GESCO AG
Half year interim report
1 January to 30 June 2020

2020

NEXT LEVEL strategy

NEXT LEVEL
In Progress

Objectives

The NEXT LEVEL strategy developed in financial year 2018 / 2019 has kicked off a comprehensive transformation of the GESCO Group. In the abbreviated financial year 2019, we pursued the implementation of the strategy on a wide-reaching basis and with a great deal of intensity.

Portfolio architecture

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

Hidden champions

Under the motto "Hidden Champions", NEXT LEVEL systematically develops the group companies within the framework of excellence programmes to promote their growth and increase their efficiency.

Goals

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

Status

Business model analysis workshops were organised at the majority of subsidiaries in the abbreviated financial year 2019. On this basis, we launched operative excellence (OPEX) or market and product excellence (MAPEX) programmes. The coronavirus pandemic caused us to suspend all workshops in the spring 2020, but we have resumed them in recent weeks while maintaining coronavirus-compliant conditions.

Overview of key points for the first six months of financial year 2020

- **Operating development considerably affected by the coronavirus pandemic**
- **Impairment test leads to non-cash expenditure in the Mobility Technology segment of € 13.5 million**
- **Outlook adjusted for full year**
- **NEXT LEVEL strategy being implemented**

GESCO Group at a glance

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

01.01. – 30.06.		I. Half year 2020	I. Half year 2019 adjusted	Change
Incoming orders	€'000	239,679	287,269	- 16.6 %
Sales	€'000	237,586	295,120	- 19.5 %
EBITDA	€'000	12,923	28,766	- 55.1 %
EBIT	€'000	- 13,857	15,898	- 187.2 %
Earnings before tax	€'000	- 15,216	14,336	- 206.1 %
Group net loss / income after minority interest	€'000	- 17,393	8,623	- 301.7 %
Earnings per share pursuant to IFRS	€	- 1.60	0.80	- 301.7 %
Employees as at balance sheet date	No.	2,645	2,687	- 1.6 %

Letter to shareholders

Dear Shareholders,

We originally started the new financial year 2020 with cautious optimism and expected stable sales and a slight improvement in margins on an annualised basis, but the coronavirus pandemic thwarted our plans. The state-imposed shutdown of GESCO companies (first in China and then in the US), as well as plant closures by customers, severely impacted operating business. Not only did machine deliveries have to be postponed, but negotiations on new projects and services were at times impossible due to the worldwide travel restrictions, despite intensive use of digital media.

The subsequent re-starting of our customers' production facilities was inevitably slowed down by complex supply chains and different regional regulations, meaning that efficiency across the board has not yet returned to pre-crisis levels. The reluctance to invest in the automotive industry and in the capital goods industry is still very pronounced, and even the supply of medical technology products is currently still partially affected by restrictions on travel.

This development is also reflected in the economic and industrial sector data. At the end of July, the Federal Statistical Office (Destatis) reported a decline in gross domestic product in Germany in the period from April to June 2020 of 11.7 % compared with the same period of the previous year. At the beginning of August, the Mechanical Engineering Industry Association (VDMA) reported a 30 % year-on-year decline in incoming orders in the mechanical and plant engineering sector for the same period.

In the cumulative half-year period, declining demand led to declines of around 17 % in incoming orders and around 20 % in sales at the GESCO Group. Earnings figures fell disproportionately due to low capacity utilisation despite extensive use of short-time work and other adjustment measures.

In times of utmost uncertainty, we see it as our duty to guide you, our shareholders, in the best possible way based on what we know at the present time. In contrast to many other issuers, and despite extremely limited visibility, we published an outlook at the annual accounts press conference on 28 April 2020. As in previous years, it included expectation ranges for Group sales and Group net income after minority interest. We made it clear from the outset that this outlook may change in the short term in view of the dynamic development of the coronavirus pandemic and its effects on the economy and society.

At the Annual General Meeting on 18 June, we substantiated our outlook and declared that we expected the figures to be at the lower ends of the respective ranges.

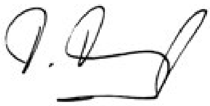
But the effects of the pandemic are more serious and longer lasting than was foreseeable a few weeks ago. With the coronavirus pandemic in mind, we have taken a critical look at the plans of all GESCO AG subsidiaries. The impairment tests carried out on this basis resulted in a total value adjustment requirement of € 13.5 million for companies in the Mobility Technology segment whose future prospects continue to be uncertain, which are recorded under impairment losses in the second quarter. These value adjustments do not affect liquidity. With regard to the outlook for 2020 as a whole, this means that we now expect sales to exceed € 450 million. In terms of Group net income for the year after minority interest before impairment losses, we expect at least to break even; taking into account the impairment losses, the figure will be at or above € -13.5 million.

We reacted early and comprehensively to the coronavirus pandemic, established a Group-wide information system and intensified the exchange of information within the GESCO Group. In close dialogue with the management of our subsidiaries, we developed company-specific cost-cutting measures, reviewed investments and postponed them where possible. In terms of personnel, we have let fixed-term contracts expire and terminated temporary employment agreements. At those companies that are affected by a structural slowdown in demand, we have also initiated personnel adjustments, some of which have already been implemented and some of which will only take effect in the following quarters. GESCO Group companies make extensive use of short-time work in different ways where necessary.

We held the Annual General Meeting on the scheduled date of 18 June in the form of a virtual annual general meeting. We have therefore ensured that all resolutions were passed promptly and that the dividend of € 0.23 per share announced on 30 March 2020 was subsequently paid. We view this as sending a signal of reliability to our shareholders. We provided detailed answers to all questions received during the Annual General Meeting. We welcome the fact that, in this unprecedented situation, legislators have offered issuers a way to conduct annual general meetings in a legally secure manner, but at the same time we hope that it will be possible to meet shareholders, shareholder representatives and guests in person again next year.

Regardless of the current economic situation, we are hard at work on the implementation of our NEXT LEVEL strategy. As part of our excellence programmes, we initially suspended all workshops in the spring, but have resumed them in recent weeks while maintaining coronavirus-compliant conditions. As far as the concept of the strategy is concerned, the pandemic has shown us that we are definitely on the right track with NEXT LEVEL.

Wuppertal, August 2020



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

Half year interim report

Change of financial year

The change in financial year of GESCO AG to the calendar year as resolved in the 2019 Annual General Meeting resulted in a nine-month abbreviated financial year from 1 April to 31 December 2019. The figures in this interim report for financial year 2020 are not comparable with those in the interim report for the abbreviated financial year 2019 published in November 2019, as both the AG and the subsidiaries are included with different periods. In this interim report, the previous year's figures for 2019 have therefore been adjusted in order to present comparable period values.

Development of Group sales and earnings in the first six months of the financial year

Business development was already affected by the coronavirus pandemic in the first quarter, and it continued to deteriorate significantly in the second quarter. The state-imposed lockdowns in public life and the closure of industrial companies, particularly in the core European markets of France, Italy and Spain, had a massive impact on economic life. Supply relationships were interrupted, and customers were reluctant to place orders in response to the increased uncertainty and to protect their liquidity.

In the cumulative first half of the year, incoming orders reached € 239.7 million following € 287.3 million in the same period of the previous year. At around 38 % each, the declines were particularly pronounced in the Mobility Technology and Production Process Technology segments, which have a high proportion of customers in the automotive sector. Resource Technology recorded a decline of around 15 %, while incoming orders in Healthcare and Infrastructure Technology were only slightly below the previous year's figure.

Sales were down in total from € 295.1 million to € 237.6 million. In this respect, Mobility Technology and Production Process Technology were also particularly hard hit, with declines of around 30 %. Revenue in Resource Technology also fell by approximately 24 %, while revenue in Healthcare and Infrastructure Technology reached the previous year's level.

The sharp drop in sales led to a disproportionately steep decline in earnings. With the cost-of-materials ratio hardly changing, the personnel expenditure ratio increased due to lower capacity utilisation. Earnings before interest, taxes, depreciation and amortisation (EBITDA) therefore decreased more sharply than sales and came to € 12.9 million (previous year's period: € 28.8 million). As a result, the EBITDA margin stood at 5.4 % following 9.7 % in the previous year's period.

Amortisation includes impairment of goodwill and assets totalling € 13.5 million. In view of the massive economic impact of the coronavirus pandemic, GESCO AG has carried out impairment tests for all GESCO AG subsidiaries, which correspond to cash generating units as defined by IFRS. As a result, companies in the Mobility Technology segment recorded goodwill amortisation of € 1.4 million and depreciation of fixed assets of € 12.1 million. In conjunction with regular depreciation and amortisation of € 13.3 million, total depreciation and amortisation amounted to € 26.8 million (€ 12.9 million), resulting in a disproportionately steep decline in EBIT to € −13.9 million (€ 15.9 million). With a slight decrease in interest expense, the financial result amounted to € −1.4 million (€ −1.6 million). Despite the pre-tax loss, taxes on income and earnings amounted to € 1.8 million (€ 4.8 million). With declining minority interest in incorporated companies, the Group loss after minority interest amounted to € −17.4 million (€ 8.6 million) in the first six months of the year. This equates to earnings per share of € −1.60 (€ 0.80).

Development in the second quarter

The second quarter included the months most severely affected by the coronavirus pandemic. Plant closures by customers in Europe and overseas made some deliveries impossible. The placing of orders for capital goods, which was already hesitant, was made more difficult by travel restrictions, as were the acceptance of finished machines and equipment and the execution of service orders. These issues affected companies in all segments. In total, incoming orders fell from € 130.3 million to € 102.7 million in the second quarter, compared with the same period of the previous year, and sales fell from € 149.3 million to € 108.1 million.

In view of the sharp drop in capacity utilisation, the earnings figures fell disproportionately, as expected. Although the cost-of-materials ratio fell by 1.5 percentage points, the personnel expenditure ratio increased by 6.9 percentage points despite a sharp drop in personnel expenditure. With other operating expenses declining slightly, EBITDA fell significantly from € 15.0 million to € 4.5 million. The EBITDA margin in the second quarter alone therefore reached 4.2 % following 6.5 % in the first quarter. In the second quarter of the previous year, the margin was still at 10.0 %.

The depreciation and amortisation for the second quarter includes the impairments already mentioned, with the result that total depreciation and amortisation amounted to € 20.1 million (€ 6.8 million). EBIT fell disproportionately to € −15.6 million (€ 8.1 million). Group loss after minority interest stood at € −17.8 million (€ 4.6 million), which corresponds to earnings per share pursuant to IFRS of € −1.64 (€ 0.43).

Segment performance

The **Production Process Technology** segment was significantly affected by the drastic decline in investment from customers in the automotive sector in the first half of the year. Incoming orders dropped accordingly, from € 42.8 million to € 26.6 million, and sales decreased from € 40.0 million to € 27.3 million. EBIT fell into negative territory and stood at € – 3.9 million, following € 2.2 million in the adjusted previous-year period. It is worth noting the positive development of stainless steel processing, which was able to further expand its business volume after a very good result in the previous year.

Sales and earnings will be higher in the second half of the year than in the first six months due to the delivery of machines and equipment that started production in the previous months. For the year as a whole, we expect significantly lower sales and a substantial decline in earnings compared with the adjusted annualised previous-year period. From today's perspective, a break-even segment EBIT can be achieved.

The **Resource Technology** segment also recorded a significant overall decline in economic output, although the development in the various divisions was varied. The tool steel business suffered considerably from the slump in demand in the capital goods and automotive industries. By contrast, the processed strip steel activities proved to be stable despite the disruptions in core markets such as France, Italy and Spain, while the loading technology business developed significantly better than in the previous-year period and achieved a substantial increase in incoming orders.

Overall, incoming orders came to € 117.9 million, down from € 139.1 million in the adjusted previous year. Sales declined from € 142.9 million to € 108.4 million. At € 3.9 million, segment EBIT was significantly lower than the previous year's figure of € 11.6 million. For the year as a whole, we expect declining sales compared to the adjusted annualised previous-year period and a disproportionately lower but clearly positive result.

Healthcare and Infrastructure Technology once again proved to be an anchor of stability in the GESCO Group. Although some companies experienced a negative impact on sales and supply activities from the coronavirus pandemic, the segment as a whole weathered the crisis in the first six months of the year well. Incoming orders of € 79.8 million and sales of € 78.9 million were just slightly lower than the figures in the previous year of € 80.6 million and € 79.7 million respectively. At € 7.3 million, the segment's EBIT remained virtually unchanged from the previous year's figure of € 7.4 million. Once again, the positive development of the Setter Group, the world's leading supplier of paper sticks to the confectionery and hygiene industry, deserves special mention. For the year as a whole, we anticipate sales and earnings for the segment to be roughly on par with the previous year's adjusted annualised results.

In the **Mobility Technology** segment, the poor business development recorded in 2019 has been further aggravated by the effects of the coronavirus crisis. The situation of tool manufacturers in particular has deteriorated further in view of the slump in demand. All in all, incoming orders in this segment dropped to € 15.4 million (€ 24.8 million), while sales fell to € 23.2 million (€ 32.7 million). Segment EBIT, which was still positive at € 0.9 million in the same period of the previous year, amounted to € – 2.1 million in the reporting period. The market recovery for the second half of the year, which was originally anticipated before the coronavirus pandemic hit, is currently not foreseeable. For the year as a whole, we expect a decline in sales compared with the adjusted annualised previous year and a negative segment EBIT.

Assets and financial position

The balance sheet as of the balance sheet date is mainly affected by the impairment losses and the subdued development of operating business. At € 487.9 million, total assets were 3.6 % lower than the value at the start of the financial year. The impairment losses involve € 1.4 million for goodwill and € 12.1 million for property, plant and equipment. Investments amounted to € 5.8 million in the reporting period. All told, non-current assets fell by € 20.4 million, or 9.0 %. Inventories of current assets increased by 9.5 %, while receivables and other assets were reduced by 16.5 %. A dividend payment of € 2.5 million was made to shareholders in the reporting period. Liquid assets stood at € 33.9 million (€ 30.9 million) as at the balance sheet date. Cash flow from ongoing business activity developed very positively and reached € 17.6 million (€ 8.8 million).

On the liabilities side, equity fell from € 250.4 million to € 229.6 million due to the loss and the dividend payment. The equity ratio therefore stood at 47.1 % compared with 49.5 % at the start of the financial year. Overall, liabilities to financial institutions were reduced by € 4.3 million, with both current and non-current liabilities declining slightly.

Investments

In view of the difficult economic conditions for the majority of the subsidiaries, we have taken a critical look at investments and significantly reduced the investment volume. This concerns all segments with the exception of Production Process Technology, where the investment sum was slightly higher than in the previous year due to essential smaller individual measures. In the reconciliation from the operating segments to the Group figures, the rights of use capitalised in accordance with IFRS 16 are reported. This figure was higher than average in the adjusted first half of the previous year, because it was the period in which a significant amount of rights of use was recognised for the first time due to the first-time application of IFRS 16. Including newly concluded leases, a total of € 5.8 million was invested in the GESCO Group's property, plant and equipment and intangible assets in the reporting period.

Employees

We are currently reducing the workforce in an appropriate manner at those companies that have been affected by a noticeably longer decline in demand. On the other hand, Setter Group has stocked up its workforce at its headquarters in Emmerich and at its international subsidiaries by a total of 15 employees since the beginning of the financial year. GESCO Group employed 2,645 people as at the reporting date, compared to 2,687 in the same period in the previous year. The majority of the subsidiaries are currently making use of short-time work in different ways.

Opportunities, risks and risk management

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

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

Outlook and events after the reporting date

At the annual accounts press conference on 28 April 2020, we published a forecast for Group sales of between € 540 million and € 560 million and Group net income after minority interest of between € 8 million and € 11 million, despite substantially limited visibility. At the Annual General Meeting on 18 June 2020, we substantiated this outlook and assumed that sales and earnings would reach the lower end of these ranges. Since then, the operational outlook for the second half of the year has become more concrete, the reluctance to invest in the automotive and capital goods industries is proving to be persistent and the recovery expected in the Production Process Technology and Mobility Technology segments in the second half of the year is no longer realistic from today's perspective. In addition, a large number of coronavirus-related restrictions mean that the recovery of business activity in other divisions is also slower and less efficient. All in all, we now expect Group sales for 2020 as a whole to exceed € 450 million and Group net income after minority interest before impairment losses to at least break even. Taking into account the non-cash impairment losses mentioned at the beginning of this report, the Group net result after minority interest will be at or above € -13.5 million.

This outlook is based on the assumption that overall economic development will stabilise and that the COVID-19 pandemic will not lead to further serious disruptions, such as renewed lockdowns, throughout the rest of the year.

At the annual accounts press conference in April, we described 2020 as a difficult, but on the whole manageable financial year. In fact, current developments pose considerable challenges for many companies in our Group. As things stand today, some of these negative developments are of a temporary nature, while others are aggravating structural difficulties already existing before the epidemic. We are analysing the situation of each subsidiary in detail, following the respective developments very closely and devising company-specific measures. Overall, the Group operates from a strong balance sheet with an equity ratio of approximately 47 % and liquid assets of approximately € 34 million. We also view the medium-sized nature of our Group, with decentralised responsibility and agile units, as a further key strength in helping us to overcome this crisis. And last but not least, we are convinced that we are on the right track with NEXT LEVEL.

No further significant events occurred after the end of the reporting period.

GESCO AG
The Executive Board

Wuppertal, August 2020

GESCO Group balance sheet

€'000		30.06.2020	31.12.2019
Assets			
A.	**Non-current assets**		
I.	Intangible assets		
1.	Industrial property rights and similar rights and assets as well as licences to such rights and assets	18,906	20,354
2.	Goodwill	25,494	26,927
3.	Prepayments	89	133
		44,489	**47,414**
II.	Property, plant and equipment		
1.	Land and buildings	76,608	83,039
2.	Technical plant and machinery	49,599	55,979
3.	Other plant, fixtures and fittings	20,659	21,810
4.	Prepayments and assets under construction	7,235	11,487
		154,101	**172,315**
III.	Financial assets		
1.	Shares in affiliated companies	0	0
2.	Shares in companies valued at equity	1,584	1,635
3.	Investments	236	236
4.	Other loans	100	100
		1,920	**1,971**
IV.	Other assets	725	652
V.	Deferred tax assets	5,059	4,318
		206,294	**226,670**
B.	**Current assets**		
I.	Inventories		
1.	Raw materials and supplies	28,154	28,480
2.	Unfinished products and services	53,757	42,489
3.	Finished products and goods	83,215	79,576
4.	Prepayments	790	976
		165,916	**151,521**
II.	Receivables and other assets		
1.	Trade receivables	60,530	79,072
2.	Amounts owed by affiliated companies	2,445	2,086
3.	Amounts owed by companies valued at equity	480	319
4.	Other assets	16,738	14,597
		80,193	**96,074**
III.	Cash and credit with financial institutions	33,902	30,870
IV.	Accounts receivable and payable	1,587	964
		281,598	**279,429**
		487,892	**506,099**

€'000	30.06.2020	31.12.2019
Equity and liabilities		
A. Equity		
I. Subscribed capital	10,839	10,839
II. Capital reserves	72,364	72,364
III. Revenue reserves	138,163	158,049
IV. Own shares	0	0
V. Other income	- 5,873	- 5,388
VI. Minority interest (incorporated companies)	14,069	14,564
	229,562	**250,428**
B. Non-current liabilities		
I. Minority interest (partnerships)	748	992
II. Provisions for pensions	17,831	17,728
III. Other non-current provisions	561	550
IV. Liabilities to financial institutions	65,580	66,938
V. Lease liabilities	19,276	20,530
VI. Other liabilities	2,235	1,493
VII. Deferred tax liabilities	2,736	2,774
	108,967	**111,005**
C. Current liabilities		
I. Other provisions	11,153	10,683
II. Liabilities		
1. Liabilities to financial institutions	63,817	66,793
2. Lease liabilities	3,959	4,027
3. Trade payables	17,678	14,978
4. Prepayments received on orders	23,985	19,310
5. Liabilities to affiliated companies	919	675
6. Liabilities to companies valued at equity	0	5
7. Other liabilities	27,456	28,012
	137,814	**133,800**
III. Accounts receivable and payable	396	183
	149,363	**144,666**
	487,892	**506,099**

GESCO Group income statement for the half year period (01.01. to 30.06.)

€'000	I. Half year 2020	I. Half year 2019 adjusted
Sales revenues	**237,586**	**295,120**
Change in stocks of finished and unfinished products	9,869	6,088
Other company-produced additions to assets	454	294
Other operating income	2,850	3,305
Total income	**250,759**	**304,807**
Material expenditure	- 132,002	- 160,904
Personnel expenditure	- 75,580	- 80,188
Other operating expenditure	- 30,207	- 34,920
Impairment losses on financial assets	- 47	- 29
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**12,923**	**28,766**
Amortisation of intangible assets and depreciation on property, plant and equipment	- 26,780	- 12,868
Earnings before interest and tax (EBIT)	**- 13,857**	**15,898**
Earnings from companies valued at equity	135	141
Other interest and similar income	28	17
Interest and similar expenditure	- 1,536	- 1,694
Third party profit share in incorporated companies	14	- 26
Financial result	**- 1,359**	**- 1,562**
Earnings before tax (EBT)	**- 15,216**	**14,336**
Taxes on income and earnings	- 1,786	- 4,837
Group net loss / income	**- 17,002**	**9,499**
Minority interest in incorporated companies	- 391	- 876
Group net loss / income after minority interest	**- 17,393**	**8,623**
Earnings per share (€) acc. to IFRS	- 1.60	0.80
Weighted average number of shares	10,839,499	10,839,499

GESCO Group income statement for the second quarter (01.04. to 30.06.)

€'000	II. Quarter 2020	II. Quarter 2019 adjusted
Sales revenues	**108,133**	**149,300**
Change in stocks of finished and unfinished products	5,664	- 54
Other company-produced additions to assets	240	156
Other operating income	1,475	1,254
Total income	**115,512**	**150,656**
Material expenditure	- 59,474	- 79,820
Personnel expenditure	- 36,015	- 39,455
Other operating expenditure	- 15,496	- 16,394
Impairment losses on financial assets	- 25	- 15
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**4,502**	**14,972**
Amortisation of intangible assets and depreciation on property, plant and equipment	- 20,140	- 6,835
Earnings before interest and tax (EBIT)	**- 15,638**	**8,137**
Earnings from companies valued at equity	116	56
Other interest and similar income	12	7
Interest and similar expenditure	- 748	- 812
Third party profit share in incorporated companies	8	- 16
Financial result	**- 612**	**- 765**
Earnings before tax (EBT)	**- 16,250**	**7,372**
Taxes on income and earnings	- 1,404	- 2,444
Group net loss / income	**- 17,654**	**4,928**
Minority interest in incorporated companies	- 129	- 293
Group net loss / income after minority interest	**- 17,783**	**4,635**
Earnings per share (€) acc. to IFRS	- 1.64	0.43
Weighted average number of shares	10,839,499	10,839,499

GESCO Group statement of comprehensive income for the half year period (01.01. to 30.06.)

€'000	I. Half year 2020	I. Half year 2019 adjusted
Group net loss / income	**- 17,002**	**9,499**
Revaluation of benefit obligations not impacting income	**0**	**- 819**
Items that cannot be transferred into the income statement	**0**	**- 819**
Difference from currency translation		
a) Reclassification into the income statement	0	0
b) Changes in value with no effect on income	- 278	96
Difference from currency translation from companies valued at equity		
a) Reclassification into the income statement	0	0
b) Changes in value with no effect on income	- 167	- 37
Market valuation of hedging Instruments		
a) Reclassification into the income statement	0	0
b) Changes in value with no effect on income	- 76	- 15
Items that can be reclassified into the income statement	**- 521**	**44**
Other income	**- 521**	**- 775**
Total result for the period	**- 17,523**	**8,724**
of which shares held by minority interest	355	860
of which share attributable to GESCO shareholders	- 17,878	7,864

GESCO Group cash flow statement for the half year period (01.01. to 30.06.)

€'000	I. Half year 2020	I. Half year 2019 adjusted
Group net loss / income for the period (including share attributable to minority interest in incorporated companies)	**- 17,002**	**9,499**
Depreciation on property, plant and equipment and intangible assets	26,780	12,868
Earnings from companies valued at equity	- 135	- 141
Share attributable to minority interest in partnerships	- 14	26
Increase / decrease in non-current provisions	114	- 554
Other non-cash income	- 473	481
Cash flow for the period	**9,270**	**22,179**
Losses from the disposal of property, plant and equipment / intangible assets	28	191
Gains from the disposal of property, plant and equipment / intangible assets	- 119	- 323
Decrease / increase in stocks, trade receivables and other assets	73	- 14,393
Decrease / increase in trade creditors and other liabilities	8,358	1,126
Cash flow from ongoing business activity	**17,610**	**8,780**
Incoming payments from disposals of property, plant and equipment / intangible assets	186	476
Disbursements for investments in property, plant and equipment	- 4,372	- 9,253
Disbursements for investments in intangible assets	- 602	- 531
Incoming payments from disposals of financial assets	316	26
Cash flow from investment activity	**- 4,472**	**- 9,282**
Disbursements to shareholders (dividends)	- 2,493	0
Disbursements to minority interests	- 1,116	- 1,835
Disbursements for the purchase of non-governing shares	0	- 1,018
Incoming payments from raising (financial) loans	6,405	19,851
Outflow for repayment of (financial) loans	- 10,739	- 18,437
Outflow for repayment of lease liabilities	- 2,158	- 1,861
Cash flow from funding activities	**- 10,101**	**- 3,300**
Changes in cash and cash equivalents	**3,037**	**- 3,802**
Exchange-rate related changes in cash and cash equivalents	**- 5**	**19**
Financial means on 01.01.	30,870	30,587
Financial means on 30.06.	**33,902**	**26,804**

GESCO Group statement of changes in equity

€'000	Subscribed capital	Capital reserves	Revenue reserves	Own shares
As at 01.01.2019 adjusted	**10,839**	**72,364**	**151,817**	**0**
Dividends				
Acquisition of shares in subsidiaries			- 1,018	
Result for the period			8,623	
As at 30.06.2019 adjusted	**10,839**	**72,364**	**159,422**	**0**
As at 01.01.2020	**10,839**	**72,364**	**158,049**	**0**
Dividends			- 2,493	
Result for the period			- 17,393	
As at 30.06.2020	**10,839**	**72,364**	**138,163**	**0**

GESCO Group segment report for the half year period (01.01. to 30.06.)

€'000	Production Process Technology		Resource Technology		Healthcare and Infrastructure Technology	
	I. Half year 2020	I. Half year 2019 adjusted	I. Half year 2020	I. Half year 2019 adjusted	I. Half year 2020	I. Half year 2019 adjusted
Order backlog	33,030	49,472	79,472	70,586	44,232	46,644
Incoming orders	26,641	42,767	117,861	139,056	79,780	80,628
Sales revenues	27,272	39,958	108,426	142,922	78,885	79,741
of which with other segments	38	6	164	209	2	3
Depreciation and amortization	1,395	1,573	2,665	2,338	3,110	3,316
of which unscheduled (IAS 36)						
EBIT	- 3,870	2,198	3,902	11,589	7,266	7,396
Investments	1,284	1,080	1,133	2,872	2,022	4,826
Employees (No. / reporting date)	586	617	736	746	905	861

Exchange equalisation items	Revaluation of pensions	Hedging instruments	Total	Minority interest incorporated companies	Equity
- 577	**- 3,624**	**- 43**	**230,776**	**14,518**	**245,294**
			0	- 825	- 825
			- 1,018	- 650	- 1,668
41	- 783	- 17	7,864	860	8,724
- 536	**- 4,407**	**- 60**	**237,622**	**13,903**	**251,525**
- 405	**- 4,927**	**- 56**	**235,864**	**14,564**	**250,428**
			- 2,493	- 850	- 3,343
- 409	0	- 76	- 17,878	355	- 17,523
- 814	**- 4,927**	**- 132**	**215,493**	**14,069**	**229,562**

Mobility Technology		GESCO AG / other companies		Reconciliation		Group	
I. Half year 2020	**I. Half year 2019 adjusted**	**I. Half year 2020**	**I. Half year 2019 adjusted**	**I. Half year 2020**	**I. Half year 2019 adjusted**	**I. Half year 2020**	**I. Half year 2019 adjusted**
31,620	39,942	0	0	0	0	188,354	206,644
15,397	24,818	0	0	0	0	239,679	287,269
23,215	32,717	392	334	- 604	- 552	237,586	295,120
8	0	392	334	- 604	- 552	0	0
2,108	2,101	88	64	17,414	3,476	26,780	12,868
				13,530	0	13,530	0
- 2,121	902	- 3,402	- 3,502	- 15,632	- 2,685	- 13,857	15,898
501	1,194	34	236	837	16,987	5,811	27,195
399	445	19	18	0	0	2,645	2,687

Explanatory notes

Accounts, accounting and valuation methods

The report of GESCO Group for the first six months (1 January to 30 June 2020) of financial year 2020 (1 January to 31 December 2020) was prepared on the basis of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). It was drawn up in compliance with IAS 34. The figures from the previous year have been adjusted.

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

Related-party transactions

Business relationships between fully consolidated and not fully consolidated companies within the Group are conducted under regular market terms and conditions. Receivables from related companies are mainly due from Connex SVT Inc., USA. Stefan Heimöller, member of the Supervisory Board, maintains business relationships to a minor extent with Dörrenberg Edelstahl GmbH as well as SVT GmbH through his company Platestahl Umformtechnik GmbH. These business relationships are conducted under regular market terms and conditions.

Financial audit

The condensed half-year interim financial statements as at 30 June 2020 and the interim management report and the adjusted previous-year figures were neither audited in accordance with Section 317 German Commercial Code (HGB) nor reviewed by an auditor.

Information on financial instruments

€'000	Book value 30.06.2020	Not in the scope of application of IFRS 9	Application IFRS 9	Of which at fair value	Of which historical production or acquisition cost
Financial assets	1,920	1,584	336	236	100
Receivables	63,455	0	63,455	0	63,455
Other assets	17,463	12,268	5,195	0	5,195
Liquid assets	33,902	0	33,902	0	33,902
Financial assets	**116,740**	**13,852**	**102,888**	**236**	**102,652**
Liabilities to financial institutions	129,397	0	129,397	0	129,397
Lease liabilities	23,235	0	23,235	0	23,235
Trade payables	17,678	0	17,678	0	17,678
Other receivables	30,610	1,168	29,442	208	29,234
Financial liabilities	**200,920**	**1,168**	**199,752**	**208**	**199,544**

€'000	Book value 31.12.2019	Not in the scope of application of IFRS 9	Application IFRS 9	Of which at fair value	Of which historical production or acquisition cost
Financial assets	1,971	1,635	336	236	100
Receivables	81,477	0	81,477	0	81,477
Other assets	15,249	11,159	4,090	0	4,090
Liquid assets	30,870	0	30,870	0	30,870
Financial assets	**129,567**	**12,794**	**116,773**	**236**	**116,537**
Liabilities to financial institutions	133,731	0	133,731	0	133,731
Lease liabilities	24,557	0	24,557	0	24,557
Trade payables	14,978	0	14,978	0	14,978
Other receivables	30,185	2,413	27,772	382	27,390
Financial liabilities	**203,451**	**2,413**	**201,038**	**382**	**200,656**

Assignment of financial instruments to categories according to IAS 9

€'000	Balance sheet recognition		Net results in the income statement	
Category IFRS 9	**30.06.2020**	**31.12.2019**	**30.06.2020**	**31.12.2019**
Financial assets measured at fair value included in earnings	236	236	0	807
Financial assets measured at cost of acquisition	102,652	116,537	16	121
Financial assets	**102,888**	**116,773**	**16**	**928**
Financial liabilities measured at fair value included in earnings	208	82	10	– 192
Financial liabilities measured at cost of acquisition	199,544	200,956	–711	– 2,176
Financial liabilities	**199,752**	**201,038**	**–701**	**– 2,368**

Statement of the legal representatives

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

GESCO AG
The Executive Board

Wuppertal, August 2020

Financial calendar

31 August 2020
Publication of the Half Year interim report

30 November 2020
Publication of the statement for the third quarter

27 April 2021
Annual accounts press conference and analysts’ meeting

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

Dear Shareholder,

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

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First name / name: ______________________________

Street / house number: ______________________________

Zip code / City: ______________________________

E-mail: ______________________________

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