GESCO SE
Annual Report
2022

NEXT LEVEL
In Agility

NEXT LEVEL

In Agility

"In Agility – with this motto we want to build on our performance in 2022 in the current financial year.

The general conditions remain challenging. We remain on the move. We continue to increase the speed of adaptation, work on our sustainable social contributions and digitalisation.

In 2022, thanks to our speed of adaptation and to the extraordinary commitment of our 1,841 employees, we were able to master the challenges. With success, as you will see when you look at the business figures for 2022 and this annual report."

Andrea Holzbaur, CFO, GESCO SE

Profile

GESCO Group combines the power of technology-driven SMEs in a share. The spectrum ranges from tool steel to stainless steel containers, from paper sticks to support arms for medical technology. Many of the subsidiaries are market leaders, some in special niches, but all are recognised players with established brands. The ten companies are assigned to three segments that are oriented towards end-customer markets.

582.3

€ million sales
(previous year: € 488.1 million)

49.4

€ million EBIT
(previous year: € 44.6 million)

1,841

employees worldwide
(as of the balance sheet date)

3.12

€ earnings per share
(previous year: € 2.48)

33

locations worldwide

3

segments

For

25

years

GESCO has been listed on
the Stock exchange.

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		2012 / 2013 04/01 – 03/31	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
Sales	T€	440,417	453,336	451,434	494,014	482,480	547,193
thereof domestic	T€	286,609	300,263	303,597	323,862	302,419	335,981
thereof abroad	T€	153,808	153,073	147,837	170,152	180,061	211,212
EBITDA	T€	51,763	48,719	46,171	53,261	49,745	57,404
EBIT	T€	37,341	32,010	27,300	31,457	22,137	33,789
Earnings before taxes (EBT)	T€	33,825	29,018	24,553	28,828	19,187	31,861
Taxes on income and earnings	T€	- 11,088	- 9,261	- 10,401	- 10,307	- 9,458	- 13,690
Tax rate	%	32.8	31.9	42.4	35.8	49.3	43.0
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€	20,916	18,121	12,350	16,127	7,890	16,099
Earnings per share[1]	€	2.10	1.82	1.24	1.62	0.79	1.49
Investments in tangible assets[2]	T€	21,609	27,164	29,525	23,974	19,788	24,638
Depreciation on tangible assets	T€	12,190	14,136	15,475	16,940	24,009	17,989
Equity[3]	T€	166,500	176,604	182,803	195,773	214,095	224,265
Balance sheet total[3]	T€	357,547	379,950	403,739	410,175	439,915	456,256
Equity ratio[3]	%	46.6	46.5	45.3	47.7	48.7	49.2
Employees[3]	No.	2,292	2,360	2,465	2,537	2,535	2,489
thereof trainees[3]	No.	120	144	156	153	138	134
Share price (XETRA) at the end of the financial year[1]	€	25.18	25.38	25.46	24.71	24.96	28.50
Dividend per share[4]	€	0.83	0.73	0.58	0.67	0.35	0.60

[1] Financial years 2012 / 2013 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 2023.

2018 / 2019 04/01 – 03/31 as reported	2018 / 2019 04/01 – 03/31 adjusted	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)	2022 01/01 – 12/31 full financial year (12 months)
574,532	580,254	439,619	354,813	397,225	488,051	582,273
351,272	353,178	258,844	194,477	212,225	252,806	280,988
223,260	227,076	180,775	160,336	185,000	235,245	301,285
73,498	68,375	44,035	37,005	33,357	62,188	67,738
47,646	42,101	23,470	24,412	16,693	44,572	49,433
45,420	39,809	21,804	23,363	12,889	42,719	49,459
- 15,443	- 14,042	- 8,076	- 7,650	- 6,009	- 13,243	-13,196
34.0	35.3	37.0	32.7	46.6	31.0	26.7
–	–	–	14,512	5,829	26,876	33,824
–	–	–	1.34	0.54	2.48	3.12
–	–	–	- 2,126	- 22,405	- 14	0
–	–	–	- 0.20	- 2.07	0.00	0.00
26,598	22,582	12,386	12,386	- 16,576	26,862	33,824
2.46	2.08	1.14	1.14	- 1.53	2.48	3.12
23,838	23,354	15,838	9,014	7,907	12,670	15,577
19,081	19,415	17,487	10,153	13,346	13,385	13,564
244,261	250,567	250,428	–	227,770	255,734	274,706
509,513	525,486	506,099	–	390,821	449,535	473,913
47.9	47.7	49.5	–	58.3	56.9	58.0
2,662	2,684	2,718	1,756	1,695	1,783	1,841
134	108	130	60	63	66	60
22.75	22.75	18.86	18.86	18.35	25.50	24.10
0.90	0.90	0.23	0.23	0.00	0.98	1.00

582.3

€ million sales

49.4

€ million EBIT

3.12

€ earnings per share

01
To our shareholders

02
Combined Management Report

03
GESCO finances

01

To our shareholders

Foreword of the Executive Board

We see our role as supporting our subsidiaries as best we can in making their contribution to society.

Dear shareholders, ladies and gentlemen,

We are in an unsettled world situation that is likely to continue in the coming years. These conditions are currently being shaped to a large extent by the war in Ukraine, which is causing appalling suffering there. But the other challenges arising from the corona crisis and climate change also require our attention. We see our role as GESCO SE as to meet all these challenges in the best possible way, deal with them and make our contribution to society. Even in a challenging year 2022, we have succeeded in developing GESCO SE a good a good deal further.

GESCO – 25 years listed on the stock exchange

On 24 March 1998 the time had come: the GESCO share was called up and traded on the stock exchange in Frankfurt for the first time, starting at the time with a significant oversubscription and a price of DM 42.50 (equivalent to € 21.73). Taking into account the share split of 1:3 carried out in 2016 and the annual dividends, an investment in GESCO has definitely paid off for long-term shareholders. Over the last 25 years, GESCO has developed noticeably, particularly in terms of operations, from solving follow-up problems in the German SME sector to becoming a genuine industrial group with many global market leaders. In this anniversary year, we are very pleased to once again present a report with top figures for the financial year 2022. Sales rose to € 582.3 million, an increase of 19 % compared to the previous year. We are particularly proud of the increase in sales compared to 2018, where the level of € 580.3 million was last reached, but at that time still with 18 subsidiaries. Consolidated net earnings 2022, at € 33.8 million, exceeds the previous year by 26 % and thus underlines the inner strength of our subsidiaries.

On the occasion of its 25th anniversary being listed on the stock exchange, the Management of GESCO SE will propose a dividend of € 1.00 per share at the upcoming Annual General Meeting after a successful financial year. We are convinced that this dividend proposal is comprehensible against the background of the planned growth acquisitions and the simultaneous rise in prices of financial resources. With this proposal we take into account the legitimate interest of shareholders to participate appropriately in the success of the business, but also the interest of the Company to build up liquid funds for upcoming acquisitions.

Annual General Meeting 2023

As is customary at GESCO, the Annual General Meeting will again be held in the presence of the shareholders. It will take place on 12 June 2023 in the SANAA building on the world cultural heritage site at the Zeche Zollverein in Essen. We are looking forward to informing you about the past business year, but even more so to presenting the way forward. This will not only be done by the Executive Board, as is usually the case. Rather, on the day of the Annual General Meeting, you will have the opportunity to get to know all the subsidiaries better on site. As a prelude to the day, selected subsidiaries will introduce themselves to you in a separate auditorium before the official part of the Annual General Meeting. After the official part, you will get to experience other subsidiaries. Throughout the day, all the managing directors of our subsidiaries will be available for individual discussions at informative market places. We would like to give you a deep insight into the diverse activities of our subsidiaries through this performance show. In this way, we want to reduce a little of the “hidden” in hidden champions.

On 12 June 2023, the Annual General Meeting will be held at the SANAA building on the world cultural heritage site of the Zeche Zollverein in Essen.

GESCO – In Agility

The transformation of GESCO SE has made considerable progress. In recent years, the focus has been on restructuring the portfolio. In addition, we have sequentially separated ourselves from our automotive dependencies and substantially strengthened our subsidiaries through selective acquisitions. We were able to complete the post-merger integration process within the UMT Group earlier than planned in the 2022 financial year. With the merger of Sommer & Strassburger and HUBL under INEX – solutions, we have created a strong basis for further acquisitions.

Our structures are now prepared for further growth. In the past financial year, however, we were not able to expand the investment portfolio as planned. The reason is simple: sometimes the purchase price demanded was too high to generate a long-term increase in value with our methods. Much more often, we were not convinced of the chances of success of developing real market leaders from these companies. Our top motto remains: We do not make bad deals. We are convinced that our well-filled M&A pipeline will provide opportunities to further strengthen the GESCO portfolio in the near future. Our focus for acquisitions remains in the sales range between € 20 and 120 million.

“With NEXT LEVEL 25, we have aligned the business models of the subsidiaries to megatrends. In particular, trends such as health, globalisation, mobility, connectivity, individualisation, neo-ecology and new work will be the focus for us in the coming years.”

Ralph Rumberg, CEO GESCO SE

With our NEXT LEVEL 25 strategy, we intend to turn GESCO SE into an industrial group with real world market leaders in niche markets. Your Company has set out to become even more international. To the outside world we demonstrate this through our new legal form as a European stock corporation SE (Societas Europaea). This step represents a further strategic development, and we are opening up our portfolio to basic investments from other European countries. In addition, we are striving for international expansion with the second-tier subsidiaries, also in non-European markets.

NEXT LEVEL 25 – DIGITEX

With NEXT LEVEL 25, we have aligned the business models of the subsidiaries to megatrends. In particular, trends such as health, globalisation, mobility, connectivity, individualisation, neo-ecology and new work will be the focus for us in the coming years. All of these trends have one thing in common: the digitally networked world and the availability of data support each of these trends in their development. For us, this means dealing even more intensively with the future opportunities arising from these developments. To this end, we have added the DIGITEX module to our Excellence Programmes. DIGITEX stands for Digital Excellence and pursues two goals. The first goal is continuous digital data processing from the customer enquiry to the end of the product life cycle. From this, we expect further increases in efficiency in the work processes. The second goal is to develop new digital business models for all our subsidiaries. With both goals, we are thus supporting the successful ongoing programmes OPEX for Operational Excellence and MAPEX for Market and Product Excellence.

GESCO – a rough diamond

Over the course of the year, the 2022 financial year was characterised by strongly fluctuating material and energy prices, material bottlenecks (steel, plastics, control components) and a significant rise in inflation and the associated interest rate hikes. Even though prices have eased again recently, the economy remains vulnerable to external shocks.

The current positive business figures do not hide the fact that political and economic risks will continue to present us with considerable challenges in 2023. We continue to expect high volatility and possible disruptions in the markets.
For the 2023 business year, we expect a slightly weaker, but nevertheless robust demand situation overall. Continuing inflation and the associated wage costs and price increases will lead to higher production costs and corresponding burdens on the results. In order to be able to successfully deal with these influences, we will continue to work consistently on increasing our adjustment speed.

With the established Excellence Programmes and high agility, we are confident that we can build on the previous financial year and further expand our market share. In our forecast for the current financial year 2023, we expect an increase in Group sales in the single-digit percentage range. Consolidated net income after minority interests should be at a comparable level to 2022.

Thanks to

The renewed best values and the numerous advances in the past business year would not have been possible without the tireless efforts and high level of commitment of our staff. They deserve our heartfelt thanks!

GESCO is a successful industrial group with attractive subsidiaries. The balance sheet is rock solid and the foundation for further growth has been laid. We would also like to thank you, our shareholders, for accompanying and supporting us with your commitment. Stay healthy and continue to be kind to us!

Kind regards from Wuppertal

Ralph Rumberg
CEO

Andrea Holzbaur
CFO

“GESCO is a successful industrial group with attractive subsidiaries. The balance sheet is rock solid and the basis for further growth has been laid.”

Andrea Holzbaur, CFO GESCO SE

Report of the Supervisory Board for the 2022 financial year

Klaus Möllerfriedrich, Chairman

Stefan Heimöller, Deputy Chairman

Jens Große-Allermann

Dr Nanna Rapp

The financial year 2022 was marked by events that have significantly influenced and changed the world and, above all, the economy and also presented GESCO Group with numerous challenges. These included the effects of the war in Ukraine, impending energy shortages, material shortages and price fluctuations rarely seen before. GESCO's turning point several years ago, with a changed strategy and, above all, closer and more targeted support for the subsidiaries, resulted in the desired high degree of adaptability in critical economic and corporate phases. The Executive Board and the managing directors of the subsidiaries were thus largely able to successfully implement the objectives and achieve the best result in the Company's history despite the economic turbulence.

Against the backdrop of the war in Ukraine and its global impact on the economy, an outlook for the current financial year is subject to considerable uncertainty. However, the stable order situation at the end of 2022 makes us confident for the 2023 business year.

Organisational and legal measures were also implemented in the financial year 2022 to ensure the success of GESCO Group in future financial years. These include restructuring and additions to the Group, but above all the more international orientation of the Company through the conversion of the stock corporation into an SE.

GESCO intends to build on this solid foundation over the next few years as part of the NEXT LEVEL 25 strategy.

In this report, the Supervisory Board provides information about its activities in the 2022 financial year. The explanations focus on the topics of its continuous dialogue with the Executive Board as well as the audit of the Annual Financial Statement and the Consolidated Financial Statement.

Cooperation between the Executive Board and the Supervisory Board

The Supervisory Board and the Executive Board were again able to ensure intensive and trusting cooperation. Throughout the year under review, the Supervisory Board performed its supervisory and advisory duties with due diligence in accordance with the law, the Articles of Association and the Rules of Procedure. This includes the regular exchange of information with the Executive Board and the monitoring of the management of the Company with regard to its legality, regularity, appropriateness and economic efficiency.

The Supervisory Board was directly involved in all decisions of fundamental importance to the Company. In particular, the economic situation of GESCO SE and its subsidiaries was discussed continuously and in detail. As in previous years, one focus of the Supervisory Board's work was the appointment of new management positions at the subsidiaries and the replacement of the CFO of GESCO SE. Another focus was the monitoring of possible acquisition targets and internal restructuring under company law in 2022.

The Executive Board regularly informed the Supervisory Board in a timely and comprehensive manner, both orally and in writing, about all relevant issues of corporate planning and strategic development, about the course of business, the situation of the Group and the individual subsidiaries, including the risk situation, as well as about risk and compliance management. The Supervisory Board was also kept informed between meetings by means of written reports and verbal reports on all projects and plans that were of particular importance to the Company. In 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 GESCO SE officer responsible for this area. The Supervisory Board dealt with the structure and content as well as the functionality of these systems as planned. In all cases, the members of the Supervisory Board dealt intensively and critically with the reports submitted to them and made their own suggestions. The scope as well as the manner of risk reporting are thus updated on an ongoing basis. The issue of ESG has also become increasingly important, which is reflected in the comprehensive 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 the Supervisory Board. The members of the Supervisory Board, and in particular the Chairman, were also in regular contact with the Executive Board outside of the Supervisory Board meetings and kept themselves informed about the current development of the business situation and the most important business transactions. The Supervisory Board comprehensively reviewed the reports and proposed resolutions of the Executive Board and, to the extent required by law and the Articles of Association, voted on them.

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

After the suspension during the Corona pandemic, a meeting of managing directors with personal participation of the Supervisory Board took place again, which gave the Supervisory Board the opportunity to exchange ideas directly with the individual managing directors of the GESCO SE subsidiaries. Supervisory Board members also visited the subsidiaries again in 2022.

Changes in the management of subsidiaries were discussed in detail by the Supervisory Board and the Executive Board. In the case of new appointments, the candidate was interviewed by the Supervisory Board prior to the decision to approve the appointment.

Organisation of the work of the Supervisory Board

The Supervisory Board of GESCO SE 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 members of the Supervisory Board remained unchanged: Mr Klaus Möllerfriedrich (Chairman), Mr Stefan Heimöller (Deputy Chairman), Dr Nanna Rapp and Mr Jens Große-Allermann.

The Supervisory Board of GESCO SE is deliberately kept small to enable efficient work and intensive discussions on both strategic and detailed issues. We therefore do not consider the formation of Supervisory Board committees to be sensible or expedient. Supervisory Board committees were therefore not formed in the 2022 financial year. This does not apply to an audit committee, the formation of which was resolved by the Supervisory Board in 2021 in accordance with the amended statutory provisions with effect from 1 January 2022. The Chairman of the Audit Committee is Mr Jens Große-Allermann, who has extensive knowledge in this area. The deputy chairman is Klaus Möllerfriedrich, a certified public accountant with auditing experience. Another member is Dr Nanna Rapp.

The audit committee began its work for the first time with the audit of the 2021 financial statements and also prepared the audits for the 2022 financial year with the elected auditors.

In addition, the Supervisory Board as a whole has delegated partial tasks to individual members who work on the relevant topics and prepare them for a final discussion and decision by the Board. This applies in particular to the areas of acquisitions, personnel decisions and auditing. The four members of the Supervisory Board have different areas of expertise that complement each other in a meaningful way, thus ensuring appropriate professional diversification from GESCO SE's perspective. The Supervisory Board has compiled a matrix of competencies, which is part of the published Corporate Governance Statement.

In February 2022, the Chairman of the Supervisory Board conducted a self-evaluation of the efficiency of the Supervisory Board's work. For this purpose, the Chairman of the Supervisory Board held discussions with the other members of the Supervisory Board on the basis of a structured catalogue of questions. Overall, the audit confirmed the efficient work of the Supervisory Board. The approaches for improvement gained during the audit were taken into account in the future work of the Supervisory Board.

In 2023, it is planned to set up a database with all documents relevant to the Supervisory Board, which will be accessible to all Supervisory Board members.

Meetings and resolutions of the Supervisory Board

A total of 8 Supervisory Board meetings were held in the 2022 business year. In addition, the Supervisory Board held various internal telephone and video conferences.

When the Corona pandemic subsided, the Supervisory Board meetings were again held in person or as a hybrid conference with personal attendance and video link. All members of the Supervisory Board participated in all meetings.

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

- Discussion of the Annual Financial Statement and Consolidated Financial Statement of GESCO SE as at 31 December 2021; adoption of the Annual Financial Statement and approval of the Consolidated Financial Statement as at 31 December 2021
- Annual planning 2023
- Agenda of the Annual General Meeting 2022
- Implementation of the NEXT LEVEL 25 strategy at the GESCO SE and the GESCO Group
- Supervisory Board, Management Board and personnel matters
- Declaration of Conformity and Corporate Governance
- Internal control, risk management and compliance management system
- Investments in subsidiaries
- Acquisition of (shares in) companies
- New regulation of Executive Board remuneration
- Conversion of GESCO AG into an SE

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 twice in 2022. The meetings focused primarily on the work and results of the auditor and the proposal of the auditor for 2022.

Corporate Governance

The Supervisory Board has continuously monitored the 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 also included in the Annual Report.

In December 2022, the Executive Board and Supervisory Board submitted and published the legally required declaration of compliance with the German Corporate Governance Code. According to this, 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 conformity.

In the reporting year, one member of the Supervisory Board took part in an external training course on ESG; all members dealt with current Supervisory Board topics through journals, articles and publications of the Supervisory Board associations. In addition, individual members participated in web seminars and lectures as well as member meetings of the Supervisory Board organisations (FEA, AdAR, Armid).

Executive Board remuneration

The 2022 financial year is a transition year from a remuneration perspective. The new remuneration system adopted in 2021 applies to all Executive Board employment contracts that have been concluded or extended since 1 July 2021 or will be concluded in the future, as long as no other remuneration system is adopted. For 2022, this concerns the employment contract of Ms Holzbaur and the contract extension with Mr Rumberg as of 1 July 2021. Accordingly, for the period from 1 January 2022 to 30 June 2022, the original remuneration system for Mr Rumberg's remuneration shall apply, which was applicable to all contracts concluded until 30 June 2021. The same applies to Ms Müller-Kirchhofs until her departure on 30 April 2022.

The two remuneration systems differ essentially with regard to the structure of the performance-related remuneration elements. In both systems, the members of the Executive Board receive a non-performance-related component consisting of a basic remuneration as well as additional benefits and retirement benefits that are not linked to the achievement of specific performance targets.

The Annual General Meeting of 30 June 2021 approved the new remuneration system presented by the Supervisory Board, which takes into account the changes made by the Act Implementing the Second Shareholders' Rights Directive (ARUG II) and the new recommendations of the German Corporate Governance Code.

Detailed information on the system of Executive Board remuneration 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 system of Supervisory Board remuneration 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 with a majority of 93.26 % and newly regulated in the Articles of Association.

Audit of Annual Financial Statement and Consolidated Financial Statement

In accordance with the statutory provisions, the auditor elected by the Annual General Meeting on 24 August 2022, Mazars GmbH & Co KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, was commissioned to audit the Annual Financial Statement and the Consolidated Financial Statement.

The Annual Financial Statement of GESCO SE prepared by the Executive Board in accordance with the German Commercial Code (HGB) for the financial year from 1 January to 31 December 2022 and the management report were audited by the auditor. The auditor issued an unqualified audit opinion on 27 March 2023.

The Consolidated Financial Statement and the Group management report for the financial year from 1 January till 31 December 2022 were prepared by the Executive Board on the basis of the International Financial Reporting Standards (IFRS) in accordance with § 315e of the German Commercial Code (HGB) and audited by the auditor. The auditor issued an unqualified audit opinion on the Consolidated Financial Statement and the Group management report 2022.

This year, the audit of the individual Financial Statement of GESCO SE focused on the value of shares in affiliated companies and the recoverability of receivables from affiliated companies. The focus of the audit of the Consolidated Financial Statement was on the impairment of goodwill and subsequent investment risks from disposals, the impairment of customer bases, sales realisation, inventory valuation and legal risks in individual subsidiaries as well as pension provisions, deferred taxes, the combined management report and notes to the Consolidated Financial Statement. The focal points of the audit were agreed with the auditor prior to 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 the desired audit areas from the Supervisory Board's point of view. The Chairman of the Audit Committee and the auditor remained in personal contact during the ongoing audit work to exchange information about the audit. In the final phase of the audit, the audit committee intensively exchanged information with the auditor on the status of the audit in order to further prepare the decision of the full Supervisory Board. In two audit committee meetings on 3 March 2023 and 10 March 2023, 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 of companies and the risk management system were also the subject of discussion with the auditors.

The complete financial statements and the corresponding auditor's reports were sent to all members of the Supervisory Board in good time prior to the balance sheet meeting and were included in the Supervisory Board's audit procedures. They were also the subject of intensive discussions at the Supervisory Board meeting on 27 March 2023. The auditors took part in this meeting, reported comprehensively on the main results 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 comprehensively by the auditors. According to the final results of the audit carried out by the Supervisory Board, no objections are to be raised against the Annual Financial Statement and the management report, which is combined with the Group management report, as well as the Consolidated Financial Statement with the Group management report. After its own examination of the Annual Financial Statement, the Consolidated Financial Statement and the summarised management report, the Supervisory Board approved the results of the audit by the auditor and unanimously approved the Annual Financial Statement and the Consolidated Financial Statement at the meeting on 31 March 2023. The Annual Financial Statement of GESCO SE for 2022 are thus adopted. The Supervisory Board concurred with the Executive Board's proposal for the appropriation of the balance sheet profit, taking into account the Company's earnings and financial position.

Thanks for the work done

The key success factor at GESCO Group is its people. The Supervisory Board would therefore like to thank the Executive Board, the managing directors of the subsidiaries and all GESCO Group employees for their great loyalty and dedication in the past financial year. The managing directors and the employees of the subsidiaries have succeeded in further developing the business operations and thus contributing to GESCO Group's pleasing overall result.

Wuppertal, 1 April 2023

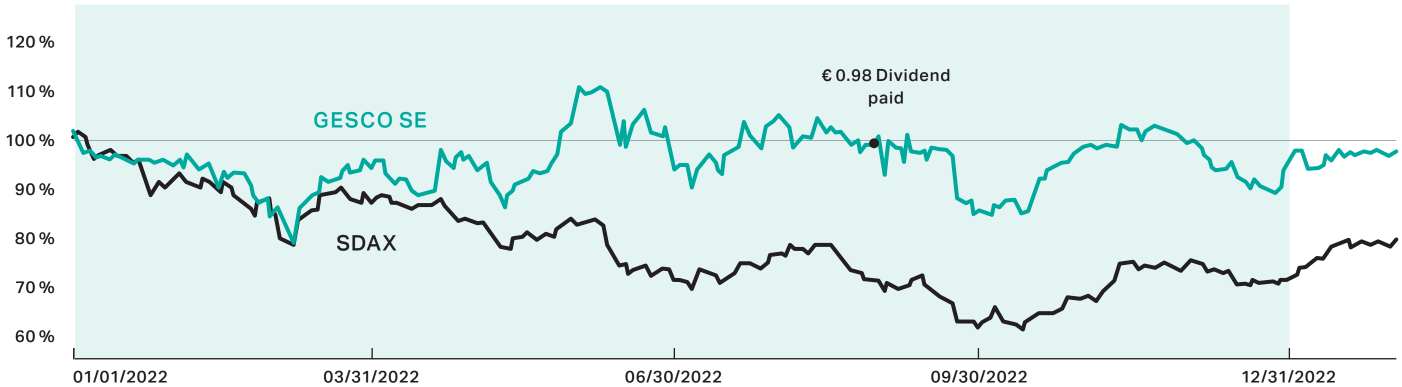
For the Supervisory Board
Klaus Möllerfriedrich
Chairman of the Supervisory Board

The GESCO share

Since its IPO in 1998, GESCO has been building a bridge between successful medium-sized companies and the capital market. GESCO SE offers companies a long-term home and enables investors to invest in a portfolio of hidden champions, entrepreneurially managed, technology-driven industrial companies with the GESCO share.

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

Financial year 2022



Source: Bloomberg

Share price development 2022

The year 2022 is one of the worst in recent capital market history, along with 2002 (final bursting of the dotcom bubble) and 2008 (financial market crisis). The reason for this was a largely unexpected, long underestimated resurgence of inflation. After price risks had not played a significant role in the capital markets for decades, there were even temporary two-digit consumer price increases in the USA and Europe in the course of 2022, something that had not happened since the 1970s.

On the surface, this return of inflation was a result of the Covid pandemic and Russia's unexpected attack on Ukraine in February 2022, which led to distortions in the goods markets, supply bottlenecks, shortages of raw materials and semiconductors, as well as disrupted global cooperation between the economic regions.

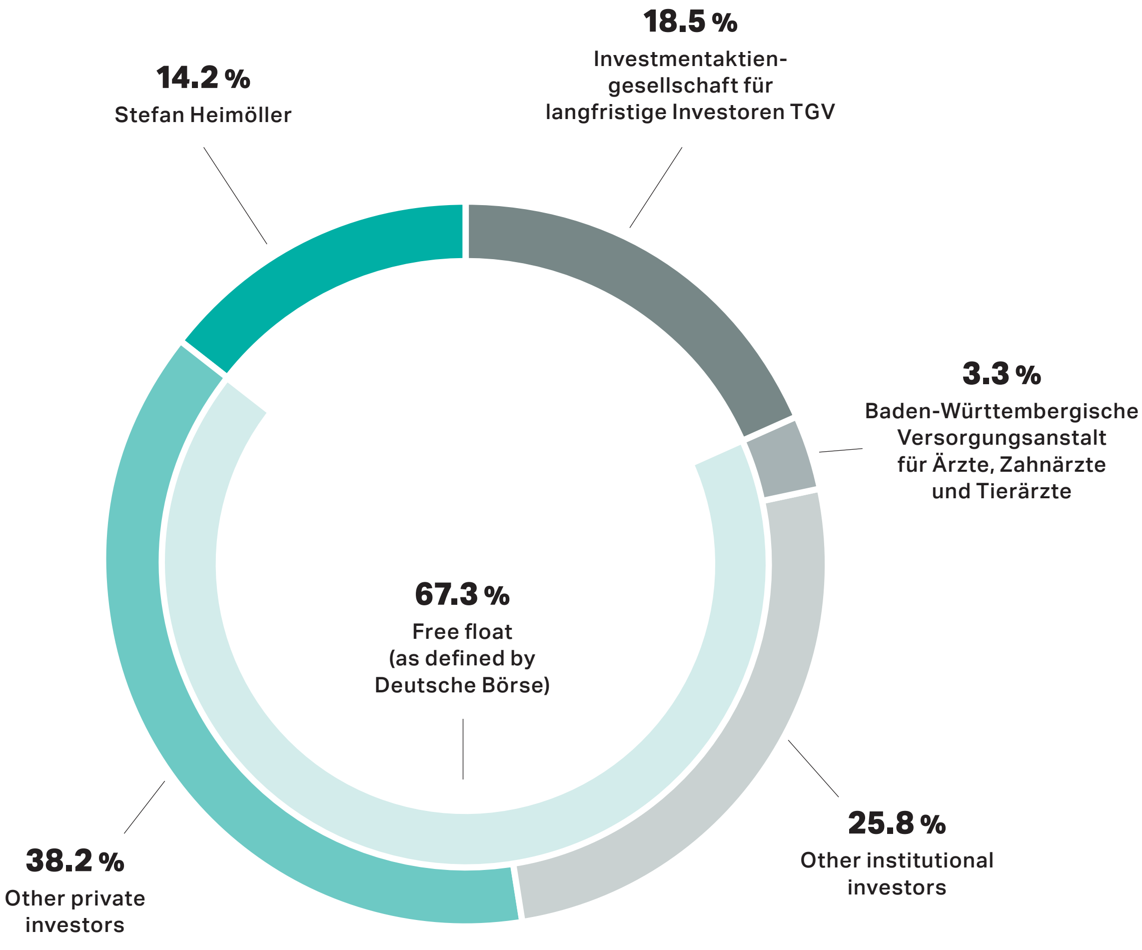
More profoundly, however, it must be recognised that monetary and fiscal policy, which since the financial market crisis had switched to permanent expansion, has in retrospect proved to be an extremely good breeding ground for inflationary pressure in a situation of supply shock.

The development of the global stock markets in 2022 was significantly shaped by Russia's war of aggression. Share prices fell amid high volatility until mid-October, before a rally began in the last few months.

Germany's leading index DAX, ended 2022 12.3 % lower than at the end of 2021. On average, smaller stocks suffered even greater losses. The MDAX recorded a loss of 28.5 % and the SDAX (price index) of 28.9 %.

Current shareholder structure

As at 03/31/2023



Against this difficult backdrop, the GESCO share performed well above average. The GESCO share closed the 2022 trading year with a significant decline of almost 16 %. The MDAX and SDAX also ended the year with gains of around 14 % and 11 % respectively.

After a mixed first quarter, the GESCO share rose to an interim high of € 28.30 in June before falling slightly over the rest of the year. Taking into account the dividend of € 0.98 paid out in August 2022, the total return in 2022 was -1.6 %; an outperformance of 27.3 % compared to the benchmark index (SDAX price index).

Shareholder structure

According to recent surveys, GESCO has around 9,000 registered shareholders, some of whom hold GESCO shares in different portfolios. In addition to the three shareholders who reported their holdings to us, the shares are evenly distributed between institutional and private shareholders.

The two shareholders with the largest stake of the share capital are Investmentaktiengesellschaft für langfristige Investoren TGV, based in Bonn, whose Executive Board member Jens Große-Allermann has been a member of the Supervisory Board of GESCO SE since October 2017, and the entrepreneur Stefan Heimöller, who has been a member of the Supervisory Board since the 2013 Annual General Meeting. The Investmentaktiengesellschaft für langfristige Investoren TGV held 18.5 % of the shares as at the reporting date; Mr Heimöller held 14.2 %. In addition, the Baden Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte had last reported a holding of 3.3 %.

The regulations of Deutsche Börse AG stipulate that all shares not held by major shareholders (stake of more than 5 % of the share capital) count as free float. Thus, Mr Heimöller's shareholding is deducted from the free float. The shares held by institutional investors, on the other hand, are generally considered free float, but in the case of the stake held by the Investmentaktiengesellschaft für langfristige Investoren TGV, they are now also deducted from the free float by Deutsche Börse, as the Company is represented on the Supervisory Board of GESCO SE through Mr Große-Allermann and thus has an influence on the Company's strategy. The free float thus amounted to 67.3 % as at the balance sheet date.

In August 2022, LGT Capital Partners / Crown Sigma UCITS plc notified us that it had fallen below the 3 % threshold with a share of voting rights of 2.96 %.

In the financial year 2022, no Executive Board member notified the acquisition of GESCO shares.

Research

Pareto Securities, GSC Research, SMC Research and Warburg Research provided regular research on the GESCO share in the reporting year. All four analysts rated the share as a "buy" both on the balance sheet date and currently. The average target price is currently € 43.25, 21.8 % higher than in the previous year.

Analyst ratings

As at 03/31/2023	Target price	Recommendation	Last update
GSC Research	€ 48.00	Buy	03/21/2023
Pareto Securities AS	€ 38.00	Buy	03/08/2023
SMC Research	€ 50.00	Buy	03/09/2023
Warburg Research	€ 37.00	Buy	03/15/2023

Designated Sponsors

Pareto Securities and M. M. Warburg are commissioned with Designated Sponsoring.

Dividend policy

GESCO SE has pursued a sustainable and predictable dividend policy for many years, which since 2020 has provided for a payout ratio within the range of 20 % to 60 % of consolidated net income after minority interests. In this dividend policy, we see a balance between the desire of many shareholders for a payout and the need of GESCO Group for strong internal financing for future growth. The scope for dividend distribution puts GESCO SE in a position to keep liquid funds in the Company by means of a lower payout ratio, in the case of pending acquisitions or larger investments.

Against the background of the very pleasing result in the 2022 financial year, the Executive Board and the Supervisory Board will propose to the Annual General Meeting on 12 June 2023 the distribution of a dividend of € 1.00 per share for the 2022 financial year. This corresponds to a payout ratio of just under 1/3. At the time of the resolution, this dividend proposal resulted in a dividend yield of around 3.8 %.

Employee Participation Programme

Since the IPO in 1998, GESCO SE has offered domestic employees of GESCO Group a preferential subscription of employee shares in 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 in the combination of share price development and dividend payment, thus contributing to their own retirement provision. In addition, as shareholders, the employees become co-entrepreneurs; the participation is therefore intended to promote an entrepreneurial attitude. Last but not least, we are making a contribution to promoting the equity culture in Germany with this programme.

GESCO successfully concluded the 24th employee share ownership programme at the end of 2022. The high acceptance rate was pleasing, which proves that employees are happy to participate in GESCO SE.

Investor Relations

The Executive Board and the Investor Relations department of GESCO SE maintain a continuous dialogue with existing and potential investors, stock analysts and journalists. In addition to regular reports on current business developments, the strategic orientation and goals of GESCO Group, the Executive Board and Investor Relations department presented the Company to German and international investors and analysts at roadshows, conferences and in one-on-one meetings.

The Group's Investor Relations homepage (https://www.gesco.de/en/investor-relations) provides access to annual, half-year and quarterly 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 contact can be made with the Company at any time.

With our membership of the **Deutsches Aktieninstitut e.V. (DAI),** we have been supporting the promotion of equity 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.

GESCO share data[1)]

International Securities Identification Number (ISIN)	DE000A1K0201
Security identification number (WKN)	A1K020
Stock exchange symbol	GSC1
Share capital (12/31/2022)	€ 10,839,499
Number of shares (12/31/2022)	10,839,499
IPO	24 March 1998
Year-end price previous year (12/31/2021)	€ 25.50
Year-end price for financial year (12/31/2022)	€ 24.10
Highest price in the reporting year (06/02 & 06/08/2022)	€ 28.30
Lowest price reporting year (03/08/2022)	€ 20.00
Market capitalisation (12/31/2022)	€ 261.2 million
Free float (12/31/2022)	67.3 %
Market capitalisation free float (12/31/2022)	€ 175.8 million
Transparency Standard	Prime Standard
Indices	CDAX Total Index Prime All Share Prime Industrial Classic All Share Prime Industrial Diversified

1) All prices refer to the XETRA closing price.

Contact

Peter Alex
Head of Investor Relations & Communications
Phone: +49 202 24820-18
E-mail: ir@gesco.de

Stock exchanges

XETRA
Frankfurt (Regulated Market)
Tradegate / Berlin (Open Market)
Düsseldorf (Open Market)
Hamburg-Hanover (Open Market)
Munich (Open Market)
Stuttgart (Open Market)

Declaration of Corporate Governance in accordance with Sections 289f and 315d of the German Commercial Code (HGB) Financial year 2022

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

The Executive Board and Supervisory Board of GESCO SE are committed to sustainable corporate governance. 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 oriented towards the benefit of shareholders, employees and customers. § Section 161 of the German Stock Corporation Act requires an annual declaration of compliance with the Code's recommendations. The preamble to the Code expressly provides for the possibility of a justified deviation from Code recommendations. It is intended to enable companies to take into account sector- or Company-specific particularities. Accordingly, deviations from the Code should not be seen as negative per se, but can be in the interest of good corporate governance, especially for smaller companies.

In December 2022, the Executive Board and the Supervisory Board issued the legally required declaration of compliance and made it permanently available to the 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 compliance of December 2022 is part of this corporate governance statement. Historical declarations of conformity are also available to the public on our website www.gesco.de under the heading "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, cartel violations and criminal activity 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 courses, case-related spot checks and a whistleblower system for employees and outsiders. It is the task of the managing directors of the subsidiaries to anchor the respective requirements and principles in their companies. The code of conduct for GESCO Group employees as well as further information on the whistleblower system can be found on the website www.gesco.de under "ABOUT US / COMPLIANCE AND CORPORATE GOVERNANCE".

Shareholders and Annual General Meeting

The shareholders exercise their rights and voting rights at the Annual General Meeting. Each GESCO SE share grants one vote. GESCO SE publishes all documents relevant to the agenda in good time prior to the Annual General Meeting on its website www.gesco.de under the heading "Investor Relations". In the course of the invitation to the Annual General Meeting, the Company expressly requests shareholders to exercise their voting rights. In order to make it easier for shareholders to exercise their voting rights, the Company appoints a proxy to represent them at the Annual General Meeting. The Company provides an online tool for shareholders to order admission tickets and to vote by post.

Via an online tool, the Company enables shareholders to order admission tickets, to cast postal votes and to authorise the Company's proxy. The Company considers the highest possible attendance at the Annual General Meeting to be an important contribution to shareholder democracy and to the formation of a majority of shareholders' will at the Annual General Meeting. GESCO SE publishes the invitation to the Annual General Meeting as well as reports and information required for the adoption of resolutions in accordance with the provisions of stock corporation law. 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 same day as the Annual General Meeting.

After the Annual General Meeting of 30 June 2021 was held as a virtual Annual General Meeting without the physical presence of the shareholders or their proxies due to the special circumstances of the COVID19 pandemic, the Annual General Meeting on 24 August 2022 was again held in the usual presence. The Executive Board and Supervisory Board have declared their intention to hold future Annual General Meetings in person, provided that external circumstances permit.

Executive Board and Supervisory Board

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

Neither in the reporting year nor in the previous year were there any remunerations or benefits granted to members of the Supervisory Board for personally rendered services such as consulting and mediation services. Conflicts of interest arose neither for members of the Executive Board nor for members of 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 strategic development of the Company, coordinates it with the Supervisory Board and implements it. In addition, the Executive Board defines the goals, develops the planning and manages the Company's internal control and risk management system as well as controlling. In addition, the Executive Board prepares the quarterly reports, the half-yearly financial report, the individual financial statement of GESCO SE and the consolidated financial statement. 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 define the work of the committees in more detail. The rules of procedure also regulate the details of the Executive Board's reporting to the Supervisory Board. In addition, they determine which decisions of the Executive Board require the approval of the Supervisory Board. The age limit for the Executive Board is 65 years.

In the reporting year, the Executive Board consisted of Mr Ralph Rumberg (CEO) and Ms Kerstin Müller-Kirchhofs (CFO) until 30 April 2022 and Ms Andrea Holzbaur (CFO) from 26 September 2022.

Relevant disclosures on corporate governance practices

The members of the Executive Board shall conduct the business of the Company with the due care and diligence of a prudent and knowledgeable manager in compliance with the statutory provisions, the Articles of Association and the Rules of Procedure of the Executive Board.

In addition, the GESCO Code of Conduct contains the basic rules and principles for our actions resulting from our self-image, including our conduct towards customers, business partners, competitors, other third parties, and the public. The GESCO Code of Conduct is available on our website www.gesco.de under the heading "ABOUT US/COMPLIANCE AND CORPORATE GOVERNANCE".

GESCO SE does not have any relevant corporate governance practices that go beyond these requirements.

Long-term succession planning for the Executive Board

Together with the Executive Board, the Supervisory Board ensures long-term succession planning for the Executive Board. The Supervisory Board regularly deals with succession planning for the Executive Board, also irrespective of events. Taking into account the requirements of the German Stock Corporation Act (AktG), the Code and the target set by the Supervisory Board for the proportion of women on the Executive Board, the Supervisory Board develops a profile of requirements with the essential characteristics and qualifications of candidates to be considered for Executive Board positions. The departments to be headed and the strategic planning of the Company also influence the requirements profile. In the event that a new appointment or replacement is required on the Executive Board, the Supervisory Board conducts structured selection interviews with selected candidates, based on which the new appointment or replacement is made. If necessary, the Supervisory Board is supported by external consultants in the development of requirement 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 is contained 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 topics and detailed issues can be discussed intensively in the Supervisory Board as a whole. We see the fact that all members of the Supervisory Board are equally involved in all topics as a strength. The formation of committees beyond the audit committee, which is required by law from 1 January 2022 and which has been established in the meantime, is therefore not considered appropriate. 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 DCGK.

In accordance with the requirements of the law and the Articles of Association, the Supervisory Board has drawn up rules of procedure in line with the recommendation in D.1 DCGK, which are available on the website www.gesco.de under the heading "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 year under review, the Supervisory Board consisted of Mr Klaus Möllerfriedrich (Chairman), Mr Stefan Heimöller (Deputy Chairman), Dr Nanna Rapp and Mr Jens Große-Allermann. 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. Currently, all members of the Supervisory Board meet the independence criterion. Mr Möllerfriedrich has been a member of the Supervisory Board for more than twelve years, but the Supervisory Board still considers Mr Möllerfriedrich to be independent in the sense of recommendation C.7 DCGK. In view of his performance in office to date, the Supervisory Board is convinced that Mr Möllerfriedrich, despite his many years of activity on the Supervisory Board, continues to possess the critical distance to the Company and its Executive Board necessary for the performance of his office. Apart from that, Mr Möllerfriedrich has no personal or business relationship with the Company or its Executive Board that could constitute a conflict of interest; he also does not hold any shares in the Company. All members of the Supervisory Board also possess the professional qualification as financial experts pursuant to § 100 (5) of the German Stock Corporation Act (AktG). As a whole, the members of the Supervisory Board are familiar with the sector in which GESCO SE operates.

In February 2022, the Chairman of the Supervisory Board conducted a self-evaluation of the efficiency of the Supervisory Board's work. For this purpose, the Chairman of the Supervisory Board held discussions with the other members of the Supervisory Board based on a structured catalogue of questions. Overall, the audit confirmed the efficient work of the Supervisory Board. The approaches for improvement gained during the audit were taken into account in the future work of the Supervisory Board.

Composition of the Supervisory Board and Diversity among the Supervisory Board, Executive Board and Executives

According to recommendation C.1 sentence 1 DCGK, the supervisory board shall specify concrete objectives for its composition and develop a competence profile for the entire body. In doing so, the Supervisory Board shall pay attention to diversity.

For the Supervisory Board of GESCO SE, diversity is not defined solely by gender or nationality, but also and especially by professional diversity and a well-balanced mix of expertise from different fields. 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 relating to strategic, operational and financial entrepreneurial functions. The Supervisory Board considers these competences to be fully covered in the current composition of the Board and represented as follows:

Area of competence	Möllerfriedrich	Heimöller	Dr Rapp	Große-Allermann
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

The age limit for members of the Supervisory Board stipulates that the term of office of a Supervisory Board member generally ends with the expiry of the ordinary term of office following the completion of the 70th year of life. The articles of association of GESCO SE govern 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.

Functioning 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.

Target quotas for the proportion of women

The "Act on the 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, Executive Board and in the top management levels, as well as the specification of deadlines for the achievement of these target quotas. The Executive Board and Supervisory Board defined corresponding targets on 13 August 2015 and have since reported on the status of target achievement and, if necessary, on adjustments to the targets in the annual declaration on corporate governance.

GESCO Group companies explicitly and unreservedly pursue a policy of equal opportunities in their daily practice. This is a matter of course, irrespective of legal obligations. The companies make every effort to recruit female applicants, support applications from female candidates, take part in campaigns such as "Girls' Days" and seek exchanges with schools and universities. None of this is due to quota pressure, but rather out of conviction as well as the need to fill vacancies with qualified staff. GESCO Group companies have a vital interest in positioning themselves as attractive employers.

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.

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

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

The deadline for the next review of target achievement is 30 June 2023.

Comprehensive and transparent communication

GESCO SE informs shareholders, the capital market, the media and the general public about all relevant events and the Company's economic development at the same time. 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 the heading "Investor Relations".

Shareholdings of members of governing bodies

GESCO SE immediately discloses transactions in Company shares and debt instruments or related financial instruments by the persons named in Article 19 of the Market Abuse Regulation, in particular by members of the executive bodies and persons closely related to them, in accordance with statutory regulations. The transactions reported to GESCO SE in the past financial year are available on the Company's website at www.gesco.de under the heading "Investor Relations".

Remuneration Report / Remuneration System

The applicable remuneration system for the members of the Executive Board pursuant to the German Corporate Governance Code can be found on the website www.gesco.de under the heading "Compliance and Corporate Governance". On the website www.gesco.de under the heading "Compliance and Corporate Governance", the applicable remuneration system for the members of the Executive Board pursuant to section 87a (1) and (2) sentence 1 AktG, which was approved by the Annual General Meeting on 30 June 2021, as well as 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 accessible.

Accounting and auditing

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

Mazars GmbH & Co KG, Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft, Düsseldorf, also carried out the audits of the individual financial statement of the subsidiaries. International alliance partners of our domestic auditor mainly carried out the audit of the foreign second-tier subsidiaries.

In accordance with the legal requirements, the Annual General Meeting elects the auditor for one financial year at a time. At the Annual General Meeting on 24 August 2022, the Annual General Meeting elected Mazars GmbH & Co KG, Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft, Düsseldorf, as auditor of the annual and Consolidated Financial Statement for the 2022 financial year and as auditor for any review of the condensed financial statements and the interim management report as at 30 June 2022. Based on this resolution, the Chairman of the Supervisory Board commissioned the auditor for the individual and Consolidated Financial Statement. No audit or review of the half-year financial report and/or the quarterly reports for the first and third quarters took place in the reporting year.

GESCO AG, Wuppertal, Germany

Security identification number A1K020
ISIN DE000A1K0201

Declaration of Compliance in accordance with Section 161 AktG

In accordance with Section 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of GESCO AG declare that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 16 December 2019, published in the official section of the Federal Gazette on 20 March 2020, have been complied with since the last declaration of compliance was issued in December 2021 until the new version of the Code dated 28 April 2022 came into force on 27 June 2022, with the following exceptions:

D.5: Formation of a Nomination Committee

The Supervisory Board of GESCO AG consists of four members. Due to the small size of the body, both overarching strategic topics and detailed issues can be discussed and decided on intensively and without loss of efficiency by the Supervisory Board as a whole. We therefore do not consider the formation of committees beyond the legally required audit committee to be expedient. Rather, we see a strength in the fact that all members of the Supervisory Board are equally involved in all issues.

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

The change of the Company's auditor on the basis of the resolution of the Annual General Meeting of 30 June 2021 and the associated additional coordination effort for the first audit period meant that the consolidated financial statements and the Group management report for the 2021 financial year (01.01.2021 to 31.12.2021) could not be published within 90 days of the end of the financial year.

G.18: Remuneration of the Supervisory Board

The system of remuneration for the Supervisory Board of GESCO AG approved by the Annual General Meeting on 18 June 2020 includes a fixed component as well as a performance-related component, which is based on the consolidated net income for the year after minority interests. Any Group net losses are carried forward to the next year and offset against positive amounts. We are convinced that this arrangement corresponds to a sustainable and entrepreneurial way of thinking and should also do justice to the orientation towards the long-term development of the company as required by the Code. However, since it cannot be ruled out that other opinions will be expressed in this regard, we declare a deviation from this recommendation of the Code as a precautionary measure.

The Executive Board and Supervisory Board of GESCO AG also declare in accordance with section 161 of the German Stock Corporation Act (AktG) that the recommendations of the "Government Commission on the German Corporate Governance Code", as amended on 28 April 2022 and published in the official section of the Federal Gazette on 27 June 2022, have been complied with the following exceptions:

A.1: Systematic identification and assessment of risks and opportunities as well as the impacts of business activities from an environmental and social perspective, and consideration of environmental and social objectives in corporate strategy and planning

Due to the short lead-time since the new recommendations on ESG came into force, the processes required to implement the recommendations could not be fully completed in the 2022 financial year. However, GESCO AG 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 short lead-time since the new recommendations on ESG came into force, the processes required to implement the recommendations could not be fully completed in the financial year 2022. However, GESCO AG intends to fully comply with the recommendations in the future.

D.4: Formation of a Nomination Committee

The Supervisory Board of GESCO AG consists of four members. Due to the small size of the body, both overarching strategic topics and detailed issues can be discussed and decided on intensively and without loss of efficiency by the Supervisory Board as a whole. We therefore do not consider the formation of committees beyond the legally required audit committee to be expedient. Rather, we see a strength in the fact that all members of the Supervisory Board are equally involved in all issues.

G.18: Remuneration of the Supervisory Board

The system of remuneration for the Supervisory Board of GESCO AG approved by the Annual General Meeting on 18 June 2020 includes a fixed component as well as a performance-related component, which is based on the consolidated net income for the year after minority interests. Any Group net losses are carried forward to the next year and offset against positive amounts. We are convinced that this arrangement corresponds to a sustainable and entrepreneurial way of thinking and should also do justice to the orientation towards the long-term development of the company as required by the Code. However, since it cannot be ruled out that other opinions will be expressed in this regard, we declare a deviation from this recommendation of the Code as a precautionary measure.

The Executive Board and Supervisory Board of GESCO AG also declare in accordance with § 161 of the German Stock Corporation Act (AktG) that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 28 April 2022, published in the official section of the Federal Gazette on 27 June 2022, will be complied with in future, with the exceptions A.1, A.3, D.4 and G.18 justified above, as well as the following exceptions:

A.5: Description of the main features of the overall internal control and risk management system and opinion on 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. In the future, GESCO AG intends to expand its reporting in accordance with the new, more extensive recommendation. However, due to the short lead-time since the new recommendation came into force, such an expansion cannot yet take place for the financial year 2022.

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

The change of the auditor of the company on the basis of the resolution of the Annual General Meeting of 30 June 2021 and the associated additional voting effort mean that the consolidated financial statements and the Group management report for the 2022 financial year (1 January 2022 to 31 December 2022) cannot be published within 90 days of the end of the financial year. A DCGK-compliant publication is aimed at for the 2023 business year.

Wuppertal, December 2022

GESCO AG

For the Supervisory Board
Klaus Möllerfriedrich
Chairman of the Supervisory Board

For the Executive Board
Ralph Rumberg
CEO

Remuneration report

Report on the Remuneration of the Executive Board and the Supervisory Board of GESCO SE in 2022

Remuneration of the members of the Executive Board

I. Introduction

A. Review of the business year from a remuneration perspective

GESCO SE **("GESCO"** or the **"Company")** acquires successful companies in the industrial SME sector as a long-term investor. Proven business models are continued and further developed in the long term. Our central task is to exploit growth potential and secure the Group's long-term future viability. In this way, we create added value for all stakeholders: the shareholders **("shareholders"),** the workforce, 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 **("Executive Board"** or **"Executive Board members")** that acts responsibly and manages the resources granted by the shareholders efficiently. For this management, an appropriate and equally competitive remuneration system was implemented in 2018 **("Original Remuneration System").** This Original Remuneration System applied to all Executive Board employment contracts concluded before 30 June 2021. On 13 May 2021, the members of the Supervisory Board **("Supervisory Board"** or **"Supervisory Board Members")** adopted a new remuneration system **("New Remuneration System"),** which applies to all new and to be prolonged employment contracts concluded after the Annual General Meeting on 30 June 2021.

The New Remuneration System complies with the applicable statutory provisions of the German Stock Corporation Act **("AktG")** in its current version after the implementation of the Second Shareholders' Rights Directive **("ARUG II")**[1] and takes into account the recommendations of the German Corporate Governance Code **("GCGC")** as amended on 28 April 2022.

This remuneration report was jointly prepared 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 Acting Chief Executive Officer **("CEO"),** Mr Ralph Rumberg, has held his post since 1 July 2018, with his Board membership being extended for a further two years with effect from 1 July 2022. Ms Andrea Holzbaur was appointed CFO (Chief Financial Officer) of the Company with effect from 26 September 2022. Ms Kerstin Müller-Kirchhofs retired as former CFO on 30 April 2022. Since a new employment contract was concluded with Mr Rumberg as part of the extension and with Ms Holzbaur, both contracts are subject to the New Remuneration System from the time the contracts were concluded. The employment contracts run until 30 June 2024 (CEO) and 30 September 2025 (CFO). For Mr Rumberg, the original remuneration system was valid until 30 June 2022, as it was for Ms Müller-Kirchhofs until the time of her departure.

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

Overview of remuneration systems

	New remuneration system	Original remuneration system
	Applicable to contracts concluded or extended **as of 07/01/2021**	Applicable to contracts concluded **before 06/30/2021**
Fixed remuneration	**Annual fixed salary** **Fringe benefits** **Retirement benefits**	**Annual fixed salary** **Fringe benefits** **Retirement benefits**
Variable remuneration	• STI and LTI dependent on consolidated net profit for the year • Cap: 100 % of the annual fixed salary • LTI greater than STI	**Bonus** • Depending on the consolidated net profit for the year • Cap: 200 % of the annual fixed salary
	One-year component: Short Term Incentive ("STI") • Payment no later than eight months after determination of the consolidated net profit for the previous year	**Share option programme** • Virtual share options against contribution of shares • Granting in annual tranches • Waiting time: Four years and two months • Number of exercisable share options depends on absolute share price development and relative share price development compared to SDAX • Cap: 18,000 options
	Multi-year, share-based component: Long Term Incentive ("LTI") • Conversion into virtual shares, depending on the average share price over three months • Duration: Four years	

The financial year is a transitional year from a remuneration perspective. The **New Remuneration System** adopted in 2021 applies to all Executive Board employment contracts **concluded or extended from 1 July 2021** or will be concluded in the future, as long as no other remuneration system is adopted. For the year 2022, this concerns the employment contract of Ms Holzbaur as well as the contract extension with Mr Rumberg as of 1 July 2022. Accordingly, for the period from 1 January 2022 to 30 June 2022, the **Original Remuneration System** shall apply to Mr Rumberg's remuneration, which was applicable to all contracts **concluded until 30 June 2021.** The same applies to Ms Müller-Kirchhofs until her departure on 30 April 2022.

The two remuneration systems differ essentially with regard to the structure of the performance-related remuneration elements (in each case the **"variable remuneration").** In both systems, the Executive Board members receive a non-performance-related component (**"fixed remuneration"**) consisting of a basic remuneration (**"fixed annual salary"**) as well as additional benefits **("fringe benefits"**) and **retirement benefits,** which are not linked to the achievement of specific performance targets.

1. Original remuneration system: Variable remuneration

The performance-related remuneration component in the original remuneration system consists of a short-term performance-related element (**"bonus"**) and a remuneration component with a long-term incentive effect (**"stock option programme"** or **"stock options"**).

The **bonus** is based on a percentage of the consolidated net profit after minority interests **("consolidated net profit")**. Two-thirds of the respective bonus is based on the consolidated net profit for the last financial year and one-third is based on the average of the consolidated net profit after minority interests for the last financial year and the two preceding financial years (three years in total). The bonus is capped at twice the amount of the annual fixed salary. Since the performance-related remuneration component depends on the result, a total loss is also possible. In the event that the consolidated net profit for the year is negative, i. e. a net loss for the year is reported, this net loss for the year is carried forward to the next year and reduces the basis for measuring the bonus there. If the consolidated net profit for the last completed financial year before the departure or in the year of departure shows a loss, the Executive Board shall participate in this loss. In the year of departure, the bonus is paid pro rata temporis.

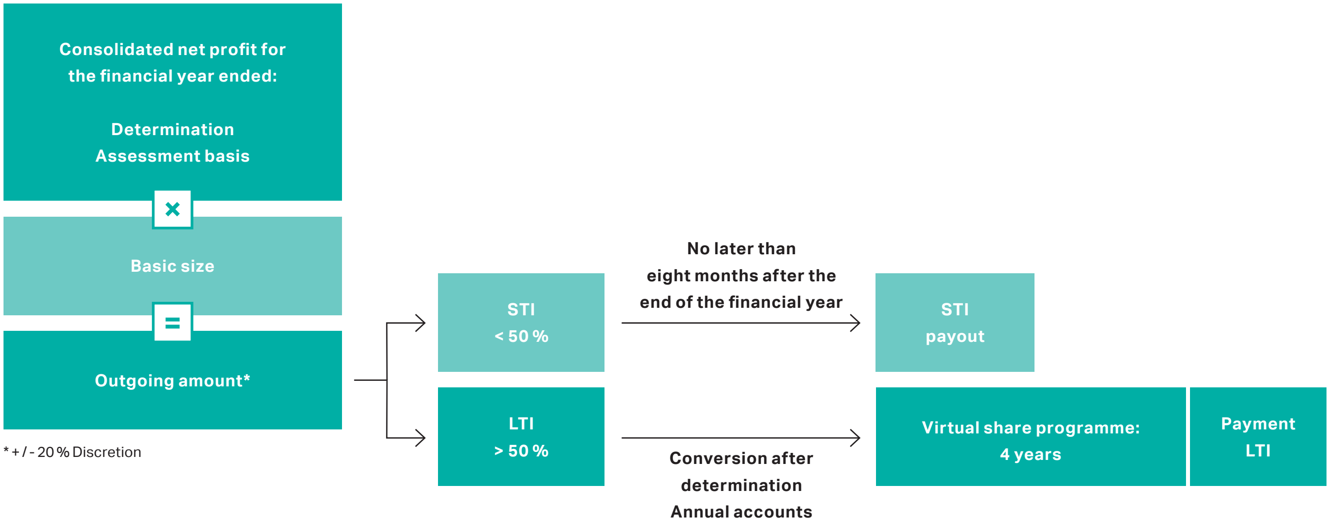
Virtual share options, which are granted to Executive Board members in annual tranches based on the share option programme, serve as a **remuneration component with a long-term incentive effect**. The stock option programme is structured in such a way that the Executive Board members must contribute GESCO shares purchased from their own private assets, which are subject to a lock-up period of four years and two months (**"waiting period"**). The number of shares to be contributed depends on the number of options granted to the Executive Board by the Supervisory Board. For ten options, the respective Executive Board member must contribute one share. The Supervisory Board grants a member of the Executive Board a maximum of 18,000 options, for which the Executive Board member must then contribute 1,800 shares. Whether and how many of the granted options can be exercised depends on the achievement of an absolute resp. relative performance target. The absolute performance target is achieved if the GESCO share price has developed positively by the time the options are exercised. The relative performance target is achieved if the GESCO share price outperforms the SDAX price index by the exercise date (outperformance). If both performance targets are met, the Executive Board members can exercise 100 % of their options. If the absolute performance target is achieved, but not the relative performance target, the Executive Board members can only exercise 50 % of their options for the tranches 2017 to 2021 inclusive, while the remaining 25 % or 50 % expire without compensation. If the absolute performance target is not achieved, all share options of the respective tranche expire without replacement or compensation. The maximum profit opportunity for Executive Board members is limited to 50 % of the exercise price. The programme profit is compensated in cash. **The share option programme was intended exclusively for the 2020 and 2021 financial years and was no longer applied in 2022.**

2. New remuneration system: Variable remuneration

As with the original remuneration system, the performance-related remuneration in the new remuneration system consists of a one-year component (Short Term Incentive, **"STI"**) and a multi-year element (Long Term Incentive, **"LTI")**. In contrast to the original remuneration system, both elements are linked to the consolidated net profit for the year after minority interests. After the end of the financial year, the consolidated net income reported in the approved Consolidated Financial Statement is determined. The determined consolidated net profit then serves as the starting basis for the STI and the LTI **("assessment basis")**. The assessment basis is then multiplied by an individual percentage for each Executive Board member **("base amount")** to obtain the individual starting amount for each Executive Board member **("starting amount")**. The Supervisory Board determines the starting amount for the variable remuneration after the end of the financial year.

The Executive Board is entitled to change the initial amount by 20 % upwards or downwards. The initial amount is limited to 100 % of the annual fixed salary **("cap")**, but can also be zero. If a member of the Executive Board is not employed for the entire financial year, the variable remuneration is reduced proportionately to the length of service in the corresponding financial year. While a smaller portion of the base amount, and thus of the starting amount, is allocated to the STI, the portion of the LTI is always larger than the portion of the STI in order to place a 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 Executive Board members 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")**.

Overview Variable Remuneration in the New Remuneration System



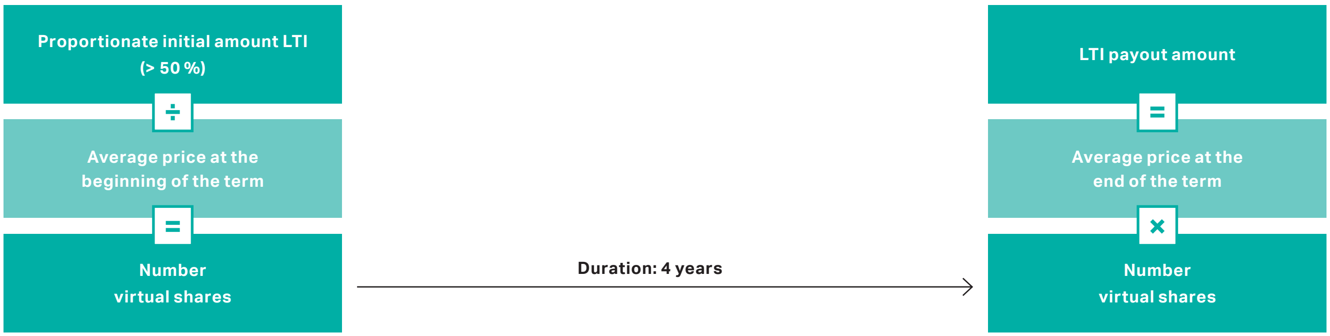
* + / - 20 % Discretion

The majority of the variable remuneration in the new remuneration system is granted in the form of virtual shares (long-term incentive, **"LTI"**), which have 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 consecutive stock market trading days in the last three months prior to the date of adoption of the Consolidated Financial Statement for the corresponding year to obtain the initial number of virtual shares **("virtual shares").** This number of Virtual Shares (rounded to the nearest number) is recorded as a calculation item; the Executive Board is not yet entitled to a corresponding amount. At the end of the four-year period, the virtual shares are multiplied by the average XETRA closing price of the GESCO share on the successive stock market trading days in the last three months before the date on which the Consolidated Financial Statement for the fourth financial year are prepared, plus the dividend that has accrued during the four years. The amount thus determined is paid out in cash.

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 of the Executive Board's actions. In particular, the orientation of the variable remuneration components to the Group's annual surplus takes into account that the representation of other quantitative goals in the remuneration of a holding company is potentially subject to large and not always predictable fluctuations and should therefore be avoided. At the same time, this assessment basis for the variable remuneration represents the greatest possible alignment with the interests of the shareholders, the Company as a whole and the employees. The introduction of a multi-year and share-based remuneration component also aims in this direction and serves to best reflect the alignment between strategy, strategy implementation and shareholder interests.

Both remuneration systems are designed to be clear and understandable. At the same time, incentives to take disproportionate risks are avoided. With the new remuneration system in particular, the Supervisory Board is pursuing the goal of offering 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.

Functioning of the LTI (Virtual Share Programme) in the New Compensation System



B. Compliance with the maximum remuneration and principles of remuneration determination

The maximum remuneration for a financial year under the **original remuneration** system is calculated from the sum of the fixed remuneration and the maximum possible bonus and the maximum possible payment of share options. The bonus is capped at 200 % of the annual fixed salary of each Executive Board member. With regard to the share options, the profit is limited to a maximum of 50 % of the exercise price of the options. According to the **new remuneration system,** the maximum possible remuneration that a member of the Executive Board can receive for a financial year is limited to T€ 950 for Mr Rumberg and T€ 850 for Ms Holzbaur.

The remuneration system is the responsibility of the Supervisory Board. In doing so, the Supervisory Board ensures that the remuneration is appropriate compared to other companies and the Company's own employees. On 30 August 2018, the Annual General Meeting with 98.9 % of the votes approved the original remuneration system. The New Remuneration System was approved on 30 June 2021 with 86.61 % of the votes.

II. Application of the remuneration system in the 2022 business year

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

In 2022, the fixed remuneration includes three components under both the original and the new remuneration system: The fixed annual salary, fringe benefits and retirement benefits. The **fixed annual salary** is paid in 12 monthly instalments. In addition to the fixed annual salary, the Executive Board members receive **fringe benefits,** which mainly include the private use of Company vehicles, contributions to the employers' liability insurance associations and subsidies for health insurance. 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 to be paid out. The amount of the pension is shown separately, even if it is paid out as a monthly payment and the Executive Board member arranges the pension himself. For reasons of transparency, the amount attributable to retirement benefits is shown separately, even if it is paid out in the form of a monthly payment.

B. Variable remuneration

1. Description of the system and objectives

In 2022, the performance-related remuneration was dependent on the contractual situation of the individual Executive Board members. For Mr Rumberg, the original remuneration system applied until the new employment contract took effect on 1 July 2022. The requirements of the New Remuneration System applied from 1 July. Both systems were applied pro rata, i.e. for the proportionate period in the financial year. While the New Remuneration System was valid for Ms Holzbaur from 26 September 2022 (pro rata), Ms Müller-Kirchhofs was remunerated according to the original remuneration system (pro rata) until her retirement (30 April 2022).

2. Target achievement in 2022

Mr Rumberg and Ms Müller-Kirchhofs were granted a pro rata bonus under the original remuneration system in 2022. Under the new remuneration system, Mr Rumberg and Ms Holzbaur also receive a pro rata variable remuneration consisting of an STI and an LTI. The central benchmark for the bonus, the STI and the LTI is the consolidated net profit for the year. **This amounts to T€ 33,824.4 for the 2022 financial year.**

The calculation of the variable remuneration in accordance with the **original remuneration system** was relevant in 2022 for Mr Rumberg until 30 June 2022 and for Ms Müller-Kirchhofs until 30 April 2022. For both, the bonus is calculated at 1.0% of the consolidated net profit for the last financial year 2022 and at 0.5% of the average value of the consolidated net profit for the last three financial years, i.e. from 2020 to 2022 inclusive. The initial amount for the short-term portion, i.e. the 1.0% for the last financial year, is T€ 338.2. For the long-term portion over the last three financial years, the initial amount is T€ 110.9, which results in a total initial amount of T€ 449.1 (for a full 12 months in 2022). According to the pro rata calculation, Mr Rumberg is entitled to T€ 224.5 for the period from January to June 2022 and Ms Müller-Kirchhofs to T€ 149.7 for the period from January to April 2022. The following table shows the calculation of the variable remuneration according to the **original remuneration system for Mr Rumberg and Ms Müller-Kirchhofs:**

Original system

	Ralph Rumberg	Kerstin Müller-Kirchhofs
T€	**until 06/30/2022**	**until 04/30/2022**
Consolidated net profit 2022	33,824.4	33,824.4
thereof 1.0 %	338.2	338.2
Mean 2020 – 2022	22,170.8	22,170.8
thereof 0.5 %	110.9	110.9
Total initial amount	**449.1**	**449.1**
Pro-rata 2022	**224.5**	**149.7**

With regard to the New Remuneration System, the (pro rata) starting amount of the Variable Remuneration for 2022 for Mr Rumberg and Ms Holzbaur results from the multiplication with the respective base amount of 1.24% (Mr Rumberg) and 0.75% (Ms Holzbaur). Of this, 49.2% will be paid out in 2023 as STI and 50.8% will be granted as LTI. The following table shows the respective calculation of the variable remuneration according to the **new remuneration system for Mr Rumberg and Ms Holzbaur:**

New system

		Ralph Rumberg	Andrea Holzbaur
T€		**from 07/01/2022**	**from 09/26/2022**
Consolidated net profit 2022		33,824.4	33,824.4
Basic size		1.24 %	0.75 %
Initial amount		419.4	253.7
Pro-rata 2022		**209.7**	**68.2**
STI	49.2 %	**103.2**	**33.6**
LTI	50.8 %	**106.5**	**34.7**

In total, the variable remuneration for Mr Rumberg for 2022 amounts to T€ 434.3, of which T€ 224.5 is attributable to the original remuneration system and T€ 209.7 to the new remuneration system. Of the T€ 209.7, T€ 103.2 will be paid out as a cash component (STI) in 2023 and T€ 106.5 will be converted into virtual shares within the framework of the LTI. The sum of the cash component from the original remuneration system (T€ 224.5) and the new remuneration system (T€ 103.2) therefore amounts to T€ 327.7 and will be paid out in spring 2023 after the approval of the Consolidated Financial Statement.

Ms Holzbaur's total variable remuneration for 2022 amounts to T€ 68.2, of which T€ 33.6 will be paid out as STI in 2023 and T€ 34.7 is attributable to the LTI.

Ms Müller-Kirchhofs receives variable remuneration of T€ 149.7, which is paid out as a cash component.

3. LTI 2022

Under the new 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 before the date of adoption of the Consolidated Financial Statement for 2022. This number of virtual shares (rounded to the nearest number) is recorded as a calculation item; the Executive Board is not yet entitled to a corresponding amount.

T€ 106.5 is attributable to the LTI for Mr Rumberg and T€ 34.7 for Ms Holzbaur. This amount is divided by the average XETRA closing price in the last three months before the approval of the Consolidated Financial Statement for 2022 in order to obtain the number of virtual shares. Since the remuneration report was prepared prior to the approval of the Consolidated Financial Statement, the average XETRA closing price, and thus also the calculation of the virtual shares, is determined after the preparation of the remuneration report.

C. Obligation to hold shares (Share Ownership Guidelines)

In order to align the interests of the shareholders and the Executive Board and to further align the actions of the CEO and the CFO with a sustainable increase in the value of the Company, guidelines for the share ownership of the Executive Board members were introduced ("Share Ownership"). Within the framework of the share option programme, the members of the Executive 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 member of the Executive Board, the fixed annual salary, the performance-related bonus and the retirement benefits shall be granted at most until the expiry of the term of the contract. In the event of a dismissal, the Company may release the member of the Executive Board from the obligation to render its services, taking into account any existing holiday entitlements, provided that the employment relationship is otherwise properly settled until the expiry of the employment contract.

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

III. Remuneration in 2022

The Executive Board remuneration pursuant to § 162 para. 1 sentence 1 of the German Stock Corporation Act (AktG) for 2022 is shown separately in the following tables for all Executive Board members active in the financial year.

A former member of the Executive Board was granted a pension of T€ 70 (previous year: T€ 70) in the financial year from the previous commitment made to him.

	Ralph Rumberg		Andrea Holzbaur		Kerstin Müller-Kirchhofs*	
	01/01/2022 – 12/31/2022		09/26/2022 – 12/31/2022		01/01/2022 – 04/30/2022	
T€	**Absolutely**	**Relatively**	**Absolutely**	**Relatively**	**Absolutely**	**Relatively**
Remuneration independent of performance	**495.0**	**60.2 %**	**91.3**	**73.1 %**	**148.3**	**49.8 %**
Annual fixed salary	388.0	47.2 %	72.6	58.1 %	122.4	41.1 %
Ancillary services	29.4	3.6 %	4.2	3.4 %	6.5	2.2 %
Retirement benefits	77.6	9.4 %	14.5	11.6 %	19.5	6.5 %
Variable remuneration	**327.7**	**39.8 %**	**33.6**	**26.9 %**	**149.7**	**50.2 %**
STI	327.7	39.8 %	33.6	26.9 %	149.7	50.2 %
LTI	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %
Total 2022	**822.7**	**100.0 %**	**124.9**	**100.0 %**	**298.0**	**100.0 %**

* Ms Müller-Kirchhofs' annual fixed salary includes T€ 25.1 paid in lieu of unused leave.

Remuneration of the members of the Supervisory Board

I. Introduction

A. Overview

At the end of the financial year on 31 December 2022, the Supervisory Board consist of a total of four members, including the Chairman of the 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. Furthermore, a performance-related remuneration **("variable remuneration")** is possible. This is based on the consolidated net income after minority interests **("consolidated net income"** or **"basis of assessment"**). In the event that the Supervisory Board forms committees, the members of the Supervisory Board additionally receive a further fixed annual remuneration **("committee remuneration")** for each office held in a committee that meets at least once a year.

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

B. Principles of remuneration determination

Every four years, the Annual General Meeting decides on the remuneration of the members of the Supervisory Board and on the remuneration system. The corresponding resolution may also confirm the current remuneration. If the general meeting does not approve the proposed remuneration system, a revised remuneration system shall be submitted to the following ordinary general meeting at the latest.

The system currently in force for the members of the Supervisory Board was approved by the Annual General Meeting was approved with 93.26 % on 18 June 2020.

II. Application of the remuneration system in the year 2022

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 profit for the year. If a member of the Supervisory Board does not belong to the bboard or a committee for the entire financial year, the remuneration is granted 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 T€ 50 for the individual member, T€ 75 for the Chairman of the Supervisory Board and T€ 55 for the Deputy Chairman.

2. Variable remuneration

In addition, the members of the Supervisory Board receive a performance-related remuneration. This amounts to 0.15 % of the net profit for the year (per Supervisory Board member) and is due after the adoption or approval of the annual and Consolidated Financial Statement. If the assessment basis is negative, it is carried forward to the next year and offset against positive amounts.

The consolidated net profit of T€ 33,824.4 results in a performance-related remuneration of T€ 50.7 per Supervisory Board member for 2022.

3. Committee remuneration

In the event that the Supervisory Board forms committees, the members of the Supervisory Board additionally receive a further fixed annual remuneration of **T€ 3** for each office held in a committee that meets at least once a year. For the chairpersons of committees, this remuneration amounts to **T€ 5**.

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

Furthermore, the Company shall reimburse 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 the reimbursement of expenses. The Company shall include the activities of the members of the Supervisory Board in the coverage of a pecuniary loss liability insurance policy taken out by the Company. The Company pays the premiums for this.

B. Maximum remuneration

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

III. Remuneration in 2022

The remuneration granted and owed to the members of the Supervisory Board pursuant to § 162 para. 1 sentence 1 AktG in 2021 is shown in the table below:

Until the 2021 financial year, there were no committees. An audit committee has been established since 01/01/2022.

	Fixed remuneration		Variable remuneration		Committee remuneration		Total 2022
Supervisory Board	T€	% from total	T€	% from total	T€	% from total	T€
Klaus Möllerfriedrich	75.0	58.3	50.7	39.4	3.0	2.3	128.7
Stefan Heimöller	55.0	52.0	50.7	48.0	0.0	0.0	105.7
Jens Große-Allermann	50.0	47.3	50.7	48.0	5.0	4.7	105.7
Dr Nanna Rapp	50.0	48.2	50.7	48.9	3.0	2.9	103.7
Total	**230.0**	**51.8**	**202.9**	**45.7**	**11.0**	**2.5**	**443.9**

Comparison of the change in remuneration and earnings performance of GESCO

The following overview shows the average remuneration of GESCO Group employees and GESCO's performance in 2022. The table also compares the average remuneration of employees and the earnings performance with the remuneration of the acting Executive Board and Supervisory Board members in 2022. The remuneration granted and owed is shown in the table. The relevant provisions here are those of section 162 (1) sentence 1 of the German Stock Corporation Act.

The note "continued" 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 Group Management Report 2020, the Executive Board remuneration 2020 includes remuneration components from stock option programmes (fair value of commitments) in the amount of T€ 36.

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

Outlook from a remuneration perspective

No changes are planned for the members of the Executive Board and the Supervisory Board in 2023 with regard to remuneration or the remuneration system.

02

Combined Management Report

GESCO SE (formerly GESCO AG), Wuppertal Combined Management Report for the 2022 financial year (01/01 until 12/31/2022)

The GESCO SE management report is combined with the Group management report. This management report is published in the GESCO Annual Report 2022 and together with the Annual Financial Statement of GESCO SE. Unless otherwise stated, the information relates to GESCO Group and GESCO SE together, whereby the notes refer to the Consolidated Financial Statement prepared in accordance with the International Financial Reporting Standards (IFRS). The information on GESCO SE is contained in a separate section and relates to the Consolidated Financial Statement prepared in accordance with the provisions of the German Commercial Code (HGB).

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 apply to the corporate governance statement pursuant to §§ 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 medium-sized industrial companies in order to retain and develop them over the long term. Acquisitions are often made in the course of succession planning, whereby GESCO SE generally acquires a majority stake, usually 100 %. In the case of two German companies, their respective managing directors hold a 20 % and 5 % stake. The subsidiaries operate independently. They are integrated into GESCO Group's reporting and risk management system.

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

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

"NEXT LEVEL 25" strategy

In autumn 2018, the Executive Board and Supervisory Board of GESCO SE developed and approved the "NEXT LEVEL" strategy. 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 to become hidden champions on the other. The strategy was further developed and concretised at the beginning of 2022 to form the current NEXT LEVEL 25 strategy.

The core of the strategy is to expand the portfolio to three anchor investments and twelve basic investments by 2025, to make the portfolio more balanced and resilient. To this end, we want to implement two further anchor investments in addition to the Dörrenberg Group. Their target markets should have as little correlation as possible with Dörrenberg's typical market cycles. The anchor investments can either be acquired or developed on the basis of an existing subsidiary through organic growth and strategic acquisitions. We round off the portfolio with twelve basic holdings with substantial sales and earnings contributions in various target markets. Within the framework of the NEXT LEVEL 25 strategy, we focus our acquisitions on companies with sales of between € 20 million and € 120 million. Strategically motivated supplementary acquisitions for the subsidiaries can also be made in lower sales sizes.

We have newly included the positioning of GESCO as a European and increasingly internationally oriented medium-sized industrial group in the NEXT LEVEL 25 strategy. 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 holdings in other European countries are part of our inorganic growth strategy.

With the portfolio restructuring at the end of 2020 with the sale of six subsidiaries and the management buy-out of a seventh company at the beginning of 2021, we have positioned ourselves well for the NEXT LEVEL 25 strategy. The dependency on the direct automotive business has been reduced. In return, we strengthened our base in the medical technology sector through the acquisition of the United MedTec Group with the operating company Krömker in June 2021.

We consistently continued the transformation and balancing of the portfolio in 2022. The companies Haseke and Krömker, which are bundled under the United MedTec Group, were merged in August 2022 (retroactive to 1 January 2022) and renamed Amtrion. The integration brought together two market leaders at Haseke's previous location in Porta Westfalica: HASEKE, a leader in the development and manufacture of ergonomic, technically sophisticated support arm systems and housing technology, and Krömker, the European market leader for articulated arm systems in medical technology and innovation leader for individual mobile stands. We have thus created a substantial basic holding with sales of almost € 30 million in the health and infrastructure technology segment. At the end of the year, internationalisation was advanced by founding Amtrion US Inc.

With INEX - solutions GmbH, we are strengthening our focus on new solutions and growth potential for stainless steel plants. The reorganisation of Hubl into the Process Technology segment and the merger with Sommer & Straßburger under the umbrella of INEX - solutions GmbH creates a strong and sustainable stainless steel group. The growth sectors of biotech, health care, semiconductors and the food industry are addressed here. The growth drivers for these industries are the growing and ageing world population, increasing digitalisation and the rising demand for food. Synergies arise from the bundling of application knowledge and the process-specific knowledge acquired over many years.

In order to develop the Group's medium-sized companies to the next level, GESCO SE further established the Excellence Programmes initiated in the previous year at the subsidiaries as part of the daily improvement activities as part of the NEXT LEVEL strategy in the reporting period. This was also accompanied by the further development of GESCO SE in its role as an actively supporting owner with increasingly more methods expertise and know-how. This provides our subsidiaries with broad and comprehensive operational experience in 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 established part of the annual strategy review at the subsidiaries and serve to jointly target our activities. Depending on the specific needs and status of the respective subsidiary, we launched or continued a 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 the sales volume and gaining market shares. OPEX serves to optimise processes in all corporate functions and thus to increase efficiency. DIGITEX aims to digitalise work processes and business models.

The LEADEX programmes were launched in 2021 and intensified in 2022. They aim to establish a common corporate culture with a balanced focus on performance.

In the MAPEX projects, Pickhardt & Gerlach has brought the product developments “EMONI” and “Cofin” into series production. Both products are enjoying increasing demand and are thus making a contribution to e-mobility. SVT has received a research contract from the Federal Ministry of Economics for the development of a hydrogen-loading arm, thus laying the foundation for the development of a further market segment. Dörrenberg further expanded its precision flat steel business. Setter relocated within the USA, and increased capacity fivefold with modern machinery in the process. The leading market position in the important American market can thus be secured and expanded with further products.

SVT was the only Company in the group to be affected to a somewhat greater extent by the loss of the Russian sales market. The medium to long-term business outlook is very promising, not least due to the expansion plans for LNG/CNG terminals in Europe pushed forward by politicians. As part of GESCO Group’s M&A strategy, SVT acquired the steel construction division of its long-standing Hungarian supplier BAV Tatabánya Kft. based in Tatabánya (approx. 60 km west of Budapest). With this transaction, SVT increases the security of its supply chains and creates a stable basis for further growth. BAV was previously the most important supplier of SVT steel structures; SVT was BAV’s largest customer.

MAE is also on the road to success internationally and is winning new customers, e.g. in the USA. AstroPlast has reorganised its team and significantly advanced topics such as digitalisation in production. The Kesel Group also underlined its market-leading role in its niche with the launch of its customer platform Kesel connect.

For us, LEADEX also means working with the managing directors of the subsidiaries to develop and implement concepts tailored to GESCO’s “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 figures in sales growth, margin and cash flow.

Significant changes in the scope of consolidation

In October 2021, the then 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 conversion of GESCO AG into a European public limited Company. The change in legal form was published in the commercial register on 4 January 2023.

In February 2022, GESCO SE acquired the shares in the inactive “Blitz 21-339 GmbH, Munich”. The Company was subsequently renamed INEX – solutions GmbH. In March 2022, GESCO SE transferred its shares in the companies Hubl GmbH, Vaihingen Enz, Sommer & Straßburger Edelstahlanlagenbau GmbH & Co KG, Bretten and So-Stra Verwaltungs-GmbH, Bretten to INEX – solutions GmbH.

In March 2022, GESCO SE acquired the 5 % share in Dörrenberg Edelstahl GmbH held by the former managing partner Dr Frank Stahl. GESCO SE now holds 95 % of the shares in the company.

In June 2022, UMT Holding founded Amtrion USA Inc. in the USA. This company is expected to improve market access to the American market. The company will commence operations in spring 2023 and will therefore be fully consolidated from the 2023 financial year.

In August 2022, W. Krömker GmbH was merged with Amtrion GmbH (formerly Haseke GmbH & Co. KG) with retroactive effect from 01/01/2022.

In August 2022, GESCO SE acquired the 10 % share in Georg Kesel GmbH & Co KG from the former managing partner Mr Martin Klug. GESCO SE now holds 100 % of the shares in the company.

In December 2022, MAE Amerika GmbH took over the 10 % share in MAE-EITEL Inc. from the managing partner Mr Norm Walker. MAE Amerika GmbH now holds 100 % of the shares in the Company.

In December 2022, the two companies IV Industrieverwaltungs GmbH & Co. KG and MV Anlagen mbH & Co. KG were transferred to the general partner IMV Verwaltungs GmbH in the form of an accrual with all assets and liabilities due to the withdrawal of the limited partner GESCO SE. The companies were dissolved on 30 December 2022.

In December 2022, Dörrenberg GmbH sold its 40 % share in Fine Metal S.R.L. to the co-shareholder, who now holds 100 % of the shares. Fine Metal S.R.L. was included in the Consolidated Financial Statement as an associated company up to and including November 2022.

In addition to the parent Company, a total of 49 companies are included in the Consolidated Financial Statement according to the principles of full consolidation and two other companies are included according to the equity method.

Control system

GESCO Group's planning and management are carried out at the level of the individual subsidiaries and GESCO SE. The framework for the operating development, staff measures and investments of the subsidiaries is set by an annual plan prepared by the management of the respective company and approved together 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 evaluated at GESCO SE, supplemented by the figures from the financial and accounting system of GESCO SE itself and consolidated. The findings from the reporting system of the subsidiaries are analysed between the responsible investment manager of GESCO SE and the respective managers of the companies in at least monthly discussions 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 sides 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. Within the framework of the annual press conference on financial statements, the Executive Board of GESCO SE provides an outlook for consolidated sales and consolidated net income after minority interests for the new financial year; this outlook is further specified in the quarterly reporting. Other key performance indicators are incoming orders, EBIT and the equity ratio. In the economic report and the forecast report within this management report, the most important indicators for the Group are sales and consolidated net income after minority interests. For the holding company, this applies with regard to income from investments and net profit 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 predominantly market- and customer-related. Technical innovations as well as new products and applications are usually developed in project work within the framework of customer orders. Depending on the task, the companies cooperate with universities and institutes and participate in publicly funded research projects.

In addition to focusing on the various applications of additive manufacturing (3D printing) at Dörrenberg Edelstahl GmbH, strip steel finishing specialist Pickhardt & Gerlach has developed innovative strip steel for the interior of batteries for e-mobility. The strip steel is shaped 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 practically without 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 focusing on hydrogen loading in 2021 and received a research contract from the Federal Ministry of Economics for a hydrogen-loading arm in 2022. Setter, the world's leading manufacturer of paper sticks, has developed sugar cane-based sticks to expand its product range.

02 _ Economic report

Macroeconomic and sector-specific conditions

The economic development in the past year was significantly influenced by the Russian war of aggression against Ukraine and the associated effects and challenges, especially with regard to energy supply. Overall, the German economy proved to be very resilient in the face of supply chain bottlenecks that persisted into the later part of the year, record inflation rates, trade and economic sanctions against Russia, uncertainties about a possible gas shortage in the winter of 2022/23 and the suspension of Russian gas deliveries at the end of August. In the year as a whole, gross domestic product (GDP) grew by 1.9% in price-adjusted terms and the weakening of economic momentum at the turn of the year 2022/23 is likely to be shorter and milder than expected in the autumn, not least thanks to the massive government stabilisation measures for private households and companies and their adjustments to the high energy prices and the associated gas savings.

Acute risks such as a gas shortage over the winter or an aggravation of supply chain bottlenecks as a result of China's previously strict zero-covid policy have not materialised, which is reflected in a more favourable economic starting position at the turn of the year 2022/2023. However, high burdens remain: Russia's war of aggression against Ukraine and its economic consequences, the weak development of the global economy as well as the persistently high energy prices and inflation rates compared to pre-crisis levels.

In view of these burdens, the federal government expects only slight growth in price-adjusted GDP of 0.2% for the annual average in 2023.

One of the most obvious economic effects of the Russian war of aggression against Ukraine is the drastic increase in energy and food prices, which has recently also been reflected in a rising core inflation rate. As a consequence, significantly higher inflation rates are to be expected this year, although they will decline over the course of the year. For the annual average of 2023, the Federal Government expects consumer prices to rise by 6.0% compared to the previous year. The brakes on electricity and gas prices will have a dampening effect on the inflation rate. The real loss of income and purchasing power associated with the high price increases will weigh on domestic economic development despite the relieving effects of the extensive government support measures. Private consumption in particular is likely to decline noticeably after the pandemic-related catch-up effects last year. In addition, energy-intensive industrial companies in particular could make further capacity cuts as a result of the rise in energy prices, which would also dampen investment and employment development in these sectors.

With a weakening of the high inflation dynamics in the course of the year, the impulses of the fiscal stabilisation measures and the expected moderate global economic recovery, economic development should then gain momentum again in the course of the year.

In view of the significant rise in energy and food prices, the resulting loss of real income and the noticeable tightening of monetary policy as a result of accelerated inflation in almost all industrialised countries at the beginning of 2023, the global economic environment is very subdued. After halving global growth to a good 3% last year, the International Monetary Fund expects a further slowdown to an annual average of +2.9% in 2023 and 3.1% in 2024. An even more significant decline in growth rates is expected for world trade, from +4.3% in 2022 to +2.5% this year.

The Federal Government's annual projection for 2023 is slightly more optimistic than the forecast of the German Council of Economic Experts (SVR) from November 2022. The SVR had forecast a decline in real GDP of 0.2% for 2023, although some measures, such as the electricity price brake, were not yet taken into account. Moreover, economic indicators such as production, value added and sentiment surveys have since developed somewhat more favourably than expected at the time. The official figures of the Federal Statistical Office on the gross domestic product in 2022 were also more favourable than expected in the SVR's forecast. From the underlying economic picture of a weak winter half-year with an economic revival in the further course of the year – with initially still subdued consumption and investment dynamics – the projection of the SVR does not differ significantly from that of the Federal Government.

According to the German Engineering Federation (VDMA), the mechanical and plant engineering sector can look back on a mixed year in 2022. An initial double-digit increase in orders was reversed in the course of the year into a total price-adjusted decline of 4% compared to the previous year. Domestic orders declined by 5% and foreign orders by 4%.

While the first three quarters of 2022 still saw an increase in orders, demand for capital goods subsequently fell. For the entire fourth quarter of 2022, the decline in orders amounts to 16% compared to the previous year. Domestic orders shrank by 10% and foreign orders by 18%.

In December 2022 alone, the industry fell short of the previous year's result by minus 18% in real terms. Domestic orders were down by 8%, while orders from abroad were down by 22%. This means that the recent less negative reports from the economic environment are not yet reflected in the orders placed by companies in the mechanical and plant engineering sector. In January 2023, new orders were 18% below the previous year's level in real terms. Domestic orders were down 16%, while foreign orders were down 19% compared to the same month last year. It should be noted that January was exceptionally strong last year, with orders up almost 20%. However, many customers are still holding back on new investments in view of the considerable uncertainties. Although the situation in the supply chains has eased somewhat, the Ukraine war, high inflation and the long-lasting weak Chinese economy continue to dampen the economy.

The M&A market was again very active in the 2022 financial year, even if it did not reach the record year of 2021. Due to the fact that investment pressure only eased towards the end of the year and liquidity remained high overall, valuations for attractive target companies are still at a very high level. Well-positioned industrial companies are currently still being sold for double-digit EBITDA multiples. However, with rising interest rates, multiples should become lower in the foreseeable future.

Other trends and developments are also emerging: The issue of sustainability (ESG) is slowly making its way into M&A deals, the professionalisation of the people acting has increased further and the virtual handling of deals has become established.

Furthermore, high demand meets limited supply. In this environment, GESCO is increasingly actively approaching entrepreneurs both for basic investments and, increasingly, for potential add-on acquisitions.

Business performance

GESCO Group met the economic turbulence and macroeconomic challenges in the financial year 2022 with a high degree of adaptability. We demonstrated our resilience and achieved the best result in the Company's history.

The main drivers were the business with stainless steel products for biotechnology, the semiconductor industry and the supply of biogas plants. The continuous international expansion of the Setter Group's business with paper sticks to avoid plastic waste also continues unabated. Our mechanical engineering companies also recorded significant growth: they expanded their business considerably compared to the same period of the previous year. Overall, all segments recorded a positive development.

The challenges of the material shortages (steel, plastics, control components) and price increases, which were already pronounced in 2021 as a result of the Corona pandemic, increased dramatically again with the Russian war of aggression against Ukraine. In addition to significant price spikes, this brought the fundamental security of energy supply into general focus for the first time. Companies had to develop plans on how they would cope with shortages. The issue of adequate material supply also became more of a focus for the subsidiaries and led to a turnaround in inventories. While good progress had been made in previous years to reduce inventories in relative terms – the so-called working capital Ratio – this trend was broken in the past year in order to maintain the ability to deliver throughout.

Overall, the good management of delivery difficulties and price burdens had a positive effect over the course of the year, supported by robust demand. Ultimately, all GESCO Group segments reported significantly improved business developments in the financial year 2022.

Situation of the Group

Earnings situation

After the first Corona year in 2020, GESCO Group recorded a significant increase in demand overall in 2021, from which all segments benefited. GESCO Group's incoming orders reached € 588.8 million in the financial year, i.e. 8.1% more than in the previous year (€ 544.5 million). Group sales totalled € 582.3 million, 19.3% higher than in the previous year (€ 488.1 million). The financial year closed with an order backlog of € 220.6 million (previous year: € 209.3 million).

Due to the significant price increases in many areas in 2022, the cost of materials ratio increased overall from 54.4% to 58.8%.

The reduction in the personnel cost ratio from 23.1% to 20.9% is not only due to the price increase in sales, but also reflects the efficiency gain, especially through the reduction of non-value-added activities. With an increase in sales of 19.3%, the average number of employees rose by just 3.3%.

Other operating income was slightly below the level of the previous year, which was partly due to lower subsidies in the USA, which were granted as support for Corona personnel costs of the previous year.

At 10.8 %, other operating expenses increased significantly less than sales.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached € 67.7 million (€ 62.2 million).

Depreciation in the reporting period was € 18.3 million (€ 17.6 million). Unscheduled depreciation amounted to € 0.3 million (€ 0.0 million).

Earnings before interest and taxes (EBIT) reached € 49.4 million (€ 44.6 million). The EBIT margin was 8.5 % (9.1 %) and thus still within our target range of 8 – 10 %.

The balanced financial result (previous year: – € 1.9 million) does not include any unscheduled value adjustments on financial assets (previous year: € 0.9 million), which were directly related to the sale of companies in the previous year. At € 1.3 million, the result from investments was significantly higher than in the previous year (€ 0.0 million), while interest and similar expenses rose only moderately by T€ 400 to € 2.4 million.

Earnings before taxes (EBT) amounted to € 49.5 million (€ 42.7 million). At 26.7 %, the tax rate was significantly below the tax rates of recent years. GESCO concluded another profit and loss transfer agreement and carried out restructuring within subsidiaries, and the corresponding companies contributed with positive results to the fact that expenses and loss carryforwards could or will be offset for tax purposes.

After minority interests of € 2.4 million (previous year: € 2.6 million), the consolidated net income for the year after minority interests reached € 33.8 million, compared to € 26.9 million in the previous year. Earnings per share according to IFRS amounted to € 3.12 (previous year: € 2.48).

In the previous year's Consolidated Financial Statement, we assumed an increase in sales of at least 10 % for the 2022 financial year. We also expected a significant increase in earnings, which should be somewhat higher in percentage terms than in sales. We had concretised the outlook to a sales range of € 565 – 585 million with a consolidated net income after minority interests of € 28.0 – 30.5 million. After the pleasing first three quarters, we had narrowed the sales forecast slightly upwards to € 575 – 585 million with an increased result of € 30.7 – 32.2 million. The decisive factor for the development of earnings during the year was the continuous ability to deliver despite the supply bottlenecks and the positive effect from the profit transfer agreements concluded. In addition, the companies were able to compensate for the considerable price increases in materials by anticipatory price adjustments.

Overall, the 2021 forecast was met. The 2022 sales growth was 19 % compared to the 2021 forecast sales growth of at least 10 %. Net profit after minority interests increased by 26 % and was thus higher than the increase in sales.

Sales and result by segment

The development in the **Process Technology** segment was characterised by catch-up effects in various industries, while demand for stainless steel equipment remained very positive. In the first half of the year, the demand for investment goods increased, only to weaken again somewhat in the second half of the year. Incoming orders for all companies in this segment reached € 121.8 million (€ 116.0 million in the previous year; corresponds to an increase of 5.0 %). Sales totalled € 105.1 million, 19.6 % above the previous year (€ 87.9 million). All companies supported the increase in sales. EBIT reached € 13.9 million (previous year: € 11.6 million) with an unchanged EBIT margin of 13.2 %.

The **Resource Technology** segment enjoyed robust demand throughout the year. Our companies in the tool and strip steel segments reacted to the solid demand situation combined with a significant price increase with a skilful supply and appropriate pricing policy in order to satisfy customers as best as possible on the one hand and not to neglect their own margins on the other. SVT was the only GESCO Group company that was noticeably affected by Russia's war of aggression, as Russia was an important sales market until 24 February 2022. As the year progressed, however, SVT was also able to fill its order books as decision-makers in Europe in particular realised that they had to free themselves from their dependence on Russian energy as quickly as possible and build and expand the corresponding loading capacities on the coasts.

Overall, the high order intake level from 2021 could be increased even further and thus the segment's order intake reached € 317.9 million (€ 292.2 million); an increase of 8.8 %. Sales in this segment was € 330.0 million (€ 277.7 million). With an EBIT of € 34.9 million (€ 35.5 million), the EBIT margin fell from 12.8 % to 10.6 %.

The second largest segment, **Health and Infrastructure Technology,** is usually characterised by a less cyclical nature with stable sales and positive margins. However, growth was also achieved here in the 2022 business year. Particularly noteworthy is the market position of the stainless steel division, not least in the biotech and semiconductor industries, where it has been able to further establish itself as a valued partner of globally operating groups. The Setter Group, a manufacturer of paper sticks for the hygiene and confectionery industries in a dynamic market, also continued its rapid business development and again recorded record sales and earnings. Incoming orders totalled € 149.1 million (€ 136.3 million) and sales reached € 147.2 million (€ 122.6 million). The EBIT amounted to € 11.9 million (€ 11.7 million), whereby the EBIT margin fell from 9.6 % to 8.1 %.

The **GESCO SE / other companies** segment includes GESCO SE and a number of companies of minor importance. The **reconciliation** item shows consolidation effects and the reconciliation to the corresponding IFRS consolidated values. The significantly reduced reconciliation item of € – 2.4 million (previous year: – 6.9 million) included one-off effects from the first-time consolidation of the United MedTech Group as well as the purchase price adjustment for a past acquisition of € 2.7 million.

Sales by regions

The foreign share of Group sales was 51.7 % (previous year: 48.2 %). Europe (excluding Germany) accounted for 30.2 % (28.7 %) of sales, with France and Italy being the most important individual markets. Asia's share was 10.9 % (9.6 %), of which China accounted for 3.7 (3.2) percentage points. The USA, with a share of 8.0 % (7.3 %), 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 %.

When considering this regional distribution of sales, it should be taken into account that many of our companies' domestic customers are export-oriented. GESCO Group is therefore likely to have a significant indirect export business, although it is not possible to put an exact figure on this.

Financial position

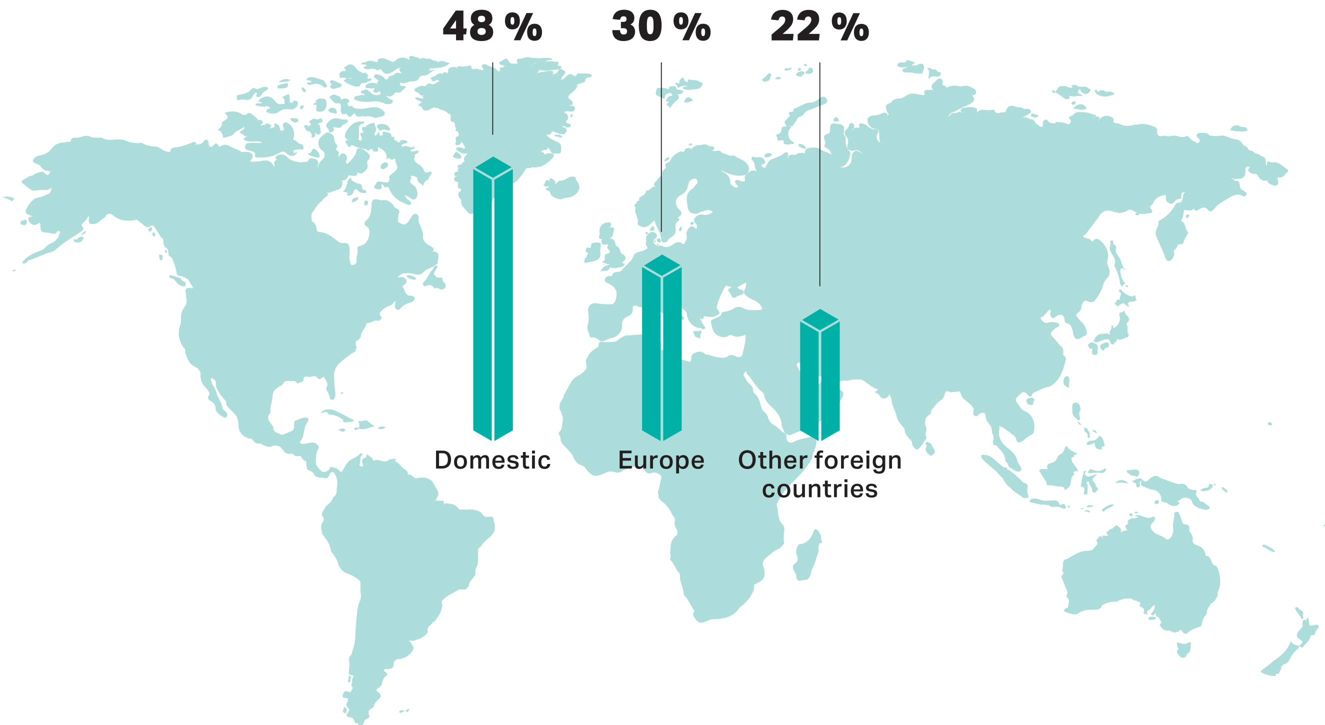
Capital structure

GESCO Group's balance sheet shows strong balance sheet ratios with high equity and above-average cash and cash equivalents as at 31 December 2022. At 14.2 % (15.2 %) of equity, goodwill is at a low level. Overall, GESCO Group has the necessary financial prerequisites for internal and external growth.

On the liabilities side, the equity capital of € 274.7 million was above the level at the beginning of the financial year of 255.7 million, resulting in particular from positive consolidated earnings for the year. As the balance sheet total increased mainly due to the increase in equity, the equity ratio changed from 56.9 % to 58.0 %.

Sales by regions

Financial year 2022



Investments

As a long-term investor, GESCO SE supports regular investments by subsidiaries in their technical equipment in order to strengthen their competitiveness. Investments in tangible assets are just as much a part of this as modern information technology, especially systems for efficient production planning and control.

In total, investments in tangible assets and intangible assets of all companies amounted to € 15.6 million compared to € 13.8 million in the previous year. This includes rights of use reported as investments in accordance with IFRS 16 of € 3.1 million in the reporting period and € 5.9 million in the previous year.

In the reporting year, the total volume was distributed among a number of smaller and medium-sized replacement and modernisation investments. As in the previous year, the focus of investment was on the Setter Group, which significantly expanded its machinery and equipment in the USA in the course of relocating the site.

As of the balance sheet date, there are order commitments of T€ 506 (previous year: T€ 676). 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 2023 financial year.

Depreciation on tangible assets and amortisation of intangible assets in the reporting period amounted to € 18.3 million (previous year: € 17.6 million).

Liquidity and net debt

Cash and cash equivalents as at the balance sheet date amounted to 36.3 million, significantly below the value of € 57.7 million on the previous year's reporting date.

Current and non-current liabilities to banks changed only slightly, totalling € 76.4 million. Short- and long-term leasing liabilities decreased by € 0.6 million from € 19.3 million to € 18.6 million.

Net debt thus increased from € 18.6 million to € 40.1 million. Taking into account leasing, liabilities deteriorated from € 37.9 million to € 58.7 million.

In relation to the EBITDA of € 67.7 million, the net debt-to-EBITDA ratio is therefore 0.6, or 0.9 including IFRS 16.

At the end of the financial year, there were committed but unused credit lines of € 53.4 million. The Group was able to meet its payment obligations at all times.

Based on the positive result for the period of 36.3 million, the operating cash flow decreased to € 11.0 million (€ 51.7 million) compared to the previous year. The very good result in the reporting year was contrasted by a strong increase in working capital of € 46.3 million due to the significantly higher business volume and the pronounced supply chain problems. The working capital ratio deteriorated from 32.9 % at the end of 2021 to 35.6 % as at 31 December 2022. The cash flow from investing activities of € 10.4 million mainly includes investments in tangible assets. In the previous year, the self-financed acquisition of the United MedTec Group accounted for € 32.0 million. The repayment of loans in the amount of € 16.9 million corresponded exactly to the new borrowings.

Net assets

Total assets in GESCO Group amounted to € 473.9 million as at the reporting date, compared to € 449.5 million in the previous year. Non-current assets declined by 2% to € 185.8 million due to lower intangible assets compared to the previous year. Inventories and trade receivables increased by € 49.7 million.

The ratio of tangible assets to total assets was 22.2% (previous year: 23.7%). The ratio of non-current capital to non-current assets was 1.8 (1.7) on the balance sheet date.

Position of GESCO SE

The notes refer to the individual financial statement of GESCO SE prepared in accordance with the German Commercial Code (HGB). GESCO SE has holding company functions within the Group.

At € 17.2 million, GESCO SE's income from investments in 2022 was below the level of the previous financial year (€ 30.2 million). Distributions are determined individually, taking into account the earnings, asset and liquidity situation of the subsidiaries as well as the aspect of optimising liquidity within GESCO Group.

As in the previous year, no losses had to be absorbed in 2022. Income from profit transfer agreements increased from € 10.9 million to € 20.4 million in the reporting year. In the 2022 financial year, GESCO SE concluded a profit and loss transfer agreement with INEX - solutions GmbH, so that profit and loss transfer agreements have been in place with INEX - solutions GmbH, Setter Holding GmbH and MAE Maschinen- und Apparatebau Götzen GmbH since then.

The write-downs on financial assets totalling € 0.9 million in 2021 mainly relate to the value adjustment on a liquidity support granted to a former subsidiary for a limited period until 31 December 2021. No write-down of financial assets was made in 2022.

The slightly higher revenue sales of € 1.7 million compared to the previous year is the result of passing on expenses to the affiliated companies and consulting services.

Other operating income amounted to € 0.5 million in the reporting year (previous year: € 0.2 million). Other operating expenses increased from € 4.5 million to € 5.5 million. In the reporting year 2022, other operating expenses included in particular the usual consulting, support and financial statement costs.

In the 2022 financial year, annual earnings amounted to € 27.0 million (€ 30.7 million).

In the management report for the 2021 financial year, GESCO SE had forecast income from investments and net income for the new 2022 financial year at approximately the same level as in 2021 or slightly below. The significantly lower income from investments in the 2022 financial year could not be fully compensated for by the higher income from profit transfer agreements. Consequently, the net profit for the year was also below expectations.

GESCO SE's total assets amounted to € 255.3 million as at the balance sheet date (previous year: € 244.4 million).

On the assets side, financial assets increased by a total of € 15.3 million due to the increase in shares in affiliated companies. Additions and disposals include reclassifications from contributions in the amount of € 25.6 million. The other loans of € 9.4 million (previous year: € 9.4 million) relate to a vendor loan due in three years at the latest, which is connected to the transaction carried out at the end of 2020.

Cash and cash equivalents amounted to € 10.6 million on the balance sheet date (previous year: € 23.8 million). In view of the pleasing result in the 2021 financial year, a dividend of € 0.98 per share – corresponding to a total of € 10.6 million – was distributed to the Company's shareholders in the reporting period.

On the liabilities side, equity increased to € 239.4 million (previous year: € 223.2 million) as a result of the net profit generated, and the equity ratio rose from 91.3 % to 93.8 %.

The decrease in liabilities to banks from € 3.2 million to € 8.2 million is due to the repayment of bank loans.

Overall, GESCO SE's balance sheet as at the balance sheet date shows very healthy ratios 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 with regard to both its equity base and its debt capital.

In the management report for the 2021 financial year, 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 93.8 %.

At the end of the financial year, GESCO SE had committed but unused credit lines of € 53.4 million.

Overall assessment of the business performance

Against the backdrop of the current challenges, we consider the course of business and the economic situation to be positive overall. This applies to both the Group and GESCO SE. The Group's sales and earnings have developed favourably. Furthermore, there were no special events or transactions with a significant impact on the earnings, asset and financial position in the reporting period, either in GESCO SE's environment or within the Group.

Non-financial performance indicators

Environmental protection

GESCO Group's commitment to environmental protection is firmly anchored in the Company's self-image, even beyond legal requirements and obligations. This applies to production as well as to the life cycle of the individual product up 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 are additional selling points. 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.

Further information on the topic of environmental protection is provided in the non-financial Group report pursuant to Section 315b (3) of the German Commercial Code (HGB), which is published as a separate report in the annual report and is published together with the Group management report. For 2021, the report was prepared for the first time in accordance with the German Sustainability Code.

Employees

GESCO Group employed a total of 1,841 people as at the balance sheet date (previous year: 1,783).

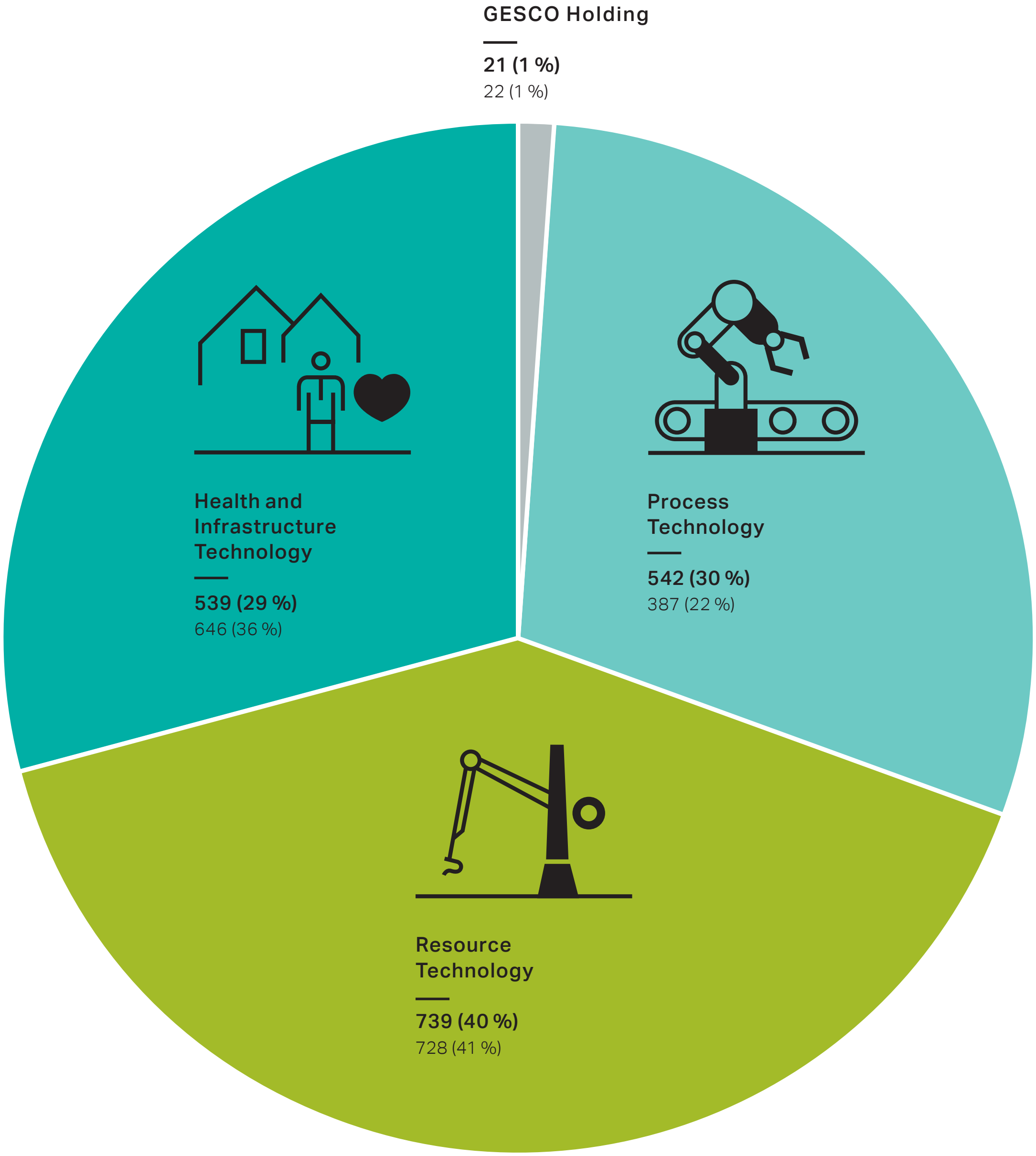
In autumn 2022, GESCO offered all domestic employees of GESCO Group the opportunity to purchase employee shares at a preferential rate for the twenty-third time as part of an employee share ownership programme. As GESCO SE considers this programme to be an important instrument for retaining employees, it is planned to continue the programme.

The future viability of GESCO Group companies depends crucially on attracting and retaining qualified and motivated employees. Training and further education are very important within the Group. In addition, the subsidiaries position themselves as attractive employers in the long term with a wide range of activities. These activities range from participation in school activities such as Girls' Days to dual study programmes and to cooperations with universities and other educational institutions. For many years, Dörrenberg Edelstahl GmbH has presented the "Dörrenberg Award", a high-profile competition for students in the fields of materials technology / engineering that is well established in the professional world.

Further information on the topic of employees can be found in the separate non-financial Group report pursuant to § 315b of the German Commercial Code (HGB).

Employees by segment (end of financial year)

Financial year 2022 vs. financial year 2021



03 _ Other information

Remuneration report

Information on the remuneration of the Executive Board and the Supervisory Board is provided in the remuneration report prepared separately for the financial year 2022 and published on the GESCO SE website in accordance with § 162 of the German Stock Corporation Act (AktG).

Own shares

As part of an employee share ownership programme, treasury shares were acquired and sold in full during the financial year, so that no treasury shares were held as at the reporting date. For information pursuant to § 160 of the German Stock Corporation Act (AktG), please refer to the Notes.

04 _ Forecast, opportunity and risk report

Forecast report

In the Federal Government's Annual Economic Report, slight economic growth of 0.2% is expected for 2023. This figure is exactly in line with the forecast made by the German Council of Economic Experts in November 2022. The Federal Government therefore expects the German economy to be adversely affected by the war in Ukraine in 2023 as well. Increased volatility is to be expected in particular for energy and material prices. In contrast, the end of the Corona pandemic in Germany and worldwide should provide positive economic impulses.

The forecast for 2023 is based on the given framework conditions. It is subject to a high degree of uncertainty due to possible risks arising from the further course of the Ukraine war, general geopolitical tensions, impaired supply chains and inflationary pressure.

The German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau e.V. – VDMA) assumes that mechanical and plant engineering will not reach the sales level of before the Corona crisis in 2022 with a real production increase of only 1%. A slight real decline in production of 2% is expected for 2023. This is a far cry from the setbacks of earlier years and shows the robustness of German industry. In particular, the goal of a climate-neutral economy is a great opportunity for medium-sized mechanical and plant engineering companies and their innovative technologies. The prerequisite for this is however, that companies can count on a reliable and affordable supply of materials and energy.

For 2023, we expect a slightly weaker, but equally robust demand situation. Continuing inflation and the associated increases in labour costs and prices will lead to higher production costs and a burden on results. We will counteract this by consistently focusing on our NEXT LEVEL 25 strategy with our Excellence programmes MAPEX (Market & Product Excellence) to expand market share and OPEX (Operative Excellence) to increase efficiency. For our financial performance indicators, we expect the following development for the 2023 financial year:

Group sales is expected to increase moderately in 2023. We expect an increase in the single-digit percentage range.

We expect the consolidated net profit after minority interests for the 2023 financial year to be at a comparable level to 2022.

The still tense geopolitical situation, high inflation rates, especially in the industrialised countries, and subdued growth expectations with simultaneously rising prices can have a significant impact on individual subsidiaries. Our subsidiaries can also be affected to varying degrees by volatile energy prices. We have considered individual direct possible effects in our expectations, but the dynamics and topicality of the situation do not currently allow for 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 the financial year 2023:

Income from investments and net income are expected to remain at around the same level as in 2022. The equity ratio of GESCO SE should remain at a level of over 80 % in the financial year 2023, if 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 adhering to the recently increased sales target of € 20 to 120 million. Strategically motivated acquisitions of subsidiaries can also be made with a lower sales volume. Overall, GESCO is pursuing the balancing of the portfolio with three anchor investments and twelve basic investments. The primary goal is to achieve a balanced portfolio across many industries, with the anchor investments in particular forming the mainstays that are dependent on different market cycles. The basic holdings, on the other hand, offer the opportunity to gain a foothold in ever-new industries and applications in order to profit from various trends. We continue to generate a continuous deal flow through our existing network and by directly approaching entrepreneurs.

The statements made in the forecast report on future developments are based on assumptions and estimates that GESCO SE had from information available at the time the report was prepared. These statements are subject to risks and uncertainties, which means that actual results may differ from the expected results. Therefore, no guarantee can be given for these statements.

The management of opportunities and risks

GESCO SE's business model is entrepreneurial. 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. The structure of GESCO Group is designed in such a way that negative developments at individual companies do not jeopardise the entire Group.

In the planning meeting as well as in the monthly meetings and in annual strategy meetings, an overall assessment of the company's situation is made. On the one hand, this includes an analysis of the entrepreneurial opportunities and the courses of action for expanding the business volume at home and abroad and for increasing profitability, and on the other hand, the respective risks are assessed.

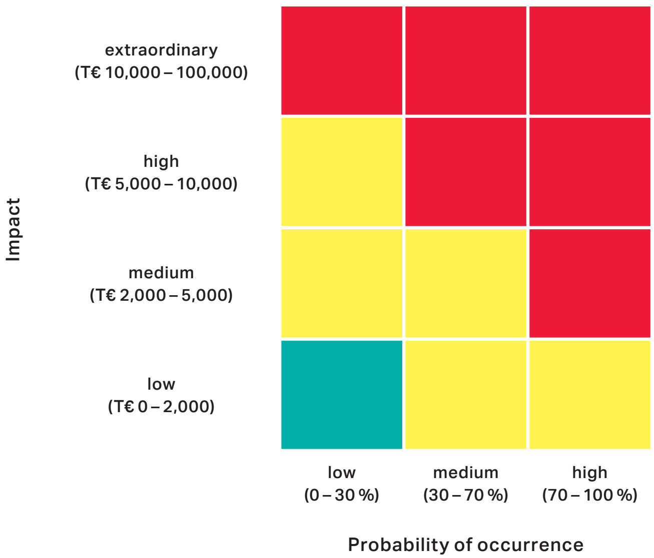
Opportunity management

There are significant opportunities for GESCO SE in the acquisition of further medium-sized industrial companies. By cultivating the network, increasing the level of awareness of GESCO SE as an investor and directly approaching interesting companies, we generate a deal flow that is evaluated and processed in systematic analyses. GESCO SE also sees opportunities in the positive operating performance of its portfolio companies and the associated investment income and distributions. To this end, the holding Company offers its subsidiaries intensive advice and support, which has been further expanded as part of the NEXT LEVEL 25 strategy.

For the **operating subsidiaries**, it is constantly important to identify opportunities in 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 at GESCO Group

Risk matrix



GESCO Group has an internal risk management system. GESCO Group uses a software-based system to record risks. Risks are evaluated and grouped in the risk statistics by assessing the impact on earnings before interest and taxes (EBIT) and the probability of occurrence, with a focus on the net impact of the risk after mitigating measures. Risks are weighted on a company-specific basis, taking into account the sales volume and earning power of the respective company. Specific classifications are defined at the group level. From the combination of risk impact and probability of occurrence results an assessment of the risks according to the following matrix, where red expresses the highest risk level.

The reported risks of the subsidiaries are included in monthly reporting; high risks are also reported by the subsidiaries to GESCO SE on an ad hoc basis.

As of 31 December 2022, there are no individual risks that fall into the red category. The focus of the individual risks recorded within the yellow category was on warranty risks, each with a low impact.

The Executive Board is responsible for risk management, which is monitored by the Supervisory Board. In quarterly meetings, the GESCO SE employee responsible for risk management informs the Supervisory Board about the development of risks. In the event of major risks, the Supervisory Board is informed on an ad hoc basis.

Beyond the individual risks recorded, we see risks for future development in the following areas in particular:

Risks and opportunities in the acquisition of companies

GESCO SE strives for internal growth based on its existing portfolio as well as external growth through the acquisition of further medium-sized industrial companies. The search for new companies is a continuous process in which the analysis of opportunities and risks is naturally of particular importance. Prior to acquisition, companies are subjected to due diligence to identify the risks associated with any business acquisition, to the extent identifiable. Key aspects here are financial, tax, technology, market and environmental risks, but also the corporate culture and age structure of the workforce. GESCO SE uses both internal and external expertise to achieve this.

Inherent in every acquisition is the risk that the newly acquired company will not develop as planned or expected and that GESCO's target EBIT margin will not be achieved. There is also the risk that the company's potential is not sufficient to become a hidden champion, i.e. a global market leader in its niche. A critical success factor for GESCO, particularly in the case of succession solutions, is the appointment of a new managing director when the previous owner-manager leaves the company and the cultural change this often entails.

Following the acquisition, the companies will be swiftly integrated into GESCO Group's planning and reporting, as it is explained in the section "Control system". In addition, the companies are integrated into GESCO Group's risk management system.

Opportunities can 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 GESCO's Excellence Programmes can also contribute to this. The departure of a previous owner-manager can also open up opportunities. A new managing director can leverage additional potential with his or her experience 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 notable direct and indirect exports, we are affected by economic fluctuations in Germany and abroad. Through our strategy of diversification, especially with regard to the customer industries, we try to compensate for economic fluctuations in individual economic sectors to a certain extent and thus reduce the risks 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 change. These include, in particular, the displacement of the combustion engine by other types of propulsion, digitalisation, the emergence of new competitors, the political and economic development of regional markets, the change in social values, the politically targeted reduction of CO_2 emissions, the energy transition and the regulatory framework conditions. GESCO Group is addressing these issues by implementing the MAPEX (Market & Product Excellence) excellence programme to expand market share and OPEX (Operational Excellence) to increase efficiency in the subsidiaries. Regular discussions 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 topics.

There is a fundamental 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, their quality management and close contact with their customers.

Typical risks for the respective business model exist in particular in plant construction. Here, the corresponding Group companies are repeatedly confronted with customer requirements whose technical implementation possibilities can only be calculated in advance to a limited extent in terms of time and costs, so that there is a risk of loss-making orders. On the other hand, opportunities can arise from this, as challenging customer projects repeatedly result in innovative approaches that can lead to marketable product innovations.

In order to counter procurement risks, the subsidiaries strive to gain planning security by concluding framework agreements with their suppliers or by agreeing price escalator clauses with customers and suppliers. A relationship with key suppliers based on partnership and long-term cooperation supports security of supply.

GESCO Group companies use trade credit insurance to hedge trade receivables where this is deemed sensible and appropriate. If relevant customers are not insurable, the subsidiaries analyse the respective situation and define the next steps, usually in direct dialogue with the customer. In the case of significant uninsured risks, GESCO SE is consulted. Naturally, this is always a balancing act between the desire to limit risks and the need to take advantage of entrepreneurial opportunities and not lose the customer. This balancing is made even more difficult by the instrument of avoidance in insolvency.

Currency risks from the operating business are generally hedged for significant order sizes.

Geopolitical risks and Corona

The expiring Corona pandemic should pose only an insignificant risk to global supply chains and economic development in the various countries and sectors in the future.

Beyond the typical economic fluctuations and the other operating risks mentioned above, we currently see the greatest risk for the operating business in the generally high level of political uncertainty. The further development in Ukraine and the generally tense geopolitical situation with its manifold effects on the business development of the subsidiaries as well as the economy as a whole is naturally difficult to forecast and cannot be conclusively assessed at present. The consequences of the sanctions imposed on Russia and the effects on the global energy and raw materials markets in particular affect our subsidiaries in different ways.

These risks are offset by opportunities. Government aid, such as the energy price brake in Germany, contributes to the stabilisation of the energy markets. The market leadership of many of our subsidiaries in conjunction with further internationalisation secures and offers opportunities for the further expansion of market shares.

However, thanks to its consistent focus on the NEXT LEVEL 25 strategy, GESCO Group considers itself well positioned against this backdrop and ready to master these challenges. In 2022, GESCO Group has already demonstrated a high speed of adaptation and proven its resilience.

Compliance risks

Risks related to compliance concern, among other things, corruption, antitrust violations as well as criminal activity and the resulting obligations to pay fines as well as claims for damages. These risks can lead to considerable financial damage, but also to considerable damage to the Company's reputation. 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 reporting system for employees and outsiders. It is the task of the managing directors of the subsidiaries to anchor the respective requirements and principles in their companies.

Risks and opportunities in relation to personnel

Qualified personnel is of considerable importance for the current performance as well as for the future viability of the subsidiaries. For the manufacturing industry in Germany, there is a general risk that it will not be able to find and retain sufficient qualified personnel in the future. Demographic change is further exacerbating this situation. GESCO Group companies are responding to this challenge with various measures to position themselves as attractive employers in their respective regions. There is also a risk of a loss of know-how if existing knowledge and skills within the company are not adequately transferred from more experienced to less experienced employees. Measures for the targeted transfer and appropriate documentation of know-how provide a remedy.

The recruitment and retention of suitable managing directors is particularly important for GESCO SE companies. Managers who do not meet 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 can also affect the success of the Company at GESCO SE level. Personnel constancy is an advantage in establishing trusting, resilient working relationships within the holding company and in particular with the subsidiaries, as well as in building up expertise.

On the other hand, opportunities can also arise from the fitting filling of managing director and management positions. A good management culture leads to low staff fluctuation, high employee motivation and contributes to the overall success of the company. We see another opportunity in the Excellence Programme LEADEX (Leadership Excellence). With LEADEX, GESCO SE supports the development of leadership skills in the subsidiaries and the holding company. At the same time, this strengthens working relationships within the companies and the holding company, but also 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.

The GESCO SE employee share ownership programme regularly offers GESCO Group employees in Germany the opportunity to acquire a stake in the Company through the purchase of discounted GESCO shares, thereby building up assets for their retirement. GESCO SE sees this programme as an important instrument for retaining employees.

Risks and opportunities from information technology

Risks from information technology relate in particular to the failure of IT systems at GESCO Group companies and the associated downtime, industrial espionage and loss of know-how, data misuse and unauthorised data access. GESCO SE counters IT risks by investing in state-of-the-art hardware and software and with an information security management system that is regularly reviewed. Staff training provides both a basic awareness of IT risks and concrete guidelines for the practical handling of these risks. IT security guidelines regulate in particular the handling of the Company's own hardware and software as well as data security issues. GESCO SE also 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 and tested. Within GESCO Group, GESCO SE conducts regular surveys at the subsidiaries on the status of the respective information security management.

Opportunities in the area of information technology arise from the automation and digitalisation of processes and workflows. These include, for example, the digitalisation of workflows along the value creation processes 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 DIGITEX (Digital Excellence) Excellence Programme. In addition to the digitalisation of internal processes, the digitalisation of business models is another point 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 on the one hand in the loss or disclosure of confidential internal information and the associated loss of reputation. On the other hand, violations could result in the imposition of fines and the assertion of claims 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 inadequate supply of 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 payments and repayments as agreed. The subsidiaries have a direct influence on this and the holding company has an indirect influence within the scope of its acquisition decisions, reporting and support for the subsidiaries. In the event of negative economic developments of individual subsidiaries, there is a risk of bottlenecks in the supply of debt capital for the respective subsidiary. In addition, there is a risk that such a negative development could worsen the reputation of GESCO SE and, if applicable, other subsidiaries as debtors. In order to limit the interest rate risk associated with variable interest rates, the companies enter into interest rate swaps where necessary, thereby exchanging 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 with significant interest rate increases since the second half of 2022. It is likely that the central banks will continue to raise interest rates somewhat in 2023. The higher interest rates will increase financing costs in the medium term.

When accessing equity through possible capital increases of 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 core elements. We currently see no need to raise new equity.

With regard to financing structures, GESCO Group is structured in such a way that negative developments at individual companies do not jeopardise the entire Group. For this reason, we largely refrain from using cross-investment 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 allow easy access to debt capital.

Environmental risks

Environmental damage can entail considerable financial and reputational risks and, in extreme cases, threaten the existence of the company concerned. Depending on the respective business model, the subsidiaries pursue different approaches. Dörrenberg Edelstahl GmbH, for example, introduced an environmental management system as early as 1997, which is being further developed and regularly audited. At Pickhardt & Gerlach Group, regular environmental audits are carried out due to its classification as a major incident company. GESCO SE encourages its subsidiaries to ensure that permits and licences are obtained.

Risks at GESCO SE level

At GESCO SE level, there are risks of a lack of recoverability of investments and receivables from affiliated companies. 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 by providing support and assistance to its subsidiaries.

Insurance cover

Insurance coverage in GESCO Group is regularly reviewed to ensure adequate coverage at adequate conditions.

Legal risks

GESCO Group companies are confronted with a large number of potential legal risks. In the case of the operating companies, this relates in particular to product liability and warranty claims as well as risks from customs and foreign trade law and sanctions imposed by third countries on potential export destinations. In addition, there are risks in the areas of antitrust and competition law, human resources and the environment. GESCO Group companies counter legal risks from their operating business with prudent project management, including appropriate documentation and adequate quality management. Contract management is also of particular importance; GESCO SE supports its subsidiaries in this area, partly by providing internal advice and partly by arranging external legal advice. In addition, a wide range of risks are countered with the instruments described in the Compliance section.

We do not see any developments in the legal framework that have a significant influence on the group of companies.

Reputational risks

Reputational risks could hinder GESCO SE both in its ability to acquire further medium-sized industrial companies 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 human resources work. GESCO Group counters this risk with a high level of diligence in its business processes, with a compliance system and with open, trust-building communication both internally and externally.

Final risk assessment

The composition of GESCO Group's investment portfolio, which operates with different business models in many different markets, must be taken into account. The highly diversified structure of the Group is 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, so that risks tend to occur selectively rather than across companies. This also reduces the risk to the value 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. In addition, other possible sources of liquidity or the realisation of hidden reserves would be available.

We see the greatest challenges in the geopolitical framework conditions and in the area of information technology and data protection. In our view, geopolitical insecurities have increased significantly over the past year and could continue to worsen. We see a global increase in cyber security threats, which according to various sources have intensified during Corona and the outbreak of war in Ukraine.

Corporate risks	Risk significance	Change compared to previous year
Risks in the acquisition of companies	low	–
Risks in relation to the operating business	medium	–
Geopolitical risks and Corona	high	worsened
Compliance risks	medium	–
Risks in relation to personnel	medium	–
Risks from information technology	high	worsened
Risks in connection with data protection	high	worsened
Risks from financing	low	–
Environmental risks	low	–
Recoverability of the investments	medium	–
Insurance cover	low	–
Legal risks	medium	–
Reputational risks	low	–

At present, we have not identified any specific risks that could endanger or significantly impair the continued existence of GESCO SE and the Group, either individually or in aggregate.

05 _ Internal control and risk management system related to the Group 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 requirements, as well as to identify accounting risks in a timely manner. The ICS is continuously developed further.

The subsidiaries are responsible for their own accounting. The responsible GESCO SE employees based on reporting by the subsidiaries carry out group accounting. 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, incorporated into the internal guidelines. If necessary, external service providers are consulted, for example for the valuation of pension obligations.

The responsible GESCO SE employees are available as contacts and advisors to the managing directors, the financial officers and the relevant employees of the subsidiaries on all accounting issues. The relevant employees receive regular training. In order to avoid risks from the accounting process, IT-supported and manual plausibility checks, the principle of segregation of duties and the dual control principle are implemented. The auditors examine the functionality and effectiveness of the ICSK as part of the audit of the Annual Financial Statement.

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 amounts to € 10,839,499.00 and is divided into 10,839,499 registered shares. The shares are fully paid up. All shares carry the same rights and obligations. The rights and obligations of the shareholders arise in detail from the provisions of the German Stock Corporation Act, in particular from Sections 12, 53a et seq., 118 et seq. and 186 AktG.

No. 2: Restrictions affecting voting rights or the transfer of shares

Each share grants one vote at the general meeting and is decisive for the shareholders' share in the profits of the Company. Excluded from this are own shares held by the Company, from which the Company has no rights. In the cases of § 136 AktG, the voting right from the shares concerned is excluded by law.

No. 3: Participations in the capital that exceed 10 % of the voting rights

Information on shareholdings in the capital that exceed 10 % of the voting rights is included in the notes.

No. 4: Holders of shares with special rights, confer the powers of control

There are no shares in the Company with special rights conferring powers of control.

No. 5: Control of voting rights in case of participation of employees in the capital

There is no control of voting rights in the event that employees hold an interest in GESCO SE's capital 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 of the SE Regulation, Section 16 (1) of the SE Implementation Act, Sections 84 and 85 of the German Stock Corporation Act (AktG) and Section 7 of the GESCO SE Articles of Association. Accordingly, Executive Board members are appointed by the Supervisory Board for a maximum of five years. A repeated appointment or extension of the term of office, in each case for a maximum of five years, is permissible. The Supervisory Board may revoke the appointment if there is good cause. According to § 7 (1) of the GESCO SE Articles of Association, the Executive Board consists of one or more persons. In accordance with § 7 (2) of the Articles of Association and within the framework of legal regulations, the Supervisory Board appoints the Executive Board members and determines their number; it may also appoint deputy Executive Board members.

Amendments to the Articles of Association are governed by Article 59 (1) of the SE Regulation, Section 179 of the AktG and Section 18 of the Articles of Association of GESCO SE. In accordance with Article 59 (1) of the SE Regulation and Section 179 (1) sentence 1 of the German Stock Corporation Act (AktG), any amendment to the Articles of Association requires a resolution of the Annual General Meeting. Pursuant to § 179 (1) sentence 2 AktG in conjunction with § 18 (2) of the Articles of Association, 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 in accordance with Article 59 para. 1 of the SE Regulation, when the resolution is adopted and, unless mandatory statutory provisions provide otherwise, a simple majority of the share capital represented at the adoption of the resolution pursuant to § 18 para. 1 of the Articles of Association in conjunction with § 179 para. § Section 179 (2) sentence 2 AktG.

No. 7: Powers of the Executive Board to issue or buy back shares

The Annual General Meeting of 18 June 2020 authorised the Executive Board of the Company, with the consent of the Supervisory Board, to increase the share capital of the Company on one or more occasions until 17 June 2023 by up to a total of €1,083,949.00 against cash contributions and/or contributions in kind by issuing up to 1,083,949 new registered no-par value shares (Authorised Capital 2020). The shareholders are generally entitled to a subscription right; an indirect subscription right within the meaning of section 186 (5) of the AktG is also sufficient. However, the Executive Board is authorised, with the consent of the Supervisory Board, to exclude the shareholders' statutory subscription right up to a total of 10 % of the share capital under the conditions specified in the authorisation resolution (a) to compensate for fractional amounts, (b) in the case of a capital increase against cash contributions in accordance with § 186 para. 3 sentence 4 AktG, and (c) in the case of a capital increase against contributions in kind for the acquisition of a company, parts of a company or an interest in a company. No use was made of the existing authorisation to increase the share capital in the reporting period.

The Company may only repurchase its own 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 of 18 June 2020 authorised the Company, with the consent of the Supervisory Board, to acquire treasury shares of up to ten percent of the share capital by 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. The acquisition shall be effected at the discretion of the Executive Board under the conditions specified in the authorisation resolution via the stock exchange or by means of a public purchase offer directed to all shareholders. The Executive Board is further authorised, with the consent of the Supervisory Board, to sell the acquired treasury shares on the stock exchange or by means of a public offer directed to all shareholders. In the event of a sale via the stock exchange, the shareholders shall have no subscription rights. In the event of a sale by public offer, the Executive Board is authorised to exclude shareholders' subscription rights for fractional amounts. Furthermore, the Executive Board is authorised, with the consent of the Supervisory Board, to use the acquired treasury shares under the conditions specified in the authorisation resolution, excluding the subscription rights of the shareholders as follows:

- Sale to third parties against cash payment at a price that is not significantly lower than the stock exchange price of shares of the Company at the time of the sale (exclusion of subscription rights limited to 10 % of the share capital pursuant to section 186 para. 3 sentence 4 of the German Stock Corporation Act);

- Sale to third parties for the purpose of acquiring companies, parts of companies and / or interests in companies or for servicing 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 further authorised, with the consent of the Supervisory Board, to redeem acquired treasury shares in part or in whole without any further resolution by the Annual General Meeting.

These authorisations may be exercised once or several times, in whole or in partial amounts, individually or jointly by the Company or by companies affiliated with it or by third parties for the account of the Company or companies affiliated with it.

In connection with its employee share ownership programme, the Company acquired 38,972 of its own shares in the reporting period in accordance with section 71 (1) no. 2 of the German Stock Corporation Act (AktG), which were distributed in full to the securities accounts of the employees participating in the programme in December 2022. GESCO SE did not hold any treasury shares as at the reporting date.

No. 8: Significant agreements of the Company that are conditional upon a change of control following a takeover bid

The Company has not entered into any agreements that are conditional upon a change of control following a takeover bid.

No. 9: Compensation agreements of the Company with 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 Executive Board or employees in the event of a takeover bid.

07 _ Declaration on Corporate Governance

The declaration on corporate governance pursuant to Sections 289f and 315d of the German Commercial Code (HGB) is published on our website www.gesco.de/investor-relations/financial-reports.

Wuppertal, 27 March 2023

Ralph Rumberg	Andrea Holzbaur
CEO	CFO

03

GESCO finances

GESCO SE

Summary of the Annual Financial Statement as at 31 December 2022

Balance sheet

in T€	12/31/2022	12/31/2021
Assets		
Intangible assets	67	43
Tangible assets	70	117
Financial assets	173,050	157,770
Non-current assets	**173,187**	**157,930**
Receivables and other assets	71,350	62,438
Cash on hand, bank balances	10,620	23,800
Current assets	**81,970**	**86,238**
Accounts receivables and payable	**150**	**110**
Total assets	**255,307**	**244,278**
Equity and liabilities		
Equity	239,423	223,020
Provisions	6,780	5,890
Liabilities	9,104	15,368
Total equity and liabilities	**255,307**	**244,278**

Profit and Loss account

in T€	01/01 – 12/31/2022	01/01 – 12/31/2021
Sales revenues	1,747	1,669
Other operating income	498	183
Personnel expenses	- 5,117	- 4,714
Depreciation / amortisation	- 97	- 132
Other operating expenses	- 5,490	- 4,475
Income from investments	17,183	30,217
Income from profit transfer agreements	20,418	10,947
Income from loans of financial assets	375	360
Depreciation on financial assets	0	- 926
Interest income	37	169
Taxes	- 2,582	- 2,635
Earnings after taxes	**26,972**	**30,664**
Other taxes	- 2	- 2
Net earnings for the year	**26,970**	**30,662**
Transfer to revenue reserves	- 13,485	- 15,331
Retained profit	**13,485**	**15,331**

The complete financial statements of GESCO SE prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG) and issued with an unqualified audit opinion by Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg (Düsseldorf branch) are published in the German Federal Gazette (Bundesanzeiger) and filed with the companies register under HRB 33375. They can be requested from GESCO SE.

GESCO SE Consolidated Financial Statement as at 31 December 2022

GESCO Consolidated Balance Sheet

in T€			12/31/2022	12/31/2021
Assets				
A.	**Non-current assets**			
I.	Intangible assets			
1.	Industrial property rights and similar rights and assets as well as licences to such rights and assets	(1)	24,683	28,002
2.	Goodwill	(2)	38,935	38,806
3.	Advance payments made	(3)	148	146
			63,766	**66,954**
II.	Tangible assets			
1.	Land and buildings	(4)	55,482	59,361
2.	Technical equipment and machinery	(5)	28,050	28,800
3.	Other equipment, operating and office equipment	(6)	14,861	15,616
4.	Prepayments made and assets under construction	(7)	6,906	2,589
			105,299	**106,366**
III.	Financial investments			
1.	Shares in affiliated companies	(8)	0	0
2.	Shares in companies recognised at equity	(9)	2,424	2,123
3.	Investments	(10)	156	156
4.	Other loans	(11)	9,371	9,371
			11,951	**11,650**
IV.	Other assets	(12)	12	183
V.	Deferred tax assets	(13)	4,807	4,410
			185,835	**189,563**
B.	**Current assets**			
I.	Inventories	(14)		
1.	Raw materials and supplies		40,083	36,953
2.	Work in progress, unfinished services		27,770	26,883
3.	Finished products and goods		92,359	60,243
4.	Prepayment		542	758
			160,754	**124,837**
II.	Receivables and other assets	(12)		
1.	Trade receivables		82,219	68,433
2.	Receivables from affiliated companies		1,698	2,098
3.	Receivables from companies recognised at equity		392	364
4.	Other assets		5,444	5,469
			89,753	**76,364**
III.	Cash in hand and bank balances	(15)	36,251	57,714
IV.	Accounts receivable and payable		1,320	1,057
			288,078	**259,972**
			473,913	**449,535**

in T€		12/31/2022	12/31/2021
Equity and Liabilities			
A. Equity	(16)		
I. Subscribed capital		10,839	10,839
II. Capital reserve		72,433	72,398
III. Revenue reserves		184,442	164,479
IV. Own shares		0	0
V. Other result		- 3,114	- 4,448
VI. Minority interests (corporations)	(17)	10,106	12,466
		274,706	**255,734**
B. Non-current liabilities			
I. Minority interests (partnerships)	(17)	0	51
II. Provisions for pensions	(18)	10,209	11,932
III. Other non-current provisions	(18)	597	494
IV. Liabilities to banks	(19)	25,557	32,343
V. Leasing liabilities	(20)	15,404	16,034
VI. Other liabilities	(19)	995	996
VII. Deferred tax liabilities	(13)	6,421	6,761
		59,183	**68,611**
C. Current liabilities			
I. Other provisions	(18)	10,220	8,508
II. Liabilities	(19)		
1. Liabilities to banks		50,800	43,997
2. Leasing liabilities		3,228	3,238
3. Trade payables		18,224	15,735
4. Advance payments received on orders		17,717	16,822
5. Liabilities to affiliated companies		478	1,391
6. Liabilities to companies recognised at equity		0	0
7. Other liabilities		39,202	35,344
		129,649	**116,527**
III. Accruals and deferrals		155	155
		140,024	**125,190**
		473,913	**449,535**

GESCO Consolidated Profit and Loss account

in T€		01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
CONTINUED OPERATIONS			
Sales revenues	**(20)**	**582,273**	**488,051**
Change in inventories of finished goods and work in progress		7,245	1,898
Other own work capitalised	(21)	623	547
Other operating income	(22)	5,848	7,498
Total output		**595,989**	**497,994**
Cost of materials	(23)	- 342,270	- 265,700
Personnel expenses	(24)	- 121,657	- 112,914
Other operating expenses	(25)	- 62,808	- 56,835
Impairment losses on financial assets		- 1,516	- 357
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**67,738**	**62,188**
Amortisation of intangible assets and tangible assets	(26)	- 18,305	- 17,616
Earnings before interest and taxes (EBIT)		**49,433**	**44,572**
Earnings from investments		1,294	42
Earnings from companies recognised at equity		736	673
Income from loans of financial assets		375	360
Other interest and similar income		15	79
Depreciation on financial assets		0	- 850
Interest and similar expenses	(27)	- 2,416	- 2,038
Third-party profit shares in partnerships		22	- 119
Financial result		**26**	**- 1,853**
Earnings before taxes (EBT)		**49,459**	**42,719**
Taxes on income and earnings	(28)	- 13,196	- 13,243
Earnings from continued operations		**36,263**	**29,476**
Earnings from discontinued operations	**(29)**	**0**	**- 19**
Group earnings		**36,263**	**29,457**
thereof			
Minority interests in companies			
Earnings from continued operations		2,439	2,600
Earnings from discontinued operations		0	- 5
		2,439	**2,595**
Attributable to GESCO shareholders			
Earnings from continued operations		33,824	26,876
Earnings from discontinued operations		0	- 14
		33,824	**26,862**
Earnings per share (€)	**(30)**		
From continued operations		3.12	2.48
From continued and discontinued operations		3.12	2.48

GESCO Consolidated Statement of Comprehensive Income

in T€		01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Group earnings		**36,263**	**29,457**
Revaluation of defined benefit obligations not affecting net income		**1,389**	**6**
Items that cannot be reclassified to the Profit and Loss account		**1,389**	**6**
Currency conversion difference			
a) Reclassification to the Profit and Loss account		0	0
b) Change in value not affecting Profit or Loss		336	1,795
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		- 317	- 614
Market valuation of hedging instruments			
a) Reclassification to the Profit and Loss account		0	0
b) Change in value not affecting Profit or Loss		18	- 188
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		**37**	**993**
Other earnings	**(31)**	**1,426**	**999**
Total earnings for the period		**37,689**	**30,456**
of which minority interests in companies		2,393	2,775
of which attributable to GESCO shareholders		35,296	27,681

GESCO Consolidated Statement of Changes in Equity

in T€	Subscribed Capital	Capital reserves	Retained earnings	Own shares
As at 01/01/2021	**10,839**	**72,364**	**137,871**	**0**
Dividends			0	
Acquisition of own shares				- 877
Sale of own shares		34	- 29	877
Acquisition of shares in subsidiaries			- 60	
Sale of shares in subsidiaries			- 165	
Result for the period			26,862	0
As at 12/31/2021	**10,839**	**72,398**	**164,479**	**0**
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	
Sale of shares in subsidiaries			- 34	
Result for the period			33,824	0
As at 12/31/2022	**10,839**	**72,433**	**184,442**	**0**

	Currency adjustment item	Revaluation of pensions	Hedging instruments	Total	Minority interests in corporations	Equity
	- 2,220	**- 3,386**	**174**	**215,642**	**12,128**	**227,770**
				0	- 1,442	- 1,442
				- 877		- 877
				882		882
				- 60		- 60
		165		0	- 995	- 995
	1,001	6	- 188	27,681	2,775	30,456
	- 1,219	**- 3,215**	**- 14**	**243,268**	**12,466**	**255,734**
	- 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		- 3,363	- 3,740	- 7,103
		0		- 34	0	- 34
	133	1,321	18	35,296	2,393	37,689
	- 1,107	**- 2,011**	**4**	**264,600**	**10,106**	**274,706**

GESCO Consolidated Cash Flow Statement

in T€	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Profit for the period (including minority interests in the profit of corporations)	**36,263**	**29,457**
Amortisation of intangible assets and depreciation of tangible assets	18,305	17,616
Impairment losses on non-current assets	0	850
Result from companies valued at equity	- 736	- 673
Share of profit attributable to minority shareholders	- 22	119
Decrease in non-current provisions	- 139	- 501
Other non-cash income / expenses	- 258	589
Cash flow of the year	**53,413**	**47,457**
Losses from the disposal of discontinued operations	0	0
Losses from the disposal of tangible assets / intangible assets	83	37
Gains from the disposal of tangible assets / intangible assets	- 227	- 108
Gains from the disposal of financial assets	0	- 478
Increase in inventories, trade receivables and other assets	- 49,470	- 24,768
Increase in trade payables and other liabilities	6,890	29,559
Cash flow from operating activities	**10,689**	**51,699**
Proceeds from disposals of tangible assets / intangible assets	1,968	234
Payments for investments in tangible assets	- 11,257	- 7,154
Payments for investments in intangible assets	- 1,240	- 740
Proceeds from disposals of financial assets	851	540
Payments for investments in financial assets	- 736	- 555
Payments for the acquisition of consolidated companies and other business units	0	- 27,814
Proceeds from the sale of consolidated companies and other business units	0	3,500
Cash flow from investing activities	**- 10,414**	**- 31,989**
Increase in capital reserve	35	34
Payments to shareholders (dividend)	- 10,601	0
Proceeds from the sale of treasury shares	970	848
Payments for the purchase of own shares	- 971	- 877
Contributions from minority shareholders	0	0
Payments to minority interests	- 1,015	- 869
Payments for the acquisition of non-controlling interests	- 7,103	- 1,424
Proceeds from the taking up of (financial) loans	16,906	4,525
Payments for the redemption of (financial) loans	- 16,889	- 10,798
Payments for the redemption of lease liabilities	- 3,215	- 2,855
Cash flow from financing activities	**- 21,883**	**- 11,416**
Cash-effective change in cash and cash equivalents	**- 21,608**	**8,294**
Change in cash and cash equivalents due to exchange rate fluctuations	**145**	**194**
Cash and cash equivalents as at 01/01	57,714	49,226
Cash and cash equivalents as at 12/31	**36,251**	**57,714**

GESCO SE (formerly GESCO AG), Wuppertal Notes to the Consolidated Financial Statement as at 31 December 2022

General information

GESCO SE is a European public limited Company with its registered office at Johannisberg 7, 42103 Wuppertal, Germany. The Company is registered at the local court of Wuppertal under the commercial register number HRB 33375.

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 Europapaea). The GESCO AG Annual General Meeting in August 2022 approved the conversion of GESCO AG into a European public limited Company. The change in legal form was published in the commercial register on 4 January 2023.

The consolidated financial statements of GESCO SE, Wuppertal, for the period from 1 January to 31 December 2022 were prepared in accordance with § 315e (1) of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as applicable in the EU.

The Consolidated Financial Statement were prepared in euros. Unless otherwise indicated, all amounts are stated in thousands of euros (T€), so that the addition of individual figures does not always result in the exact sum stated.

The profit and loss account has been prepared according to the total cost method. The balance sheet is classified according to the maturity of the assets and liabilities. Assets and liabilities are considered to be current if they are due within one year or within the normal business cycle of the Company or the Group or are to be sold.

Application and impact of new or amended standards

These consolidated financial statement of GESCO SE take into account all standards that are applicable for annual reporting periods beginning before 1 January 2022 and have been endorsed by the EU. In the financial year 2022, the following amended or new standards were to be observed:

Standard	Adopted by the EU
Amendments to IFRS 3 "Reference to the conceptual framework"	yes
Amendments to IAS 16 "Proceeds before intended use"	yes
Amendments to IAS 37 "Onerous contracts – Costs of fulfilment"	yes
Annual improvements to IFRS (2018 – 2020 cycle)	yes

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

The following standards and interpretations are mandatory from the financial year 2023:

Standard	Adopted by the EU	Early adoption possible
Amendments to IAS 1 and Practice Statement 2 "Disclosures of Accounting Policies"	yes	yes
Amendments to IAS 8 "Definition of Accounting Estimates"	yes	yes
Amendments to IAS 12 "Prohibition on recognising deferred taxes on the initial recognition of an asset or a liability"	yes	yes
IFRS 17: "Insurance contracts"	yes	yes

The following standards and interpretations are mandatory from the 2024 financial year or later:

Standard	Adopted by the EU	Early adoption possible
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	outstanding	yes
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"	outstanding	yes

The standards / amendments to be applied from 2023 and subsequent years will not be applied early.

The other standards and interpretations that will only become mandatory in subsequent years are not expected to have any significant impact on the Consolidated Financial Statement of GESCO SE.

Scope of consolidation

In addition to GESCO SE, the Consolidated Financial Statement include all significant subsidiaries for which GESCO SE meets the requirements of IFRS 10. Associated companies are accounted for using the equity method. Initial consolidation and deconsolidation generally take place at the time the shares are acquired or sold. The individual financial statements of the consolidated companies are prepared as at the reporting date of the Consolidated Financial Statement.

In October 2021, GESCO AG acquired 100 % of the shares in the inactive wkk Beteiligungs AG based in Vienna, Austria. The Annual General Meeting of GESCO AG in August 2022 approved the transformation of GESCO AG into a European public limited Company. The conversion was carried out by merging wkk Beteiligungs AG with GESCO AG and changing the legal form to that of an SE (Societas Europaea). The change of legal form was published in the commercial register on 04 January 2023.

In June 2021, GESCO SE acquired 100 % of the shares in United MedTec Holding GmbH, Bückeburg, with its subsidiaries W. Krömker GmbH and Tragfreund GmbH (together UMT Group). It is included in the consolidated profit and loss account for the reporting period for 12 months (previous year: June to December).

In February 2022, GESCO SE acquired the shares in the inactive “Blitz 21339 GmbH, Munich”. The company was subsequently renamed INEX – solutions GmbH. In March 2022, GESCO SE transferred its shares in the companies Hubl GmbH, Vaihingen Enz, Sommer & Straßburger Edelstahlanlagenbau GmbH & Co. KG, Bretten and So-Stra Verwaltungs-GmbH, Bretten to INEX – solutions GmbH.

In March 2022, GESCO SE acquired the 5 % share in Dörrenberg Edelstahl GmbH held by the former managing partner Dr Frank Stahl. GESCO SE now holds 95 % of the shares in the company.

In June 2022, UMT Holding founded Amtrion USA Inc. in the USA. This company is expected to improve market access to the American market. The company will commence operations in spring 2023 and will therefore be fully consolidated from the 2023 financial year.

In August 2022, W. Krömker GmbH was merged with Amtrion GmbH (formerly Haseke GmbH & Co. KG) with retroactive effect from 1 January 2022.

In August 2022, GESCO SE acquired the 10 % share in Kesel GmbH & Co KG from the former managing partner Mr Martin Klug. GESCO SE now holds 100 % of the shares in the company.

In December 2022, MAE Amerika GmbH acquired the 10 % share in MAE-EITEL Inc. from the managing director Mr Norm Walker. The MAE Amerika GmbH thus holds 100 % of the shares in the company.

In December 2022, the two companies IV Industrieverwaltungs GmbH & Co. KG and MV Anlagen mbH & Co. KG were transferred to the general partner IMV Verwaltungs GmbH in the form of an accrual with all assets and liabilities due to the withdrawal of the limited partner GESCO SE. The companies were dissolved on 30 December 2022.

In December 2022, Dörrenberg GmbH sold its 40 % share in Fine Metal S. R. L. to the co-owner, who now holds 100 % of the shares. Fine Metal S. R. L. was included in the Consolidated Financial Statement as an associated Company up to and including November 2022.

In addition to the parent Company, a total of 49 companies are included in the Consolidated Financial Statement according to the principles of full consolidation as well as two other companies according to the equity method.

Two subsidiaries whose influence on the net assets, financial and earnings position is of minor importance were not consolidated but measured at fair value. The influence on sales, earnings and balance sheet total is less than 1.5 % in each case. The maximum risk of loss from this participation is € 1.7 million (previous year: € 2.1 million). Three other participations, which are also of minor importance, were valued at fair value.

The key financial information of the non-consolidated companies is shown in the table below:

in T€	12/31/2022	12/31/2021
Current assets	2,756	3,746
Current liabilities	1,749	2,145

The list of shareholdings is presented at the end of these notes.

Consolidation methods / equity method

Capital consolidation is carried out according to the full revaluation method at the time of acquisition. The acquisition costs are offset against the net assets of the assets, liabilities and contingent liabilities valued in accordance with IFRS 3 at the time of their acquisition.

Expenses and income as well as receivables and liabilities and inter-company profits between fully consolidated companies are eliminated.

Accounting and valuation methods

The financial statements included in the Consolidated Financial Statement as at 31 December 2022 are prepared using uniform recognition and measurement methods. To a certain extent, assumptions and estimates are made in the Consolidated Financial Statement that may have an impact on the presentation of the Group's net assets, financial and earnings position. These are essentially assumptions, estimates and the exercise of discretion with regard to the determination of the useful life of non-current assets, the determination of discounted cash flows in the context of impairment tests from purchase price allocations, the recognition of provisions, e. g. for legal proceedings, employee benefits, taxes, product liability and guarantees, as well as with regard to the recognition of reimbursement liabilities. Estimates are based on experience and assumptions that are believed to be reasonable under the circumstances.

In the individual financial statements included in the Consolidated Financial Statement, **foreign currency transactions** are conversed at the exchange rates prevailing at the time of the transactions. On the balance sheet date, monetary items are measured at fair value with an effect on profit or loss at the corresponding exchange rate. Currency differences from inter-company receivables are recognised directly in equity if the receivables are part of the net investment in the foreign entity.

In accordance with the functional currency concept, the companies outside the euro area prepare their financial statements in the respective national currency. These financial statements are translated into euros for asset items and liabilities at the exchange rate on the balance sheet date. With the exception of items recognised directly in equity, equity is carried at historical rates. The items in the profit and loss account are translated 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 rates used are shown in the following table:

		Reporting date rate		Average rate	
	€ 1 =	12/31/2022	12/31/2021	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
China	CNY	7.36	7.19	7.08	7.63
Mexico	MXN	20.86	23.14	21.19	23.99
Romania	RON	4.95	4.95	4.93	4.92
Singapore	SGD	1.43	1.53	1.45	1.59
South Korea	KRW	1,344.09	1,346.38	1,358.07	1,354.06
Taiwan	TWD	32.89	31.44	31.39	32.89
USA	USD	1.07	1.13	1.05	1.18

In the presentation of the development of tangible assets, provisions and equity, opening and closing balances are conversed at the closing rate, while movements during the year are conversed at the average rate. Currency differences are shown separately and are treated without effect on income.

Intangible assets acquired for consideration are recognised at acquisition cost less scheduled and unscheduled amortisation. Intangible assets that were recognised in the course of initial consolidation in accordance with IFRS 3 are recognised as disposals in the year of full amortisation.

Goodwill is recognised as an asset in a business combination at the time of acquisition. Goodwill is not amortised but tested for impairment at least annually or when there is an indication of impairment.

Internally generated intangible assets are recognised at cost.

Tangible assets are valued at acquisition or production cost. Government grants are deducted from the original acquisition cost when the asset is capitalised. Tangible assets are depreciated on a straight-line basis over their useful lives.

Intangible assets and tangible assets from **leases** (IFRS 16) are initially recognised at the present value of the future lease payments. The lease payments are divided into repayment and interest portions using the effective interest method. The interest rate on borrowed capital is determined individually for each company on the basis of a comparative interest rate that the company would have to pay if the asset were acquired with borrowed funds. The weighted average marginal interest rate on borrowed capital is 3.1 % (previous year: 2.8 %). Corresponding to this and taking into account any other cost components, the right to use the leased asset is capitalised in the fixed assets at the beginning of the lease. Depreciation is carried out analogously to the depreciation principles for owned assets or taking into account the shorter term of the lease. If the exercise of a purchase option is sufficiently certain, the asset is depreciated over the useful life of the underlying asset.

Rights of use are recognised in the balance sheet in the balance sheet items in which the underlying assets would also be presented if they were owned by the Group.

Investments reported under financial assets are recognised at fair value. Investments in joint ventures and associates are accounted for using the equity method.

Raw materials and supplies are valued at average acquisition cost, **work in progress and finished goods** at production cost including necessary parts of material and production overheads. Realisation risks are taken into account by depreciation to the lower net realisable value.

Financial assets consist of **financial investments, receivables, other assets** and **cash and cash equivalents.** Other loans, **receivables and other assets** are recognised at amortised cost. Any receivable risks are taken into account through appropriate value adjustments. Foreign currency receivables are recognised at the exchange rate on the balance sheet date.

The effective hedging of pending sales transactions in foreign currencies against the exchange rate risk represents a cash flow hedge and is recognised in other comprehensive income until the hedged item occurs.

Minority interests in corporations and partnerships mainly relate to the shareholdings of the managing directors in the companies they manage as well as the share of the result to which they are entitled. Minority interests in corporations are recognised as a separate item in equity. The shares of third parties in our partnerships are reported as a separate item under liabilities in accordance with IAS 32.

Provisions for pensions and similar obligations are calculated actuarially on the basis of biometric probabilities using the projected unit credit method. The entitlements already earned are valued at the present value (defined benefit obligation, DBO). This method takes into account not only the pensions and vested rights known on the reporting date, but also expected future increases in salaries and pensions as well as the development of interest rates. The service cost is reported in personnel expenses, the interest portion of the addition to provisions in the financial result. The results from remeasurements of the net obligation are recognised in the statement of comprehensive income under other comprehensive income. They essentially consist of mathematical gains and losses less deferred taxes.

Other provisions take into account all obligations identifiable on the balance sheet date that are based on past business transactions and whose amount or due date is uncertain.

Provisions are only formed if they are based on a current, legal or de facto obligation to third parties. Provisions are made in the amount of the present value of the expected future cash outflows. Provisions with a residual term of more than one year are discounted to the balance sheet date, taking into account future price developments, at a market interest rate appropriate to the Group's maturity.

Financial liabilities are initially recognised at their present value and subsequently measured at amortised cost using the effective interest method. Foreign currency liabilities are conversed at the exchange rate on the balance sheet date. Gains and losses from exchange rate changes are recognised in the profit and loss account. A discount is deducted from liabilities to banks and written up on a scheduled basis over the term of the loan.

Deferred taxes from temporary differences between the IFRS and tax balance sheets (excluding goodwill) are calculated using the balance sheet liability method and reported separately. Deferred taxes on losses carried forward are also reported. Deferred taxes are calculated on the basis of current tax legislation. Deferred tax assets are offset against deferred tax liabilities if the creditor and debtor are identical and the maturities match.

Contingent liabilities are possible or existing obligations based on past events for which an outflow of resources is not probable. They are therefore not recognised in the balance sheet. The stated volume of obligations under contingent liabilities corresponds to the extent of liability existing on the balance sheet date.

Notes to the consolidated Balance Sheet

The breakdown of fixed assets for the reporting year and the previous year and their development are shown in the following tables:

Development of the Group's fixed assets as at 12/31/2022

in T€	Acquisition or production costs						
	As at 01/01/2022	Access	Transfers	Disposals	Change Currency Difference	Change in the scope of consoli-dation	As at 12/31/2022
I. Intangible assets							
1. Industrial property rights and similar rights as well as licences to such rights and values							
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 / orders on hand	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. Prepayments	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. Prepayments 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. Shares in companies recognised at equity	2,547	736	0	116	- 319	0	2,848
3. Investments	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**

Depreciation						Book values	
As at 01/01/2022	Access	Disposals	Surcharges	Change Currency 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**

1) This includes unscheduled depreciation of T€ 299.

Development of the Group's fixed assets as at 12/31/2021

in T€	Acquisition or production costs						
	As at 01/01/2021	Access	Transfers	Disposals	Change Currency Difference	Change in the scope of consoli-dation	As at 12/31/2021
I. Intangible assets							
1. Industrial property rights and similar rights as well as licences to such rights and values							
a. Computer software	7,482	767	28	37	9	91	8,340
b. Technology	270	0	0	0	0	3,800	4,070
c. Customer base / orders on hand	27,969	0	0	0	564	10,500	39,033
d. Capitalised development costs	844	283	0	0	0	0	1,127
	36,565	1,050	28	37	573	14,391	52,570
2. Goodwill	24,214	0	0	0	161	15,298	39,673
3. Prepayments	116	30	0	0	0	0	146
	60,895	**1,080**	**28**	**37**	**734**	**29,689**	**92,389**
II. Tangible assets							
1. Land and buildings	84,413	4,751	0	117	223	928	90,198
2. Technical equipment and machinery	84,744	1,377	3,069	18	245	560	89,977
3. Other equipment, operating and office equipment	66,161	3,245	254	1,520	125	732	68,997
4. Prepayments and assets under construction	2,643	3,297	- 3,351	4	3	1	2,589
	237,961	**12,670**	**- 28**	**1,659**	**596**	**2,221**	**251,761**
III. Financial assets							
1. Shares in affiliated companies	0	0	0	0	0	0	0
2. Shares in companies recognised at equity	2,488	673	0	0	- 614	0	2,547
3. Investments	236	0	0	80	0	0	156
4. Other loans	12,011	360	0	0	0	0	12,371
	14,735	**1,033**	**0**	**80**	**- 614**	**0**	**15,074**
	313,591	**14,783**	**0**	**1,776**	**716**	**31,910**	**359,224**
Thereof rights of use							
1. Intangible assets	187	341	0	0	0	0	528
2. Land and buildings	15,907	4,716	0	117	72	871	21,449
3. Technical equipment and machinery	1,822	0	0	0	5	0	1,827
4. Other equipment, operating and office equipment	1,477	802	0	531	0	79	1,827
	19,393	**5,859**	**0**	**648**	**77**	**950**	**25,631**

Depreciation						Book values	
As at 01/01/2021	Access	Disposals	Surcharges	Change Currency Difference	As at 12/31/2021	As at 12/31/2021	As at 12/31/2020
6,457	493	37	0	8	6,921	1,419	1,025
261	571	0	0	0	832	3,238	9
13,234	3,168	0	0	413	16,815	22,218	14,735
0	0	0	0	0	0	1,127	844
19,952	4,232	37	0	421	24,568	28,002	16,613
867	0	0	0	0	867	38,806	23,347
0	0	0	0	0	0	146	116
20,819	**4,232**	**37**	**0**	**421**	**25,435**	**66,954**	**40,076**
26,764	4,095	117	0	95	30,837	59,361	57,649
55,980	5,097	18	0	118	61,177	28,800	28,764
50,451	4,193	1,361	0	98	53,381	15,616	15,710
0	0	0	0	0	0	2,589	2,643
133,195	**13,385**	**1,496**	**0**	**311**	**145,395**	**106,366**	**104,766**
0	0	0	0	0	0	0	0
620	0	0	- 196	0	424	2,123	1,868
0	0	0	0	0	0	156	236
2,150	850	0	0	0	3,000	9,371	9,861
2,770	**850**[1)]	**0**	**- 196**	**0**	**3,424**	**11,650**	**11,965**
156,784	**18,467**	**1,533**	**- 196**	**732**	**174,254**	**184,970**	**156,807**
0	100	0	0	0	100	428	187
3,066	2,077	117	0	59	5,085	16,364	12,841
461	274	0	0	1	736	1,091	1,361
588	498	524	0	0	562	1,265	889
4,115	**2,949**	**641**	**0**	**60**	**6,483**	**19,148**	**15,278**

[1)] This includes unscheduled depreciation of T€ 850.

1 Industrial property rights and similar rights and assets as well as licences to such rights and assets

The assets summarised in this item are depreciated on a straight-line basis over the following periods:

	Years
IT software	3 – 7
Technology	10 – 13
Customer base	7 – 10
Order backlog	1 – 2
Capitalised development costs	7

The development of the individual items is shown in the asset history sheets (reporting year and previous year). The items technology, customer base and order backlog result from assets identified in the course of first-time consolidations and hidden reserves disclosed. As in the previous year, no impairment losses were recognised.

2 Goodwill

In accordance with IAS 36, goodwill is not amortised but subjected to an annual impairment test. In principle, the cash flows after taxes from the current corporate planning are used for the next three years; for the following periods, a continuous growth rate of 1% is assumed on the basis of long-term business expectations. This is based primarily on assumptions about future sales prices and volumes, costs, market growth rates, economic cycles and exchange rates. The development of these assumptions is based on internal estimates as well as external market studies. The values calculated in this way are discounted using the following cost of capital rates after income taxes. The pre-tax cost of capital rates are: process technology 10.5 %, resource technology 10.1 %, health and infrastructure technology 12.4 %. In the previous year, a weighted average cost of capital of 9.4 % before income tax was used. The cost of capital is 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 peer 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, a value adjustment is required in the amount of the difference. The goodwill arising from company acquisitions is spread over 11 (previous year: 11) cash-generating units. Significant in the sense of IAS 36.134 is the goodwill of the United MedTec Group (€ 15.3 million), Sommer & Strassburger Edelstahlanlagenbau GmbH & Co. KG (€ 9.7 million) and the Pickhard & Gerlach Group (€ 6.3 million). Together, these goodwill items account for 80.4 % of the total goodwill (previous year: 80.7 %).

As in the previous year, the impairment tests carried out in the financial year did not result in any need for unscheduled depreciation.

In the case of the cash-generating unit with the lowest excess of book value over recoverable amount, the recoverable amount was € 3.2 million higher than the book value. A need for impairment would have arisen if the valuation had been based on a pre-tax discount rate that was more than 2.5 percentage points higher, a growth rate of less than – 2.4 % that was more than 3.4 percentage points lower, or a cash flow before taxes in the perpetual annuity that was more than € 0.4 million (corresponding to – 29 %) lower.

The method of determining the present value explained above is carried out in accordance with the relevant IFRS standards; it does not correspond to our method of valuing companies when acquiring them.

3 Prepayments made

The amount shown relates to the acquisition and implementation of software.

4 Land and buildings

Buildings are generally depreciated on a straight-line basis over a period of 30 or 50 years.

5 Technical equipment and machinery

Technical equipment and machinery are generally depreciated on a straight-line basis over a period of 5 to 15 years.

6 Other equipment, operating and business equipment

Other equipment, factory and office equipment are generally depreciated on a straight-line basis over a period of 3 to 15 years.

7 Prepayments made and assets under construction

The amount reported mainly relates to machinery and real estate.

8 Shares in affiliated companies

The shares relate to a sales company in the USA.

9 Shares in companies accounted for using the equity method

In the consolidated statement of changes in fixed assets, share purchases and the positive results of companies valued at equity are shown as additions. Shares in losses, dividends and sales of shares are reported under disposals. Differences from currency conversion are recognised directly in equity.

The share of earnings from companies accounted for using the equity method is included in the profit and loss account in earnings from companies accounted for using the equity method.

The following table shows the key **financial information** of the companies accounted for using the equity method. These are the total values, taking into account the Group's shareholding.

in T€	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Sales	11,108	11,074
Annual result	736	673
Other result	- 317	- 614

10 Investments

Shares in companies of minor importance are reported under the item "Investments".

11 Other loans

Loans with a term of more than one year are recognised as other loans. This is a vendor loan in the amount of € 9 million with a latest maturity date of 21 December 2025 plus capitalised interest.

12 Receivables and other assets

Receivables and other assets are initially measured at fair value. Subsequent measurement is at amortised cost, taking into account appropriate valuation allowances.

Trade receivables

Trade receivables are due within 12 months and are non-interest bearing.

Impairment losses on trade receivables developed as follows:

in T€	01/01/2022 – 12/31/2022	01/01/2021– 12/31/2021
As at 01/01	**1,120**	**1,248**
Utilisations	- 369	- 143
Resolutions	- 115	- 397
Additions	1,706	401
Change in scope of consolidation	0	11
Status at the end of the financial year	**2,342**	**1,120**
thereof specific valuation allowances	1,712	528

Value adjustments are made on a case-by-case basis, taking into account the creditworthiness, the economic situation and the economic environment of the respective business partner. In the reporting period, receivables from affected orders were partially value-adjusted in connection with the sanctions against Russia (approx. € 1.2 million).

Receivables from companies valued at equity

As in the previous year, no impairment losses were recognised on receivables.

Other assets

in T€	12/31/2022	12/31/2021
Non-current		
Loan receivables	0	181
Other	12	2
	12	**183**

in T€	12/31/2022	12/31/2021
Current		
Income tax claims	2,127	1,971
Advance tax payments	1,700	2,192
Creditors with debit balances	328	136
Loan receivables	37	179
Other	1,252	991
	5,444	**5,469**

13 Deferred tax assets and liabilities

Deferred taxes are generally calculated and recognised at 30.5 % (previous year: 30.5 %) on the basis of the temporary differences in the valuations of assets and liabilities in the IFRS and tax balance sheets and on realisable loss carryforwards. The recognised deferred taxes result from the following balance sheet items and loss carryforwards:

in T€	12/31/2022		12/31/2021	
Deferred taxes	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Intangible assets	2,294	4,770	2,236	5,134
Tangible assets	133	7,379	54	8,611
Inventories	188	127	144	192
Receivables	256	88	385	87
Pension provisions	952	0	1,609	0
Other provisions	143	240	128	398
Liabilities	4,530	9	5,555	1
Tax loss carryforwards	2,279	0	1,940	0
Other	530	306	196	175
	11,305	**12,919**	**12,247**	**14,598**
Netting[1)]	- 6,498	- 6,498	- 7,837	- 7,837
	4,807	**6,421**	**4,410**	**6,761**

[1)] Deferred tax assets and liabilities are netted if there is identity of creditor and debtor and matching maturities.

Deferred taxes from loss carryforwards 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 of T€ 3,510 (previous year: T€ 4,399) from tax loss carryforwards were not recognised because it is not considered very likely that they will be offset against future taxable income within a period of up to five years.

14 Inventories

Impairment losses are spread over the individual items as follows:

in T€ 12/31/2022	Raw materials, consumables and operating supplies	Work in progress and services	Finished products and goods	Prepayments made	Total
Acquisition and production costs	43,326	28,506	94,922	542	**167,296**
Impairments	3,243	736	2,563	0	**6,542**
As at 12/31/2022	**40,083**	**27,770**	**92,359**	**542**	**160,754**

in T€ 12/31/2021	Raw materials, consumables and operating supplies	Work in progress and services	Finished products and goods	Prepayments made	Total
Acquisition and production costs	39,688	27,832	63,377	758	**131,655**
Impairments	2,735	949	3,134	0	**6,818**
As at 12/31/2021	**36,953**	**26,883**	**60,243**	**758**	**124,837**

15 Cash and credit at banks

This item mainly includes short-term time deposits and current account balances in euros at various banks. Of the reported credit balances, no amounts are pledged to a bank (previous year: T€ 0).

16 Equity

The Group's **subscribed capital** corresponds to the subscribed capital of GESCO SE and amounts to € 10,839,499.00, divided into 10,839,499 fully voting and dividend-bearing registered shares and is fully paid up.

The Annual General Meeting of 18 June 2020 authorised the Company, with the consent of the Supervisory Board, to increase the share capital of the Company 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). In certain cases, the subscription right can be excluded. No use was made of this authorisation in the reporting period.

The Annual General Meeting of 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. No use was made of this authorisation in the reporting period.

The Executive Board is also authorised, with the consent 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 an equity interest, or to redeem them in whole or in part. The Executive Board has not made use of this authorisation to date. GESCO SE did not hold any treasury shares as at the reporting date.

The **shares in circulation** and **treasury shares** developed as follows:

	Units in circulation	Own shares held	
	Pieces	Pieces	Percentage of share capital
As at 12/31/2020	**10,839,499**	**0**	**0.00**
Acquisitions	- 36,474	36,474	0.34
Employee share ownership programme	36,474	- 36,474	0.34
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**

In the past, following the respective Annual General Meeting in the second half of the calendar year, the company carried out an employee share ownership programme for a period of around two months, which gave GESCO Group employees the opportunity to acquire shares in GESCO SE at a reduced purchase price compared to the stock market price. The shares sold in the reporting year under the employee share ownership programme with a total value of T€ 1,005 (previous year: T€ 883) were sold to employees at a price of T€ 624 (previous year: T€ 675). The discount granted to employees was recognised in other operating expenses. The sales proceeds were used to repay liabilities.

The **capital reserve** mainly results from the premiums on the issue of shares and amounts to T€ 72,433 (previous year: T€ 72,398).

The Annual General Meeting of GESCO SE authorised the Company to acquire its own shares in accordance with § 71 (1) no. 8 of the German Stock Corporation Act (AktG) and to issue them as part of a share option programme. In addition to the Executive Board, a small group of senior GESCO SE employees are also beneficiaries. Due to a change in the remuneration system, no further virtual share option programmes were launched in the reporting year. The remaining stock option programmes are accounted for in accordance with IFRS 2 on cash-settled share-based payment.

The non-cash expenses from these programmes are determined using a common binomial model, recognised in profit or loss and reported under liabilities. The total income for the ninth to fifteenth tranche amounts to T€ 127 (previous year: T€ 7), taking into account the development of the value in the reporting year. 154,800 share options expired in the financial year. The book value of the options amounts to T€ 28 (previous year: T€ 155).

The essential **framework conditions of the share option programme** are summarised in the following table:

Tranche		2021	2020	2019
End of vesting period		08/31/2025	08/18/2024	10/29/2023
Term until		09/01/2025	08/19/2024	10/30/2023
Exercise price	€	21.58	16.58	23.92
Number of options issued		18,000	18,000	25,200
Profit limit per option	€	10.79	8.29	11.96
Fair value per option as at the balance sheet date 12/31/2022	€	1.28	1.27	0.83
Fair value per option at grant date	€	1.46	0.98	1.28

The development of **entitlements from the share option plan** is as follows:

	Number of options pieces		Weighted average exercise price in €	
	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Outstanding options at the beginning of the financial year	216,000	289,480	22.94	23.48
In the financial year				
grants	0	43,200	0.00	16.58
returned	0	- 4,000	0.00	0.00
exercised	0	- 18,900	0.00	0.00
expire	- 154,800	- 93,780	0.00	0.00
Outstanding options at the end of the financial year	61,200	216,000	21.07	22.94
Exercisable options end of financial year	0	36,000	22.99	22.99

Retained earnings increased in the reporting year by the net profit for the year of T€ 33,824.

In addition to currency conversion adjustments and the recognition of currency hedging transactions in equity, **other comprehensive income** also includes the effects of actuarial gains and losses from pension obligations in equity.

The **proposed dividend** per share at the time of preparing the financial statements is € 1.00. With 10,839,499 shares currently in circulation, the proposed distribution amounts to T€ 10,839. The dividend distribution does not result in any income tax consequences for the Company. In the reporting year, a dividend of € 0.98 per no-par share was distributed on the share capital entitled to dividends at the time of the resolution (10,839,499 shares less 22,000 treasury shares).

The goal of **capital management** at GESCO SE and GESCO Group is to ensure the continuation of the Company, a return on capital for the shareholders, adequate liquidity and creditworthiness. Optimising the capital structure also serves this purpose. We see the Group's minimum equity ratio at 40 %. In the reporting period, the ratio was 58.0 % (previous year: 56.9 %). The main control elements for the equity ratio in the Group are the operational control of the Group, investment activities and the raising of equity and debt capital. Net liabilities to banks amounted to € 40.1 million in the reporting year (previous year: € 18.6 million).

Individual GESCO Group companies have committed themselves to maintaining certain equity ratios or equity ratios as part of loan agreements.

_ 17 Minority interests

The minority interests relate to the capital and profit shares in the corporations and partnerships. Minority interests in corporations are reported under equity and result primarily from shares in Dörrenberg Edelstahl GmbH and its subsidiaries as well as Hubl GmbH.

Minority interests in partnerships are allocated to non-current liabilities in accordance with the provisions of IAS 32. In the previous year, they resulted from shares in Georg Kesel GmbH & Co KG.

There are minority interests in subsidiaries that are material for the Group.

_ 18 Provisions

In addition to the final salary-based direct commitments for former members of the Executive Board of GESCO SE and current and former members of the executive bodies and employees of subsidiaries, the **provisions for pensions** are based on 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 qualify as plan assets and are 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** has developed as follows:

in T€	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
As at 01/01	**12,127**	**11,306**
Service expenditure	540	5
Interest expense	127	108
Pensions paid	- 594	- 572
Actuarial losses / gains (-) from financial assumptions	- 1,782	- 17
Change in the scope of consolidation	0	1,297
Status at the end of the financial year	**10,418**	**12,127**

Development of the plan assets (liability reinsurance):

in T€	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
As at 01/01	**195**	**191**
Employer contributions	12	12
Actuarial losses / gains (-)	2	- 8
Status at the end of the financial year	**209**	**195**

Pension provisions are derived as follows:

in T€	12/31/2022	12/31/2021
Present value of the pension obligations	10,418	12,127
Plan assets (liability reinsurance)	- 209	- 195
Status at the end of the financial year	**10,209**	**11,932**

Asset coverage of pension obligations:

in T€	Defined benefit obligation		Plan assets	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Without asset cover	10,176	11,901	0	0
Partial asset coverage	242	226	209	195
Status at the end of the financial year	**10,418**	**12,127**	**209**	**195**

Pension costs consist of the following:

in T€	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Service expenditure	540	5
Interest accruing on the expected pension obligations	127	108
	667	**113**

The calculations are based on the basic biometric values according to Prof. Dr Klaus Heubeck (2018 G) and the following actuarial assumptions:

in %	12/31/2022	12/31/2021
Interest rate	3.00	1.05
Salary dynamics	2.00 – 3.00	2.50
Pension dynamics (long-term)	2.00	1.50
Fluctuation	1.00	1.00

For commitments of the Essener Verband, a salary dynamic of 2.0 % and a short-term inflation-related pension trend of around 5 % for the following 3 years were applied.

The interest rate was taken from publicly available sources and takes into account the relevant parameters for GESCO (e. g. duration).

The pension dynamic varies in the short term depending on the existing pension agreements.

Development of **pension obligations and fund assets:**

in T€	12/31/2022	12/31/2021	12/31/2020
Defined benefit obligation	10,418	12,127	11,306
Plan assets	- 209	- 195	- 191
Financing status	10,209	11,932	11,115

The expected contribution payments for the financial year 2023 amount to T€ 12. The **pension payments** to be expected in the future are as follows:

in T€	2023	2024 – 2027	2028 – 2032
Expected pension payments	649	2,717	3,172

Of the above actuarial assumptions, the interest rate in particular has a significant effect on the calculation of the pension obligation as of 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€ 929 lower (previous year: T€ 1,334) or T€ 1,116 higher (previous year: T€ 1,644). The sensitivities were calculated based on a detailed valuation analogous to the determination of the pension obligations.

Risks from defined benefit plans arise from obligations and can have negative effects on provisions and equity.

Since a large part of the defined benefit pension commitments include life-long pension benefits as well as survivors' pensions, earlier drawdowns or longer pension periods can lead to higher pension obligations, higher pension expenses and higher pension payments than previously expected.

The composition and development of **other provisions** are shown in the following overview.

in T€	12/31/2021	Consumption	Feed / new formation	Release	12/31/2022
Non-current					
Purchase price annuity obligation	494	- 83	45	0	456
Bonus	0	0	141	0	141
	494	**- 83**	**186**	**0**	**597**
Current					
Warranties	3,507	- 683	1,769	- 546	4,047
Follow-up costs	2,336	- 2,072	1,339	- 40	1,563
Risks litigation	1,100	0	300		1,400
Costs of annual financial statements	637	- 608	747	- 31	745
Bonus	0	0	511		511
Impending losses	319	- 3	185	0	501
Taxes and fringe benefits	169	0	52	- 2	219
Restructuring	30	- 30	482	0	482
Other	410	- 206	546	2	752
	8,508	**- 3,602**	**5,931**	**- 617**	**10,220**

The purchase price pension obligation arose in the context 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 Executive Board members in the form of 5,700 virtual shares with cash settlement for the reporting year at fair value.

The short-term bonus provision includes the variable remuneration component of the Executive Board members. 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.

_ 19 Liabilities

Liabilities from financing activities are broken down into the following repayment obligations:

in T€	12/31/2022 (12/31/2021)	Residual term up to 1 year	Residual term 1 to 5 years	Residual term > 5 years
	76,357	50,800	22,781	2,776
Liabilities to banks	(76,340)	(43,997)	(27,809)	(4,534)
Leasing liabilities	18,632	3,228	8,964	6,440
	(19,272)	(3,238)	(12,641)	(3,393)
	94,989	**54,028**	**31,745**	**9,216**
	(95,612)	**(47,235)**	**(40,450)**	**(7,927)**

Liabilities to banks and guarantee credit lines are mainly secured by collateral:

in T€	12/31/2022	12/31/2021
Land charges	29,695	29,695
Book value of existing properties and properties under construction	30,450	29,635
Transfer of ownership by way of security of		
movable fixed assets	4,725	2,729
Inventories	3,889	3,317
Assignments of receivables	0	738

In addition, shares in subsidiaries with a total book value of T€ 38,848 (previous year: T€ 38,848) are pledged.

Liabilities to banks amount to T€ 44,474 (previous year: T€ 54,953) and relate to long-term loans with fixed repayments and remaining terms of between 1 and 12 years (previous year: between 1 and 13 years).

The interest rates for the loans vary from 0.95 % – 4.90 % (previous year: 0.7 % – 2.85 %). The other liabilities to banks are current accounts.

The repayment obligations of the other liabilities are as follows:

in T€	12/31/2022 (12/31/2021)	Residual term up to 1 year	Residual term 1 to 5 years	Residual term > 5 years
	18,224	18,224	0	0
Trade liabilities	(15,733)	(15,733)	(0)	(0)
	17,717	17,717	0	0
Prepayments received on orders	(16,822)	(16,822)	(0)	(0)
	478	478	0	0
Liabilities to affiliated companies	(1,391)	(1,391)	(0)	(0)
	0	0	0	0
Liabilities to companies valued at equity	(0)	(0)	(0)	(0)
	40,197	39,202	995	0
Other liabilities	(36,340)	(35,344)	(996)	(0)
	76,616	**75,621**	**995**	**0**
	(70,286)	**(69,290)**	**(996)**	**(0)**

The advance payments received on orders in the previous year were fully realised as sales revenue in the reporting year.

The **other liabilities** are broken down into:

in T€	12/31/2022	12/31/2021
Income taxes	16,607	10,307
Wages, salaries, bonuses, social security	12,220	12,785
Other taxes	4,328	3,740
Outstanding incoming invoices	2,308	2,118
Sundry other liabilities	4,734	7,390
	40,197	**36,340**

The remaining other liabilities mainly relate to short-term debts to third parties.

Notes to the consolidated Profit and Loss account

20 Sales revenue

Sales revenue are generally recognised when the risks and rewards (risk transfer) of ownership of the sold assets are transferred and the customer thus obtains control over the goods or services. Sales are mainly generated from product deliveries and services. Further explanations can be found in the information on segment reporting. Sales in the financial year were largely generated on a point-in-time basis (T€ 133 for a specific period).

21 Other own work capitalised

The disclosure mainly includes capitalised expenses for technical equipment and tools.

22 Other operating income

Other operating income is made up as follows:

in T€	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Income from reversals of provisions and liabilities	1,726	2,881
Price gains	1,436	960
Income from public funding measures	558	1,310
Rental income	270	282
Income from the disposal of fixed assets	227	108
Income from the reversal of valuation allowances and from the payment of receivables previously written off	190	495
Other	1,441	1,462
	5,848	**7,498**

The rental income results from a property rental.

23 Cost of materials

in T€	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Cost of raw materials, consumables and supplies and of purchased goods	314,667	243,871
Expenses for purchased services	27,603	21,829
	342,270	**265,700**

24 Personnel expenses

in T€	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Wages and salaries	102,349	95,250
Social security contributions / Expenses for pensions and benefits	19,308	17,664
	121,657	**112,914**

The compounding of the pension provision is included in the item interest and similar expenses.

25 Other operating expenses

in T€	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Operating expenses	21,261	18,100
Distribution expenses	24,575	20,294
Administrative expenses	9,404	8,434
Other expenses	7,568	10,007
	62,808	**56,835**

_ 26 Amortisation of intangible assets and depreciation of tangible assets

The amortisation of intangible assets and depreciation of tangible assets are shown in the consolidated statement of changes in assets. Depreciation of tangible assets includes extraordinary depreciation of T€ 299 (previous year: T€ 0).

Further explanations are provided in the notes to the corresponding balance sheet items.

_ 27 Interest and similar expenses

in T€	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Interest expense from bank loans	1,674	1,337
Interest expense from leasing liabilities	552	545
Accrued interest on long-term provisions and pensions	157	127
Other	33	29
	2,416	**2,038**

_ 28 Taxes on income and earnings

Current taxes on income and earnings as well as deferred taxes are reported as income taxes. Income tax expense is broken down as follows:

in T€	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Current taxes	14,533	15,142
Deferred taxes	- 1,337	- 1,899
	13,196	**13,243**

The expected income tax expense can be reconciled to the tax expense in the profit and loss account at a tax rate of 30.5 % (previous year: 30.5 %) as follows:

in T€	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Group result before income taxes	**49,459**	**42,719**
Expected income tax expense	- 15,085	- 13,029
Permanent differences from non-tax-deductible expenses	- 428	- 1,822
Tax-free income	516	346
Income taxes relating to other periods	1,241	- 471
Consolidation effects	221	240
Temporary differences from losses for which no deferred taxes were recognised were activated	678	1,943
Tax rate deviations	- 362	- 207
Other	23	- 243
	- 13,196	**- 13,243**

The change in deferred taxes on tax loss carryforwards led to a tax relief of T€ 248 (previous year: T€ 1,606) in the 2022 financial year.

In addition to the amount recognised in the consolidated profit and loss account, deferred tax relating to items recognised directly in other comprehensive income of T€ – 536 (previous year: T€ 8) were directly offset in the other result.

_ 29 Result from discontinued operations

The result from discontinued operations in the previous year was T€ – 19.

30 Earnings per share

According to IAS 33 (Earnings per Share), earnings per share are calculated by dividing the consolidated net earnings for the year attributable to shareholders by the weighted average number of shares outstanding.

	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Earnings from continued operations (T€)	33,824	26,876
Earnings from discontinued operations (T€)	0	- 14
Consolidated net earnings for the year (T€)	33,824	26,862
Weighted number of shares (number)	10,839,499	10,839,499
Earnings per share according to IAS 33 (€):		
From continued operations	**3.12**	**2.48**
From continued and discontinued operations	**3.12**	**2.48**

There are no circumstances that would lead to a dilution effect.

31 Other result

The actuarial gains and losses from pension obligations, the effects from currency conversion and the currency hedging transactions included in this item were increased by income taxes in the amount of T€ 642 on balance (previous year: reduced by T€ 80).

Information on 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 in the course of the reporting year as a result of cash inflows and outflows. Cash and cash equivalents include cash on hand and bank balances of T€ 36,251 (previous year: T€ 57,714).

The cash flow from investing activities includes amounts of T€ 117 (previous year: T€ 127), which are offset by inflows from financing activities in the corresponding amount.

The following cash flows were made or appropriated in the financial year:

in T€	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
from interest paid	1,612	1,207
from interest received	35	65
from income taxes paid and received	5,206	7,204

Interest paid is reported under cash flow from financing activities. Interest received as well as income taxes paid and received are reported under cash flow from operating activities.

The development of debt from financing activities is shown in the following table:

in T€	Binding credit institutes	Leasing liabilities	Liabilities from financing activities
Book value 12/31/2020	**82,613**	**15,319**	**97,932**
Cash-effective	- 6,273	- 1,905	- 8,178
Non-cash			
Acquisition of assets	0	5,858	5,858
Discontinued operations	- 24,503	- 6,442	16,765
Book value 12/31/2021	**76,340**	**19,272**	**95,612**
Cash-effective	17	- 3,215	- 3,198
Non-cash			
Acquisition of assets	0	3,080	3,080
Disposal assets	0	- 505	- 505
Book value 12/31/2022	**76,357**	**18,632**	**94,989**

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 Process Technology, Resource Technology, and Health and Infrastructure Technology. What they all have in common is that they are business models in the area of business-to-business; the focus is on the capital goods industry. The segment definition and the selection of the key figures presented are in accordance with the internal management and reporting systems.

With effect from 1 January 2022, the stainless steel specialist Hubl GmbH was reclassified to the Production Process Technology segment. In order to underpin the associated focus on process technology, the segment was consequently renamed Process Technology. Hubl had previously been part of the Health and Infrastructure Technology segment. The previous year's figures were adjusted accordingly.

The **Process Technology** segment comprises subsidiaries whose products and services primarily support series manufacturers in their production processes. The **Resource Technology** segment comprises companies that supply material-intensive industrial companies. The companies in the **Health and Infrastructure Technology** segment supply suppliers for end consumer 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 consolidated values.

in T€	Process Technology		Resource Technology	
	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021 (adapted)	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Order backlog	72,713	59,026	104,418	101,503
Incoming orders	121,783	115,967	317,886	292,190
Sales revenues	105,085	87,854	330,039	277,667
of which with other segments	0	30	6	2
Depreciation and amortisation	1,861	2,027	4,809	5,096
EBIT	13,866	11,592	34,904	35,517
Investments	2,735	2,204	4,753	1,999
Employees (number / reporting date)	542	524	739	728

in T€	Health and Infrastructure Technology		Total operating segments	
	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021 (adapted)	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Order backlog	43,518	48,736	220,649	209,264
Incoming orders	149,122	136,299	588,791	544,456
Sales revenues	147,173	122,579	582,297	488,100
of which with other segments	18	17	24	49
Depreciation and amortisation	4,590	3,856	11,260	10,979
EBIT	11,902	11,709	60,672	58,818
Investments	4,935	3,639	12,423	7,841
Employees (number / reporting date)	539	509	1,820	1,761

in T€	Total operating segments		GESCO SE / Other companies	
	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Order backlog	220,649	209,264	0	0
Incoming orders	588,791	544,456	0	0
Sales revenues	582,297	488,100	1,747	1,669
of which with other segments	24	49	1,747	1,669
Depreciation and amortisation	11,260	10,979	97	132
EBIT	60,672	58,818	- 8,878	- 7,315
Investments	12,423	7,841	74	53
Employees (number / reporting date)	1,820	1,761	21	22

in T€	Transition		Group	
	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Order backlog	0	0	220,649	209,264
Incoming orders	0	0	588,791	544,456
Sales revenues	- 1,771	- 1,718	582,273	488,051
of which with other segments	- 1,771	- 1,718	0	0
Depreciation and amortisation	6,948	6,505	18,305	17,616
EBIT	- 2,361	- 6,931	49,433	44,572
Investments	3,080	5,859	15,577	13,753
Employees (number / reporting date)	0	0	1,841	1,783

There are no significant **business connections** 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 **valuation of the results** of the reportable segments is based on German commercial law. The reconciliation to international accounting is made in the reconciliation item. The consolidated profit and loss account can be used to reconcile the **consolidated EBIT** to the consolidated net profit for the year.

The **sales revenues** are distributed by **region** (country of sale) as follows:

	01/01/2022 – 12/31/2022		01/01/2021 – 12/31/2021	
	T€	%	T€	%
Germany	280,988	48.3	252,806	51.8
Europe (without Germany)	175,562	30.2	140,306	28.7
Other	125,723	21.6	94,939	19.5
	582,273	**100.1**	**488,051**	**100.0**

Information on Sales revenue from products and services in accordance with IFRS 8.32 can only be presented with disproportionate effort due to the heterogeneous nature of the products and services and is therefore not provided.

The **non-current assets** (only intangible assets and tangible assets) are broken down by **region** as follows:

	12/31/2022		12/31/2021	
	T€	%	T€	%
Germany	156,463	92.4	159,532	92.0
Other regions	12,897	7.6	13,788	8.0
	169,360	**100.0**	**173,320**	**100.0**

In the financial year 2022 and in the previous year, no customer accounted for more than 10 % of GESCO Group's sales.

Other information on the Consolidated Financial Statement

Research and development costs

Research costs are generally treated as current expenses. Development costs are capitalised. Research and development costs amounted to approximately 2% of sales in both financial years.

Disclosures on financial instruments

Financial instruments

in T€	Book value 12/31/2022	Not within the scope of IFRS 9	Application IFRS 9	Of which at fair value	Of which amortised cost
Financial assets	11,951	2,424	9,527	156	9,371
Demands	84,309	0	84,309	0	84,309
Other assets	5,456	2,127	3,329	5	3,324
Cash and cash equivalents	36,251	0	36,251	0	36,251
Financial assets	**137,967**	**4,551**	**133,416**	**161**	**133,255**
Liabilities to credit institutions	76,357	0	76,357	0	76,357
Leasing liabilities	18,632	18,632	0	0	0
Liabilities from deliveries and services	18,224	0	18,224	0	18,224
Other liabilities	40,674	16,607	24,067	0	24,067
Financial liabilities	**153,887**	**35,239**	**118,648**	**0**	**118,648**

in T€	Book value 12/31/2021	Not within the scope of IFRS 9	Application IFRS 9	Of which at fair value	Of which amortised cost
Financial assets	11,650	2,123	9,527	156	9,371
Demands	70,895	0	70,895	0	70,895
Other assets	5,652	1,971	3,681	0	3,681
Cash and cash equivalents	57,714	0	57,714	0	57,714
Financial assets	**145,911**	**4,094**	**141,817**	**156**	**141,661**
Liabilities to credit institutions	76,340	0	76,340	0	76,340
Leasing liabilities	19,272	19,272	0	0	0
Liabilities from deliveries and services	15,735	0	15,735	0	15,735
Other liabilities	37,731	10,307	27,424	20	27,404
Financial liabilities	**149,078**	**29,579**	**119,499**	**20**	**119,479**

Due to the predominantly short-term maturities of trade receivables and payables, other assets and liabilities as well as cash and cash equivalents, the carrying amounts on the balance sheet date do not differ significantly from the fair values.

The fair value of the liabilities to credit institutions amounts to T€ 76,727 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 at the balance sheet date.

The net result of financial instruments in categories according to IFRS 9 is as follows:

in T€		from subsequent measurement				
Category IFRS 9	**Interest and similar income**	**through profit or loss at fair value**	**Impairments / Reversals of impairments**	**recognised in other comprehensive income**	**Exit**	**Net result**
Financial assets measured at fair value through profit or loss*	0	0	0	- 5	0	- 5
Financial assets measured at amortised cost	390	0	- 1,670	0	22	- 1,258
Financial assets	**390**	**0**	**- 1,670**	**- 5**	**22**	**- 1,263**
Financial liabilities measured at amortised cost	- 1,699	0	0	0	0	- 1,699
Financial liabilities	**- 1,699**	**0**	**0**	**0**	**0**	**- 1,699**

* Mandatorily measured at fair value in accordance with IFRS 9

The currency effects included in the net result are not material and are therefore not shown separately.

Contingent liabilities

There is an order commitment of T€ 506 (previous year: T€ 772) from investment projects. The investments are expected to be completed in the 2022 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 called upon as at the balance sheet date.

There are no ongoing legal disputes that are expected to have a significant effect on the result beyond the amounts provided for. The warranties received are within the scope of what is customary in the industry. Insofar as a claim is expected, a provision was made 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 indemnity is subordinate to the insurance cover provided by a D&O insurance policy. As of the balance sheet date, no claims are expected due to the lack of recognisable breaches of duty or claims asserted by the Company or third parties.

Rental and leasing contracts

As a lessee, GESCO has mainly concluded contracts for property, plant and equipment as well as vehicles. Lease agreements are negotiated individually and have different agreements, such as extension, termination or purchase options. The purchase price depends on when the options are exercised.

The development of the carrying amounts of the rights of use by class is shown in the statement of changes in fixed assets.

The following payment obligations exist for recognised leases payment obligations:

in T€	Total	2023	2024 – 2027	2028 and follow-up years
Minimum leasing payments	20,232	3,764	11,392	5,075
Discount amounts	- 4,617	- 537	- 2,396	- 1,684
Purchase option Property	3,017	0	0	3,017
Present values	**18,632**	**3,227**	**8,996**	**6,408**

Interest expenses in the reporting period amounted to T€ 552 (previous year: T€ 545). The cash outflows for leases are shown in the cash flow statement.

As at the balance sheet date, there were leases already entered into that begin after 31 December 2022 and do not represent short-term leases in the amount of T€ 12 (previous year: T€ 13).

Leases not capitalised in accordance with IFRS 16 (low-value assets) accounted for rental and lease payments of T€ 1,051 in the reporting year (previous year: T€ 741).

Relationships with related companies and persons

Related parties as defined by IAS 24 are legal or natural persons who can influence GESCO SE and its subsidiaries or who are subject to control, joint management or significant influence by GESCO SE or its subsidiaries. This includes, in particular, non-consolidated subsidiaries measured at fair value and associates measured at fair value or accounted for using the equity method. They also include the members of GESCO SE's executive bodies, whose remuneration can be found in the notes and the remuneration report.

The business relations between fully consolidated group companies and companies that are not fully consolidated are conducted on arm's length terms. Receivables from and liabilities to affiliated companies relate to Connex SVT Inc, USA. Stefan Heimöller, an entrepreneur elected to the Supervisory Board of GESCO SE by the Annual General Meeting, buys and sells steel products to Dörrenberg Edelstahl GmbH and SVT GmbH, both subsidiaries of GESCO SE, on a small scale through his Company Platestahl Umformtechnik GmbH. These business relationships are conducted at arm's length.

Employees

	01/01/2022 – 12/31/2022	01/01/2021 – 12/31/2021
Industrial workers	1,085	1,035
Employees	680	663
Trainees	58	61
Average number of employees per year	**1,823**	**1,759**

Low-income employees were converted to full-time employees.

Exemption regulations for group companies

As a result of their inclusion in the Consolidated Financial Statement of GESCO SE, individual subsidiaries make use of the exemption provisions of § 264b HGB and § 264 (3) HGB (Appendix: Group companies).

Publication of the Consolidated Financial Statement

The Consolidated Financial Statement for the financial year from 1 January to 31 December 2022 were examined by the Supervisory Board of GESCO SE and approved in its meeting on 31 March 2023 and thus released for publication.

Corporate Governance

The Executive Board and Supervisory Board of GESCO SE comply with the German Corporate Governance Code and have made the declaration of compliance available to shareholders on the GESCO SE website.

The Executive Board holds a total of approximately 0.05 % of the shares in the Company. The members of the Supervisory Board hold a total of approximately 14.20 % of the shares in the Company.

Auditor

The auditor for the reporting year is Mazars GmbH & Co KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg (Düsseldorf branch).

The fees attributable to the financial year for auditing services at GESCO SE and its German subsidiaries amount to T€ 647 (previous year: T€ 551), for tax consulting T€ 0 (previous year: T€ 15) and for other certification services T€ 0 (previous year: T€ 0).

Risk management

GESCO Group has implemented a Group-wide risk management system to identify risks as early as possible and initiate countermeasures. Detailed information on the topic of 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 types of risk can affect 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 meet payment obligations at the required time. **Market price risks** are essentially changes in exchange rates in relation to the operating business and changes in interest rates in relation to financing.

Since the type and scope of the respective risks are relevant to different 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 an economic loss if a contractual partner does not meet its payment obligations at all, only partially or not on time. The management of trade receivables is very important to the Group companies. The receivables are widely spread; there is no single debtor that accounts for more than 10 % of the Group's receivables. The type and scope of credit protection depends 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 risks. Valuation allowances have been made for identifiable default risks. The counterparty risk for derivative financial instruments is limited by concluding derivatives with reputable domestic banks. The value adjustments are determined within the framework of a simplified impairment model using Company-specific, portfolio-specific default rates. The default rates used are based on the average defaults of the last few years, unless justified assumptions require an adjustment. When determining the expected default rates, the business model, the respective customer and the economic environment are taken into account. Receivables for which insolvency or similar proceedings have been initiated against the debtor 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 assessed during the year to determine whether the creation of a specific valuation allowance is necessary.

The theoretical maximum default risk (credit risk) includes the complete default of the book values of the financial instruments. From today's perspective, the default risk of financial instruments that have not been impaired is considered to be low. The risk management instruments limit the probability of default. The following table shows the estimated default risk and credit losses of trade receivables:

in T€ 12/31/2022	Loss rate	Gross book value	Value adjustments	Credit rating 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

in T€ 12/31/2021	Loss rate	Gross book value	Value adjustments	Credit rating impairment
Not overdue	0.03 %	52,649	15	no
Overdue up to 30 days	3.67 %	10,430	383	no
Overdue 30 to 90 days	4.23 %	2,081	88	no
Overdue 90 to 180 days	4.48 %	1,495	67	no
Overdue more than 180 days	20.39 %	2,786	568	yes

Liquidity risks

Cash management is carried out individually for each Group Company; there is no central 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 inflows from the operating business. 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 as well as price changes for securities.

Market price risks from **exchange rate risks** arise from international business relationships. Movements in exchange rates are subject to continuous monitoring using a variety of information sources. Of particular importance is the exchange rate between the US dollar and the euro. If group companies produce in the euro area and invoice in US dollars, changes in the exchange rate between the US dollar and the euro naturally have an influence on the general competitiveness and profitability of individual projects of these companies.

Currency risks are hedged by forward exchange transactions for significant business transactions. Market price risks can arise from these forward exchange transactions insofar as foreign exchange must be sold below the then current spot rate on the settlement date. Ultimately, forward transactions serve to avoid risks from exchange rate changes – 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 operational 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 balance sheet date. It is assumed that the portfolio on the balance sheet date is representative for the entire year.

Interest rate risks mainly result from debt financing. In accordance with IFRS 7, interest rate risks are presented by means of sensitivity analyses. These show the effects of hypothetical changes in market interest rates on interest expenses. If the market interest rate had been 100 basis points higher or lower in the reporting year, the income and equity after minority interests would have been T€ 539 (previous year: T€ 520) 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 almost entirely hedged by forward contracts for larger orders.

Foreign currency trade receivables amounted to T€ 12,834 (previous year: T€ 8,977) as of the balance sheet date. This corresponds to a share of total trade receivables of 15.2 % (previous year: 12.9 %). The receivables are denominated in the following currencies:

in T€	12/31/2022	12/31/2021
US dollar	9,053	6,479
Chinese Renminbi Yuan	1,666	1,195
Taiwanese dollar	967	815
Mexican peso	740	483
Singapore Dollar	408	0
Pound sterling	0	5

A 10 % change in the exchange rates on the balance sheet date would have had an effect on the profit and equity after minority interests of T€ – 736 and T€ + 899 respectively (previous year: T€ – 722 and T€ + 882 respectively).

Forward exchange transactions and a foreign currency loan serve to hedge pending sales transactions against the exchange rate risk. The fair values of the hedging transactions amounted to + T€ 5 (previous year: T€ – 20) on the balance sheet date. Other comprehensive income after deduction of deferred taxes amounted to + T€ 18 (previous year: T€ – 189). Hedged cash flows amounting to US$ 0.6 million are due in the 2023 financial year.

Supplementary report / events after the end of the reporting period

In January 2023, SVT GmbH, Schwelm, acquired 100 % of BAV Tatabánya Kft, Tatabànya, (BAV) Hungary. The company generates sales of around EUR 5 million with approx. 60 employees. With this transaction, SVT GmbH increases the security of its supply chains and creates a stable basis for further growth. BAV will be fully consolidated as of 1 February 2023. The purchase price for the Company is EUR 1.5 million.

BAV's core business is the design and manufacture of welded steel structures. These are required for special steel constructions such as the loading arms of SVT.

As of 1 January 2023, IMV Verwaltungs GmbH is in liquidation.

Executive bodies of the Company

Executive Board

Ralph Rumberg, Herdecke
CEO

Andrea Holzbaur, Düsseldorf
CFO
since 09/26/2022

Kerstin Müller-Kirchhofs, Düsseldorf
CFO
until 04/30/2022

The Executive Board received remuneration totalling T€ 1,387 (previous year: T€ 1,574) for the 2022 financial year. This includes a multi-year share-based remuneration component in the form of a virtual share programme with an expected 5,700 shares and a fair value of T€ 141, which will be resolved by the Supervisory Board upon adoption of the Consolidated Financial Statement. In the previous year, the fair value of the 36,000 share options promised in the 2021 financial year was included in the amount of T€ 52. The remuneration system and the remuneration for the Executive Board are explained individually in the remuneration report.

As at 31 December 2022, there are pension obligations (DBO) of T€ 2,359 (previous year: T€ 2,893) for former members of the Executive Board. One member of the Executive Board was paid T€ 70 (previous year: T€ 70) in the financial year from the pension commitment granted to him.

Supervisory Board

Klaus Möllerfriedrich, Düsseldorf
Chairman,
Wirtschaftsprüfer (Auditor)

Vice Chairman of the Supervisory Board:
- TopAgers AG, Langenfeld

Stefan Heimöller, Neuenrade
Vice Chairman
Managing Partner of Platestahl Umformtechnik GmbH, Lüdenscheid,
and Helios GmbH, Neuenrade

Jens Große-Allermann, Cologne
Member of the Supervisory Board
Member of the Executive Board of Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn,
and Member of the Executive Board of Fiducia Treuhand AG, Bonn

Vice Chairman of the Supervisory Board (until 11/02/2022):
- KROMI Logistik AG

Member of the Supervisory Board (until 05/16/2022):
- Washtec AG, Augsburg

Dr Nanna Rapp, Düsseldorf
Member of the Supervisory Board

The remuneration of the members of the Supervisory Board for the 2022 financial year totalled T€ 444 (previous year: T€ 290).

GESCO SE has taken out directors' and officers' liability insurance (D&O insurance) as a comprehensive policy for the Company managers of the Group. Insured persons include the members of the Executive Board and Supervisory Board of GESCO SE and the managing directors of subsidiaries. Insurance premiums of T€ 223 (previous year: T€ 165) were paid in the financial year 2022.

Wuppertal, 27 March 2023

Ralph Rumberg CEO	Andrea Holzbaur CFO

Group companies

Fully consolidated companies[1]	Share in capital in %
GESCO SE, Wuppertal	
AstroPlast Kunststofftechnik GmbH & Co. KG, Meschede[3]	100
AstroPlast Verwaltungs GmbH, Meschede[2]	100
Dörrenberg Edelstahl GmbH, Engelskirchen	95
Dörrenberg Tratamientos Térmicos SL, Alasua, Navarra, Spain	60
Dörrenberg Special Steels PTE. Ltd., Singapore	90
Dörrenberg 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
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	100
Hubl GmbH, Vaihingen / Enz	80
Sommer & Strassburger Edelstahlanlagenbau GmbH & Co. KG, Bretten[3]	100
So-Stra Verwaltungs-GmbH, 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
Molineus & Co. GmbH + Co. KG, Wuppertal[3]	100
Grafic Beteiligungs-GmbH, 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, Emmerich[3]	100
Q-Plast Beteiligungs-GmbH, 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 in capital in %
United MedTec Holding GmbH, Bückeburg	100
Amtrion GmbH, Porta Westfalica	100
Haseke Beteiligungs-GmbH, Porta Westfalica[2]	100
Tragfreund GmbH	100
IMV Verwaltungs GmbH, Wuppertal[2]	100
wkk Beteiligungs AG	100

Associated companies[1]	Share in capital in %
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 in capital in %
Connex SVT Inc., Houston, Texas, USA	100
Amtrion USA Inc., Fountain Inn, South Carolina, USA	100

[1] Shares in the capital held directly or through majority ownership
[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 Consolidated Financial Statement 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, 27 March 2023

Ralph Rumberg
CEO

Andrea Holzbaur
CFO

Independent Auditor's Report

To GESCO SE, Wuppertal

Report on the audit of the Consolidated Financial Statement and the Group Management Report

Audit Opinions

We have audited the Consolidated Financial Statement of GESCO SE and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January to 31 December 2022, and the notes to the Consolidated Financial Statement, including a summary of significant accounting policies. We have also audited the Group Management Report of GESCO SE, which is combined with the management report of the Company, for the business year from 1 January to 31 December 2022. In accordance with German legal requirements, we have not audited the content of the components of the Group Management Report mentioned in the "Other information" section of our audit opinion.

In our opinion, based on the findings of our audit,

- the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2022 in accordance with IFRSs as adopted by the EU, and the additional requirements of German law pursuant to § 315e Abs. 1 HGB and give a true and fair view of its financial position as of 31 December 2022 in accordance with these requirements, and
- this Group Management Report is consistent in all material respects, with the consolidated financial statements, complies with German legal requirements, and accurately presents the opportunities and risks of future development. Our audit opinion on the Group Management Report does not cover the content of the components of the Group Management Report mentioned in the section "Other information".

In accordance with § 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations concerning the correctness of the Consolidated Financial Statement and the Group Management Report.

Basis for the audit judgements

We conducted our audit of the Consolidated Financial Statement and the Group Management Report in accordance with section 317 HGB and the EU Regulation on Auditors (No. 537/2014; hereinafter "EU Regulation") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility in accordance with these regulations and principles is described in more detail in the section "Auditor's responsibility for the audit of the Consolidated Financial Statement and the Group Management Report" of our auditor's report. We are independent of the group entities and comply with European law as well as German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, pursuant to Art. 10 (2) f) EU-APrVO, we declare that we have not performed any prohibited non-audit services pursuant to Art. 5 (1) EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statement and the Group Management Report.

Particularly important 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 to 31 December 2022. These matters were considered in the context of our audit of the Consolidated Financial Statement as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Impairment of Goodwill

Related information in the Consolidated Financial Statement

For the accounting and valuation methods applied to goodwill, we refer to the information in the notes to the Consolidated Financial Statement in the sections "General information", subsection "Accounting and valuation methods", and "Notes to the consolidated balance sheet", subsection (2). The development of this item is shown in the statement of changes in consolidated fixed assets in the section "Notes to the consolidated balance sheet". The aforementioned subsection (2) also contains information on the sensitivities of the impairment calculations performed for goodwill depending on significant valuation parameters.

Facts and risk for the audit

GESCO SE's consolidated balance sheet includes goodwill totalling € 39 million, which accounts for around 8 % of the balance sheet total and around 14 % of the Group's equity.

The goodwill is subjected to annual impairment tests by the Company in order to determine a possible need for depreciation. In the financial year 2022, the impairment tests did not lead to any write-downs.

The result of the impairment tests depends to a large extent on how the legal representatives estimate the future cash inflows and derive the discount rates used in each case. Due to the underlying complexity of the valuation as well as the discretionary scope available within the framework of the valuation, we consider the recoverability of the goodwill to be a particularly important 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 and valuation guidelines for determining the recoverable amounts of cash-generating units to which goodwill has been allocated for possible risks of error and obtained an understanding of the process steps and the internal controls implemented. We assessed the Group's approach in determining the discount rates and in deriving the expected cash flows for compliance with IAS 36.

We analysed the corporate planning by comparing it with the actual results achieved in the past and the current development of the business figures. We understood the key assumptions of the corporate plans regarding growth and business development by discussing them in detail with the legal representatives of GESCO SE. We have assessed their appropriateness on this basis.

We have examined the appropriateness of the other significant valuation assumptions, such as the discount rate and the growth rate, with the support of our Company's specialists on the basis of an analysis of market indicators. We analysed the parameters used in determining the discount rates with regard to their appropriate derivation and traced their calculation in compliance with the requirements of IAS 36.

We used sensitivity analyses to assess impairment risks in the event of changes in significant valuation assumptions. We also tested 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 cash-generating units containing goodwill to determine whether they are appropriate.

Based on our audit procedures, we are satisfied that the estimates and assumptions made by management regarding the recoverability of goodwill are reasonable and balanced.

Other information

The legal representatives or the Supervisory Board are responsible for the other information. The other information comprises the following components of the Group Management Report, which have not been audited:

- the corporate governance statement pursuant to § 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) of the German Commercial Code (HGB), to which reference is made in the Group Management Report, and
- the remuneration report pursuant to § 162 of the German Stock Corporation Act (AktG), to which reference is made in the Group Management Report.

The other information also includes:

- the insurances pursuant to § 297 para. 2 sentence 4 and § 315 para. 1 sentence 5 of the German Commercial Code (HGB) on the Consolidated Financial Statement and the consolidated annual report,
- the report of the Supervisory Board and
- the remaining parts of the annual report – without further cross-references to external information – with the exception of the audited Consolidated Financial Statement and Group Management Report as well as 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. The legal representatives are responsible for the other information.

Our audit opinions on the Consolidated Financial Statement and the Group Management Report do not cover the other information and, accordingly, we do not express an opinion or any other form of assurance conclusion.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is free from material misstatement:

- material inconsistencies with the Consolidated Financial Statement, the Group Management Report or our knowledge obtained in the course of the audit; or
- otherwise appear to be materially misrepresented.

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 and fair presentation of these consolidated financial statements in accordance with IFRSs as adopted by the EU and the additional requirements of German law pursuant to section 315e (1) HGB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error (i.e. accounting manipulations and misstatements).

In preparing the Consolidated Financial Statement, management is responsible for assessing the group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for accounting on a going concern basis 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, which as a whole provides a suitable view of the Group's position and is consistent in all material respects with the Consolidated Financial Statement, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the arrangements and measures (systems) which they have deemed necessary to enable the preparation of a Group Management Report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the Group Management Report.

The Supervisory Board is responsible for overseeing the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's Responsibility for the Audit of the Consolidated Financial Statement and the Group Management Report

Our objective is 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 a suitable view of the Group's position and is consistent, in all material respects, with the Consolidated Financial Statement and the audit findings, The audit includes assessing the Annual Financial Statement of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statement and the Group Management Report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and EUAPrVO and German generally accepted standards for the audit of financial statements 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 Group Management Report.

During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore, we

- identify and assess the risks of material misstatement of the consolidated financial statements and 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 opinion. The risk of not detecting material misstatements resulting from fraud is higher than the risk of not detecting material misstatements resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and actions 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 those systems.
- also evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of the going concern basis of accounting used by management 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 our auditor's report to the related disclosures in the consolidated financial statements and the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may result in the Group being unable to continue as a going concern.
- assess the presentation, structure and content of the consolidated financial statements as a whole, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRSs as adopted by the EU and the additional requirements of German law pursuant to § 315e Abs. 1 HGB.
- obtain sufficient appropriate audit evidence regarding the accounting information of the companies or business activities within the group to express opinions on the consolidated financial statements and on the group management report. We are responsible for directing, supervising and performing the audit of the consolidated financial statements. We are solely responsible for our audit opinions.
- assess the consistency of the group management report with the consolidated financial statements, its compliance with the law and the view it conveys of the group's position.
- perform audit procedures on the forward-looking statements made by management in the group management report. On the basis of sufficient appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any 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 discuss with them all relationships and other matters that may reasonably be thought to bear on our independence, and the safeguards that we have put in place.

From the matters discussed with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure of the matter.

Other statutory and other legal requirements

Report on the audit of the electronic reproductions of the Consolidated Financial Statement and the Group Management Report prepared for the purpose of disclosure in accordance with section 317 (3a) of the German Commercial Code (HGB)

Audit opinion

Pursuant to section 317 (3a) of the German Commercial Code (HGB), we have performed a reasonable assurance engagement to obtain audit evidence about the amounts and disclosures contained in the file "894500DZXXD0LOZYIC55-2022-12-31-en. zip" (MD5 hash value: "2d9ced257536a6c087b4afedf67293ae") and prepared for disclosure purposes of the consolidated financial statements and the group management report (hereinafter also referred to as "ESEF documents") comply in all material respects with the electronic reporting format ("ESEF format") pursuant to section 328 para. 1 HGB. In accordance with German legal requirements, this audit only covers the conversion of the information in the consolidated financial statements and the group management report into the ESEF format and therefore neither the information contained in these reproductions nor any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the group management report contained in the aforementioned file and prepared for the purpose of disclosure comply in all material respects with the requirements of section 328 (1) of the HGB regarding the electronic reporting format. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2022 contained in the preceding "Report on the audit of the consolidated financial statements and the group management report", 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 reproductions of the consolidated financial statements and the group management report contained in the above-mentioned file in accordance with section 317 (3a) of the German Commercial Code (HGB) and the IDW Auditing Standard: Auditing of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purposes of Disclosure in Accordance with Section 317 (3a) of the HGB (IDW PS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility thereafter is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice has the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 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 reproductions of the Consolidated Financial Statement and the Group Management Report in accordance with section 328 (1) sentence 4 no. 1 of the German Commercial Code (HGB) and for the certification of the Consolidated Financial Statement in accordance with section 328 (1) sentence 4 no. 2 of the HGB.

Furthermore, the legal representatives of the Company are responsible for the internal controls that they deem necessary to enable the preparation of ESEF documents that are free from material non-compliance, whether intentional or unintentional, with the electronic reporting format requirements of section 328 (1) HGB.

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 Documentation

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 (1) HGB. During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore

- we identify and assess the risks of material non-compliance with the requirements of section 328 (1) HGB, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit of the ESEF documents 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 those controls.
- assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation complies with the requirements of Delegated Regulation (EU) 2019/815 as amended at the reporting date regarding the technical specification for this file.
- assess whether the ESEF documentation provides a consistent XHTML representation of the audited Consolidated Financial Statement and the audited Group Management Report.
- assess whether the inline XBRL (iXBRL) tagging of the ESEF documents provides an adequate and complete machine-readable XBRL copy of the XHTML reproduction in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815 as applicable at the reporting date.

Other information according to Art. 10 EU-APrVO

We were elected as auditors of the Consolidated Financial Statement by the Annual General Meeting on 24 August 2022. We were commissioned by the Supervisory Board on 6 October 2022. We have been the auditor of the Consolidated Financial Statement of GESCO SE without interruption since the 2021 financial year.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Audit Committee pursuant to Art. 11 EEA Regulation (audit report).

Other facts – 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 to the ESEF format – including the versions to be entered in the companies 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 opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

Auditor in charge

The auditor responsible for the audit is Heiko Wittig.

Düsseldorf, 27 March 2023

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr Marcus Borchert	Heiko Wittig
Wirtschaftsprüfer (Auditor)	Wirtschaftsprüfer (Auditor)

Financial calendar

18 April 2023
Publication
Annual Report 2022/
Annual press conference

03 – 04 May 2023
35th MKK – Munich
Capital Market Conference

12 May 2023
Publication
Quarterly Statement Q1/2023

15 – 17 May 2023
Spring Conference
(Equity Forum)

12 June 2023
Annual General Meeting
(SANAA building, Zeche Zollverein,
Essen)

11 August 2023
Publication
Quarterly Statement Q2/2023

04 – 05 September 2023
Autumn Conference (Equity Forum)

13 September 2023
13th ZKK – Zurich
Capital Market Conference

10 November 2023
Publication
Quarterly Statement Q3/2023

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

27 – 29 November 2023
German Equity Forum

Shareholder contact / Imprint

Peter Alex
Head of Investor Relations &
Communications
GESCO SE
Johannisberg 7
42103 Wuppertal

Phone +49 202 24820-18
Fax +49 202 24820-49

ir@gesco.de
www.gesco.de

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.

Publisher
GESCO SE
Johannisberg 7
42103 Wuppertal

Phone +49 202 24820-0
Fax +49 202 24820-49

info@gesco.de
www.gesco.de

Concept / Design
3st kommunikation, Mainz

Photography
GESCO Group, Jochen Rolfes,
Folkwang Universität der Künste

Illustration
Aleksandar Savić

www.gesco.de