Gigaset

QUARTERLY REPORT FROM JANUARY 1 TO SEPTEMBER 30, 2019

KEY FIGURES

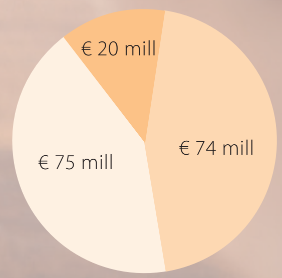
EUR millions	1/1 – 9/30/2019	1/1 – 9/30/2018
Consolidated revenues	157.5	168.7
Earnings before interest, taxes, depreciation, amortization and impairment losses (EBITDA)	11.6	4.5
Earnings before interest and taxes (EBIT)	1.0	-5.7
Consolidated profit/loss for the year	0.4	-5.2
Free cashflow	-15.1	-34.4
Earnings per share (diluted in EUR)	0.00	-0.04
	9/30/2019	12/31/2018
Total equity and liabilities	208.9	213.1
Consolidated equity	10.0	25.0
Equity ratio (in %)	4.8	11.7
Number of employees	894	888

Information on the Gigaset share	Q3 2019	Q3 2018
Closing price in EUR (at the end of the period)	0.37	0.58
Peak price in EUR (in the period)	0.53	0.69
Lowest price in EUR (in the period)	0.27	0.51
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)	49.0	76.8

Sales broken down by region[1]

Q3 / 2019

Q3 / 2018



Germany Europe Rest of World

Note

The quarterly report is not audited. This report is not an interim financial report in accordance with IAS 34 or financial statements in accordance with IAS 1. It was prepared based on the accounting policies applied for the most recent consolidated financial statements. Comparative information with respect to financial year 2018 was not adjusted for new accounting standards; see Section 4 „Changes in accounting treatment as a result of the first-time application of IFRS 16".

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 is not subject to any obligation to update the statements included in this report outside of the provisions governing publication stipulated under the law.

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

1 The stated prior-year figures differ from those in the Quarterly Report for the 3rd quarter of 2018, because the segment classification was changed. The Europe segment previously included both countries that are members of the EU as well as other countries in Europe. The Rest of World segment includes countries that are in Europe but which are not EU members and other countries in the world (third countries).

1 GENERAL ECONOMIC ENVIRONMENT

1.1 Phones

The European market for cordless telephones continues to decline. In the opinion of Statista, revenues in the landline segment should be around EUR 1,596 million for the full year 2019, at the same level as 2018. However, the unit volumes are expected to decrease slightly compared with the previous year: from 42.56 million in 2018 to around 42.02 million in the current year[2]. This decrease can be attributed in particular to the fact that cordless phones are becoming less important than smartphones. For the next few years until 2023, Statista expects the market for cordless telephones to stagnate temporarily and then rise again slightly. Positive market stimulus is being provided on the one hand by the advancing conversion from analog to IP-based telephones, while on the other by the demographic transition, which is leading to a growing need for ergonomic telecommunications solutions that are easy to use. Gigaset is responding to this trend with its HX series and life series portfolios.

1.2 Smartphones

According to Statista, roughly 1.4 billion smartphones were sold worldwide in 2018. Therefore, sales volume fell by 4.1% compared with the previous year, in which around 1.47 billion devices were sold. A further decline is forecast for the current year. The sales figures are then expected to increase again to 1.48 billion smartphones sold by the year 2023[3]. The average price for a smartphone sold in Germany in 2018 was 489 euros[4]. Gigaset continues to expect great opportunities with its cost-effective portfolio under 300 euros as well as in the production of smartphones at the production facility in Bocholt, Germany.

1.3 Smart Home

The penetration rate for households with smart devices varies significantly. According to a study by GfK, smart TVs constituted 80% of the televisions sold in Germany, the United Kingdom, France, Italy and Spain in the first half of 2019. Consumers were comparatively restrained with respect to smart vacuum cleaner robots and dishwashers, which only comprised around 12% and 4% of sales volume respectively. Whereas smart household devices recorded a solid increase of 42% in revenues from January to June 2019, devices in the area of smart energy provision and lighting increased by 25%. Despite an increase in revenues that failed to materialize, the category of Smart Entertainment (smart TVs and speakers) remained the largest category in the first half of 2019 with total revenues of EUR 6.3 billion in the five largest European markets of Germany, the United Kingdom, France, Italy and Spain[5]. The Statista Smart Home Report 2019[6] estimates that the global market for Smart Home products will nearly triple from USD 58 billion in 2018 to USD 141 billion[7] in 2023. Furthermore, the Smart Home market offers a large field of implementation possibilities. Gigaset is addressing these possibilities with three product areas: Smart Security, Smart Comfort and Smart Care. Thus, Gigaset has positioned itself as a manufacturer with one of the broadest ranges of Smart Home solutions on the European market.

CONTENT

2 https://de.statista.com/outlook/15020200/102/festnetztelefone/europa#market-arpu

3 https://de.statista.com/statistik/daten/studie/12865/umfrage/prognose-zum-absatz-von-smartphones-weltweit/

4 Statista (2019) - Average price of Smartphones sold in Germany since 2008

5 https://www.gfk.com/de/insights/press-release/smart-homes-doch-noch-nicht-smart-genug/

6 Statista (2018) - Smart Home Report 2019

7 https://www.gfk.com/de/insights/press-release/smart-homes-doch-noch-nicht-smart-genug/

1.4 Professional

The telecommunications market for business customers in Europe continues to be characterized by a persistent trend in favor of IP-based communications and telephony, given a simultaneous increase in cloud-based communications systems[8]. According to the study of B2B telecom experts conducted by Deloitte in 2019 (B2B-Telko-Expertenbarometer 2019), the provision and rate level for a connection to the internet over an LTE network is meanwhile so attractive that already 8% of German enterprises rely on a mobile-only strategy and no longer use any fixed network products[9]. Non-proprietary, SIP-based consumer devices and multi-cell-based telephony on a DECT-basis are particularly relevant for the future of Gigaset. These markets are addressed with the products of the Maxwell series as well as the multi-cell systems of the N-series.

8 MZA (2018) - Hosted-Cloud Business Telephony 2018 Europe (Table 2, Chart 2)

9 https://de.statista.com/statistik/studie/id/41155/dokument/smart-home-report/

2 COURSE OF BUSINESS

Apart from the Smart Home segment, revenues in the Phones, Smartphones and Professional segments decreased slightly in the 2019 reporting period compared with the first nine months of the previous financial year.

Revenues in the Phones segment decreased by 6.9% year-on-year by the third quarter of 2019. In the Smartphones segment, revenues decreased by 18.5% in the reporting period compared with the previous year. In the Smart Home segment, an increase of 27.8% in revenues was recorded compared with the first nine months of the previous financial year. The Professional business slowed slightly by 4.8% by the third quarter of 2019. However, it should be noted that the following Q4 2019 is usually the year's strongest quarter for revenues, so that even small absolute fluctuations in the current revenue figures lead to larger relative differences.

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3 FINANCIAL PERFORMANCE, CASHFLOWS AND FINANCIAL POSITION OF THE GROUP

3.1 Financial performance

The Gigaset Group generated EUR 157.5 million (prior year: EUR 168.7 million) in revenues in the first nine months of financial year 2019 under difficult market conditions, corresponding to a decrease of 6.6%. The revenues were subject to the usual seasonal fluctuations in the consumer business.

The decrease in revenues in the 2019 reporting period can be attributed in particular to a decrease of EUR 8.1 million or 6.9% to EUR 110.1 million in the Phones segment, a decrease of EUR 39.5 million or 4.8% to EUR 37.6 million in the Professional segment, and a decrease of EUR 9.2 million or 18.5% to EUR 7.5 million in the Smartphones segment. At EUR 2.3 million, the Smart Home segment recorded a year-on-year increase of 27.8% (prior year: EUR 1.8 million).

Revenues in EUR millions	Q1-Q3 2019	Q1-Q3 2018	Change
Phones	110.1	118.2	-6.9 %
Smartphones	7.5	9.2	-18.5 %
Smart Home	2.3	1.8	27.8 %
Professional	37.6	39.5	-4.8 %
Gigaset Total	**157.5**	**168.7**	**-6.6 %**

In general, the decline in revenues in the Phones segment followed the overall market trend in all European countries. Nevertheless, Gigaset expanded its market share in the Phones market in the EU6 area by 1.8 percentage points in terms of units and 0.3 percentage points with respect to revenues[10]. With a market share of 36.0% in terms of units and 36.7% with respect to revenues, Gigaset underscored its premium position in the EU6 area in the 2019 reporting period[11].

At 18.5%, revenues in the Smartphones segment were below the previous year's level. Gigaset is still counting on the Smartphones segment and will continue to expand and promote it with new product developments.

The Smart Home segment developed positively compared with the previous year. Gigaset expects that the market for Smart Home applications will develop more modestly than forecast in the foreseeable future.

The Professional segment also did not record a positive trend, whereby in particular the overall decrease of EUR 4.4 million in revenues in France, Italy, Spain and Switzerland had a significant influence. This to be seen alongside increases in revenues in Germany and Austria in the amount of EUR 2.0 million. We are concentrating on further expanding the segment through the development, production, and distribution of tailored telephony solutions and services.

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10 GfK 2019 Hilist and Hit Rate for EU6 Jul-Sep 2019.

11 GfK 2019 Hilist and Hit Rate for EU6 Jul-Sep 2019

Revenues by sales region developed as follows:

Revenues in EUR millions	Q1-Q3 2019	Q1-Q3 2018[12]	Change
Germany	73.5	74.6	-1.5 %
Europe (excluding Germany)	63.1	74.0	-14.7 %
Rest of World	20.9	20.1	4.0 %
Gigaset Total	**157.5**	**168.7**	**-6.6 %**

The decrease in sales in Germany and in Europe (excluding Germany) was substantially characterized by the negative market trend in the Phones and Professional segments. However, Gigaset expanded its market share in some European countries[13]. Gigaset increased its market share in the Netherlands by 3.0 percentage points in terms of units and by 2.1 percentage points based on revenues. In France, the market share increased by 1.7 percentage points in terms of units and by 1.5 percentage points based on revenues. Gigaset's market share in Italy increased by 2.9 percentage points in terms of units and by 3.7 percentage points based on revenues. Gigaset also expanded its share of the market in Spain by 1.9 percentage points in terms of units and by 1.4 percentage points based on revenues. The remaining areas will be further expanded to offset the decrease in the Phones segment in the future.

Revenues by geographical region developed as follows:

Revenues in EUR millions	Q1-Q3 2019	Q1-Q3 2018[14]	Change
Germany	84.6	85.4	-0.9 %
Europe (excluding Germany)	58.1	66.6	-12.8 %
Rest of World	14.8	16.7	-11.4 %
Gigaset Total	**157.5**	**168.7**	**-6.6 %**

The **cost of materials** for raw materials, merchandise, finished goods and purchased services was EUR 84.7 million in the 2019 reporting period – a decrease of 12.0% compared with the previous year's amount of EUR 96.3 million. At 50.3%, the cost of materials rate decreased slightly compared with the previous year's level of 52.5%, taking into account the change in inventories.

Gross profit, comprising revenues less the cost of materials and including the change in the portfolio of finished work and work in progress, decreased by EUR 3.3 million from EUR 87.0 million to EUR 83.7 million as a consequence of the decrease in revenues. The gross margin increased slightly from 51.6% in the previous year to 53.2% in the 2019 reporting period.

Other own work capitalized decreased year-on-year from EUR 7.5 million to EUR 6.4 million. This item primarily includes costs related to the development of new products.

Other operating income amounted to EUR 11.2 million (prior year: EUR 8.2 million). In 2019, the legal dispute regarding the *SKW anti-trust law investigation* was concluded with a positive outcome, resulting in other operating income in the amount of EUR 3.3 million. Thus, there are no more liability risks associated with this particular matter. For further comments, please refer to the report on opportunities and risk in the half-yearly financial report for the period ended June 30, 2019.

At EUR 42.8 million, **personnel expenses** for wages, salaries, social security contributions and old age pensions were lower in the 2019 reporting period than the previous year's amount (EUR 44.7 million). At 27.2%, the personnel cost rate was slightly higher than in the previous year (26.5%).

Other operating expenses decreased to EUR 47 million by the third quarter of 2019 after amounting to EUR 53.4 million in the first nine months of 2018 financial year, which can be attributed primarily to lower foreign currency losses of EUR 1.6 million, rents for buildings of EUR 1.0 million, a reduction in marketing

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12 The stated prior-year figures differ from those in the Quarterly Report for the 3rd quarter of 2018, because the segment classification was changed. The Europe segment previously included both countries that are members of the EU as well as other countries in Europe. The Rest of World segment includes countries that are in Europe but which are not EU members and other countries in the world (third countries).

13 GfK 2019 Country Charts Jul-Sep2019.

14 The stated prior-year figures differ from those in the Quarterly Report for the 3rd quarter of 2018, because the segment classification was changed. The Europe segment previously included both countries that are members of the EU as well as other countries in Europe. The Rest of World segment includes countries that are in Europe but which are not EU members and other countries in the world (third countries).

expenses of EUR 1.8 million and expenses for the loaning of employees of EUR 0.9 million.

At EUR 11.6 million, **earnings before interest, taxes, depreciation, amortization and impairment losses** (EBITDA) were considerably higher in the 2019 reporting period than in first nine months of 2018 financial year (EUR 4.5 million). Taking into account scheduled depreciation and amortization charges in the amount of EUR 10.6 million (prior year: EUR 10.2 million), earnings before interest and taxes (EBIT) amounted to EUR 1.0 million (prior year: EUR -5.7 million).

After taking the **financial result** of EUR 0.2 million (prior year: EUR -0.7 million) into account, the **result from ordinary activities** amounted to EUR 1.2 million (prior year: EUR -6.4 million).

Consolidated profit/loss for the year amounted to EUR 0.4 million (prior year: EUR 5.2 million) as of September 30, 2019.

This results in earnings per share of EUR 0.00 (undiluted/diluted) (prior year: EUR -0.04 (undiluted/diluted)).

3.2 Cashflows

Cashflow

Cashflow can be broken down as follows:

Cashflow in EUR millions	Q1-Q3 2019	Q1-Q3 2018
Cashflows from operating activities	-3.7	-24.9
Cashflows from investing activities	-11.3	-9.4
Free cashflow	-15.1	-34.4
Cashflows from financing activities	-0.2	4.5

In the nine months of financial year 2019 just ended, the Gigaset Group had posted an **outflow of cash resources from continuing operations** in the amount of EUR -3.7 million (prior year: EUR -24.9 million). This can be attributed in particular to the increase in inventories and the payment of income taxes in the total amount of EUR -24.4 million, offset by cash inflows from the decrease in receivables and assets in the amount of EUR 16.4 million.

The **cash outflow from investing activities** amounted to EUR -11.3 million and thus exceeded the previous year's level of EUR -9.4 million. The majority of the capital expenditures in the current and past financial year related to capital expenditures in noncurrent assets.

Thus, free cashflow amounted to EUR -15.1 million compared with EUR -34.4 million in the first nine months of the previous financial year.

The **cash outflow from financing activities** amounted to EUR -0.2 million (prior year: EUR 4.5 million) as of September 30, 2019. The higher cash outflow can be attributed mainly to interest payments from a credit facility agreed in April 2018 and disbursements for lease liabilities from the first-time application of the accounting standard IFRS 16. EUR 2.4 million was drawn down from the credit facility in financial year 2019, while the drawdown of borrowed funds amounted to EUR 5.0 million in the first nine months of the previous financial year.

Please refer to the cashflow statement for a detailed presentation of changes in **cash and cash equivalents**. The cashflow includes changes in exchange rates in the amount of EUR 0.1 million (prior year: EUR -0.1 million). Cash and cash equivalents amounted to EUR 21.7 million as of September 30, 2019 (previous year: EUR 19.2 million).

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3.3 Financial position

The Gigaset Group's **total assets** amounted to EUR 208.9 million as of September 30, 2019, and therefore decreased by around 2.0% compared with December 31, 2018 (EUR 213.1 million).

Noncurrent assets increased by EUR 13.0 million from EUR 73.1 million to EUR 86.2 million compared with December 31, 2018. The increase in noncurrent assets can be attributed primarily to the initial recognition of right-of-use assets in the amount of EUR 4.2 million in connection with the introduction of the accounting standard IFRS 16 Leases and an increase of EUR 7.4 million in deferred tax assets, bringing the total to EUR 17.5 million.

Current assets represented 58.8% of total assets. Compared with December 31, 2018, they decreased by EUR 17.2 million and amounted to EUR 122.7 million. Inventories increased by EUR 15.9 million to EUR 48.6 million as of the reporting date. Trade receivables decreased by EUR 12.3 million to EUR 28.5 million. Furthermore, the portfolio of cash and cash equivalents decreased from EUR 36.9 million to EUR 21.7 million compared with December 31, 2018. Please refer to the statement of cashflows presented in the quarterly report for a breakdown of changes in cash and cash equivalents.

Total liabilities amounted to EUR 198.9 million (prior year: EUR 188.1 million), 42.9% of which are current.

The Gigaset Group's **equity** amounted to around EUR 10.0 million as of September 30, 2019, and was EUR 15.0 million lower than at the beginning of the year. This corresponds to an equity ratio of 4.8% compared with 11.7% on December 31, 2018. A net actuarial loss of EUR 14.3 million was recognized in equity due to the decrease in the discount rate for the pension obligations accounted for on the balance sheet from 1.85% to now 0.77%. Cashflow hedging resulted in losses of EUR 1.0 million (before income taxes) that were recognized directly in equity. Shareholder's equity improved by EUR 0.4 million as of the reporting date for technical reasons thanks to the consolidated profit for the year.

Noncurrent liabilities comprised mainly pension obligations and financial liabilities. Noncurrent liabilities amounted to EUR 113.5 million as of September 30, 2019, after amounting to EUR 92.2 million on December 31, 2018. Pension obligations increased by EUR 21.0 million mostly due to actuarial valuation effects. The first-time application of the accounting standard IFRS 16 Leases led to the recognition of a lease liability in the amount of EUR 2.8 million.

Current liabilities decreased by 11.0% to EUR 85.4 million (December 31, 2018: EUR 95.9 million). The decrease in **current liabilities** can be attributed primarily to the decrease of EUR -8.2 million in tax liabilities.

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4 CHANGES IN ACCOUNTING TREATMENT AS A RESULT OF THE FIRST-TIME APPLICATION OF IFRS 16

The new accounting standard IFRS 16 Leases has been applied since January 1, 2019. IFRS 16 replaces the previous standard IAS 17 Leases. As a general rule, assets must be capitalized in the future for the acquired usage rights for all leases and liabilities are to be recognized for the payment obligations in the lessee's statement of financial position. Gigaset makes use of the opportunity to apply IFRS 16 based on a modified retrospective approach in which it is not necessary to adjust prior-year values. Such amounts continue to be presented in adherence to the old accounting regulations (for further details see the 2018 Annual Report, in particular the section entitled "Accounting principles" under "General information and presentation of the consolidated financial statements" in the Part A of the Notes to the consolidated financial statements). This Standard had no effect on equity when it was initially applied on January 1, 2019. Gigaset elected to use the simplified transition approach in connection with the initial application of the Standard. The new regulations are not applied to leases whose term ends within twelve months after the date of initial application (short-term leases) or to leases with a low value of less than USD 5,000 (low-value leases). These leases are still presented directly within the income statement as an expense. Leases that are capitalized as a right-of-use asset are depreciated over their applicable useful life and consequently decrease the Group's profit or loss. The interest portion to be attributed to the leases is stated in the income statement after EBIT and likewise influences consolidated profit or loss.

Gigaset makes use of the transitional provisions of IFRS 16 and does not reassess existing arrangements to determine whether they meet the definition of a lease under IFRS 16. The previous determinations regarding leases continue to apply. As a general rule, Gigaset capitalizes right-of-use assets in the amount of the corresponding lease liability in connection with the first-time application of IFRS 16. Lease liabilities were measured using the incremental borrowing rate of 3.98% applicable for Gigaset at the date of first-time application.

The initial application effects of IFRS 16 can be seen in the reconciliation statement from December 31, 2018, to January 1, 2019:

Reconciliation from 12/31/2018 to 1/1/2019 in € millions	
Other financial obligations as of 12/31/2018	6.8
Less operating lease commitments that commence after 1/1	-1.8
Minimum lease payments (nominal value) of liabilities under finance leases as of 12/31/2018	0.0
Remaining financial commitments that are not compliant with IFRS 16	-1.4
Gross lease liabilities as of 1/1/2019	3.6
Discounting	-0.5
Net lease liabilities as of 1/1/2019	3.1
Present value of liabilities under finance leases as of 12/31/2018	0.0
Additional lease liabilities as a result of the initial application of IFRS 16 as of 1/1/2019	**3.1**

As a result of the consideration of IFRS 16 on January 1, 2019, the first-time addition of previously off-balance-sheet leases as of January 1, 2019, only leads to an increase in total assets due to the capitalization of right-of-use assets in noncurrent assets as well as due to the recognition of a matching lease liability.

The effects on Gigaset AG's consolidated statement of financial position as well as on its income statement are presented below as of the reporting date September 30, 2019:

Leases in the statement of financial position (in € millions)	30.09.2019
ASSETS	
Noncurrent assets	
Right-of-use assets – land and buildings	3.1
Right-of-use assets – operating and office equipment	1.1
Total	**4.2**
EQUITY & LIABILITIES	
Noncurrent provisions and liabilities	
Lease liabilities	2.8
Current provisions and liabilities	
Lease liabilities	1.4
Total	**4.2**

Leases in the income statement (in € millions)	Q1-Q3 2019
Other operating expenses	
Expenses under current leases	0.8
Expenses under leases of low-value assets	0.0
Depreciation charges	
Depreciation of right-of-use assets	-1.1
Financial result	
Interest expenses under leases	-0.1

The underlying leases relate primarily to rental agreements for properties, logistic infrastructure, and leased company cars.

5 GENERAL ASSESSMENT OF THE GROUP'S EXPECTED PERFORMANCE

In 2019, Gigaset is continuing its operating strategy launched in 2016 without any changes. The entrepreneurial focus lies on expanding the product portfolio while simultaneously securing the Phones business. Research and development expenses will increase accordingly, whereby a portion of the expenses will be offset by strict cost management.

With a view to compensating the budgeted market decline in the Phones segment, which will be slowed by gains in market share, the expansion of activities, and the increase in revenues in the Smartphones, Smart Home, and Professional segments, the Company adjusted its expectations with respect to the outlook for the current financial year in November 2019 and now expects its consolidated revenues to fall short of the previous year. The actual revenues to be generated will also in 2019 depend substantially on the typically volatile revenues at the end of the year.

The outlook with respect to EBITDA at the previous year's level as well as a considerable improvement in free cashflow is confirmed without any changes.

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6 CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2019

EUR thousands	01/01 - 9/30/2019	01/01 - 9/30/2018
Revenues	157,512	168,728
Change in inventories of finished goods and work in progress	10,962	14,603
Cost of materials	-84,725	-96,289
Gross profit	**83,749**	**87,042**
Other own work capitalized	6,439	7,469
Other operating income	11,226	8,163
Personnel expenses	-42,849	-44,734
Other operating expenses	-46,975	-53,400
EBITDA	**11,590**	**4,540**
Depreciation and amortization	-10,613	-10,236
EBIT	**977**	**-5,696**
Other interest and similar income	1,303	163
Interest and similar expenses	-1,078	-885
Financial result	**225**	**-722**
Result from ordinary activities	**1,202**	**-6,418**
Income taxes	-762	1,170
Consolidated profit/loss for the year	**440**	**-5,248**
Earnings per ordinary share		
- undiluted in EUR	0.00	-0.04
- diluted in EUR	0.00	-0.04

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6 CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30, 2019

EUR thousands	07/01 - 9/30/2019	07/01 - 9/30/2018
Revenues	50,444	47,697
Change in inventories of finished goods and work in progress	13,962	12,020
Cost of materials	-34,699	-35,160
Gross profit	**29,707**	**24,557**
Other own work capitalized	3,100	2,304
Other operating income	1,936	1,816
Personnel expenses	-13,581	-13,796
Other operating expenses	-16,233	-18,000
EBITDA	**4,929**	**-3,119**
Depreciation and amortization	-3,629	-3,442
EBIT	**1,300**	**-6,561**
Other interest and similar income	6	6
Interest and similar expenses	-373	-330
Financial result	**-367**	**-324**
Result from ordinary activities	**933**	**-6,885**
Income taxes	-960	1,782
Consolidated loss for the year	**-27**	**-5,103**
Earnings per ordinary share		
- undiluted in EUR	0.00	-0.04
- diluted in EUR	0.00	-0.04

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7 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2019

EUR thousands	01/01 - 9/30/2019	01/01 - 9/30/2018
Consolidated loss for the year	**440**	**-5,248**
Items that may subsequently be reclassified to profit or loss		
Currency translation differences	94	-1,054
Cashflow hedges	-1,488	1,972
Income taxes recognized on this item	473	-621
Items that will not subsequently be reclassified to profit or loss		
Revaluation effect, net liability under defined benefit plans	-20,912	817
Financial instruments measured at fair value through other comprehensive income (FVOCI)	-300	-9,800
Income taxes recognized on this item	6,650	-260
Total changes recognized in other comprehensive income	**-15,483**	**-8,946**
Total recognized income and expense	**-15,043**	**-14,194**

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7 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30, 2019

EUR thousands	07/01 - 9/30/2019	07/01 - 9/30/2018
Consolidated loss for the year	**-27**	**-5,103**
Items that may subsequently be reclassified to profit or loss		
Currency translation differences	159	-587
Cashflow hedges	-947	-25
Income taxes recognized on this item	301	8
Items that will not subsequently be reclassified to profit or loss		
Revaluation effect, net liability under defined benefit plans	-7,967	1,826
Financial instruments measured at fair value through other comprehensive income (FVOCI)	400	-9,800
Income taxes recognized on this item	2,533	-581
Total changes recognized in other comprehensive income	**-5,521**	**-9,159**
Total recognized income and expense	**-5,548**	**-14,262**

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8 CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2019

EUR thousands	9/30/2019	12/31/2018
ASSETS		
Noncurrent assets		
Intangible assets	33,092	30,957
Property, plant and equipment	22,973	23,319
Right-of-use assets	4,168	0
Financial assets	8,386	8,686
Deferred tax assets	17,532	10,150
Total noncurrent assets	**86,151**	**73,112**
Current assets		
Inventories	48,597	32,720
Trade receivables	28,526	40,816
Other assets	23,400	29,016
Tax refund claims	467	471
Cash and cash equivalents	21,744	36,939
Total current assets	**122,734**	**139,962**
Total equity and liabilities	**208,885**	**213,074**

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8 CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2019

EUR thousands	9/30/2019	12/31/2018
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	132,456	132,456
Share premium	86,076	86,076
Retained earnings	68,979	68,979
Accumulated other comprehensive equity	-277,533	-262,490
Total equity	**9,978**	**25,021**
Noncurrent liabilities		
Pension obligations	94,493	73,457
Provisions	3,364	3,773
Financial liabilities	11,607	13,500
Lease liabilities	2,770	0
Deferred tax liabilities	1,298	1,440
Total noncurrent liabilities	**113,532**	**92,170**
Current liabilities		
Provisions	15,238	18,355
Financial liabilities	4,293	0
Lease liabilities	1,436	0
Trade payables	44,349	47,355
Tax liabilities	6,844	15,005
Other liabilities	13,215	15,168
Total current liabilities	**85,375**	**95,883**
Total equity and liabilities	**208,885**	**213,074**

CONTENT

9 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF SEPTEMBER 30, 2019

	EUR thousands	Subscribed capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive equity	Consolidated equity
	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 translation differences	0	0	0	-1,054	-1,054
3	Cashflow hedges	0	0	0	1,351	1,351
4	Financial instruments measured at fair value through other comprehensive income (FVOCI)	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+6)**	**0**	**0**	**0**	**-14,194**	**-14,194**
8	**September 30, 2018**	**132,456**	**86,076**	**68,979**	**-278,138**	**9,373**
	December 31, 2018	**132,456**	**86,076**	**68,979**	**-262,490**	**25,021**
1	Consolidated profit for the year	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, net liability under defined benefit plans	0	0	0	-14,262	-14,262
6	Total changes recognized in other comprehensive income	0	0	0	-15,483	-15,483
7	**Total net income (1+6)**	**0**	**0**	**0**	**-15,043**	**-15,043**
8	**September 30, 2019**	**132,456**	**86,076**	**68,979**	**-277,533**	**9,978**

CONTENT

10 CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2019

EUR thousands	01/01 - 09/30/2019	01/01 - 09/30/2018
Result from ordinary activities	**1,202**	**-6,418**
Depreciation of property, plant and equipment and amortization of intangible assets	10,613	10,236
Increase (+)/decrease (-) in pension provisions	124	631
Gain (-)/loss (+) from the sale of noncurrent assets	-15	2
Gain (-)/loss (+) from currency translation	-172	257
Net interest income	-225	722
Interest received	1,297	146
Income taxes paid	-8,554	-3,805
Increase (-)/decrease (+) in inventories	-15,877	-27,152
Increase (-)/decrease (+) in trade receivables and other receivables	16,418	16,837
Increase (+)/decrease (-) in trade payables, other liabilities and other provisions	-7,931	-15,504
Increase (+)/decrease (-) in other balance sheet items	-594	-870
Cash inflow (+)/outflow (-) from operating activities (net cashflow)	**-3,714**	**-24,918**
Proceeds from the disposal of noncurrent assets	49	0
Disbursements for capital expenditures in noncurrent assets	-11,393	-9,441
Cash inflow (+)/outflow (-) from investing activities	**-11,344**	**-9,441**

CONTENT

10 CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2019

EUR thousands	01/01 - 09/30/2019	01/01 - 09/30/2018
Free cashflow	**-15,058**	**-34,359**
Cash inflow from the raising of noncurrent financial liabilities	2,400	5,000
Payments made for lease liabilities	-1,005	0
Interest paid	-1,626	-477
Cash inflow (+)/outflow (-) from financing activities	**-231**	**4,523**
Cash and cash equivalents at the beginning of the period	33,936	44,548
Changes due to exchange rate differences	94	-98
Cash and cash equivalents at the beginning of the period measured at the previous year's closing rate	33,842	44,646
Increase (-)/decrease (+) in restricted cash	669	958
Change in cash and cash equivalents	-15,289	-29,836
Cash funds at the end of the period	**19,316**	**15,670**
Restricted cash	2,428	3,493
Cash and cash equivalents reported on the statement of financial position	**21,744**	**19,163**

CONTENT

2019

QUARTERLY REPORT FOR THE 3RD QUARTER FROM JANUARY 1 TO SEPTEMBER 30

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