Gigaset

QUARTERLY REPORT

FOR THE 3RD QUARTER FROM JANUARY 1 TO SEPTEMBER 30,

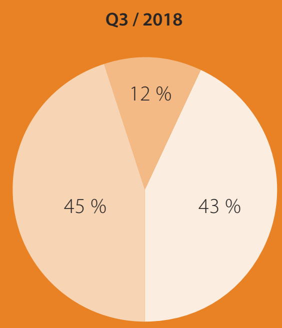
Creating best in class communications solutions for your life!

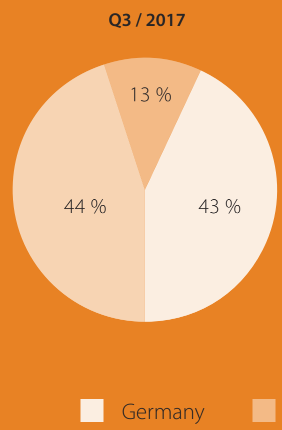
OVERVIEW OF KEY FIGURES

EUR millions	1/1 - 9/30/2018	1/1 - 9/30/2017
Consolidated revenues	168.7	188.0
Earnings from core business activities before depreciation and amortization (EBITDA)	4.5	12.0
Earnings before interest and income taxes (EBIT)	-5.7	0.9
Consolidated loss for the year	-5.2	-1.5
Free cash flow	-34.8	-30.0
Earnings per share (diluted in EUR)	-0.04	-0.01
	9/30/2018	**12/31/2017**
Total assets	199.1	226.9
Consolidated equity	9.4	24.1
Equity ratio (in %)	4.7	10.6
Number of employees	880	930

The Gigaset Share	Q3 / 2018	Q3 / 2017
Closing price in EUR (at the end of the period)	0.58	0.74
Peak price in EUR (in the period)	0.69	0.86
Lowest price in EUR (in the period)	0.51	0.65
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)	76.8	98.0

Sales broken down by region





Note

No audit opinion has been rendered on this quarterly report. This report is not an interim financial report in accordance with IAS 34 or financial statements pursuant to IAS 1. It was prepared based on the financial reporting rules applied in the last consolidated financial statements. Comparative information in terms of financial year 2017 was not adjusted for new financial reporting standards, see Section 5 "Changes in accounting treatment as a result of the first-time application of IFRS 15 and IFRS 9".

The quarterly report includes statements and information regarding Gigaset AG relating to future periods. The statements regarding the future represent estimates that were made based on all information available when the 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 report outside of the provisions governing publication stipulated under the law.

Amounts included in tables and percentages in this report (monetary units, percentages) can differentiate from the mathematically correct values due to rounding differences.

1 GENERAL ECONOMIC ENVIRONMENT

In the core business, the Phones segment, which yields the highest revenues, Gigaset continued to operate in a contracting and increasingly competitive market environment in the first nine months of 2018. In the following assessment of the general economic environment, the two most important sales markets, Germany and France, – and in a wider assessment the four most important European countries (EU4[1]) – are used to describe the market situation.

Germany

In the first nine months of 2018, the market for phones in Germany contracted by 9.2% with respect to unit volume compared with the prior-year quarter. The negative overall development has thus continued. Based on revenues, the market decrease amounts to 7.7%. Nevertheless, Gigaset achieved a very strong position on this market of over 47.1% in terms of units and 45.4% in terms of revenues[2].

France

The French market for phones likewise declined significantly in the first nine months of 2018. Compared with the prior-year quarter, the market dropped by 15.3% in terms of units and by 16.8% based on revenues. Despite the challenging circumstances, Gigaset continued to hold a market share of more than 32.5% in terms of units and 39.3% in terms of revenues, which constituted a rise in market share of 3.3 percentage points in respect of units and 3.9 percentage points in respect of revenues[2].

EU 4

Widening the assessment to the market development in the markets observed by Gigaset in Europe, the Company suffered an 11.4% decline in terms of units and a 10.5% drop in terms of revenues compared with the prior-year period. Overall, however, Gigaset achieved a market share of 43.6% in terms of revenues. This means that Gigaset is still the market leader in Europe[2].

1 EU4 refers to Germany, France, Italy and the Netherlands

2 GfK 2018 – Report on the EU4 market

2 BUSINESS PERFORMANCE

Phones

With a market share of 43.6% in terms of value, Gigaset has reinforced its market leadership in the EU4 area in the first nine months of 2018. Nevertheless the Phones segment is a victim of the general market decline of 10.5%. Gigaset is responding to this situation by developing new products. The focus here is chiefly on products in the area of IP telephony and offerings for older people[3].

Professional

The Business Customers segment noted an increase in revenues of 8.8% in the first nine months of 2018 compared with the prior-year period. It was mainly Germany, followed by Italy and Spain, that drove this development. In terms of the product segments, revenues with

N-series DECT base stations jumped by 43.3%. The IP desk telephones from the Maxwell series also made a notable contribution to growth, with an increase of 37.3% in terms of revenues[4]. In addition, the Company successfully completed the largest research and development project in recent years and, with the new multi-cell Gigaset N780 PRO, introduced for the first time an enterprise solution that can be scaled up to 20,000 participants. By gaining entry to the enterprise market, Gigaset expects to record further revenues in the Professional segment going forward.

Smart Home

On the whole, the segment moved sideways in the third quarter of 2018, in line with the overall market for Smart Home products. While there is more and more interest on the part of customers, it would be premature to speak about a widescale boom[5]. Gigaset has nonetheless succeeded in growing revenues by 27.7% or EUR 0.4 million in the first nine months of 2018 compared with the prior-year period[4]. Because the market for Smart Home systems & services in western Europe is still considered to be promising, Gigaset recently extended its offering to include the area of Smart Care. In view of the demographic development, the Company sees a growing need in this environment for nursing care and assistance services and corresponding major potential for sales in future. The new products were developed based on the many years of experience in the Smart Home area, and have already been awarded the seal of inspection by the Deutscher Seniorlotse initiative for the elderly. Gigaset will be one of the first tech firms to start advertising its products on the Smart Care market in as early as Q4 2018 in order to generate further revenues in the area of Smart Home.

Smartphones

The Company currently sells the smartphone models GS100, GS180 and GS185 – the first smartphone to be manufactured in Germany. With these models, the Company offers attractive mobile phones in the low and mid-price segment. Updates to Android 8 are now available for models GS270 and GS370, which were launched in 2017. The Company has thus demonstrated that it is pursuing a long-term customer strategy in the Smartphones segment. Compared with the first nine months of 2017, revenues slipped slightly by 2.9%[4]. It continues to be the Company's objective to extend its position as an established participant on the smartphones market and in particular to further increase revenues in the fourth quarter of 2018, which traditionally yields the strongest revenues.

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3 GfK 2018 – Report on the EU4 market
4 Gigaset 2018 – Board
5 Deloitte 2018 – Smart Home Consumer Survey 2018

CONTENT

3 FINANCIAL PERFORMANCE, CASH FLOWS AND FINANCIAL POSITION OF THE GROUP

3.1 Financial performance

In an industry environment that remains challenging, the Gigaset Group generated revenues of EUR 168.7 million in the first nine months of financial year 2018 (prior year: EUR 188.0 million); this constitutes a decrease in revenues of 10.2%. Revenues from core business activities are subject to the usual seasonal fluctuations in the consumer business.

The decrease in revenues in the first three quarters of 2018 can be attributed in the main to a decrease of EUR 140.8 million or 16.0% to EUR 118.2 million in the Phones segment. By contrast, revenues were up 8.8% to EUR 39.5 million in the Professional segment. At EUR 9.2 million, revenues in the Smartphones segment dropped marginally by 2.9% compared with the previous year (prior year: EUR 9.5 million). The Smart Home segment was up sharply year on year by 27.7% to EUR 1.8 million (prior year: EUR 1.4 million).

Revenues in € millions	1/1-9/30/2018	1/1-9/30/2017	Change
Phones	118.2	140.8	-16.0%
Professional	39.5	36.3	8.8%
Smartphones	9.2	9.5	-2.9%
Smart Home	1.8	1.4	27.7%
Gigaset Total	**168.7**	**188.0**	**-10.2%**

In general, the decrease in revenues in the Phones segment followed the overall market trend in all European countries. Gigaset nevertheless increased its market share by 3.5 percentage points in terms of units and by 1.7 percentage points based on revenues in the market for phones in the EU4 area. With market share of 41.0% in terms of units and 43.1% in terms of revenues, Gigaset underscored its premium position in the EU4 area once again in the first nine months of 2018. This positive development in market share in terms of units was driven primarily by France, with growth of 5.6%, while the Netherlands also saw above-average market share growth of 6.2%.

At 2.9%, Smartphones revenues were down marginally on the prior year. Gigaset intends to further expand its position in the smartphone market in financial year 2018.

The Smart Home area developed positively compared to the prior year. The market for Smart Home systems and services in western Europe is still considered to be promising.

The trend was likewise positive in the Professional segment, where in particular the increase in revenues in Germany, Spain and Italy had a significant influence with a total increase of EUR 3.7 million. The focus currently lies on further expanding the market position by expanding the product portfolio.

Revenues by sales region developed as follows:

Revenues in € millions	1/1-9/30/2018	1/1-9/30/2017	Change
Europe (excluding Germany)	75.5	82.2	-8.1%
Germany	73.1	80.3	-9.0%
Rest of World	20.1	25.5	-21.1%
Gigaset Total	**168.7**	**188.0**	**-10.2%**

The decrease in revenues in Germany and in Europe (excluding Germany) can be attributed largely to the negative market growth in the Phones segment. However, the solid performance in the Professional segment somewhat mitigated the effects. The other segments are being further expanded in order to offset the decline in this segment going forward.

Revenues by geographical region developed as follows:

Revenues in € millions	1/1-9/30/2018	1/1-9/30/2017[6]	Change
Europe (excluding Germany)	83.6	95.0	-12.0%
Germany	74.7	80.3	-7.0%
Rest of World	10.4	12.7	-18.1%
Gigaset Total	**168.7**	**188.0**	**-10.2%**

The **cost of materials** for raw materials, merchandise, finished goods and purchased services was EUR 96.3 million in the first nine months of 2018 – a decrease of 4.0% compared with the prior-year comparative value of EUR 100.3 million. The purchased goods and services ratio decreased slightly from 50.3% in the prior year to 48.4%, including changes in inventories.

Gross profit, comprising revenues less the cost of materials and including the change in inventories of finished goods and work in progress decreased by EUR 6.4 million from EUR 93.4 million to EUR 87.0 million on account of the drop in revenues. The gross profit margin edged up in the first nine months of 2018 to 51.6% compared with 49.7% in the prior-year period.

At EUR 7.5 million, **other own work capitalized** remained on a par with the previous year's level and mainly includes costs related to the development of new products.

Other operating income amounted to EUR 8.2 million (prior year: EUR 9.9 million).

At EUR 44.7 million after three quarters in 2018, **personnel expenses** for wages, salaries, social security contributions and old-age pensions were down 10.1% below the prior-year figure (EUR 49.7 million). The decrease is still attributable to the restructuring completed at the end of 2017. The personnel cost rate continued to stand at 26.5% (prior year: 26.5%).

Other operating expenses increased to EUR 53.4 million in the first nine months of 2018 after amounting to EUR 49.2 million in 2017. This is due to cost increases. The increase results mainly from higher marketing and hospitality expenses in the amount of EUR 3.6 million, increased expenses from the loaning of employees in the amount of EUR 1.2 million and higher tax expenses of EUR 0.5 million, which were counterbalanced by EUR 0.9 million less in license fees and lower consulting fees in the amount of EUR 0.3 million.

At EUR 4.5 million, **earnings before interest, taxes, depreciation, amortization and impairment losses** (EBITDA) were lower in the first nine months of 2018 than in 2017 (EUR 12.0 million). Taking into account depreciation and amortization in the amount of EUR 10.2 million (prior year: EUR 11.1 million), **earnings before interest and taxes** (EBIT) amounted to EUR -5.7 million (prior year: EUR 0.9 million).

6 The prior-year figures deviate from the quarterly report for September 30, 2017 because the segment allocation was changed. Revenues from Europe (outside of the EU) were allocated to the Rest of World segment instead of Europe (excluding Germany).

After deducting the **financial result** of EUR -0.7 million (prior year: EUR -0.8 million), the **result from ordinary activities** is EUR -6.4 million (prior year: 0.1 million).

The **consolidated loss for the year** amounts to EUR -5.2 million as of September 30, 2018 (prior year: EUR -1.5 million).

This results in earnings per share of EUR -0.04 (basic/diluted) (prior year: EUR -0.01 (basic/diluted)).

3.2 Cash flows

The cash flows developed as follows:

Cashflow in € millions	1/1-9/30/2018	1/1-9/30/2017
Cash flows from operating activities	-25.4	-21.2
Cash flows from investing activities	-9.4	-8.9
Free cash flow	-34.8	-30.0
Cash flows from financing activities	5.0	0.1

In the past three quarters, the Gigaset Group recorded a **cash outflow from continuing operations** in the amount of EUR -25.4 million (prior year: EUR -21.2 million). This stemmed especially from the payment of liabilities and the utilization of provisions amounting together to EUR -15.5 million and the accumulation of inventories of EUR 27.2 million, which were counterbalanced by cash inflows from the decrease in receivables and assets of EUR 16.8 million.

Cash outflows from investing activities amounted to EUR -9.4 million and thus exceeds the previous year's level of EUR -8.9 million marginally. The majority of the investments in the current and past financial year constitute capital expenditures in noncurrent assets.

Thus, **free cash flow** amounted to EUR -34.8 million compared to EUR -30.0 million in the prior-year period.

Cash inflows from financing activities amounted to EUR 5.0 million as of September 30, 2018 (prior year: EUR 0.1 million). Cash inflows included the first payment of a credit facility made at the end of June 2018. Gigaset had agreed a new credit facility in the amount of up to EUR 20.0 million in April 2018.

Please refer to the cash flow statement presented for a detailed presentation of changes in **cash and cash equivalents**. The cash flow includes changes in exchange rates in the amount of EUR -0.1 million (prior year: EUR -0.3 million). Cash and cash equivalents amounted to EUR 19.2 million as of September 30, 2018 (prior year: EUR 17.2 million).

3.3 Financial position

The Gigaset Group's **total assets** amounted to EUR 199.1 million as of September 30, 2018, and therefore decreased by approximately 12.2% compared with December 31, 2017 (EUR 226.9 million).

Noncurrent assets increased by EUR 9.4 million from EUR 84.9 million to EUR 75.5 million compared with December 31, 2017. Financial assets dropped by EUR 9.8 million from EUR 18.4 million to EUR 8.6 million. Measurement of the fair value of the investment in Gigaset Mobile Pte. Ltd. led to recognition of an impairment loss. The investment in Gigaset Mobile Pte. Ltd. is an investment in equity instruments under the rules of IFRS 9, so changes in fair value are recognized in other comprehensive income (FVOCI without reclassification (measurement category)). Depreciation and amortization and disposals exceeded capital expenditures in property, plant and equipment; as a result, property, plant and equipment decreased by EUR 1.4 million to EUR 21.9 million. Intangible assets increased by EUR 0.7 million to EUR 30.7 million as a consequence of increased investment. Deferred tax assets increased by EUR 1.2 million to EUR 14.3 million.

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Current assets represented 59.2% of total assets. Compared with December 31, 2017, they decreased by EUR 18.3 million and amounted to EUR 123.7 million. Inventories increased by EUR 27.2 million to EUR 53.9 million. This effect is linked to the development of revenues and the upcoming seasonal business. Trade receivables declined by EUR 12.9 million to EUR 27.0 million. Additionally, cash and cash equivalents dropped from EUR 49.1 million as of December 31, 2017 to EUR 19.2 million. Please refer to the statement of cash flows in the quarterly report for a detailed breakdown of changes in cash and cash equivalents.

Total liabilities amounted to EUR 189.8 million (prior year: EUR 202.8 million), 51.3% of which are current.

The Gigaset Group's **equity** amounted to around EUR 9.4 million as of September 30, 2018, and was EUR 14.7 million lower than at the beginning of the year. This corresponds to an equity ratio of 4.7% compared with 10.6% as of December 31, 2017. The impairment loss based on the fair value measurement of the investment in Gigaset Mobile Pte. Ltd. of EUR 9.8 million was recognized directly in equity. Due to the increase in the discount rate from 1.85% to a current figure of 1.91% for the pension obligations accounted for, net actuarial gains of EUR 0.6 million were recognized directly in equity. Furthermore, changes in exchange rates in the amount of EUR -1.1 million were recognized directly in equity. Cash flow hedging resulted in gains of EUR 1.4 million that were recognized directly in equity. In addition, equity is impacted by the consolidated net loss of EUR -5.2 million for reasons relating to the reporting date.

Noncurrent liabilities mainly included pension obligations, financial liabilities, and deferred tax liabilities as well as long-term provisions for personnel expenses and provisions for guarantees. Noncurrent liabilities amounted to EUR 92.4 million as of September 30, 2018, after a figure of EUR 88.7 million as of December 31, 2017.

Current liabilities dropped by 14.7% to EUR 97.3 million (December 31, 2017: EUR 114.1 million). The decline in **current liabilities** stemmed first and foremost from the EUR 3.4 million decrease in provisions as well as from the fall of EUR 8.9 million in trade payables to EUR 47.2 million due to seasonal effects (December 31, 2017: EUR 56.1 million).

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4 ADJUSTMENT OF COMPARATIVE INFORMATION IN THE CONSOLIDATED FINANCIAL STATEMENTS

The classification of the income statement was changed compared with the previous year. The previously presented breakdown of the operating result in earnings from core business activities before and after depreciation and amortization and an additional ordinary result was omitted. With the subtotals EBITDA (earnings before interest, taxes, depreciation, amortization and impairment losses) and EBIT (earnings before interest and taxes) now shown, the classification is adjusted by the omission of the breakdown described above to a more conventional hierarchical structure, thereby increasing the comparability with other financial statements.

	in € thousands	1/1 - 9/30/2017 Structure in the published 2017 quarterly report
1	Revenues	187,978
2	Change in inventories of finished goods and work in progress	5,750
3	Cost of materials	-100,284
	Gross profit	**93,444**
4	Other own work capitalized	7,497
5	Other income from core business activities	2,707
6	Personnel expenses before restructuring	-49,736
7	Other expenses from core business activities	-44,393
	Earnings from core business activities before depreciation and amortization/EBITDA	**9,519**
8	Depreciation and amortization	-11,059
	Earnings from core business activities after depreciation and amortization	**-1,540**
9	Additional ordinary income	3,541
10	Additional ordinary expenses	-1,253
11	Personnel expenses from restructuring	0
12	Exchange rate gains	3,694

	in € thousands	1/1 - 9/30/2017 New structure in the 2018 quarterly report
1	Revenues	187,978
2	Change in inventories of finished goods and work in progress	5,750
3	Cost of materials	-100,284
	Gross profit	**93,444**
4	Other own work capitalized	7,497
5, 9, 12	Other operating income	9,942
6, 11	Personnel expenses	-49,736
7, 10, 13	Other operating expenses	-49,181
	EBITDA	**11,966**
8	Depreciation and amortization	-11,059

	in € thousands	1/1 - 9/30/2017 Structure in the published 2017 quarterly report
13	Exchange rate losses	-3,535
	Additional ordinary result	**2,447**
	Operating result	**907**
14	Other interest and similar income	41
15	Interest and similar expenses	-813
	Financial result	**-772**
	Result from ordinary activities	**135**
16	Income taxes	-1,611
	Consolidated loss for the year	**-1,476**
	Earnings per common share	
	- basic in EUR	-0.01
	- diluted in EUR	-0.01

	in € thousands	1/1 - 9/30/2017 New structure in the 2018 quarterly report
	EBIT	**907**
14	Other interest and similar income	41
15	Interest and similar expenses	-813
	Financial result	**-772**
	Result from ordinary activities	**135**
16	Income taxes	-1,611
	Consolidated loss for the year	**-1,476**
	Earnings per common share	
	- basic in EUR	-0.01
	- diluted in EUR	-0.01

The current line item Other operating income (EUR 9,942 thousand) includes the previously presented line items Other income from core business activities (EUR 2,707 thousand), Additional ordinary income (EUR 3,541 thousand) and Exchange rate gains (EUR 3,694 thousand). The line item Personnel expenses (EUR -49,736 thousand) now includes the previous Personnel expenses before restructuring (EUR -49,736 thousand) as well as Personnel expenses from restructuring (EUR 0 thousand). The line item Other operating expenses (EUR -49,181 thousand) consolidates the previous line items Other expenses from core business activities (EUR -44,393 thousand), Additional ordinary expenses (EUR -1,253 thousand) and Exchange rate losses (EUR -3,535 thousand).

5 CHANGES IN ACCOUNTING TREATMENT AS A RESULT OF THE FIRST-TIME APPLICATION OF IFRS 15 AND IFRS 9

5.1 Accounting treatment of revenues in accordance with IFRS 15

The new financial reporting standard IFRS 15, Revenue from Contracts with Customers, has been applied since January 1, 2018. IFRS 15 replaces the standards IAS 11 and IAS 18 as well as the interpretations IFRIC 13, 15, 18 and SIC-31. Gigaset makes use of the option to apply IFRS 15 based on the modified retrospective approach, in which it is not necessary to adjust prior-year values. Such amounts continue to be presented in adherence to the standards IAS 11 and IAS 18 (for further details see the Notes to the consolidated financial statements part A "General information and presentation of the consolidated financial statements" of the 2017 Annual Report). The cumulative effect of the first-time application of IFRS 15 was recorded in equity in the amount of EUR 0.6 million as of January 1, 2018.

In the case of discount agreements, the new provisions of IFRS 15 result in variable consideration at the time in which the price concession expected to be taken advantage of is considered. Marketing activities that represent consideration as defined in IFRS 15 to be paid by the customer are shown as an expense. Gigaset is obliged to remit copyright levies to the Central Organization for Private Recording Rights (Zentralstelle für Private Überspielungsrechte) (ZPÜ). Since the amounts in question were collected in the interest of third parties, they are not to be included in the transaction price. Therefore, the copyright levy amounts are no longer shown in revenues. Based on the business model, the majority of payment obligations relate to a specific point in time.

5.2 Accounting treatment of financial instruments in accordance with IFRS 9

The new financial reporting standard IFRS 9, Financial Instruments, has been applied since January 1, 2018, and replaces the previous regulations regarding financial instruments. The Group makes use of the exception whereby comparative information for prior periods with respect to changes in classification and measurement (including impairment) does not have to be adjusted (for further details see the Notes to the consolidated financial statements part A "General information and presentation of the consolidated financial statements" of the 2017 Annual Report).

The first-time application of this standard has an effect on group companies that make use of factoring. Trade receivables that are not sold are assigned to the category Fair Value Through Profit or Loss (FVTPL), since the majority of the receivables in these subportfolios are sold; consequently, there can be no presumption of an intention to hold nor of the utilization of a business model involving a mix of holding and selling. There are no effects from the fair value measurement, since the receivables are short term and it can therefore be assumed that the fair value and the nominal value are generally equal. Significant changes in value due to defaults would naturally reduce the fair value, but any such impacts have already been recognized through profit or loss as impairment losses. The effect of the first-time application of IFRS 9 results from the reclassification of trade receivables from the IAS 39 category Loans and Accounts Receivable (LaR) to the IFRS 9 category Fair Value through Profit and Loss (FVPL). This resulted in an effect of EUR 60 thousand as of January 1, 2018 from the reversal of the impairment loss recognized pursuant to IAS 39. The trade receivables not subject to factoring are measured at amortized cost. The impairments are determined using an impairment model based on the simplified approach, in which it is not necessary to assign levels. However, in contrast to the previous accounting treatment, expected credit losses are also anticipated under IFRS 9 and risk provisions are recognized accordingly. The effects on hedge accounting are immaterial, since the prospective effectiveness of the hedging relationships for currency risk is given. The investment in Gigaset Mobile Pte. Ltd. is measured at fair value through other comprehensive income (FVOCI without reclassification) under the rules of IFRS 9.

CONTENT

6 GENERAL ASSESSMENT OF THE GROUP'S EXPECTED PERFORMANCE

Gigaset is focusing on the realignment of the Company once again in 2018.

This means gaining market share in the Phones business, increasing revenues in the Professional segment, further expanding the Company's own smartphone and Smart Home business as well as establishing other new segments such as Smart Care and Smart Communications. The Group therefore expects the following for the current financial year:

- The Company expects consolidated revenues for the year of between EUR 277 million and EUR 300 million due to volatile year-end revenues.

- Given the substantial capital expenditures as well as subsequent expenditures for the social compensation plan and amounts set aside for risks arising from prior-years' tax audits, the Company expects a negative free cash flow of between EUR -35 million and EUR -7 million before financing fund inflows.

- The Company expects an EBITDA of between EUR 20 million and EUR 28 million characterized by further declining gross profits in the Phones segment, rising gross profits in the Professional and Smart Home segments, and an increase of expenses for development and marketing.

7 FINANCIAL STATEMENTS

Income statement for the period from January 1 - September 30, 2018

€ thousands	1/1 - 9/30/2018	1/1 - 9/30/2017
Revenues	168,728	187,978
Change in inventories of finished goods and work in progress	14,603	5,750
Cost of materials	-96,289	-100,284
Gross profit	**87,042**	**93,444**
Other own work capitalized	7,469	7,497
Other operating income	8,163	9,942
Personnel expenses	-44,734	-49,736
Other operating expenses	-53,400	-49,181
EBITDA	**4,540**	**11,966**
Depreciation and amortization	-10,236	-11,059
EBIT	**-5,696**	**907**
Other interest and similar income	163	41
Interest and similar expenses	-885	-813
Financial result	**-722**	**-772**
Result from ordinary activities	**-6,418**	**135**
Income taxes	1,170	-1,611
Consolidated loss for the year	**-5,248**	**-1,476**
Earnings per common share		
- basic in EUR	-0.04	-0.01
- diluted in EUR	-0.04	-0.01

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Income statement for the period from July 1 - September 30, 2018

€ thousands	7/1 - 9/30/2018	7/1 - 9/30/2017
Revenues	47,697	59,715
Change in inventories of finished goods and work in progress	12,020	5,655
Cost of materials	-35,160	-36,288
Gross profit	**24,557**	**29,082**
Other own work capitalized	2,304	2,793
Other operating income	1,816	1,993
Personnel expenses	-13,796	-15,097
Other operating expenses	-18,000	-14,683
EBITDA	**-3,119**	**4,088**
Depreciation and amortization	-3,442	-3,722
EBIT	**-6,561**	**366**
Other interest and similar income	6	10
Interest and similar expenses	-330	-259
Financial result	**-324**	**-249**
Result from ordinary activities	**-6,885**	**117**
Income taxes	1,782	-340
Consolidated loss for the year	**-5,103**	**-223**
Earnings per common share		
- basic in EUR	-0.04	-0.00
- diluted in EUR	-0.04	-0.00

CONTENT

Consolidated statement of comprehensive income for the period from January 1 - September 30, 2018

€ thousands	1/1 - 9/30/2018	1/1 - 9/30/2017
Consolidated loss for the year	**-5,248**	**-1,476**
Items that may subsequently be reclassified to profit or loss		
Currency changes	-1,054	-360
Cash flow hedges	1,972	-3,902
Income taxes recognized on these items	-621	1,210
Items that will not subsequently be reclassified to profit or loss		
Revaluation effect, net liability under defined benefit plans	817	3,895
Fair value measurement	-9,800	0
Income taxes recognized on this item	-260	-1,239
Total changes recognized in other comprehensive income	**-8,946**	**-396**
Total recognized income and expense	**-14,194**	**-1,872**

Consolidated statement of comprehensive income for the period from July 1 - September 30, 2018

€ thousands	7/1 - 9/30/2018	7/1 - 9/30/2017
Consolidated net profit for the financial year	**-5,103**	**-223**
Items that may subsequently be reclassified to profit or loss		
Currency translation differences	-587	-165
Cash flow hedges	-25	95
Income taxes recognized on these items	8	-29
Items that will not subsequently be reclassified to profit or loss		
Revaluation effect, net liability under defined benefit plans	1,826	-714
Fair value measurement	-9,800	0
Income taxes recognized on this item	-581	227
Total changes recognized in other comprehensive income	**-9,159**	**-586**
Total recognized income and expense	**-14,262**	**-809**

Consolidated statement of financial position as of September 30, 2018

€ thousands	9/30/2018	12/31/2017
ASSETS		
Noncurrent assets		
Intangible assets	30,734	30,083
Property, plant and equipment	21,865	23,313
Financial assets	8,586	18,386
Deferred tax assets	14,292	13,137
Total noncurrent assets	**75,477**	**84,919**
Current assets		
Inventories	53,885	26,733
Trade receivables	27,029	39,921
Other assets	23,184	25,678
Tax refund claims	398	513
Cash and cash equivalents	19,163	49,097
Total current assets	**123,659**	**141,942**
Total assets	**199,136**	**226,861**

Consolidated statement of financial position as of September 30, 2018

€ thousands	9/30/2018	12/31/2017
EQUITY & LIABILITIES		
Equity		
Subscribed capital	132,456	132,456
Share premium	86,076	86,076
Retained earnings	68,979	68,979
Accumulated other comprehensive income	-278,138	-263,423
Total equity	**9,373**	**24,088**
Noncurrent liabilities		
Pension obligations	81,246	81,432
Provisions	4,091	5,609
Financial liabilities	5,000	0
Other liabilities	0	9
Deferred tax liabilities	2,095	1,663
Total noncurrent liabilities	**92,432**	**88,713**
Current liabilities		
Provisions	18,853	22,291
Trade payables	47,210	56,114
Tax liabilities	14,023	17,166
Other liabilities	17,245	18,489
Total current liabilities	**97,331**	**114,060**
Total equity & liabilities	**199,136**	**226,861**

Change in consolidated equity as of September 30, 2018

	€ thousands	Subscribed capital	Share premium	Revenue reserves	Accumulated other comprehensive income	Consolidated equity
	December 31, 2016	132,456	86,076	68,979	-269,669	17,842
1	Consolidated loss 2017	0	0	0	-1,476	-1,476
2	Currency changes	0	0	0	-360	-360
3	Cash flow hedges	0	0	0	-2,692	-2,692
4	Revaluation effects, net liability under defined benefit plans	0	0	0	2,656	2,656
5	Total changes recognized in other comprehensive income	0	0	0	-396	-396
6	**Total net income (1+5)**	**0**	**0**	**0**	**-1,872**	**-1,872**
	September 30, 2017	**132,456**	**86,076**	**68,979**	**-271,541**	**15,970**
	December 31, 2017	**132,456**	**86,076**	**68,979**	**-263,423**	**24,088**
	Adjustments IFRS 9 / IFRS 15				-521	-521
	January 1, 2018	**132,456**	**86,076**	**68,979**	**-263,944**	**23,567**
1	Consolidated loss 2018	0	0	0	-5,248	-5,248
2	Currency changes	0	0	0	-1,054	-1,054
3	Cash flow hedges	0	0	0	1,351	1,351
4	Fair value measurement	0	0	0	-9,800	-9,800
5	Revaluation effects, net liability under defined benefit plans	0	0	0	557	557
6	Total changes recognized in other comprehensive income	0	0	0	-8,946	-8,946
7	**Total net income (1+5)**	**0**	**0**	**0**	**-14,194**	**-14,194**
	September 30, 2018	**132,456**	**86,076**	**68,979**	**-278,138**	**9,373**

CONTENT

CONTENT

Consolidated statement of cash flows for the period from January 1 - September 30, 2018

€ thousands	1/1 - 9/30/2018	1/1 - 9/30/2017
Result from ordinary activities	**-6,418**	**135**
Depreciation of property, plant and equipment and amortization of intangible assets	10,236	11,059
Increase (+) / decrease (-) in pension provisions	631	1,552
Gain (-)/loss (+) from the sale of noncurrent assets	2	-29
Gain (-)/loss (+) from currency translation	257	1,098
Interest result	722	772
Interest received	146	23
Interest paid	-477	-275
Income taxes paid	-3,805	-1,984
Increase (-) / decrease (+) in inventories	-27,152	-11,686
Increase (-) / decrease (+) in trade receivables and other receivables	16,837	-4,359
Increase (+) / decrease (-) in trade payables, other liabilities and other provisions	-15,504	-16,934
Increase (+)/decrease (-) in other items of the statement of financial position	-870	-550
Cash inflow (+) / outflow (-) from continuing operations (net cash flow)	**-25,395**	**-21,178**
Proceeds from the disposal of noncurrent assets	0	29
Disbursements for capital expenditures in noncurrent assets	-9,441	-8,881
Cash inflow (+)/ outflow (-) from investing activities	**-9,441**	**-8,852**

CONTENT

Consolidated statement of cash flows for the period from January 1 - September 30, 2018

€ thousands	1/1 - 9/30/2018	1/1 - 9/30/2017
Free cash flow	**-34,836**	**-30,030**
Payments from the raising (+)/repayments (-) of current financial liabilities	0	58
Cash inflow from the raising of noncurrent financial liabilities	5,000	0
Cash inflow (+)/ outflow (-) from financing activities	**5,000**	**58**
Cash and cash equivalents at the beginning of the period	44,548	39,867
Changes due to exchange rate differences	-98	-274
Cash and cash equivalents at the beginning of the period measured at the closing rate of the prior year	44,646	40,141
Increase (-)/ decrease (+) in restricted cash	958	2,874
Change in cash and cash equivalents	-29,836	-29,972
Cash and cash equivalents at the end of the period	**15,670**	**12,769**
Restricted cash	3,493	4,475
Cash and cash equivalents reported on the statement of financial position	**19,163**	**17,244**

QUARTERLY REPORT

FOR THE 3RD QUARTER FROM JANUARY 1 TO SEPTEMBER 30, 2018

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