

Gigaset

**INNOVATION**



Gigaset AG  
**Quarterly Report**  
2022 | January – September | Q3

## KEY FIGURES

EUR millions	01/01 - 09/30/2022	01/01 - 09/30/2021
Consolidated revenues	159.7	153.9
EBITDA (Earnings before interest, taxes, depreciation and amortization)	7.7	11.0
EBIT (Earnings before interest and taxes)	-4.3	0.2
Consolidated net loss for the year	-4.5	-1.2
Free cashflow	-8.9	-19.0
Earnings per share (diluted) in EUR	-0.03	-0.01
	09/30/2022	12/31/2021
Total assets	186.5	192.2
Consolidated equity	24.5	8.0
Equity ratio (in %)	13.2	4.2
Number of employees	863	868
	Q3 2022	Q3 2021
Closing price in EUR (at the end of the period)	0.22	0.36
Highest price in EUR (in the period)	0.29	0.42
Lowest price in EUR (in the period)	0.18	0.30
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)	29.1	47.7

## KEY FACTS

- Consolidated revenues for the first nine months increased by 3.8% compared with the year-ago figure
- Margin weighed down by material availability and inflation
- EBITDA remains clearly positive at EUR 7.7 million in the first nine months

“The majority of materials and components is paid in US dollars; therefore, the exchange rate effects between Euro and US dollar cause a negative impact. Now it is of particular importance for us is to manage the increased material costs as well as the overall uncertainty.”

**Thomas Schuchardt, CFO of Gigaset AG**

“Despite the current ambiguity, we are looking positively to the future: new products tailored for our customers, long-term cooperation with strong partners and our production 'Made in Germany', are the assets of our success.”

**Klaus Wessing, CEO of Gigaset AG**

# 1 GENERAL ECONOMIC ENVIRONMENT

According to the International Monetary Fund (IMF), the slowdown in the global economy is both widespread and more severe than expected, with inflation the highest it has been for decades. A sharp increase in the cost of living, a tightening financial situation in most regions, the Russian invasion of Ukraine and the ongoing COVID-19 pandemic are all factors significantly dampening prospects for growth.

Consequently, the IMF assumes that global growth will weaken from 6.0 % in 2021 to 3.2 % in 2022 and 2.7 % in 2023. Apart from the global financial crisis and the acute phase of the coronavirus pandemic, this is the weakest growth pattern since 2001.

The IMF expects global inflation to climb from an estimated 4.7 % in 2021 to 8.8 % in 2022 before falling back to 6.5 % in 2023 and 4.1 % in 2024.

In the markets relevant to Gigaset, growth will decelerate for the most part in the current year. The IMF anticipates the following growth rates for 2022: Germany +1.5 %, France +2.5 %, Italy +3.2 %, Spain +4.3 % and the Netherlands +4.5 %. For Switzerland, the IMF assumes an increase of 2.2 %.

Against the backdrop of persistent global supply chain problems, Gigaset remains subject to the risk that current procurement shortages, especially the shortage of chips, as well as logistical problems will have a negative impact on production and product availability and prevent steady utilization of capacities. In addition, dramatically rising costs for energy and raw materials might impact net income negatively. Gigaset monitors these developments continuously and seeks to mitigate their impacts with suitable measures.

## 2 BUSINESS DEVELOPMENTS

Gigaset achieved, overall, an increase of 3.8 % in revenues in the first nine months of 2022, in range of announced revenue expectations. Net income was weighed down primarily by a 23.5 % rise in the costs for purchased goods and services, while personnel costs were down by almost 1.8 %. EBITDA declined accordingly by 30.5 % in the first nine months of 2022.

As described in the chapter on the General Economy, Gigaset like others faces new realities in the area of logistics and availability, characterized by procurement and supply chain problems and a chip shortage. Through its solid relationships with suppliers, established over many years, the Company seeks to ensure the best possible supply of all raw materials and precursor products required in production, while at the same time keeping costs under control. In addition, highly flexible production at the Bocholt (Germany) plant makes it possible to spread utilization peaks out over the day and thus always convert supplied precursor products into products as quickly as possible.

### 2.1 Phones

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The Phones business unit recovered significantly in the third quarter of 2022, despite persistent supply chain and materials procurement problems. It recorded a strong increase in revenues of 31.3 % compared to the prior-year third quarter. This also constituted a 2.3 % rise in revenues in terms of the first nine months of the year. The collaboration with Telekom Deutschland was stepped up, and this proved to be a key factor driving revenues. Telekom Deutschland has been using DECT cordless telephones from Gigaset since July 2022. These 'Made in Germany' landline phones are available in all Telekom shops, through the hotline and in Telekom's online shop. The decision by Telekom to collaborate with Gigaset was prompted by aspects such as sustainability, quality and geographical proximity. For Gigaset, this collaboration marks a major success as well as confirmation of the Group's uncontested position as market leader for DECT cordless telephones.

Although the European cordless telephone market continues to decline overall and competition is fierce, Gigaset remains firmly resolved to position itself as the first-choice provider of premium landline phones with their own bases or using routers, thereby securing additional market share.

### 2.2 Smartphones

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After a strong first six months, the Smartphones business unit suffered what appeared to be a 35.8 % decline in revenues in the third quarter of 2022 compared with the prior-year third quarter. However, a closer look shows that total revenues in the first nine months of 2022 are on a par with the prior year. The new products for 2022 will not be introduced until the fourth quarter – first the GX6 and then the GX4. This means that the new products will not have an impact until the fourth quarter, and will affect the year 2022 as a whole. To strengthen this segment, Gigaset will continue to expand its Smartphones business with B2B partnerships.

### 2.3 Smart Home

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The Smart Home segment developed positively in the third quarter of 2022, with revenues up considerably by 21.3 % on the same quarter of the prior year. Over the nine-month period, however, revenues fell by 9.1 %.

Gigaset is increasingly using partnerships in order to make the Smart Home portfolio accessible to a wider target group. In April, for example, Gigaset collaborated with the Einkaufsgemeinschaft des Bundesverbands Breitbandkommunikation (BREKO) to bring an initial router to the market, which is currently marketed exclusively by BREKO to its association of network operators.

## 2.4 Professional

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In the third quarter of 2022, the Professional business unit fell slightly short of the very positive development in the first half of the year. Revenues dropped by 19.5 % on the same quarter of the prior year, though seasonal effects had a role to play. Compared with the comparative period in 2021, the total improvement in revenues still stands at 8.8 % for the first nine months of the year. The cooperative venture with our partner Unify continues on schedule, and larger volumes have already been rolled out in the current financial year.

## 3 FINANCIAL PERFORMANCE, CASHFLOWS AND FINANCIAL POSITION OF THE GROUP

In the current financial year, IAS 29 Financial Reporting in Hyperinflationary Economies was applied retroactively on account of the inflationary developments in Turkey. The Gigaset Group includes its Turkish group company with the Turkish Lira as its functional currency in the consolidated financial statements. Because the effects on the financial performance, cashflows and financial position of the Group are not material, the prior-year figures will not be adjusted. More details are provided in the condensed notes to the consolidated financial statements in the interim financial statements for the first half of 2022.

Russia's invasion of Ukraine at the beginning of 2022 meant that Gigaset was involved both directly via its Russian subsidiary and indirectly in relation to the availability of energy and materials as well as the sharp rise in inflation and development of the US dollar exchange rate. Because of the subsidiary's low significance for the revenues and earnings of the Gigaset Group, there were no material effects on the financial performance, cashflows and financial position of the Group. In Russia, there are general restrictions on accessing the cash and cash equivalents of EUR 1.2 million as of the reporting date of September 30, 2022, but access by the Group has not been limited further by the sanctions.

### 3.1 Financial performance

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The Gigaset Group generated total **revenues** of EUR 159.7 million in the third quarter of 2022 (PY: EUR 153.9 million). The online business has become an established distribution channel, accounting for 15.2% of total revenues. Revenues are subject to the usual seasonal fluctuations in the consumer business. Gigaset managed to increase its revenues by EUR 5.8 million compared to the prior year,

despite the ongoing materials bottlenecks on account of disrupted supply chains and global uncertainty resulting from the Russia-Ukraine war that started in the first quarter of 2022.

At EUR 102.2 million in the 2022 reporting period, the Phones business unit surpassed last year's figure of EUR 99.9 million. Unit sales for Phones improved by 2.3 % compared to the prior-year period, which is attributable in particular to the ongoing stabilization of unit sales of cordless telephones.

In the Smartphones segment, revenues in the first nine months of the current financial year came in at EUR 12.2 million, which is comparable to the prior-year period. This meant that it was not possible to carry the positive trend from the first half of the current financial year into the third quarter.

The development of the Smart Home business unit remains unsatisfactory for Gigaset. Revenue in the past nine-month period came to EUR 1.0 million (PY: EUR 1.1 million). Demand for Smart Home products has not recovered since the pandemic, partly due to the continuing trend of people spending a greater amount of time at home.

In the third quarter, the Professional business unit managed to continue the positive trend of the past quarters. Cumulatively, its revenues in the current financial year came to EUR 44.3 million (PY: EUR 40.7 million), for an 8.8 % increase. This positive development was influenced on the one hand by backlog effects of projects and on the other hand by high demand and new project implementations.

Overall, revenues are broken down by product segments as follows:

Revenues in EUR millions	Q1 - Q3 2022	Q1 - Q3 2021	Change in %
Phones	102.2	99.9	2.3
Smartphones	12.2	12.2	0.0
Smart Home	1.0	1.1	-9.1
Professional	44.3	40.7	8.8
<b>Gigaset Total</b>	<b>159.7</b>	<b>153.9</b>	<b>3.8</b>

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

The regional breakdown of revenues by **receiving entities** is based on the revenues billed in the respective regions, regardless of the domicile of the billing entity. If, for example, a German company issues an invoice to an entity in the Netherlands, the corresponding revenue is attributed to the Europe region for purposes of the regional breakdown by receiving entities. The regional breakdown of revenues by receiving entity is presented in the table below:

Revenues in EUR millions	Q1 - Q3 2022	Q1 - Q3 2021	Change in %
Germany	79.6	74.0	7.6
Europe (excluding Germany)	58.6	58.5	0.2
Rest of World	21.5	21.4	0.5
<b>Gigaset Total</b>	<b>159.7</b>	<b>153.9</b>	<b>3.8</b>

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. If, for example, a German company issues an invoice to an entity in the Netherlands, the corresponding revenue is attributed to the country of domicile, i.e. the Germany region. As of the start of the 2022 financial year, foreign subsidiaries will be shifted one after the other to the direct business model. As a result, the German subsidiary Gigaset Communications GmbH will deliver directly to end customers outside of Germany,

so that the foreign sales companies will increasingly act as sales intermediaries and will no longer generate direct sales revenues. Consequently, in the breakdown by country of domicile, sales revenues will be assigned one after the other to Germany, which will hinder comparison to the prior year. The regional breakdown of revenues by country of domicile is presented in the table below:

Revenues in EUR millions	Q1 - Q3 2022	Q1 - Q3 2021	Change in %
Germany	109.4	91.1	20.1
Europe (excluding Germany)	36.9	45.5	-18.9
Rest of World	13.4	17.3	-22.5
<b>Gigaset Total</b>	<b>159.7</b>	<b>153.9</b>	<b>3.8</b>

The **change in inventories of finished and semi-finished products** totals EUR 7.7 million as of September 30, 2022 (PY: EUR -1.6 million). The changes are due in the main to the price-related increase in raw materials and supplies as well as finished products as of the reporting date.

The **cost of purchased goods and services**, covering raw materials, merchandise, finished goods and purchased services, in the first nine months of the current financial year was EUR 86.9 million – an increase of EUR 16.5 million from EUR 70.4 million in the previous year. At 51.9 %, the purchased goods and services ratio, calculated as the ratio of purchased goods and services to the sum of sales revenues and the change in inventories of finished and semi-finished products, rose sharply compared with the year-ago figure of 46.2 %. This is owing to the changes in the product mix and cost increases for all materials required in the production process.

**Gross profit**, which is calculated as revenues minus the cost of purchased goods and services and in consideration of the change in inventories of finished and semi-finished products, fell by EUR 1.4 million to EUR 80.5 million in the reporting period. The gross profit margin, calculated as gross profit divided by revenues plus changes in inventory, fell significantly from 53.8 % in the previous year to 48.1 %, in line with the development of the costs of purchased goods and services.

**Other own work capitalized** increased from EUR 8.4 million in the prior-year period to EUR 10.1 million in the first nine months of the current 2022 financial year, in connection with costs for new product development. The increase in internal production capitalized is mainly attributable to the developments underway in the cooperative venture with Unify.

A EUR 10.7 million in the reporting period, **other operating income** rose EUR 1.9 million against the figure of EUR 8.8 million for the same period in the prior year. This year-on-year increase is due substantially to the sale of materials and to realized and unrealized exchange rate gains, which amount to EUR 4.4 million in the past nine months of the financial year (PY: EUR 3.4 million).

**Personnel expenses** for wages, salaries, social security contributions and old age pensions amounted to EUR 43.7 million in the third quarter of 2022, thus lower than in the previous year (PY: EUR 44.5 million). This development is mostly attributable to lower costs for other wage and salary expenses, chiefly due to lower provisions for vacation and for flextime. The personnel expenses ratio, calculated as personnel expenses divided by revenues plus changes in inventory, stands at 26.1 % (PY: 29.2 %).

**Other operating expenses** were incurred in the amount of EUR 50.0 million in the reporting period (PY: EUR 43.6 million). The rise in costs is mostly because of higher expenses from realized and unrealized exchange rate losses of EUR 5.9 million (PY: EUR 3.4 million) and from higher costs for patent and licensing fees and costs of purchased services.

**Earnings before interest, taxes, depreciation, amortization and impairment losses** (EBITDA) thus amounted to EUR 7.7 million (PY: EUR 11.0 million). After deducting depreciation, amortization and impairment losses in the amount of EUR 12.0 million (PY: EUR 10.9 million), **earnings before interest and taxes (EBIT)** amount to EUR -4.3 million (PY: EUR 0.2 million).

Taking into account the **financial result** in the amount of EUR -0.9 million (PY: EUR -1.0 million), the **result from ordinary activities** amounted to EUR -5.2 million (PY: EUR -0.8 million).

The **consolidated loss for the period** from January 1 to September 30, 2022 amounted to EUR -4.5 million (PY: EUR -1.2 million).

This yields **earnings per share** of EUR -0.03 (undiluted/diluted) (PY: EUR -0.01 (undiluted/diluted)).

## 3.2 Cashflows

The cashflow is as follows:

Cashflows in EUR millions	Q1 - Q3 2022	Q1 - Q3 2021
Cashflow from operating activities	4.9	-6.9
Cashflow from investing activities	-13.8	-12.1
Free Cashflow	-8.9	-19.0
Cashflow from financing activities	-0.7	-1.0

In the reporting period from January 1 to September 2022, the Gigaset Group generated a **cash inflow from operating activities** in the amount of EUR 4.9 million (PY: cash outflow EUR 6.9 million). In particular the increase in trade payables, other liabilities and provisions of EUR 7.5 million (PY: EUR -9.6 million) led to positive effects on the cashflows from operating activities. In addition, cash inflows of EUR 4.1 million were generated by the fall in trade receivables and other assets (PY: cash outflows of EUR 2.1 million). Cashflows from operating activities were mainly burdened by the accumulation of inventories with a value of EUR -14.0 million (PY: EUR -7.9 million).

The **cash outflow from investing activities** amounted to EUR -13.8 million after EUR -12.1 million in the same period in the previous financial year. Most investments in the reporting period and the previous year related to capitalized internal production for the development of new products and solutions.



**Free cashflow** in the past three quarters of the financial year stood at EUR -8.9 million (PY: -19.0 million), thus markedly higher than in the prior year. In the prior year, the greater demand for telecommunications products due to the coronavirus pandemic and an accompanying rise in prefinancing of production – tying up capital and leading to an outflow of liquidity – had a negative effect on free cashflow.

The **cash outflow from financing activities** amounted to EUR -0.7 million in the reporting period (PY: EUR -1.0 million). The cash outflow resulted for the most part from principal repayment and interest obligations from existing credit facilities. As of September 30, 2022 and in the prior year, cash inflows were recorded through taking out supplier loans.

Please refer to the statement of cashflows for a detailed account of the development of **cash and cash equivalents**. Exchange rate changes of EUR 0.1 million were included in the cashflow (PY: EUR -0.1 million). Cash and cash equivalents amount to EUR 13.7 million as of September 30, 2022 (PY: EUR 21.0 million).

### 3.3 Financial position

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As of September 30, 2022, the **total assets** of the Gigaset Group amounted to EUR 186.5 million, which represents a reduction compared with December 31, 2021 (EUR 192.2 million). On the asset side, the reduction is due to the decrease of EUR 9.4 million in cash and cash equivalents as of September 30, 2022 and the EUR 5.9 million reduction in noncurrent assets and EUR 6.7 million drop in other assets. Under liabilities, it was mainly the reduction in pension obligations by EUR 30.3 million to EUR 63.5 million that reduced the total figure.

Compared with a figure of EUR 98.7 million as of December 31, 2021, **noncurrent assets** decreased by EUR 5.9 million. The reduction results mainly from the reversal of deferred tax assets of EUR 8.1 million as of September 30, 2022 due to temporary differences.

**Current assets** accounted for 50.2% of total assets. These increased by EUR 0.2 million compared with December 31, 2021 and amounted to EUR 93.7 million. The main driver for the increase is the accumulation of inventories, which increased by EUR 14.0 million as of September 30, 2022 in order to meet requirements for production with raw materials and supplies. Conversely, cash and cash equivalents decreased by EUR 9.4 million. Please refer to the statement of cashflows for a detailed account of the development of cash and cash equivalents. Furthermore, other assets dropped from EUR 24.3 million as of December 31, 2021 to EUR 17.7 million as of September 30, 2022. The decline is due to the fact that receivables from pensions, factoring and pandemic-related financial assistance as of December 31, 2021 have now been settled via payments received.

The Gigaset Group's **equity** amounted to EUR 24.5 million as of September 30, 2022 and was EUR 16.5 million higher than at the beginning of the year. This corresponds to an equity ratio of 13.2%, as compared with 4.2% as of December 31, 2021. The consolidated net loss amounted to EUR 4.5 million and led to a corresponding negative effect on consolidated equity. By contrast, the positive change in the discount rate used to value pension obligations led to a EUR 21.4 million increase in group equity with no effect on net income. The discount rate used to value pension obligations increased from 1.14% as of December 31, 2021 to 3.76% as of September 30, 2022. In addition, exchange rate changes of EUR -0.1 million and effects from the cashflow hedge of EUR -0.2 million also affected the equity position as of September 30, 2022. The investment in Gigaset Mobile Pte. Ltd., Singapore, was sold in full as of the third quarter of 2022. The investment had already been written down in full in past years through other comprehensive income (FVOCI), as it was measured at fair value in accordance with IFRS 9.5.7.5 (for further details, we refer to the Notes to the 2021 Consolidated Annual Report). The sale resulted in reclassification of the investment within equity out of OCI and into accumulated other comprehensive income

**Total liabilities** amounted to EUR 162.0 million (PY: EUR 184.2 million), 54.6% of which are current.

**Noncurrent liabilities** were mainly composed of pension obligations and financial liabilities. The decrease in noncurrent liabilities amounted to EUR 26.4 million compared with the reporting date of December 31, 2021; as a result, these liabilities now amount to EUR 73.5 million as of September 30,

2022. The decrease resulted mainly from the changes in the pension obligations amounting to EUR-30.3 million, attributable first and foremost to the higher discount rate as of the balance sheet date and the valuation of the covering assets as of September 30, 2022. Noncurrent financial liabilities noted a EUR 4.1 million increase, stemming from the change in presentation of a loan classified as current as of December 31, 2021 and its reclassification to noncurrent financial liabilities. Because of noncompliance with the covenant in the 2021 financial year, this entire loan had been classified as current as of December 31, 2021. In March 2022, the financing banks agreed to waive the right of termination, so that the loan is henceforth again rated as noncurrent and current.

The **current liabilities** of EUR 88.5 million were about 5.0 % higher than as of December 31, 2021. The increase is mostly due to trade payables, which increased especially on the back of the EUR 8.1 million rise in inventories compared with the December 31, 2021 reporting date. By contrast, current financial liabilities fell by EUR 2.4 million due to the above-described reassignment of the loan payable to noncurrent financial liabilities.

## 4 GENERAL ASSESSMENT OF THE GROUP'S EXPECTED PERFORMANCE

### Outlook

The assumptions in this Outlook are based on an unchanged structure and make-up of Gigaset AG as a group. The Outlook takes into account all knowledge available at the time of preparation that might have an influence on the Company's business performance.

### External influences affecting Gigaset

The COVID pandemic still has not been overcome. Politicians and medical experts are already talking about the next wave of infections in the fall and warning of possible new variants. These could require renewed action that would place restrictions on public life and thus also limit the free conduct of business. China's strict zero-COVID policy has resulted in far-reaching and extended lockdowns and continues to disrupt local production.

Ongoing shortages on the procurement markets, especially the scarcity of chips, may have a negative effect on production and product availability, thereby preventing continuous or maximum utilization of production capacities.

Logistics and transportation remain complex and expensive. According to the online edition of Business Insider, work has more or less returned to normal at the world's largest freight port in Shanghai after the huge lockdown in the spring, but it will take a while before production and logistics are fully in sync again. The Russia-Ukraine war has created supply bottlenecks in Europe in particular, since there are thousands of Ukrainian truck drivers who have left their jobs in order to fight for their country. Germany's Federal Ministry for Digital and Transport states that, in order to counteract this shortfall, the EU Commission decided back in the summer to recognize truck driving licenses and professional truck driver qualifications across Europe.

The Russian war on Ukraine has resulted not only in logistics bottlenecks but also in massive energy price increases, high inflation and a complete stoppage of the supply of Russian gas. Germany nevertheless continued to store gas, with gas containers almost 90.0% full as of mid-September according to the 'Gemeinschaftsdiagnose' project group. In order to ensure a secure supply for businesses and private homes in Germany, the German government has also entered into agreements with new gas suppliers. Together with the other EU member states, Berlin is also working on solutions to safeguard the supply of gas to all of Europe. In view of the multiple crises, however, the leading economic research institutes are confident that there will be a recession in Germany. They predict that the economy could even collapse by 7.9% in the current year in the event of gas shortages. A recession and a potential rise in unemployment is likely to impact negatively on consumer spending.

While supply bottlenecks and rising energy costs represent one driver of sharply rising inflation rates, three other factors are also potential long-term drivers of inflation: deglobalization, decarbonization and demography. Geopolitical tensions are driving deglobalization and thus threaten the global prosperity that free trade brings with it. The necessity of combating climate change is forcing the need for decarbonization and the resulting rise in costs, while demographic changes have created a battle for new talent in the recruitment market.

The risks described may have a negative impact on production costs, which the Company cannot automatically pass on to customers. As a result, this would reduce margin quality and have a negative effect on various key indicators.

### Revised 2022 forecast of the Executive Board

The forecast announced at the beginning of the year, of a slight increase in revenues and EBITDA and a moderately positive free cashflow, must be revised due to various factors such as negative exchange rate effects between the euro and the U.S. dollar, an improved short-term availability of materials in Q4, and the first positive income effects from sales price adjustments. The revised forecast was also publicly announced in the form of an ad-hoc statement on November 18, 2022:

The following developments of the Company's financial position, cashflows and financial performance are forecast:

1. A significant increase in revenues in a range of EUR 235 million to EUR 250 million (2021: EUR 217.1 million), instead of the previously forecast slight increase in revenues. The revenue forecast was revised in view of the improved short-term availability of materials in Q4 and the first positive effects from sales price adjustments. Due to the poor availability of materials in the first half of the year, the Company had anticipated significant bottlenecks also in the second half when it announced its forecast at the beginning of 2022. Thanks to spot transactions and increased deliveries of key components, the Company was able to produce considerably more in the fourth quarter than it had originally expected. Other positive developments affecting the new revenue forecast were sales price adjustments and consistently high demand in the market
2. The Company had previously anticipated a slight increase in EBITDA compared to 2021. Because Gigaset purchases most of the materials and components it needs in U.S. dollars, the Company's financial performance was adversely impacted by the exchange-rate effects resulting from the outbreak of the war in Ukraine. The most consequential of these effects was the depreciation of the euro against the U.S. dollar, which caused a significant increase in the cost of purchased materials for Gigaset. Accounting for this effect, the revised forecast only calls for EBITDA in a range of EUR 6 million to EUR 15 million (2021: EUR 16.5 million).
3. The original forecast of a moderately positive free cashflow remains unchanged. It is expected to be in a range of EUR 0.1 million to EUR 3 million (2021: minus EUR 14.2 million).

Out of an abundance of caution, however, investors are alerted to the possibility of a weaker performance

## 5 CONSOLIDATED INCOME STATEMENT

<b>EUR'000</b>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>Q1 - Q3 2022</b>	<b>Q1 - Q3 2021</b>
	<b>07/01 - 09/30/2022</b>	<b>07/01 - 09/30/2021</b>	<b>01/01 - 09/30/2022</b>	<b>01/01 - 09/30/2021</b>
Revenues	56,370	51,962	159,720	153,933
Change in inventories of finished and unfinished goods	3,161	-531	7,747	-1,613
Purchased goods and services	-31,887	-23,668	-86,918	-70,372
<b>Gross profit</b>	<b>27,644</b>	<b>27,763</b>	<b>80,549</b>	<b>81,948</b>
Other own work capitalized	3,497	3,007	10,076	8,431
Other operating income	3,310	3,315	10,687	8,759
Personnel expenses	-13,733	-13,542	-43,689	-44,508
Other operating expenses	-18,824	-13,720	-49,955	-43,599
<b>EBITDA</b>	<b>1,894</b>	<b>6,823</b>	<b>7,668</b>	<b>11,031</b>
Depreciation and amortization	-4,126	-3,526	-12,017	-10,877
<b>EBIT</b>	<b>-2,232</b>	<b>3,297</b>	<b>-4,349</b>	<b>154</b>
Other interest and similar income	26	0	201	350
Interest and similar expenses	-385	-451	-1,058	-1,325
<b>Financial result</b>	<b>-359</b>	<b>-451</b>	<b>-857</b>	<b>-975</b>
<b>Result from ordinary activities</b>	<b>-2,591</b>	<b>2,846</b>	<b>-5,206</b>	<b>-821</b>
Income taxes	438	-1,063	669	-360
<b>Consolidated net income/ loss for the year</b>	<b>-2,153</b>	<b>1,783</b>	<b>-4,537</b>	<b>-1,181</b>
<b>Earnings per share</b>				
– Undiluted (Basic) in EUR	-0.01	0.01	-0.03	-0.01
– Diluted in EUR	-0.01	0.01	-0.03	-0.01

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

## 6 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR'000	Q3 2022 07/01 - 09/30/2022	Q3 2021 07/01 - 09/30/2021	Q1 - Q3 2022 01/01 - 09/30/2022	Q1 - Q3 2021 01/01 - 09/30/2021
<b>Consolidated net income/ loss for the year</b>	<b>-2,153</b>	<b>1,783</b>	<b>-4,537</b>	<b>-1,181</b>
<b>Items that may possibly be reclassified to profit or loss at a later time</b>				
Currency translation differences	-166	-2	-72	-123
Cashflow hedges	-1,205	412	-331	807
<i>Income taxes recognized on these items</i>	383	-130	105	-256
<b>Items that will not be reclassified to profit or loss at a later time</b>				
Revaluation effect, net debt of defined benefit pension plans before income taxes	3,340	2,908	31,434	11,836
<i>Income taxes recognized on this item</i>	-1,069	-925	-10,059	-3,764
Other reclassifications within accumulated other comprehensive equity	-18,386	0	-18,386	0
Financial instruments at fair value through other comprehensive income (FVOCI)	18,386	0	18,386	0
<b>Total changes not recognized in profit or loss</b>	<b>1,283</b>	<b>2,263</b>	<b>21,077</b>	<b>8,500</b>
<b>Total income and expenses recognized</b>	<b>-870</b>	<b>4,046</b>	<b>16,540</b>	<b>7,319</b>

## 7 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR'000	09/30/2022	12/31/2021
<b>ASSETS</b>		
<b>Noncurrent assets</b>		
Intangible assets	59,400	55,842
Property, plant and equipment	20,362	20,939
Right of use assets	2,254	2,990
Investment property	6,700	6,700
Deferred tax assets	4,088	12,209
<b>Total noncurrent assets</b>	<b>92,804</b>	<b>98,680</b>
<b>Current assets</b>		
Inventories	43,852	29,854
Trade receivables	18,218	16,009
Other assets	17,659	24,344
Tax refund claims	319	186
Cash and cash equivalents	13,652	23,080
<b>Total current assets</b>	<b>93,700</b>	<b>93,473</b>
<b>Total assets</b>	<b>186,504</b>	<b>192,153</b>

EUR'000	09/30/2022	12/31/2021
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Subscribed capital	132,456	132,456
Additional paid-in capital	86,076	86,076
Retained earnings	68,979	68,979
Accumulated other comprehensive equity	-262,976	-279,516
<b>Total equity</b>	<b>24,535</b>	<b>7,995</b>
<b>Noncurrent liabilities</b>		
Pension obligations	63,513	93,796
Provisions	1,285	1,373
Financial liabilities	6,908	2,847
Lease liabilities	1,113	1,561
Deferred tax liabilities	657	265
<b>Total noncurrent liabilities</b>	<b>73,476</b>	<b>99,842</b>
<b>Current liabilities</b>		
Provisions	12,128	11,995
Financial liabilities	10,747	13,131
Lease liabilities	1,243	1,541
Trade payables	53,083	44,978
Tax liabilities	311	844
Other liabilities	10,981	11,827
<b>Total current liabilities</b>	<b>88,493</b>	<b>84,316</b>
<b>Total equity and liabilities</b>	<b>186,504</b>	<b>192,153</b>

## 8 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR'000	Subscribed capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive equity	Consolidated equity
<b>December 31, 2020</b>	<b>132,456</b>	<b>86,076</b>	<b>68,979</b>	<b>-285,615</b>	<b>1,896</b>
1 Consolidated net loss 2021	0	0	0	-1,181	-1,181
2 Currency translation differences	0	0	0	-123	-123
3 Cashflow hedges	0	0	0	551	551
4 Financial instruments measured at Fair Value through Other Comprehensive Income (FVOCI)	0	0	0	0	0
5 Other reclassifications within accumulated other comprehensive equity	0	0	0	0	0
6 Revaluation effects from defined benefit pension plans	0	0	0	8,072	8,072
7 Total changes not recognized in profit or loss	0	0	0	8,500	8,500
<b>8 Total net income (1+7)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,319</b>	<b>7,319</b>
<b>September 30, 2021</b>	<b>132,456</b>	<b>86,076</b>	<b>68,979</b>	<b>-278,296</b>	<b>9,215</b>
<b>December 31, 2021</b>	<b>132,456</b>	<b>86,076</b>	<b>68,979</b>	<b>-279,516</b>	<b>7,995</b>
1 Consolidated net loss 2022	0	0	0	-4,537	-4,537
2 Currency translation differences	0	0	0	-72	-72
3 Cashflow hedges	0	0	0	-226	-226
4 Financial instruments measured at Fair Value through Other Comprehensive Income (FVOCI)	0	0	0	18,386	18,386
5 Other reclassifications within accumulated other comprehensive equity	0	0	0	-18,386	-18,386
6 Revaluation effects from defined benefit pension plans	0	0	0	21,375	21,375
7 Total changes not recognized in profit or loss	0	0	0	21,077	21,077
<b>8 Total net income (1+7)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,540</b>	<b>16,540</b>
<b>September 30, 2022</b>	<b>132,456</b>	<b>86,076</b>	<b>68,979</b>	<b>-262,976</b>	<b>24,535</b>



## 9 CONSOLIDATED STATEMENT OF CASHFLOWS

EUR'000	01/01/ 09/30/2022	01/01/ 09/30/2021
<b>Result from ordinary activities</b>	<b>-5,206</b>	<b>-821</b>
Depreciation and amortization of property, plant and equipment and intangible assets	12,017	10,877
Increase (+) / decrease (-) in pension provisions	1,151	864
Gain (-) / loss (+) on the sale of noncurrent assets	231	13
Gain (-) / loss (+) from deconsolidations	-57	6
Gain (-) / loss (+) from currency translation	491	-358
Net interest income	857	975
Interest received	0	7
Income taxes paid	-1,355	987
Increase (-) / decrease (+) in inventories	-13,983	-7,882
Increase (-) / decrease (+) in trade receivables and other assets	4,145	-2,135
Increase (-) / decrease (+) in trade payables, other liabilities and other provisions	7,538	-9,648
Increase (-) / decrease (+) in other items of the statement of financial position	-920	207
<b>Cash inflow (+) /outflow (-) from operating activities (net cashflow)</b>	<b>4,909</b>	<b>-6,908</b>
Proceeds from the sale of noncurrent assets	0	6
Payments of investments in noncurrent assets	-13,797	-12,084
<b>Cash inflow (+) /outflow (-) from investing activities</b>	<b>-13,797</b>	<b>-12,078</b>
<b>Free cashflow</b>	<b>-8,888</b>	<b>-18,986</b>
Cashflows from the repayment (-) of current financial liabilities	1,664	-2,351
Cashflows from the borrowing of noncurrent financial liabilities	0	3,590
Payments for lease liabilities	-1,261	-1,288
Interest paid	-1,091	-976
<b>Cash inflow (+) /outflow (-) from financing activities</b>	<b>-688</b>	<b>-1,025</b>
Cash and cash equivalents at beginning of period	23,228	41,051
Changes due to exchange rate differences	148	-73
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	-9,576	-20,011
<b>Cash and cash equivalents at end of period (per statement of financial position)</b>	<b>13,652</b>	<b>21,040</b>

## FINANCIAL CALENDAR 2023

### Planning for the next financial year (subject to change)

<b>April 27, 2023</b>	Financial statements press conference 2023
<b>May 25, 2023</b>	Interim financial report for Q1 2023
<b>June 15, 2023</b>	Annual general meeting 2023
<b>September 28, 2023</b>	Interim financial report for Q2 and semiannual financial report 2023
<b>November 28, 2023</b>	Interim financial report for Q3 2023

### Notes

This quarterly report has not been audited. This report is not an interim financial report according to IAS 34 or financial statements according to IAS 1. It was prepared on the basis of the accounting policies applied for the most recent consolidated financial statements. The comparison figures from the first quarter of 2021 have not been adjusted to account for new accounting standards. This quarterly report includes statements and information of Gigaset AG referring to future periods. These forward-looking statements represent estimates that were made on the basis of all available information at the time when the report was prepared. If the assumptions underlying the forecasts should prove to be inaccurate, the actual developments and results can deviate from current expectations. The Company bears no obligation to update the statements included in this report beyond the statutory publication regulations.

The amounts and percentages stated in this interim report are commercially 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 differences in the contents as well as differences in the stated figures, the German version shall prevail.

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