of women on the Supervisory Board. This quota is currently being met. In 2015, the Supervisory Board of GESCO SE set a target quota of 30% for the Executive Board. This quota is currently being met. A first management level below the Executive Board was added to the organisational structure of GESCO SE as at 1 September 2020. There is still no second management level below the Executive Board. The Executive Board has set a target quota of 25% for the first management level. This quota is currently not being met. GESCO does not plan to set any targets for the composition of executive bodies or functional groups within the Group.

GESCO Group companies pursue and strengthen equal opportunities among their employees through a variety of measures.

The integration of people with a disability or migration background is a matter of course. GESCO Group promotes access to the primary labour market for all people of employable age. Employees with a migration background are supported in their integration through language courses or assistance with visits to the authorities if required.

GESCO Group naturally employs people with disabilities as well as people of different ethnic backgrounds and nationalities.

The possibility of working from home and flexible working hours promotes a good work-life balance. Parental leave is also particularly favoured by male employees.

A high level of occupational health and safety is ensured through appropriate measures, e.g. regular (safety) training, Company medical care and preventive health promotion for the workforce.

Co-determination is practised through regular and trusting interaction with the works councils. Appropriate remuneration at the companies is ensured by, among other things, membership of IG Metall and the associated collective labour agreements.

16. Qualification

Attracting qualified and motivated employees and retaining them in the Company in the long term – this is the key objective for ensuring the future viability of GESCO Group. This objective is reflected in a high level of satisfaction and low staff sales, but also in economic success.

The ongoing shortage of skilled labour is also a significant corporate risk for GESCO Group. Potential applicants' perception of the Company's attractiveness as an employer is closely linked to the implementation of a consistent digitalisation strategy, among other things. This includes adapting the respective work processes to the technical possibilities both at holding Company level and in the subsidiaries in order to be optimally prepared for the future.

The key is training and further education. This is a high priority at GESCO. A wide range of training and qualification opportunities are offered within the companies. The measures range from traditional apprenticeships to dual study programmes. The companies provide training in both commercial and technical professions within the scope of their possibilities and operational requirements. In 2023, the training ratio in GESCO Group (Germany) was 2.8% (2022: 3.3%). Collaborations with schools, universities and institutes offer professional exchange and also increase the Company's attractiveness as an employer. In the medium term, the aim is to achieve a trainee ratio of at least 3%. Further targets have not yet been defined, as the qualification requirements and the need for further training vary greatly in the individual companies. An expansion of the targets is planned for 2024.

In addition to promoting training, particular attention is paid to promoting the employability of employees who have completed their training. In 2023, not only were a wide range of training and further education programmes made available to employees at the subsidiaries, but the focus was also placed on promoting the health of the workforce. This includes measures such as health check-ups and counselling, vaccinations by Company doctors and the provision of ergonomic workstations, which took place at Kesel, Sommer & Strassburger, PGW and Setter.

Performance indicators for criteria 14 to 16

Performance indicator GRI SRS-403-9: Work-related injuries

	2023	2022	Deviation from previous year
i. Number of documentable work-related injuries	83	142	– 59
ii. Work-related fatalities	0	0	0
iii. Number of work-related injuries with serious consequences	0	0	0
iv. Main types of work-related injuries	Cuts, bruises		
v. Number of hours worked	2,244,508	2,511,638	– 267,130 (– 11 %)

83 injuries with 1,647 employees corresponds to a rate of 5% (–3% compared to the previous year; 2022: 8%).

	2023	2022*	Deviation from previous year
i. Number and rate of documentable work-related injuries	0	–	–
ii. Work-related fatalities	0	–	–
iii. Number of work-related injuries with serious consequences	0	–	–
iv. Number of hours worked	139,203	–	–
v. Main types of work-related injuries			

* The figures for all employees who are not employees but whose work and / or workplace is controlled by the organisation were collected in detailed form for the first time in 2023.

Performance indicator GRI SRS-403-10: Work-related illnesses

	2023	2022	Deviation from previous year
i. Work-related fatalities	0	0	–
ii. Number of documented work-related illnesses	0	3	– 3
iii. Main types of work-related illnesses	–		

	2023	2022*	Deviation from previous year
i. Work-related fatalities	0	–	–
ii. Number of documented work-related illnesses	0	–	–
iii. Main types of work-related illnesses	–	–	–

* The figures for all employees who are not salaried employees but whose work and / or workplace is controlled by the organisation were collected in detail for the first time in 2023.

Performance indicator GRI SRS-403-4: Employee participation in occupational health and safety

Occupational safety committees are installed in all GESCO Group companies:

	2023*	2022*	Deviation from previous year
Members	78	81	– 4 %
Meetings per year	46	41	+ 11 %

* exclusive GESCO SE

Across the Group as a whole, 78 employees are involved in these committees. The number of committee members has decreased by 3 (comparison 2022: 81).

Across all eleven companies, these committees met 46 times in 2023. This means that they met an average of 4.1 times, which corresponds to an increase of 0.4 compared to the previous year.

People who are not employed by GESCO also work in GESCO Group companies. These are cleaning staff, service providers such as maintenance companies or contractors for renovation work on the buildings. All service providers are selected according to objective criteria. It goes without saying that we also attach great importance to compliance with the law and corresponding standards of behaviour that are in line with the respective national regulations when working with our partners and service providers, regardless of location. There is no further employee involvement of these groups of people.

Performance indicator GRI SRS-404-1 (see G4-LA9): Hours of training and education

	2023	2022	Change on previous year
Training and further education – male	9.24	*	
Training and further education – female	12.85	*	
Training and further education costs (TEUR)	825.77	949	– 13 %
Training and further education costs per employee (EUR)	499	521	– 4 %

* An incorrect calculation was subsequently identified in the figures for training and further education hours for 2022. A correction cannot be made at this time.

Performance indicator GRI SRS-405-1: Diversity

	2023	2022*
Male	88.9 %	66.6 %
Female	11.1 %	33.3 %
Under 30 years	0 %	0 %
30 – 50 years	27.8 %	0 %
Over 50 years	72.2 %	100 %

* The figures for 2022 for controlling bodies relate solely to the Executive Board and Supervisory Board of GESCO SE and not to the controlling bodies of all Group members. These were only recorded in 2023.

	2023	2022	Change on previous year
Male	80.9 %	73.6 %	+ 10 %
Female	19.1 %	26.4 %	– 28 %
Under 30 years	12.4 %	–	–
30 – 50 years	45.4 %	–	–
Over 50 years	42.2 %	–	–

Performance indicator GRI SRS-406-1: Incidents of discrimination

No (0) cases of discrimination were reported in the reporting year.

Criterion 17 on Human rights

17. Human rights

Respect for human rights is a matter of course for GESCO. The avoidance of human rights and environmental violations in the supply chain is one of the sustainability issues identified as material. The resulting risks from social responsibility in the value chain primarily affect relationships with suppliers. The potential negative effects range from direct suppliers (direct suppliers) to their upstream supply chain (indirect suppliers) and the procurement of raw materials.

GESCO Group companies are predominantly based in Germany and therefore operate in a highly regulated environment. As medium-sized companies, they purchase raw materials, primary materials and components primarily from established, mainly German suppliers. Approximately 80% of sales are also generated in Germany and other European countries, i.e. also in a regulated environment.

GESCO Group will be subject to the German Supply Chain Due Diligence Act (LkSG) from 1 January 2024. The aim is to avoid human rights and environmental violations in the value chain at suppliers and in its own business area. In 2023, GESCO SE carried out an abstract and concrete risk analysis of its own business area and supply chains in relation to suppliers in accordance with the LkSG. At the end of 2023, GESCO Group also issued a human rights policy statement in accordance with the LkSG and set up a complaints procedure in accordance with the LkSG, which expands the existing whistleblower system in accordance with the Whistleblower Protection Act. As at 1 January 2024, GESCO Group will implement all obligations that must be fulfilled at this time in accordance with the LkSG. Accordingly, GESCO SE aims to continuously analyse and prevent human rights and environmental risks. The processes required for this will be fully established in 2024. The quantitative target is to audit 80% of existing and 80% of new suppliers for compliance with human rights and environmental obligations by the end of 2024.

Management concept

The conceptualisation and systematic implementation of the obligations arising from the LkSG is managed by the ESG@GESCO steering committee. This is made up of the Executive Board (CEO and CFO) and the Legal, Tax and Administrative Services and Investor Relations & Communications departments. The steering committee is supported by a service provider specialising in sustainability consulting, a compliance officer and the ESG officer at GESCO SE. The ESG@GESCO steering committee centrally conceptualises the processes and measures and coordinates them with the LkSG officers of the GESCO SE subsidiaries through the Head of Legal, Tax and Administrative Services in his role as Human Rights Officer (control function) and the responsible Compliance Officer in his role as LkSG Implementation Officer (operational unit). An LkSG officer has been appointed for each subsidiary. Through their daily work, the LkSG officers have a close thematic connection to supply chain management and are actively involved in shaping the topic within their own Company. The LkSG officers received sufficient training in 2023 from the external service provider in collaboration with the Human Rights Officer and the LkSG Implementation Officer.

GESCO SE separates the operational processing and monitoring of compliance with the due diligence obligations under the LkSG by appointing a human rights officer and an independent operational LkSG implementation officer.

The risk analysis carried out for the supply chain was initially performed centrally by GESCO SE and its service provider using the risk catalogue provided by the German government. The results identified showed the abstract risks of the supply chains used by the GESCO Group companies (so-called abstract risk analysis). A start was then made on concretising these risks using questionnaires specifically tailored to the supply chain (concrete risk analysis). The questionnaires were also developed at GESCO SE level and designed in collaboration with the external consultancy firm. The questionnaires were addressed to GESCO Group companies and their direct suppliers.

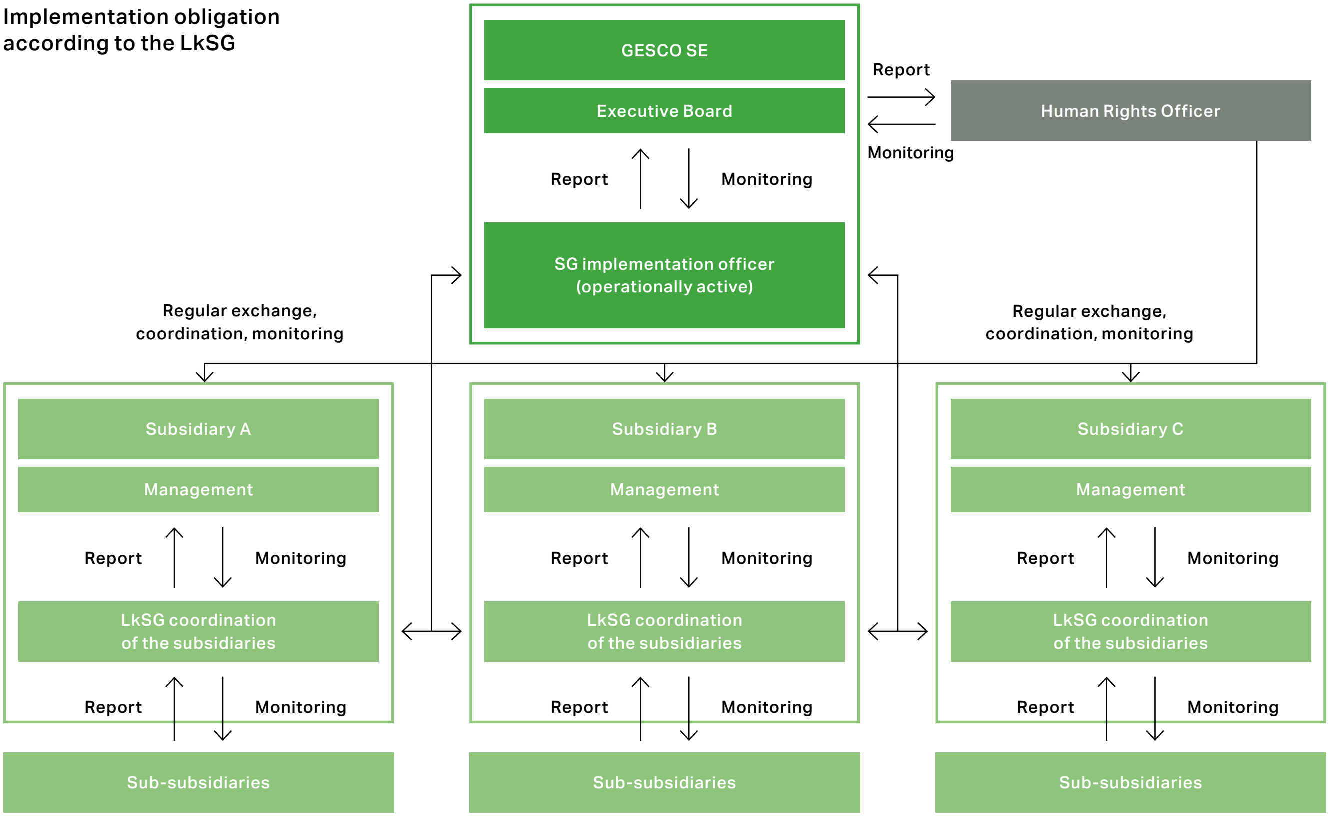
These questionnaires are analysed at GESCO SE level once they have been returned and, if necessary, remedial and preventative measures are agreed and implemented in consultation with the respective LkSG coordinators at subsidiary level. The implementation of due diligence obligations in accordance with the LkSG is monitored by the GESCO Group Human Rights Officer appointed for this purpose.

Together with the external service provider, questionnaires were also developed for GESCO SE's own business area, which were sent to the individual companies of the subsidiaries and had to be answered by them.

The responses to the questionnaires are currently being analysed. Relevant risks are determined and implemented in consultation with the executive bodies of the respective companies and their LkSG officers. The Human Rights Officer of GESCO SE monitors the correctness of this procedure.

The organisational structure described is partly prescribed by law (appointment and function of the Human Rights Officer at GESCO Group). The effectiveness of the LkSG officer concept and the respective processes are regularly reviewed. If the concept needs to be adapted, this can be addressed by all participants in the meeting and then implemented accordingly.

Implementation obligation according to the LkSG



Measures

In order to ensure compliance with the law, GESCO Group began systematically analysing the requirements and implementing them in processes as early as 2022. The expertise of an external service provider specialising in sustainability was consulted for the design and implementation. The implementation status to date is as follows:

- the appointment of responsible persons (Human Rights Officer, LkSG Implementation Officer, LkSG Officer)
- Regular exchange formats
- the conception of the requirements
- training and sensitisation of managing directors and employees from the subsidiaries
- the preparation of an abstract risk analysis for all direct suppliers of the subsidiaries
- the creation of multilingual questionnaires for the specific risk analysis of the subsidiaries' and sub-subsidiaries' own business areas
- the creation of multilingual questionnaires to specifically analyse suppliers' supply chains
- the establishment of a complaints procedure in accordance with Section 8 LkSG and the establishment of rules of procedure in this regard
- the processing and dispatch of the questionnaires on the Company's own business area and suppliers in November 2023 by the LkSG coordinators
- the evaluation of the questionnaires on the own business area and the suppliers at the end of November/beginning of December 2023 by the GESCO Group and the preparation of remedial and preventive measures in cooperation with the respective LkSG officers
- the preparation of a human rights policy statement in December 2023

Employees at the subsidiaries were sensitised and trained as part of an ongoing series of workshops on the topic of "Requirements from the LkSG and implementation of risk analysis". The aim of the workshop series was and is to enable the LkSG officers and employees of GESCO Group companies to raise awareness of, comply with and enforce human rights and environmental due diligence obligations. This initially required an introduction to the regulatory context, followed by training in the operational implementation of specific risk analyses and the establishment of any necessary remedial and preventive measures.

Goal and derived strategies

As the avoidance of human rights and environmental risks in our own supply chain and in our own business area is an overriding objective of GESCO Group, we endeavour to implement the extended requirements conscientiously and consistently. To this end, solid processes have been developed that will enable us to implement the due diligence obligations under the German Supply Chain Act in a legally compliant manner in the long term, but also to prepare for future tightening under the EU directive currently in preparation. An appropriate and effective risk analysis is particularly relevant for this. In addition to the traditional approach (outside-in), the inside-out perspective is applied, i.e. human rights and environmental risks are analysed from the perspective of those potentially affected. The risk analysis is also divided into

- a regular risk analysis, which is repeated annually and in which abstract risks are analysed and prioritised
- an event-related risk analysis, which must be carried out immediately if there is substantiated knowledge
- a concrete risk analysis of the Company's own business area and the business area of its suppliers

Identification of risks

Potential risks are identified with the help of an appropriate and effective risk analysis. For this purpose, abstract human rights and environmental risks of direct suppliers and service providers were researched in 2023 by type of product and country of origin using a database of the Agency for Business and Human Rights. The abstract risks were then concretised. For this purpose, the business relationship with the supplier was taken into account, as well as the extent for those affected, the scope and the irreversibility of the human rights or environmental violation. The probability of the negative impact occurring was then analysed. The specific risk was then prioritised from GESCO Group's perspective. To this end, the Company's ability to influence the avoidance of the risks was assessed. In addition, it was considered whether the Company is significantly or indirectly involved in the negative impact (type of causal contribution). This analysis is carried out on an ongoing basis and ensures that potential human rights and environmental risks are systematically recorded, specified and prioritised for GESCO Group.

Based on the regular risk analysis, tailored questionnaire catalogues were developed and sent to the suppliers of the subsidiaries in 2023. Depending on the result of the specific risk analysis, i.e. the specific risk disposition of a supplier, different escalation levels were determined in order to counter the risks of human rights or environmental violations. Cancellation of an existing business relationship is the last of these escalation levels.

GESCO SE pursues a partnership-based approach for its Group, if the business relationship permits. The aim is to actively avoid potential risks together. In addition, GESCO Group has established a complaints procedure in accordance with Section 8 LkSG, which enables affected parties to report risks to or violations of protected goods in accordance with the LkSG. For this purpose, GESCO Group has developed rules of procedure in which the complaints procedure is set out.

In addition, GESCO Group drafted, agreed and adopted a human rights declaration in accordance with the LkSG in December 2023.

The objective of fulfilling the responsibility to protect human rights will therefore be fulfilled in accordance with the LkSG by 1 January 2024, as GESCO Group will actively implement all due diligence obligations required by the LkSG by this date on 1 January 2024.

Declaration in line with the NAP Business and Human Rights

GESCO SE has a Code of Conduct that is published on its website. This includes parts of the ILO core labour standards, such as the explicit rejection of child labour and the focus on occupational health and safety. As part of the ongoing processes for LkSG compliance, the Code of Conduct will be adapted and expanded in 2024. https://www.gesco.de/fileadmin/user_upload/about-us/corporate-governance/GESCO_Code_of_Conduct_2023.pdf

The Code of Conduct was adopted by the Executive Board of GESCO SE. However, as GESO SE is not a group organised centrally by the holding Company, the respective managing directors of the subsidiaries are the point of contact in the event of questions or misconduct that deviates from the principles of the Code of Conduct. The Code of Conduct is addressed both internally to the Company's own employees and externally to its business partners. When entering into business partnerships, GESCO SE expects a code of conduct that is similar in nature to its own. The scope of the Code of Conduct covers all GESCO Group employees. In the case of joint ventures and minority shareholdings, GESCO SE works towards the introduction of a code of conduct in accordance with this set of rules within the scope of its possibilities under Company law. Further information is provided in Criterion 7 (Control).

As part of the appropriate and effective risk analysis, particularly vulnerable groups of people are also included in the analysis. This is reflected in the legal positions of the LkSG, in particular in position 1 (prohibition of child labour), position 2 (prohibition of forced labour) and position 7 (prohibition of unequal treatment of employees). The assessment of human rights risks and the Company's own opportunities to exert influence will be analysed in 2023 as part of the regular risk analysis in accordance with the criteria of the LkSG. The exact description of the procedure is described in the section "Identification of risks".

As part of the processes for LkSG compliance, employees were sensitised to the issue of compliance with human rights and environmental due diligence obligations (see "Identification of risks" above). Compliance with human rights and environmental due diligence obligations is ensured on the one hand by requiring business partners to have a similar code of conduct as GESCO SE and on the other hand by analysing risks as part of the LkSG (see "Identification of risks" above). GESCO SE has implemented a separate LkSG complaints mechanism on its corporate website, which is available in the languages of those potentially affected on the supplier side (Italian, French, Taiwanese, Chinese, Spanish, Turkish) as well as in German and English. The protection of whistleblowers is guaranteed and includes not only all employees but also third parties (business partners or customers). The measures for the complaints mechanism are continuously reviewed for their effectiveness as part of LkSG compliance and adjusted accordingly.

There is currently no code of conduct for supplier companies at holding Company level. In accordance with the LkSG, supplier companies will in future be analysed for compliance with the relevant human rights and environmental due diligence obligations. Effective compliance, preventive and remedial measures and concepts for redress are also currently being reviewed and developed as part of the LkSG. Reporting will take place from 2024 as part of the LkSG's documentation requirements.

Performance indicators for criterion 17

Performance indicator GRI SRS-412-3: Investment agreements screened for human rights impacts

Investment agreements or contracts do not yet contain any human rights clauses.

Of course, all contractual partners are already required to comply with the law. The mandatory introduction of a human rights and environmental clause for future investment agreements and contracts is planned for the first quarter of 2024 as part of an LkSG Group guideline. With regard to existing contracts, the LkSG guideline instructs that the clause should be made part of the contract as part of addenda, so that the human rights and environmental clause will also be continuously added to existing contracts.

Performance indicator GRI SRS-412-1: Operations screened for human rights impacts

During the reporting period, the following locations were audited for compliance with human rights:

	2023
Number of audited business locations	18
Share of all business locations worldwide	54.5 %

This audit prioritised the locations with the highest number of employees. This means that 90% of employees across all Group companies were included in the audit. This can also be found in the human rights policy statement. In a next step, the foreign subsidiaries are to undergo an audit of their own business area. This is planned to be completed by the beginning of 2025.

Performance indicator GRI SRS-414-1: New suppliers screened for social aspects

a. To date, new suppliers have not been included in the assessment of social aspects. By the end of 2024, it is planned that 80% of new suppliers will be screened for compliance with human rights and environmental obligations.

Performance indicator GRI SRS-414-2: Social impacts in the supply chain

a. Number of suppliers that were screened for social impacts and b. where potential negative social impacts were identified:

	2023
Number of suppliers screened for social impacts	420
Number of suppliers identified as having significant **potential negative social impacts**	403

c. Significant actual and potential negative social impacts identified in the supply chain

Potential negative social impacts in the supply chain:

- Child labour
- Forced labour & slavery
- Occupational safety
- Freedom of association
- Unequal treatment in employment
- Reasonable wage

At the time of publication, the determination of the **actual negative social impact (b.)** had not yet been finalised, meaning that a conclusive assessment cannot yet be made. As a result, no statement can be made at this time as to the extent to which agreements on improvements will be made **(d.)** or the last resort will be used to terminate the business relationship **(e.)**.

Criterion 18
on Social / community affairs

18. Community

The founding idea and business model of GESCO is to facilitate company succession and to develop companies for the future as part of the long-term investment approach. This goes hand in hand with the creation of wealth and income for shareholders, employees, business partners and society. The aim is to ensure succession solutions for all Group companies.

In addition to providing extensive publicly available information, GESCO SE seeks contact with regional politicians and the financing banks of the acquired Company, particularly in the context of Company takeovers, in order to present itself as the new owner. After the takeover, the location, workforce and corporate identity of the acquired companies should be preserved so that the existing network and stakeholders of the acquired Company, such as customers, suppliers, local authorities, neighbours and banks, retain their proven partners.

In terms of social commitment, GESCO Group focuses on promoting STEM subjects. Since 2019, GESCO SE has included a support programme for the Wuppertal Children's and Youth University for the Bergische Land gGmbH – Junior Uni for short – based in Wuppertal. As part of this programme, GESCO supports Junior Uni with € 60,000 per year. Founded in 2008, the educational institution is a unique teaching and research centre in Germany that offers young people from the age of four up to A-levels courses in experimentation and research. It aims to inspire and prepare young people for entry into technical professions. GESCO Group companies particularly support sports and cultural organisations in their respective regions.

In the public sector, there are always risks where companies have to cut jobs or experience economic losses due to changes in general conditions, which have a negative impact on wages and salaries, social security contributions and pension expenses. We do not believe that a dedicated analysis of risks or a specific management concept is expedient here. Instead, the aim is to ensure that GESCO Group's value development is positive and that potential risks do not arise in the first place.

GESCO Group's performance on the capital market is reflected in the share price performance and dividend payment. The GESCO share price fell by 22.8% in the reporting year 2023. If the dividend payment of EUR 1.00 per share is taken into account, the decline is reduced to 18.7%. The benchmark SDAX share price index rose by 14.4% in the same period.

STEM

GESCO has supported the Junior Uni in Wuppertal for many years. STEM subjects are at the centre of the extracurricular educational institution's offerings.

The subsidiaries strengthen the community at their locations by favouring cooperation with local companies where it makes economic sense to do so, or by supporting local social, cultural and sports associations through donations.

Performance indicators for criterion 18

Performance indicator GRI SRS-201-1: Direct economic value generated and distributed

		Financial year 2023 in TEUR	Financial year 2022 in TEUR	Deviation from the 2022 financial year in TEUR
i	**Direct economic value generated**	**562,358**	**585,190**	**– 22,832**
	Proceeds	–	–	–
ii	**Spent economic value**			
	Operating costs	391,641	413,270	– 21,629
	Wages and benefits for employees	126,128	121,657	+ 4,471
	Payments to investors	15,504	14,332	+ 1,172
	Payments to the state	11,072	14,534	– 3,462
iii	**Retained economic value**			
	i-ii	18,013	21,397	– 3,384

Criteria 19 – 20 for Compliance

19. Political influence

A whole series of current legislative procedures that primarily affect our investments are relevant to GESCO Group's work, such as the Corporate Sustainability Reporting Directive (CSRD) and the Carbon Border Adjustment Mechanism (CBAM) at EU level and the Supply Chain Sustainability Obligations Act (Lieferkettensorgfaltspflichtengesetz) at national level. We analyse these projects and the resulting requirements for us via our risk management, evaluate them and implement appropriate measures at an operational level.

GESCO SE is a member of the German Investor Relations Association (DIRK). DIRK is the largest European professional association for dialogue between issuers and the capital market. Among other things, the association represents the interests in a sensitive interplay of forces between issuers, legislators, trading platforms, capital providers and other stakeholders. To this end, the association maintains an ongoing dialogue with the numerous institutions that are key to capital market processes, such as Deutsche Börse, the German Federal Financial Supervisory Authority (BaFin), Deutsches Aktieninstitut (DAI), the German Association for Financial Analysis and Asset Management (DVFA), the German Investment and Asset Management Association (BVI), Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW), Schutzgemeinschaft der Kapitalanleger e.V. (SdK) and many more. GESCO SE is also a member of the DAI. On behalf of its member companies, the DAI contributes the perspectives of the real and financial economy to the political debate through professional dialogue with politicians and supervisory authorities.

GESCO Group companies do not make donations to political organisations. The subsidiaries maintain memberships in relevant employer and industry associations in accordance with the compliance guidelines.

Consequently, there are no risks from GESCO's business activities due to political influence.

Performance indicators for criterion 19

Performance indicator GRI SRS-415-1: Party donations

No political donations are made by GESCO Group.

20. Compliance with the law and guidelines

GESCO Group is a group of medium-sized companies that are primarily active in the industrial manufacturing sector, with customers and suppliers in many countries around the world. The risks that affect all commercial companies are of relevance to the Group companies. In particular, these include corruption and conflicts of interest, for example by operating in countries with a different legal culture or by using sales intermediaries, as well as violations of tax and social security laws, labour laws and occupational health and safety regulations, data protection and antitrust regulations. In addition, production and product-related regulations must be complied with. Due to its international orientation, there are also risks of violations, particularly of the applicable export and export control regulations, the applicable customs regulations and violations of foreign law. Finally, due to its listing in the Prime Standard, GESCO SE must comply with special capital market law requirements. No significant new risks were identified for the 2023 reporting year.

GESCO SE demands and promotes behaviour within its companies that complies with the law and guidelines. It respects applicable law and is committed to complying with laws, regulations, case law and official decisions as well as internal guidelines and resolutions. This applies to all areas of regulation affecting GESCO Group, in particular the provisions on combating corruption.

To this end, GESCO SE has set up a compliance management system involving all Group companies:

The aim of the compliance management system is to prevent violations of the law from the outset through the measures taken (prevention). This is initially achieved through the voluntary commitment of the Executive Board of GESCO SE and the managing directors of the subsidiaries to comply with the law (tone from the top). This voluntary commitment is set out in the Group-wide Code of Conduct and is once again explicitly addressed personally to employees by the relevant bodies in compliance training sessions. The Code of Conduct for GESCO Group employees is available on the website at https://www.gesco.de/en/about-us/compliance-and-corporate-governance.

The Code of Conduct is substantiated by guidelines and work instructions in order to regulate typical behavioural issues for the executive bodies and employees in the areas of activity that are important for the Group companies in individual cases. These areas of action are determined by means of a risk analysis that is repeated at regular intervals or carried out on a case-by-case basis.

The guidelines are made available to GESCO Group employees in paper form, electronically and via an online information system (Rulebook). The applicable regulations are communicated to the executive bodies and employees of the Group companies through training courses, which are organised by GESCO SE and its subsidiaries with the support of external experts, where possible in physical presence. The executive bodies and employees of the Group companies also have the opportunity to seek advice from GESCO SE or an external compliance officer appointed by GESCO SE in case of doubt.

To ensure efficient protection against violations of the law, regular audits are also carried out in the Group companies, which focus on specific issues and are conducted by external third parties. In addition, employees of GESCO Group and the other Group companies as well as outsiders, i.e. external parties not employed by the Group companies, can report legal violations anonymously to a whistle-blower system set up by GESCO Group and an external ombudsman. GESCO Group has appointed an external lawyer for this purpose. This lawyer receives reports from all GESCO Group employees and third parties (e.g. business partners or customers) of suspected criminal offences and/or other violations of laws and regulations relating to GESCO Group. Detailed information on the whistleblower system can be found on the GESCO Group website at https://www.gesco.de/ueber-uns/compliance-und-corporate-governance/ No violations were reported for reporting year 2023. In addition, a number of consultations on individual employee issues were carried out by the external ombudsman and internal staff. The whistle-blower hotline also repeatedly received reports of breaches of the law, which were checked for conclusiveness and counteracted by investigations and sanctions where necessary. The existing compliance management system therefore helped to clarify any breaches of the law and remedy them as quickly as possible.

The task of the subsidiaries' executive bodies is to embed the respective requirements and principles in their companies. If specific risks exist for the respective Group Company, it is responsible for taking appropriate measures in the form of risk analysis, training, guidelines, work instructions and monitoring in accordance with the Code of Conduct, e.g. with regard to embargo regulations against countries, organisations or persons. GESCO SE supports these measures, if necessary with external support from experts. At GESCO SE level, the Compliance department is anchored in the Finance Executive Board department.

The compliance management system is dynamically orientated. It enables new risks to be identified on an ongoing basis and targeted measures to be taken to counteract them, whether because the legal situation changes or because the realignment of business areas at GESCO Group companies gives rise to new risks that require appropriate preventive measures. In this way, the compliance management system is continuously developed in order to continue to fulfil compliance requirements throughout the Group in an increasingly complex environment.

One example of the ongoing development of the compliance management system is the establishment of a complaints procedure in accordance with Section 8 LkSG. In addition, an updated risk analysis on employee compliance was carried out in the reporting year.

Risks relating to compliance include corruption, antitrust offences and other criminal activity. There are also risks relating to violations of the Supply Chain Duty of Care Act as well as employee protection and environmental law.

All of the components of the GESCO Group compliance management system described above have been fully implemented (100% degree of fulfilment). The content of the compliance management process is subject to constant dynamic change: New legal requirements require adaptation, as do new findings from the compliance risk analysis of the GESCO companies, information about the whistleblower protection system or the regular audits carried out by external parties at the GESCO companies. Depending on these developments and findings, GESCO will adapt the existing regulations, the existing training programme and the existing advisory services, if necessary with external support. Among other things, GESCO will roll out further guidelines for the entire Group for this reason. These include an employee protection guideline and a supplier guideline. In 2023, the GESCO companies were primarily concerned with the introduction of the LkSG requirements. The implementation of the LkSG requirements was largely completed by the end of the year. The introduction of these guidelines, including accompanying training, is scheduled for 2024. Further guidelines and training courses will follow as required from 2025.

GESCO Group counters these risks with the compliance management system described above, which includes a Group-wide Code of Conduct, accompanying guidelines and work instructions, an online information system (Rulebook) for GESCO Group employees, accompanying training, case-related spot checks and a whistle-blower system for employees and external parties. The managing directors of the subsidiaries are responsible for anchoring the respective requirements and principles in their companies.

In the reporting year, internal investigations were initiated at a subsidiary on the basis of a tip-off via the whistleblower system, which led to the dismissal of an employee for violations of general personal rights, among other things.

Otherwise, no material violations were identified in the reporting year.

The risk analysis in the area of employee protection led to some minor risks, which are to be addressed in 2024 through a Group-wide guideline and accompanying training.

Performance indicators for criterion 20

Performance indicator GRI SRS-205-1: Operations assessed for risks related to corruption

a. All locations (100%) were checked for corruption risks.

b. The GESCO Code of Conduct and the associated guidelines and work resolutions as part of the governance system apply to all locations (100%) (see criterion 20).

Performance indicator GRI SRS-205-3: Incidents of corruption

a. No incidents of corruption were identified in 2023

b. – d. Not relevant.

Performance indicator GRI SRS-419-1: Non-compliance with laws and regulations

a. Not relevant.

b. No cases of non-compliance with laws and/or regulations were identified in the 2023 reporting year.

c. Not relevant.

The SUSTAINABILITY Code
Signatory 2023

prepared according to
CSR Directive
Implementation Act

04

Combined Management Report

GESCO SE, Wuppertal
Combined Management Report for the 2023 financial year (01/01 until 12/31/2023)

The management report of GESCO SE is combined with the management report of the Group. This management report will be published in the GESCO Annual Report 2023 and together with the annual financial statements of GESCO SE. Unless otherwise stated, the information relates to GESCO Group and GESCO SE together, whereby the explanations refer to the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS). The information on GESCO SE are contained in a separate section and relate to the annual financial statements prepared in accordance with the provisions of the German Commercial Code (HGB) and the supplementary provisions of the SEAG and the German Stock Corporation Act (AktG).

The contents of websites or publications to which we refer in the management report are not part of the management report, but merely serve to provide further information. This does not include the corporate governance statement in accordance with Sections 289f and 315d HGB.

01 _ Fundamentals of the Group

Business model

Founded in 1989, GESCO SE is a long-term investor that acquires economically sound industrial SMEs in order to hold and develop them over the long term. Acquisitions are often made in the course of succession planning, with GESCO SE generally acquiring a majority stake, usually 100%. In the case of one German company, its managing director holds a 20% stake. The subsidiaries are operationally independent. They are integrated into GESCO Group's reporting and risk management system.

As at the reporting date, GESCO Group consists of GESCO SE, its 10 direct subsidiaries and their subsidiaries in Germany and abroad.

GESCO SE has been listed on the stock exchange since 24 March 1998; the GESCO share is listed in the Prime Standard segment of the Frankfurt Stock Exchange.

"NEXT LEVEL 25" strategy

The Executive Board and Supervisory Board of GESCO SE developed and adopted the "NEXT LEVEL" strategy in autumn 2018. Based on a jointly developed vision for GESCO as a group of "hidden champions", the strategy defines key points for the strategic and operational development of GESCO Group in the coming years. The core elements are the balancing of the portfolio architecture on the one hand and the development of the operating companies into hidden champions on the other. The strategy was further developed at the beginning of 2022 and concretised into the NEXT LEVEL 25 strategy.

The core of the strategy is to expand the portfolio to three anchor investments and twelve basic investments; to make the portfolio more balanced and resilient. In addition to the Doerrenberg group, we want to implement two further anchor holdings. The target markets should have as low a correlation as possible with the markets that are important to Doerrenberg. The anchor investments can either be acquired or developed on the basis of an existing subsidiary through organic growth and strategic acquisitions. The focus is on developing existing subsidiaries into anchor investments, whereby one subsidiary has already been identified. We round off the portfolio with twelve basic holdings with substantial sales and earnings contributions in various target markets. As part of the NEXT LEVEL 25 strategy, we focus our acquisitions on companies with sales of between € 20 million and € 50 million. Strategically motivated bolt-on acquisitions of subsidiaries are made at lower sales levels. The plan is to finance acquisitions from equity and borrowed capital.

With the NEXT LEVEL 25 strategy, which was adjusted at the beginning of 2022, we have positioned GESCO as a European and increasingly internationally orientated industrial SME group. In 2022, the conversion of the legal form from a German stock corporation (AG) to a European stock corporation (SE) was initiated. With the entry in the commercial register in January 2023, the conversion of GESCO AG into GESCO SE was completed and has been formally effective since then. The European orientation is thus visible. Acquisitions of basic shareholdings in other European countries as well as acquisitions of supplementary investments outside Europe are now part of our inorganic growth strategy.

The existing portfolio was consistently developed further through the established excellence programmes. The methodological expertise available within GESCO SE provides our subsidiaries with broad and comprehensive operational expertise for the continuous implementation of upcoming activities.

The CANVAS business model analyses, which were carried out for the first time in 2019, have now become an integral part of the annual strategy review at the subsidiaries and serve to jointly align our activities. Depending on the specific needs and status of the respective subsidiary, we launched or continued a large number of MAPEX and OPEX programmes in the past financial year. MAPEX serves to analyse and develop target markets and product portfolios with the focus on expanding sales volumes and gaining market share. OPEX serves to optimise processes in all business functions and thus increase efficiency. DIGITEX aims to digitalise work processes and business models. The LEADEX programmes were launched in 2021, intensified in 2022 and continued in 2023. They establish a shared corporate culture with a balanced focus on performance. For us, LEADEX also means working with the managing directors of the subsidiaries to develop and implement concepts tailored to the “High Performance Teams” target.

The aim of the NEXT LEVEL 25 strategy is to position GESCO Group for the future, generate added value at all levels and thus achieve above-average sales growth, margins and cash flow.

Significant 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. 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 in 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 Doerrenberg group in the USA since 2014 and a supplier of special steel for various industries. As part of the acquisition of Tremblay Tool Steels LLC, 100% of the shares in the associated Doerrenberg Real Estate LLC, Macedonia (OH), USA, which owns a factory building that is leased to Tremblay Tool Steels LLC, were also acquired.

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

In June 2023, Molineus & Co. GmbH + Co KG was merged with Grafic Beteiligungs-GmbH, both based in Wuppertal.

In addition to the parent company, a total of 51 companies are included in the consolidated financial statements in accordance with the principles of full consolidation and two other companies are included using the equity method. Five companies are in liquidation: GRAFIC Beteiligungs-GmbH, So-Stra Verwaltungs GmbH, Q-Plast GmbH & Co. Kunststoffverarbeitung, Q-Plast Beteiligungs-GmbH and IMV Verwaltungs GmbH.

Control system

GESCO Group is planned and managed at the level of the individual subsidiaries and GESCO SE. The framework for the operational development, personnel measures and investments of the subsidiaries is provided by an annual plan prepared by the management of the respective company and approved jointly with the Executive Board of GESCO SE. As part of regular reporting, GESCO SE receives data from the subsidiaries during the year and at least on a monthly basis. This information is recorded and analysed by GESCO SE, supplemented by figures from the finance and accounting department of GESCO SE itself and consolidated. The findings from the subsidiaries' reporting are analysed between the responsible investment manager at GESCO SE and the respective managers of the companies in at least monthly meetings on site or in video meetings and evaluated with regard to the degree of target achievement. Options for action on both the opportunity and risk side are discussed together in order to be able to react promptly to changes in the market situation.

GESCO SE prepares Group planning based on the planning of the individual subsidiaries. At the annual accounts press conference, the Executive Board of GESCO SE provides an outlook for consolidated sales and consolidated net earnings after minority interest for the new financial year; this outlook is further specified in the course of quarterly reporting. Other performance indicators include incoming orders, EBIT and the equity ratio. In the economic and forecast report within this management report, consolidated sales and consolidated net earnings after minority interests are included in the explanations as the most important indicators. For the holding company, this applies to income from investments and net income for the year as well as the equity ratio.

Research and development

Most of our subsidiaries are small and medium-sized companies whose research and development activities are largely market- and customer-driven. Technical innovations as well as new products and applications are generally developed in project work as part of customer orders. Depending on the task at hand, the companies cooperate with universities and institutes and take part in publicly funded research projects.

In addition to focussing on the various applications of additive manufacturing (3D printing) at Doerrenberg Edelstahl GmbH, steel strip finishing specialist Pickhardt & Gerlach has developed innovative steel strip for the inner workings of batteries for e-mobility. The steel strip is moulded and welded for the battery module in such a way that it connects the various cells of the lithium-ion battery. It conducts the electrical energy generated in the cells with virtually no loss. At the same time, it emits as little heat as possible so that the battery does not overheat. Pickhardt & Gerlach developed its own brand name for this: EMONI®. Together with a spin-off from RWTH Aachen University, EMONI® was tested for use in e-bike batteries, with the result that the electrical efficiency is even slightly better than the market standard. Further developments relate to the combination of stainless steel and nickel. SVT started a project focussing on hydrogen charging in 2021 and received a research contract from the Federal Ministry of Economics for a hydrogen charging arm in 2022. This is to be presented to the first customers in the course of the 2024 financial year. Setter, the world's leading manufacturer of paper sticks, has developed sticks based on sugar cane in order to expand its product range.

02 _ Economic report

Macroeconomic and sector-specific framework conditions

The German economy treaded water in the 2023 financial year. High inflation eroded the purchasing power of private households and prompted the European Central Bank to raise key interest rates sharply. The consumer and construction sectors suffered as a result, as real household incomes fell and financing costs rose. However, the industrial economy also ran out of steam. The supply-side bottlenecks, which were still noticeably hampering production last year, became increasingly less significant. On the demand side, however, the slowdown in the global economy became increasingly noticeable. In many places, central banks put the brakes on the economy by raising key interest rates quickly and sharply in order to get inflation under control. In addition, a noticeable turnaround in production in the energy-intensive industries in Germany has so far failed to materialise despite a sharp fall in energy prices.

Consumers benefited from the fall in energy prices. This is the main reason why consumer prices have fallen in recent months. On the other hand, the rise in prices for other goods and services proved to be sluggish. Here, the significant rise in labour costs is likely to have counteracted a faster decline. The economic slowdown also left its mark on the labour market. The number of unemployed is also rising as a result of increasing company insolvencies and business deregistrations.

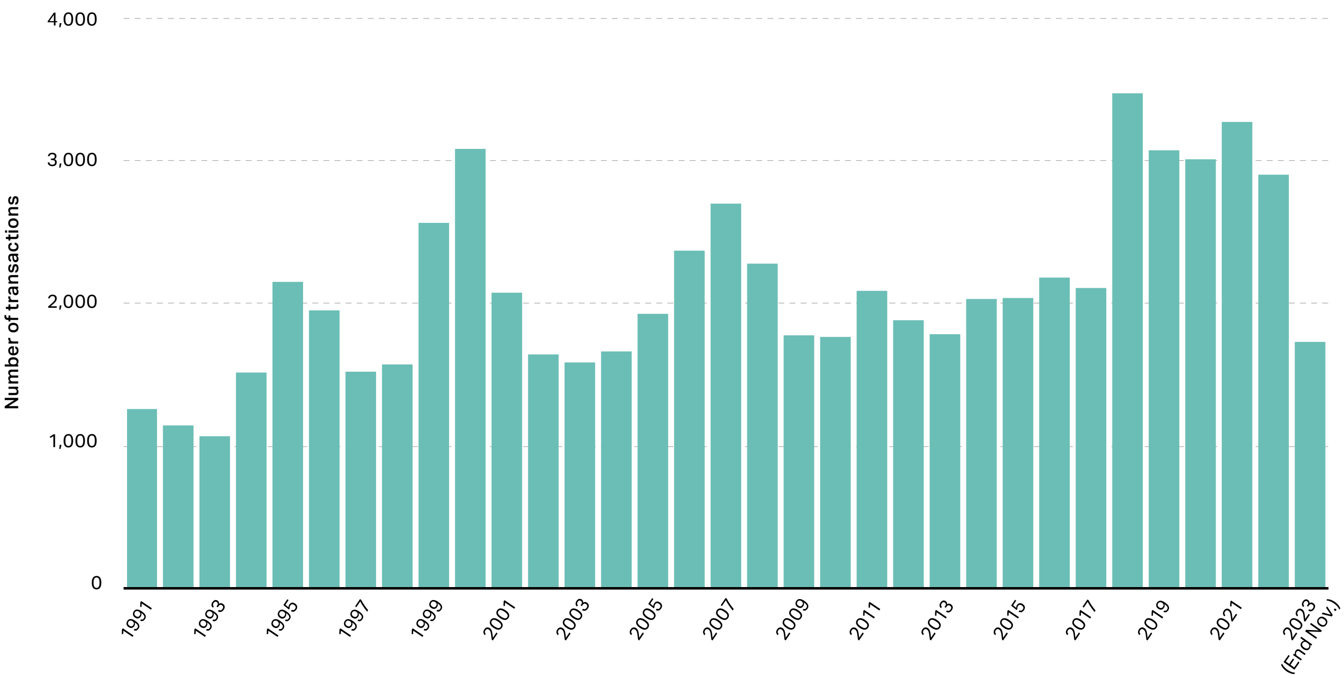
The mood in the German economy has not improved as expected over the course of the year. Almost all sectors of the economy are reporting gloomy business prospects. The construction industry in particular, and especially the residential construction sector, is slowly running out of orders, as the extensive cancellations of existing orders and the decline in new orders have continued until recently. It is therefore to be expected that construction output will continue to decline in the coming quarters.

Last year, economic momentum in Germany was still clearly characterised by the after-effects of the previous crises. The massive rise in energy prices, which also had a delayed impact on downstream stages of the value chain, led to a sharp rise in consumer prices across the board. The resulting significant loss of purchasing power in particular had a noticeable dampening effect on domestic demand. The central banks' monetary policy responses to high inflation also weakened economic momentum in key trading partners, which had a noticeable negative impact on external demand. This was exacerbated by an exceptionally high level of sick leave among the labour force in the past year, which is likely to have had a negative impact on value added through a reduced volume of work. After economic output in Germany virtually stagnated over the course of 2023, it declined at the end of the year according to the available data. This results in a year-on-year decline in price-adjusted GDP of 0.3% for the year as a whole.

According to the German Engineering Federation (VDMA), the mechanical and plant engineering industry can look back on another mixed year in 2023. While the high order backlog in the first half of the year meant that production was still well utilised and growth of 2.5% was recorded, this supporting effect diminished more and more as the year progressed. The third quarter saw a decline of 1.7% and the fourth quarter even saw a drop of 5.4%. This results in a decline of around 1% for the year as a whole. There is no improvement in sight for the first half of 2024 either. Orders in the German mechanical and plant engineering sector continued to fall at the start of the year. In January, incoming orders were 10% below the previous year's level in real terms, as reported by the VDMA in February 2024. Domestic orders were down 11%, while foreign orders fell by 9% compared to the same month last year. At 19%, the drop in orders from euro countries was much sharper than the 5% decline from non-euro countries. In the less volatile three-month period from November 2023 to January 2024, orders fell by 10% in real terms compared to the previous year. There were 13% fewer orders from Germany and 8% fewer orders from abroad. Orders from euro countries fell by 13%, while orders from non-euro countries were down 6%. For 2024 as a whole, the VDMA anticipates a decline in production of 1%.

In terms of the number of M&A deals, the M&A market slumped significantly in the 2023 financial year. The sharp rise in financing costs due to higher interest rates and the fact that valuations for attractive target companies remained very high led to this significant decline.

Number of M&A deals in Germany from 1991 to 2023



Source: Institute for Mergers, Acquisitions and Alliances (IMAA), 2023

In addition, the trends and developments of previous years are continuing: the topic of sustainability (ESG) is becoming increasingly important in M&A deals, the professionalisation of the people involved continues to increase and the virtual handling of deals has established itself as the norm.

Furthermore, high demand meets limited supply. In this environment, GESCO is increasingly focussing on actively approaching entrepreneurs both for basic investments and, increasingly, for potential bolt-on acquisitions.

Business performance

GESCO Group countered the economic turbulence and macroeconomic conditions in financial year 2023 with a wide range of measures that demonstrate our high speed of adaptation, especially in adverse conditions. We have demonstrated our resilience in difficult times and achieved a decent result in the face of a wide range of challenges.

Business with stainless steel products for biotechnology, the semiconductor industry and supplies for biogas plants continued to be key drivers. The Setter Group's ongoing international business expansion with paper sticks to avoid plastic waste also continued unabated. Our mechanical engineering companies also performed satisfactorily on the whole. With the exception of Setter, however, the Healthcare and Infrastructure Technology segment fell well short of our expectations for the year as a whole.

Like the entire German mechanical engineering sector, GESCO Group companies are confronted with a number of challenges.

On the one hand, there are the energy costs, which continue to be significantly higher than abroad despite the decline. In addition to energy costs, material prices are also highly volatile depending on international commodity prices and material availability. Supply chain disruptions (currently: disruption to international shipping in the Gulf of Aden) play an important role here.

The high price increases have not only led to significantly higher interest rates, but are now also being reflected with a time lag in considerably higher labour costs.

Increased production and labour costs, in turn, are putting pressure on companies' margins. We have deliberately taken a less resolute approach to reducing working capital than originally planned. In addition to the availability of materials, which is so important to our customers, we have also established new business areas that require a corresponding level of stock. However, it remains our goal to significantly reduce working capital in the future by successively reducing inventories.

Overall, the majority of subsidiaries were unable to escape these difficult conditions. As a result, all GESCO Group segments will ultimately report a slight to significant deterioration in business figures in financial year 2023.

GESCO last updated its sales and earnings forecasts in November 2023. The Executive Board then expected consolidated sales of € 555–575 million and consolidated net earnings after minority interest of approximately € 19.5–21.5 million after non-cash impairment losses of € 5–6 million for financial year 2023.

Overall, this adjusted forecast was achieved.

Situation of the Group

Earnings situation

In terms of incoming orders, GESCO Group was unable to match the record level of the previous year. Both the Healthcare and Infrastructure Technology segment and the Process Technology segment recorded significantly lower incoming orders, while the Resource Technology segment, which generates the highest sales, recorded a slight increase. Incoming orders at GESCO Group totalled € 542.7 million in the financial year (previous year: € 588.8 million), 7.8% less than in the previous year.

Consolidated sales totalled € 560.7 million, down 3.7% on the previous year (€ 582.3 million). The financial year ended with an order backlog of € 196.4 million (previous year: € 220.6 million).

Due to the only moderate decline in prices over the course of the year, the cost of materials ratio of 57.1% is only slightly below the previous year (58.8%).

The personnel expenses ratio rose from 20.9% to 22.5%, primarily due to the higher number of employees (+3.2% to 1,899) and wage increases in the workforce.

Other operating income was above the previous year's level, which was partly due to income from the reversal of provisions and income from derecognised impaired receivables.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached € 59.0 million (€ 67.7 million). Depreciation and amortisation amounted to € 23.1 million (€ 18.3 million) in the reporting period and includes scheduled depreciation and amortisation as well as impairment losses of € 5.1 million.

Earnings before interest and taxes (EBIT) totalled € 35.9 million (€ 49.4 million). The EBIT margin thus totalled 6.4% (8.5%), which is below our target corridor of 8–10%.

The financial result of € -3.5 million (previous year: € 0.0 million) is primarily due to the significant increase in interest rates. The result from equity investments is reported at € 0.0 million (previous year: € 1.3 million), as the companies responsible for this have been fully consolidated since the beginning of 2023. Interest and similar expenses increased significantly by € 2.2 million to € 4.7 million.

Earnings before taxes (EBT) totalled € 32.4 million (€ 49.5 million). At 31.6%, the tax rate was higher than in the previous year (26.7%). Among other things, this is due to impairment losses that are not tax-effective.

After minority interests in the profit of € 1.3 million (previous year: € 2.4 million), consolidated net earnings after minority interests totalled € 20.9 million, compared to € 33.8 million in the previous year. Earnings per share in accordance with IFRS totalled € 1.93 (previous year: € 3.12).

Sales and earnings by segment

In the **Process Technology segment,** the wait-and-see attitude of market participants due to uncertainty about future economic developments is particularly evident. Due to the marked reluctance to place orders, incoming orders fell to just € 93.3 million in the 2023 financial year (2022: € 121.8 million). This resulted in an order backlog of € 56.5 million as at the reporting date (2022: € 72.7 million).

Segment sales increased by 2.4% from € 105.1 million in the previous year to € 107.6 million. EBIT totalled € 12.0 million in the reporting period after € 13.9 million in the previous year, which corresponds to an EBIT margin of 11.2% (2022: 13.2%). Higher other operating expenses were responsible for the decline.

The **Resource Technology segment** continued to perform robustly in the reporting period, although the decline in material prices had a significant impact on the key figures. Incoming orders totalled € 321.8 million, an increase of 1.2% compared to the previous year. Sales fell slightly by 2.8% from € 330.0 million (2022) to € 321.0 million. Segment EBIT totalled € 28.1 million after € 34.9 million in the same period of the previous year. In addition to the decline in material prices, lower alloy surcharges in particular played an important role here. Alloy surcharges are now back to or even below the level at the end of 2021. The segment's EBIT margin fell accordingly from 10.6% (2022) to 8.8%.

The somewhat subdued demand in the tool and strip steel area, as well as an absolute increase in personnel costs compared to the previous year, are having a moderate negative impact on the outlook in this segment. However, we have initiated product expansions and won new projects with our MAPEX programmes. We are also stepping up our expansion into non-European countries.

The companies in the **Healthcare and Infrastructure Technology segment** experienced very heterogeneous business development in the 2023 financial year. Paper stick production continues to play a special role and is benefiting from the global sustainability movement. Falling paper prices are leading to sales at around the previous year's level. However, profitability is not suffering as a result. The situation is different for the other companies in the segment. A significant drop in incoming orders led to a lower order backlog and thus to inefficient utilisation of production capacity. A number of measures were therefore implemented over the course of the year, including personnel adjustments. This is also reflected in the 6.5% reduction in the number of employees compared to the previous year.

Incoming orders in the segment fell by 14.4% compared to the previous year to € 127.6 million. The decline reflects the restraint in the construction and healthcare sectors. In this segment, orders are generally awarded as longer-term framework agreements and are therefore subject to market cyclicality. The fact that incoming orders were lower than sales is a visible sign of the difficult market conditions and creates corresponding pressure to adjust. The Executive Board is vigorously supporting this process. In line with the lower order intake, the order backlog also fell to € 34.1 million at the end of the year (2022: € 43.5 million).

In addition to GESCO SE, the **GESCO SE / other companies** segment includes a number of companies of minor importance. The **reconciliation** item shows consolidation effects and the reconciliation to the corresponding IFRS Group figures.

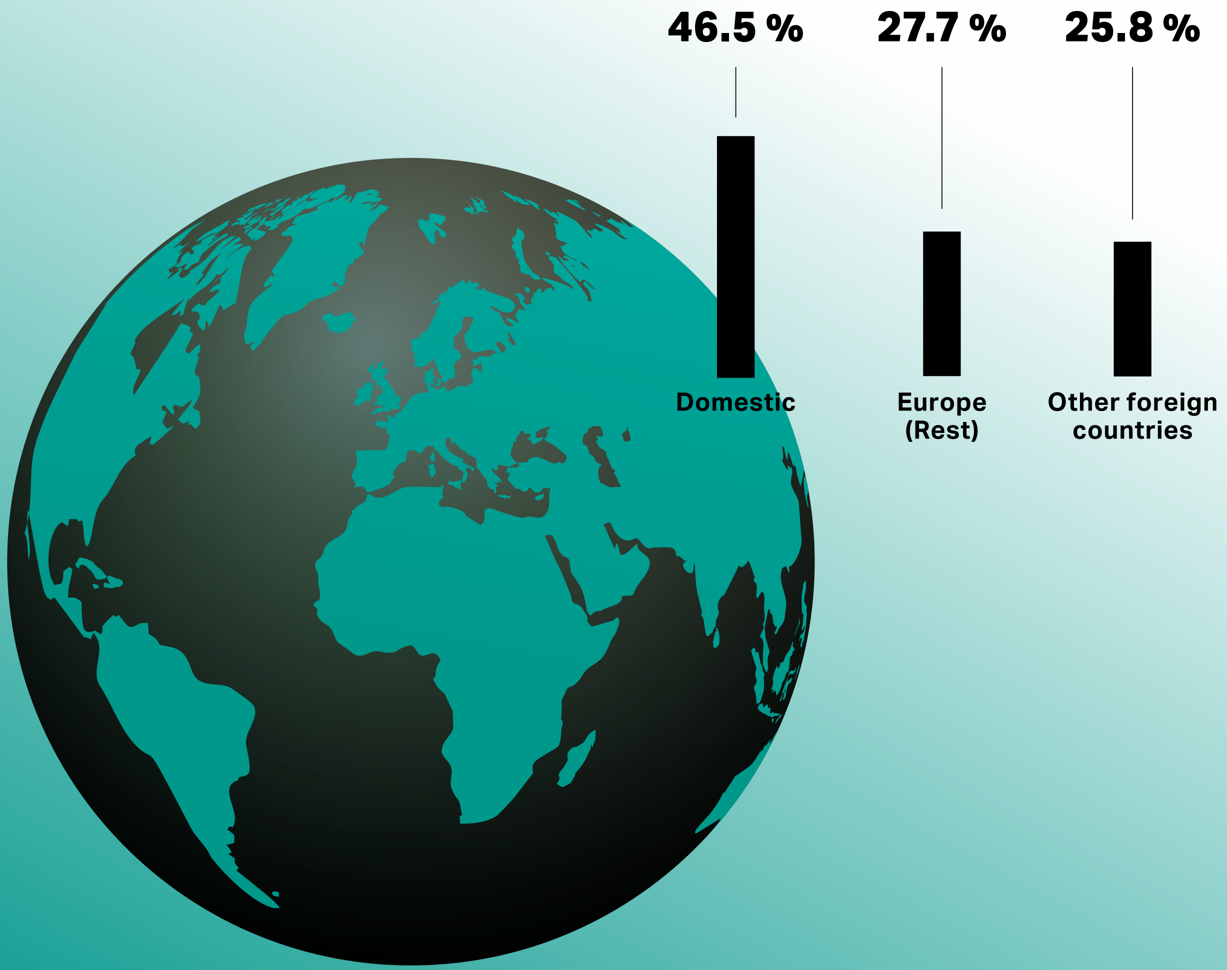
Sales by regions

The foreign share of consolidated sales totalled 53.5% (previous year: 51.7%). Europe (excluding Germany) accounted for 27.7% (30.2%) of sales, with France and Italy being the most important individual markets. Asia accounted for 9.8% (10.9%), of which 2.8 (3.7) percentage points were attributable to China. With a share of 12.9% (8.0%), the USA was the most important market outside Germany.

The foreign shares of the individual companies vary greatly depending on the respective business model; several subsidiaries have export quotas of over 70%.

With regard to this regional distribution of sales, it should be noted that many of our companies' domestic customers are themselves export-orientated. GESCO Group is therefore likely to have significant indirect exports, although this cannot be quantified precisely.

Sales by regions
Financial year 2023



Financial position

Capital structure

GESCO Group's balance sheet shows strong balance sheet ratios with high equity. At 14.0% (14.2%) of equity, goodwill is at a low level. Overall, GESCO Group has the necessary financial resources for internal and external growth.

On the liabilities side, equity totalled € 277.7 million, up on the level of € 274.7 million at the beginning of the financial year, which was due in particular to the positive consolidated net earnings for the year. Due to the repayment of current liabilities, the balance sheet total remained at the previous year's level; the equity ratio changed from 58.0% to 59.2% as a result of the increase in equity.

Investments

As a long-term investor, GESCO SE supports regular investments by the subsidiaries in their technical equipment in order to strengthen their competitiveness. This includes investments in property, plant and equipment as well as modern information technology and, in particular, systems for efficient production planning and control.

Overall, investments in property, plant and equipment and intangible assets for all companies totalled € 20.3 million compared to € 15.6 million in the previous year. This includes right-of-use assets recognised as investments in accordance with IFRS 16 of € 3.2 million in the reporting period and € 3.1 million in the previous year.

In the reporting year, the total volume was spread across various replacement, modernisation and expansion investments. This year, investment focussed on the Resource Technology segment. Pickhardt & Gerlach carried out capacity expansions. The plastic mould steel business area was established at Doerrenberg. Further investments were made at Setter. In the previous year, investment focussed on the Setter group, which had significantly expanded its machinery and equipment in the USA as part of the relocation of the site.

As at the balance sheet date, there were order commitments of € 1.0 million (previous year: € 0.5 million). This mainly relates to machinery and technical equipment that has been ordered but not yet delivered. The investments are expected to be completed in the 2024 financial year.

Depreciation of property, plant and equipment, working capital and amortisation of intangible assets amounted to € 23.1 million in the reporting period (previous year: € 18.3 million).

Liquidity and net debt

Cash and cash equivalents totalled € 34.5 million on the balance sheet date, slightly below the previous year's figure of € 36.3 million.

Current and non-current liabilities to banks increased by € 10.7 million to € 87.1 million in total. Current and non-current lease liabilities decreased by € 0.6 million from € 18.6 million to € 18.0 million.

Net debt has thus risen from € 40.1 million to € 52.6 million. Taking lease liabilities into account, this results in a deterioration from € 58.7 million to € 70.6 million.

In relation to EBITDA of € 59.0 million, the net debt-to-EBITDA ratio is therefore 0.9, or 1.2 including IFRS 16.

At the end of the financial year, there were committed but unutilised credit lines amounting to € 58.9 million. The Group was able to fulfil its payment obligations at all times.

Based on the positive result for the period of € 22.1 million, the operating cash flow increased to € 32.2 million (€ 10.7 million) compared to the previous year. Working capital fell slightly by € 4 million compared to the previous year. The working capital ratio deteriorated from 35.6% at the end of 2022 to 37.6% as at 31 December 2023. The cash flow from investing activities of € 21.8 million primarily includes investments in property, plant and equipment. The repayment of loans totalling € 22.8 million is offset by new borrowings of € 33.5 million.

Financial position

GESCO Group's total assets amounted to € 469.0 million as at the reporting date, compared to € 473.9 million in the previous year. Non-current assets increased only slightly by € 1.7 million to € 187.5 million due to significantly higher property, plant and equipment (€ +4.0 million) and a further reduction in intangible assets (€ -3.4 million). Inventories increased by € 2.9 million, while trade receivables fell by € 9.3 million.

The ratio of property, plant and equipment to total assets was 23.3% (previous year's reporting date: 22.2%). The ratio of non-current capital to non-current assets remained unchanged at 1.8 as at the reporting date.

Economic development of GESCO SE

The notes refer to the separate financial statements of GESCO SE prepared in accordance with the German Commercial Code (HGB). GESCO SE has holding company functions within the Group.

At € 11.0 million, GESCO SE's income from investments in 2023 was below the level of the previous financial year (€ 17.2 million). Distributions are determined individually, taking into account the earnings, net assets and liquidity position of the subsidiaries as well as the optimisation of liquidity within GESCO Group.

As in the previous year, no loss transfers had to be recognised in 2023. Income from profit and loss transfer agreements fell from € 20.4 million to € 16.6 million in the reporting year. As at the balance sheet date, there were a total of three profit and loss transfer agreements with the following subsidiaries:

- INEX-solutions GmbH
- Setter Holding GmbH and
- MAE Maschinen- und Apparatebau Götzen GmbH.

The write-downs on financial assets totalling € 6.7 million (€ 0.0 million in 2022) relate to the impairment losses recognised on the carrying amount of the investments in the subsidiaries AstroPlast and Funke.

The slight year-on-year increase in sales of € 2.1 million (previous year: € 1.7 million) is due to the recharging of expenses to the associated companies and consultancy services.

Other operating income totalled € 0.3 million in the reporting year (previous year: € 0.5 million). Other operating expenses increased from € 5.5 million to € 10.6 million. In the 2023 reporting year, other operating expenses included in particular legal and consulting costs, personnel search and acquisition costs as well as value adjustments on receivables from AstroPlast and Funke totalling € 4.5 million.

In the 2023 financial year, the annual result totalled € 7.8 million (€ 27.0 million).

In the management report for financial year 2022, GESCO SE had forecast income from investments and net income for the new financial year 2023 at approximately the same level as in 2022. In November 2023, GESCO SE revised its forecast for the Group figures for 2023 downwards, meaning that the original forecast figures for GESCO SE could no longer be achieved. The significantly lower income from the equity investments and profit and loss transfer agreements as well as write-downs on financial assets in financial year 2023 consequently led to net income for the year that was below the original forecast.

GESCO SE's total assets amounted to € 250.8 million as at the reporting date (previous year: € 255.3 million).

On the assets side, financial assets increased by a total of € 2.0 million due to the increase in shares in affiliated companies. Other loans totalling € 9.7 million (previous year: € 9.4 million) relate to a vendor loan due in two years at the latest in connection with the transaction carried out at the end of 2020.

Cash and cash equivalents totalled € 2.9 million as at the reporting date (previous year: € 10.6 million). In view of the very pleasing result in the 2022 financial year, a dividend of € 1.00 per share – corresponding to a total of € 10.8 million – was distributed to the Company's shareholders in the reporting period.

On the liabilities side, equity fell slightly to € 236.2 million (previous year: € 239.4 million), while the equity ratio rose from 93.8% to 94.2%.

The decrease in liabilities to banks by € 2.7 million to € 5.5 million is due to the repayment of bank loans.

Overall, GESCO SE's balance sheet had very healthy ratios as at the reporting date, with a very high equity ratio, low debt and sufficient cash and cash equivalents. Against this backdrop, GESCO SE continues to have sufficient access to debt capital at attractive conditions. The Company is therefore fully capable of acting both in terms of its equity base and its debt capital.

In the management report for financial year 2022, GESCO SE had forecast an equity ratio of over 80% for the new financial year, and this is clearly being met with an equity ratio of 94.2%.

At the end of the financial year, GESCO SE had committed but unutilised credit lines amounting to € 20.7 million.

Overall assessment of business performance

Against the backdrop of the many challenges, we consider business performance and the economic situation to be solid overall. This applies to both the Group and GESCO SE, even though developments within the Group were very mixed. At the beginning of 2023, we were still confident and expected an increase in annual sales and earnings roughly on a par with the previous year. This assessment proved to be incorrect, as the general conditions deteriorated significantly over the course of the year. With the exception of Setter, the companies in the Healthcare and Infrastructure Technology segment in particular were unable to fulfil expectations and had to pay tribute to the massively gloomier business prospects in their sectors, above all the construction industry.

There were no other significant events or transactions with a material impact on the net assets, financial position and results of operations of GESCO SE or within the Group during the reporting period.

Non-financial performance indicators

Environmental protection

GESCO Group's commitment to environmental protection is firmly anchored in its self-image, even beyond legal requirements and regulations. This applies to production as well as to the life cycle of the individual product through to its recycling. At the same time, aligning development and production with environmental concerns can open up attractive market opportunities for companies, as resource conservation and energy efficiency represent additional sales arguments. However, it is not only products that are relevant from an environmental perspective; energy aspects are also taken into account in construction measures and investments in machinery and equipment at GESCO Group in order to reduce follow-up costs and emissions. As a performance indicator, climate-relevant emissions are calculated as CO_2 equivalents per € million in sales.

Further information on environmental protection is provided in the non-financial Group report in accordance with Section 315b (3) HGB, which is published as a separate report in the annual report and disclosed together with the Group management report. Since 2021, the report has been prepared in accordance with the German Sustainability Code.

Employees

As at the reporting date, GESCO Group employed a total of 1,899 people (previous year: 1,841).

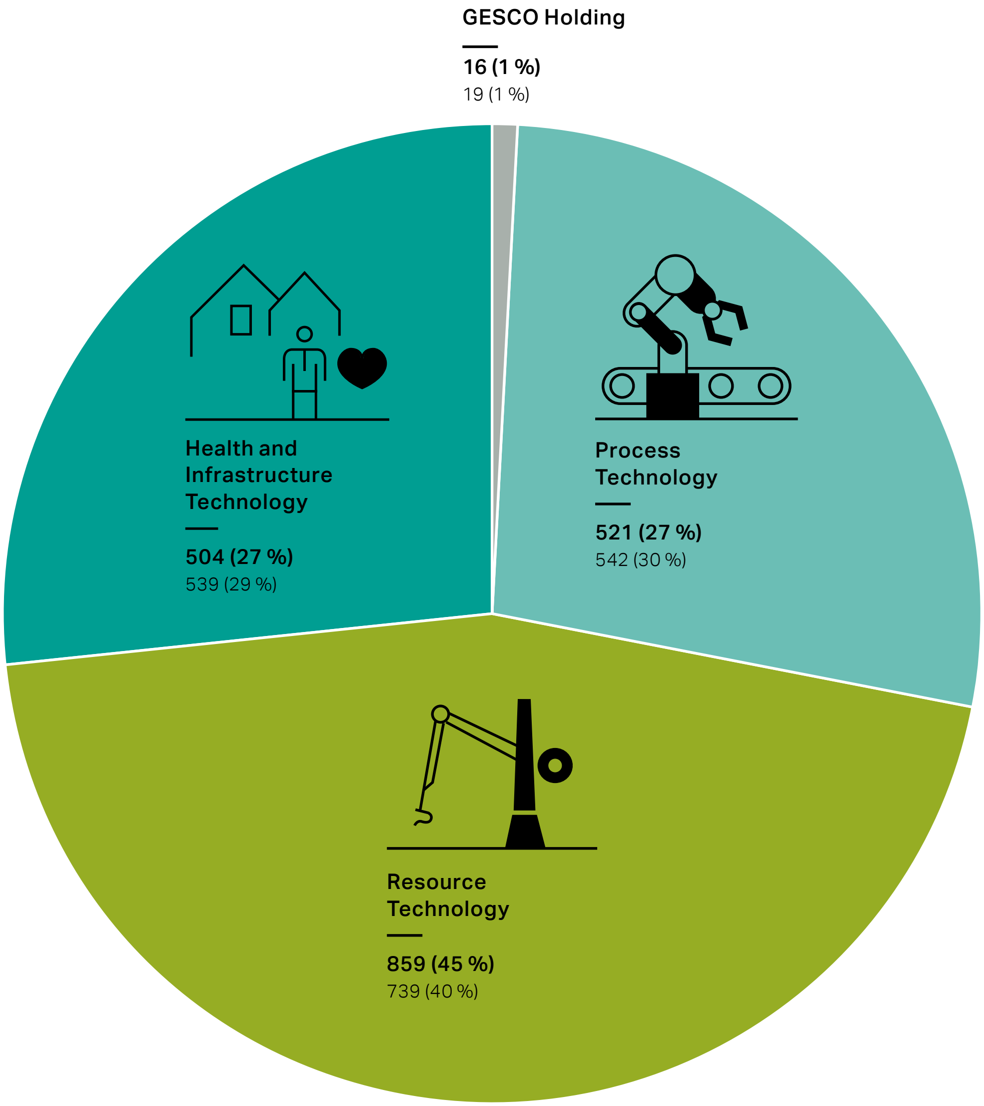
In the fourth quarter of 2023, GESCO offered all domestic employees of GESCO Group the opportunity to purchase employee shares at preferential conditions as part of an employee share ownership programme for the twenty-fourth time. As GESCO SE sees this programme as an important instrument for employee retention, the continuation of the programme is planned.

The future viability of GESCO Group companies depends crucially on attracting and retaining qualified and motivated employees. Training and further education are highly valued within the Group. In addition, the subsidiaries position themselves as attractive long-term employers with a wide range of activities. These activities range from involvement in school activities such as Girls' Days and dual study programmes to cooperation with universities and other educational institutions. For many years, Doerrenberg Edelstahl GmbH has presented the "Doerrenberg Award", an established, high-calibre competition for students in the fields of materials technology/engineering. The training rate, training costs and training hours are determined as performance indicators.

Further information on the topic of employees can be found in the separate non-financial Group report in accordance with Section 315b HGB.

Employees by segment (end of financial year)

Financial year 2023 vs. financial year 2022



03 _ Other information

Remuneration report

Information on the remuneration of the Executive Board and Supervisory Board can be found in the remuneration report for financial year 2023, which was prepared separately and published on the GESCO SE website in accordance with Section 162 AktG.

Own shares

As part of an employee share ownership programme, 36,000 treasury shares were acquired and largely resold in the financial year. As at the reporting date, the company held 11,330 treasury shares. Please refer to the notes for information in accordance with Section 160 AktG.

04 _ Forecast, opportunity and risk report

Forecast report

Based on the developments of the past year, key factors point to a stabilisation of the economic situation in 2024: Inflation fell significantly over the course of 2023 and stood at 2.9% in January 2024. The labour market is remarkably robust: the number of people in employment in Germany recently peaked at over 46 million. The current high nominal wage growth combined with easing inflation – following the sharp losses in 2022/23 – is leading to an increase in real purchasing power again. This should also strengthen domestic demand. The German government is therefore forecasting slight overall economic growth of 0.2 per cent for 2024 despite the continuing difficult conditions, for example with regard to the global economy. At the start of 2024, however, the German economy is still in difficult waters. Economic sentiment, as measured by the ifo Business Climate Index, the Purchasing Managers' Index for industry and the GfK Consumer Confidence Index, remains at a very low level at the turn of 2023/24. Although some of the negative factors from the previous year, such as the high consumer price increases and the resulting loss of purchasing power, are easing, inflation is likely to remain above the two per cent threshold for some time due to base effects from the expiry of temporary relief measures, among other things.

Rising real wages and the robust labour market trend in particular are likely to promote a domestic economic recovery over the course of the year. In contrast, the outlook for foreign trade remains subdued in view of the many geopolitical crises and tensions as well as the lingering, growth-dampening effects of monetary policy tightening in key trading partners. In addition, there are new national challenges, such as the need to adjust or prioritise the federal government's financial planning as a result of the ruling by the Federal Constitutional Court. Nevertheless, the German government assumes that the negative influences will tend to ease over the course of 2024 and that the positive domestic economic factors will increasingly take effect. A slight increase in price-adjusted GDP of 0.2 per cent is expected for 2024 as a whole.

The forecast for 2024 is based on the prevailing conditions. It is subject to a high degree of uncertainty due to the possible risks arising from the further course of the war in Ukraine, general geopolitical tensions, impaired supply chains and continued high level of interest rates.

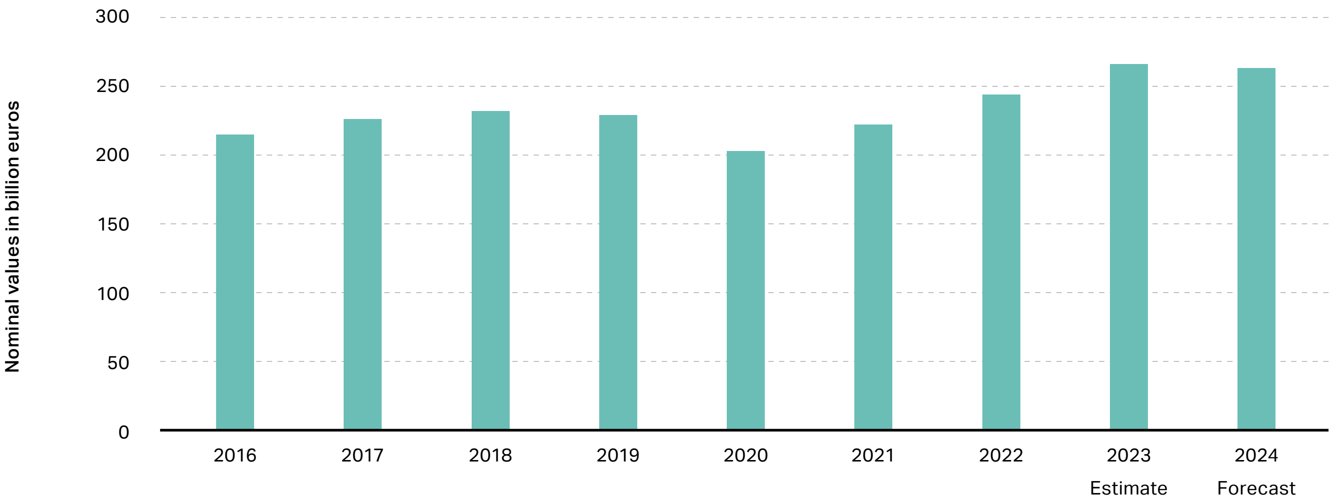
According to the VDMA, the ongoing slump in the global economy is also increasingly leaving its mark on the mechanical and plant engineering sector. In 2023, many mechanical engineering companies and the majority of GESCO Group companies were still benefiting from a relatively high order backlog and fewer bottlenecks in supply chains. However, the industry has weakened massively since the second half of 2023 and already fell short of the previous year's level by 1.6% in the third quarter. According to the VDMA, the fourth quarter of 2023 and the first quarter of 2024 will also be weak. The VDMA is forecasting a real decline of 4%.

In the medium term, however, investment in machinery and equipment should increase despite relatively high nominal interest rates, also against the backdrop of the high investment requirements in the course of the transformation to a climate-neutral economy, whereas construction investment is likely to continue to decline.

We expect demand to remain weak in the first half of 2024 and expect economic activity to pick up in the second half of the year. The increased labour costs that are now increasingly taking effect will lead to higher production costs and could have a negative impact on earnings. We will endeavour to counteract this by consistently focusing on our MAPEX excellence programmes to expand market share and OPEX to increase efficiency. We expect our financial performance indicators to develop as follows in the 2024 financial year:

Consolidated sales are expected to increase moderately in 2024. We expect an increase in the single-digit percentage range. We also expect a moderate increase in consolidated net earnings after minority interests for the 2024 financial year (excluding impairments).

Germany: Sales in Mechanical engineering



Source: Statistisches Bundesamt, VDMA e. V.

The ongoing tense geopolitical situation, the increased price level, high interest rates and generally subdued growth expectations may have a significant impact on some of our subsidiaries. Our subsidiaries may also be affected to varying degrees by continued high and volatile energy prices. We have taken individual direct effects into account in our expectations, but the dynamic and current nature of the situation does not currently allow us to make any more precise statements regarding the extent of all direct and possible indirect effects.

GESCO SE is essentially subject to the same opportunities and risks as GESCO Group. GESCO SE expects the following developments for the performance indicators in financial year 2024:

Income from investments and net income are expected to remain at roughly the same level as in 2023. GESCO SE's equity ratio should remain at a level of over 80% in financial year 2024, provided there are no significant changes in the group of shareholdings.

GESCO SE continues to strive for external growth through the acquisition of medium-sized industrial companies. As part of the NEXT LEVEL 25 strategy, we are looking for acquisition targets with sales of between € 20 million and € 50 million. Strategically motivated bolt-on acquisitions of subsidiaries can also be made at a lower sales level. Overall, GESCO pursues a balanced portfolio with three anchor investments and twelve basic investments. The primary objective is to achieve a balanced portfolio across many sectors, with the anchor holdings in particular forming the main pillars, which are dependent on different market cycles. The core investments, on the other hand, offer the opportunity to gain a foothold in new sectors and applications in order to benefit from various trends. We continue to generate a continuous deal flow through our existing network and by approaching entrepreneurs directly.

The statements on future development made in the forecast report are based on assumptions and estimates that were available to GESCO SE from information at the time the report was prepared. These statements are subject to risks and uncertainties, which is why actual results may differ from the expected results. No guarantee can therefore be given for these statements.

The management of opportunities and risks

GESCO SE's business model is entrepreneurial in nature. Entrepreneurial activity is inherently associated with risks – they cannot be ruled out, but they can be handled with appropriate risk management. GESCO Group's concept is geared towards recognising, evaluating and exploiting opportunities on national and international markets on the one hand, and identifying and limiting risks on the other. The management of risks and opportunities is a continuous entrepreneurial process. GESCO Group is structured in such a way that negative developments at individual companies do not jeopardise the Group as a whole.

An overall assessment of the company's situation is carried out both in the planning meeting and in the monthly meetings and annual strategy meetings. On the one hand, this involves analysing the business opportunities and courses of action for expanding the volume of business in Germany and abroad and for increasing profitability, and on the other hand, the respective risks are assessed.

Management of opportunities

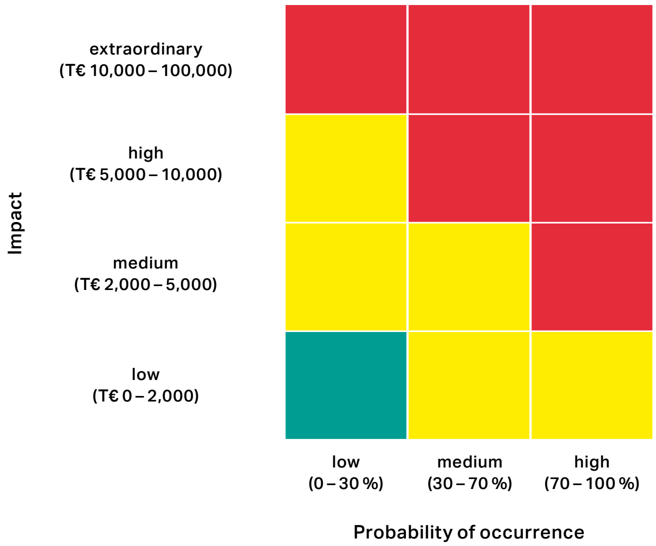
For GESCO SE, there are significant opportunities in the acquisition of further medium-sized industrial companies and the expansion of existing corporate structures. By maintaining the network, increasing awareness of GESCO SE as an investor and approaching interesting companies directly, we generate a deal flow that is evaluated and processed in step-by-step analyses. There are also major opportunities for GESCO SE in the positive operating performance of the portfolio companies and the associated investment income and distributions. To this end, the holding company offers its subsidiaries intensive advice and support in order to leverage and utilise synergy effects for the entire Group in the future.

For the operating subsidiaries, it is essential to constantly identify opportunities on national and international markets and to turn them into successful business activities. Strategy development, sales and marketing, product development as well as quality and innovation management are decisive factors here.

Risk management in the GESCO Group

GESCO Group has an internal risk management system. GESCO Group uses a software-supported system to record risks. Risks are assessed and categorised in the risk statistics by estimating the impact on earnings before interest and taxes (EBIT) and the probability of occurrence, with a focus on the net impact of risk after mitigating measures. Risks are weighted on a company-specific basis, taking into account the sales volume and earnings power of the respective company. Specific categorisations are defined at Group level. The combination of risk impact and probability of occurrence results in an assessment of the risks according to the following matrix, with red indicating the highest risk level.

Risk matrix



The risks reported by the subsidiaries are included in monthly reporting. The risks are reported by the managing directors in consultation with the respective investment managers in the finance department. High risks are also reported by the subsidiaries to GESCO SE on an ad hoc basis.

As at 31 December 2023, there are no individual risks that fall into the red category. The focus of the individual risks recognised within the yellow category was on legacy risks and warranty risks, each with a low impact.

Risk management is the responsibility of the Executive Board and is monitored by the Supervisory Board. The GESCO SE employee responsible for risk management informs the Supervisory Board about the development of risks in quarterly meetings. The Supervisory Board is informed of major risks on an ad hoc basis.

In addition to the individual risks recognised, we see risks for future development in the following areas in particular:

Risks and opportunities when acquiring companies

GESCO SE strives for internal growth based on its existing portfolio as well as external growth through the acquisition of further industrial SMEs. The search for new companies is a continuous process in which analysing opportunities and risks is naturally of particular importance as part of an acquisition due diligence. Prior to the acquisition, the companies are subjected to due diligence in order to identify the risks associated with each company acquisition, insofar as they are recognisable. Key aspects here are financial, tax, technological, market-related and environmental risks, as well as corporate culture, the age structure of the workforce and legal risks. GESCO SE utilises both internal and external expertise.

Every acquisition harbours the risk that the newly acquired company will not develop as planned and expected and that the EBIT margin target set by GESCO will not be achieved. There is also the risk that the company's potential is not sufficient to develop into a hidden champion, i.e. a global market leader in its niche. A critical success factor for GESCO, particularly in succession solutions, is the appointment of a new managing director upon the departure of the previous owner-manager and the cultural change that this often entails.

Following the acquisition, the companies will be integrated into GESCO Group's reporting system in a structured process. The companies will also be integrated into GESCO Group's risk management, compliance, data protection and insurance management systems.

Opportunities may arise from a better development of the acquired company compared to the plan. In addition to positive market influences, the rapid introduction and implementation of the Excellence programmes by GESCO can also contribute to this. The departure of a previous owner-manager can also open up opportunities. A new managing director can utilise his experience to leverage additional potential and promote the development of the company through new perspectives and approaches.

Risks and opportunities in relation to the operating business

In their operating business, all GESCO SE subsidiaries are subject to the typical opportunities and risks of their respective industries as well as general economic risks. As an industrial group with significant direct and indirect exports, we are affected by economic fluctuations in Germany and abroad. Through our strategy of diversification, particularly with regard to customer industries, we endeavour to offset economic fluctuations in individual sectors to a certain extent and thus reduce the risks arising from economic cycles.

In addition to the economic situation, there are risks as well as opportunities for the subsidiaries in the strategic orientation of the companies, taking into account technological and social change. In particular, these include digitalisation, the emergence of new competitors, the political and economic development of regional markets, changing social values, the political goal of reducing CO_2 emissions, the energy transition, geopolitical risks and the tightening regulatory framework. GESCO Group responded to this in financial year 2023 by expanding the MAPEX (Market & Product Excellence) programme to advance market share and the OPEX (Operational Excellence) programme to increase efficiency at the subsidiaries. Regular meetings between the Executive Board of GESCO SE, the investment managers and the managing directors of the subsidiaries and their teams also serve to analyse and continuously exchange information on strategic issues.

Significant regulatory tightening and legislative changes that affect GESCO SE as a Group are managed and implemented centrally by GESCO SE.

In principle, there is a risk of customer complaints and claims due to poor quality, non-fulfilment of promised services or failure to meet agreed deadlines. The companies counter this risk with diligence in their processes, quality management and close contact with their customers.

Risks typical of the respective business model exist in plant engineering in particular. Here, the corresponding Group companies are repeatedly confronted with customer requirements whose technical realisation possibilities in terms of time and costs can only be calculated in advance to a limited extent, meaning that there is a risk of loss-making orders. On the other hand, this can lead to opportunities, as challenging customer projects repeatedly result in innovative approaches that can lead to marketable product innovations.

In order to counter procurement risks, the subsidiaries endeavour to gain planning security by concluding framework agreements with their suppliers and service providers or agreeing price escalation clauses with customers and suppliers. A relationship based on partnership and long-term cooperation with key suppliers supports security of supply.

GESCO Group companies utilise the instrument of trade credit insurance to hedge trade receivables where this is deemed sensible and appropriate. If relevant customers cannot be insured, the subsidiaries analyse the respective situation and define the next steps, usually in direct dialogue with the customer. Significant uninsured risks are coordinated with GESCO SE and the legal department in particular. This is naturally always a balancing act between endeavouring to limit the risks and the need to exploit business opportunities and not lose the customer. This balancing act is further complicated by the instrument of insolvency avoidance, which is, however, covered by group insolvency avoidance insurance.

Currency risks from the operating business are generally hedged at the level of the respective subsidiaries for significant order volumes.

Geopolitical risks

In addition to the typical economic fluctuations and the other operating risks mentioned above, we currently see the greatest risk to our operating business in the generally high level of political uncertainty. Further developments in Ukraine and the generally tense geopolitical situation with its diverse effects on the business development of the subsidiaries and the economy as a whole are naturally difficult to predict. Should there be any significant changes, expansions or intensifications, further sanctions and effects on energy and commodity markets could affect our subsidiaries in various ways.

The strategic competition between the USA and China also harbours further risks. Trade tensions, technological advances and the impact on the energy sector are issues that affect the global economy. Increasing reliance on renewable energy can lead to tensions as countries with fossil fuels resist.

This has led to the emancipation of European foreign trade, energy and environmental policy, the high regulatory and economic requirements of which present European companies with major challenges and will continue to do so in the future.

Climate change has become a highly political issue worldwide, affecting national security and global stability. Extreme weather events, rising sea levels and water shortages are already making themselves felt.

Having available and accessible energy resources is crucial for a country's economic development. Several of the issues mentioned above – namely climate change, cybersecurity threats and the current war in Ukraine – have caused a great deal of concern worldwide about energy security in Europe. This remains one of the relevant geopolitical problems and risks for 2024.

The trade conflict between the US and China and the effects of the coronavirus pandemic have led to a noticeable dismantling of supply chains and a new national industrial policy. A possible victory for Donald Trump in the November elections would make a significant intensification of the trade conflict with China and possibly also with the EU more likely. This could have a negative impact on the global production of goods and services. The European Union is currently pursuing its own legislative mechanisms, such as the CBAM, which provides for a CO_2 border tax and will be directly relevant to the business of GESCO Group sectors.

A potential military conflict between China and Taiwan would have a dramatic economic impact, as Taiwan is an important producer of semiconductors and microchips. A loss of production could lead to a severe global recession.

It is to be feared that increasing international protectionism and escalating trade conflicts will remain constant challenges.

The subsidiaries may be directly and indirectly affected by the global impact to varying degrees. Direct effects may result from a lack of energy supply and rising energy prices. Some subsidiaries are energy-intensive and the availability of energy at competitive prices is crucial for business development. Some subsidiaries have a high export ratio or are partially dependent on international suppliers. They may be directly affected by general geopolitical effects. Indirect effects affect subsidiaries with major international customers. If customers' supply chains are disrupted or general developments have an impact on direct customers, this can lead to changes in customers' purchasing behaviour.

These general geopolitical risks are followed by specific effects for the subsidiaries' operating business, which are referred to as "decoupling" or "derisking" effects and affect the entire industry.

In terms of regulation, there is an enactment of mutually exclusive and often extraterritorial local laws and rules, which, if disregarded, can lead to exclusion from public tenders, fines and even a ban on activities (e.g. CBAM import ban).

In terms of raw materials, this means export and import restrictions on rare earths or export restrictions (e.g. on PV modules).

In terms of sales markets, this means punitive tariffs and non-tariff trade barriers, import and export bans for chips, network equipment and basic materials such as rare earths or certain chemicals, as well as market entry barriers.

With regard to data, this means a ban on the transfer of data to other countries, the obligation to make data and algorithms available to government agencies and related counter-legislation (e.g. the US Cloud Act and the GDPR).

In technological terms, this means setting solely valid norms and standards per region, defining different interfaces and prohibiting the use of business-relevant software.

For environmental protection, this means different environmental standards and the resulting competitive advantages and disadvantages.

As part of the internationalisation strategy and for subsidiaries with existing international locations and international customers, the decoupling effects lead to increased risks. Risks include rising procurement and production costs due to "multiple regional sourcing" instead of "single global sourcing" from the world's cheapest supplier, multiple costs for research and development, procurement and lower economies of scale due to regional differences in norms and standards. Furthermore, this can lead to additional costs for various compliance management systems, high implementation costs and high implementation effort.

In terms of personnel, this means an impediment or ban on the employment of foreign expats or travel restrictions for business trips (e.g. through work visa restrictions, tax disadvantages and travel restrictions), as well as a ban on the employment of foreign researchers in research institutes. Travel restrictions pose risks for subsidiaries with international customers and international service business in particular, as trade fair and customer visits and, above all, the deployment of service technicians are no longer permitted.

These overall decoupling effects will intensify in the future.

However, these risks are also offset by opportunities. Aid decided by governments, such as the energy price brake in Germany, is helping to stabilise the energy markets. The market leadership of many of our subsidiaries in conjunction with further internationalisation and the establishment of sustainable supply chains secures and offers opportunities for the further expansion of market shares. For example, the information gained through the implementation of the national Supply Chain Duty of Care Act can be used to stabilise global supply chains and for more effective risk management and the development of resilient supply chains.

In addition, the subsidiaries of GESCO SE source raw materials, materials and services from suppliers/service providers predominantly from Germany and countries in the European Union, which significantly reduces the overall decoupling effects and geopolitical risk.

Against this backdrop, GESCO Group believes that it remains well positioned and ready to master these challenges through consistent risk management and the diversification of its subsidiaries' business activities. GESCO Group has already demonstrated its resilience in 2023 and will continue to do so in financial year 2024.

Compliance risks

Compliance risks include corruption, breaches of human rights and environmental due diligence obligations, antitrust offences and criminal activity and the resulting fines and claims for damages. These risks can lead to significant financial damage as well as considerable reputational damage. GESCO Group counters these risks with a compliance management system that includes, in particular, a Group-wide Code of Conduct, accompanying guidelines and work instructions, an online information system (Rulebook) for GESCO Group employees, accompanying training, case-related spot checks and a whistle-blower system for employees and external parties, as well as a complaints system in accordance with the German Supply Chain Compliance Act (LkSG). The managing directors of the subsidiaries are responsible for anchoring the respective requirements and principles in their companies.

Compliance management is conceptualised and managed centrally by the Group compliance officer at GESCO SE. Closer cooperation with the subsidiaries and, in particular, the expansion of a compliance governance structure is planned for financial year 2024.

Such a structure will enable the subsidiaries to concentrate more on their core business again, as regulatory requirements are becoming increasingly strict and will become even stricter in the future.

The development of such a structure began in the 2023 financial year with the establishment of an LkSG governance structure and an LkSG compliance management system as part of the compliance management system.

This system is primarily the responsibility of the legal department, which is accountable to and reports to the Executive Board of GESCO SE. To this end, a compliance report on the previous financial year is prepared annually by the fourth month of the financial year and presented to the Executive Board of GESCO SE.

This report also presents the compliance strategy and the specific targets for the current financial year.

Risks and opportunities in relation to personnel

Qualified personnel are of considerable importance for the current performance and future viability of the subsidiaries. For the manufacturing industry in Germany, there is a general risk of finding and retaining sufficiently qualified personnel in the future. Demographic change is further exacerbating this situation. The mechanical engineering industry needs a highly qualified workforce to keep pace with technological developments and drive forward innovative solutions.

GESCO Group companies are meeting this challenge with various measures to position themselves as attractive employers in their respective regions. There is also a risk of a loss of expertise if existing knowledge and skills within the company are inadequately transferred from more experienced to less experienced employees. This can be remedied by measures for the targeted transfer and appropriate documentation of expertise.

The recruitment and retention of suitable managing directors is of particular importance to the companies of GESCO SE. Managers who do not fulfil the expectations placed in them or frequent personnel changes in these key functions represent a considerable risk with negative consequences both internally and externally. GESCO SE counters this risk with great care when selecting personnel in a multi-stage selection process involving the Supervisory Board.

Difficulties in recruiting and retaining qualified employees at GESCO SE can also have a negative impact on the company's success. When it comes to building a trusting, resilient working relationship within the holding company and, in particular, with the subsidiaries, as well as building up expertise, personnel consistency and transparency with regard to the storage of knowledge is both advantageous and necessary.

On the other hand, the right appointment of managing directors and management positions can also result in opportunities. A good management culture leads to low staff turnover, high employee motivation and contributes to the overall success of the company. We see a further opportunity in the LEADEX (Leadership Excellence) programme. With LEADEX, GESCO SE supports the development of leadership skills in the subsidiaries and the holding company. At the same time, the programme strengthens working relationships within the companies and the holding company as well as with the subsidiaries. Three modules on the topics of teams, tools and high-performance teams contribute to the continuous development of leadership skills and teamwork.

In addition, there are plans to sensitise and train managers with regard to employee compliance and specific labour law issues in the 2024 financial year.

GESCO SE's employee share ownership programme regularly offers GESCO Group employees in Germany the opportunity to participate in the Company by purchasing discounted GESCO shares and thus accumulate assets for their retirement provision. GESCO SE sees this programme as an important instrument for employee retention.

Risks and opportunities from information technology

Cyber-attacks are a growing geopolitical risk that threatens companies and national security. Numerous countries have already fallen victim to attacks that jeopardise critical infrastructure. Co-operation to combat cyber-attacks is a challenge given the complex geopolitical relationships and leads to a tense insurance market.

Information technology risks relate in particular to the failure of IT systems at GESCO Group companies and the associated downtime, industrial espionage and loss of expertise, data misuse and unauthorised access to data. GESCO SE counters IT risks by investing in modern hardware and software as well as an information security management system that is regularly reviewed.

Staff training conveys both a basic awareness of IT risks and specific guidelines for the practical handling of these risks.

IT security guidelines govern in particular the handling of the Company's own hardware and software as well as data security issues. In addition, GESCO SE obliges our external IT service providers to comply with specified security standards. In cooperation with an external IT security officer, information security management is regularly developed further and subjected to tests.

Within GESCO Group, GESCO SE conducts regular surveys at its subsidiaries on the status of their information security management.

Another mammoth task is the transformation towards digital technologies and Industry 4.0, which requires considerable investment and a rethink of production processes. Companies must invest in the digitalisation of their production in order to remain competitive and meet market requirements. This can result in risks if competitors succeed in making the change faster and better.

Opportunities arise for GESCO Group from the automation and digitalisation of processes and workflows. These include, for example, the digitalisation of workflows along the value chain and a modern and efficient way of working through mobile working, paperless offices and the associated fast access to data and information that is available at all times. We want to strengthen these opportunities through the Excellence Programme DIGITEX (Digital Excellence). In addition to the digitalisation of internal processes, the digitalisation of business models is another aspect of DIGITEX, which can also result in opportunities for GESCO Group.

Risks in connection with data protection

Risks in the area of data protection lie in the loss or disclosure of confidential internal information, business secrets and personal data and the associated loss of reputation and risk of fines. Violations may result in the imposition of fines and the assertion of lawsuits due to the disclosure of personal or otherwise sensitive data of third parties. GESCO SE works with an external data protection officer in the area of data protection.

Risks and opportunities from financing

Financing risks could arise from the holding company's lack of access to equity and/or debt capital. Access to debt capital at adequate conditions is largely dependent on the operating success of GESCO Group and the associated ability to make interest and redemption payments as agreed. The subsidiaries have a direct influence on this and the holding company has an indirect influence as part of its acquisition decisions and in its reporting and support of the subsidiaries. In the event of negative economic developments at individual subsidiaries, there is a risk of bottlenecks in the supply of debt capital for the respective subsidiary. There is also a risk that the reputation of GESCO SE and possibly other subsidiaries as debtors could deteriorate as a result of such a negative development. In order to limit the interest rate risk associated with variable interest rates, the companies enter into interest rate swaps as required, thereby swapping a variable interest rate for a fixed interest rate. The central banks have been combating the sharp rise in inflation since the first quarter of 2022 to date with significant interest rate hikes since the second half of 2022. It is possible that the central banks will not lower interest rates in 2024. The higher interest rates will increase financing costs in the medium term.

When it comes to accessing equity by way of possible capital increases by GESCO SE, the condition of the capital market at the relevant time, the economic development of GESCO Group, the reputation of GESCO SE and continuous, credible investor relations are key elements. We currently see no need to raise new equity.

With regard to financing structures, GESCO Group is structured in such a way that a negative development of individual companies should not jeopardise the entire Group. For this reason, we largely refrain from using instruments such as cash pooling or contingent liabilities. In the interest of financial stability, GESCO SE refrains from speculative elements both in the investment of free financial resources and on the financing side. GESCO Group works with around two dozen different banks in order to limit its dependence on individual institutions.

Opportunities in the area of financing arise from GESCO's access to the capital market. This gives GESCO access to both new equity and debt capital. A solid balance sheet and good equity ratio enable easy access to debt capital.

Environmental risks

Environmental damage can entail considerable financial and reputational risks and, in extreme cases, can threaten the existence of the company in question. Depending on the respective business model, the subsidiaries pursue different approaches. Doerrenberg Edelstahl GmbH, for example, introduced an environmental management system back in 1997, which is further developed and regularly audited. Regular environmental audits are carried out at Pickhardt & Gerlach Group due to its categorisation as a hazardous incident company. GESCO SE encourages its subsidiaries to ensure that permits and licences are obtained and, in financial year 2023, recorded and evaluated environmental risks using individual questionnaire catalogues in the analysis of its own business area for the implementation of the obligations of the LkSG and transferred them to the LkSG risk management system. In the course of non-financial reporting (particularly with regard to the implementation of the CSR-RUG), environmental risks will also be reported more intensively in future and monitored using software.

Risks at GESCO SE level

At the level of GESCO SE, there is a risk that investments and receivables from affiliated companies may not be recoverable. This is typically caused by operating developments at the subsidiaries concerned that fall short of the premises and expectations underlying the original purchase price determination or the current investment valuation. GESCO SE endeavours to counteract negative developments through sustainable investment management in its support of the subsidiaries.

Risks and opportunities from the insurance cover

GESCO Group's insurance cover is regularly reviewed in order to ensure appropriate cover at adequate conditions. A dualistic insurance management of Group and individual insurance policies is currently in place.

Opportunities arise where synergy effects are possible and insurance policies are concluded as group insurance policies. These include, for example, D&O insurance, insolvency contingency insurance, cyber risk insurance and group accident insurance.

With regard to insurance, GESCO SE, like the entire industry and industrial insurers, is affected by the "decoupling" and "derisking" described above. This leads to risks from rising insurance premiums or risks that are no longer insurable. GESCO Group is endeavouring to counteract this by strengthening and intensifying its insurance management.

The term “decoupling” or “derisking” refers to a long-term trend that has been increasingly fuelled by “America first” and China’s strategy of “two cycles” and increasing geopolitical risks in recent years, and which is particularly affecting the insurance market.

Legal risks

GESCO Group companies are confronted with a variety of potential legal risks. For the operating companies, this relates in particular to product liability and warranty claims as well as risks from customs and foreign trade law and from sanctions imposed by third countries on potential export destinations. There are also risks in the areas of antitrust and competition law, human resources and the environment, among others. Another legal risk relates to due diligence obligations with regard to supply chains in accordance with the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG).

GESCO Group companies counter legal risks from their operating business with prudent project management, including appropriate documentation and adequate quality management, including the involvement of the legal department and the case-by-case involvement of specialised experts. GESCO SE supports the subsidiaries in part by providing internal (legal) advice and by procuring external legal advice. In addition, the instruments described in the compliance section are used to counter a wide range of risks.

In terms of the legal framework, we are currently seeing strong regulatory developments at national and supranational, i.e. European, level, which have a significant impact on the Group. In financial year 2023, GESCO Group was heavily involved in implementing the Supply Chain Duty of Care Act and preparing for the CSR Directive Implementation Act (CSR-RUG).

Other European legislation such as the Carbon Border Adjustment Mechanism (CBAM), the EU Deforestation-free Supply Chain Regulation (EUDR) and many other national and supranational legislative acts will also require strong implementation, conceptualisation and management by GESCO SE vis-à-vis the subsidiaries in 2024 and beyond.

This results in both risks and opportunities. Risks lie in the high implementation effort and rising costs for governance and compliance. Opportunities arise from rapid implementation and targeted realisation with the support of GESCO SE. The subsidiaries can concentrate on their core business and at the same time qualify as strategic suppliers to their customers through rapid implementation.

It must be assumed that the trend towards stricter regulation will continue in the future due to the ambitious European climate policy.

Reputational risks

Reputational risks could hinder GESCO SE both in its ability to acquire further industrial SMEs and in its relationship with the capital market. They could also limit the Company’s ability to recruit qualified personnel. The subsidiaries could be restricted in their operating business and in their personnel work. GESCO Group counters this risk with great care in its business processes, a compliance system, active LkSG management and open, confidence-building communication both internally and externally.

Final risk assessment

At GESCO Group, the composition of the investment portfolio, which operates with different business models in often different markets, must be taken into account. The highly diversified structure of the Group represents an effective mitigating factor in the aggregation of risks of the individual subsidiaries. On the one hand, the identified risks are of a very different nature due to the business activities and, on the other hand, the companies operate largely independently of each other, meaning that risks tend to occur selectively rather than across companies. This also reduces the risk to the recoverability of the carrying amounts of the investments at GESCO SE as a whole, whereby the high equity ratio in the holding company would ensure stability even in the event of higher risk-related impairments of individual investments. When assessing risk, we also look in particular at the financial situation of the respective companies and the holding company and their currently available credit lines. The assessment is therefore based on GESCO Group's overall financial risk-bearing capacity – understood as the ability to cover potential losses from equity and liquidity. Other possible sources of liquidity are also available in the form of debt capital such as loans or bonds.

We see the greatest challenges in the geopolitical environment and in the areas of information technology, data protection and increasingly stringent regulatory requirements and the insurability of these risks. In our view, geopolitical uncertainties have increased significantly over the past year and could deteriorate further. We are seeing a global increase in threats to cyber security, which according to various sources have intensified during coronavirus and the outbreak of war in Ukraine. Furthermore, the decoupling and derisking trend will intensify.

Corporate risks	Significance of risk	Change compared to previous year
Risks associated with the acquisition of companies	low	–
Risks in relation to the operating business	medium	–
Geopolitical risks	high	–
Compliance risks	medium	–
Risks in relation to personnel	medium	–
Risks from information technology	high	–
Risks in connection with data protection	high	–
Risks from financing	low	–
Environmental risks	low	–
Recoverability of the investments	medium	–
Insurance cover	medium	deteriorated
Legal risks	medium	–
Reputational risks	low	–

At present, we have not identified any specific risks that could jeopardise or significantly impair the continued existence of GESCO SE and the Group, either individually or collectively, but we are aware of the increasing risks and want to counter these by strengthening risk management at GESCO SE level.

05 _ Internal control and risk management system in relation to the accounting process

The internal control and risk management system in relation to the accounting process (ICS) is designed and overseen by the Executive Board and monitored by the Supervisory Board. It comprises principles, procedures and measures that serve to ensure the correctness of internal and external accounting and compliance with legal regulations as well as the timely identification of accounting risks. The ICS is continuously developed further.

The subsidiaries are responsible for their own accounting. Group accounting is carried out by the responsible employees of GESCO SE on the basis of the subsidiaries' reporting. Detailed Group guidelines, which are set out in a manual, define a binding standard for all Group companies and all auditors. Changes to laws, accounting standards or other regulations are reviewed with regard to their relevance to the accounting process and, if necessary, are incorporated into the internal guidelines. If necessary, external service providers are consulted, for example for the valuation of pension obligations.

The responsible employees of GESCO SE are available to the managing directors, the financial officers and the relevant employees of the subsidiaries as contacts and advisors in all matters relating to accounting. The responsible employees receive regular training. To avoid risks from the accounting process, IT-supported and manual plausibility checks, the principle of segregation of duties and the principle of dual control are implemented. The functionality and effectiveness of the ICS is assessed by the auditors as part of the audit of the annual financial statements.

06 _ Takeover-relevant information

Disclosures pursuant to Sections 289a, 315a (1) of the German Commercial Code (HGB)

No. 1: Composition of the subscribed capital

As at the reporting date, the share capital of GESCO SE totalled € 10,839,499.00 and is divided into 10,839,499 no-par value registered shares. The shares are fully paid up. All shares carry the same rights and obligations. The rights and obligations of shareholders are set out in detail in the provisions of the German Stock Corporation Act (AktG), in particular Sections 12, 53a ff, 118 ff and 186 AktG.

No. 2: Restrictions affecting voting rights or the transfer of shares

Each share grants one vote at the Annual General Meeting and is decisive for the shareholders' share in the Company's profit. This does not apply to treasury shares held by the Company, which do not entitle the Company to any rights. In the cases of Section 136 AktG, voting rights from the shares concerned are excluded by law.

No. 3: Shareholdings exceeding 10 % of the voting rights

Information on shareholdings exceeding 10% of the voting rights is included in the notes.

No. 4: Holders of shares with special rights conferring powers of control

There are no shares in the Company with special rights conferring powers of control.

No. 5: Control of voting rights in the case of employee shareholdings

There is no control of voting rights in the event that employees hold shares in the capital of GESCO SE and do not exercise their control rights directly.

No. 6: Appointment and dismissal of members of the Executive Board; amendments to the Articles of Association

Members of the Executive Board are appointed and dismissed on the basis of Article 39 SE Regulation, Section 16 para. 1 SE Implementation Act, Sections 84, 85 AktG and Article 7 of the Articles of Association of GESCO SE. Accordingly, Executive Board members are appointed by the Supervisory Board for a maximum of five years. Reappointment or extension of the term of office, in each case for a maximum of five years, is permitted. Appointments may be revoked by the Supervisory Board for good cause. In accordance with Section 7 para. 1 of the Articles of Association of GESCO SE, the Executive Board consists of one or more persons. In accordance with Section 7 para. 2 of the Articles of Association and within the framework of the statutory provisions, the Supervisory Board appoints the members of the Executive Board and determines their number; it may also appoint deputy members of the Executive Board.

Amendments to the Articles of Association are governed by Article 59 para. 1 SE Regulation, Section 179 AktG and Article 18 of the Articles of Association of GESCO SE. In accordance with Article 59 para. 1 SE Regulation and Section 179 para. 1 sentence 1 AktG, any amendment to the Articles of Association requires a resolution by the Annual General Meeting. Pursuant to Section 179 para. 1 sentence 2 AktG in conjunction with Section 18 para. 2 of the Articles of Association. § Section 18 para. 2 of the Articles of Association, however, the Supervisory Board is authorised to make amendments to the Articles of Association that only affect their wording. Otherwise, amendments to the Articles of Association require a majority of two-thirds of the votes cast when the resolution is passed in accordance with Article 59 para. 1 SE Regulation and, unless mandatory statutory provisions require otherwise, in accordance with Section 18 para. 1 of the Articles of Association in conjunction with Section 179 para. 2 sentence 2 AktG. § Section 179 para. 2 sentence 2 AktG of the simple majority of the share capital represented when the resolution is passed.

No. 7: Authorisation of the Executive Board to issue or buy back shares

The Company currently has no authorised capital.

The Company may only repurchase treasury shares on the basis of an authorisation by the Annual General Meeting or in the few cases expressly regulated in the German Stock Corporation Act. The Annual General Meeting on 18 June 2020 authorised the Company, with the approval of the Supervisory Board, to acquire treasury shares of up to ten percent of the share capital until 17 June 2025, taking into account treasury shares already held by the Company. The authorisation may be exercised for any legally permissible purpose; trading in treasury shares is excluded. At the discretion of the Executive Board, the shares may be acquired via the stock exchange or by means of a public purchase offer to all shareholders, subject to the conditions specified in the authorisation resolution. The Executive Board is also authorised, with the approval of the Supervisory Board, to sell the acquired treasury shares on the stock exchange or by means of a public offer to all shareholders. Shareholders have no subscription rights if the shares are sold via the stock exchange. In the event of a sale by means of a public offer, the Executive Board is authorised to exclude shareholders' subscription rights for fractional amounts. In addition, the Executive Board is authorised, with the approval of the Supervisory Board, to use the acquired treasury shares as follows, excluding shareholders' subscription rights, subject to the conditions specified in the authorisation resolution:

- Sale to third parties for cash at a price that is not significantly lower than the market price of the Company's shares at the time of sale (exclusion of subscription rights limited to 10% of the share capital in accordance with Section 186 (3) sentence 4 AktG);
- Sale to third parties for the purpose of acquiring companies, parts of companies and/or equity interests in companies or to service bonds with warrants and/or convertible bonds;
- in the event of an offer to all shareholders for the purpose of granting subscription rights to the shares to the holders of any bonds with warrants and/or convertible bonds issued by the Company or a Group Company to the extent to which they would be entitled after exercising their option or conversion rights or after fulfilment of their conversion obligation.

The Executive Board is also authorised, with the approval of the Supervisory Board, to withdraw some or all of the treasury shares acquired without a further resolution by the Annual General Meeting.

These authorisations may be exercised once or several times, in full or in partial amounts, individually or jointly by the Company or its affiliated companies or by third parties for the account of the Company or its affiliated companies.

In connection with its employee share ownership programme, the Company acquired 36,000 treasury shares in the reporting period in accordance with Section 71 para. 1 no. 2 AktG, of which 24,670 shares were distributed to the securities accounts of employees participating in the programme in December 2023. As at the reporting date, GESCO SE held the remaining 11,330 treasury shares.

No. 8: Material agreements of the Company that are subject to the condition of a change of control following a takeover bid

The Company has not entered into any agreements that are subject to the condition of a change of control following a takeover bid.

No. 9: Compensation agreements between the Company and members of the Executive Board or employees in the event of a takeover bid

The Company has not entered into any compensation agreements with members of the Management Board or employees in the event of a takeover bid.

07 _ Declaration on Corporate Governance

The corporate governance declaration in accordance with Sections 289f and 315d of the German Commercial Code (HGB) is published on our website at https://www.gesco.de/en/investor-relations/financial-reports/.

Wuppertal, the 28 March 2024

Ralph Rumberg	Andrea Holzbaur
CEO	CFO

05

Finances

GESCO SE
Summary of the Annual Financial Statement as at 31 December 2023

Balance sheet

in T€	12/31/2023	12/31/2022
Assets		
Intangible assets	33	67
Tangible assets	44	70
Financial assets	175,069	173,050
Non-current assets	**175,146**	**173,187**
Receivables and other assets	72,516	71,350
Cash on hand, bank balances	2,949	10,620
Current assets	**75,465**	**81,970**
Accounts receivables and payable	**146**	**150**
Total assets	**250,757**	**255,307**
Equity and liabilities		
Equity	236,184	239,423
Provisions	7,421	6,780
Liabilities	7,152	9,105
Total equity and liabilities	**250,757**	**255,307**

Profit and Loss account

in T€	01/01 – 12/31/2023	01/01 – 12/31/2022
Sales revenues	2,124	1,747
Other operating income	281	498
Personnel expenses	– 3,352	– 5,117
Depreciation / amortisation	– 66	– 97
Other operating expenses	– 10,567	– 5,490
Income from investments	11,000	17,183
Income from profit transfer agreements	16,560	20,418
Income from other securities and loans classified as financial assets	375	375
Other interest and similar income	490	249
Depreciation on financial assets	– 6,699	0
Interest and similar expenses	– 114	– 212
Taxes	– 2,204	– 2,582
Earnings after taxes	**7,829**	**26,973**
Other taxes	– 2	– 3
Net earnings for the year	**7,827**	**26,970**
Transfer to revenue reserves	0	13,485
Retained profit	**7,827**	**13,485**

GESCO SE Consolidated Financial Statements as at 31 December 2023

GESCO Consolidated Balance Sheet

in T€		12/31/2023	12/31/2022
Assets			
Tangible assets	(18)	109,328	105,299
Intangible assets	(18)	21,445	24,831
Goodwill	(20)	38,848	38,935
Other financial assets	(22)	9,949	9,539
Shares valued at equity	(21)	2,920	2,424
Deferred tax assets	(23)	5,030	4,807
Non-current assets		**187,520**	**185,835**
Inventories	(24)	163,639	160,754
Trade receivables	(25)	72,879	82,219
Receivables from income taxes	(25)	5,489	2,127
Other financial assets	(25)	4,971	6,727
Cash and cash equivalents	(26)	34,464	36,251
Current assets		**281,442**	**288,078**
Total assets		**468,962**	**473,913**

in T€		12/31/2023	12/31/2022
Equity and Liabilities			
Subscribed capital		10,828	10,839
Capital reserve		72,433	72,433
Other reserves		188,458	181,328
Shareholders' equity	**(27)**	**271,719**	**264,600**
Non-controlling interests	(27)	5,935	10,106
Total equity		**277,654**	**274,706**
Financial liabilities	(31)	32,754	25,557
Other provisions	(30)	682	597
Other financial liabilities	(32)	833	995
Leasing liabilities	(36)	14,272	15,404
Deferred tax liabilities	(23)	6,004	6,421
Provisions for pensions	(29)	8,656	10,209
Non-current liabilities		**63,201**	**59,183**
Trade payables	(32)	11,817	18,224
Financial liabilities	(31)	54,314	50,800
Leasing liabilities	(36)	3,735	3,228
Other provisions	(30)	7,052	10,220
Income tax liabilities	(32)	13,214	16,607
Other financial liabilities	(32)	37,975	40,945
Current liabilities		**128,107**	**140,024**
Total equity and liabilities		**468,962**	**473,913**

GESCO Consolidated Profit and Loss account

in T€		01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Sales revenues	**(9)**	**560,724**	**582,273**
Change in inventories of finished goods and work in progress		– 527	7,245
Other own work capitalised	(10)	689	623
Other operating income	(11)	8,147	5,848
Total output		**569,033**	**595,989**
Cost of materials	(12)	– 320,077	– 342,270
Personnel expenses	(13)	– 126,128	– 121,657
Other operating expenses	(14)	– 63,454	– 62,808
Impairment losses on financial assets		– 364	– 1,516
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**59,010**	**67,738**
Depreciation and amortisation of non-current and current assets	(15)	– 23,144	– 18,305
Earnings before interest and taxes (EBIT)		**35,866**	**49,433**
Earnings from investments		0	1,294
Earnings from companies recognised at equity		600	736
Income from loans of financial assets		375	375
Other interest and similar income		185	15
Interest and similar expenses		– 4,665	– 2,416
Third-party profit shares in partnerships		0	22
Financial result	**(16)**	**– 3,505**	**26**
Earnings before taxes (EBT)		**32,361**	**49,459**
Taxes on income and earnings	(23)	– 10,220	– 13,196
Group earnings		**22,141**	**36,263**
thereof:			
Minority interests in companies		**1,256**	**2,439**
Attributable to GESCO shareholders		**20,885**	**33,824**
Earnings per share (€)	**(17)**	**1.93**	**3.12**

GESCO Consolidated Statement of Comprehensive Income

in T€		01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Group earnings		**22,141**	**36,263**
Revaluation of defined benefit obligations not affecting net income		**501**	**1,389**
Items that cannot be reclassified to the Profit and Loss account		**501**	**1,389**
Currency conversion difference			
a) Reclassification to the Profit and Loss account		0	0
b) Change in value not affecting Profit or Loss		– 1,198	336
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		0	– 317
Market valuation of hedging instruments			
a) Reclassification to the Profit and Loss account		0	0
b) Change in value not affecting Profit or Loss		9	18
Revaluation reserve			
a) Reclassification to the Profit and Loss account		0	0
b) Change in value not affecting Profit or Loss		0	0
Items that can be reclassified to the Profit and Loss account		**– 1,189**	**37**
Other earnings	**(18)**	**– 688**	**1,426**
Total earnings for the period		**21,453**	**37,689**
of which minority interests in companies		1,066	2,393
of which attributable to GESCO shareholders		20,387	35,296

GESCO Consolidated Statement of Changes in Equity

in T€	Subscribed Capital	Capital reserves	Retained earnings	Own shares
As at 01/01/2022	**10,839**	**72,398**	**164,479**	**0**
Dividends			– 10,601	
Acquisition of own shares				– 971
Sale of own shares		35	– 1	971
Acquisition of shares in subsidiaries			– 3,225	0
Sale of shares in subsidiaries	0	0	– 34	
Result for the period			33,824	0
As at 12/31/2022	**10,839**	**72,433**	**184,442**	**0**
As at 01/01/2023	**10,839**	**72,433**	**184,442**	**0**
Dividends			– 10,839	
Acquisition of own shares	– 36			– 682
Sale of own shares	25	0		467
Changes in the scope of consolidation			1,007	
Acquisition of shares in subsidiaries			– 3,208	
Result for the period			20,885	0
As at 12/31/2023	**10,828**	**72,433**	**192,287**	**– 215**

	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**
				– 10,601	– 1,013	– 11,614
				– 971		– 971
				1,005		1,005
	– 21	– 117	0	– 3,363	– 3,740	– 7,103
	0	0	0	– 34		– 34
	133	1,321	18	35,296	2,393	37,689
	– 1,107	**– 2,011**	**4**	**264,600**	**10,106**	**274,706**
	– 1,107	**– 2,011**	**4**	**264,600**	**10,106**	**274,706**
				– 10,839	– 2,076	– 12,915
				– 718		– 718
				492		492
	0	0		1,007		1,007
				– 3,208	– 3,161	– 6,369
	– 1,010	501	9	20,385	1,066	21,451
	– 2,117	**– 1,510**	**13**	**271,719**	**5,935**	**277,654**

GESCO Consolidated Cash Flow Statement

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Profit for the period (including minority interests in the profit of corporations)	**22,141**	**36,263**
Amortisation of intangible assets and depreciation of tangible assets	23,144	18,305
Impairment losses on non-current assets	0	0
Result from companies valued at equity	– 600	– 736
Share of profit attributable to minority shareholders	0	– 22
Decrease in non-current provisions	– 606	– 139
Other non-cash income / expenses	– 2,568	– 258
Cash flow of the year	**41,511**	**53,413**
Losses from the disposal of tangible assets / intangible assets	12	83
Gains from the disposal of tangible assets / intangible assets	– 188	– 227
Gains from the disposal of financial assets	0	0
Increase in inventories, trade receivables and other assets	10,734	– 49,470
Increase in trade payables and other liabilities	– 19,892	6,890
Cash flow from operating activities	**32,177**	**10,689**
Proceeds from disposals of tangible assets / intangible assets	538	1,968
Payments for investments in tangible assets	– 16,742	– 11,257
Payments for investments in intangible assets	– 748	– 1,240
Payments for additions to the scope of consolidation	0	0
Proceeds from disposals of financial assets	14	851
Payments for investments in financial assets	– 291	– 736
Payments for the acquisition of consolidated companies and other business units	– 4,525	0
Cash flow from investing activities	**– 21,754**	**– 10,414**
Increase in capital reserve	0	35
Payments to shareholders (dividend)	– 10,840	– 10,601
Proceeds from the sale of treasury shares	492	970
Payments for the purchase of own shares	– 718	– 971
Payments to minority interests	– 2,076	– 1,015
Payments for the acquisition of non-controlling interests	– 6,368	– 7,103
Proceeds from the taking up of (financial) loans	33,488	16,906
Payments for the redemption of (financial) loans	– 22,777	– 16,889
Payments for the redemption of lease liabilities	– 3,411	– 3,215
Cash flow from financing activities	**– 12,210**	**– 21,883**
Cash-effective change in cash and cash equivalents	**– 1,787**	**– 21,608**
Change in cash and cash equivalents due to exchange rate fluctuations	**0**	**145**
Cash and cash equivalents as at 01/01	36,251	57,714
Cash and cash equivalents as at 12/31	**34,464**	**36,251**

GESCO SE
Notes to the consolidated financial statements as at 31 December 2023

1. Reporting Company

GESCO SE is a European public limited Company based in Wuppertal, Germany, and is entered in the commercial register of the Wuppertal district court under HRB 33375. The registered office is Johannisberg 7, 42103 Wuppertal, Germany. The consolidated financial statements of the Company for the financial year ending 31 December 2023 comprise the Company and its subsidiaries (together referred to as GESCO or GESCO Group). GESCO is primarily engaged in the acquisition and management of investments in medium-sized industrial and trading companies.

In October 2021, GESCO AG acquired 100% of the shares in the inactive wkk Beteiligungs AG, based in Vienna, Austria, for the purpose of changing its legal form to that of an SE (Societas Europaea). The Annual General Meeting of GESCO AG in August 2022 approved the transformation of GESCO AG into a European Company. The change in legal form was published in the commercial register on 4 January 2023.

2. Accounting principles

The consolidated financial statements have been prepared in accordance with all International Financial Reporting Standards (IFRS) applicable in the EU. In addition, the provisions of commercial law to be applied in accordance with Section 315e (1) HGB have been taken into account.

The Executive Board of GESCO SE has prepared the consolidated financial statement in the period from January till March 2024.

In contrast to the previous year, the presentation of assets and liabilities in the balance sheet has been adjusted in order to improve the presentation of the net assets, financial position and results of operations.

3. Functional and display currency

These consolidated financial statements are presented in euros, the Group's functional currency. Unless otherwise stated, all amounts are shown in thousands of euros (T€), meaning that adding up individual figures does not always result in the exact amount shown.

The income statement has been prepared using the nature of expense method. The balance sheet is classified according to the maturity of the assets and liabilities. Assets and liabilities are considered current if they are due within one year or within the normal operating cycle of the Company or the Group or are to be sold.

4. Use of judgements and estimates

The preparation of the consolidated financial statements requires the Executive Board to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information on judgements made in the application of accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the notes below:

- The determination of the useful life of non-current assets
- The calculation of discounted cash flows as part of impairment tests for goodwill and other non-current assets
- The recognition of provisions

5. Scope of consolidation

In addition to GESCO SE, a total of 35 (previous year: 35) domestic and 20 (previous year: 14) foreign companies were included in the consolidated financial statements as at 31 December 2023. All material companies are fully consolidated, as control exists due to the majority of voting rights. There are no significant restrictions with regard to the ability to gain access to or utilise assets and fulfil liabilities. Associated companies are accounted for using the equity method.

The reporting date for all consolidated companies is 31 December. There were no non-consolidated Group companies in the financial year.

A list of the Group companies can be found in the appendix: Group companies.

In the reporting year, 0 (previous year: 1) new companies were founded.

In the reporting year, 3 (previous year: 1) companies were acquired. Please refer to the notes in section 8 for information on first-time consolidations.

In the reporting year, 0 (previous year: 0) companies were deconsolidated. The number of consolidated companies fell by 4 in the reporting year due to intragroup mergers and acquisitions. Please refer to the explanations in section 8 for information on the acquisitions and mergers.

6. Significant accounting policies

Consolidation principles

(i) Business combinations

GESCO accounts for business combinations using the acquisition method if the acquired group of activities and assets fulfils the definition of a business and the group has obtained control (see (ii)). The Group assesses whether a particular group of activities and assets is a business based on whether the group of acquired assets and activities comprises at least one resource input and one substantive process and whether the acquired group is capable of producing outputs.

The consideration transferred on acquisition and the identifiable net assets acquired are generally measured at fair value. Any goodwill arising from the transaction is tested annually for impairment (see section 20). Any gain from the acquisition at a price below fair value is recognised immediately in the income statement. Costs associated with the transaction are recognised immediately as an expense.

(ii) Subsidiaries

Subsidiaries are companies controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of these companies are included in the consolidated financial statements from the date on which control begins until the date on which control ends.

(iii) Non-controlling interests

In the case of business combinations, the Group measures non-controlling interests in the acquired company at their corresponding share of the identifiable net assets of the acquired company, which is generally measured at fair value. Shares in net assets that are not attributable to GESCO SE are recognised under non-controlling interests as a separate component of equity.

Changes in the Group's interest in a subsidiary that do not lead to a loss of control are recognised as equity transactions.

(iv) Loss of control

If the Group loses control over a subsidiary, the assets and liabilities of the subsidiary and the associated non-controlling interests are derecognised. The result is recognised in the income statement. The retained shares are measured at fair value at the time of loss of control.

(v) Investments in financial assets accounted for using the equity method

Associated companies are companies in which the Group has a significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are recognised using the equity method. They are initially recognised at cost, including transaction costs. After initial recognition, the consolidated financial statements include the Group's share of the total comprehensive income of the investments accounted for using the equity method until the date on which the significant influence or joint control ends.

(vi) Transactions eliminated on consolidation

Intragroup balances and transactions and all unrealised income and expenses (except income and expenses from foreign currency transactions) from intragroup transactions are eliminated in the preparation of the consolidated financial statements. Unrealised gains from transactions with companies accounted for using the equity method are derecognised against the investment in the amount of the Group's share in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only if there is no indication of impairment.

Foreign currency

(i) Transactions in foreign currency

Transactions in foreign currencies are translated into the corresponding functional currency of the Group companies at the spot rate on the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency on the reporting date are translated into the functional currency at the closing rate. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated at the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Currency conversion differences are generally recognised in profit or loss for the period and reported under finance costs.

In deviation from the principle, currency conversion differences are recognised in other comprehensive income for the following items:

(a) Financial liabilities designated as hedges of a net investment in a foreign operation to the extent that the hedge is effective.

(b) Qualifying cash flow hedges, to the extent that they are effective.

In accordance with the functional currency concept, companies outside the Eurozone generally prepare their financial statements in the respective national currency. These financial statements are conversed into euros at the closing rate for assets and liabilities. With the exception of items recognised directly in equity, equity is carried at historical rates. The items in the income statement are conversed at average exchange rates and the resulting currency differences are recognised directly in equity. Currency conversion differences recognised in equity during the period of affiliation to the Group are recognised in other operating expenses or income when Group companies leave the scope of consolidation.

The exchange rates used are shown in the following table:

(ii) Foreign business operations

Assets and liabilities from foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into euros at the closing rate on the reporting date. Income and expenses from foreign operations are translated at the average exchange rate at the time of the respective transaction.

Currency conversion differences are recognised in other comprehensive income and reported in the currency conversion reserve in equity, unless the currency conversion difference is allocated to non-controlling interests.

In the event of the complete or partial disposal of a foreign operation that leads to the loss of control, significant influence or joint control, the cumulative amount recognised in the currency conversion reserve in connection with this foreign operation up to this point is reclassified to profit or loss as part of the gain or loss on disposal. In the case of only partial disposal, without loss of control of a subsidiary that includes a foreign operation, the corresponding portion of the cumulative conversion difference is allocated to non-controlling interests. If the Group only partially disposes of an associate or joint venture that includes a foreign operation,

		Closing rate		Average rate	
	1 € =	12/31/2023	12/31/2022	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
China	CNY	7.85	7.36	7.66	7.08
Mexico	MXN	18.72	20.86	19.18	21.19
Romania	RON	4.98	4.95	4.95	4.93
Singapore	SGD	1.46	1.43	1.45	1.45
South Korea	KRW	1,433.66	1,344.09	1,412.88	1,358.07
Taiwan	TWD	33.92	32.89	33.73	31.39
USA	USD	1.11	1.07	1.08	1.05

but retains significant influence or joint control, the corresponding portion of the cumulative currency conversion difference is reclassified to profit or loss.

Sales

According to IFRS 15, the amount that is expected as consideration for the transfer of goods or services to customers is to be recognised as sales. In terms of determining the point in time or period, the transfer of control of the goods or services to the customer is important (*control approach*). The user must determine in five steps when and in what amount sales is to be recognised.

The first step is to determine the contract within the meaning of IFRS 15. Under certain conditions, contracts must be summarised.

The second step is to determine the individual performance obligations. To this end, the contractual performance promises must first be identified and checked to see whether they are distinguishable in terms of the standard. Non-distinguishable performance obligations must be summarised until a distinguishable performance bundle is available.

In the third step, the consideration is determined. Among other things, variable price components such as discounts and significant financing components must be taken into account.

In the fourth step, the consideration is allocated to the respective performance obligations. The allocation is based on the relative stand-alone selling prices. A distinction is made as to whether these are observable or must be estimated using a suitable method.

The fifth step determines when sales is recognised depending on the transfer of control. For each performance obligation, certain criteria are used to determine whether sales is recognised over a period of time or at a point in time.

Employee benefits

(i) Short-term employee benefits:

Obligations from short-term employee benefits are recognised as an expense as soon as the associated work is performed. A liability is recognised for the amount expected to be paid if GESCO currently has a legal or constructive obligation to pay this amount as a result of work performed by the employee and the obligation can be reliably estimated.

(ii) Defined benefit plans:

GESCO's obligations from defined benefit pension plans are calculated separately for each defined benefit plan in accordance with actuarial principles. Firstly, the pension benefits earned by employees in the current period and in previous periods – in exchange for the work performed – are estimated. In a next step, these pension benefits are discounted using the projected unit credit method in order to determine the present value of the defined benefit obligation, the so-called gross pension obligation.

GESCO determines the interest expense (interest income) by multiplying the liability at the beginning of the period by the interest rate used to discount the defined benefit obligation at the beginning of the period.

The discount rate is determined on the basis of market data published by Heubeck AG.

The calculation of the liability is based on an actuarial report by a qualified actuarial expert at each reporting date.

The Company recognises all remeasurement effects immediately in other comprehensive income, whereas the other components of the net pension expense (service cost and interest component) are recognised in profit or loss for the period.

If the present value of a defined benefit obligation changes as a result of a plan amendment (i.e. the introduction, withdrawal or amendment of a defined benefit plan) or curtailment (i.e. a significant reduction in the number of employees covered by a pension plan), the Company recognises the resulting effects as past service cost in profit or loss for the period. Recognition generally takes place at the time at which the plan amendment or curtailment occurs.

(iv) Benefits due to termination of employment:

Termination benefits are recognised as an expense if the Group is demonstrably committed, with no realistic possibility of avoiding it, to a formal detailed plan either to terminate the employment relationship before the date of normal retirement or to provide termination benefits as a result of an offer to encourage voluntary early retirement. Termination benefits due to voluntary early retirement are recognised as an expense if the Group has made an offer of voluntary early retirement, it is probable that the offer will be accepted and the number of employees accepting the offer can be reliably estimated. If benefits are not expected to be settled in full within twelve months of the reporting date, they are discounted.

Financial income and financial expenses

Financial income include:

(a) Interest income on invested funds,

(b) Gains from hedging instruments recognised in profit or loss.

Financing expenses include:

(a) Interest expenses and prepayment penalties for borrowings,

(b) Accrued interest on provisions and accrued consideration, impairment losses recognised on financial assets (with the exception of trade receivables),

(c) Leasing.

Income taxes

The tax expense comprises current and deferred taxes. Current taxes and deferred taxes are recognised in profit or loss, except to the extent that they are associated with a business combination or with an item recognised directly in equity or in other comprehensive income.

(i) Actual taxes

Actual taxes are the expected tax liability or tax receivable on the taxable income or tax loss for the financial year, based on tax rates that apply or will soon apply on the reporting date, if no valid tax assessment notices are available, as well as any adjustments to the tax liability for previous years. The amount of the expected tax liability or tax receivable reflects the amount that represents the best estimate, taking into account tax uncertainties, if any. Tax provisions are recognised in the balance sheet for current income taxes for the current and prior periods if they have not yet been paid.

Current tax assets and liabilities are only netted under certain conditions.

(ii) Deferred taxes

Deferred taxes are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for Group accounting purposes and the amounts used for tax purposes.

Deferred taxes are not recognised for

(a) temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and does not affect either accounting profit or taxable profit (e.g. tax-free investment allowances)

(b) temporary differences in connection with investments in subsidiaries, associates and jointly controlled entities, provided that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future

(c) taxable temporary differences on initial recognition of goodwill.

Temporary differences relating to a right-of-use asset and a lease liability for a specific lease are considered together (the lease) for the purpose of recognising deferred taxes.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilised. Future taxable profits are determined on the basis of the reversal of taxable temporary differences. If the amount is not sufficient to capitalise deferred tax assets in full, the future taxable profits – taking into account the reversal of temporary differences – are determined on the basis of the subsidiaries' individual business plans. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the associated tax benefit will be realised; write-ups are made if the probability of future taxable profits improves.

The measurement of deferred taxes reflects the tax consequences that arise from the Group's expectation of the manner in which the carrying amounts of its assets will be realised or its liabilities settled as at the reporting date.

Deferred tax assets and deferred tax liabilities are netted if certain conditions are met.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Tangible assets

(i) Recognition and measurement:

Tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses. The acquisition costs include expenses that are directly attributable to the acquisition of the asset.

If parts of an item of tangible assets have different useful lives, they are recognised as separate items (main components) of tangible assets.

Any gain or loss from the disposal of an item of tangible assets is recognised in profit or loss.

(ii) Subsequent acquisition and production costs:

Subsequent expenditure is only capitalised if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation:

Depreciation is calculated by allocating the cost of tangible assets less their estimated residual values on a straight-line basis over their estimated useful lives. Depreciation is recognised in profit or loss. Land is not depreciated.

The estimated useful lives for the current year and comparative years for significant items of tangible assets are as follows:

	Years
Buildings	30 – 50
Technical equipment and machinery	5 – 15
Other equipment, Operating and office equipment	3 – 15

Intangible assets and goodwill

(i) Recognition and measurement

Goodwill

Goodwill arising from business combinations is recognised at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation:

With the exception of goodwill, intangible assets are depreciated on a straight-line basis over their estimated useful lives from the date on which they are available for use. Depreciation is generally recognised in profit or loss. Goodwill is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

	Years
Computer software	3 – 7
Technology	10 – 13
Customer base	7 – 15
Order backlog	1 – 2
Capitalised development costs	7

Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale or held for distribution if it is highly probable that they will be realised primarily through sale or distribution and not through continued use.

In general, these assets or the disposal group are recognised at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill and then to the remaining assets and liabilities on a pro rata basis – with the exception that no loss is allocated to inventories, financial assets, deferred tax assets, assets relating to employee benefits, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Intangible assets and tangible assets are no longer amortised and any investment accounted for using the equity method is no longer accounted for using the equity method as soon as it is classified as held for sale or held for distribution.

Financial instruments

In accordance with the provisions of IFRS 9, the Group classifies financial instruments at amortised cost and at fair value through profit or loss, depending on the category.

Financial assets whose cash flows are solely payments of principal and interest are classified according to the Group's business model. All financial assets held by the Group whose cash flows consist solely of interest and principal payments are held in a business model that provides for the asset to be held in order to collect the contractual cash flows and are therefore measured at amortised cost.

Financial assets whose cash flows do not consist exclusively of interest and principal payments, such as derivatives, are recognised at fair value through profit or loss.

Trade receivables are measured at amortised cost and are subject to the effective interest method.

Impairment losses are calculated using the expected credit loss model. In accordance with this model, allowances for expected credit losses are recognised for financial assets that are recognised at amortised cost according to their category.

For trade receivables, the amount of the impairment is measured from the initial recognition of the receivable based on the lifetime expected credit losses. The lifetime expected credit losses are determined both at the level of the individual asset and at a collective level.

All assets that are individually significant, i.e. trade receivables, are assessed for specific incurred credit losses. Those that turn out not to be specifically impaired are then collectively assessed for any expected credit losses that have not yet materialised. Any such credit losses are recognised in profit or loss and directly in the carrying amount of the financial asset.

Assets that are not individually significant are collectively assessed for lifetime expected credit losses by grouping together assets with similar risk characteristics. These receivables are impaired via an allowance account. GESCO recognises valuation allowances on a case-by-case basis, taking into account the creditworthiness, economic situation and economic environment of the respective business partner.

An impairment loss on a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. If an event occurring after the impairment was recognised results in a reduction in the amount of the impairment, the reduction in the impairment is reversed through profit or loss.

(i) Non-derivative financial assets

GESCO recognises loans and receivables from the date on which they arise. All other financial assets are recognised for the first time on the trade date, i.e. the date on which the Group becomes a contractual party to the financial instrument.

GESCO derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the cash flows in a transaction in which all significant risks and rewards of ownership of the financial asset are also transferred. Any interest in such transferred financial assets that arises or remains within the Group is recognised as a separate asset or liability. There were no so-called missed disposals in the published period.

Financial assets and liabilities are offset and recognised as a net amount in the balance sheet, but only if the Group has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. With the exception of operating costs, no offsetting was carried out as at the reporting dates presented.

If the basis for determining the contractual cash flows of a financial asset or a financial liability, each measured at amortised cost, has changed as a result of the reform of the reference interest rates, the Group adjusted the effective interest rate of the financial asset or financial liability to reflect the change required by the reform. A change in the basis for determining the contractual cash flows is required due to the reform of the reference interest rates if the following two conditions are met:

- Change is necessary as a direct consequence of the reform.
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately prior to the amendment.

If changes were made to a financial asset or financial liability that went beyond the changes to the basis for determining the contractual cash flows required by the reform of the reference interest rates, the Group first adjusted the effective interest rate of the financial asset or financial liability to take account of the change required by the reform of the reference interest rates. Only then did the Group apply the accounting policies for recognising changes to the additional changes.

(ii) Financial liabilities measured at amortised cost

GESCO recognises its primary financial liabilities for the first time at the time they are incurred. Financial liabilities are derecognised when the contractual obligations are fulfilled, cancelled or expire.

Other financial liabilities are initially recognised at fair value less directly attributable transaction costs. As part of subsequent measurement, these financial liabilities are measured at amortised cost using the effective interest method. Interest is recognised as interest expense on an accrual basis using the effective interest method.

Financial liabilities mainly include liabilities to banks and other lenders.

(iii) Derivative financial instruments

Derivative financial instruments (derivatives) are measured at fair value on initial recognition (FVTPL); attributable transaction costs are recognised directly in profit or loss. Please refer to section 9 for the procedure for measuring fair value. Derivatives are recognised on the trading day before the balance sheet date. The Group holds derivative financial instruments exclusively to hedge currency risks from variable-interest liabilities, but without applying the hedge accounting rules in accordance with IFRS 9.

Subscribed capital

(i) Ordinary shares

The costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income taxes relating to the transaction costs of an equity transaction are recognised in accordance with IAS 12 (see section 27).

(ii) Repurchase and reissue of equity shares (treasury shares)

If subscribed capital recognised in equity is repurchased, the amount paid, including directly attributable costs, is deducted from equity. The shares acquired are classified as treasury shares and recognised in the reserve for treasury shares. If treasury shares are subsequently sold or reissued, the proceeds are recognised as an increase in equity. Any difference is recognised in the capital reserves.

Impairment

(i) Non-derivative financial assets

A financial asset that is not recognised at fair value through profit or loss is reviewed at each reporting date to determine whether there is objective evidence that an impairment loss has been incurred. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and such an event has an impact on the expected future cash flows of that asset that can be reliably estimated.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets – with the exception of investment property, inventories and deferred tax assets (see also IAS 36.2) – are reviewed at each reporting date to determine whether there is any indication of impairment. If this is the case, the recoverable amount of the asset is estimated. If available, goodwill and intangible assets with an indefinite useful life are tested annually for impairment.

In order to test for impairment, assets are summarised in the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units (CGUs). Goodwill acquired in a business combination is allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a CGU is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses, if any, are recognised in profit or loss. Impairment losses recognised in respect of CGUs are first allocated to any goodwill allocated to the CGU and then to the carrying amounts of the other assets of the CGU (group of CGUs) on a pro rata basis.

Impairment losses relating to goodwill are not reversed. For other assets, an impairment loss is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised.

Other provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Other provisions are recognised under other financial liabilities.

Leases

At the inception of the contract, the Group assesses whether the contract is or contains a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In order to assess whether a contract contains the right to control an identified asset, the Group applies the definition of a lease in accordance with IFRS 16.

GESCO as lessee:

On the provision date or when a contract containing a lease component is amended, the Group allocates the contractually agreed consideration on the basis of the relative stand-alone selling prices. For property leases, however, the Group has decided not to separate the non-lease components and instead to recognise lease and non-lease components as a single lease component.

On the provision date, the Group recognises an asset for the right of use granted and a lease liability. The right-of-use asset is initially measured at cost, which corresponds to the initial measurement of the lease liability, adjusted for payments made on or before the commencement date, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or restoring the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortised on a straight-line basis from the commencement date to the end of the lease term, unless ownership of the underlying asset is transferred to the Group at the end of the lease term or the cost of the right-of-use asset reflects the fact that the Group will exercise a purchase option. In these cases, the right-of-use asset is amortised over the useful life of the underlying asset, which is determined in accordance with the regulations for tangible assets. In addition, the right-of-use asset is adjusted on an ongoing basis for impairment losses, if necessary, and for certain remeasurements of the lease liability.

The lease liability is initially recognised at the present value of the lease payments not yet made at the commencement date, discounted at the interest rate implicit in the lease or, if this cannot be readily determined, at the Group's incremental borrowing rate. The Group normally uses its incremental borrowing rate as the discount rate.

To determine its incremental borrowing rate, the Group obtains interest rates from various external financial sources and makes certain adjustments to take account of the lease terms and the nature of the asset.

The lease payments included in the measurement of the lease liability comprise

- fixed payments, including de facto fixed payments
- variable lease payments that are linked to an index or (interest) rate, initially measured using the index or (interest) rate applicable on the provision date
- amounts expected to be payable under a residual value guarantee
- the exercise price of a purchase option if the Group is reasonably certain to exercise it, lease payments for an extension option if the Group is reasonably certain to exercise it, and penalties for early termination of the lease, unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised carrying amount using the effective interest method. It is remeasured if the future lease payments change due to a change in an index or (interest) rate, if the Group adjusts its estimate of the expected payments under a residual value guarantee, if the Group changes its estimate of the exercise of a purchase, extension or cancellation option or if a de facto fixed lease payment changes.

In the event of such a remeasurement of the lease liability, the carrying amount of the right-of-use asset is adjusted accordingly or recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases based on low-value assets

The Group has decided not to recognise right-of-use assets and lease liabilities for leases based on low-value assets (e.g. PCs, notebooks, etc.) and for short-term leases (i.e. with a lease term of 12 months or less), including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

7. New standards and interpretations

With the exception of the application of new and revised standards and interpretations, the accounting policies applied in the previous year will continue unchanged as at 31 December 2023.

Standards and interpretations applied for the first time

New or amended standards and interpretations	Designation	To be applied for financial years beginning on
IAS 12	International tax reform pillar 2 – model rules	01/01/2023
IFRS 17	First-time application of IFRS 17 and IFRS 9 - Comparative information (amendment to IFRS 17)	01/01/2023
IAS 1	Disclosures of accounting policies (amendment to IAS 1)	01/01/2023
IAS 8	Definition of accounting-related estimates	01/01/2023
IAS 12	Deferred taxes relating to assets and liabilities arising from a single transaction	01/01/2023
IFRS 17	Insurance contracts	01/01/2023

Standards and interpretations not applied early

The application of the following standards and interpretations is not yet mandatory for the 2023 financial year. New standards and interpretations are generally not applied early by the Group.

New or amended standards and interpretations	Designation	To be applied for financial years beginning on
IAS 21	Lack of exchangeability (amendment to IAS 21)	01/01/2025*
IAS 7	Supplier financing agreements (amendment to IAS 7 and IFRS 7)	01/01/2024*
IAS 1	Classification of liabilities as current or non-current; non-current liabilities with ancillary conditions (amendment to IAS 1)	01/01/2024
IFRS 16	Lease liability in a sale and leaseback transaction (amendment to IFRS 16)	01/01/2024

* EU endorsement still pending

The standards to be applied from 1 January 2023 have no material impact on the financial statements of GESCO. The other standards to be applied in the future are not expected to have any material impact on the Group's financial statements.

8. Acquisition of subsidiaries and other transactions

Significant changes were made in the reporting year and the previous year as a result of reorganisations under Company law and acquisitions.

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 fair value of the consideration was € 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 effects of the addition at the time of acquisition are as follows:

in T€	
Intangible assets	1
Tangible assets	762
Inventories	131
Trade receivables	934
Cash and cash equivalents	365
Other assets	9
Provisions	49
Other debts	375
Acquired net assets	1,778
Negative difference	278

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

The initial consolidation resulted in income of T€ 278, which is recognised in other operating income. The negative difference results from a favourable negotiating position due to the long-standing business relationship between BAV Kft. and SVT GmbH.

As at 31 December 2023, BAV contributed € 0.8 million to Group sales and € –2.8 million to Group EBIT.

Connex SVT Inc., Houston, USA, which was not consolidated due to immateriality, was included in the scope of consolidation as at January 2023. The initial consolidation resulted in a negative difference of € 1.0 million, which was recognised directly in equity.

In May 2023, Doerrenberg Specialty Steel Corp, Macedonia (OH), USA, acquired 100 % of the shares in Tremblay Tool Steels LLC, Macedonia (OH), USA. The Company is a long-standing sales partner of Doerrenberg Edelstahl GmbH and is the exclusive distributor of Doerrenberg speciality steels on the US market.

The fair value of the consideration was € 2.7 million and comprises a cash component of € 2.5 million and € 0.2 million for the assumption of the seller's costs of disposal.

As part of the acquisition of Tremblay Tool Steels LLC, 100% of the shares in the associated Doerrenberg Real Estate LLC, Macedonia (OH), USA, which owns a factory building that is leased to Tremblay Tool Steels LLC, were also acquired.

The fair value of the consideration totalled € 1.9 million and consisted solely of a cash component.

The effects of the additions at the time of acquisition are as follows:

in T€	Tremblay Tool Steel LLC	Doerrenberg Real Estate LLC
Tangible assets	748	1,867
Inventories	2,317	0
Trade receivables	933	0
Cash and cash equivalents	487	0
Other assets	22	0
Provisions	71	0
Other debts	1,612	0
Acquired net assets	2,822	1,867
Negative difference	83	0

The fair value of the acquired trade receivables totalled T€ 933. The gross amount of the receivables totalled T€ 933. No receivables were assessed as uncollectible.

The initial consolidation resulted in income of T€ 83, which is recognised in other operating income. The negative difference results from a favourable negotiating position due to the long-standing business relationship between Tremblay Tool Steel LLC and Doerrenberg Edelstahl GmbH.

As at 31 December 2023, the two companies contributed € 3.6 million to Group sales and € 1.0 million to Group EBIT.

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

In June 2023, Molineus & Co. GmbH + Co KG, Wuppertal, was merged with Grafic Beteiligungs-GmbH, Wuppertal.

One subsidiary, whose influence on the net assets, financial position and results of operations is of minor importance, was not consolidated but measured at fair value. Two other investments, which are also of minor significance, were measured at fair value.

9. Sales

Sales is generally recognised when the risks and rewards of ownership of the sold assets are transferred to the customer and the customer thus obtains control over the goods or services. Sales are mainly generated from product deliveries and services. Further information can be found in the disclosures on segment reporting.

10. Other own work capitalised

This item mainly includes capitalised expenses for technical equipment and tools.

11. Other operating income

Other operating income breaks down as follows:

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Income from the reversal of provisions and liabilities	2,723	1,726
Price gains	1,861	1,436
Income from public subsidies	52	558
Rental income (operating lease)	286	270
Income from the disposal of fixed assets	188	227
Income from the reversal of bad debt allowances and receipt of derecognised receivables	1,355	190
Other	1,682	1,441
	8,147	**5,848**

The rental income results from property rentals.

12. Cost of materials

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Expenses for raw materials, consumables and supplies and for purchased goods	294,582	314,667
Expenses for purchased services	25,495	27,603
	320,077	**342,270**

13. Personnel expenses

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Wages and salaries	106,670	102,349
Social security contributions / pension expenses	19,458	19,308
	126,128	**121,657**

The compounding of the pension provision is included in the interest and similar expenses item.

14. Other operating expenses

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Operating expenses	22,071	21,261
Selling expenses	22,667	24,575
Administrative expenses	11,885	9,404
Other expenses	6,831	7,568
	63,454	**62,808**

15. Amortisation of intangible assets and depreciation of tangible assets

Amortisation of intangible assets and depreciation of tangible assets are shown in the consolidated statement of changes in non-current assets.

Further explanations can be found in the notes to the corresponding balance sheet items.

16. Financial result

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Interest expense from bank loans	3,820	1,674
Interest expense from lease liabilities	520	552
Accrued interest on non-current provisions and pensions	280	157
Other	45	33
Interest income	– 169	– 15
Net interest income	4,496	2,401
Result from investments	0	1,294
Profit shares of third parties in partnerships	0	22
Income from investments ass. Unt.	600	736
Income from other securities	375	375
Income from discounting non-current provisions	16	0
Other income	991	2,427
Financial result	**3,504**	**– 25**

17. Earnings per share

In accordance with IAS 33 (Earnings per Share), earnings per share are calculated by dividing the consolidated net profit for the year attributable to shareholders by the weighted average number of shares in circulation.

	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Result from continuing operations (T€)	20,885	33,824
Result from discontinued operations (T€)	0	0
Consolidated net income for the year (T€)	20,885	33,824
Weighted number of shares (number)	10,828,169	10,839,499
Earnings per share in accordance with IAS 33 (€):		
From continuing operations	**1.93**	**3.12**
From continuing and discontinued operations	**1.93**	**3.12**

There are no circumstances that would lead to a dilution effect.

The key financial information of the non-consolidated companies is shown in the following table:

in T€	12/31/2023	12/31/2022
Current assets	0	2,756
Current liabilities	0	1,749

The list of shareholdings is shown at the end of these notes.

18. Tangible assets, intangible assets, goodwill and shares valued at equity

The breakdown of fixed assets for the reporting year and the previous year and their development are shown in the following tables:

Development of consolidated fixed assets as at 12/31/2023

in T€	Acquisition or production costs						
	As at 01/01/2023	Additions	Transfers	Disposals	Change Currency difference	Change Scope of consolida-tion	As at 12/31/2023
I. Intangible assets							
1. Industrial property rights and similar rights as well as licences to such rights and assets							
a. Computer software	9,355	395	310	323	–6	5	9,736
b. Technology	4,070	0	0	0	0	0	4,070
c. Customer base / order backlog	39,485	0	0	0	–269	0	39,216
d. Capitalised development costs	1,382	348	0	0	0	0	1,730
	54,292	743	310	323	–275	5	54,752
2. Goodwill	39,802	54	0	0	–78	0	39,778
3. Advance payments made	148	58	–203	0	0	0	3
	94,242	**855**	**107**	**323**	**–353**	**5**	**94,533**
II. Tangible assets							
1. Land and buildings	89,129	2,798	0	230	–229	2,618	94,086
2. Technical equipment and machinery	90,001	3,184	4,008	1,363	–127	2,189	97,892
3. Other equipment, operating and office equipment	70,770	5,056	510	1,807	–55	173	74,647
4. Advance payments and assets under construction	7,021	8,408	–4,625	27	–21	0	10,756
	256,921	**19,446**	**–107**	**3,427**	**–432**	**4,980**	**277,381**
III. Financial assets							
1. Shares in affiliated companies	0	0	0	0	0	0	0
2. Shares in companies accounted for using the equity method	2,848	502	0	0	–6	0	3,344
3. Investments	156	14	0	14	0	0	156
4. Other loans	12,371	375	0	0	0	0	12,746
	15,375	**891**	**0**	**14**	**–6**	**0**	**16,246**
	366,538	**21,192**	**0**	**3,764**	**–791**	**4,985**	**388,160**
Thereof rights of use							
1. Intangible assets	613	76	29	0	0	0	718
2. Land and buildings	20,682	2,498	0	230	–155	0	22,795
3. Technical equipment and machinery	3,987	50	–503	151	–4	0	3,379
4. Other equipment, operating and office equipment	2,248	622	0	319	4	0	2,555
	27,530	**3,246**	**–474**	**700**	**–155**	**0**	**29,447**

[1] This includes impairment losses (in T€): 3,910

	Depreciation and amortisation							Carrying amounts	
	As at 12/31/2023	Additions	Disposals	Conversion booking	Change Currency difference	Change Scope of consolida-tion	As at 12/31/2023	As at 12/31/2023	As at 12/31/2022
	7,411	841	320	0	– 4	0	7,928	1,808	1,944
	1,793	212	3	0	0	0	2,002	2,068	2,277
	20,406	3,216	0	0	– 242	0	23,380	15,836	19,079
	0	0	0	0	0	0	0	1,730	1,382
	29,610	4,269	323	0	– 246	0	33,310	21,442	24,682
	867	63	0	0	0	0	930	38,848	38,935
	0	0	0	0	0	0	0	3	148
	30,477	**4,332**	**323**	**0**	**– 246**	**0**	**34,240**	**60,293**	**63,765**
	33,647	7,091	243	13	– 115	334	40,727	53,359	55,482
	61,951	5,459	1,257	0	– 64	1,680	67,769	30,123	28,050
	55,909	5,045	1,591	– 13	– 48	143	59,445	15,202	14,861
	115	0	0	0	– 3	0	112	10,644	6,906
	151,622	**17,595**	**3,091**	**0**	**– 230**	**2,157**	**168,053**	**109,328**	**105,299**
	0	0	0	0	0	0	0	0	0
	424	0	0	0	0	0	424	2,920	2,424
	0	0	0	0	0	0	0	156	156
	3,000	0	0	0	0	0	3,000	9,746	9,371
	3,424	**0**	**0**	**0**	**0**	**0**	**3,424**	**12,822**	**11,951**
	185,523	**21,927**[1]	**3,414**	**0**	**– 476**	**2,157**	**205,717**	**182,443**	**181,015**
	227	245	0	0	0	0	472	246	386
	6,791	2,384	230	0	– 83	0	8,862	13,933	13,891
	1,151	407	72	0	– 4	0	1,482	1,897	2,836
	892	809	411	0	0	0	1,290	1,265	1,356
	9,061	**3,845**	**713**	**0**	**– 87**	**0**	**12,106**	**17,341**	**18,469**

Development of consolidated fixed assets as at 12/31/2022

in T€	Acquisition or production costs						
	As at 01/01/2022	Additions	Transfers	Disposals	Change Currency difference	Change Scope of consolida-tion	As at 12/31/2022
I. Intangible assets							
1. Industrial property rights and similar rights as well as licences to such rights and assets							
a. Computer software	8,340	584	484	56	3	0	9,355
b. Technology	4,070	0	0	0	0	0	4,070
c. Customer base / order backlog	39,033	0	0	0	452	0	39,485
d. Capitalised development costs	1,127	255	0	0	0	0	1,382
	52,570	839	484	56	455	0	54,292
2. Goodwill	39,673	0	0	0	129	0	39,802
3. Advance payments made	146	486	– 484	0	0	0	148
	92,389	**1,325**	**0**	**56**	**584**	**0**	**94,242**
II. Tangible assets							
1. Land and buildings	90,198	578	20	2,090	423	0	89,129
2. Technical equipment and machinery	89,977	4,213	641	5,033	203	0	90,001
3. Other equipment, operating and office equipment	68,997	3,458	126	1,875	64	0	70,770
4. Advance payments and assets under construction	2,589	6,009	– 787	828	37	1	7,021
	251,761	**14,258**	**0**	**9,826**	**727**	**1**	**256,921**
III. Financial assets							
1. Shares in affiliated companies	0	0	0	0	0	0	0
2. Investments in companies accounted for using the equity method	2,547	736	0	116	– 319	0	2,848
3. Shareholdings	156	0	0	0	0	0	156
4. Other loans	12,371	0	0	0	0	0	12,371
	15,074	**736**	**0**	**116**	**– 319**	**0**	**15,375**
	359,224	**16,319**	**0**	**9,998**	**992**	**1**	**366,538**
Thereof rights of use							
1. Intangible assets	528	85	0	0	0	0	613
2. Land and buildings	21,449	113	0	1,180	300	0	20,682
3. Technical equipment and machinery	1,827	2,157	0	0	3	0	3,987
4. Other equipment, operating and office equipment	1,827	725	0	304	0	0	2,248
	25,631	**3,080**	**0**	**1,484**	**303**	**0**	**27,530**

[1] This includes impairment losses (in T€): 299

Depreciation and amortisation						Carrying amounts	
As at 12/31/2023	Additions	Disposals	Additions	Change difference	As at 12/31/2022	As at 12/31/2022	As at 12/31/2021
6,921	541	55	0	4	7,411	1,944	1,419
832	961	0	0	0	1,793	2,277	3,238
16,815	3,245	0	0	346	20,406	19,079	22,218
0	0	0	0	0	0	1,382	1,127
24,568	4,747	55	0	350	29,610	24,682	28,002
867	0	0	0	0	867	38,935	38,806
0	0	0	0	0	0	148	146
25,435	**4,747**	**55**	**0**	**350**	**30,477**	**63,765**	**66,954**
30,837	4,488[1]	1,718	0	40	33,647	55,482	59,361
61,177	4,739	4,057	0	92	61,951	28,050	28,800
53,381	4,222	1,722	0	28	55,909	14,861	15,616
0	115	0	0	0	115	6,906	2,589
145,395	**13,564**	**7,497**	**0**	**160**	**151,622**	**105,299**	**106,366**
0	0	0	0	0	0	0	0
424	0	0	0	0	424	2,424	2,123
0	0	0	0	0	0	156	156
3,000	0	0	0	0	3,000	9,371	9,371
3,424	**0**	**0**	**0**	**0**	**3,424**	**11,951**	**11,650**
174,254	**18,311**	**7,552**	**0**	**510**	**185,523**	**181,015**	**184,970**
100	127	0	0	0	227	386	428
5,085	2,386	694	0	14	6,791	13,891	16,364
736	414	0	0	1	1,151	2,836	1,091
562	615	285	0	0	892	1,356	1,265
6,483	**3,542**	**979**	**0**	**15**	**9,061**	**18,469**	**19,148**

19. Rights of use from leasing/rental

The development of the individual items is shown in the asset grids (reporting year and previous year). The technology, customer base and order backlog items result from assets identified as part of initial consolidations and realised hidden reserves. As in the previous year, no impairment losses were recognised.

20. Goodwill

In accordance with IAS 36, goodwill is not amortised but is subject to an annual impairment test. The cash flows after taxes from current corporate planning are used for the next three years; a continuous growth rate of 1%, derived on the basis of long-term business expectations, is used for subsequent periods. This is based primarily on assumptions about future sales prices and volumes, costs, market growth rates and exchange rates. The development of these assumptions is based on internal Group estimates as well as external market studies. The values calculated in this way are discounted using the cost of capital rates after income taxes. The pre-tax cost of capital rates are as follows: Process Technology 9.6% (previous year 10.5%), Resource Technology 10.9% (previous year 10.1%), Healthcare Technology 11.2% (previous year 10.5%) and Infrastructure Technology 12.7% (12.4%). The cost of capital rates are calculated as a weighted average of the cost of equity and the cost of debt. The borrowing cost rates used represent the long-term financing conditions of the comparable companies. The calculated present value (value in use) is compared with the net assets including goodwill. If the net assets are higher than the value in use, an impairment loss is recognised in the amount of the difference. Goodwill arising from company acquisitions is allocated to 11 (previous year: 11) cash-generating units.

Significant within the meaning of IAS 36.134 are the goodwill of the United MedTec group (€ 15.3 million), Sommer & Strassburger GmbH (€ 9.7 million) and the Pickhard & Gerlach group (€ 6.3 million). Together, this goodwill accounts for 80.7% of total goodwill (previous year: 80.4%).

The impairment tests carried out in the financial year resulted in impairment losses of € 5.1 million (previous year: € 0 million) for two cash-generating units. Of this amount, T€ 63 (previous year: T€ 0) is attributable to impairment losses on goodwill.

21. Shares valued at equity

In the consolidated statement of changes in non-current assets, share purchases and the positive results of companies accounted for using the equity method are recognised as additions. Shares in losses, distributions and sales of shares are recognised under disposals. Differences from currency conversion are recognised directly in equity.

The profit shares of companies accounted for using the equity method are included in the income statement under profit/loss from companies accounted for using the equity method.

The following table shows the key financial information for the companies recognised at equity. These are the total values, taking into account the Group's equity interest.

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Sales	12,897	11,108
Annual result	600	736
Other result	– 507	– 317

22. Other financial assets

Shares in companies of minor importance are recognised under the item investments.

Loans with a term of more than one year are recognised as other loans. This relates to a vendor loan in the amount of € 9 million with a latest maturity date of 21 December 2025 plus capitalised interest.

23. Deferred tax assets

Current income taxes and deferred taxes are recognised as income taxes. Income tax expenses are broken down as follows:

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Current taxes	11,071	14,533
Deferred taxes	– 851	– 1,337
	10,220	**13,196**

At a tax rate of 30.5% (previous year: 30.5%), the expected income tax expense can be reconciled to the tax expense in the income statement as follows:

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Consolidated earnings before taxes	**32,361**	**49,459**
Expected income tax expense	– 9,870	– 15,085
Permanent differences from non-tax-deductible expenses	– 217	– 428
Tax-free income	– 187	516
Income taxes relating to other periods	194	1,241
Consolidation effects	183	221
Deferred taxes on losses carried forward and balance sheet differences for which no deferred taxes were recognised	– 412	678
Tax rate deviations	– 247	– 362
Other	336	23
	– 10,220	**– 13,196**

The change in deferred taxes on tax loss carry forwards led to a tax relief of T€ 547 in the 2023 financial year (previous year: T € 248). Deferred tax assets of T€ 1,605 were recognised from the adjustments to the carrying amounts of the companies AstroPlast and Franz Funke, of which T€ 1,207 were immediately reversed as not recoverable.

In addition to the amount recognised in the consolidated income statement, deferred taxes relating to items recognised directly in other comprehensive income in the amount of T€ –182 (previous year: T€ –536) were recognised directly in other comprehensive income.

Deferred taxes are generally calculated and recognised at 30.5% (previous year: 30.5%) on the basis of the temporary differences in the carrying amounts of assets and liabilities in the IFRS and tax balance sheets and on realisable loss carry forwards. The deferred taxes recognised result from the following balance sheet items and loss carry forwards:

in T€	12/31/2023		12/31/2022	
Deferred taxes	**Active**	**Passive**	**Active**	**Passive**
Intangible assets	1,777	4,368	2,294	4,770
Tangible assets	81	6,467	133	7,379
Inventories	78	176	188	127
Receivables	542	61	256	88
Pension provisions	793	46	952	0
Other provisions	261	242	143	240
Liabilities	4,020	22	4,530	9
Tax loss carry forwards	2,873	0	2,279	0
Miscellaneous	377	393	530	306
	10,802	**11,775**	**11,305**	**12,919**
Balancing[1]	– 5,772	– 5,772	– 6,498	– 6,498
	5,030	**6,003**	**4,807**	**6,421**

[1] Deferred tax assets and liabilities are offset if the creditor and debtor are identical and the maturities are congruent.

Deferred taxes from losses carried forward were capitalised to the extent that it can be assumed with sufficient certainty on the balance sheet date that these tax reduction potentials will be realised within a planning period of up to five years. Deferred tax assets in the amount of T€ 1,794 (previous year: T€ 3,510) from tax loss carry forwards were not recognised, as it is not considered very likely that they will be offset against future taxable income within up to five years.

24. Inventories

Write-downs are allocated to the individual items as follows:

in T€ 12/31/2023	Raw materials and supplies	Unfinished goods and services	Finished goods and merchandise	Advance payments made	Total
Acquisition and production costs	40,926	28,495	101,997	1,319	**172,737**
Devaluations	3,605	964	4,530	0	**9,098**
As at 12/31/2023	**37,321**	**27,531**	**97,468**	**1,319**	**163,639**

in T€ 12/31/2022	Raw materials and supplies	Unfinished goods and services	Finished goods and merchandise	Advance payments made	Total
Acquisition and production costs	43,326	28,506	94,922	542	**167,296**
Devaluations	3,243	736	2,563	0	**6,542**
As at 12/31/2022	**40,083**	**27,770**	**92,359**	**542**	**160,754**

25. Trade receivables, income tax receivables and other financial assets

Receivables and other assets are initially recognised at fair value. Subsequent measurement is at amortised cost, taking appropriate valuation allowances into account.

Trade receivables

Trade receivables are due within 12 months and do not bear interest.

in T€	12/31/2023	12/31/2022
Trade receivables (gross)	74,205	84,561
Value adjustments	– 1,326	– 2,342
Trade receivables (net)	**72,879**	**82,219**

Impairment losses on trade receivables developed as follows:

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
As at 01/01	2,342	1,120
Utilisation	– 47	– 369
Resolutions	– 1,418	– 115
Additions	449	1,706
As at the end of the financial year	**1,326**	**2,342**
of which specific valuation allowances	611	1,712

Impairments are recognised on a case-by-case basis, taking into account the creditworthiness, economic situation and economic environment of the respective business partner. The receivables from affected orders recognised in the previous year in connection with the sanctions against Russia, which were partially impaired (around € 1.2 million), were fully reversed in the 2023 financial year.

Receivables from companies accounted for using the equity method

As in the previous year, no impairment losses were recognised on receivables.

Other financial assets

in T€	12/31/2023	12/31/2022
Long term		
Other	47	12
	47	**12**

in T€	12/31/2023	12/31/2022
Short term		
Income tax assets	5,489	2,127
Tax prepayments	2,131	1,700
Creditors with debit balances	106	328
Loan receivables	0	37
Other	2,734	4,662
	10,460	**8,854**

In contrast to the previous year, the presentation of other financial assets in the table above has been adjusted to improve the readability of the balance sheet.

26. Cash and cash equivalents

This item mainly includes short-term fixed-term deposits and current account balances in euros at various banks. None of the reported balances are pledged to a bank (previous year: T€ 0).

27. Equity capital

The subscribed capital of the Group corresponds to the subscribed capital of GESCO SE and amounts to € 10,839,499.00, divided into 10,828,169 no-par value registered shares with full voting and dividend rights and 11,330 treasury shares. The subscribed capital is fully paid in.

The Annual General Meeting on 18 June 2020 authorised the Company, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions until 17 June 2023 by up to a total of € 1,083,949.00 against cash and/or non-cash contributions by issuing up to 1,083,949 new no-par value registered shares (Authorised Capital 2020). Subscription rights could be excluded in certain cases. No use was made of this authorisation in the reporting period.

The Annual General Meeting on 18 June 2020 authorised the Company to acquire treasury shares up to ten percent of the share capital until 17 June 2025, taking into account treasury shares already held by the Company. Treasury shares were only acquired and sold to employees as part of an employee share ownership programme. GESCO Group employees are offered a limited number of discounted GESCO shares as part of the employee share ownership programme, which usually takes place annually.

The Executive Board is also authorised, with the approval of the Supervisory Board, to sell the acquired shares under certain conditions in a manner other than via the stock exchange or by offering them to all shareholders, to use them for the purpose of acquiring a company or participating interest or to withdraw them in whole or in part. With the exception of the sale of shares for the purposes of the employee share ownership programme, the Executive Board has not yet made use of this authorisation. As at the reporting date, GESCO SE held 11,330 treasury shares.

The **shares in circulation** and **treasury shares** developed as follows:

	Shares in circulation	Shares in own portfolio	
	Pieces	Pieces	Proportion of share capital in %
As at 12/31/2021	**10,839,499**	**0**	**0.00**
Acquisitions	– 38,972	38,972	0.36
Employee share ownership programme	38,972	– 38,972	0.36
As at 12/31/2022	**10,839,499**	**0**	**0.00**
Acquisitions	– 36,000	36,000	0.33
Employee share ownership programme	24,670	– 24,670	0.23
As at 12/31/2023	**10,828,169**	**11,330**	**0.10**

In the past, the Company ran an employee share ownership programme for a period of around two months following the Annual General Meeting in the second half of the calendar year, which gave GESCO Group employees the opportunity to acquire shares in GESCO SE at a discounted purchase price compared to the stock market price. Of the shares sold in the reporting year as part of the employee share ownership programme with a total value of T€ 718 (previous year: T€ 1,005), 24,670 shares were sold to employees at a sales price of T€ 370 (previous year: T€ 624). The discount granted to employees was recognised in other operating expenses.

The **capital reserve** has not changed compared to the previous year and amounts to T€ 72,433 (previous year: T€ 72,433).

The Annual General Meeting of GESCO SE authorised the Company to acquire treasury shares in accordance with Section 71 para. 1 no. 8 AktG and to issue these shares as part of a share option programme. The share option programme was launched for the last time for financial year 2021. Since then, no further virtual share option programme has been launched due to the change in the remuneration system. In addition to the Executive Board, a small group of senior employees of GESCO SE also benefited from the programme. The remaining share option programmes are accounted for in accordance with the provisions of IFRS 2 on cash-settled share-based payment transactions.

The non-cash expense from these programmes is calculated using a standard binomial model, recognised in profit or loss and reported under liabilities. The total income for the fourteenth and fifteenth tranches, taking into account the performance in the reporting year, amounts to T€ 28 (previous year: T€ 127). 25,200 share options expired in the financial year. The carrying amount of the options is T€ 0 (previous year: T€ 28).

The main **framework conditions of the share option programme** are summarised in the following table:

Tranche		2021	2020
Waiting time until the		08/31/2025	08/18/2024
Term until		09/01/2025	08/19/2024
Exercise price	€	21.58	16.58
Number of options issued		18,000	18,000
Profit limit per option	€	10.79	8.29
Fair value per option as at the balance sheet date 31 December 2023	€	0.00	0.00
Fair value per option at the grant date	€	1.46	0.98

The development of **entitlements from the share option plan** is as follows:

	Number of options Pieces		Weighted average exercise price in €	
	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Outstanding options at the beginning of the financial year	61,200	216,000	21.07	22.94
In the financial year				
granted	0	0	0.00	0.00
returned	0	0	0.00	0.00
exercised	0	0	0.00	0.00
expired	– 25,200	– 154,800	0.00	0.00
Outstanding options at the end of the financial year	36,000	61,200	19.08	21.07
Exercisable options at the end of the financial year	0	0	0	22.99

Retained earnings increased in the reporting year by the net profit for the year of T€ 20,885.

In addition to the currency adjustment items and the recognition of currency hedging transactions directly in equity, **other comprehensive income** includes in particular the effects of actuarial gains and losses from pension obligations recognised directly in equity.

The **proposed dividend** per share is € 0.40 at the time the financial statements are prepared. With 10,839,499 shares currently in circulation, the proposed distribution amounts to T€ 4,336. The distribution has no income tax consequences for the Company. In the reporting year, a dividend of € 1.00 per share was distributed on the share capital entitled to dividends at the time the resolution was passed (10,839,499 shares).

Minority interests relate to the capital and profit shares in the corporations and partnerships. Minority interests in the corporations are recognised in equity and mainly result from shares in Doerrenberg Edelstahl GmbH with its subsidiaries and Hubl GmbH.

There are no significant third-party shares in subsidiaries for the Group.

28. Capital management

The aim of capital management at GESCO SE and GESCO Group is to ensure the Company's ability to continue as a going concern, the return on capital for shareholders, adequate liquidity and creditworthiness. Optimising the capital structure also serves this purpose.

We consider the minimum equity ratio in the Group to be 40%. In the reporting period, the ratio was 59.2% (previous year: 58.0%). Key control elements for the equity ratio in the Group are the operational management of the Group, investment activities and the raising of equity and debt capital. Net liabilities to banks totalled € 52.6 million in the reporting year (previous year: € 40.1 million).

As part of loan agreements, individual GESCO Group companies have undertaken to comply with certain equity ratios or equity ratios.

29. Employee benefits

Provisions for pensions are based on final salary-based direct commitments for former Executive Board members of GESCO SE and current and former executive bodies and employees of subsidiaries as well as pension commitments for parts of the workforce in the form of fixed amounts. Pension provisions relate exclusively to defined benefit pension plans and are calculated using the projected unit credit method in accordance with IAS 19.

Reinsurance policies taken out to finance pension obligations are classified as plan assets and netted against the value of the obligation if the insurance benefits coincide with the payments to the entitled employees and are due to the employee in the event of the employer's insolvency. The plan assets are recognised at fair value.

The **present value of the defined benefit obligations** developed as follows:

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
As at 01/01	**10,418**	**12,127**
Service cost	23	540
Interest expense	289	127
Pensions paid	– 656	– 594
Actuarial losses / gains (–) from financial assumptions	– 1,194	– 1,782
Change in the scope of consolidation	0	0
As at the end of the financial year	**8,880**	**10,418**

Development of plan assets (reinsurance):

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
As at 01/01		**195**
Employer contributions	13	12
Actuarial losses / gains (–)	2	2
As at the end of the financial year	**224**	**209**

The **pension provisions** are derived as follows:

in T€	12/31/2023	12/31/2022
Present value of defined benefit obligations	8,880	10,418
Plan assets (reinsurance)	– 224	– 209
As at the end of the financial year	**8,656**	**10,209**

Asset cover for pension obligations:

in T€	Projected benefit obligation	
	12/31/2023	12/31/2022
Without asset cover	8,620	10,176
Partial asset coverage	259	242
As at the end of the financial year	**8,880**	**10,418**

Pension expenses are made up as follows:

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Service cost	24	540
Accumulation of expected pension obligations	289	127
	313	**667**

The calculations are based on the basic biometric values according to Prof Dr Klaus Heubeck (2018 G) and the following **actuarial assumptions**:

in %	12/31/2023	12/31/2022
Interest rate	3.79	3.00
Salary dynamics	3.00	2.00 – 3.00
Pension dynamics (long-term)	2.00	2.00
Fluctuation	1.00	1.00

A short-term inflation-related pension trend of around 5% for the following three years was assumed for commitments made by the Essener Verband. The pension trend varies in the short term depending on the existing pension agreements.

The interest rate is determined on the basis of market data published by Heubeck AG and takes into account the parameters relevant to GESCO (e.g. duration).

Development of **pension obligations and fund assets**:

in T€	12/31/2023	12/31/2022	12/31/2021
Projected benefit obligation	8,880	10,418	12,127
Plan assets	– 224	– 209	– 195
Financing as at	8,656	10,209	11,932

The contribution payments for the 2023 financial year amount to T€ 13. The expected future **pension payments** are as follows:

in T€	2024	2025 – 2028	2029 – 2033
Expected pension payments	666	2,674	3,114

Of the above actuarial assumptions, the interest rate in particular has a significant impact on the calculation of the pension obligation as at the respective balance sheet date. If the discount factor had been 100 basis points higher or lower on the balance sheet date with all other assumptions remaining constant, the pension obligation would have been T€ 761 lower (previous year: T€ 929) or T€ 903 higher (previous year: T€ 1,116). The sensitivities were calculated based on a detailed valuation analogous to the calculation of the pension obligations.

Risks from defined benefit pension commitments arise from obligations and can have negative effects on provisions and equity.

As a large proportion of defined benefit pension commitments comprise lifelong pension benefits and surviving dependants' pensions, earlier utilisation or longer pension periods can lead to higher pension obligations, higher pension expenses and higher pension payments than previously expected.

30. Other provisions

The composition and development of other provisions are shown in the following overview:

in T€	12/31/2022	Consumption	Supply/ New formation	Resolution	12/31/2023
Long term					
Purchase price annuity obligation	456	– 43	62	0	475
Royalty	141	0	66	0	207
	597	**– 43**	**128**	**0**	**682**
Short term					
Warranties	4,047	– 728	200	– 637	2,882
Follow-up costs	1,563	– 1,570	1,419	0	1,412
Risks of legal disputes	1,400	– 1,400	0	0	0
Year-end closing costs	745	– 405	545	– 7	878
Royalty	511	– 511	0	0	0
Impending losses	501	– 132	154	0	523
Taxes and tax-related benefits fringe benefits	219	– 219	170	0	170
Restructuring	482	– 430	144	– 17	179
Other	752	– 362	898	– 280	1,008
	10,220	**– 5,757**	**3,530**	**– 941**	**7,052**

The purchase price pension obligation arose as part of the purchase of shares in a subsidiary and is recognised at the present value of the defined benefit obligation in accordance with IAS 19.

The long-term bonus provision relates to the performance-related multi-year share-based remuneration component of the members of the Management Board in the form of 12,420 virtual shares with cash settlement for the reporting year at fair value.

The short-term bonus provision includes the variable remuneration component of the members of the Management Board. Further details can be found in the remuneration report.

The follow-up costs relate to the project business and reflect the high volume of business.

31. Financial liabilities

Liabilities from financing activities are broken down into the following repayment obligations:

in T€	12/31/2023 (12/31/2022)	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term > 5 years
Liabilities towards credit institutions	87,068	54,314	28,824	3,930
	(76,357)	(50,800)	(22,781)	(2,776)
Leasing liabilities	18,007	3,735	14,272	0
	(18,632)	(3,228)	(8,964)	(6,440)
	105,075	**58,049**	**43,096**	**3,930**
	(94,989)	**(54,028)**	**(31,745)**	**(9,216)**

Liabilities to banks and guarantee credit lines are essentially secured by collateral:

in T€	12/31/2023	12/31/2022
Land charges	18,560	29,695
Carrying amount of existing properties and properties under construction	18,613	30,450
Transfer by way of security of		
movable fixed assets	3,985	4,725
inventories	3,235	3,889

In addition, shares in subsidiaries with a total carrying amount of T€ 38,848 (previous year: T€ 38,848) have been pledged.

Of the liabilities to banks, T€ 62,605 (previous year: T€ 44,474) relate to long-term loans with fixed amortisation payments and remaining terms of between 1 and 9 years (previous year: between 1 and 12 years).

The interest rates for the loans vary from 1.04% to 6.65% (previous year: 0.95% to 4.90%). The other liabilities to banks are current accounts.

32. Trade payables, income tax liabilities and other financial liabilities

In contrast to the previous year, the presentation of the two tables below has been adjusted to improve the readability of the balance sheet.

The repayment obligations for other liabilities are as follows:

in T€	12/31/2023 (12/31/2022)	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term > 5 years
Liabilities from deliveries and services	11,817 (18,224)	11,817 (18,224)	0 (0)	0 (0)
Advance payments received on orders	13,623 (17,717)	13,623 (17,717)	0 (0)	0 (0)
Liabilities towards affiliated companies	0 (478)	0 (478)	0 (0)	0 (0)
Liabilities towards companies accounted for using the equity method	0 (0)	0 (0)	0 (0)	0 (0)
Other liabilities	38,399 (40,352)	37,566 (39,357)	833 (995)	0 (0)
	63,839 **(76,771)**	**63,006** **(75,776)**	**833** **(995)**	**0** **(0)**

Other liabilities are broken down into:

in T€	12/31/2023	12/31/2022
Income taxes	13,214	16,607
Wages, salaries, bonuses, social security	11,855	12,220
Other taxes	4,776	4,328
Outstanding incoming invoices	2,222	2,308
Miscellaneous other liabilities	6,332	4,889
	38,399	**40,352**

Miscellaneous other liabilities mainly relate to short-term liabilities to third parties.

33. Notes to the cash flow statement

In accordance with IAS 7 (Cash Flow Statement), the **cash flow statement** shows how cash and cash equivalents in the Group have changed over the course of the reporting year as a result of cash inflows and outflows. Cash and cash equivalents include the item cash in hand and bank balances of T€ 34,464 (previous year: T€ 36,251).

Cash flow from investing activities includes amounts totalling T€ 0 (previous year: T€ 117), which are offset by cash inflows from financing activities in the corresponding amount.

The following cash flows were paid or received in the financial year:

in T€	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
from interest paid	4,045	1,612
from interest received	199	35
from income taxes paid and received	11,563	5,206

Interest paid is recognised under cash flow from financing activities. Interest received and income taxes paid and received are recognised in the item cash flow from operating activities.

The development of liabilities from financing activities is shown in the following table:

in T€	Liabilities to banks	Leasing liabilities	Liabilities from financing activities
Carrying amount 12/31/2021	**76,340**	**19,272**	**95,612**
Cash-effective	17	– 3,215	– 3,198
Non-payment			
Acquisition of assets	0	3,080	3,080
Disposal of assets	0	– 505	– 505
Carrying amount 12/31/2022	**76,357**	**18,632**	**94,989**
Cash-effective	10,711	– 2,370	8,341
Non-payment			
Acquisition of assets	0	1,780	1,780
Disposal of assets	0	– 35	– 35
Carrying amount 12/31/2023	**87,068**	**18,007**	**105,075**

34. Information on segment reporting

The companies are allocated to the segments according to their respective field of activity. The segmentation is based on the respective end customer markets and comprises the three reportable segments of Process Technology, Resource Technology and Healthcare and Infrastructure Technology. What they all have in common is that they are business models in the business-to-business area; the focus is on the capital goods industry. The definition of segments and the selection of the key figures presented are in line with the internal management and reporting systems.

The **Process Technology** segment comprises subsidiaries that primarily support series manufacturers in their production processes with their products and services. The **Resource Technology segment** comprises companies that supply material-intensive industrial companies. The companies in the **Healthcare and Infrastructure Technology segment** supply providers for end-consumer-related mass markets in the medical, hygiene, food and sanitary sectors.

In addition to GESCO SE, the **GESCO SE / Other companies** segment includes those immaterial companies that are not allocated to any of the other segments. The **reconciliation** item shows consolidation effects and the reconciliation to the corresponding Group figures.

in T€	Process technology		Resource technology	
	01/01/2023 – 12/31/2023	**01/01/2022 – 12/31/2022**	**01/01/2023 – 12/31/2023**	**01/01/2022 – 12/31/2022**
Order backlog	56,511	72,713	105,767	104,418
Incoming orders	93,272	121,783	321,825	317,887
Sales	107,633	105,085	320,962	330,040
of which with other segments	0	0	71	6
Depreciation and amortisation	2,187	1,861	5,193	4,809
of which unscheduled (IAS 36)	0	0	0	0
EBIT	12,026	13,866	28,122	34,904
Investments	3,852	2,735	8,311	4,753
Employees (number/reporting date)	521	542	859	739

in T€	Healthcare and infrastructure technology		Total operating segments	
	01/01/2023 – 12/31/2023	**01/01/2022 – 12/31/2022**	**01/01/2023 – 12/31/2023**	**01/01/2022 – 12/31/2022**
Order backlog	34,078	43,518	196,356	220,649
Incoming orders	127,649	149,122	542,746	588,792
Sales	132,170	147,173	560,765	582,298
of which with other segments	20	18	91	24
Depreciation and amortisation	4,625	4,590	12,005	11,260
of which unscheduled (IAS 36)	0	0	0	0
EBIT	9,450	11,902	49,598	60,672
Investments	5,280	4,935	17,443	12,423
Employees (number/reporting date)	504	539	1,884	1,820

in T€	Total operating segments		GESCO SE / Other companies	
	01/01/2023 – 12/31/2023	**01/01/2022 – 12/31/2022**	**01/01/2023 – 12/31/2023**	**01/01/2022 – 12/31/2022**
Order backlog	196,356	220,649	0	0
Incoming orders	542,746	588,792	0	0
Sales	560,765	582,298	2,124	1,747
of which with other segments	91	24	2,124	1,747
Depreciation and amortisation	12,005	11,260	4,584	97
of which unscheduled (IAS 36)	0	0	0	0
EBIT	49,598	60,672	– 11,582	– 8,878
Investments	17,443	12,423	6	74
Employees (number/reporting date)	1,884	1,820	16	19

in T€	Transition		Group	
	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022	01/01/2023 – 12/31/2023	01/01/2022 – 12/31/2022
Order backlog	0	0	196,356	220,649
Incoming orders	0	0	542,746	588,791
Sales	– 2,165	– 1,771	560,724	582,273
of which with other segments	– 2,215	– 1,771	0	0
Depreciation and amortisation	6,555	6,948	23,144	18,305
of which unscheduled (IAS 36)	5,128	0	5,128	0
EBIT	– 2,150	– 2,361	35,866	49,433
Investments	2,687	3,080	20,136	15,577
Employees (number/reporting date)	0	0	1,899	1,841

There are no significant **business relationships** between the segments.

Segment investments relate to intangible assets (excluding goodwill) and tangible assets including capitalised rights of use in accordance with IFRS 16 in the "Reconciliation" column.

The measurement of the results of the reportable segments is based on German commercial law. The reconciliation to international accounting standards is shown in the reconciliation item. The **consolidated EBIT** can be reconciled to the consolidated net income for the year using the consolidated income statement.

The breakdown of **sales** by **region** (sales country) is as follows:

	01/01/2023 – 12/31/2023		01/01/2022 – 12/31/2022	
	T€	%	T€	%
Germany	260,974	46.5	280,988	48.3
Europe (excluding Germany)	155,552	27.7	175,562	30.2
Other	144,198	25.8	125,723	21.6
	560,724	**100.0**	**582,273**	**100.0**

Information on sales from products and services in accordance with IFRS 8.32 can only be presented at disproportionately high expense due to the heterogeneous nature of the products and services and is therefore not provided.

Non-current assets (only intangible assets and tangible assets) are broken down by **region** as follows:

	12/31/2023		12/31/2022	
	T€	%	T€	%
Germany	153,134	90.3	156,463	92.5
Other regions	16,487	9.7	12,602	7.5
	169,621	**100.0**	**169,065**	**100.0**

In financial year 2023 and the previous year, no customer accounted for more than 10% of GESCO Group sales.

35. Financial instruments

Capital management

in T€	Carrying amount 12/31/2023	Not within the scope of IFRS 9	Application IFRS 9	Thereof at fair value	Thereof at amortised cost
Financial assets	12,821	2,920	9,901	3	9,898
Receivables	73,080	0	73,080	0	73,080
Other assets	8,856	5,523	3,333	18	3,315
Cash and cash equivalents	34,464	0	34,464	0	34,464
Financial assets	**129,221**	**8,443**	**120,778**	**21**	**120,757**
Liabilities to banks	87,068	0	87,068	0	87,068
Leasing liabilities	18,007	18,007	0	0	0
Liabilities from deliveries and services	11,817	0	11,817	0	11,817
Other liabilities	38,229	13,214	25,015	0	25,015
Financial debts	**155,121**	**31,221**	**123,900**	**0**	**123,900**

in T€	Carrying amount 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
Receivables	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 banks	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	40,674	16,607	24,067	0	24,067
Financial debts	**153,887**	**35,239**	**118,648**	**0**	**118,648**

Due to the predominantly short-term maturities of trade receivables and payables, other assets and liabilities and cash and cash equivalents, the carrying amounts on the balance sheet date do not differ significantly from the fair values.

The fair value of liabilities to banks totalled T€ 87,626 as at the balance sheet date.

The fair values of financial assets measured at fair value correspond to the present value of future cash inflows or outflows based on unobservable input factors. The fair values of financial liabilities measured at fair value are determined using valuation techniques based on observable market data as at the balance sheet date.

The net result of the financial instruments in categories in accordance with IFRS 9 is as follows:

in T€		from subsequent measurement				
Category IFRS 9	**from interest and similar income**	**at fair value through profit or loss**	**Value adjustments / reversals**	**recognised in other comprehensive income**	**from disposal**	**Net result**
Financial assets measured at fair value through profit or loss*	0	0	0	0	0	0
Financial assets measured at fair value through other comprehensive income*	0	0	0	– 18	0	– 18
Financial assets measured at amortised cost	544	0	2,059	0	0	2,603
Financial assets	**544**	**0**	**2,059**	**– 18**	**0**	**2,585**
Financial liabilities measured at fair value through profit or loss*	0	0	0	0	0	0
Financial liabilities measured at fair value through other comprehensive income*	0	0	0	0	0	0
Financial liabilities measured at amortised cost	– 3,862	0	0	0	0	– 3,862
Financial debts	**– 3,862**	**0**	**0**	**0**	**0**	**– 3,862**

* Mandatory measurement at fair value in accordance with IFRS 9

The currency effects included in the net result are not material and are therefore not recognised separately.

Financial risk management

GESCO Group has implemented a Group-wide risk management system in order to recognise risks as early as possible and initiate countermeasures. Detailed information on risks and opportunities can be found in the Group management report.

Risks from financial instruments affect GESCO Group with regard to credit risks, liquidity risks and market price risks. All risk types can influence the Group's net assets, financial position and results of operations. **Credit risks** mainly relate to trade receivables. **Liquidity risks** include the risk of not being able to fulfil payment obligations at the required time. **Market price risks** essentially consist of exchange rate changes in relation to the operating business and interest rate changes in relation to financing.

As the type and scope of the respective risks are relevant to varying degrees for each Group Company, the management of these risks is defined for each Company. Risk management is primarily carried out in the course of operational business and financing activities.

Information on the individual risk categories

Credit risk

Credit risks consist of the danger of economic loss if a contractual partner does not fulfil its payment obligation at all, only partially or not on time. The management of trade receivables is a high priority for the Group companies. Receivables are widely diversified; no single debtor accounts for more than 10% of the Group's receivables. The type and scope of credit collateralisation is based on the credit rating of the respective customer. The main instruments used are export insurance, letters of credit, credit insurance, advance payment, guarantees, sureties and retention of title. The Group's default risks are limited to the usual business risk. Valuation allowances have been recognised for identifiable default risks. The counterparty risk for derivative financial instruments is limited by concluding derivatives exclusively with reputable domestic banks. Valuation allowances are calculated using a simplified impairment model based on Company-specific and portfolio-specific default rates. The default rates used are based on the average bad debt losses of recent years, unless justified assumptions require an adjustment. The business model, the respective customer and the economic environment are taken into account when determining the expected default rates. Receivables whose debtors are subject to insolvency or comparable proceedings, for example, or for which there are other objective indications of impairment (such as a significant deterioration in creditworthiness or financial restructuring) are tested individually for impairment. In addition, all receivables that are more than 180 days overdue are also individually reviewed during the year to determine whether it is necessary to recognise a specific valuation allowance.

The theoretical maximum default risk (credit risk) comprises the full default of the carrying amounts of the financial instruments. The default risk of non-impaired financial instruments is currently estimated to be low, as the risk management instruments limit the probability of default. The following table contains the estimated default risk and credit losses on trade receivables:

in T€ 12/31/2023	Loss rate	Gross carrying amount	Value adjustment	Credit impairment
Not overdue	0.08 %	56,200	43	no
Overdue up to 30 days	4.05 %	7,673	311	no
Overdue 30 to 90 days	28.38 %	5,293	1,502	no
Overdue 90 to 180 days	7.84 %	995	78	no
Overdue more than 180 days	10.09 %	4,044	408	yes

in T€ 12/31/2022	Loss rate	Gross carrying amount	Value adjustment	Credit impairment
Not overdue	0.07 %	62,822	43	no
Overdue up to 30 days	3.27 %	11,543	377	no
Overdue 30 to 90 days	27.75 %	5,298	1,470	no
Overdue 90 to 180 days	4.39 %	2,896	127	no
Overdue more than 180 days	16.23 %	2,002	325	yes

Liquidity risks

Cash management is conducted individually for each Group Company; there is no centralised cash pooling within the Group. Cash management includes the expected cash flows from operating activities as well as the expected cash flows from financial assets and liabilities.

Future cash outflows will essentially be covered by cash inflows from operating activities. Peaks in financial requirements are covered by existing liquidity and credit lines.

Market price risk

Market price risks relate to **exchange rate risks** from the operating business, interest rate and exchange rate risks from financing and price changes in securities.

Market price risks from exchange rate risks arise from international business relationships. Exchange rate movements are subject to continuous monitoring using a wide range of information sources. The exchange rate between the US dollar and the euro is of particular importance. If Group companies produce in the Eurozone and invoice in US dollars, changes in the exchange rate between the US dollar and the euro naturally have an impact on the general competitiveness and profitability of individual projects at these companies.

Currency risks are hedged by means of forward exchange transactions for significant business transactions. These forward exchange transactions can give rise to market price risks insofar as foreign currencies must be sold below the then current spot rate on the settlement date. Ultimately, forward transactions serve to avoid risks from changes in exchange rates – thus eliminating losses from exchange rate changes as well as potential gains from exchange rate changes. The term and scope of these transactions correspond to the underlying operating transactions.

In accordance with IFRS 7, the Company prepares sensitivity analyses for market price risks in order to determine the effects of hypothetical changes in risk variables. These hypothetical changes are related to the portfolio of financial instruments on the reporting date. It is assumed that the portfolio on the reporting date is representative for the year as a whole.

Interest rate risks mainly result from debt financing. In accordance with IFRS 7, interest rate risks are presented using sensitivity analyses. These analyses show the effects of hypothetical changes in market interest rates on interest expenses. If market interest rates had been 100 basis points higher or lower in the reporting year, net income and equity after minority interests would have been T€ 649 (previous year: T€ 539) lower or higher.

GESCO Group is only exposed to **currency risks from trade relationships** to a limited extent. Deliveries by subsidiaries outside the Eurozone are hedged using forward transactions for larger orders.

Foreign currency trade receivables totalled T€ 10,199 as at the balance sheet date (previous year: T€ 12,834). This corresponds to 13.7% of total trade receivables (previous year: 15.2%). The receivables are denominated in the following currencies:

in T€	12/31/2023	12/31/2022
US dollar	5,882	9,053
Chinese Renminbi yuan	1,597	1,666
Taiwanese dollar	1,048	967
Mexican peso	1,388	740
Singapore Dollar	208	408
Hungarian forint	76	0

A 10% change in exchange rates as at the balance sheet date would have had an impact of T€ 1,252 (previous year: T€ 736) on income and equity after minority interests.

Forward exchange transactions and a foreign currency loan are used to hedge pending sales transactions against the exchange rate risk. The fair values of the hedging transactions totalled T€ +18 (previous year: T€ +5) on the balance sheet date. After deduction of deferred taxes, T€ +9 (previous year T€ +18) was recognised in other comprehensive income. Cash flows totalling USD 0.9 million that fall due in the 2024 financial year are hedged.

36. Leases

As a lessee, GESCO has primarily concluded contracts for property, machinery and equipment as well as vehicles. Lease agreements are negotiated individually and contain different agreements on, for example, extension, cancellation or purchase options. The purchase price depends on when the options are exercised.

The development of the carrying amounts of the right-of-use assets by class is shown in the statement of changes in non-current assets.

in T€	Total	2024	2025 – 2028	2029 and subsequent years
Minimum lease payments	19,033	4,197	11,482	3,355
Discounted amounts	– 4,044	– 462	– 2,615	– 967
Property purchase option	3,017	0	3,017	0
Present values	**18,007**	**3,735**	**11,884**	**2,387**

Interest expenses in the reporting period totalled T€ 520 (previous year: T€ 552). The cash outflows for leases are shown in the cash flow statement.

As at the balance sheet date, leases already entered into that begin after 31 December 2023 and do not constitute short-term leases amounted to T€ 26 (previous year: T€ 12).

Leases not capitalised in accordance with IFRS 16 (low-value assets) accounted for rental and lease payments of T€ 1,167 in the reporting year (previous year: T€ 1,051).

37. Contingent liabilities and commitments

There are order commitments from investment projects totalling T€ 1,004 (previous year: T€ 506). The investments are expected to be completed in the 2023 financial year.

Various GESCO Group companies are obliged to comply with certain covenants. Due to the subsidiaries' compliance with the covenants, the Company is not expected to be utilised as at the reporting date.

There are no ongoing legal disputes that are expected to have a significant impact on earnings over and above the amounts recognised as provisions. The warranties entered into are within the normal scope for the industry. If a claim is expected, a provision has been recognised for the most probable amount.

GESCO SE has entered into an agreement with a former Executive Board member under which GESCO SE indemnifies this former Executive Board member up to an amount of € 20 million against liability claims arising from certain breaches of duty plus any legal fees arising from or in connection with his activities as managing director of a former subsidiary. This indemnification is subordinate to the insurance cover provided by a D&O insurance policy. As at the balance sheet date, no claims are currently expected to be asserted due to a lack of recognisable breaches of duty or claims asserted by the Company or third parties.

38. Related companies and persons

Related parties within the meaning of IAS 24 are legal or natural persons who can exert influence on GESCO SE and its subsidiaries or who are subject to control, joint control or significant influence by GESCO SE or its subsidiaries. In particular, this includes non-consolidated subsidiaries measured at fair value and associates recognised at fair value or at equity. It also includes the members of the executive bodies of GESCO SE, whose remuneration is disclosed in the notes and the remuneration report.

Members of the Supervisory Board

Stefan Heimöller, Neuenrade
Chairman of the Supervisory Board since 12 June 2023
Managing Partner of Platestahl Umformtechnik GmbH, Lüdenscheid, and Helios GmbH, Neuenrade

Jens Große-Allermann, Cologne
Deputy Chairman of the Supervisory Board since 12 June 2023
Member of the Management Board of Shareholder Value Management AG, Frankfurt a.M. (since 1 March 2024)
Management Board of Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn, and Management Board of Fiducia Treuhand AG, Bonn (until 29 February 2024)

Klaus Möllerfriedrich, Düsseldorf
Chairman of the Supervisory Board until 12 June 2023
Member of the Supervisory Board
Auditor
Deputy Chairman of the Supervisory Board:

- TopAgers AG, Langenfeld

Dr. Nanna Rapp, Düsseldorf
Member of the Supervisory Board

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board for the 2023 financial year totalled T€ 366 thosand (previous year: T€ 444).

Members of the Executive Board of GESCO SE

Ralph Rumberg, Witten
CEO/Spokesman of the Executive Board

Andrea Holzbaur, Düsseldorf
CFO

Total remuneration of the Executive Board

The Executive Board received remuneration totalling T€ 1,313 for the 2023 financial year (previous year: T€ 1,387). This includes a multi-year share-based remuneration component in the form of a virtual share programme with an expected 12,420 shares and a fair value of T€ 211, which will be approved by the Supervisory Board when the consolidated financial statements are adopted. In the previous year, the fair value of the 5,700 share options promised in the 2022 financial year was included in the amount of T€ 141. The remuneration system and the remuneration for the Executive Board are explained individually in the remuneration report.

As at 31 December 2023, there were pension obligations of T€ 1,370 (previous year: T€ 2,359) for former members of the Executive Board. In the financial year, one former member of the Executive Board was granted benefits totalling T€ 97 (previous year: T€ 70) from the pension commitment granted to him.

Transactions with key management personnel and other transactions with related parties

Business relationships between fully consolidated Group companies and non-fully consolidated companies are conducted on arm's length terms. Receivables from affiliated companies and liabilities to affiliated companies relate to AMTRION USA Inc, USA. The entrepreneur Stefan Heimöller, who was elected to the Supervisory Board of GESCO SE by the Annual General Meeting, conducts a small-scale purchase and sale of steel products with Doerrenberg Edelstahl GmbH and SVT GmbH, both subsidiaries of GESCO SE, through his Company Platestahl Umformtechnik GmbH. These business relationships are conducted on arm's length terms.

Group relationships

The consolidated financial statements for the smallest and largest group of companies are prepared by GESCO SE, headquartered in Wuppertal, and published in the electronic Federal Gazette.

39. Employees

	01/01/2023 – 12/31/2023	01/01/2023 – 12/31/2023
Commercial employees	1,133	1,085
Employees	714	680
Apprentices	47	58
Annual average number of employees	**1,894**	**1,823**

Part-time employees were converted to full-time employees.

40. Auditors' fees

The following fees (including expenses) were recognised as expenses for the services provided by the Group auditor Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, in the financial year:

The fees attributable to the financial year for auditing services at GESCO SE and its German subsidiaries totalled T€ 675 (previous year: T€ 647), T€ 0 (previous year: T€ 0) for tax consultancy and T€ 0 (previous year: T€ 0) for other auditing services.

41. German Corporate Governance Code

The Executive Board and Supervisory Board of GESCO SE generally comply with the German Corporate Governance Code and have made the declaration of compliance available to shareholders on the GESCO SE website.

The Management Board holds a total of around 0.05% of the Company's shares. The members of the Supervisory Board hold a total of around 14.20 % of the shares in the Company.

42. Utilisation of the exemptions pursuant to Section 264 (3) and Section 264b HGB

Due to their inclusion in the consolidated financial statements of GESCO SE, individual subsidiaries utilise the exemption provisions of Section 264b HGB and Section 264 para. 3 HGB (Annex: Group companies).

43. Events after the balance sheet date

No events of particular significance occurred after the end of the financial year.

44. Publication of the consolidated financial statements

The consolidated financial statements for the financial year from 1 January to 31 December 2023 were examined by the Supervisory Board of GESCO SE and were approved at its meeting on 28 March 2024 and thus released for publication.

Wuppertal, 27 March 2024

GESCO SE
– Management Board –

Ralph Rumberg CEO/Spokesman of the Management Board	Andrea Holzbaur CFO

Group companies

Fully consolidated companies[1]	Share of capital %
GESCO SE, Wuppertal	
AstroPlast Kunststofftechnik GmbH & Co. KG, Meschede[3]	100
AstroPlast Verwaltungs GmbH, Meschede[2]	100
Doerrenberg Edelstahl GmbH, Engelskirchen	100
Doerrenberg Tratamientos Térmicos SL, Alasua, Navarra, Spain	60
Doerrenberg Special Steels PTE. Ltd, Singapore	90
Doerrenberg International PTE. Ltd, Singapore	90
Doerrenberg Special Steels Taiwan Ltd, Tainan, Taiwan	100
Middle Kingdom Special Steels PTE Ltd, Singapore	60
Jiashan Doerrenberg Mould & Die Trading Co., Jiashan, China	100
Doerrenberg Specialty Steel Corp., Macedonia, Ohio, USA	100
Tremblay Tool Steels, LLC, Macedonia, Ohio, USA	100
Doerrenberg Real Estate LLC, Macedonia, Ohio, USA	100
Franz Funke Zerspanungstechnik GmbH & Co. KG, Sundern[3]	100
Franz Funke Verwaltungs GmbH, Sundern[2]	100
Georg Kesel GmbH & Co. KG, Kempten[3]	100
Kesel International GmbH, Kempten	100
Georg Kesel Machinery (Jiashan) Co., Ltd., Jiashan, China	100
Kesel North America, LLC, Beloit, Wisconsin, USA	100
Kesel & Probst Verwaltungs-GmbH, Kempten[2]	100
INEX-solutions GmbH, Bretten	100
Hubl GmbH, Vaihingen/Enz	80
Sommer & Strassburger GmbH, Bretten[4]	100
So-Stra Verwaltungs-GmbH i.L., Bretten[2]	100
MAE Maschinen- und Apparatebau Götzen GmbH, Erkrath[4]	100
MAE International GmbH, Erkrath	100
MAE Machines (Beijing) Co, Ltd, Beijing, China	100
MAE Amerika GmbH, Erkrath	100
MAE-EITEL INC., Orwigsburg, Pennsylvania, USA	100
Grafic Beteiligungs-GmbH i.L., Wuppertal[2]	100
Pickhardt & Gerlach GmbH & Co. KG, Finnentrop[3]	100
Hekhorn Verwaltungs-GmbH, Finnentrop[2]	100
Hekhorn Immobilien GmbH, Finnentrop	100
Q-Plast GmbH & Co. Kunststoffverarbeitung i.L., Emmerich[3]	100
Q-Plast Beteiligungs-GmbH i.L., Emmerich[2]	100
Setter GmbH & Co. Papierverarbeitung, Emmerich[3]	100
Setter Treuhand GmbH, Emmerich	100
Setter Holding GmbH, Emmerich[2] [4]	100
HRP-Leasing GmbH, Emmerich[4]	100
Setter International GmbH, Emmerich	100
Setterstix Inc., Fountain Inn, South Carolina, USA	100
SQG Verwaltungs GmbH, Emmerich	100
Setterstix de México S.A.DE C.V., San Luis Potosi, Mexico	100
SVT GmbH, Schwelm	100
SVT APAC PTE. LTD, Singapore	100

Fully consolidated companies[1]	Share of capital %
Connex SVT Inc., Houston, Texas, USA	100
BAV Tatabánya Kft, Tatabánya, Hungary	100
United MedTec Holding GmbH, Bückeburg	100
AMTRION GmbH, Porta Westfalica	100
Haseke Beteiligungs-GmbH, Porta Westfalica[2]	100
Tragfreund GmbH , Porta Westfalica	100
IMV Verwaltungs GmbH i.L., Wuppertal[2]	100

Associated companies[1]	Share of capital %
Saglam Metal Sanayi Ticaret A.S., Istanbul, Turkey	20
Doerrenberg Special Steels Korea Co. Ltd, Jeongwang-dong, South Korea	50

Non-consolidated companies[1]	Share of capital %
AMTRION USA Inc., Fountain Inn, South Carolina, USA	100

[1] Shares in the capital held directly or via majority shareholdings
[2] General partner GmbH
[3] Utilisation of the exemption pursuant to section 264b HGB
[4] Utilisation of the exemption pursuant to Section 264 (3) HGB

Assurance of the legal representatives

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

Wuppertal, the 28 March 2024

Ralph Rumberg	Andrea Holzbaur
CEO	CFO

Opinion of the Independent Auditor

To GESCO SE, Wuppertal

Report on the audit of the Consolidated Financial Statement and the Group Management Report

Audit judgements

We have audited the Consolidated Financial Statement of GESCO SE and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January 2023 to 31 December 2023, and notes to the Consolidated Financial Statement, including a summary of significant accounting policies. In addition, we have audited the Group Management Report of GESCO SE, which is combined with the Management Report of the Company, for the financial year from 1 January 2023 to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the Group Management Report listed in the "Other information" section of our auditor's report.

In our opinion, based on the findings of our audit

- the accompanying Consolidated Financial Statement comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January 2023 to 31 December 2023, and
- the accompanying Group Management Report as a whole provides a suitable view of the Group's position. In all material respects, this Group Management Report is consistent with the Consolidated Financial Statement, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the Group Management Report does not cover the content of those parts of the Group Management Report listed in the "Other information" section.

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the Consolidated Financial Statement and of the Group Management Report.

Basis for the audit judgements

We conducted our audit of the Consolidated Financial Statement and of the Group Management Report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statement and of the Group Management Report" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit judgements on the Consolidated Financial Statement and on the Group Management Report.

Key audit matters in the audit of the Consolidated Financial Statement

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statement for the financial year from 1 January 2023 to 31 December 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill

Related information in the Consolidated Financial Statement

Please refer to the disclosures in the notes to the Consolidated Financial Statement in sections "4. Use of judgements and estimates", "6. Significant accounting policies" – in the subsections "Intangible assets and goodwill" and "Impairment" – and "20. Goodwill" for information on the accounting policies applied to goodwill. The development of this item is shown in the statement of changes in non-current assets ("Development of Group assets") in section "18. Property, plant and equipment, intangible assets, goodwill and investments accounted for using the equity method".

Facts and risk for the audit

Goodwill totalling € 39 million is reported in the consolidated balance sheet of GESCO SE, which accounts for around 8% of total assets and around 14% of the Group's reported equity.

Goodwill is subjected to annual impairment tests by the Company in order to determine a possible need for amortisation. In this context, amortisation of goodwill in the amount of T€ 63 was recognised in the 2023 financial year. The result of the impairment tests depends largely on how the legal representatives estimate the future cash inflows and derive the discount rates used in each case. Due to the complexity underlying the valuation and the scope for judgement involved in the valuation, we consider the recoverability of goodwill to be a key audit matter.

Audit approach and findings

As part of our audit, we analysed the process implemented by the legal representatives of GESCO SE and the accounting policies for determining the recoverable amounts of cash-generating units to which goodwill was allocated for potential risks of error and obtained an understanding of the process steps and the internal controls implemented. We assessed the Group's approach to determining the discount rates and deriving the expected cash inflows for compliance with IAS 36.

We analysed the corporate planning by comparing it with the results actually achieved in the past and current developments in the business figures. We analysed the key assumptions of the corporate planning regarding growth and business development by discussing them in detail with the legal representatives of GESCO SE. On this basis, we assessed their appropriateness.

We examined the appropriateness of the other key measurement assumptions, such as the discount rate and the growth rate, with the support of specialists from our company on the basis of an analysis of market indicators. We analysed the parameters used to determine the discount rates used with regard to their appropriate derivation and verified their calculation in accordance with the relevant requirements of IAS 36.

We used sensitivity analyses to assess impairment risks in the event of changes to key valuation assumptions. We also verified the mathematical accuracy of the valuation models in accordance with the requirements of IAS 36. Finally, we assessed the disclosures in the notes to the Consolidated Financial Statement on estimates and valuation parameters used to measure the recoverable amounts of the cash generating units containing goodwill to determine whether they are appropriate.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the legal representatives with regard to the recoverability of goodwill are justified and balanced.

Other information

The legal representatives resp. the Supervisory Board are responsible for the other information. The other information comprises the following non-audited components of the Group Management Report:

- the corporate governance statement in accordance with Sections 289f and 315d of the German Commercial Code (HGB) , to which reference is made in the Group Management Report,
- the separate non-financial report pursuant to Section 315b (3) HGB , to which reference is made in the Group Management Report, and
- the remuneration report in accordance with Section 162 AktG, to which reference is made in the Group Management Report.

The other information also includes:

- the assurances pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB on the Consolidated Financial Statement and Group Management Report,
- the report of the Supervisory Board and
- the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited Consolidated Financial Statement and Group Management Report and our auditor’s report.

The legal representatives and the Supervisory Board are jointly responsible for the remuneration report. The Supervisory Board is responsible for the report of the Supervisory Board. Otherwise, the legal representatives are responsible for the other information.

Our opinions on the Consolidated Financial Statement and on the Group Management Report do not cover the other information, and consequently we do not express a judgement or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information:

- are materially inconsistent with the Consolidated Financial Statement, the Group Management Report or our knowledge obtained in the audit, or
- otherwise appear to be materially misstated.

Responsibility of the legal representatives and the Supervisory Board for the Consolidated Financial Statement and the Group Management Report

Management is responsible for the preparation of the Consolidated Financial Statement that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the Consolidated Financial Statement, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of Consolidated Financial Statement that are free from material misstatement, whether due to fraud (i.e. fraudulent manipulation of the accounting records or damage to assets) or error.

In preparing the Consolidated Financial Statement, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the Group Management Report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the Consolidated Financial Statement, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group Management Report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group Management Report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the Consolidated Financial Statement and the Group Management Report.

Auditor's responsibilities for the audit of the Consolidated Financial Statement and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statement as a whole are free from material misstatement, whether due to fraud or error, and whether the Group Management Report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the Consolidated Financial Statement and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the Consolidated Financial Statement and on the Group Management Report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statement and the Group Management Report.

During the audit, we exercise professional judgement and maintain professional scepticism. In addition we

- identify and assess the risks of material misstatement of the Consolidated Financial Statement and of the Group Management Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit judgements. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the Consolidated Financial Statement and of arrangements and measures (systems) relevant to the audit of the Group Management Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.
- conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Consolidated Financial Statement and in the Group Management Report or, if such disclosures are inadequate, to modify our respective audit judgements. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue its business activities.
- evaluate the overall presentation, structure and content of the Consolidated Financial Statement, including the disclosures, and whether the Consolidated Financial Statement present the underlying transactions and events in a manner that the Consolidated Financial Statement give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the Consolidated Financial Statement and on the Group Management Report. We are responsible for the direction, supervision and performance of the group financial statements audit. We are solely responsible for our audit judgements.
- evaluate the consistency of the Group Management Report with the Consolidated Financial Statement, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the legal representatives in the Group Management Report. Based on sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the forward-looking disclosures or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards put in place to address any threats to our independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other statutory and other legal requirements

Report on the audit of the electronic reproduction of the Consolidated Financial Statement and the Group Management Report prepared for publication purposes in accordance with Section 317 (3a) HGB

Audit judgement

We have performed an assurance engagement in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance about whether the reproduction of the Consolidated Financial Statement contained in the file "894500DZXXD0LOZY-IC55-2023-12-31-en.zip" (MD5 hash value: "8b040210504d5f 2976edc1cca72feb22") and the reproduction of the Consolidated Financial Statement and the Group Management Report (hereinafter also referred to as "ESEF documents") prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit only extends to the conversion of the information contained in the Consolidated Financial Statement and the Group Management Report into the ESEF format and therefore does not extend to the information contained in these reproductions or any other information contained in the above-mentioned file.

In our opinion, the reproduction of the Consolidated Financial Statement and the Group Management Report contained in the above-mentioned file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this audit opinion and our audit judgements on the accompanying Consolidated Financial Statement and on the accompanying Group Management Report for the financial year from 1 January 2023 to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statement and of the Group Management Report" above, we do not express any audit opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file.

Basis for the audit opinion

We conducted our audit of the reproduction of the Consolidated Financial Statement and of the Group Management Report contained in the above-mentioned file in accordance with Section 317 (3a) HGB and the IDW Auditing Standard: Audit of the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW PS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the ESEF documents" section. Our audit practice has applied the quality management system requirements of the International Standard on Quality Management (ISQM 1).

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The legal representatives of the Company are responsible for the preparation of the ESEF documents with the electronic reproduction of the Consolidated Financial Statement and the Group Management Report in accordance with section 328 (1) sentence 4 no. 1 HGB and for the labelling of the Consolidated Financial Statement in accordance with section 328 (1) sentence 4 no. 2 HGB.

Furthermore, the company's management is responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's responsibility for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material – intentional or unintentional – non-compliance with the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgement and maintain professional scepticism. In addition, we

- identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- obtain an understanding of internal control relevant to the audit of the ESEF documentation in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.
- assess the technical validity of the ESEF documents, i.e. whether the file containing the file containing the ESEF documents fulfils the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable at the reporting date regarding the technical specification for this file.
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited Consolidated Financial Statement and the audited Group Management Report.
- assess whether the labelling of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version applicable at the reporting date provides an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

Other information in accordance with Art. 10 EU-APrVO

We were elected as group auditor by the annual general meeting on 12 June 2023. We were engaged by the Supervisory Board on 11 September 2023. We have been the group auditor of the GESCO SE without interruption since the financial year 2021.

We declare that the audit judgements expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (audit report).

Other matters –
Use of the audit opinion

Our audit opinion should always be read in conjunction with the audited Consolidated Financial Statement and the audited Group Management Report as well as the audited ESEF documents. The Consolidated Financial Statement and the Group Management Report converted into the ESEF format – including the versions to be filed in the company register – are merely electronic reproductions of the audited Consolidated Financial Statement and the audited Group Management Report and do not replace them. In particular, the ESEF report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

Responsible auditor

The auditor responsible for the audit is Heiko Wittig.

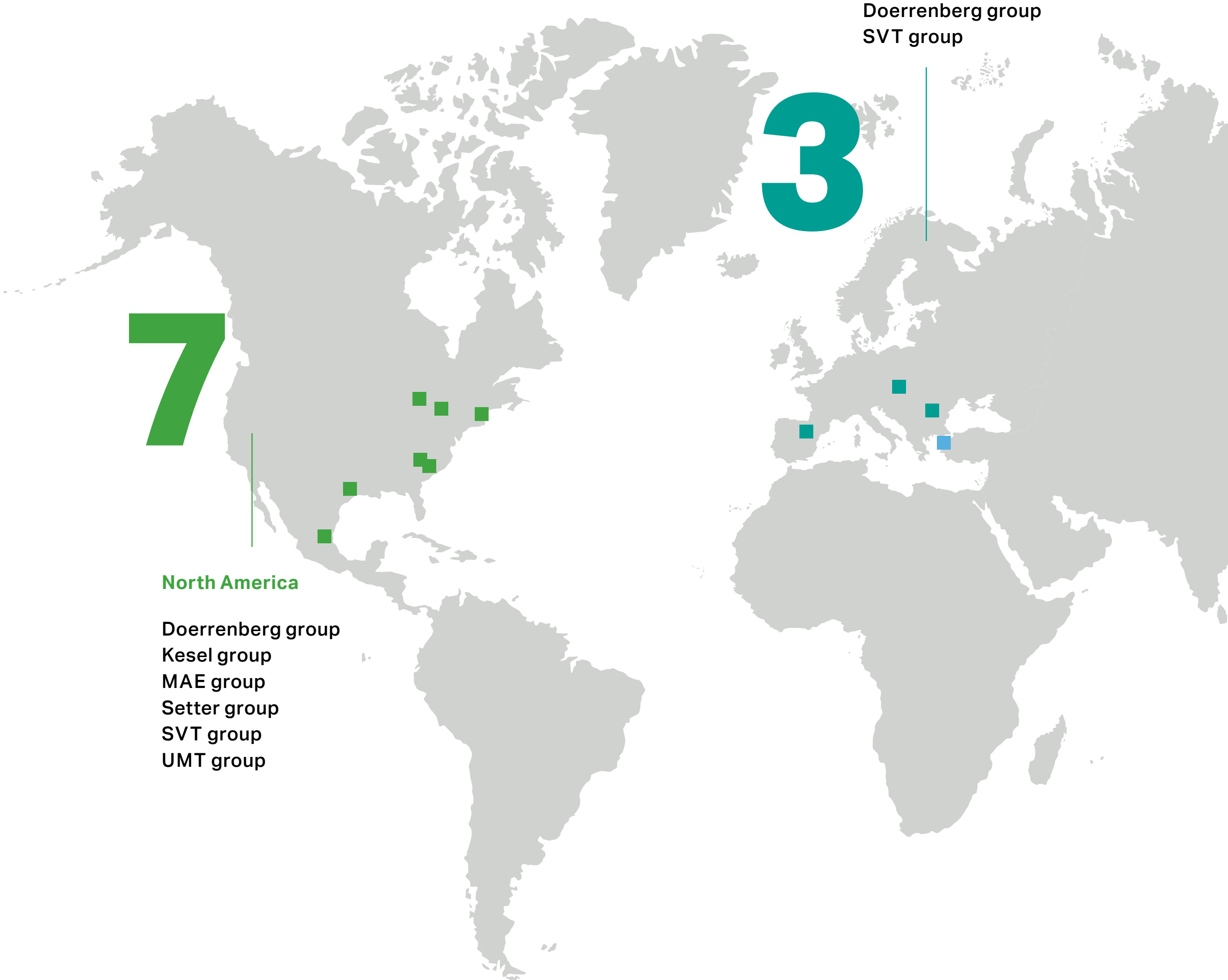
Düsseldorf, 27 March 2024

Mazars GmbH & Co. KG
Auditing company
Tax consulting company

Dr. Marcus Borchert	Heiko Wittig
Certified Public Auditor	Certified Public Auditor

GESCO global

Group locations



Doerrenberg group

- Bucharest, Romania
- Gyeonggi-do, South Korea
- Istanbul, Turkey
- Jiashan, China
- Macedonia, Ohio, USA
- Singapore, Singapore
- Uharte-Arakil, Spain
- Yongkang, Taiwan

Kesel group

- Jiaxing City, China
- Milton, Wisconsin, USA

MAE group

- Orwigsburg, Pennsylvania, USA
- Beijing, China

Setter group

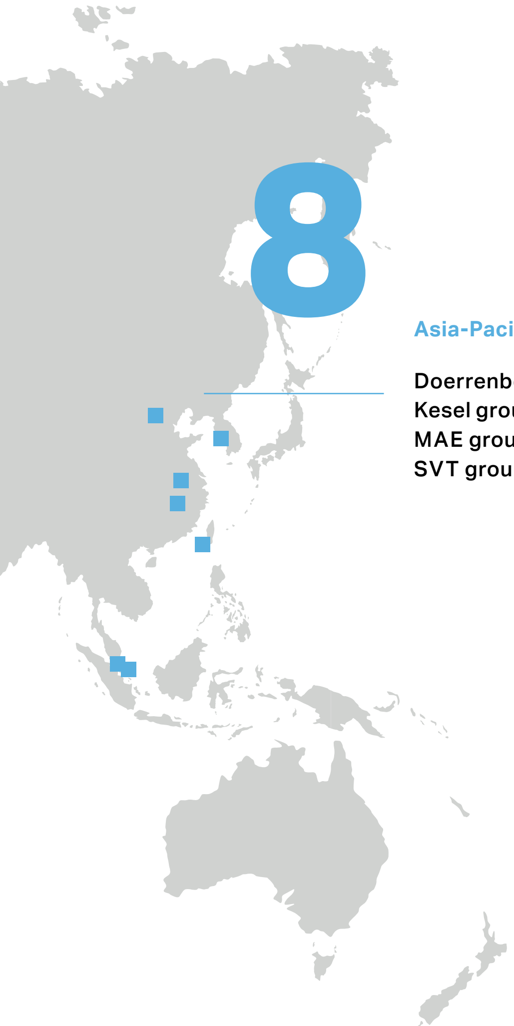
- Fountain Inn, South Carolina, USA
- San Luis Potosi, Mexico

SVT group

- Houston, Texas, USA
- Singapore, Singapore
- Tatabánya, Hungary

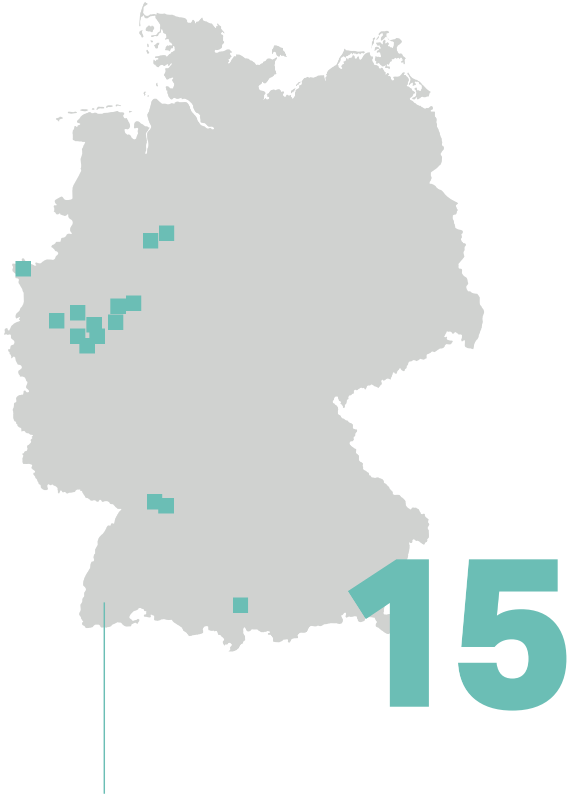
UMT group

- Fountain Inn, South Carolina, USA



Asia-Pacific

Doerrenberg group
Kesel group
MAE group
SVT group



Germany

AstroPlast (Meschede)
Doerrenberg group (Ründeroth, Dieringhausen, Weiershagen, Gummersbach, Herford)
Franz Funke (Sundern)
INEX-solutions group: Sommer & Strassburger (Bretten)
INEX-solutions group: Hubl (Vaihingen/Enz)
Kesel group (Kempten)
MAE group (Erkrath)
Pickhardt & Gerlach (Finnentrop)
Setter group (Emmerich)
SVT group (Schwelm)
UMT group (Porta Westfalica)

Financial calendar

11 April 2024
Publication
Annual Report 2023/
Annual press conference

24 – 25 April 2024
37th MKK – Munich
Capital Market Conference

10 May 2024
Publication
Quarterly Statement Q1/2024

13 – 15 May 2024
Spring conference
(Equity Forum)

29 May 2024
Annual General Meeting in Essen

13 August 2024
Publication
Half-Year Report 2024

23 – 26 September 2024
Baader Investment Conference Munich

12 November 2024
Publication
Quarterly Statement Q3/2024

25 – 27 November 2024
German Equity Forum Frankfurt a.M.

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If you would like to be informed regularly, please notify us by email or telephone. Or 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 IR distribution list.

Important notice:

This Annual Report contains forward-looking statements based on current assumptions and forecasts made by the Management 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 annual report. GESCO SE assumes no obligation to update such forward-looking statements or to adapt them to future events or developments.

Despite the greatest possible care, technical reasons in particular (e. g. the conversion of electronic formats) may lead to deviations between the accounting documents contained in this Annual Report and those submitted to the Federal Gazette. In this case, the version submitted to the Bundesanzeiger shall be binding.

The annual report is also available in English translation; in case of discrepancies, the German version of the annual report shall prevail.

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