

# QUARTERLY REPORT

## Q3 2020

from January 1 to  
September 30, 2020

Gigaset

## KEY FIGURES

<b>EUR millions</b>	<b>1/1 - 9/30/2020</b>	<b>1/1 - 9/30/2019</b>
Consolidated revenues	133.5	157.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-3.0	11.6
Earnings before interest and taxes (EBIT)	-14.3	1.0
Consolidated net income/ loss for the year	-10.6	0.4
Free cashflow	-9.5	-15.1
Earnings per share (diluted in EUR)	-0.08	0.00
	<b>9/30/2020</b>	<b>12/31/2019</b>
Total assets	183.0	222.6
Consolidated equity	-2.6	18.5
Equity ratio (in %)	-1.4	8.3
Number of employees	898	895
	<b>Q3 2020</b>	<b>Q3 2019</b>
Closing price in EUR (at the end of the period)	0.23	0.37
Highest price in EUR (in the period)	0.27	0.53
Lowest price in EUR (in the period)	0.20	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)	30.5	49.0

## KEY FACTS

“ Despite the challenging environment, our liquidity is fortunately higher than the prior year’s level.

This shows that the cost-cutting and optimization measures we took early on have taken effect. Because we took countermeasures at an early stage, and with our revenues benefiting from pent-up demand effects in the third quarter, we have returned to profitability. In light of the ongoing crisis, however, we will continue to focus on implementing rigorous cash management principles, which we believe will put us in a stable position to benefit from future topics, such as digitalisation. Our expectation is that the trends in working from home and remote working which have emerged as a result of the coronavirus crisis will lead to large-scale overhauls and adjustments to IT and telecommunications structures in both business and private households. ”

**Thomas Schuchardt, CFO of Gigaset AG**

- Consolidated revenues and earnings indicators for the first nine months of the financial year in all segments were adversely impacted by the government measures to combat the coronavirus pandemic
- A 14 % increase in revenues in the third quarter is partly compensating for the declines observed in the first half of 2020
- Private demand in the core business Phones as well as Smartphones benefit from normalization of everyday life
- A reliable outlook for the 2020 financial year is not possible due to the ongoing coronavirus crisis: decline in relevant key indicators expected compared to the prior year

# 1 GENERAL ECONOMIC ENVIRONMENT

The coronavirus pandemic pushed the global economy into a deep recession in the first half of 2020. Measures taken to contain the infection led to unprecedented drops in revenue, especially in the services sector. Companies in the manufacturing industry scaled back production. Compared with earlier recessions, industrial value added played a small role in the contraction of the overall economy. As shutdown measures were gradually eased, some signs of recovery were observed in the summer. However, as long as the virus continues to run rampant and impact economic progress, it will still take some time before the global economy recovers completely.<sup>1</sup>

## Relatively mild recession seen in Germany compared with other countries

In the first half of 2020, the German economy also found itself in its deepest recession by far in post-war history. Following a 2.0 % decline in the first quarter of 2020, gross domestic product fell again by 9.7 % in the second quarter.<sup>2</sup> Compared with other countries, however, the recession in Germany was relatively mild. The spread of the virus in the country being brought under control with fewer restrictive measures, as well as the comparatively high value-added share of industry, whose production processes were not too affected by government measures, are likely to have contributed to this.

As a result of the significant drop in numbers of new infections, the shutdown measures in Germany were gradually eased, or even lifted completely for some economic sectors. This was the main reason behind the significant improvement in German companies' business expectations since they plummeted in April, resulting in business sentiment already nearing pre-crisis levels again in some economic sectors. It is generally acknowledged, however, that the economic downward spiral has been stopped and economic activity is starting to pick up again. In the third quarter, gross domestic

product experienced robust growth, albeit this is primarily the result of the low production levels of goods and services observed during the shutdown.

## Slowing recovery rates

As things developed, however, the recovery rate slowed down considerably. This was primarily due to the continued restrictions imposed on services related to consumer spending in social settings. As such, these economic sectors will likely continue to see poor utilization rates for the time being, assuming that an effective vaccine against the virus will only become available in the course of next year. In addition, long-term changes in the behaviour of consumers and companies are also playing a role. Many providers of services affected by the virus are therefore struggling with structural adjustments, which will probably result in an increase in corporate insolvencies and unemployment rates. Demand for goods and services is being unwaveringly supported by numerous fiscal measures designed to stabilize the income of consumers and boost their purchasing power.<sup>3</sup>

On the whole, the average economic growth this year is expected to be 5.2 % lower than in 2019. Taking into account the assumed rate of recovery, gross domestic product will only reach its pre-crisis levels in the fourth quarter of 2021. The average annual growth rate in the coming year will be 5.1 % in this case. In 2022, economic recovery will continue, with gross domestic product continuing to increase at an above-average rate of 1.7 %.<sup>4</sup>

<sup>1</sup> Ifo Institute (2020) – Economic Forecast Autumn 2020

<sup>2</sup> Ifo Institute (2020) – Economic Forecast Autumn 2020

<sup>3</sup> Ifo Institute (2020) – Economic Forecast Autumn 2020

<sup>4</sup> Ifo Institute (2020) – Economic Forecast Autumn 2020

## 2 BUSINESS DEVELOPMENTS

The coronavirus pandemic, and the shock triggered by the measures taken by governments in Germany and Europe to combat this virus, caught Gigaset – and numerous other companies all around the world – unprepared, with hard-hitting impacts, in the first quarter of 2020. As such, revenues recorded a significantly negative trend in all segments except Smart Home.

The second quarter of the year 2020 was also impacted heavily by the pandemic, this time with all segments affected. This was primarily attributable to the enduring restrictions on public life in other countries of Europe besides Germany. Business closures and lockdowns lasted well into June in some cases.

The trend started to change in the third quarter of 2020. With everyday life increasingly returning to normality, brick-and-mortar shops and specialist retailers were able to reopen again. Accordingly, the pent-up demand effects on the part of customers which accumulated during the first half of 2020 were boosted by an increase in demand in the retail trade, which had stocked up on new goods again. The third quarter consequently saw a positive development in revenues.

### **Guiding principles since the start of the crisis**

Immediately following the outbreak of the crisis, the company started pursuing three key principles, which still apply today. The objective of these principles is to protect the company and its employees and ensure economic longevity.

#### **Financial management**

Early on, Gigaset introduced a comprehensive plan on financial stability and flexibility within the company – as already described in the half-yearly financial report and the quarterly financial report covering the first quarter of 2020. This plan not only contains a clear liquidity and cash management approach, but also provides for flexibility in production and delivery quantities.

#### **E-commerce focus**

Gigaset increased its share of revenues in e-commerce some time ago, as efforts were made to intensify these channels early on. With the onset of the coronavirus crisis and the disappearance of numerous retail businesses all across Europe, Gigaset stepped up its efforts once again. This is also shown by the ratio of online sales, which grew by 115 % in the first half of 2020 compared with the equivalent period in 2019 – when this outlook is expanded to nine months, the increase rises to 135 % compared with 2019.

#### **Protection of employees**

To protect its employees, Gigaset took measures at an early stage in accordance with the recommendations on hygiene of the Robert Koch Institute and the Federal Government of Germany. Thanks to these measures, the company has been and still is in a position to protect its employees and production processes and fully maintain its delivery capacity for all of its products.

## 2.1 Phones

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Since the beginning of the coronavirus crisis, it has become clear how important fixed-line telephony is to people when they spend the majority of their time at home. Revenues were already at a good level in the first half of the year. In the third quarter, the considerable pent-up demand effects from the second quarter resulted in excellent revenues, with Germany and France performing particularly well.

## 2.2 Smartphones

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Planned sales of smartphones stagnated in the first quarter of the year as a result of the coronavirus pandemic. Distributors took the opportunity to send goods back to Gigaset. In the third quarter, inventory levels were considerably reduced and revenues were increased compared with the same quarter in the prior year thanks to a sales push, which consisted, among other things, of offering discounts on devices.

## 2.3 Smart Home

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The Smart Home segment developed very positively in the first quarter. The reason for this was a strategic partnership with a leading European telecommunications company. Revenues were restrained in both the second and third quarters of the year, also due to the coronavirus pandemic. When people are spending the majority of their time at home, they have no reason to invest in a security and alarm system.

## 2.4 Professional

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The B2B market and therefore the Professional segment were also weakened by the coronavirus pandemic in the first half of 2020. Numerous projects were cancelled or postponed, for example in the hospital sector. The third quarter saw a slight recovery, especially in France and the Netherlands.

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

### 3.1 Financial performance

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The Gigaset Group generated EUR 133.5 million (PY: EUR 157.5 million) in **revenues** in the first nine months of financial year 2020. The decline in revenues of over 15.2 % compared with the prior-year period is attributable in large part to the coronavirus pandemic in 2020. In addition, revenues are affected by the customary seasonal fluctuations in the consumer business. In the third quarter, Gigaset generated revenues of EUR 57.6 million, translating into revenue growth of 14.3 % compared with the same quarter in the prior year (EUR 50.4 million). This increase can be attributed to the improved consumer climate, which was supported by pent-up demand effects from the first half of the year, as well as to the growth in demand from distributors, who replenished their warehouses.

For the Phones segment, revenues amounted to EUR 100.6 million by the third quarter of 2020, down by 8.6 % on the whole compared with the prior year (EUR 110.1 million). Despite the challenging market environment, unit sales of DECT telephones were well on target through the middle of March 2020, but were then considerably impaired by the Europe-wide lockdowns in April and May. As such, revenues through the first half of 2020 were still down by 25.8 % compared with the prior year. At EUR 44.0 million, revenues for the Phones segment increased by EUR 10.3 million in the third quarter of 2020 compared with the same quarter in the prior year. The main drivers for this development are the reasons already mentioned.

At EUR 4.0 million, revenues in the Smartphones segment were down on the prior year by EUR 3.5 million. Following a drop in the first quarter owing to returns of devices by distributors, the first positive pent-up demand effects already started to be observed in consumers in the second quarter, leading

to an EUR 1.6 million increase in revenues compared with the second quarter in the prior year. In the third quarter, revenues were boosted by targeted promotions designed to reduce inventory levels. This led to revenues increasing by 12.1 % compared with the same quarter in the prior year.

In the Smart Home segment, revenues of EUR 1.8 million were generated in the reporting period from January to September 2020 (prior year: EUR 2.3 million). Following the strong first quarter with revenues in the amount of EUR 1.2 million (prior year: EUR 0.6 million) resulting from the strategic partnership entered into with a leading European telecommunications company, revenues weakened considerably in the second quarter, driven in particular by the coronavirus pandemic. This development continued into the third quarter of 2020, with revenues amounting to EUR 0.4 million and thus falling short of the prior-level year of EUR 0.7 million.

The Professional segment recorded revenues of EUR 27.1 million in the first nine months of the financial year, which represents a decline of 27.9 % compared with the revenues of EUR 37.6 million generated in the prior-year period. At EUR 9.5 million, revenues also declined in the third quarter (prior year: EUR 12.7 million). The main reason for this development is the fact that the company had to postpone or pause, or even completely cancel in the first instance, projects it had planned or already started owing to the coronavirus situation.

The situation broken down by product area is as follows in the first three quarters of the financial year:

Revenues in EUR millions	Q1 - Q3 2020	Q1 - Q3 2019	Change in %
Phones	100.6	110.1	-8.6
Smartphones	4.0	7.5	-46.7
Smart Home	1.8	2.3	-21.7
Professional	27.1	37.6	-27.9
<b>Gigaset Total</b>	<b>133.5</b>	<b>157.5</b>	<b>-15.2</b>

Revenues are reported by country as part of internal segment reporting based both on the receiving units as well as on the registered office of the respective companies (i.e. country of domicile). The definition and classification of each country is described in the annual report for 2019.

Until the end of January 2020, revenues generated in the United Kingdom were allocated to the Europe (EU) segment owing to the UK's membership in the European Union. As a result of the United Kingdom's exit from the European Union, however, these revenues have been attributed to the Rest of World segment since February 2020. For comparison purposes, the prior-year figures have been adjusted to the United Kingdom's new segment classification.

The regional breakdown of revenues by **receiving entity** is presented in the table below:

Revenues in EUR millions	Q1 - Q3 2020	Q1 - Q3 2019 <sup>1</sup>	Change in %
Germany	58.1	73.5	-21.0
Europe (excluding Germany)	52.9	59.3	-10.8
Rest of World	22.5	24.7	-8.9
<b>Gigaset Total</b>	<b>133.5</b>	<b>157.5</b>	<b>-15.2</b>

The regional breakdown of revenues by **country of domicile** is presented in the table below:

Revenues in EUR millions	Q1 - Q3 2020	Q1 - Q3 2019 <sup>1</sup>	Change in %
Germany	72.1	84.6	-14.8
Europe (excluding Germany)	44.2	54.3	-18.6
Rest of World	17.2	18.6	-7.5
<b>Gigaset Total</b>	<b>133.5</b>	<b>157.5</b>	<b>-15.2</b>

<sup>1</sup>The prior-year figures were reclassified to Rest of World for comparison purposes due to the United Kingdom's exit from the EU.

The **cost of materials** for raw materials, merchandise, finished goods and purchased services is EUR 69.6 million – a decrease of EUR 15.1 million from EUR 84.7 million compared to the prior year. Including the change in inventories, the ratio of purchased goods and services to the total operating performance<sup>5</sup> came to 51.9 %, which was slightly higher than the comparable year-ago ratio (PY: 50.3 %).

The **gross profit** calculated as revenues minus purchased goods and services and the change in inventories of finished and unfinished goods declined by 23.1 % to EUR 64.4 million. At 48.1 %, the gross profit margin<sup>6</sup> declined slightly compared with the prior year (49.7 %).

The **other internal production capitalized** increased from EUR 6.4 million in the year-ago comparison figure to EUR 7.3 million for the first nine months of the 2020 financial year.

The **other operating income** of EUR 8.1 million in the reporting period is less than the prior-year comparison figure of EUR 11.2 million. In the prior year, other operating income in the amount of EUR 3.3 million resulted from the legal dispute concerning the SKW anti-trust proceedings.

**Personnel expenses** for wages, salaries, social security contributions and old age pensions amounted to EUR 41.4 million, representing a year-on-year decrease of EUR 1.5 million. Despite the increase in expenses linked to pension obligations, the reduction in working hours that started in April 2020 led to a reduction in personnel expenses on the whole. The personnel expenses<sup>7</sup> ratio came to 30.9 % (prior year: 25.4 %).

**Other operating expenses** in the amount of EUR 41.5 million (prior year: EUR 47.0 million) were incurred in the reporting period. The EUR 5.5 million decrease in expenses resulted primarily from the reductions in marketing expenses in the amount of EUR 4.7 million, in administrative expenses in the

amount of EUR 2.6 million and in expenses for land and buildings in the amount of EUR 0.9 million. These lower expenses are offset by higher expenses from foreign-exchange losses in the amount of EUR 1.9 million.

**Earnings before interest, taxes, depreciation, amortization and impairment losses** (EBITDA) thus amount to EUR -3.0 million for the reporting period from January to September 2020 (prior year: EUR 11.6 million). After deducting depreciation, amortization and impairments in the amount of EUR 11.3 million (PY: EUR 10.6 million), **earnings before interest and taxes** (EBIT) came to EUR -14.3 million (PY: EUR 1.0 million).

Including the **financial result** of EUR -0.8 million (PY: EUR 0.2 million), the **result from ordinary activities** amounted to EUR -15.1 million (PY: EUR 1.2 million).

The **consolidated net loss** for the period from January 1 to September 30, 2020 amounted to EUR -10.6 million (PY: consolidated net income of EUR 0.4 million).

This results in **earnings per share** of EUR -0.08 (undiluted/diluted) (prior year: EUR 0.00 (undiluted/diluted)).

<sup>5</sup> This ratio is calculated as purchased goods and services divided by the sum of revenues and the change in inventories of finished and unfinished goods.

<sup>6</sup> The gross profit margin was calculated differently than in the first half of last year. Beginning in 2020, changes in inventory are added to revenues. Thus, the gross profit margin is now calculated as the gross profit divided by revenues plus changes in inventories.

<sup>7</sup> The personnel expenses ratio was calculated differently than in the first half of last year. Beginning in 2020, changes in inventory are added to revenues. Thus, the personnel expenses ratio is now calculated as personnel expenses divided by revenues plus changes in inventories.



## 3.2 Cashflows

The Company's cashflows are presented in the table below:

Cashflows in EUR millions	Q1 - Q3 2020	Q1 - Q3 2019
Cashflow from operating activities	2.2	-3.7
Cashflow from investing activities	-11.7	-11.3
Free Cashflow	-9.5	-15.1
Cashflow from financing activities	-0.9	-0.2

In the reporting period from January to September 2020, the Gigaset Group recorded a **cash inflow from operating activities** in the amount of EUR 2.2 million (prior year: cash outflow of EUR 3.7 million). This resulted mainly from payments on account of trade payables, other provisions and other liabilities in the amount of EUR 21.0 million, which was countered by cash inflows from payments on account of trade receivables and other assets in the amount of EUR 25.9 million.

The **cash outflow from investing activities** amounted to EUR 11.7 million, after EUR 11.3 million in the comparable period of last year. The greater part of investments both in the current period and in the year-ago period related to internal production capitalized for the development of new products and solutions.

The **cash outflow from financing activities** amounted to EUR 0.9 million in the reporting period (PY: EUR 0.2 million). The cash outflow is driven by principal and interest rate repayments linked to the credit facility raised in 2018 as well as by amounts paid out for lease liabilities. This was countered by a cash inflow of EUR 2.0 million resulting from a loan extended to the French national subsidiary due to coronavirus measures in 2020. In the prior year, the cash inflow of EUR 2.4 million related to the draw-down of funds from the loan contracted in 2018.

Please refer to the statement of cashflows for a detailed account of changes in **cash and cash equivalents**. The cashflows include exchange rate changes in the amount of EUR -0.4 million (PY: EUR 0.1 million). Cash and cash equivalents amounted to EUR 25.8 million as of September 30, 2020 (PY: EUR 21.7 million).

## 3.3 Financial position

The Gigaset Group's **total assets** amounted to EUR 183.0 million as of September 30, 2020, that being significantly less than the comparable figure as of December 31, 2019 (EUR 222.6 million).

The **noncurrent assets** of EUR 77.5 million were EUR 0.9 million less than the comparable figure as of December 31, 2019. An increase resulted mainly from the recognition of deferred tax assets of EUR 5.6 million as at September 30, 2020 as well as from a rise in intangible assets in the amount of EUR 3.4 million.

The financial assets were recognized at fair value as at the balance sheet date of September 30, 2020, which results in a complete impairment loss associated with the financial investment in Gigaset Mobile Pte. Ltd. On the basis of the findings available as at the balance sheet date, the impairment of the financial asset can no longer be justified, meaning that, in addition to the exchange-rate-related fair value adjustment of EUR 0.3 million, an additional impairment of EUR 7.4 million was recognized in other comprehensive income, as the asset is classified as FVOCI. For further information on the financial investment, please refer to the annual report for 2019.

**Current assets** represent 57.6 % of total assets. These decreased by EUR 38.7 million compared with the prior year and amount to EUR 105.5 million. The biggest drivers of this reduction, accounting for EUR 18.5 million and EUR 10.7 million, respectively, were trade receivables and cash and cash equivalents. Please refer to the statement of cashflows shown in the quarterly financial report for a detailed account of changes in cash and cash equivalents.

**Total liabilities** amounted to EUR 185.6 million (December 31, 2019 EUR 204.1 million). Current liabilities represent 37.6 % of total liabilities.

The **equity** of the Gigaset Group amounted to EUR -2.6 million as of September 30, 2020, that being EUR 21.2 million less than at the beginning of the year. This corresponds to an equity ratio of -1.4 %, as compared to 8.3 % as of December 31, 2019. Owing to the reduction in the discount rate for the key region of Germany from 1.05 % (December 31, 2019) to 0.95 % as at September 30, 2020, there are actuarial losses totaling EUR 1.7 million from the measurement of pension obligations. The consolidated net loss amounts to EUR 10.6 million and results in a corresponding negative effect in consolidated equity. Owing to the complete impairment loss associated with the financial investment in Gigaset Mobile Pte. Ltd. in the amount of EUR 7.7 million in other comprehensive income as at the balance sheet date, this leads to an imputed negative statement of equity. All impacts on equity are shown in the chapter on the development of consolidated equity.

**Noncurrent liabilities** comprise mainly pension obligations and financial liabilities. The increase in noncurrent liabilities amounts to EUR 6.5 million in the current financial year; as a result, these liabilities now amount to EUR 115.8 million as at the balance sheet date of September 30, 2020. The increase results mainly from the EUR 3.2 million increase in noncurrent financial liabilities and changes in the pension obligations amounting to EUR 4.4 million.

The **current liabilities** of EUR 69.8 million were about 26.4 % less than as of December 31, 2019. The decline resulted mainly from the decrease in trade payables from EUR 51.2 million to EUR 38.5 million as of September 30, 2020. The EUR 3.5 million reduction in current provisions, EUR 1.9 million decline in current financial liabilities, the EUR 2.9 million reduction in tax liabilities and the EUR 4.1 million decrease in other liabilities also played a role.

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

### General assessment of the Managing Board

The first half of 2020 showed how strongly the coronavirus pandemic impacted the global economy. Of particular relevance in the context of the crisis is how little scope of action was and is available to companies in view of border closures and stay-at-home orders – at least for companies who depend on international logistics and delivery chains, and sales potential in the traditional retail sector.

Despite these challenges, very positive developments for Gigaset were observed in the third quarter of 2020. This was due to a variety of effects on both the financial and the sales side. From the Managing Board's perspective, however, it is not possible to derive a final projection for the overall year on the basis of the third quarter. At the time of drawing up the quarterly financial report for the third quarter, coronavirus cases in Germany and Europe were increasing to record levels, and new precautions in the form of lockdowns of various severity levels were again necessary, in Germany as in numerous other European countries.

In view of the effects of the coronavirus pandemic and Gigaset's dependence on the abovementioned external factors that are not under its control (i.e. government decisions regarding stay-at-home orders, business and border closures and the duration and further progression of the pandemic itself and the resulting unpredictable consumer sentiment), Gigaset is sticking to its statement of the start of the year: As things currently stand, it is still not possible to provide a detailed forecast, but a general reduction in relevant key indicators compared with the prior year is becoming increasingly clear.

In this context, we will continue to monitor the two key benchmark figures that Gigaset uses for planning purposes.

### Factor I: Economy

The Ifo Institute currently forecasts that the average economic growth this year will be 5.2 % lower than in 2019. Taking into account the assumed rate of recovery, gross domestic product will only reach its pre-crisis levels in the fourth quarter of 2021. The average annual growth rate in the coming year will be 5.1 % in this case. In 2022 economic recovery will continue, with gross domestic product continuing to increase at an above-average rate of 1.7 %.<sup>8</sup> The Deutsche Bundesbank also warns of a massive wave of insolvencies starting in the first quarter of 2021.<sup>9</sup> Despite these developments, consumer sentiment in Germany remains stable<sup>10</sup> at the time of reporting. It remains to be seen how the situation will develop.

<sup>8</sup> Ifo Institute (2020) – Economic Forecast Autumn 2020

<sup>9</sup> Handelsblatt.de (2020) – Bundesbank warnt vor Insolvenzen (Deutsche Bundesbank warns of insolvencies)

<sup>10</sup> tagesschau.de (2020) – Stabile Konsumlaune in Deutschland (Stable consumer mood in Germany)

**Factor II: Course of the pandemic**

At the time of drawing up the quarterly financial report for the third quarter, the overall situation in Germany, Europe and around the world is worsening again in the face of the coronavirus pandemic. The two key factors in this context are the duration and the severity of the overall course of the pandemic. Cases in Germany and Europe – our most important markets – have again risen strongly and dynamically. New record numbers of infections have already been reached in far too many countries and have made new precautionary measures necessary. It is currently not clear how effective they will be and how long they will continue. At the time of reporting bans on contact and curfews are in place again. It remains to be seen how much these will dampen customer sentiment in the fourth quarter and the associated Christmas business. Performance in the fourth quarter is, as such, dependent on how the crisis progresses and the resulting consequences of the protective measures taken by governments in Europe.

## 5 CONSOLIDATED INCOME STATEMENT<sup>11</sup>

<b>EUR'000</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>Q1 - Q3 2020</b>	<b>Q1 - Q3 2019</b>
	<b>7/1 - 09/30/2020</b>	<b>7/1 - 09/30/2019</b>	<b>1/1 - 09/30/2020</b>	<b>1/1 - 09/30/2019</b>
Revenues	57,607	50,444	133,453	157,512
Change in inventories of finished and unfinished goods	2,273	13,962	589	10,962
Purchased goods and services	-31,771	-34,699	-69,608	-84,725
<b>Gross profit</b>	<b>28,109</b>	<b>29,707</b>	<b>64,434</b>	<b>83,749</b>
Other internal production capitalized	3,109	3,100	7,251	6,439
Other operating income	2,126	1,936	8,139	11,226
Personnel expenses	-11,876	-13,581	-41,362	-42,849
Other operating expenses	-16,477	-16,233	-41,458	-46,975
<b>EBITDA</b>	<b>4,991</b>	<b>4,929</b>	<b>-2,996</b>	<b>11,590</b>
Depreciation and amortization	-3,613	-3,629	-11,338	-10,613
<b>EBIT</b>	<b>1,378</b>	<b>1,300</b>	<b>-14,334</b>	<b>977</b>
Other interest and similar income	1	6	191	1,303
Interest and similar expenses	-321	-373	-958	-1,078
<b>Financial result</b>	<b>-320</b>	<b>-367</b>	<b>-767</b>	<b>225</b>
<b>Result from ordinary activities</b>	<b>1,058</b>	<b>933</b>	<b>-15,101</b>	<b>1,202</b>
Income taxes	-366	-960	4,497	-762
<b>Consolidated net income/ loss for the year</b>	<b>692</b>	<b>-27</b>	<b>-10,604</b>	<b>440</b>
<b>Earnings per share</b>				
– Undiluted (Basic) in EUR	0.01	0.00	-0.08	0.00
– Diluted in EUR	0.01	0.00	-0.08	0.00

<sup>11</sup> The Consolidated Income Statement contains key indicators that are not defined in the IFRS.

## 6 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>EUR'000</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>Q1 - Q3 2020</b>	<b>Q1 - Q3 2019</b>
	<b>7/1 - 09/30/2020</b>	<b>7/1 - 09/30/2019</b>	<b>1/1 - 09/30/2020</b>	<b>1/1 - 09/30/2019</b>
<b>Consolidated net income/ loss for the year</b>	<b>692</b>	<b>-27</b>	<b>-10,604</b>	<b>440</b>
Items that may possibly be reclassified to profit or loss at a later time				
Currency translation differences	-416	159	-853	94
Cashflow hedges	-421	-947	-474	-1,488
Income taxes recognized on these items	114	301	131	473
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	175	-7,967	-2,442	-20,912
Financial instruments at fair value through other comprehensive income (FVOCI)	-7,786	400	-7,686	-300
Income taxes recognized on this item	-55	2,533	777	6,650
<b>Total changes not recognized in profit or loss</b>	<b>-8,389</b>	<b>-5,521</b>	<b>-10,547</b>	<b>-15,483</b>
<b>Total income and expenses recognized</b>	<b>-7,697</b>	<b>-5,548</b>	<b>-21,151</b>	<b>-15,043</b>

## 7 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR'000	09/30/2020	12/31/2019
<b>ASSETS</b>		
<b>Noncurrent assets</b>		
Intangible assets	37,120	33,757
Property, plant and equipment	21,901	23,284
Right of use assets	3,560	4,331
Financial assets	0	7,686
Deferred tax assets	14,943	9,374
<b>Total noncurrent assets</b>	<b>77,524</b>	<b>78,432</b>
<b>Current assets</b>		
Inventories	33,469	35,246
Trade receivables	26,901	45,417
Other assets	18,822	26,670
Tax refund claims	454	293
Cash and cash equivalents	25,820	36,557
<b>Total current assets</b>	<b>105,466</b>	<b>144,183</b>
<b>Total assets</b>	<b>182,990</b>	<b>222,615</b>

EUR'000	9/30/2020	12/31/2019
<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	-290,119	-268,968
<b>Total equity</b>	<b>-2,608</b>	<b>18,543</b>
<b>Noncurrent liabilities</b>		
Pension obligations	96,882	92,501
Provisions	2,425	2,983
Financial liabilities	13,355	10,176
Lease liabilities	2,168	2,827
Deferred tax liabilities	956	760
<b>Total noncurrent liabilities</b>	<b>115,786</b>	<b>109,247</b>
<b>Current liabilities</b>		
Provisions	11,311	14,770
Financial liabilities	3,793	5,724
Lease liabilities	1,648	1,563
Trade payables	38,519	51,247
Tax liabilities	2,040	4,945
Other liabilities	12,501	16,576
<b>Total current liabilities</b>	<b>69,812</b>	<b>94,825</b>
<b>Total equity and liabilities</b>	<b>182,990</b>	<b>222,615</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, 2018</b>	<b>132,456</b>	<b>86,076</b>	<b>68,979</b>	<b>-262,490</b>	<b>25,021</b>
1 Consolidated net income 2019	0	0	0	440	440
2 Currency translation differences	0	0	0	94	94
3 Cashflow hedges	0	0	0	-1,015	-1,015
4 Financial instruments measured at Fair Value through Other Comprehensive Income (FVOCI)	0	0	0	-300	-300
5 Revaluation effects from defined benefit pension plans	0	0	0	-14,262	-14,262
6 Total changes not recognized in profit or loss	0	0	0	-15,483	-15,483
<b>7 Total net income (1+6)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-15,043</b>	<b>-15,043</b>
<b>September 30, 2019</b>	<b>132,456</b>	<b>86,076</b>	<b>68,979</b>	<b>-277,533</b>	<b>9,978</b>
<b>December 31, 2019</b>	<b>132,456</b>	<b>86,076</b>	<b>68,979</b>	<b>-268,968</b>	<b>18,543</b>
1 Consolidated net income 2020	0	0	0	-10,604	-10,604
2 Currency translation differences	0	0	0	-853	-853
3 Cashflow hedges	0	0	0	-343	-343
4 Financial instruments measured at Fair Value through Other Comprehensive Income (FVOCI)	0	0	0	-7,686	-7,686
5 Revaluation effects from defined benefit pension plans	0	0	0	-1,665	-1,665
6 Total changes not recognized in profit or loss	0	0	0	-10,547	-10,547
<b>7 Total net income (1+6)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-21,151</b>	<b>-21,151</b>
<b>September 30, 2020</b>	<b>132,456</b>	<b>86,076</b>	<b>68,979</b>	<b>-290,119</b>	<b>-2,608</b>



## 9 CONSOLIDATED STATEMENT OF CASHFLOWS

EUR'000	1/1- 9/30/2020	1/1 - 9/30/2019
<b>Result from ordinary activities</b>	<b>-15,101</b>	<b>1,202</b>
Depreciation and amortization of property, plant and equipment and intangible assets	11,338	10,613
Increase (+) / decrease (-) in pension provisions	1,939	124
Gain (-) / loss (+) on the sale of noncurrent assets	-35	-15
Gain (-) / loss (+) from currency translation	1,577	-172
Net interest income	767	-225
Interest received	184	1,297
Income taxes paid	-2,987	-8,554
Increase (-) / decrease (+) in inventories	1,777	-15,877
Increase (-) / decrease (+) in trade receivables and other assets	25,890	16,418
Increase (-) / decrease (+) in trade payables, other liabilities and other provisions	-21,021	-7,931
Increase (-) / decrease (+) in other items of the statement of financial position	-2,110	-594
<b>Cash inflow (+) /outflow (-) from operating activities (net cashflow)</b>	<b>2,218</b>	<b>-3,714</b>
Proceeds from the sale of noncurrent assets	18	49
Payments of investments in noncurrent assets	-11,735	-11,393
<b>Cash inflow (+) /outflow (-) from investing activities</b>	<b>-11,717</b>	<b>-11,344</b>
<b>Free cashflow</b>	<b>-9,499</b>	<b>-15,058</b>
Cashflows from the borrowing (+)/ repayment (-) of current financial liabilities	-702	0
Cashflows from the borrowing of noncurrent financial liabilities	1,950	2,400
Payments for lease liabilities	-1,382	-1,005
Interest paid	-750	-1,626
<b>Cash inflow (+) /outflow (-) from financing activities</b>	<b>-884</b>	<b>-231</b>
Cash and cash equivalents at beginning of period	33,849	33,936
Changes due to exchange rate differences	-354	94
Cash and cash equivalents at beginning of period, measured at prior-year closing exchange rate	34,203	33,842
Increase (-) / decrease (+) in restricted cash	1,005	669
Change in cash and cash equivalents	-10,383	-15,289
<b>Cash and cash equivalents at end of period</b>	<b>24,471</b>	<b>19,316</b>
Restricted cash	1,349	2,428
<b>Cash and cash equivalents per statement of financial position</b>	<b>25,820</b>	<b>21,744</b>

## FINANCIAL CALENDAR 2020

(Remaining)<sup>12</sup>

No further events in 2020

### 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 2019 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 rounded to the nearest whole number; consequently, minor rounding differences can arise as a result.

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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<sup>12</sup> Subject to change

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