Gigaset AG

Interim Report

2022 | January – June | Q2

KEY FIGURES

EUR millions	01/01 - 06/30/2022	01/01 - 06/30/2021
Consolidated revenues	103.4	102.0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	5.8	4.2
Earnings before interest and taxes (EBIT)	-2.1	-3.1
Consolidated net loss for the year	-2.4	-3.0
Free cashflow	-8.5	-16.5
Earnings per share (diluted in EUR)	-0.02	-0.02
	06/30/2022	**12/31/2021**
Total assets	180.5	192.2
Consolidated equity	25.4	8.0
Equity ratio (in %)	14.1	4.2
Number of employees	855	868

The Gigaset Share	Q2 2022	Q2 2021
Closing price in EUR (at the end of the period)	0.28	0.40
Highest price in EUR (in the period)	0.32	0.48
Lowest price in EUR (in the period)	0.22	0.27
Number of shares in circulation (at the end of the period)	132,455,896	132,455,896
Market capitalization in EUR million (at the end of the period)	37.1	53.0

KEY FACTS

- Consolidated half-year revenues up by 1.4 % compared with same period last year
- EBITDA up by 37.2 % for the six-month period
- Consolidated net loss for the year EUR -2.4 million (PY: EUR -3.0 million)
- Growth in the Professional segment remains strong

"Despite the adverse conditions we are still seeing, Gigaset has shown a high degree of resilience. We identified changes in the economic environment early on and took countermeasures very quickly, being flexible and efficient in our approach to ensuring the continued success of Gigaset AG, even when times got tough. And as we head into increasing economic headwinds on top of the ongoing supply shortages, we will continue to draw on these strengths."

Klaus Wessing, CEO der Gigaset AG

"In light of the general situation, we are delighted with the half-year figures. The fact that we have considerably improved on our results in particular shows that we have steered Gigaset well through the unprecedented crises of late, thanks to an effective business strategy and response measures. After two years of the pandemic, Gigaset too has been affected by the supply chain problems that continue to dominate the landscape, and now the war in Ukraine is also leaving a profound mark on the macroeconomic environment. With all this in mind, we are all the more delighted with the very positive developments observed in two of our four segments – Smartphones and Professional – in the second quarter of 2022 compared with the same time last year."

Thomas Schuchardt, CFO der Gigaset AG

1 BUSINESS MODEL

Gigaset AG is a global enterprise operating in the area of telecommunications. The Company is headquartered in Bocholt, Germany, which is also where the Company's highly automated production site is located. There are additional branch offices in Munich, Germany, in Wroclaw, Poland, as well as in ten other countries. As of the reporting date of June 30, 2022, the company had 855 employees and conducted distribution activities in 48 countries.

On the operating level, Gigaset conducts business worldwide in the segments of Phones, Smartphones, Smart Home and Professional. The regional segments of the Gigaset Group are Germany, Europe (excluding Germany) and Rest of World. The most important markets for Gigaset, where it generates the highest revenues, are Germany and the other European markets of France, Italy, Switzerland, the Netherlands and Spain (EU6).

1.1 Phones

In the Phones segment, Gigaset produces and sells DECT cordless telephones and DECT/CAT-iq mobile handsets (Gigaset HX portfolio). Nearly all DECT products for the Phones segment are made in Gigaset's own production facility in Bocholt, meaning that the company can advertise its products using the label “Made in Germany”.

Gigaset offers its customers a broad product portfolio with various price points, including corded and cordless DECT telephones in different designs and for different target groups, e.g. the elderly. These products are aligned with the demographic transformation of western societies and are aimed at older persons or persons with special physical needs.

1.2 Smartphones

Since 2016, the company has operated in the Smartphones segment offering products in the low to medium price range at prices of currently up to EUR 350. The strategic goal is to further increase brand familiarity and market share in this segment and to anchor the unique selling point “Made in Germany” in the public’s minds for some smartphone models.

By producing smartphones that are “Made in Germany”, the company is also able to increasingly offer products for the B2B sector. The business strategy is designed to generate further growth in the future, and the company has already been successful in winning its first tenders, e.g. with Deutsche Bahn.

1.3 Smart Home

Gigaset has been active in the Smart Home segment since 2012. At the present time, the company offers products and solutions in the areas of security, convenience, energy and nursing care in support of older persons and those in need of assistance. The portfolio is primarily aimed at users in private households.

Gigaset’s sensor-based system enables users to tailor the products to their individual needs. The software-based cloud approach makes it possible for customers to remain in constant contact with their homes and to be informed of various occurrences and events.

Gigaset’s objective is to offer a comprehensive complete solution. The sensors and actuators, as well as the cloud and app, are fully integrated and adapted to each other. The system is continually developed to integrate security improvements, new applications and third-party solutions.

1.4 Professional

Gigaset has served B2B corporate customers with its Professional segment since 2011. The products in this area include DECT-IP single- and multi-cell systems as well as DECT-based stationary and mobile telephones. On the one hand, Gigaset sells its products under the PRO product line, and on the other hand directly through OEMs (Original Equipment Manufacturers).

The aim of the company is to scale up its provision of solutions to larger customers (enterprise level). As such, Gigaset has developed new single-cell and multi-cell variants that can be scaled for up to 20,000 terminal devices in a single company, whether centralized or decentralized.

The exclusive partnership with Unify Software and Solutions GmbH & Co. KG concluded in late 2020 is a key example of this. Under this agreement, Unify will exclusively purchase the next-generation family of desktop telephones developed by Gigaset. The first half of 2022 saw Gigaset deliver the first of these products. In total, the company expects to supply more than 5 million telephones to Unify and Gigaset's direct customers.

2 GENERAL ECONOMIC AND INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

2.1 General economic conditions

According to a study by the International Monetary Fund (IMF) in April 2022, global growth is projected to fall from an estimated 6.1 % in 2021 to an anticipated 3.6 % this year and next, respectively. In January, IMF experts forecast global growth for 2022 and 2023 to rise by an additional 0.8 and 0.2 percentage points, respectively, attributing this to the war in Ukraine, with the economic damage caused by the conflict predicted to significantly slow down global growth this year and ramp up inflation. Multilateral effects to manage the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, overcome debt problems, address climate change and end the pandemic are of vital importance, according to the IMF study.

In the industrial nations, the IMF now predicts economic growth in 2022 of just 3.8 %, compared with 2.8 % in the eurozone countries. In the most important European markets for Gigaset, the IMF predicts economic growth of 2.1 % for Germany, 2.9 % for France, 4.8 % for Spain, 2.2 % for Switzerland, and 2.3 % for Italy. The economic output of the Netherlands is expected to grow by 3.0 % in 2022.

2.2 Telecommunications market

2.2.1. Phones market

Germany

According to GfK figures, based on units sold, the market for cordless telephones in Germany contracted by 18.4 % in the first half of 2022 compared with the first half of 2021. Based on revenues, the market shrank by 15.0 % compared with the first half of last year. Gigaset increased its market share, as measured by units, by 13.0 % to 60.0 %. Measured by revenues, Gigaset's market share rose by 9.0 % to 57.0 %. Gigaset thus outperformed its competitors in the market.

France

According to GfK, based on revenues, the market for cordless telephones in France declined by 23.8 % in the first half of 2022 compared with the first half of 2021. Gigaset performed well in the French market despite strong local competition, increasing its market share as measured by units sold by 2.0 % to 39.0 % in the first half of 2022 compared with the first half of 2021. Based on revenues, Gigaset recorded a decline of 3.0 % to 42.0 % compared with the first half of 2021.

EU-6 region

According to GfK statistics, based on revenues, the market for cordless telephones in the most important markets in Europe monitored by Gigaset (Germany, France, Switzerland, Italy, Spain and the Netherlands) registered a sharp 20.8 % decline in the first half of 2022 compared with the first half of 2021. In terms of unit volume, Gigaset recorded a decline of 25.7 % compared with the previous year. Gigaset performed better than the overall market, both in terms of unit volume and revenues, by approx. minus 11.2 percentage points. Gigaset increased its market share in terms of units (+7.0 %) and revenues (+5.0 %) and remains the clear market leader in Europe with a 44.0 % market share in terms of unit volume and revenues.

Also in 2022, Gigaset continued to place a special emphasis on addressing demographic trends (e.g. the ageing of society) with an appropriate portfolio (Gigaset life series) aimed at persons in the second half of their lives and by creating new IP solutions, developing a router portfolio and continually developing and maintaining the products of the universal handset portfolio (Gigaset HX).

2.2.2. Smartphones market

Following a decline in previous years to 1.28 billion devices in 2020, global smartphone sales increased again in 2021, according to Statista, growing by approx. 5.5 % to 1.35 billion units. Market researchers forecast further growth in the future, predicting 1.53 billion smartphones sold for 2025.

According to Statista, 20.4 million units were sold in Germany in 2021 compared with 22.1 million in 2020, equating to an approx. 7.7 % decline in sales in Germany, significantly down on the global trend. For 2022, market researchers expect the number of devices worldwide to decline, by 0.7 million devices to 19.7 million.

In spite of the declining sales numbers, revenues from smartphones rose again for Gigaset. Despite the strained availability of materials, Gigaset generated revenues of EUR 4.2 million and EUR 5.4 million on smartphone sales in the first and second quarter of 2022, respectively, for a total of EUR 9.6 million in the first half of the year. This equates to a significant increase compared with revenues generated in the first half of 2021, which amounted to EUR 8.2 million.

2.2.3. Smart Home market

Revenues in the global smart home market amounted to EUR 88.2 billion in 2021. According to Statista, revenues will increase to around EUR 103.4 billion in the current year, reaching a market volume of EUR 167.2 billion in 2026. Forecast revenues have been adjusted to take into account the expected impacts of the pandemic and the war in Ukraine. The penetration rate will be 14.2 % in late 2022 and is expected to reach 25.0 % in 2026 (CAGR11 2022-2026).

In the Smart Home segment, Gigaset generated revenues of EUR 0.6 million in the first half of 2022, compared with EUR 0.8 million in the first half of last year. The decline in revenues is due, among other things, to supply problems caused by a lack of chips and raw materials, and the delay in introducing the new smart home standard “matter”. This delay will also result in potential customers being reluctant to make purchases.

2.2.4. Professional market

Visible catch-up effects were observed in the first half of 2022 after the massive postponements and cancellations of projects in the 2021 financial year triggered by the ongoing coronavirus pandemic. The establishment of the new Professional mobile handsets, which were brought to market in late 2021 to replace the existing portfolio, will also play a key role for Gigaset. Customers benefit from enhanced convenience and interoperability, while Gigaset benefits from positive effects in price and profit margin structures.

There are still continued challenges, however: With it still being difficult to acquire semiconductor components and owing to logistics constraints, there is still the risk of not being able to fully serve all customers, despite high demand.

In the Professional segment, Gigaset generated revenues of EUR 29.9 million in the first half of 2022, that being 31.7 % or EUR 7.2 million higher than in the year-ago comparison period, which recorded EUR 22.7 million. Revenues in the Professional business therefore grew again by around a third, following the increase of EUR 5.1 million or around 29.0 % in the first half of 2021 compared with 2020.

3 GIGASET SHARE

At the beginning of the year, the equity markets were increasingly characterized by inflation fears and concerns that monetary policy would be tightened more swiftly. In addition, the rapid spread of the new Covid-19 variant "Omicron" and Russia's invasion of Ukraine affected the mood at trading venues.

The exponential development in global consumer prices conjured up fears of a recession, causing prices in the equity markets to plummet, while supply chain bottlenecks coupled with the drastic rise in energy costs lowered company forecasts.

This environment made it necessary to gradually lower the originally optimistic global economic forecasts. In the wake of the rapidly increasing U.S. dollar, the euro plummeted in value, moving close to parity with the U.S. dollar.

Appreciation of the greenback pushed the price of gold down by almost 7.0 %. The turnaround in interest rates had a negative impact on the bond markets, noticeably driving up yields. As for the equity markets, the picture was also negative, with German benchmark index DAX falling by almost 20.0 % in the first half of 2022 and US Dow Jones Industrial declining by 15.3 %.

It was technology stocks that suffered the most from the increasing interest rates, however, recording a loss of over 26.0 % on TecDAX and over 29.0 % on US equivalent Nasdaq Composite. The cryptocurrency Bitcoin has now declined by almost 60.0 % following the hype in 2021. Oil prices, meanwhile, have profited from the geopolitical tensions, increasing by 10.4 % on average.

Following pleasing developments in the 2021 trading year, the Gigaset Share was unable to keep up with the positive trend in the first half of 2022. While the share price, at EUR 0.32, reached its highest level in the reporting period at the start of the year, it was hit by the gloomy mood in the equity markets over the further course of the year, though it still performed well on the whole.

It was not until mid-June that the share came noticeably under strain, however, falling as low as EUR 0.22. Despite recovering to EUR 0.28 as of June 30, 2022, the Gigaset Share was unable to match its level at the beginning of the year. Market capitalization as of the reporting date of June 30, 2022 was EUR 37.1 million.

4 FINANCIAL PERFORMANCE, CASHFLOWS AND FINANCIAL POSITION OF THE GROUP

IAS 29 "Financial reporting in hyperinflationary economies" was applied retroactively to this interim report on the first half of 2022 owing to hyperinflation in Turkey. The Gigaset Group includes its Turkish Group company in the consolidated statements with the functional currency Turkish lira. Since the effects on financial performance, cashflows and financial position are not material, previous-year figures will not be adjusted. Further explanations can be found in the abridged notes to the consolidated financial statements A.4 First application of IAS 29 in Turkey owing to hyperinflation.

Following Russia's invasion of Ukraine at the beginning of 2022, Gigaset has been indirectly affected (by the availability of energy and materials and the sharp increase in inflation), as well as directly affected via its Russian subsidiary. As its effect on the Gigaset Group's revenues and results is immaterial, it did not result on any significant effects on financial performance, cashflows and financial position. Cash and cash equivalents of EUR 1.4 million in Russia are generally subject to disposal restrictions, but their availability to the Group has not been additionally hampered by the sanctions.

4.1 Financial performance

The Gigaset Group generated total **revenues** of EUR 103.4 million in the first half of 2022 (PY: EUR 102.0 million). Revenues rose slightly in the reporting period compared with the previous year, by 1.4 % or EUR 1.4 million. The online business has now become an established sales channel, accounting for 13.2 % of total revenues. In addition, revenues are affected by the customary seasonal fluctuations in the consumer business.

At EUR 63.3 million, revenues in the Phone segment declined by 10.0 % or EUR 7.0 million in the first half of 2022 compared with the same period last year. This development is primarily due to current availability, especially as regards chip sets.

The Smartphones segment generated revenues of EUR 9.6 million in the period from January to June 2022, that being EUR 1.4 million higher than in the first half of last year (PY: EUR 8.2 million). The current smartphones GX290 Plus, GS5 Pro and the cooperation model with Freenet "Rephone" have been largely responsible for the increase in revenues in the current financial year.

The Smart Home segment generated revenues of EUR 0.6 million in the reporting period (PY: EUR 0.8 million). Revenues remained virtually the same in the second quarter of the current financial year compared with those in the first quarter, in each case amounting to EUR 0.3 million (both quarters in PY: EUR 0.4 million).

The Professional segment generated revenues of EUR 29.9 million in the reporting period, reflecting a very strong gain of 31.7 % over the year-ago figure of EUR 22.7 million. Revenues profited from deferral and catch-up effects both in the first quarter of 2022, with revenues of EUR 14.3 million (PY: EUR 11.2 million), and in the second quarter, with revenues of EUR 15.5 million (PY: 11.5 million). Many projects and orders that had initially been deferred or paused last year, as in 2020, were realized in the current financial year, creating a positive effect for the company.

In summary, revenues are broken down **by product segment** in the table below:

Revenues in EUR millions	Q1 - Q2 2022	Q1 - Q2 2021	Change in %
Phones	63.3	70.3	-10.0
Smartphones	9.6	8.2	17.1
Smart Home	0.6	0.8	-25.0
Professional	29.9	22.7	31.7
Gigaset Total	**103.4**	**102.0**	**1.4**

Revenues are reported by country as part of segment reporting based both on the receiving units as well as on the registered office of the respective companies (i.e. country of domicile).

Revenues **based on receiving units** represent the revenues invoiced in the respective regions – independent of the registered office of the invoicing unit. For example, if a German company issues an invoice in the Netherlands, this revenue is allocated to the region of "EU - European Union (excluding Germany)" in the presentation based on receiving units. The regional breakdown of revenues by receiving entity is presented in the table below:

Revenues in EUR millions	Q1 - Q2 2022	Q1 - Q2 2021	Change in %
Germany	50.6	48.8	3.7
EU (excluding Germany)	39.6	39.4	0.5
Rest of World	13.2	13.8	-4.3
Gigaset Total	**103.4**	**102.0**	**1.4**

As part of the segment report by **geographical region** within the Group, revenues are additionally attributed to the country of domicile of the various legal entities. For example, if a German company issues an invoice in the Netherlands, such revenues are allocated to the region of Germany in the presentation based on country of domicile. At the start of the 2022 financial year, successive foreign subsidiaries were switched to the direct business model, in which Gigaset Communications GmbH delivers directly to end customers abroad, resulting in the foreign distributing companies acting increasingly as sales mediators and thus no longer generating any revenues directly. As a result, revenues based on country of domicile are gradually being assigned to Germany, impacting the comparison with the previous year. Revenues based on country of domicile can be broken down as follows for the individual regions:

Revenues in EUR millions	Q1 - Q2 2022	Q1 - Q2 2021	Change in %
Germany	68.3	60.2	13.5
EU (excluding Germany)	26.4	30.1	-12.3
Rest of World	8.7	11.7	-25.6
Gigaset Total	**103.4**	**102.0**	**1.4**

The **change in inventories of finished and unfinished goods** as of June amounted to EUR 4.6 million (PY: EUR -1.1 million). The change resulted mainly from the build-up of finished goods as of the reporting date.

The **cost of materials** for raw materials, merchandise, finished goods and purchased services is EUR 55.0 million – an increase of EUR 8.3 million from EUR 46.7 million in the previous year, primarily due to the increase in material costs. The cost of materials ratio, which is derived from the quotient of material expense and the total of revenues and the change in inventories of finished and unfinished goods, rose considerably compared with the previous-year period, taking into account the change in inventories of 51.0 % (PY: 46.3 %).

Gross profit, comprising revenues less the cost of material and including the change in inventories of finished and unfinished goods, decreased by 2.4 % to EUR 52.9 million in the reporting period. The gross profit margin, which is now calculated as gross profit divided by revenues plus changes in inventory, fell considerably compared with the previous-year figure, from 53.7 % to 49.0 %. The lower gross profit margin resulted mainly from increases in the costs of raw materials.

Other own work capitalized increased from EUR 5.4 million in the year-ago period to EUR 6.6 million in the first half of 2022, due to costs for the development of new products. The increase in other own work capitalized is mainly attributable to the ongoing developments related to the cooperation with Unify.

The **other operating income** of EUR 7.4 million in the reporting period was more than the year-ago comparison figure of EUR 5.4 million. Please refer to the comments in Chapter 14 Other operating income of the notes to the consolidated financial statements for detailed information on this subject.

Personnel expenses for wages, salaries, social security contributions and old age pensions amounted to EUR 30.0 million, representing a year-on-year decrease of EUR 1.0 million. Positive effects from provisions for accrued leave played a key role here. The personnel expenses ratio is calculated as personnel expenses divided by revenues plus changes in inventory, and amounted to 27.8 % (PY: 30.7 %).

The **other operating expenses** of EUR 31.1 million in the reporting period were significantly higher than the comparable year-ago figure (PY: EUR 29.9 million). For additional details, please refer to the description in Chapter 16 Other operating expenses of the notes to the consolidated financial statements.

Earnings before interest, taxes, depreciation, amortization and impairments (EBITDA) amounted to EUR 5.8 million in the first six months of the current financial year, that being EUR 1.6 million higher than the comparable year-ago figure of EUR 4.2 million. After deducting depreciation, amortization and impairments in the amount of EUR 7.9 million (PY: EUR 7.4 million), **earnings before interest and taxes** (EBIT) came to EUR -2.1 million in the first half of 2022, compared with EUR -3.1 million in the year-ago comparison period.

Taking into account the **financial result** in the amount of EUR -0.5 million (PY: EUR -0.5 million), the **result from ordinary activities** amounted to EUR -2.6 million (PY: EUR -3.7 million).

On this basis, **the consolidated net loss** came to EUR -2.4 million (PY: EUR -3.0 million) for the period from January 1 to June 30, 2022.

This results in **earnings per share** of EUR -0.02 (undiluted/diluted) (PY: EUR -0.02 (undiluted/diluted)).

4.2 Cashflows

Cashflow can be broken down as follows:

Cashflows in EUR millions	**Q1 - Q2 2022**	**Q1 - Q2 2021**
Cashflow from operating activities	0.1	-9.0
Cashflow from investing activities	-8.6	-7.5
Free cashflow	-8.5	-16.5
Cashflow from financing activities	-0.1	-0.9

In the first half of 2022, the Gigaset Group recorded a **cash inflow from operating activities** in the amount of EUR 0.1 million (PY: cash outflow of EUR -9.0 million). The increase in inventories in the amount of EUR -9.0 million (PY: EUR -4.1 million) had a significant negative impact on cashflow from operating activities. This was accompanied by cash inflows of EUR 6.3 million due to a decrease in trade receivables and other assets. Furthermore, the reduction in trade payables, other liabilities and provisions in the amount of EUR -1.4 million had a negative impact on cashflow from operating activities.

The **cash outflow from investing activities** amounted to EUR -8.6 million, after EUR -7.5 million in the previous financial year. The greater part of investments both in the current period and in the year-ago period related to other own work capitalized for the development of new products and solutions.

At EUR -8.5 million, the **free cashflow** generated in the first half of 2022 was considerably more positive than in the first half of last year (PY: EUR -16.5 million). Free cashflow in the previous year was negatively impacted by an increase in demand for telecommunications products, driven by the pandemic, and the associated increase in prefinancing for production, leading to capital tie-up and liquidity outflows.

The **cash outflow from financing activities** amounted to EUR -0.1 million in the reporting period (PY: EUR -0.9 million). The cash outflow resulted mainly from principal and interest payments on the existing credit facilities. In the first half of 2022, as well as in the previous-year period, cash inflows were generated by vendor financing.

Please refer to the statement of cashflows for a detailed account of the development of **cash and cash equivalents**. The cashflows include exchange rate changes in the amount of EUR 0.2 million (PY: EUR -0.1 million). Cash and cash equivalents amounted to EUR 14.7 million as of June 30, 2022 (PY: EUR 23.7 million).

4.3 Financial position

The Gigaset Group's **total equity and liabilities** amounted to EUR 180.5 million as of June 30, 2022, representing a 6.1 % decrease compared with December 31, 2021 (PY: EUR 192.2 million). On the assets side, the decline is attributable to the decrease in cash and cash equivalents, which declined by EUR 8.4 million as of June 30, 2022, as well as to the EUR 6.9 million reduction in noncurrent assets and EUR 5.3 million reduction in other assets. On the liabilities side, the decrease in the balance sheet as of the reporting date was largely driven by the EUR 29.0 million reduction in pension obligations to EUR 64.8 million.

Compared with December 31, 2021, **noncurrent assets** declined by EUR 6.9 million to EUR 91.8 million as of June 30, 2022. The decrease resulted mainly from the reversal of deferred tax assets in the amount of EUR 8.2 million in respect of temporary differences as of June 30, 2022. Moreover, an increase in other own work capitalized led to a EUR 2.4 million increase in intangible assets. By contrast, property, plant and equipment declined by EUR 0.8 million and capitalized right-of-use assets by EUR 0.3 million in comparison to the respective figures as of December 31, 2021 because scheduled depreciation and amortization and disposals exceeded total investments as of June 30, 2022.

Current assets constituted 49.2 % of total assets. Compared with the corresponding figure as of December 31, 2021, they declined by EUR 4.7 million to EUR 88.8 million. The biggest driver of this significant reduction, accounting for EUR 8.4 million, was the outflow of cash and cash equivalents. Please refer to the statement of cashflows for a breakdown of changes in cash and cash equivalents. Furthermore, other assets fell from EUR 24.3 million as of December 31, 2021 to EUR 19.1 million as of June 30, 2022, i.e. by EUR 5.2 million. This decline is due to claims from pensions, factoring and pandemic-related aid being offset by cash inflows in the meantime as of December 31, 2021. In addition, trade receivables fell by EUR 0.2 million, while tax refund claims increased by EUR 0.1 million compared with the reporting date as of December 31, 2021. As of June 30, 2022, inventories increased by EUR 9.0 million to cover the need for raw materials and supplies in production.

The **equity** of the Gigaset Group amounted to EUR 25.4 million as of June 30, 2022, that being 217.8 % higher than at the start of the year. This corresponds to an equity ratio of 14.1 % compared with 4.2 % as of December 31, 2021. The Group's equity was reduced by the consolidated net loss of EUR 2.4 million in the first half of the year, while the positive change in the discount rate applied for calculating pension obligations increased the Group's equity by EUR 19.1 million. The discount rate was changed from 1.14 % as of December 31, 2021 to 3.32 % as of June 30, 2022. The Group's equity position as of June 30, 2022 was also influenced by exchange rate changes of EUR 0.1 million and cashflow hedging effects of EUR 0.6 million.

Total liabilities amounted to EUR 155.1 million (PY: EUR 184.2 million), 50.8 % of which are current.

Noncurrent liabilities, which mainly consist of pension obligations and financial liabilities, amounted to EUR 76.4 million as of the reporting date of June 30, 2022 (PY: EUR 99.8 million). The decrease resulted mainly from the reduction of pension obligations from EUR 93.8 million to EUR 64.8 million, mainly due to the increased discount rate applied as of the reporting date and the measurement of plan assets in the first half of 2022. Noncurrent financial liabilities rose by EUR 5.4 million as a result of the reversal of the recognition of a loan classified as current as of December 31, 2021 being reclassified under noncurrent financial liabilities. Owing to the breach of covenant in the 2021 financial year, this loan was classified fully as current as of December 31, 2021. In March 2022, Gigaset agreed with the financing banks to forego the right to termination, meaning that the loan will again be classified as current and noncurrent from now on.

The **current liabilities** of EUR 78.7 million were about 6.6 % less than as of December 31, 2021. This decline is mainly due to the reduction in financial liabilities from the aforementioned reclassification of loan liabilities from current to noncurrent financial liabilities, reducing it from EUR 13.1 million as of December 31, 2021 to EUR 9.4 million as of the balance sheet date. In addition, the company took out further vendor financing in the amount of EUR 2.5 million, which had the opposite effect. Current provisions also fell, by EUR 1.3 million, owing predominantly to obligations in relation to licenses, contingent losses and other provisions for tax audits. As of June 30, 2022, other liabilities amounted to EUR 11.0 million, that being EUR 0.8 million less than at the beginning of the financial year. The reduction was due to the repayment of previously deferred ongoing tax liabilities due to the pandemic. Lease liabilities fell from EUR 1.5 million to EUR 1.3 million as a result of planned repayments. Meanwhile, trade payables rose slightly from EUR 45.0 million to EUR 45.6 million as of June 30, 2022.

5 REPORT ON OPPORTUNITIES AND RISKS AS OF JUNE 30, 2022

As a general rule, all entrepreneurial activities involve risk. This includes the risk that corporate goals will not be achieved due to external or internal events as well as a result of actions and decisions; in extreme cases, a company's ability to continue as a going concern can be jeopardized. Gigaset's risk management system aims to identify and measure risks and opportunities as early as possible as well as to take advantage of opportunities and limit risks through appropriate actions.

Risk is measured quantitatively for the factors 'probability of occurring' and 'severity of loss'. These factors are multiplied to produce an expected value, which is aggregated by risk sub-category below.

Potential impact on earnings based on expected values	Risk assessment
≤ EUR 1.0 million	low
> EUR 1.0 million ≤ EUR 5.0 million	medium
> EUR 5.0 million	high

The possible short-term effect on earnings, or only the effect on cashflow for liquidity risk, for the Gigaset Group is shown below in the individual risk categories:

Category / Sub-category	Risk assessment
Market and industry risks	
Products | Patents | Certificates	low
Legal operating environment	low
Customers	low
Business and litigation risks	
Purchase	high
Personnel	low
Special events	low
Financial risks	
Liquidity	medium
Foreign currency	medium
Taxes	low
Liability risks	
Guarantees | Contingent liabilities	low
Legal disputes	low

A detailed description of Gigaset's opportunities and risks is presented in the 2021 Annual Report. Changes in the risk situation that occurred in the first half of 2022 are described in the following.

Owing to the breach of the agreed net gearing ratio covenant in the Gigaset Communications GmbH loan contract Gigaset agreed with the financing banks on March 16, 2022 not to exercise its right to termination and to temporarily suspend repayment of the loan instalments. This suspension is intended to dilute the financial effects of the pandemic and unavailability of chip sets. It has also reduced the liquidity risk.

The discount factor used for calculating pension provisions rose considerably in the first half of 2022. This resulted in a decline in measured pension obligations as well as a positive effect on equity. It is not possible to forecast further developments in the discount factor over the financial year owing to the very volatile environment currently at play.

The Group-wide, systematic risk management system is described in detail in the combined management report in Gigaset's 2021 Annual Report.

6 SIGNIFICANT EVENTS AFTER JUNE 30, 2022

In July 2022, Gigaset received liquid funds in the amount of EUR 1.8 million as the result of a legal dispute. The funds came from the debtor's insolvency assets. A claim from the legal dispute had already been recognized beforehand. Further information on the legal dispute and claim recognized can be found in the 2021 Annual Report.

On July 27, 2022, the Supervisory Board of Gigaset AG decided to appoint Dr. Magnus Ekerot as the new CEO and Chair of the Executive Board for a term of three years. The term is to commence on January 1, 2023 at the latest. Dr. Magnus Ekerot will succeed Klaus Weßing, the current CEO and Chair of Gigaset AG, who will retire no later than in the course of 2023.

On August 15, 2022, Gigaset received the necessary approval based on the existing financing guaranteed by a State government and can dispose without any restrictions the cash raised as a short term loan by a business partner amounting to EUR 2.5 million.

7 OUTLOOK

To date, developments in the first half of 2022 have gone to plan for Gigaset. Gigaset utilized opportunities in retail and online trade and retained its delivery capacity across its entire product range, despite facing numerous challenges.

As pleasing as this development is for the first half of 2022, business is only set to become more challenging in the future. As of today, politicians and experts are again discussing the further course of the pandemic. Even after two years of infections, there still seems to be no comprehensive solution for the matter that would prevent measures, likely to negatively impact consumer mood, coming into force again in autumn and winter.

Furthermore, another challenge – an additional spanner in the works, caused by the pandemic – came to the fore in mid-2021 and has been intensifying since then: the stability of production processes in Asia and supply chains around the world, which has been having a significant negative effect on the company's production and delivery capacity. According to the Tagesschau news the spread of the Omicron variant is severely disrupting production and supply chains, especially in Asia.

Current shortages in the sourcing market, particularly the shortage of chips, could negatively impact production processes and thus product availability and therefore prevent the full or continuous utilization of production capacities. The current pandemic situation in China is prolonging and intensifying this risk. Logistics and transport are also becoming increasingly complex and expensive, according to Statista.

The ongoing Russia-Ukraine conflict is creating a strong risk of recession. Inflation in Europe and the USA has already increased significantly. The Stern magazine reports that the latest activities by the Russians point to an economic war developing between Europe, the USA and Russia. Germany, as a country with few raw materials, is particularly affected by the economic unrest, as can be seen from its issues relating to energy costs and supply. Gas and electricity prices have now hit new record levels, and it is still unclear how the supply situation will fare overall over the winter.

Further geopolitical tensions could also arise in Asia, with China now threatening Taiwan with a "violent reunification". Should this result in tensions, sanctions or military interventions could jeopardize global supplies of chips, with Taiwan's chip industry classified as systemically relevant for the world.

Gigaset therefore considers itself as facing two risks over the further course of the year:

1. Its extreme dependence on external factors it cannot control, i.e. the course of the pandemic, inflation trends, war dynamics and duration, and the duration and extent of the recession that is expected to hit.

2. The ongoing scarcity of chip sets and other components in the sourcing market, potentially jeopardizing Gigaset's production capacity, as well as the extreme price hikes in the energy market. Gigaset does not need any gas to manufacture its products, but the costs for intermediate products may rise further as a result and be passed on to Gigaset.

7.1 General economic development

The International Monetary Fund (IMF) is less optimistic than at the beginning of the year as regards further global economic development. The war in Ukraine has not only triggered a costly humanitarian crisis, it says, but also creates the risk of permanently fragmenting the global economy into geopolitical blocks with their own technological standards, cross-border payment systems and reserve currencies. Such a tectonic shift would, it says, bring with it high adaptation costs and reduce efficiency in the long term, since supply chains and production networks would have to be overhauled. The IMF further states that economic damage caused by the conflict will also significantly slow down global growth over the coming year. For 2022 and the next year, it therefore forecasts global economic growth of just 3.6 % p.a., with industrial nations expected to see economic growth of 3.3 % in the current year and 2.4 % in 2023. For the eurozone countries, the IMF expects an increase of 2.8 % in 2022 and 2.3 % in the following year. In the most important European markets for Gigaset (EU6), the IMF predicts the following economic growth rates in 2022: +2.1 % in Germany (2023: +2.7 %), +2.9 % in France (2023: +1.4 %), +2.3 % in Italy (2023: +1.7 %), +3.0 % in the Netherlands (2023: +2.0 %), +4.8 % in Spain (2023: +3.3 %), and +2.2 % in Switzerland (2023: +1.4 %).

7.2 Development of the industry

Phones

The company assumes that the global market trend for DECT cordless telephones will continue to decline due to a saturated market, continually increasing predatory competition, cost hikes, restrained consumer mood due to rises in the cost of living, and the continually increasing number of alternative communication technologies. For this reason, Gigaset plans to develop alternative telephony concepts and solutions combining classic telephony and smart home over the next few years, as well as refreshing and expanding its IP product portfolio.

Smartphones

The company expects the constant growth observed over the past few years to continue to decline. It is also facing increasing competition in the Smartphones segment. According to Global Newswire, there are at least 170 relevant players offering and selling smartphones worldwide.

Following a decline in previous years, global smartphone sales increased again in 2021, according to Statista, but the forecasts up to 2025 remain restrained. In Germany, sales declined by approx. 7.7 %, significantly down on the global trend. Further declines are also expected in the future.

Irrespective of global developments, Gigaset is still in a position to generate further growth in the future with its range of smartphones. This is due not only to its unique selling point "Made in Germany", but also to its specialization in certain niches. The constantly growing share of smartphones sold in the B2B segment also plays a key role here. Overall, Gigaset increased its revenues by 17.2 % in the first half of 2022 compared with the previous year.

Smart Home

Gigaset expects smart home applications to develop more modestly than forecast in the near future, with many customers waiting for the introduction of the new "matter" standard. A recent forecast by Statista shows the expected development of revenues in the smart home segment of building security worldwide through the year 2026. Within the smart home group, the current energy crisis will bring in new customers to the area of energy management (smart thermostats). The new smart home standard will, after a transition period of 12-18 months, stimulate the smart home market and create entirely new incentives for new customers. However, this trend cannot yet be statistically proven, as the introduction of the new smart home standard "matter" has been pushed back again.

Professional

On the basis of findings from MZA Consultants, Gigaset still expects IP telephony to grow in importance in the area of business customer telephony. This increase will be felt in western Europe in particular, due primarily to the switch from traditional TDM telephony to All-IP and hybrid solutions with significantly growing numbers of integrated UC applications.

Following the slump in 2020, 2021 recorded further growth in the number of user interfaces (IP & TDM) according to MZA Consultants, particularly in Germany and in the Enterprise segment with over 100 users.

Against this background, further revenue growth is expected for the Professional segment over the next few years – especially given the partnership with Unify for the exclusive production of the next generation of IP & TDM telephones.

According to MZA Consultants, the market for DECT multi-cell systems is expected to grow by 1.0 % p.a. until 2026, only declining slightly thereafter. With its single- and multi-cell N670 and N870 solutions, Gigaset offers a DECT IP solution for all company sizes. Through its new alarm, messaging and location function and the new Professional DECT mobile handset generation introduced in 2021, Gigaset is able to serve an expanded customer base and also equip larger installations.

The ongoing trend towards remote working and the resulting increase in demand for telecommunications solutions that make flexible collaboration easier are opening up opportunities and new possible applications for Gigaset in the Professional customer segment.

7.3 Expected development of revenues and earnings

The first half of the current financial year closed with a slight increase in revenues compared with the same time last year, rising by EUR 1.4 million to EUR 103.4 million. The EBITDA during this period was also up slightly on the previous-year period, rising by around EUR 1.6 million to EUR 5.8 million. For the second half of the 2022 financial year, Gigaset expects similar developments in line with expectations, meaning that the revenue and earnings forecast for the Gigaset Group continues to be valid and realistic. The planned developments for July to December 2022 depend mainly on the risks described above, however, and as such a deviation from expectations cannot be ruled out.

To achieve its targets, Gigaset will continue to engage in strict cost management in the second half and invest with caution in dependence on the development of revenues and other economic risk factors.

Gigaset has already hedged a significant portion of its U.S. dollar risk for 2022. The current forecast to the end of the year is based on the present exchange rate of USD 1.04 per euro. In addition, Gigaset expects to see volatile developments in the exchange rate up until the end of the year. Despite the fact that a large portion of the U.S. dollar required has already been hedged, Gigaset expects a negative effect given the current developments in the USD/EUR rate.

7.4 Expected development of cashflows, liquidity and capital expenditures

The company finances itself primarily from its operating business and will continue to focus on the optimum management of liquidity while taking advantage of all available and – in the overall context – sensible funding opportunities, in consideration of the pandemic, supply chain problems and the war. The company's strategy with respect to securing financial stability remains conservative in order to preserve the Group's operational and strategic flexibility.

As of June 30, 2022, Gigaset had a portfolio of cash funds in the amount of EUR 14.7 million at its disposal. In addition to the operational requirements, this cash portfolio is also to cover repayments in connection with the external financing. According to its planning, Gigaset expects that a sizable, positive portfolio of cash and cash equivalents will be available at the end of the 2022 financial year, even taking into account its payment obligations.

7.5 Executive Board's overall assessment of the Group's expected development

In light of the assumptions described in the outlook and excluding a sudden significant worsening of the pandemic, supply chain situation or war in Ukraine, Gigaset expects its financial position, cashflows and financial performance to develop as follows in the 2022 financial year:

1. A slight increase in revenues and EBITDA

2. A moderately positive free cashflow

Bocholt, September 27, 2022
The Executive Board of Gigaset AG

Klaus Weßing, CEO Thomas Schuchardt, CFO

8 CONSOLIDATED INCOME STATEMENT

EUR'000	Q2 2022 04/01 - 06/30/2022	Q2 2021 04/01 - 06/30/2021	1st half 2022 01/01 - 06/30/2022	1st half 2021 01/01 - 06/30/2021
Revenues	52,194	51,519	103,350	101,971
Change in inventories of finished and unfinished goods	2,182	-1,055	4,586	-1,082
Purchased goods and services	-27,478	-23,781	-55,031	-46,704
Gross profit	**26,898**	**26,683**	**52,905**	**54,185**
Other own work capitalized	3,146	2,788	6,579	5,424
Other operating income	3,567	1,827	7,377	5,444
Personnel expenses	-11,869	-15,152	-29,956	-30,966
Other operating expenses	-16,462	-13,493	-31,131	-29,879
EBITDA	**5,280**	**2,653**	**5,774**	**4,208**
Depreciation and amortization	-4,183	-3,546	-7,891	-7,351
EBIT	**1,097**	**-893**	**-2,117**	**-3,143**
Other interest and similar income	34	189	175	350
Interest and similar expenses	-369	-488	-673	-874
Financial result	**-335**	**-299**	**-498**	**-524**
Result from ordinary activities	**762**	**-1,192**	**-2,615**	**-3,667**
Income taxes	-771	158	231	703
Consolidated net loss for the year	**-9**	**-1,034**	**-2,384**	**-2,964**
Earnings per share				
– Undiluted (Basic) in EUR	0.00	-0.01	-0.02	-0.02
– Diluted in EUR	0.00	-0.01	-0.02	-0.02

The consolidated income statement includes key figures that are not defined under IFRS

9 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR'000	Q2 2022 04/01 - 06/30/2022	Q2 2021 04/01 - 06/30/2021	1st half 2022 01/01 - 06/30/2022	1st half 2021 01/01 - 06/30/2021
Consolidated net loss for the year	**-9**	**-1,034**	**-2,384**	**-2,964**
Items that may possibly be reclassified to profit or loss at a later time				
Currency translation differences	308	1	94	-121
Cashflow hedges	410	76	874	395
Income taxes recognized on this item	-130	-25	-278	-126
Items that will not be reclassified to profit or loss at a later time				
Revaluation effect, net debt of defined benefit pension plans before income taxes	15,981	-221	28,094	8,928
Income taxes recognized on this item	-5,114	70	-8,990	-2,839
Total changes not recognized in profit or loss	**11,455**	**-99**	**19,794**	**6,237**
Total income and expenses recognized	**11,446**	**-1,133**	**17,410**	**3,273**

10 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR'000	06/30/2022	12/31/2021
ASSETS		
Noncurrent assets		
Intangible assets	58,193	55,842
Property, plant and equipment	20,119	20,939
Right of use assets	2,700	2,990
Investment property	6,700	6,700
Deferred tax assets	4,048	12,209
Total noncurrent assets	**91,760**	**98,680**
Current assets		
Inventories	38,888	29,854
Trade receivables	15,813	16,009
Other assets	19,080	24,344
Tax refund claims	289	186
Cash and cash equivalents	14,687	23,080
Total current assets	**88,757**	**93,473**
Total assets	**180,517**	**192,153**

EUR'000	06/30/2022	12/31/2021
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	132,456	132,456
Additional paid-in capital	86,076	86,076
Retained earnings	68,979	68,979
Accumulated other comprehensive equity	-262,106	-279,516
Total equity	**25,405**	**7,995**
Noncurrent liabilities		
Pension obligations	64,782	93,796
Provisions	1,134	1,373
Financial liabilities	8,269	2,847
Lease liabilities	1,383	1,561
Deferred tax liabilities	824	265
Total noncurrent liabilities	**76,392**	**99,842**
Current liabilities		
Provisions	10,667	11,995
Financial liabilities	9,417	13,131
Lease liabilities	1,319	1,541
Trade payables	45,607	44,978
Tax liabilities	714	844
Other liabilities	10,996	11,827
Total current liabilities	**78,720**	**84,316**
Total equity and liabilities	**180,517**	**192,153**

11 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	EUR'000	Subscribed capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive equity	Consolidated equity
	December 31, 2020	**132,456**	**86,076**	**68,979**	**-285,615**	**1,896**
1	Consolidated net loss 2021	0	0	0	-2,964	-2,964
2	Currency translation differences	0	0	0	-121	-121
3	Cashflow hedges	0	0	0	269	269
4	Revaluation effects from defined benefit pension plans	0	0	0	6,089	6,089
5	Total changes not recognized in profit or loss	0	0	0	6,237	6,237
6	**Total net income (1+5)**	**0**	**0**	**0**	**3,273**	**3,273**
	June 30, 2021	**132,456**	**86,076**	**68,979**	**-282,342**	**5,169**
	December 31, 2021	**132,456**	**86,076**	**68,979**	**-279,516**	**7,995**
1	Consolidated net loss 2022	0	0	0	-2,384	-2,384
2	Currency translation differences	0	0	0	94	94
3	Cashflow hedges	0	0	0	596	596
4	Revaluation effects from defined benefit pension plans	0	0	0	19,104	19,104
5	Total changes not recognized in profit or loss	0	0	0	19,794	19,794
6	**Total net income (1+5)**	**0**	**0**	**0**	**17,410**	**17,410**
	June 30, 2022	**132,456**	**86,076**	**68,979**	**-262,106**	**25,405**

12 CONSOLIDATED STATEMENT OF CASHFLOWS

EUR'000	01/01 - 06/30/2022	01/01/ - 06/30/2021
Result from ordinary activities	**-2,615**	**-3,667**
Depreciation and amortization of property, plant and equipment and intangible assets	7,891	7,351
Increase (+) / decrease (-) in pension provisions	-920	995
Gain (-) / loss (+) on the sale of noncurrent assetes	96	1
Gain (-) / loss (+) from deconsolidations	-57	6
Gain (-) / loss (+) from currency translation	35	92
Net interest income	498	524
Interest received	5	30
Income taxes paid	-461	1,021
Increase (-) / decrease (+) in inventories	-9,029	-4,069
Increase (-) / decrease (+) in trade receivables and other assets	6,334	-528
Increase (-) / decrease (+) in trade payables, other liabilities and other provisions	-1,398	-10,437
Increase (-) / decrease (+) in other items of the statement of financial position	-265	-319
Cash inflow (+) /outflow (-) from operating activities (net cashflow)	**114**	**-9,000**
Proceeds from the sale of noncurrent assets	0	6
Payments of investments in noncurrent assets	-8,612	-7,486
Cash inflow (+)/outflow (-) from investing activities	**-8,612**	**-7,480**
Free cashflow	**-8,498**	**-16,480**
Cashflows from the borrowing (+)/ repayment (-) of current financial liabilities	1,637	-1,028
Cashflows from the borrowing of noncurrent financial liabilities	0	1,590
Payments for lease liabilities	-841	-866
Interest paid	-874	-598
Cash inflow (+)/outflow (-) from financing activities	**-78**	**-902**
Cash and cash equivalents at beginning of period	23,263	41,033
Changes due to exchange rate differences	183	-91
Cash and cash equivalents at beginning of period, measured at prior-year closing exchange rate	23,080	41,124
Change in cash and cash equivalents	-8,576	-17,382
Cash and cash equivalents at end of period (per statement of financial position)	**14,687**	**23,651**

13 NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

1. General information regarding accounting policies

The preparation of Gigaset AG's consolidated financial statements as of June 30, 2022, and the presentation of comparative year-ago figures were carried out in compliance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and their interpretation by the Standard Interpretations Committee (SIC) and International Financial Reporting Standards Interpretations Committee (IFRS IC) as they apply in the EU. Accordingly, this unaudited and unreviewed Interim Financial Report as of June 30, 2022 was prepared in accordance with IAS 34. The applied accounting standards correspond to the standards that were already applied in the consolidated financial statements for 2021. In addition, the following new and revised standards were applied in the Gigaset Group for the consolidated interim financial statements for the period ended June 30, 2022; However, these standards do not have a material influence on the Group's financial position, cashflows or financial performance and provide a true and fair view of the company:

- IFRS 3: Business combinations; IAS 16: Property, plant and equipment; IAS 37: Provisions, contingent liabilities and contingent assets and annual improvements in 2018-2020

The notes to the 2021 consolidated financial statements apply accordingly to the present interim financial statements as of June 30, 2022, particularly with respect to the principal recognition and measurement methods and consolidation principles applied. A detailed description of these methods and approaches can be found in the notes to the 2021 consolidated financial statements. The 2021 consolidated financial statements are available at https://www.gigaset.com/de_de/cms/gigaset-ag/investor-relations/publikationen/geschaeftsberichte.html

As of June 30, 2022, the application of IAS 29 "Financial reporting in hyperinflationary economies" was applied for the first time owing to hyperinflation in Turkey. Further information will be provided separately in the notes to the financial statements. The consolidated financial statements have been prepared on the assumption that the company will continue as a going concern.

2. Changes in the consolidation group

The number of fully consolidated companies in the Gigaset Group changed in the reporting period. Gigaset Communications Sweden AB (i.L.), Stockholm, Sweden was dissolved in March 2022 owing to liquidation, resulting in the company being deconsolidated from the Gigaset Group.

3. Seasonal effects

The Gigaset Group's core business is subject to distinct seasonal fluctuations due to consumer behavior that varies regularly over the course of a calendar year. The highest revenues are realized during the Christmas shopping season, which is why the fourth quarter is traditionally very strong. The first quarter saw weak consumption patterns among end consumers. Consumers tend to pull their purchases forward to the Christmas season. Experience has shown that distributors often use the first quarter to replenish their inventories. Benefitting from the spending restraint exercised in the preceding quarter, sales generally rise again in the second quarter. Sales for the Christmas season begin to affect inventory levels in the warehouses of distributors and retailers in the third quarter;

However, July and August count among the weak summer months with a typically low propensity to spend on the part of consumers. For this reason, the third quarter is normally weaker than the fourth. In addition to the traditional general seasonal fluctuations, the company's business is affected by specific seasonal patterns in the various countries and regions such as sales promotions related to specific trade fairs (e.g. CEBIT, IFA), back-to-school activities, and the Chinese New Year.

4. First application of IAS 29 in Turkey owing to hyperinflation

Turkey, with the functional currency of Turkish lira, was classified as a hyperinflationary country for accounting purposes as of June 2022, resulting in the obligation to apply IAS 29 "Financial reporting in hyperinflationary economies" to Gigaset's Turkish subsidiary with the functional currency Turkish lira with this interim report for the first time.

The Gigaset Group includes its Turkish Group company in Gigaset AG's consolidated statements. Pursuant to IAS 21.43, this requires the financial statements of the Turkish Group company to be adjusted to inflationary developments pursuant to IAS 29 and only then for the balance sheet items and income statement to be translated into the functional currency of the consolidated financial statements: the euro. The comparison figures in the consolidated financial statements will not be adjusted retroactively, in accordance with the provisions set out in IAS 29.

The historical acquisition or production costs will be adjusted retroactively to take into account the inflationary effects as of the balance sheet date, using the current price index of the consumer price index issued by the Turkish Statistical Institute (TURKSTAT). The index value applied as of the reporting date amounts to 977.9 (December 31, 2021: 687.0 / December 31, 2020: 504.8).

The gain from the net monetary position amounts to EUR 126 thousand and from the non-monetary position there is a loss of EUR 38 thousand.

The effects of the inflationary accounting pertaining to the Turkish Group company are not material for the Group overall.

5. Effects of the Ukraine/Russia crisis

Following Russia's invasion of Ukraine at the beginning of 2022, the European environment and therefore also Gigaset have been indirectly affected by the sanctions imposed by the EU, availability of energy and materials, and the sharp increase in inflation.

The Gigaset Group is also directly affected as a result of market activities and the affected subsidiary in Russia. Since the sanctions were imposed, it has been very difficult for the Gigaset Group to maintain its delivery routes to Russia. Owing to the uncertainty and tense situation, Gigaset's sales market in Russia has also collapsed.

In relation to the low significance of the Russian Group company's revenues and earnings for the Gigaset Group as a whole, the political and economic effects are only minor, however, and there are no significant effects on the financial statements, meaning that they are currently not material from our perspective.

In Russia, cash and cash equivalents in the amount of EUR 1.4 million were available as of the balance sheet date, which are currently not subject to any additive disposal restrictions imposed since the start of the pandemic.

6. Notes on financial instruments

An overview of financial assets and liabilities with supplementary information on carrying amounts and fair values is presented in the table below in a manner analogous to the presentation in the consolidated financial statements for the period ended December 31, 2021.

Carrying amounts, measurement methods and fair values by measurement category in EUR'000	Measurement categories per IFRS 9	Carrying amount 06/30/2022	Fair value 06/30/2022	Amortized cost	Fair value recognized in equity without subsequent reclassifica-tion to the income statement	Fair value through profit and loss	Hedge Accounting	Statement of financial position measurement method per IFRS 16
Assets								
Noncurrent assets								
Financial assets	FVOCI	0	0	0	0	0	0	0
Current assets								
Trade receivables	AC	8,006	8,006	8,006	0	0	0	0
	FVPL	7,807	7,807	0	0	7,807	0	0
Other assets	AC, FVPL	11,308	11,308	8,769	0	0	2,539	0
Cash and cash equivalent	AC	14,687	14,687	14,687	0	0	0	0
Liabilities								
Noncurrent liabilities								
Financial liabilities	AC	8,269	7,914	8,269	0	0	0	0
Lease liabilities	Leases	-	0	0	0	0	0	1,383
Current liabilities								
Current financial liabilities	AC	9,417	9,796	9,417	0	0	0	0
Current lease liabilities	Leases	-	0	0	0	0	0	1,319
Trade payables	AC	45,607	45,607	45,607	0	0	0	0
Other liabilities	AC, FVPL	102	102	102	0	0	0	0

Carrying amounts, measurement methods and fair values by measurement category in EUR'000	Measurement categories per IFRS 9	Carrying amount 06/30/2022	Fair value 06/30/2022	Amortized cost	Fair value recognized in equity without subsequent reclassification to the income statement	Fair value through profit and loss	Hedge Accounting	Statement of financial position measurement method per IFRS 16
Thereof aggregated by measurement categories in EUR'000								
Financial assets								
At amortized cost (AC)		31,462	31,462	0	0	0	0	0
At fair value through other comprehensive income (FVOCI)		0	0	0	0	0	0	0
At fair value through profit or loss (FVPL)		7,807	7,807	0	0	0	0	0
Financial assets (hedging)		2,539	2,539	0	0	0	0	0
Financial liabilities								
At amortized cost (AC)		63,395	63,419	0	0	0	0	0
At fair value through profit or loss (FVPL)		0	0	0	0	0	0	0
Financial liabilities (hedging)		0	0	0	0	0	0	0

Carrying amounts, measurement methods and fair values by measurement category in EUR'000	Measurement categories per IFRS 9	Carrying amount 12/31/2021	Fair value 12/31/2021	Amortized cost	Fair value recognized in equity without subsequent reclassification to the income statement	Fair value through profit and loss	Hedge Accounting	Statement of financial position measurement method per IFRS 16
Assets								
Noncurrent assets								
Financial assets	FVOCI	0	0	0	0	0	0	0
Current assets								
Trade receivables	AC	11,720	11,720	11,720	0	0	0	0
	FVPL	4,289	4,289	0	0	4,289	0	0
Other assets	AC, FVPL	13,239	13,239	12,737	0	0	502	0
Cash and cash equivalents	AC	23,080	23,080	23,080	0	0	0	0
Liabilities								
Noncurrent liabilities								
Financial liabilities	AC	2,847	2,734	2,847	0	0	0	0
Lease liabilities	Leases	-	0	0	0	0	0	1,561
Current liabilities								
Current financial liabilities	AC	13,131	13,495	13,131	0	0	0	0
Current lease liabilities	Leases	-	0	0	0	0	0	1,541
Trade payables	AC	44,978	44,978	44,978	0	0	0	0
Other liabilities	AC, FVPL	240	240	240	0	0	0	0

Carrying amounts, measurement methods and fair values by measurement category in EUR'000	Measurement categories per IFRS 9	Carrying amount 12/31/2021	Fair value 12/31/2021	Amortized cost	Fair value recognized in equity without subsequent reclassification to the income statement	Fair value through profit and loss	Hedge Accounting	Statement of financial position measurement method per IFRS 16
Thereof aggregated by measurement categories in EUR'000								
Financial assets								
At amortized cost (AC)		47,537	47,537	0	0	0	0	0
At fair value through other comprehensive income (FVOCI)		0	0	0	0	0	0	0
At fair value through profit or loss (FVPL)		4,289	4,289	0	0	0	0	0
Financial assets (hedging)		502	502	0	0	0	0	0
Financial liabilities								
At amortized cost (AC)		61,196	61,447	0	0	0	0	0
At fair value through profit or loss (FVPL)		0	0	0	0	0	0	0
Financial liabilities (hedging)		0	0	0	0	0	0	0

With the exception of financial liabilities, the fair values of financial assets and liabilities as of June 30, 2022 are mainly equivalent to the carrying amounts. Changes were made to current financial assets compared with December 31 of the previous year due to the expiration of currency hedging transactions and the conclusion of new currency hedging transactions. In addition, further short-term financing in the amount of EUR 2.5 million was concluded with a supplier. Compared with the end of the year, there were no changes in the financial assets and liabilities existing at this time with respect to measurement and the fair value hierarchy.

Please refer to the remarks in Chapter 12 Financial liabilities for information on developments and changes relative to financial liabilities as of June 30, 2022.

As of the balance sheet date, foreign currency derivatives were presented under Other current assets with a fair value of EUR 2,539 thousand. As of December 31, 2021, foreign currency derivatives were presented under Other current assets with a fair value of EUR 4,289 thousand.

As explained in the 2021 consolidated financial statements, Gigaset applies hedge accounting rules to the hedging of future merchandise purchases. The existing currency futures contracts to which hedge accounting was applied satisfy the requirements of IFRS 9 for cashflow hedges. The risk management strategies and hedging documentation are adapted to the provisions of IFRS 9. The effectiveness was assessed when the hedging relationships were designated on the basis of a prospective effectiveness test. Based on this test, it was found that the defined hedging relationships are to be regarded as effective.

Including deferred taxes, an amount of EUR 596 thousand (PY: EUR 269 thousand) was recognized in equity in the current period.

As of the reporting date, there were 22 (December 31, 2021: 18) foreign currency derivatives with terms until June 2023 with a notional value of USD 30.50 million (December 31, 2021: USD 12.75 million) to hedge the exchange rate of the U.S. dollar against the euro. 16 USD foreign currency derivatives are structured as "plain vanilla" currency forwards. 6 USD foreign currency derivatives are structured as foreign exchange option contracts. The rules governing hedge accounting were applied to 22 USD foreign currency derivatives.

In accordance with IFRS 7.29, it is not necessary to state the fair value of current financial assets and liabilities if the carrying amount represents a reasonable approximation of the fair value. Gigaset presents the fair values in the preceding overviews for the sake of being thorough and to help the users of the financial statements better understand the accounting treatment, but it does not perform a separate calculation of fair values because the carrying amounts are applied as a reasonable approximation of the fair values. For this reason, a separate presentation is not provided for these items in the table below, in which the fair values determined for the financial assets and liabilities for the first half of 2022 are additionally assigned to hierarchy levels:

06/30/2022		**Hierarchy level**			
EUR'000	**Category**	**1**	**2**	**3**	**Total**
Financial assets					
Noncurrent financial assets	FVOCI	0	0	0	0
Derivative financial instruments	Hedging	0	2,539	0	2,539
Financial liabilities					
Noncurrent and current financial liabilities	AC	0	0	17,710	17,710
Derivative financial instruments	FVPL/ Hedging	0	0	0	0

12/31/2021		**Hierarchy level**			
EUR'000	**Category**	**1**	**2**	**3**	**Total**
Financial assets					
Noncurrent financial assets	FVOCI	0	0	0	0
Derivative financial instruments	Hedging	0	502	0	502
Financial liabilities					
Noncurrent and current financial liabilities	AC	0	0	16,229	16,229
Derivative financial instruments	FVPL/ Hedging	0	0	0	0

The fair values of derivative financial instruments were calculated using present value and option pricing models. To the extent possible, the relevant market prices and interest rates observed on the reporting date, which are taken from generally accepted external sources, were used as input parameters for these models. In accordance with IFRS 13, the determination of fair value is to be categorized within Level 2 of the fair value hierarchy.

Lease liabilities do not fall under the scope of application of IFRS 9 and are therefore presented separately.

Noncurrent financial assets include the carrying amount, which has since been corrected in the full amount, of the interest in Gigaset Mobile Pte. Ltd., Singapore, which was assigned to the category "At fair value through other comprehensive income (FVOCI)". Because the shares of Gigaset Mobile Pte. Ltd. are equity instruments, Gigaset has elected in accordance with IFRS 9.5.7.5 to assign this financial asset irrevocably to the category "At fair value through other comprehensive income (FVOCI)." Based on new knowledge obtained in the 2020 financial year, the carrying amount was completely written off in 2020. In accordance with IFRS 13, the determination of fair value is assignable to Level 3 of the measurement categories applied for the determination of fair values. No new knowledge has been obtained since the end of the 2020 financial year.

Cash and cash equivalents, trade receivables, and current financial assets have short remaining terms. Therefore, the carrying amounts as of the balance sheet date are approximately equal to the fair value.

Trade payables and current financial liabilities are due within one year in the full amounts. Thus, the nominal value or repayment amount is approximately equal to the fair value.
The fair values of other noncurrent financial assets and liabilities with remaining terms of more than one year are equal to the present values of the payments associated with the assets and liabilities on the basis of the respectively current interest parameters, which reflect the currency, interest rate and partner-related changes in the applicable terms. In accordance with IFRS 13, the determination of fair value is to be categorized within Level 3 of the fair value hierarchy.

7. Cash and cash equivalents

Cash and cash equivalents fell by EUR 8.4 million from EUR 23.1 million to EUR 14.7 million compared with December 31, 2021. Further information on developments in this area can be found in the consolidated statement of cashflows.

As of the balance sheet date, the cash and cash equivalents include cash from subsidiaries in Russia and China, which the Group is not currently able to dispose of freely. The general use of this cash within the Group in the amount of EUR 1.5 million (PY: EUR 0.9 million) is subject to regulatory restrictions.

8. Inventories

The stock of inventories increased by EUR 9.0 million from EUR 29.9 million to EUR 38.9 million compared with December 31, 2021. This is predominantly due to the increased inventories of raw materials and supplies of EUR 23.1 million (PY: EUR 19.7 million), increased stock of finished goods in the amount of EUR 11.1 million (PY: EUR 7.9 million) and unfinished goods in the amount of EUR 2.1 million (PY: EUR 1.0 million) and the increase in advance payments of EUR 2.5 million (PY: EUR 1.3 million).

9. Other assets

Other assets fell by EUR 5.2 million from EUR 24.3 million to EUR 19.1 million compared with December 31, 2021.

Claims from assistance, which took the form of government subsidy payments as part of interim aid during the coronavirus pandemic, in the amount of EUR 3.4 million recognized in 2021 were paid in March and April 2022. In addition, claims from advance pension payments in the amount of EUR 2.4million, recognized as of December 31, 2021, were reimbursed in February 2022, meaning that no further claims were recorded in this regard as of the balance sheet date, as is the case for the claims from assistance. Furthermore, claims from factoring fell from EUR 8.6 million to EUR 7.0 million as at the balance sheet date owing to the purchase price retention.

10. Pension obligations and deferred tax assets

Pension obligations declined by EUR 29.0 million to EUR 64.8 million as of the reporting date of June 30, 2022. Pension obligations were valued on the basis of a pension assessment as of June 30, 2022. Due to an increase in the relevant interest rate level from 1.14 % as of December 31, 2021 to 3.32 % as of June 30, 2022, there was a decrease in pension obligations from this effect in the amount of EUR 28.1 million and an associated decrease in deferred tax assets in the amount of EUR 9.0 million. The change in plan assets for the pension obligations led to a decrease from valuation effects of EUR 5.4 million in the reporting period.

11. Provisions

Current provisions decreased from EUR 12.0 million as of December 31, 2021 to EUR 10.7 million, mainly due to the decrease of EUR 0.4 million in provisions for licensing costs, EUR 0.4 million in contingent losses, EUR 0.3 million in customer bonuses and EUR 0.3 million in other provisions. Noncurrent liabilities amounted to EUR 1.1 million (PY: EUR 1.4 million), thus slightly down on the previous year.

12. Financial liabilities

The Gigaset Group entered into a credit facility in 2018, which amounted to EUR 12.8 million as of December 31, 2021. The loan balance as of June 30, 2022 was EUR 12.0 million. Of this total, EUR 6.0 million is due in less than one year and EUR 6.0 million is due in more than one year and less than five years. The loan is denominated in euros, bears fixed interest at an effective annual rate of 5.16 %, and is measured at amortized cost. Thus, it has no effect on the Group's position with respect to currency risks and interest rate risks.

As already explained in the 2021 Annual Report, Gigaset did not comply with the agreed key financial figures for the 2021 financial year and therefore agreed with the financing banks in March 2022 to forego its right to termination and adjust repayment of loan instalments. A six-month repayment suspension was agreed with the financing banks, starting in March 2022, with the originally agreed repayments for the 2022 financial year then to be rendered through higher repayments as of the fourth quarter of 2022.

As a result of the breach of covenant, the loan was fully classified as current in the balance sheet as of December 31, 2021. With the agreement in March 2022 and the decision by the financing banks to forego the right to termination, the loan will be taken into account as current and noncurrent in the balance sheet again.

Please refer to the notes to the consolidated financial statements in the 2021 Annual Report for additional information on this credit facility.

Various vendor financing loans have been granted to Gigaset to finance the collaboration project with Unify, which was concluded in the 2020 financial year. These are interest-free loans that will be continually repaid over terms until 06/30/2024 and 12/31/2024. The loans were concluded for nominal amounts of EUR 0.75 million and USD 1 million. In accordance with IFRS 9, these loans were measured at fair value upon initial recognition. In subsequent periods, they will be measured at amortized cost. The vendor financing amounted to EUR 0.5 million or USD 0.9 million as of June 30, 2022.

Gigaset was granted further vendor financing in the amount of EUR 2.5 million in the current 2022 financial year. This is a short-term loan with a maturity date of October 31, 2022. The loan is to bear fixed interest at an effective annual rate of 4.0 %, and is measured at amortized cost. Since the written consent required on the basis of the existing financing backed by a federal state guarantee was not yet available as of the balance sheet date of June 30, 2022, the availability of the cash received from the vendor financing was restricted as of the balance sheet date.

In connection with the government measures to combat the economic effects of the coronavirus pandemic, the French national subsidiary had received an interest-free liquidity protection loan in the amount of EUR 2.0 million, with a term of initially 12 months, in the summer of 2020. In June 2021, the loan was extended by another five years, with repayment beginning after 12 months – i.e. from July 2022. The loan is denominated in euros, bears fixed interest at an effective annual rate of 4.17 %, and is measured at amortized cost. The loan amounted to EUR 1.9 million as of June 30, 2022.

13. Revenues

The Group's revenues are mainly generated from sales of goods in the four operating segments of Phones, Smartphones, Smart Home and Professional.

Observed on a global basis, revenues are broken down by geographic segments as shown in the segment report. Revenues are normally recognized on a short-term basis and the performance obligations are performed at a specific point in time based on the current business model.

The development of revenues in the different operating segments is presented in the table below:

Revenues in EUR millions	Q1 - Q2 2022	Q1 - Q2 2021	Change in %
Phones	63.3	70.3	-10.0
Smartphones	9.6	8.2	17.1
Smart Home	0.6	0.8	-25.0
Professional	29.9	22.7	31.7
Gigaset Total	**103.4**	**102.0**	**1.4**

Please refer to the remarks in the Group management report for additional information on the individual product segments.

14. Other operating income

Other operating income amounted to EUR 7.4 million in the reporting period, after EUR 5.4 million in the previous year. Other operating income mainly includes realized and unrealized foreign exchange gains in the amount of EUR 3.4 million (PY: EUR 2.8 million), as well as income from the reversal of provisions in the amount of EUR 0.4 million (PY: EUR 0.3 million). Miscellaneous other operating income comprises rental income in the amount of EUR 0.8 million (PY: EUR 0.6 million) and proceeds from material sales in the amount of EUR 0.8 million (PY: EUR 0.2 million).

15. Personnel expenses

Personnel expenses declined by EUR 1.0 million to EUR 30.0 million in the first half of 2022. This is primarily due to lower expenses for other wage and salary expenses in the amount of EUR 0.8 million (PY: EUR 1.3 million), due in particular to vacation and flextime provisions. In addition, expenses for special payments and bonuses in the amount of EUR 2.2 million fell slightly compared with the previous year (PY: EUR 2.5 million), with the same trend observed for wage and salary payments, which amounted to EUR 21.2 million (PY: EUR 21.5 million).

16. Other operating expenses

Other operating expenses amounted to EUR 31.1 million in the 2022 reporting period, after EUR 29.9 million in the year-ago period. Marketing expenses fell significantly, comprising EUR 7.9 million as of the reporting date, down from EUR 9.6 million in the previous year. The increase in expenses resulted mainly from higher expenses from exchange rate losses in the amount of EUR 1.1 million (PY: EUR 0.8 million). In addition, higher other operating expenses were incurred in the amount of EUR 1.7 million (PY: EUR 1.2 million), comprising expenses for product approvals and other distribution services. Expenses for acquired services also increased, amounting to EUR 1.8 million (PY: EUR 1.2 million) as of the balance sheet date. Higher expenses were also incurred for administrative activities, in the amount of EUR 4.5 million (PY: EUR 4.2 million), as well as higher expenses for advisory services in the amount of EUR 1.4 million (PY: EUR 1.2 million).

17. Net interest income

Net interest income comprises other interest and similar income in the amount of EUR 0.2 million (PY: EUR 0.4 million) and interest and similar expenses in the amount of EUR 0.7 million (PY: EUR 0.9 million).

In the first half of 2022, interest income resulted from the discounting of loan liabilities in the amount of EUR 0.2 million (PY: EUR 0.3 million).

Interest expenses mainly include interest paid on the credit facility taken out in 2018 in the amount of EUR 0.2 million (PY: EUR 0.3 million), the compounding of loan liabilities in the amount of EUR 0.1 million (PY: EUR 0.3 million), and interest paid in connection with factoring in the amount of EUR 0.2 million (PY: EUR 0.2 million).

18. Segment reporting

The segment report is based on geographic segments according to the Group's internal reporting system. The holding company is presented separately from Gigaset's operating activities. Within the operating activities, the regions "Germany", "EU" and "Rest of World" are used as geographic regions. The reportable EU segment includes several geographic regions that were aggregated into this segment, including the geographic region of "France" as an operating segment. The individual segments were aggregated into the EU segment because the products and services sold, the customer structures, the distribution structures, and the regulatory environment are comparable. With respect to economic criteria, the aggregation was particularly based on comparable gross margins in the individual geographic regions.

The geographic regions of Gigaset, whose main activity lies in the area of communications technology, are as follows:

- Germany

  The geographic region "Germany" comprises the operating activities in Germany.

- EU

  The geographic region "EU" (European Union) comprises the operating activities in Poland, Austria, France, Italy, the Netherlands, Spain and Sweden.

- Rest of World

  The geographic region "Rest of World" comprises the operating activities in the United Kingdom, Switzerland, Turkey, Russia and China.

The transfer prices between the segments are equal to the prices charged in dealings with third parties. Administrative services are charged by way of cost allocation.

The relevant segment result is EBITDA.

In the segment report, revenues are broken down by country based on both the receiving entities and the domicile of each company ("country of domicile").

As in the previous year, the 10% revenue limit for total revenues from an international company was exceeded again slightly in the B2B sector. Total revenues from this business partner amounted to EUR 12.8 million for the first half of 2022 (PY: EUR 13.3 million), distributed across all geographical segments.

As part of the segment report by geographical region within the Group, revenues are attributed to the country of domicile of the various legal entities. For example, if a German company issues an invoice in the Netherlands, such revenues are allocated to the region of Germany in the presentation based on country of domicile. At the start of the 2022 financial year, successive foreign subsidiaries were switched to the direct business model, in which Gigaset Communications GmbH delivers directly to end customers abroad, resulting in the foreign distributing companies acting increasingly as sales mediators and thus no longer generating any revenues directly. As a result, revenues based on country of domicile are gradually being assigned to Germany, impacting the comparison with the previous year. In the tables below, revenues are presented on the basis of the country of domicile.

January 1 to June 30, 2022 in EUR millions	Germany	EU	Rest of World	Gigaset TOTAL	Holding company	Group
Revenues	68.2	26.4	8.7	103.3	0.0	103.4
Segment result / EBITDA	**5.9**	**1.2**	**0.3**	**7.4**	**-1.6**	**5.8**
Depreciation and amortization	-7.4	-0.4	-0.1	-7.9	0.0	-7.9
EBIT	**-1.5**	**0.8**	**0.2**	**-0.5**	**-1.6**	**-2.1**
Other interest and similar expenses						0.2
Interest and similar expenses						-0.7
Financial result						**-0.5**
Result from ordinary activities						**-2.6**
Income taxes						0.2
Consolidated net loss						**-2.4**

January 1 to June 30, 2021 in EUR millions	Germany	EU	Rest of World	Gigaset TOTAL	Holding company	Group
Revenues	60.2	30.1	11.7	102.0	0.0	102.0
Segment result / EBITDA	**4.5**	**1.0**	**0.1**	**5.6**	**-1.4**	**4.2**
Depreciation and amortization	-6.7	-0.5	-0.1	-7.3	0.0	-7.3
EBIT	**-2.2**	**0.5**	**0.0**	**-1.7**	**-1.4**	**-3.1**
Other interest and similar expenses						0.4
Interest and similar expenses						-0.9
Financial result						**-0.5**
Result from ordinary activities						**-3.7**
Income taxes						0.7
Consolidated net loss						**-3.0**

Any earnings effects of deconsolidations are assigned to the respective segments.

Please refer to Chapter 13 Revenues in the notes to the consolidated financial statements for a breakdown of revenues by operating segment.

Revenues based on receiving units represent the revenues invoiced in the respective regions – independent of the registered office of the invoicing unit. If, for example, a German company issues an invoice in the Netherlands, this revenue is assigned to the region of "Europe – EU (excluding Germany)" in the presentation by receiving entities. In the table below, revenues are divided by the region of the receiving entity within the meaning of IFRS 8.33 a), as described in the preceding paragraph, and are as follows for the 2022 financial year and the comparison period:

Revenues in EUR millions	**Q1 - Q2 2022**	**Q1 - Q2 2021**
Germany	50.6	48.8
France	14.4	16.0
Europe (excluding Germany and France)	32.6	31.9
Rest of World	5.8	5.3
Total	**103.4**	**102.0**

19. Cashflow statement

The cashflow from operating activities exhibited a significantly positive development, increasing from EUR -9.0 million in the year-ago period to EUR 0.1 million in the first six months of the current 2022 financial year. The increase in inventories in the amount of EUR -9.0 million (PY: EUR -4.1 million) led to high cash outflows, while cash inflows of EUR 6.3 million were generated for trade receivables and other assets owing to a decrease (PY: cash outflows of EUR -0.5 million). The decrease in trade payables, other liabilities and other provisions led to cash outflows of EUR -1.4 million (PY: EUR -10.4 million), alongside a negative effect from the operating result in the amount of EUR -2.6 million (PY: EUR -3.7 million). The customary cash outflow in the first half of the year is due to seasonal effects.

The company traditionally generates net cash inflows during the Christmas season in the second half of the year.

In the previous-year period, a portion of outstanding trade receivables equal to EUR 3.6 million was netted with license fees owed by Gigaset. This netting had no effect on cashflow in the reporting period. The netted trade receivables that would have increased cashflow from operating activities by this amount and the netted license liabilities that would have increased the cashflow from investment activities by the same amount were therefore not applied as cash-effective transactions in the statement of cashflows.

The cash outflows for investments increased from EUR -7.5 million in the year-ago period to EUR -8.6 million in the reporting period, primarily due to increased payments for own work capitalized while developing new products and solutions.

The free cashflow of EUR -8.5 million was considerably better in the first half of 2022 than in the first half of last year, when it came to EUR -16.5 million. This development was mainly influenced by the cashflow from operating activities.

The cashflow from financing activities also improved from EUR -0.9 million in the year-ago period to EUR -0.1 million in the reporting period. Increased cash inflows from current financial liabilities in the amount of EUR 1.6 million (PY: cash outflows of EUR -1.0 million) resulted mainly from new credit facilities taken out in the amount of EUR 2.5 million and deferred repayment commitments for the repayment of financial liabilities. In the previous year, payments in the amount of EUR 1.6 million were received from taking out vendor financing as part of project financing under the cooperation with Unify.

Gigaset received EUR 2.5 million as a short-term loan in liquid funds from a business partner and recognizes this as cash. As of the reporting date, Gigaset is unable to freely dispose of these funds as the consent required on the basis of the existing financing backed by a federal state guarantee was not available.

20. Disclosures concerning dealings with related parties

The dealings with related parties presented on page 156 ff. of the 2021 annual report are basically unchanged.

No further transactions were conducted with related parties in the reporting period of January to June 2022 and the balances also remain unchanged. No transactions were conducted between the Group and other related parties in the first half of 2022.

21. Significant events after the reporting date

Please refer to the remarks in the Group management report for information regarding events after the reporting date.

22. Responsibility statement

"To the best of our knowledge and in accordance with the required accounting principles, the consolidated financial statements provide a true and fair view of the financial position, cashflow, and financial performance of the Group, and the Group management report provides a true and fair view of the Group's performance and situation, along with a fair description of the principal opportunities and risks of the Group's future development."

Bocholt, September 27, 2022
The Executive Board of Gigaset AG

Klaus Weßing, CEO

Thomas Schuchardt, CFO

FINANCIAL CALENDAR 2022

Remaining (subject to change)

November 22, 2022	Interim financial report for Q3 2022

Notes:
This interim financial report is not certified. It contains statements and information from Gigaset AG relating to future periods. These statements regarding the future represent estimates that were made based on all information available when the interim financial report was prepared. If the assumptions underlying the forecasts should prove inaccurate, the actual developments and results can deviate from current expectations. The Company does not accept any responsibility to update the statements included in this interim financial report outside of the provisions governing publication stipulated under the law.

The amounts and percentages stated in this interim report are rounded to the nearest whole number; consequently, minor rounding differences can arise as a result.

For the sake of readability, we use the generic masculine form in this report. It should be understood as a gender-neutral form applied as a simplification: It is unbiased and does not imply any discrimination against other genders.

This English interim report of Gigaset AG can be viewed and downloaded just as the report in German on Gigaset AG's homepage (http://www.gigaset.ag). When in doubt in the event of minor differences in the contents as well as differences in the stated figures, the German version is authoritative.

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