QUARTERLY REPORT

January - September | Q3

2021

KEY FIGURES

EUR millions	1/1 - 9/30/2021	1/1 - 9/30/2020
Consolidated revenues	153.9	133.5
EBITDA (Earnings before interest, taxes, depreciation and amortization)	11.0	-3.0
EBIT (Earnings before interest and taxes)	0.2	-14.3
Consolidated net loss for the year	-1.2	-10.6
Free cashflow	-19.0	-8.5[1]
Earnings per share (diluted) in EUR	-0.01	-0.08
	9/30/2021	**12/31/2020**
Total assests	188.5	204.5[1]
Consolidated equity	9.2	1.9
Equity ratio (in %)	4.9	0.9[1]
Number of employees	865	893

The Gigaset Share	Q3 2021	Q3 2020
Closing price in EUR (at the end of the period)	0.36	0.23
Highest price in EUR (in the period)	0.42	0.27
Lowest price in EUR (in the period)	0.30	0.20
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)	47.7	30.5

[1] The year-ago comparison figures were adjusted to account for the changed presentation of restricted cash as of September 30, 2021 in order to ensure comparability. For details on this subject, please refer to Chapter 4 Change in the accounting treatment of restricted cash

KEY FACTS

- Consolidated revenues for the first nine months up 15%
- Exceedingly positive performance of the Smartphones and Professional segments
- EBIT for the first nine months turns positive again, EBITDA is likewise clearly positive, but coronavirus impacts are still noticeable
- Raw material supply bottleneck situation requires adjustment of forecast for 2021

"In view of the disruptions caused by the coronavirus pandemic last year, we are encouraged by the current numbers for the first nine months of this year. They clearly prove that we adopted the right strategy, made the right decisions and took the right measures to bring us through the crisis. Although the final end of the coronavirus pandemic and its many primary and secondary repercussions are still uncertain, we believe that Gigaset is well equipped to meet future challenges. We intend to benefit from the trend of increasing digitalization by continually investing in innovative products and prevail against the competition by entering into new, long-term cooperation ventures with strong partners."

Klaus Wessing, CEO of Gigaset AG

"The company's order situation is excellent and we have increased both revenues and earnings on a year-to-date basis. For this reason, the revenue decline in the third quarter was especially disappointing. As a consequence of the coronavirus pandemic, many companies are currently contending with supply problems – and Gigaset is no exception. We must face this challenge because these bottlenecks are expected to continue into next year. We are especially encouraged by the performance of the Smartphones and Professional segments. However, the recent, unusually strong increase in demand for fixed-line telephony is gradually normalizing. We remain confident about our nearer-term prospects. We see a real opportunity for further growth in the trend of increasing digitalization."

Thomas Schuchardt, CFO of Gigaset AG

1 GENERAL ECONOMIC ENVIRONMENT

Despite a resurgence of the coronavirus pandemic, the world economy continued to recover in the autumn of 2021, although the strength of the recovery has varied widely from one country to another, according to a study[1] by the International Monetary Fund (IMF) from October 2021. Consumer demand has been boosted by the easing of coronavirus restrictions.

According to Statista,[2] consumer spending in Germany increased considerably by 5.3% (price-adjusted) in the second quarter of 2021 for the first time after having declined across the board in all of 2020 and in the first quarter of 2021. The same trend was observed in the countries of the European Union, where consumer spending increased by an impressive 12.2% in the second quarter of 2021 after five straight quarters of declines. The trend in the third quarter of 2021 also appears to be positive.

However, the supply and availability of goods have reacted more slowly to the increased demand, particularly as a result of problems in international supply chains. These imbalances between supply and demand caused by the pandemic, as well as higher prices for raw materials compared to the previous year, have fueled substantial price pressures. The IMF experts expect that this increase in overall inflation will peak in the last months of 2021, but will revert to pre-pandemic levels in most economies by the middle of 2022.

In consideration of these factors, the IMF experts expect that worldwide economic output will expand by 5.9% in the full year 2021. Developed economies are predicted to grow by 5.2%, emerging-market and developing countries by 6.4%. In the Eurozone region, which is especially relevant for Gigaset, economic output is expected to expand by 5.0%. According to the IMF, the following growth rates are expected in the company's relevant markets in 2021: Germany +3.1%, France +6.3%, Italy +5.8%, Spain +5.7%, Netherlands +3.8%, and Switzerland +3.7%.

Against this background, Gigaset is still faced with two key uncertainty factors: the actual further course of the coronavirus pandemic and the indirect effects of the pandemic. In particular, the supply of materials is a major challenge for the company. The disruptions caused by production stoppages and the reduced transportation options owing to the coronavirus crisis are still affecting numerous industries.

[1] IMF (2021) - World Economic Outlook 10/2021

[2] https://de.statista.com/statistik/daten/studie/917310/umfrage/veraenderung-der-konsumausgaben-in-deutschland/

2 BUSINESS DEVELOPMENTS

The worldwide recovery described in the section entitled General economic environment continued in the third quarter of 2021. However, the growth momentum has weakened and the uncertainty created by supply disruptions has increased. The most relevant aspect of this problem for Gigaset is the global chip shortage triggered by the pandemic, which will last into the first half of 2022 according to the analysis firm Gartner.[3]

Overall, Gigaset's business exhibited a highly positive development in the first nine months of 2021, with revenue growth of 15.3%. Gigaset increased its online sales both via its own platforms and via platforms operated by third parties and continued to benefit from a certain renaissance of the fixed-line network that began with the outbreak of the coronavirus pandemic in early 2020, as well as the continuing shift to working from home.

2.1 Phones

After a strong performance in the first half of 2021, the revenues of the Phones segment exhibited a modest decline in the third quarter of 2021 due to a worsening of the semiconductor shortage in the world market. As a result, segment revenues in the first nine months of the year were slightly lower, by 0.7%, than the corresponding figure for the year-ago period. Like other market participants, moreover, Gigaset is having to contend with a shortage of materials that is currently having an adverse impact on the company's production and is extraordinarily volatile.

The Phones segment will continue to address demographic trends such as the ageing of society with an appropriate product portfolio (Gigaset life series) and further upgrade its portfolio of universal handsets (Gigaset HX) by way of continuous product updating.

2.2 Smartphones

In 2020, the Smartphones segment was hit particularly hard in all sales markets by the measures put in place to contain the coronavirus. In the first nine months of 2021, by contrast, the Smartphones segment performed very well, tripling its revenues compared to the first nine months of last year.

[3] https://www.handelsblatt.com/technik/it-internet/globale-knappheit-marktforscher-chip-engpaesse-bremsen-pc-absatz/27697846.html?ticket=ST-3080269-R5jaYhZCSlvxiayNf4SC-cas01.example.org

2.3 Smart Home

The situation in the Smart Home segment remains challenging. On the one hand, the markets have not developed overall as forecast by third parties; on the other hand, consumers are mainly purchasing smart home products for the purpose of convenience and entertainment. Smart TVs and robot vacuum cleaners, which are also included in the outlooks of market research institutes, are being preferred to security or energy management solutions of the kind offered by Gigaset. Accordingly, the Smart Home segment generated considerably lower revenues than in the year-ago comparison period.

2.4 Professional

The Professional segment recovered substantially in the current 2021 financial year compared to the crisis-plagued previous year, benefitting from catch-up effects after companies had postponed projects and orders in 2020. In addition, the demand for the Professional segment's products and solutions recovered considerably, as reflected in the impressive 50% increase in revenues in the first nine months of 2021.

3 FINANCIAL PERFORMANCE, CASHFLOWS AND FINANCIAL POSITION OF THE GROUP

3.1 Financial performance

The Gigaset Group generated total **revenues** of EUR 153.9 million in the third quarter of 2021 (PY: EUR 133.5 million). Revenues were subject to the usual seasonal fluctuations in the consumer business. Whereas the economic impacts of the coronavirus pandemic played a role primarily in the early part of 2021, they were barely noticeable in the third quarter. Instead, the company's performance in the third quarter was increasingly impacted by worldwide supply shortages, as a result of which existing orders could not be produced and filled according to schedule. This issue is also reflected in the company's third-quarter revenues. In the first half of the year, the company generated revenues of EUR 102.0 million, indicative of a 34.6% increase over the first half of last year (PY: EUR 75.8 million); By the end of the first nine months of the current financial year, however, the year-over-year revenue increase declined to 15.3%. The third-quarter revenues of EUR 52.0 million were 9.8% less than in the third quarter of last year, mainly due to shortages of materials used in production. In addition, the revenues generated in the third quarter of last year were boosted by catch-up effects from the preceding quarters.

The Phones segment generated revenues of EUR 99.9 million in the first nine months of 2021, nearly unchanged from the corresponding year-ago figure of EUR 100.6 million, whereas in the first half of 2021, the revenues of the Phones segment were still 24% higher than in the first half of last year. Due to the shortage of materials, especially chip sets, revenues declined from EUR 44.0 million in the third quarter of last year to EUR 29.7 million in the third quarter of the current year. The demand for cordless telephones is still very high, but cannot be fully satisfied at the present time.

The Smartphones segment generated revenues of EUR 12.2 million in the first nine months of the current financial year, that being EUR 8.2 million higher than in the year-ago period. As reported earlier, the segment's performance in the first nine months of last year was severely impaired by returns of devices from distributors. Fortunately, the Smartphones segment continued to perform very well in the third quarter of 2021, generating revenues of EUR 4.0 million (PY: EUR 3.7 million).

The performance of the Smart Home segment is still unsatisfactory for Gigaset. In the period from January to September 2021, the segment generated revenues of EUR 1.1 million (PY: EUR 1.8 million). In the first quarter of the previous financial year, revenues were boosted significantly by a cooperation agreement, which could not be utilized further as the coronavirus pandemic progressed. The segment generated revenues of EUR 0.3 million in the third quarter of 2021, as compared to EUR 0.4 million in the third quarter of last year.

In the third quarter, the Professional segment continued the positive performance of the preceding quarters. After a year-over-year revenue increase of 29% in the first half of the year, the segment's third-quarter revenues were 90.5% higher than the corresponding year-ago figure. Specifically, the revenues generated in the period from July to September 2021 amounted to EUR 18.0 million (PY: EUR 9.5 million). Year-to-date revenues came to EUR 40.7 million, that being 50.2% higher than the corresponding figure for the first nine months of last year (PY: EUR 27.1 million). This positive development is attributable to the postponement and suspension of projects in the year-ago period, as well as high demand and the implementation of new projects in the current reporting period.

The breakdown of revenues by product segment is shown in the table below:

Revenues in EUR millions	Q1 - Q3 2021	Q1 - Q3 2020	Change in %
Phones	99.9	100.6	-0.7
Smartphones	12.2	4.0	205.0
Smart Home	1.1	1.8	-38.9
Professional	40.7	27.1	50.2
Gigaset Total	**153.9**	**133.5**	**15.3**

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 2021	Q1 - Q3 2020	Change in %
Germany	74.0	58.1	27.4
Europe (excluding Germany)	58.5	52.9	10.6
Rest of World	21.4	22.5	-4.9
Gigaset Total	**153.9**	**133.5**	**15.3**

As part of the segment report by **geographical region** within the Group, revenues are additionally attributed to the country of domicile of the respective legal entity. 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.

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

Revenues in EUR millions	Q1 - Q3 2021	Q1 - Q3 2020	Change in %
Germany	91.1	72.1	26.4
Europe (excluding Germany)	45.5	44.2	2.9
Rest of World	17.3	17.2	0.6
Gigaset Total	**153.9**	**133.5**	**15.3**

The **cost of materials** for raw materials, merchandise, finished goods and purchased services in the first nine months of the current financial year was EUR 70.4 million, reflecting an increase of EUR 0.8 million from EUR 69.6 million in the comparable period of last year. Including the change in inventories, the cost of materials ratio[4] of 46.2% was considerably lower than the year-ago ratio of 51.9%, owing to changes in the product mix.

Gross profit, which is calculated as revenues minus the cost of materials and including the change in inventories of finished and unfinished goods, increased significantly by 27.2% to EUR 81.9 million in the reporting period. At 53.8%, the gross profit margin[5] was likewise considerably higher than the year-ago margin of 48.1% due to positive product mix effects.

Other internal production capitalized increased from EUR 7.3 million in the year-ago period to EUR 8.4 million in the current 2021 financial year to date due to the costs of developing new products. The increase in internal production capitalized is mainly attributable to ongoing product development under the cooperation with Unify.

[4] This ratio is calculated as the quotient of the cost of materials divided by the sum of revenues and the change in inventories of finished and unfinished goods.

[5] The gross profit margin is now calculated as gross profit divided by revenues plus changes in inventory.

The **other operating income** of EUR 8.8 million in the reporting period was slightly higher than the year-ago figure of EUR 8.1 million. Material items included realized and unrealized exchange rate gains, as before, as well as government coronavirus aid.

Personnel expenses for wages, salaries, social security contributions and old age pensions in the first three quarters of 2021 came to EUR 44.5 million, that being considerably higher than the comparable year-ago figure (EUR 41.4 million). The shortened work hours program begun in April 2020, which remained in effect until the end of February 2021, was a major factor behind the lower personnel expenses in the year-ago period. The personnel expenses ratio[6] came to 29.2% (PY: 30.9%). The significant improvement resulted from the considerably higher revenues.

Other operating expenses were incurred in the amount of EUR 43.6 million in the reporting period (PY: EUR 41.5 million). The increase in costs is mainly attributable to higher marketing expenses, as well as higher patent and license fees.

On this basis, **earnings before interest, taxes, depreciation, amortization and impairment losses** (EBITDA) amounted to EUR 11.0 million (PY: EUR -3.0 million). After deducting depreciation, amortization and impairment losses in the amount of EUR 10.9 million (PY: EUR 11.3 million), **earnings before interest and taxes** (EBIT) came out positive, at EUR 0.2 million (PY: EUR -14.3 million)).

Including the **financial result** of EUR -1.0 million (PY: EUR -0.8 million), the **result from ordinary activities** amounted to EUR -0.8 million (PY: EUR -15.1 million).

The **consolidated loss** for the period from January 1 to September 30, 2021 amounted to EUR -1.2 million (PY: EUR -10.6 million).

This yields **earnings per share** of EUR -0.01 (undiluted/diluted) (PY: EUR -0.08 (undiluted/diluted).

[6] The personnel expenses ratio is calculated as personnel expenses divided by revenues plus changes in inventory.

3.2 Cashflows[7]

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

Cashflows in EUR millions	**Q1 - Q3 2021**	**Q1 - Q3 2020**
Cashflow from operating activities	-6.9	3.2
Cashflow from investing activities	-12.1	-11.7
Free Cashflow	-19.0	-8.5
Cashflow from financing activities	-1.0	-0.9

In the reporting period from January to September 2021, the Gigaset Group generated a **cash outflow from operating activities** of EUR -6.9 million (PY: cash inflow of EUR 3.2 million). This resulted mainly from the payment (reduction) of trade payables, other provisions and other liabilities in the amount of EUR 9.6 million, the increase in inventories in the amount of EUR 7.9 million, and higher trade receivables and other assets in the amount of EUR 2.1 million.

The **cash outflow from investing activities** amounted to EUR -12.1 million, after EUR -11.7 million in the comparable period of last year. Most investments in both the reporting period and comparable year-ago period related to expenses for the development of new products and solutions.

Free cashflow in the first nine months of the current year amounted to EUR -19.0 million (PY: EUR -8.5 million), well below the year-ago level. In the first nine months of last year, however, free cashflow was boosted by the many deferment and liquidity conservation measures implemented in reaction to the coronavirus pandemic. In addition, a larger sum of money had to be used to

[7] The year-ago comparison figures were adjusted to account for the changed presentation of restricted cash as of September 30, 2021 in order to ensure comparability. For details on this subject, please refer to Chapter 4 Change in the accounting treatment of restricted cash

pre-finance production in order to accommodate the heightened demand for telecommunications products, necessitating increased capital tie-up and liquidity outflows.

The company generated a **cash outflow from financing activities** in the amount of EUR -1.0 million in the reporting period (PY: EUR -0.9 million). The cash outflow resulted mainly from principal and interest payment obligations under the existing credit facilities. In the current financial year to date, cash inflows were generated from supplier credits granted in connection with the partnership with Unify and from equipment financing facilities. In the year-ago period, cash inflows were generated from coronavirus-related financial assistance.

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 (PY: EUR -0.4 million) were included in the cashflow. Cash and cash equivalents amounted to EUR 21.0 million (PY: EUR 24.9 million) as of September 30, 2021.

3.3 Financial position[8]

As of September 30, 2021, the **total assets** of the Gigaset Group amounted to EUR 188.5 million, that being considerably lower than the figure as of December 31, 2020 (EUR 204.5 million). On the assets side, the reduction resulted mainly from the decrease in cash and cash equivalents from EUR 41.1 million as of December 31, 2020 to EUR 21.0 million as of September 30, 2021. On the equity and liabilities side, the main drivers of the reduction were the change in pension obligations, which decreased by EUR -11.0 million to EUR 87.3 million, and the reduction of trade payables from EUR 45.0 million to EUR 37.8 million.

[8] The year-ago comparison figures were adjusted to account for the changed presentation of restricted cash as of September 30, 2021 in order to ensure comparability. For details on this subject, please refer to Chapter 4 Change in the accounting treatment of restricted cash

Compared with December 31, 2020, **noncurrent assets** decreased by EUR 2.2 million to EUR 94.1 million. The reduction resulted mainly from a decrease in deferred tax assets as of September 30, 2021.

Current assets accounted for EUR 50.1% of total assets. They amounted to EUR 94.4 million, which was EUR 13.9 million less than the corresponding figure as of December 31, 2020. The biggest component of this decrease was the EUR 20.1 million reduction of cash and cash equivalents. Inventories rose from EUR 23.5 million as of December 31, 2020 to EUR 31.4 million as of September 30, 2021.

As of September 30, 2021, the **equity** of the Gigaset Group amounted to EUR 9.2 million, that being EUR 7.3 million higher than at the beginning of the year. This corresponds to an equity ratio of 4.9%, as compared to 0.9% as of December 31, 2020. Taking into account deferred taxes, cashflow hedging led to a positive effect of EUR 0.6 million, which was recognized directly in equity. The valuation of pension obligations at the reporting-date discount rate, taking into account deferred taxes, resulted in a positive effect of EUR 8.1 million, which was recognized in equity, increasing it. The consolidated net loss amounted to EUR 1.2 million, which had a corresponding negative effect on consolidated equity. All effects on equity are described in the section entitled "Development of consolidated equity".

Total liabilities amounted to EUR 179.3 million (December 31, 2020: EUR 202.6 million). Noncurrent liabilities accounted for 42.1% of total liabilities.

Noncurrent liabilities were mainly composed of pension obligations and financial liabilities. Noncurrent liabilities amounted to EUR 103.8 million as of September 30, 2021, that being EUR 11.6 million less than the corresponding figure as of December 31, 2020. The decrease resulted mainly from changes in the pension obligations amounting to EUR -11.0 million.

The **current liabilities** of EUR 75.5 million were about 13.4% less than as of December 31, 2020. The decline resulted mainly from the decrease in trade payables from EUR 45.0 million to EUR 37.8 million as of September 30, 2021, the EUR 4.0 million decrease in other liabilities to EUR 18.1 million, and the EUR 2.0 million decrease in current provisions. Current financial liabilities increased by EUR 1.8 million.

4 CHANGE IN THE ACCOUNTING TREATMENT OF RESTRICTED CASH

In the current financial year, the accounting treatment of restricted cash in the Gigaset Group was adjusted because the previous presentation was not appropriate.

In the annual report and consolidated financial statements as of December 31, 2020, an amount of EUR 1.4 million that had previously been presented within the line item of cash and cash equivalents was presented as restricted cash instead. The amounts presented to date as restricted cash consist of funds deposited in a trust fund for partial early retirement agreements, bank guarantee facilities, rental guarantee insurance, and credit balances in clearing accounts of the payment services provider PayPal.

The presentation of the various components of restricted cash in the statement of financial position has been partially adjusted. This adjustment has no effect on the consolidated profit/loss. The adjustments were made individually in the affected line items and in the presentation in the statement of financial position. As a result of this correction according to IAS 8.41, the comparison figures were retroactively adjusted in accordance with the provisions of IAS 8.43 ff.

The assets deposited in a trust account for partial early retirement agreements that have been presented within restricted cash serve to protect the corresponding obligations to employees who have vested claims against Gigaset under partial early retirement agreements in case of bankruptcy. As of December 31, 2020, these assets amounted to EUR 0.7 million. In the future, the share of these assets corresponding to the unsettled obligations will be netted directly with the partial early retirement provision so that only the net amount of the obligation will be presented. These assets amounted to EUR 0.4 million as of the reporting date of December 31, 2020. The remaining assets of EUR 0.3 million, which cannot be directly netted, are presented as Other assets.

In addition, bank guarantee facilities to secure contractual obligations have previously been presented as restricted cash. As of December 31, 2020, these facilities amounted to EUR 0.6 million. Bank guarantees with a term longer than three months, which amounted to EUR 0.2 million as of December 31, 2020, will be presented as Other assets in the future. All other current items for bank guarantee facilities will be presented as cash and cash equivalents given that the company can basically dispose of these funds in the shortest time. These items amounted to EUR 0.4 million as of the comparison date of December 31, 2020.

The funds deposited for rental guarantee insurance have been reclassified from restricted cash to Other assets in the same manner as other security deposits. The credit balances in clearing accounts of the payment services provider PayPal have been reclassified from restricted cash to cash and cash equivalents because these funds are equivalent to cash in banks. This adjustment was only made within cash and cash equivalents and has no effect on the presentation in the statement of financial position.

The comparison figures for all these items in the consolidated statement of financial position as of December 31, 2020 and as of January 1, 2020 were retroactively adjusted to ensure the comparability with the figures in the present quarterly report.

The reconciliation of the items affected by the adjusted presentation of restricted cash is presented in the following tables:

	12/31/2020		1/1/2020	
EUR'000	**Before the Presentation adjustment**	**After the presentation adjustment**	**Before the presentation adjustment**	**After the presentation adjustment**
ASSETS				
Noncurrent assets				
Intangible assets	51,367	51,367	33,757	33,757
Property, plant and equipment	18,944	18,944	23,284	23,284
Right of use assets	3,463	3,463	4,331	4,331
Investment property	6,700	6,700	0	0
Financial assets	0	0	7,686	7,686
Deferred tax assets	15,806	15,806	9,374	9,374
Total noncurrent assets	**96,280**	**96,280**	**78,432**	**78,432**
Current assets				
Inventories	23,513	23,513	35,246	35,246
Trade receivables	24,619	24,619	45,417	45,417
Other assets	17,081	17,598	26,670	27,628
Tax refund claims	1,398	1,398	293	293
Cash and cash equivalents	42,045	41,124	36,557	34,638
Total current assets	**108,656**	**108,252**	**144,183**	**143,222**
Total assets	**204,936**	**204,532**	**222,615**	**221,654**

EUR'000	12/31/2020 Before the presentation adjustment	12/31/2020 After the presentation adjustment	1/1/2020 Before the presentation adjustment	1/1/2020 After the presentation adjustment
EQUITY AND LIABILITIES				
Equity				
Subscribed capital	132,456	132,456	132,456	132,456
Additional paid-in capital	86,076	86,076	86,076	86,076
Retained earnings	68,979	68,979	68,979	68,979
Accumulated other comprehensive equity	-285,615	-285,615	-268,968	-268,968
Total equity	**1,896**	**1,896**	**18,543**	**18,543**
Noncurrent liabilities				
Pension obligations	98,251	98,251	92,501	92,501
Provisions	2,363	2,149	2,983	2,389
Financial liabilities	12,659	12,659	10,176	10,176
Lease liabilities	2,071	2,071	2,827	2,827
Deferred tax liabilities	276	276	760	760
Total noncurrent liabilities	**115,620**	**115,406**	**109,247**	**108,653**
Current liabilities				
Provisions	13,051	12,861	14,770	14,403
Financial liabilities	3,793	3,793	5,724	5,724
Lease liabilities	1,659	1,659	1,563	1,563
Trade payables	45,032	45,032	51,247	51,247
Tax liabilities	1,773	1,773	4,945	4,945
Other liabilities	22,112	22,112	16,576	16,576
Total current liabilities	**87,420**	**87,230**	**94,825**	**94,458**
Total equity and liabilities	**204,936**	**204,532**	**222,615**	**221,654**

The effects of the adjusted presentation of restricted cash on the statement of cashflows are presented in the table below:

EUR'000	1/1 - 9/30/2020 Before the presentation adjustment	1/1 - 9/30/2020 After the presentation adjustment
Result from ordinary activities	**-15,101**	**-15,101**
Depreciation and amortization of property, plant and equipment and intangible assets	11,338	11,338
Increase (+) / decrease (-) in pension provisions	1,939	1,939
Gain (-) / loss (+) on the sale of noncurrent assets	-35	-35
Gain (-) / loss (+) from currency translation	1,577	1,577
Net interest income	767	767
Interest received	184	184
Income taxes paid	-2,987	-2,987
Increase (-) / decrease (+) in inventories	1,777	1,777
Increase (-) / decrease (+) in trade receivables and other assets	25,890	26,540
Increase (-) / decrease (+) in trade payables, other liabilities and other provisions	-21,021	-20,659
Increase (-) / decrease (+) in other items of the statement of financial position	-2,110	-2,110
Cash inflow (+) /outflow (-) from operating activities (net cashflow)	**2,218**	**3,230**
Proceeds from the sale of noncurrent assets	18	18
Payments of investments in noncurrent assets	-11,735	-11,735
Cash inflow (+)/outflow (-) from investing activities	**-11,717**	**-11,717**
Free cashflow	**-9,499**	**-8,487**
Cashflows from the borrowing (+)/ repayment (-) of current financial liabilities	-702	-702
Cashflows from the borrowing of noncurrent financial liabilities	1,950	1,950
Payments for lease liabilities	-1,382	-1,382
Interest paid	-750	-750
Cash inflow (+)/outflow (-) from financing activities	**-884**	**-884**
Cash and cash equivalents at beginning of period	33,849	34,284
Changes due to exchange rate differences	-354	-354
Cash and cash equivalents at beginning of period, measured at prior-year closing exchange rate	34,203	34,638
Increase (-)/ decrease (+) in restricted cash	1,005	0
Change in cash and cash equivalents	-10,383	-9,371
Cash and cash equivalents at end of period	**24,471**	**24,913**
Restricted cash	1,349	0
Cash and cash equivalents per statement of financial position	**25,820**	**24,913**

5 GENERAL ASSESSMENT OF THE GROUP'S EXPECTED PERFORMANCE

Outlook

Regardless of the general forecasts of economic growth in Germany, Europe and the world, Gigaset – as a manufacturer of telecommunications equipment – sees itself exposed to growing uncertainties regarding the repercussions of the pandemic in 2021 and 2022.

The greatest risk to the company is the existing shortage of intermediate products, particularly semiconductors, in the procurement market. The production losses caused by the semiconductor crisis cannot be completely made up in 2021. Thus, the chip shortage has robbed Gigaset of significant growth in 2021. The company's order books are well filled.

Due to the ever worsening shortage of chipsets and other intermediate products in the procurement market, which is impacting entire industrial sectors, complete utilization of the company's production capacities in the fourth quarter is no longer possible.

The company continues to make every possible effort to secure supplies during the semiconductor crisis. As in many other sectors in which complete production stoppages and shortened work hours have been imposed to offset the adverse global situation, Gigaset is contending with material procurement challenges.

Adjusted assessment of the Managing Board for 2021

In view of the changed operating environment described above, the company has no choice but to adjust its original forecast. This adjustment was also communicated to the public in an ad-hoc announcement on 11/22/2021.

1. It may not be possible to achieve the previously expected modest increase in revenues. The company now expects consolidated revenues in 2021 - as compared to EUR 214.2 million in the previous year – at the least of EUR 210 million whereas the achievement of the primary assumption of revenues is still possible. The actually achievable level of revenues will be critically dependent on the ability of the company's suppliers to deliver intermediate products, particularly semiconductors.

2. Free cashflow, which had previously been expected to come out positive at the pre-pandemic level (2019: EUR 1.2 million), is now expected to end up in a range of between EUR -20 million and EUR -5 million.

3. The company no longer expects a modest but rather significant increase in EBITDA compared to the previous year (EUR 1.9 million), at least of EUR 7,5 million.

In the interest of caution, however, investors are alerted to the possibility that the company's actual performance could be weaker.

6 CONSOLIDATED INCOME STATEMENT[9]

EUR'000	Q3 2021 7/1 - 09/30/2021	Q3 2020 7/1 - 09/30/2020	Q1 - Q3 2021 1/1 - 09/30/2021	Q1 - Q3 2020 1/1 - 09/30/2020
Revenues	51,962	57,607	153,933	133,453
Change in inventories of finished and unfinished goods	-531	2,273	-1,613	589
Purchased goods and services	-23,668	-31,771	-70,372	-69,608
Gross profit	**27,763**	**28,109**	**81,948**	**64,434**
Other internal production capitalized	3,007	3,109	8,431	7,251
Other operating income	3,315	2,126	8,759	8,139
Personnel expenses	-13,542	-11,876	-44,508	-41,362
Other operating expenses	-13,720	-16,477	-43,599	-41,458
EBITDA	**6,823**	**4,991**	**11,031**	**-2,996**
Depreciation and amortization	-3,526	-3,613	-10,877	-11,338
EBIT	**3,297**	**1,378**	**154**	**-14,334**
Other interest and similar income	0	1	350	191
Interest and similar expenses	-451	-321	-1,325	-958
Financial result	**-451**	**-320**	**-975**	**-767**
Result from ordinary activities	**2,846**	**1,058**	**-821**	**-15,101**
Income taxes	-1,063	-366	-360	4,497
Consolidated net income/ loss for the year	**1,783**	**692**	**-1,181**	**-10,604**
Earnings per share				
– Undiluted (Basic) in EUR	0.01	0.01	-0.01	-0.08
– Diluted in EUR	0.01	0.01	-0.01	-0.08

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

7 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR'000	Q3 2021 7/1 - 09/30/2021	Q3 2020 7/1 - 09/30/2020	Q1 - Q3 2021 1/1 - 09/30/2021	Q1 - Q3 2020 1/1 - 09/30/2020
Consolidated net income/ loss for the year	**1,783**	**692**	**-1,181**	**-10,604**
Items that may possibly be reclassified to profit or loss at a later time				
Currency translation differences	-2	-416	-123	-853
Cashflow hedges	412	-421	807	-474
Income taxes recognized on these items	-130	114	-256	131
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	2,908	175	11,836	-2,442
Income taxes recognized on this item	-925	-55	-3,764	777
Financial instruments at fair value through other comprehensive income (FVOCI)	0	-7,786	0	-7,686
Total changes not recognized in profit or loss	**2,263**	**-8,389**	**8,500**	**-10,547**
Total income and expenses recognized	**4,046**	**-7,697**	**7,319**	**-21,151**

8 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR'000	9/30/ 2021	12/31/ 2020[1]	1/1/ 2020[1]
ASSETS			
Noncurrent assets			
Intangible assets	53,721	51,367	33,757
Property, plant and equipment	19,026	18,944	23,284
Right of use assets	2,905	3,463	4,331
	6,700	6,700	0
Financial assets	0	0	7,686
Deferred tax assets	11,759	15,806	9,374
Total noncurrent assets	**94,111**	**96,280**	**78,432**
Current assets			
Inventories	31,395	23,513	35,246
Trade receivables	22,865	24,619	45,417
Other assets	18,724	17,598	27,628
Tax refund claims	374	1,398	293
Cash and cash equivalents	21,040	41,124	34,638
Total current assets	**94,398**	**108,252**	**143,222**
Total assets	**188,509**	**204,532**	**221,654**

EUR'000	9/30/ 2021	12/31/ 2020[1]	1/1/ 2020[1]
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	132,456	132,456	132,456
Additional paid-in capital	86,076	86,076	86,076
Retained earnings	68,979	68,979	68,979
Accumulated other comprehensive equity	-278,296	-285,615	-268,968
Total equity	**9,215**	**1,896**	**18,543**
Noncurrent liabilities			
Pension obligations	87,279	98,251	92,501
Provisions	2,116	2,149	2,389
Financial liabilities	11,947	12,659	10,176
Lease liabilities	1,595	2,071	2,827
Deferred tax liabilities	848	276	760
Total noncurrent liabilities	**103,785**	**115,406**	**108,653**
Current liabilities			
Provisions	10,905	12,861	14,403
Financial liabilities	5,635	3,793	5,724
Lease liabilities	1,507	1,659	1,563
Trade payables	37,812	45,032	51,247
Tax liabilities	1,531	1,773	4,945
Other liabilities	18,119	22,112	16,576
Total current liabilities	**75,509**	**87,230**	**94,458**
Total equity and liabilities	**188,509**	**204,532**	**221,654**

[1] The comparison figures as of 12/31/2020 were adjusted to reflect the changed presentation of restricted cash and the opening balances as of 1/1/2020 were changed accordingly. For details on this subject, please refer to Chapter 4 Change in accounting treatment of restricted cash

9 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	EUR'000	Subscribed capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive equity	Consolidated equity
	December 31, 2019	**132,456**	**86,076**	**68,979**	**-268,968**	**18,543**
1	Consolidated net loss 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
7	**Total net income (1+6)**	**0**	**0**	**0**	**-21,151**	**-21,151**
	September 30, 2020	**132,456**	**86,076**	**68,979**	**-290,119**	**-2,608**
	December 31, 2020	**132,456**	**86,076**	**68,979**	**-285,615**	**1,896**
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	Revaluation effects from defined benefit pension plans	0	0	0	8,072	8,072
6	Total changes not recognized in profit or loss	0	0	0	8,500	8,500
7	**Total net income (1+6)**	**0**	**0**	**0**	**7,319**	**7,319**
	September 30, 2021	**132,456**	**86,076**	**68,979**	**-278,296**	**9,215**

10 CONSOLIDATED STATEMENT OF CASHFLOWS

EUR'000	1/1/ - 9/30/2021	1/1/ - 9/30/2020[1]
Result from ordinary activities	**-821**	**-15,101**
Depreciation and amortization of property, plant and equipment and intangible assets	10,877	11,338
Increase (+) / decrease (-) in pension provisions	864	1,939
Gain (-) / loss (+) on the sale of noncurrent assets	13	-35
Gain (-)/ loss (+) from deconsolidations	6	0
Gain (-) / loss (+) from currency translation	-358	1,577
Net interest income	975	767
Interest received	7	184
Income taxes paid	987	-2,987
Increase (-) / decrease (+) in inventories	-7,882	1,777
Increase (-) / decrease (+) in trade receivables and other assets	-2,135	26,540
Increase (-) / decrease (+) in trade payables, other liabilities and other provisions	-9,648	-20,659
Increase (-) / decrease (+) in other items of the statement of financial position	207	-2,110
Cash inflow (+) /outflow (-) from operating activities (net cashflow)	**-6,908**	**3,230**
Proceeds from the sale of noncurrent assets	6	18
Payments of investments in noncurrent assets	-12,084	-11,735
Cash inflow (+) /outflow (-) from investing activities	**-12,078**	**-11,717**
Free cashflow	**-18,986**	**-8,487**
Cashflows from the repayment (-) of current financial liabilities	-2,351	-702
Cashflows from the borrowing of noncurrent financial liabilities	3,590	1,950
Payments for lease liabilities	-1,288	-1,382
Interest paid	-976	-750
Cash inflow (+) /outflow (-) from financing activities	**-1,025**	**-884**
Cash and cash equivalents at beginning of period	41,051	34,284
Changes due to exchange rate differences	-73	-354
Cash and cash equivalents at beginning of period, measured at prior-year closing exchange rate	41,124	34,638
Change in cash and cash equivalents	-20,011	-9,371
Cash and cash equivalents at end of period (per statement of financial position)	**21,040**	**24,913**

[1] The comparison figures as of 12/31/2020 were adjusted to reflect the changed presentation of restricted cash and the opening balances as of 1/1/2020 were changed accordingly. For details on this subject, please refer to Chapter 4 Change in accounting treatment of restricted cash

FINANCIAL CALENDAR 2021

(Remaining)[10]

No further events in 2021

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 2020 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.

[10] Subject to change

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Published by

Gigaset AG
Frankenstraße 2
46395 Bocholt

Phone: +49 (0) 2871 / 912 912
info@gigaset.com, www.gigaset.ag

Edited by

Gigaset AG
Investor Relations & Corporate Communications

Contact

Raphael Dörr
SVP Corporate Communications & Investor Relations | SVP Sponsoring

Gigaset AG
Bernhard-Wicki-Str. 5
80636 Munich
Phone: +49 (0) 89 / 444 456 866
Mail: info@gigaset.com