Gigaset AG

Interim Report

2023 | January – June | Q2

KEY FIGURES

EUR millions	01/01 - 06/30/2023	01/01 - 06/30/2022
Consolidated revenues	107.7	103.4
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-1.7	6.5[1]
Earnings before interest and taxes (EBIT)	-11.2	-1.4[1]
Consolidated net loss for the year	-9.3	-2.4
Free cashflow	-15.7	-8.5
Earnings per share (diluted in EUR)	-0.07	-0.02
	06/30/2023	12/31/2022
Total assets	188.1	191.5
Consolidated equity	15.6	24.6
Equity ratio (in %)	8.3	12.9
Number of employees	850	857
The Gigaset Share	Q2 2023	Q2 2022
Closing price in EUR (at the end of the period)	0.55	0.28
Highest price in EUR (in the period)	1.08	0.32
Lowest price in EUR (in the period)	0.25	0.22
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)	72.9	37.1

[1] Prior-year figures have been adjusted to reflect the changed presentation of net interest expenses for pensions (see the explanations in the Notes to the consolidated financial statements in the Annual Report 2022)

Note: On September 19, 2023, an application for the opening of insolvency proceedings was filed for Gigaset AG and Gigaset Communications GmbH. The reasons for applying for insolvency occurred after June 30, 2023; business operations will continue in full during the insolvency proceedings. The half-year financial report was prepared on a going concern assumption.

KEY FACTS

- Gigaset AG and its indirect operating subsidiary Gigaset Communications GmbH have been subject to preliminary insolvency proceedings since September 20, 2023. Self-administration was ordered for the operating company. The opening of insolvency proceedings is scheduled for the beginning of January 2024. None of the other Group companies are involved in insolvency proceedings.
- Inflation depresses consumer sentiment and significantly clouds business prospects in the second half of 2023. Further external and internal challenges lead to financial situation that can no longer be overcome
- 4.2 % increase in consolidated revenues from the first half of last year
- Decrease in EBITDA to EUR -1.7 million

"We held our ground in the past quarter and the first half of the year, but our markets and structures were characterised by numerous challenges, which led to us having to file for insolvency on September 19, 2023.

Nonetheless, we are facing an increasingly risky market environment. The still high level of inflation and recession risks in Germany and Europe do not bode well for the future. However, this affects not only Gigaset, but the entire economy. We will reorganise ourselves as part of the insolvency proceedings and lead Gigaset's operating business into a profitable future."

Dr. Magnus Ekerot, CEO and Chairman of the Executive Board of Gigaset AG

1 BUSINESS MODEL

Gigaset AG is an internationally active enterprise operating in the area of communications technology. The company is headquartered in Bocholt, Germany, which is also where the company's highly automated production site is located. There are additional branch offices in Munich, Germany, in Wroclaw, Poland, and in ten other countries across the world. As of the reporting date June 30, 2023, the company had 850 employees and conducted distribution operations in 48 countries.

Gigaset carries out operations in the segments of Phones, Smartphones, Smart Home and Professional. From a regional standpoint, the company operates in Germany, Europe (excluding Germany), and the rest of the world. In addition to Germany, Gigaset's most important markets are France, Italy, Switzerland, the Netherlands and Spain (EU6).

1.1 Phones

The Phones segment is focused on the production and distribution of corded and cordless DECT telephones for private customers. Nearly all DECT products for the Phones segment are made in Gigaset's own production facility in Bocholt, Germany. Gigaset offers its customers a broad portfolio of products with various price points and different features.

1.2 Smartphones

Gigaset has been active in the smartphone business since 2016. It has since positioned itself in the market with various products for business and personal use in the mid-range price segment. Thanks to the flexible production capacities of the factory in Bocholt, the company also serves the B2B market to extend the smartphone business beyond the boundaries of the traditional B2C portfolio. According to a survey conducted by Telecom Handel, Gigaset is one of the top 10 smartphone manufacturers in Germany.

1.3 Smart Home

Gigaset has operated in the Smart Home segment since 2012. The company offers solutions in the areas of security, comfort and energy, as well as caretaking services for senior citizens and people in need of care. The portfolio, which is intended primarily for private users, is based on a modular, sensor-based system that can be tailored to the needs of individual users. A software-based cloud approach makes it possible to send messages via smartphone to keep the user informed about events at home. Continual system improvements and server hosting in Germany guarantee maximum data security and comfort.

1.4 Professional

Gigaset has served B2B customers in its Professional segment since 2011. The products offered in this segment include DECT-IP single and multi-cell systems, as well as DECT-based stationary and mobile telephones. On the one hand, Gigaset sells its products under the PRO product line, and on the other hand directly through OEMs (Original Equipment Manufacturers). Thanks to the high degree of interoperability, Gigaset's DECT IP solutions can be used in many different telephone systems, spanning the entire unified communications market from the smallest installations to large-scale enterprise solutions.

2 GENERAL ECONOMIC AND INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

2.1 General economic conditions

According to a study published by the International Monetary Fund (IMF) in April 2023, the pace of global economic growth is expected to slow from 3.4 % in 2022 to 2.8 % in 2023, before stabilizing at 3.0 % in 2024. The global growth rates for 2023 and 2024 predicted by the IMF's experts in January 2023 had been higher by 0.1 percentage points in both cases. The reasons for the further slowdown cited by the IMF include rising interest rates, the ongoing war in Ukraine, and the growing fragmentation of the global economy, which is causing major production losses and could also affect foreign direct investment. According to the IMF's basic scenario, worldwide inflation will fall from 8.7 % in 2022 to 7.0 % in 2023, although the underlying (core) inflation rate can be expected to recede more slowly. The IMF does not see inflation falling back to the target level before 2025 in most cases.

The IMF now expects 2023 economic growth of only 1.3 % in the industrialized nations and only 0.8 % in the Eurozone countries.

In the most important European markets for Gigaset, the IMF is predicting negative economic growth of 0.1 % in Germany and positive economic growth of 0.7 % in France, 1.5 % in Spain, 0.8 % in Switzerland 0.7 % in Italy. Economic output in the Netherlands is expected to grow by 1.0 % in the current year 2023.

2.2 Telecommunications market

2.2.1. Phones market

Germany

According to GfK figures, based on units sold, the market for cordless telephones in Germany contracted by 16.1 % in the first half of 2023 compared with the first half of 2022. Based on revenues, the market shrank by 10.4 % compared with the first half of last year. Based on units sold, Gigaset's market share declined by 5.0 % to 52.0 %. Based on revenues, Gigaset's market share declined by 2.0 % to 52.0 %.

France

According to GfK, based on revenues, the market for cordless telephones in France declined by 8.2 % in the first half of 2023 compared with the first half of 2022. Gigaset performed well in the French market despite strong local competition, increasing its market share as measured by revenues by 2.0 % to 44.0 % in the first half of 2023 compared with the first half of 2022. Based on units sold, Gigaset's market share held steady at 39.0 % compared with the first half of 2022.

EU-6 region

According to GfK statistics, based on revenues, the market for cordless telephones in the most important markets in Europe monitored by Gigaset (Germany, France, Switzerland, Italy, Spain and the Netherlands) registered a sharp 10.1 % decline in the first half of 2023 compared with the first half of 2022. In terms of units sold, Gigaset showed a decline of 13.4 % compared with the year-ago period.

Gigaset remains the clear European market leader with a 42.0 % market share based on units sold and a 44.0 % market share based on revenues.

Also in 2023, Gigaset continued to place particular emphasis on addressing demographic trends (e.g., the ageing of society) with an appropriate portfolio (Gigaset life series) aimed at persons in the second half of their lives and on creating new IP solutions, developing a router portfolio, and continually updating its products.

2.2.2. Smartphones market

According to Statista, the boom in the smartphone market that began in the years after 2010 appears to have definitively ended in view of the roughly 11.3 % decline in unit sales of smartphones from 2021 to 2022 (1.21 billion units), that being the lowest market volume since 2013. This trend was also in evidence in the second quarter of 2023, when 265 million devices were sold worldwide, less than the 286 million devices sold in the second quarter of 2022.

The same downward trend, albeit not as pronounced, can also be observed in Germany. The difference in unit sales between 2021 and 2022 was only 600,000 devices and according to Statista's forecast, the difference in 2023 will only be 200,000 devices. This implies that 21.4 million smartphones will be sold in Germany in 2023.

This trend in effect around the world and in Germany is also reflected in Gigaset's sales numbers. Compared to the first six months of last year, when the company generated revenues of EUR 9.6 million, the revenues generated in the first half of 2023 were considerably lower, at EUR 8.3 million. Gigaset evaluated and realigned the business and sales strategy in the Smartphones division in the first half of 2023 and was able to recruit a new Senior Vice President for this division after the first half of the year.

2.2.3. Smart home market

Revenues in the global smart home market amounted to EUR 115.7 billion in 2022. According to Statista's forecast, revenues will increase to around EUR 131.0 billion in the current year and reach a market volume of EUR 222.9 billion in 2027. The revenue forecasts have been adjusted to take into account the expected impacts of the war in Ukraine. The penetration rate will reach 17.3 % at the end of 2023 and is expected to reach 28.8 % in 2027.

In the Smart Home segment, Gigaset generated revenues of EUR 0.5 million in the first half of 2023, compared with EUR 0.6 million in the first half of last year. There are two reasons for this decline. First, the smart home market in general has fallen short of expectations and particularly in those segments served by Gigaset, it has not developed in the manner expected by experts. Second, customers were irritated by the discontinuation of the multi-device standard Bosch Home Connect and the delays experienced with Matter, which have made them more reluctant to purchase new products.

2.2.4. Professional market

Further catch-up effects from previous years were observed in the first half of 2023. Nonetheless, these positive effects were weaker than in 2022. Unlike the case in the consumer market, the professional market still faces challenges. For example, the procurement of semiconductor components for B2B applications is more complicated than for B2C applications. Furthermore, the tendency of economic restraint observed in Germany in the first half of 2023 was felt first among business customers, who reduced or delayed their project investments, for instance.

In the Professional segment, Gigaset generated revenues of EUR 33.0 million in the first half of 2023, that being 10.4 % higher than the EUR 29.9 million generated in the comparison period.

3 GIGASET SHARE

Despite the many crises, stock markets performed well in the first half of 2023. Energy prices and inflation rates receded, the German DAX stock index and the tech-heavy U.S. Nasdaq index rose sharply from January to June, and the economies of Germany, Europe and the United States were surprisingly robust. Declining inflation rates fueled investors' hopes for less restrictive monetary policy on the part of central banks. Recession fears were assuaged by the end of the zero-Covid policy in China and investors began to believe in the possibility of a soft landing for the global economy again. Bond markets reacted to the ongoing discussion of interest rates with occasionally massive price declines accompanied by a powerful rise in yields. The yield of 10-year German Bunds climbed to 2.75 %, that being the highest level in 12 years, while the yield of 10-year U.S. Treasuries regained the level of 4 %.

Financial markets suffered only a temporary setback from the bank crisis that erupted in March with the collapse of smaller regional banks in the United States. Moreover, the uncertainties emanating from the collapse of the major Swiss bank Credit Suisse were cleared out when that bank was acquired by UBS, the leading Swiss bank. Afterwards, the German lead index (DAX) marched straight up to reach new record highs in June. In the first six months of 2023, the DAX gained a remarkable 16 %, while the Nasdaq Composite improved by an even more impressive 32 %. Tech stocks benefitted particularly from positive headlines on the subject of artificial intelligence.

The Gigaset share can reflect on an eventful first half-year. Already in January, it rose by 45 % to EUR 0.30. The share rose further to EUR 0.36 when the company's forecast for the current year was raised in late February. Investors were also impressed by the full-year 2022 results published on April 27, 2023. However, the positive reaction to these results did not occur until early May, when the Gigaset share exploded higher.

The share price more than doubled, climbing initially to EUR 0.66, within just a few days. The share continued to rally until May 23, 2023, when it reached EUR 1.08 on the strength of speculative buying by investors who feared missing out on possible gains. This was the first time since late 2017 that Gigaset's share crossed the EUR 1 mark.

The share's upward momentum cooled after that as investors took profits to lock in the preceding gains. The rally also had a clearly positive effect on trading volumes, which rose substantially on the whole to peak at more than five million shares traded on May 23, 2023. Closing the month of June at EUR 0.55, the Gigaset share posted a very impressive gain of almost 70 % in the first half of the year.

The share price reacted strongly to the announcement of the filing for insolvency at Münster Local Court on September 19, 2023. It lost 65% after trading hours and stood at EUR 0.11 on the evening of September 19, 2023. The share price subsequently fell to a low of EUR 0.015. At the time of publication of the half-year financial report 2023, the share price is fluctuating between EUR 0.02 and EUR 0.03.

On September 26, 2023, trading in Gigaset shares on the Xetra stock exchange was discontinued.

The ordinary bearer shares of Gigaset AG have been admitted to the Prime Standard of the Frankfurt Stock Exchange since June 25, 2005. By resolution dated October 5, 2023, the admission was revoked ex officio, so that trading on the General Standard of the Frankfurt Stock Exchange commenced with effect from November 18, 2023.

4 FINANCIAL PERFORMANCE, CASHFLOWS AND FINANCIAL POSITION OF THE GROUP

4.1 Financial performance

The Gigaset Group generated total **revenues** of EUR 107.7 million in the first half of 2023 (PY: EUR 103.4 million). The revenues generated in the reporting period were modestly higher, by 4.2 % or EUR 4.3 million, than the corresponding figure for the first half of last year. The online business has now become an established sales channel, accounting for 12.8 % of total revenues. In addition, revenues are affected by the customary seasonal fluctuations in the consumer business.

At EUR 65.9 million, revenues in the Phone segment were 4.1 % or EUR 2.6 million higher in the first half of 2023 than in the same period last year. This increase is mainly attributable to the improved availability of production materials compared with the first half of last year.

The Smartphones segment generated revenues of EUR 8.3 million in the period from January to June 2023, that being EUR 8.3 million lower than in the first half of last year (PY: EUR 9.6 million). The revenues generated on sales of the GS5 and GX290 models were weaker in the first half of 2023 than in the year-ago period. The new models GX6 and GX4 have likewise not yet lived up to the revenue expectations.

The Smart Home segment generated revenues of EUR 0.5 million in the reporting period (PY: EUR 0.6 million). Revenues were virtually the same in the second quarter of the current financial year as in the first quarter, in each case amounting to EUR 0.3 million (PY: EUR 0.3 million in both quarters).

The Professional segment generated revenues of EUR 33.0 million in the reporting period, reflecting growth of 10.4 % over the year-ago figure of EUR 29.9 million. Revenues were positively impacted by the heightened focus on project business in both the first quarter of 2023, when revenues came to EUR 15.9 million (PY: EUR 14.3 million), and in the second quarter, when they came to EUR 17.1 million (PY: EUR 15.5 million).

In summary, revenues are broken down **by product segment** in the table below:

Revenues in EUR millions	**Q1 - Q2 2023**	**Q1 - Q2 2022**	**Change in %**
Phones	65.9	63.3	4.1
Smartphones	8.3	9.6	-13.5
Smart Home	0.5	0.6	-16.7
Professional	33.0	29.9	10.4
Gigaset Total	**107.7**	**103.4**	**4.2**

For segment reporting purposes, revenues by country are determined on the basis of both the receiving units and the registered office of the respective companies (i.e., country of domicile).

Revenues **based on receiving units** represent the revenues invoiced in the respective regions, regardless of the registered office of the invoicing unit. For example, if a German company issues an invoice to a company in the Netherlands, this revenue is attributed to the region "EU - European Union (excluding Germany)" in the presentation based on receiving units. The regional breakdown of revenues by receiving entity is presented in the table below:

Revenues in EUR millions	Q1 - Q2 2023	Q1 - Q2 2022	Change in %
Germany	52.9	50.6	4.5
EU (excluding Germany)	38.9	39.6	-1.8
Rest of World	15.9	13.2	20.5
Gigaset Total	**107.7**	**103.4**	**4.2**

As part of the segment report by **geographical region** within the Group, revenues are additionally attributed to the country of domicile of the various legal entities. For example, if a German company issues an invoice to a company in the Netherlands, such revenues are attributed to the region of Germany in the presentation based on country of domicile.

The first foreign sales subsidiaries of the Gigaset Group were converted to the direct sales model in financial year 2022. The conversion of the others will be successively pursued in the current 2023 financial year. As a result of this change, the German company Gigaset Communications GmbH will now deliver products directly to end customers in foreign countries, meaning that the role of the foreign sales companies will change to that of sales mediators that no longer generate direct revenues from sales of telecommunications products. As a result, revenues based on country of domicile are increasingly being assigned to Germany, impacting the comparison with the previous year. Revenues based on country of domicile can be broken down as follows for the individual regions:

Revenues in EUR millions	Q1 - Q2 2023	Q1 - Q2 2022	Change in %
Germany	88.9	68.3	30.2
EU (excluding Germany)	11.4	26.4	-56.8
Rest of World	7.4	8.7	-14.9
Gigaset Total	**107.7**	**103.4**	**4.2**

The **change in inventories of finished and unfinished goods** as of June 30, 2023 amounted to EUR 4.8 million (PY: EUR 4.6 million). The change resulted mainly from the build-up of finished goods as of the reporting date.

The **cost of materials** for raw materials, merchandise, finished goods and purchased services came to EUR 63.4 million, reflecting an increase of EUR 8.4 million from EUR 55.0 million in the year-ago comparison period, primarily due to the increase in material costs driven by inflation and currency effects. The cost of materials ratio, which is calculated as the cost of materials divided by revenues plus the change in inventories of finished and unfinished goods, rose significantly to 56.4 % (PY: 51.0 %) as a result of the change in inventories.

Gross profit, calculated as revenues minus the cost of materials plus the change in inventories of finished and unfinished goods, decreased by 7.3 % to EUR 49.0 million in the reporting period. The gross profit margin, which is calculated as the gross profit divided by revenues plus changes in inventory, fell considerably from 49.0 % in the comparison period to 43.6 % in the reporting period. The lower gross profit margin resulted mainly from higher prices of raw materials.

Other internal production capitalized increased from EUR 6.6 million in the year-ago period to EUR 8.1 million in the first half of 2023, due to costs for the development of new products.

The **other operating income** of EUR 7.1 million in the reporting period was less than the year-ago comparison figure of EUR 7.4 million. Please refer to the comments in 16 Other operating income of the notes to the consolidated financial statements for detailed information on this subject.

Personnel expenses for wages, salaries, social security contributions and old-age pensions amounted to EUR 30.7 million, representing a year-on-year increase of EUR 1.5 million. The increase resulted mainly from higher expenses for bonus payments. On the other hand, positive changes resulted from valuation effects related to the plan assets for pension obligations and other pension-related expenses. The personnel expenses ratio, calculated as personnel expenses divided by revenues plus changes in inventory, came to 27.3 % (PY: 27.1 %).

The **other operating expenses** of EUR 35.3 million in the reporting period were significantly higher than the year-ago comparison figure (PY: EUR 31.1 million). For additional details, please refer to the description in Chapter 18 Other operating expenses in the notes to the consolidated financial statements.

Earnings before interest, taxes, depreciation, amortization and impairments (EBITDA) amounted to EUR -1.7 million in the first six months of the current financial year, that being EUR 8.2 million lower than the year-ago comparison figure of EUR 6.5 million. After deducting depreciation, amortization and impairments in the amount of EUR 9.5 million (PY: EUR 7.9 million), **earnings before interest and taxes** (EBIT) came to EUR -11.2 million in the first half of 2023, compared with EUR -1.4 million in the year-ago comparison period.

Taking into account the **financial result** in the amount of EUR -1.6 million (PY: EUR -1.2 million), the **result from ordinary activities** came to EUR -12.8 million (PY: EUR -2.6 million).

Income taxes amounted to EUR 3.5 million as of June 30, 2023, as compared with EUR 0.2 million in the year-ago period. The increase is fundamentally attributable to deferred tax income.

On this basis, **the consolidated net loss** came to EUR -9.3 million (PY: EUR -2.4 million) for the period from January 1 to June 30, 2023.

Accordingly, **earnings per share** amounted to EUR -0.07 (undiluted/diluted) (PY: EUR -0.02 (undiluted/diluted)).

4.2 Cashflows

Cashflow can be broken down as follows:

Cashflows in EUR millions	Q1 - Q2 2023	Q1 - Q2 2022
Cashflow from operating activities	-5.8	0.1
Cashflow from investing activities	-9.9	-8.6
Free cashflow	-15.7	-8.5
Cashflow from financing activities	1.6	-0.1

The Gigaset Group generated a **cash outflow from operating activities** in the amount of EUR -5.8 million in the first half of 2023 (PY: cash inflow of EUR 0.1 million). The cashflow from operating activities was significantly reduced by the considerably lower result from ordinary activities in the amount of EUR -12.8 million (PY: EUR -2.6 million), the increase in inventories in the amount of EUR -3.1 million (PY: EUR -9.0 million), and the increase in trade receivables and other assets in the amount of EUR -1.5 million (PY: cash inflow of EUR 6.3 million).

The **cash outflow from investing activities** amounted to EUR -9.9 million, after EUR -8.6 million in the same period 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 **free cashflow** of EUR -15.7 million generated in the first half of 2023 was considerably worse than in the first half of last year (PY: EUR -8.5 million), mainly due to changes in operating cashflow.

There was a **cash inflow from financing activities** in the amount of EUR 1.6 million in the reporting period (PY: cash outflow: EUR -0.1 million). Cash inflows resulted from drawdowns under two new financing facilities in the cumulative amount of EUR 5.7 million, including EUR 3.0 million with a term until March 2024 and EUR 2.7 million with a term until March 2027. The repayment of funds borrowed under financing facilities gave rise to cash outflows in the amount of EUR 2.5 million.

Please refer to the statement of cashflows for a detailed account of the development of **cash and cash equivalents**. Cash and cash equivalents amounted to EUR 7.1 million as of June 30, 2023 (PY: EUR 14.7 million).

4.3 Financial position

The Gigaset Group's **total equity and liabilities** amounted to EUR 188.1 million as of June 30, 2023, representing a 1.7 % decrease compared with December 31, 2022 (PY: EUR 191.5 million).

Noncurrent assets declined by EUR 1.5 million compared to December 31, 2022 (EUR 92.8 million) to EUR 91.3 million as at June 30, 2023.The decrease resulted mainly from the reclassification of leased building space in the amount of EUR 6.7 million, which has previously been presented as Investment property under noncurrent assets. In view of the intention to sell this property, it has now been reclassified as Assets held for sale under current assets. Additional effects of the change in noncurrent assets were a EUR 4.9 million increase in deferred tax assets and a EUR 1.3 million increase in intangible assets compared with December 31, 2022.

Current assets represented 51.5 % of total assets. Compared with the corresponding figure as of December 31, 2022, they declined by EUR 1.8 million to EUR 96.8 million. The biggest driver of this significant reduction, accounting for EUR 14.4 million, was the outflow of cash and cash equivalents. Please refer to the statement of cashflows for a breakdown of changes in cash and cash equivalents. Furthermore, the item of other assets fell from EUR 19.9 million as of December 31, 2022 to EUR 18.5 million as of June 30, 2023, i.e., by EUR 1.4 million. Countervailing effects were the EUR 7.3 million increase in Assets held for sale mentioned in the preceding paragraph (PY: EUR 0.0 million) and the EUR 3.6 million increase in Trade receivables compared with December 31, 2022. In addition, inventories showed an increase of EUR 3.2 million as of June 30, 2023.

The **equity** of the Gigaset Group amounted to EUR 15.6 million as of June 30, 2023, that being -36.6 % lower than at the start of the year. This corresponds to an equity ratio of 8.3 %, compared with 12.9 % as of December 31, 2022. The Group's equity was reduced by the consolidated net loss of EUR 9.3 million in the first half of the year. The equity position as of June 30, 2023 was also influenced by exchange rate changes of EUR -0.3 million and cashflow hedging effects of EUR 0.5 million.

Total liabilities as at June 30, 2023 amounted to EUR 172.5 million (PY: EUR 166.8 million), 56.0 % of which are current.

Noncurrent liabilities, which mainly consist of pension obligations and financial liabilities, amounted to EUR 75.9 million as of the reporting date of June 30, 2023. The increase of EUR 3.9 million from December 31, 2022 resulted largely from the increase in pension obligations from EUR 62.4 million to EUR 63.6 million, which is itself primarily attributable to the negative development of the discount rate as of June 30, 2023. Noncurrent financial liabilities increased by EUR 2.2 million due to the borrowing of a new loan in the current financial year.

The **current liabilities** of EUR 96.6 million were roughly 1.9 % higher than as of December 31, 2022. The increase is mainly attributable to the EUR 4.1 million increase in trade payables to EUR 58.8 million as of June 30, 2023. Moreover, an additional loan of EUR 3.0 million borrowed in the reporting period is presented as a current financial liability. A countervailing effect was the EUR 2.6 million decrease in current provisions, particularly as a result of the lower customer bonus provision. Liabilities totaling EUR 0.8 million were reclassified as current liabilities as of June 30, 2023 in connection with the presentation as Assets held for sale due to the company's intention to sell the corresponding building space. The reclassification affected the previously recognized deferred tax liabilities attributable to the real property classified as Assets held for sale.

5 REPORT ON OPPORTUNITIES AND RISKS AS OF JUNE 30, 2023

As a general rule, all entrepreneurial activities involve risk. This includes the risk that corporate goals will not be achieved due to external or internal events as well as a result of actions and decisions; in extreme cases, a company's ability to continue as a going concern can be jeopardized. Gigaset's risk management system aims to identify and measure risks and opportunities as early as possible as well as to take advantage of opportunities and limit risks through appropriate actions.

Risk is measured quantitatively for the factors 'probability of occurring' and 'severity of loss'. These factors are multiplied to produce an expected value, which is aggregated by risk sub-category below.

Potential impact on earnings based on expected values	Risk assessment
≤ EUR 1.0 million	low
> EUR 1.0 million ≤ EUR 5.0 million	medium
> EUR 5.0 million	high

The possible short-term effect on earnings, or only the effect on cashflow for liquidity risk, for the Gigaset Group is shown below in the individual risk categories:

Category / Sub-category	Risk management
Market and industry risks	
Economy | Industry | Competition	high
Products | Patents | Certificates	low
Legal operating environment	low
Customers	high
Business and litigation risks	
Sales | Marketing	low
Organization | Internal Audit | Information technology	low
Personnel	low
Special events	medium
Financial risk	
Liquidity	high
Foreign currency	low
Taxes	low
Liability risks	
Guaranties | Contingent liabilities	low
Board liability	low
Litigation	low

Detailed description on Gigaset's opportunities and risks is presented in the Annual Report 2022. The procedure of the Group-wide, systematic risk management system is described in detail in the combined management report of the Annual Report 2022 of Gigaset AG.

In the first half of 2023, the changes in the risk situation described in the following paragraph occurred:

Gigaset is confronted with a surprisingly low level of demand for its products in all product segments. In addition, demand is increasingly and unexpectedly focussing on the low-margin, low-price segment. Gigaset is constantly monitoring the expected effects of this development on its liquidity and earnings. At the same time, it is developing and initiating or implementing countermeasures to protect liquidity and earnings.

The growing share of Gigaset products connected to the Internet increases the probability that exceptional events such as malware attacks on such products and the related infrastructure could harm the company's reputation and possibly also give rise to warranty claims.

An adequate supply of liquidity in the first half of 2023 depended not only on the planned inflow of cash and cash equivalents from the operating business but also on the availability of credit funds from the loan agreement and other refinancing instruments used. There were no restrictions in the first half of 2023. With regard to the loan agreement, a significant deterioration in the company's financial or liquidity situation can lead to an extraordinary right of cancellation in accordance with the general loan conditions for the existing loan. Early repayment of the loan in full as a result of the lender exercising its extraordinary right of cancellation is not possible from its own liquid funds and therefore represents a high liquidity risk.

The changes in the risk situation described in the following paragraph occurred after June 30, 2023:

The risks relating to the economy | industry | competition, customers and liquidity have become more serious and existentially threatening after the first half of the year and have led to the need to file for insolvency as of September 19, 2023 for Gigaset Communications GmbH and subsequently for Gigaset AG.

6 OUTLOOK

The first half of 2023 was as described for Gigaset.

Inflation rates for primary products and transport costs had a particularly negative impact on business. Inflation will continue to play a central role in 2023 and will have an increasingly negative impact on both manufacturing costs and cautious buyer sentiment.

With a view to the second half, the economic outlook in Germany and Europe is increasingly clouded. According to the growth outlook of the International Monetary Fund (IMF), Germany is the only country among the 22 countries and regions examined where gross domestic product is expected to contract in 2023, tentatively by 0.3 %. The German economy was already in recession in the winter half of the year and despite the expectation of a modest upturn in the second quarter, the IMF still predicts relatively low growth rates for the rest of the year.

In view of the current overall situation, Gigaset will carefully evaluate its decisions and consider increasingly negative economic effects in the second half of 2023.

The greatest risks in the second half of 2023 are:

1. Liquidity: availability of sufficient financial resources to ensure the servicing of all financial obligations.

2. Duration and intensity of the inflation trend (Inflation rates for potential customers and resulting abandonment of consumption, especially in the area of consumer electronics);

3. Customer relationships, especially individual customer relationships due to specific challenges on the side of the customer.

These risks materialised further after the first half of the year, threatening the existence of Gigaset Communications GmbH and subsequently Gigaset AG, and made it necessary to file for insolvency on September 19, 2023. Business operations will continue in their entirety and Gigaset Communications GmbH has been placed under self-administration.

6.1 General economic developments

The International Monetary Fund (IMF) is somewhat more pessimistic now regarding the further development of the global economy than it was at the beginning of the year. The tentative signs of a possible soft landing for the global economy – with falling inflation and stable growth – perceived at the start of 2023 have since dissipated against the backdrop of stubbornly high inflation and the recent turbulence in the financial sector. Although inflation has indeed slowed, underlying price pressures have proved to be entrenched and labor markets are strained in a number of economies. Debt levels remain high, limiting the scope of action of fiscal policy makers to react to fresh challenges. Prices of raw materials, which had shot up after Russia's invasion of Ukraine, have since moderated but the war goes on and geopolitical tensions are high.

For these reasons, the IMF anticipates global economic growth of only 2.8 % in 2023 and 3.0 % in 2024. According to the IMF, the economic output of the industrialized nations will expand by 1.3 % in 2023 and 1.4 % in 2024. For the Eurozone countries, the IMF expects economic growth of 0.8 % in 2023 and 1.4 % in 2024.

The IMF predicts the following economic growth rates in the most important European markets for Gigaset (EU6) in 2023: Germany -0.1 % (2024: +1.1 %), France +0.7 % (2024: +1.3 %), Italy +0.7 % (2024: +0.8 %), Netherlands +1.0 % (2024: +1.2 %), Spain +1.5 % (2024: +2.0 %), and Switzerland +0.8 % (2024: +1.8 %).

6.2 Development of the industry

Phones

The company expects that the global market trend for DECT cordless telephones will continue to decline due to a saturated market, steadily increasing predatory competition, higher prices, restrained consumer sentiment due to rises in the cost of living, and the continually increasing number of alternative communication technologies. Having recognized this trend, Gigaset is seeking to expand alternative sources of revenue.

Smartphones

Although unit sales of smartphones have steadily declined in Germany since 2014 (from 26.2 million in 2014 to 21.6 million in 2022), the general share of smartphone users in Germany has continued to grow. Already in 2021, 62.6 million people described their mobile phone as an essential part of their daily lives. In the 14-49 age group, the percentage of mobile phone users has actually risen to more than 95 percent.

The same can be said of the international market, where unit sales of smartphones have declined steadily over the last few years. Nevertheless, the forecasts up to 2027 describe a positive trend. This means that there should be growth again to up to 1.4 billion devices worldwide by then. Despite the falling trend of unit sales, moreover, revenue levels have largely held steady due to higher selling prices.

Irrespective of the global developments, Gigaset sees itself capable of generating growth in its portfolio of smartphones in the future as well. This assessment is supported generally by the unique selling point "Made in Germany" and particularly by the company's specialization in certain niche markets. The continuously growing share of smartphones in the B2B segment also plays an important role in this assessment.

Smart Home

Given the increasingly dire outlook for the Smart Home segment, Gigaset is currently conducting a comprehensive analysis of this segment and the company's operational strategy.

It is to be expected that sales of smart home applications will be even more subdued in the future as many customers are putting off purchases at the present time due to the fact that the new Smart

Home standard "Matter" was only published in October 2022 and has not yet become fully established in the market. Products meeting this standard are still in the certification phase.

It is possible that the new standard will have a positive effect on the market in the future. However, the long transition period of 12-18 months is problematic. After that, the uniform standard should create additional incentives for new customers. Nonetheless, it is important to point out that this forecast cannot yet be confirmed statistically at the present time.

Professional

Based on studies by MZA Consultants, Gigaset foresees continuous growth of IP telephony in the business customers segment, primarily in Western Europe.

Despite earlier setbacks, the sector is now showing signs of a positive trend reversal, according to MZA Consultants. On this basis, Gigaset anticipates sustained revenue growth in the Professional segment. New partnerships with leading PBX partners like Innovaphone, MSFT Teams and AML Partners are expanding the company's access to complex market structures and installed systems.

As the exclusive manufacturer of the next-generation IP-desktop-telephones for our partners Unify and Bintec, Gigaset's access to the market for desktop telephony is assured.

According to MZA Consultants, the market for DECT multi-cell systems will grow at an annual rate of 1.0 % through 2026 and decline only marginally after that. Gigaset holds a strong position in this segment due to the fact that its DECT IP solutions N670 and N870 are suited for businesses of all sizes.

The MSFT Teams integration introduced in 2023 and the extended "Alarm, Messaging & Location" function, coupled with the innovative features of our Professional DECT generation of handsets, enable Gigaset to serve a broad range of customers and equip larger installations.

Thanks to the constant further development of these functions and the acquisition of new partnerships, Gigaset has secured itself a leadership position among manufacturers in the market for DECT business voice mobility products.

The continuous innovation process and the growing demand for flexible telecommunications solutions that facilitate efficient collaboration create new opportunities for Gigaset and new applications in the segment of professional customers.

6.3 Expected development of revenues and earnings

Gigaset generated revenues of EUR 107.7 million in the first half of the current financial year, reflecting a modest gain of EUR 4.3 million over the corresponding figure for the same period of last year. However, the EBITDA of EUR -1.7 million generated in the first six months was well below the year-ago level by around EUR 8.2 million. The macroeconomic and geopolitical environment has been burdened by various factors so far in 2023. In particular, high inflation and a significantly deteriorating economy continue. The resulting impact on consumer behaviour - both in the B2C and B2B environment - will continue to significantly affect business development in the second half of 2023.

The further business development with regard to the revenue and earnings situation in the second half of 2023 had a serious impact on the liquidity of Gigaset AG and Gigaset Communications GmbH. The materialising risks led to the need to negotiate financing options with different financing partners. No agreement could be reached here under the actual market conditions. As a result, the filing for insolvency of Gigaset AG and Gigaset Communications GmbH was unavoidable.

By the consent and supervision of the provisional trustee (Gigaset Communications GmbH) insolvency administrator (Gigaset AG), the business operations of Gigaset Communications GmbH will be continued in full. This concerns not only the current deliveries, but also the procurement for an on-time delivery in the financial year 2024.

6.4 Expected development of cashflows, liquidity and capital expenditures

The Group currently funds its business from operating incomes and, in view of the existing uncertainties, will continue to closely manage its liquidity.

Gigaset held cash and cash equivalents of EUR 7.1 million as of June 30, 2023.

The risks previously mentioned in this report have become more serious after the first half of the year in a way that threatens the existence of Gigaset Communications GmbH and subsequently Gigaset AG, and have led to the need to file for insolvency as of September 19, 2023. Business operations will be continued in coordination with the financing partners under the approval and supervision of the provisional trustee (Gigaset Communications GmbH) and the provisional insolvency administrator (Gigaset AG). This applies not only to current deliveries, but also to procurement for on-time delivery in the 2024 financial year.

6.5 Executive Board's overall assessment of the Group's expected development

On September 6, 2023, a current review and assessment of the further course of business for 2023 gave the Management Board of Gigaset AG cause to adjust the previous forecast.

The Executive Board had previously expected so far a moderate increase in revenues (EUR 241.3 million in 2022), a substantial increase in EBITDA (EUR 17.9 million in 2022), and a substantial increase in free cashflow (EUR 1.0 million in 2022). Due to persistently high inflation and a significantly weakening economy, which results in reduced demand for electronic products in both the private and industrial sectors, a significant decline in revenue, EBITDA and free cash flow is now assumed.

The further business development with regard to the revenue and earnings situation in the second half of 2023 had a serious impact on the liquidity of Gigaset AG and Gigaset Communications GmbH. The manifesting risks led to the need to negotiate financing options with different financing partners. No agreement could be reached here under the given market conditions. As a result, the filing for insolvency of Gigaset AG and Gigaset Communications GmbH was unavoidable.

The revenues that will actually be generated and the resulting earnings will depend is now largely dependent on the further business development in the insolvency proceedings as well as on the further economic development and the consumer mood and willingness to invest of private and business customers in the fourth quarter.

Bocholt, November 30, 2023
The Executive Board of Gigaset AG

Dr. Magnus Ekerot, CEO and Chairman of the Executive Board

7 CONSOLIDATED INCOME STATEMENT

EUR'000	Q2 2023 04/01 - 06/30/2023	Q2 2022 04/01 - 06/30/2022 [1]	1st half 2023 01/01 - 06/30/2023	1st half 2022 01/01 - 06/30/2022 [1]
Revenues	49,994	52,194	107,683	103,350
Change in inventories of finished and unfinished goods	732	2,182	4,760	4,586
Purchased goods and services	-28,332	-27,478	-63,417	-55,031
Gross profit	**22,394**	**26,898**	**49,026**	**52,905**
Other own work capitalized	3,954	3,146	8,127	6,579
Other operating income	2,215	3,567	7,087	7,377
Personnel expenses	-14,999	-11,520	-30,713	-29,258
Other operating expenses	-17,410	-16,462	-35,258	-31,131
EBITDA	**-3,846**	**5,629**	**-1,731**	**6,472**
Depreciation and amortization	-4,737	-4,183	-9,488	-7,891
EBIT	**-8,583**	**1,446**	**-11,219**	**-1,419**
Other interest and similar income	30	34	128	175
Interest and similar expenses	-892	-718	-1,709	-1,371
Financial result	**-862**	**-684**	**-1,581**	**-1,196**
Result from ordinary activities	**-9,445**	**762**	**-12,800**	**-2,615**
Income taxes	2,594	-771	3,542	231
Consolidated net loss for the year	**-6,851**	**-9**	**-9,258**	**-2,384**
Earnings per share				
– Undiluted (Basic) in EUR	-0.05	0.00	-0.07	-0.02
– Diluted in EUR	-0.05	0.00	-0.07	-0.02

[1] The prior-year figures have been adjusted to reflect the changed presentation of net interest expenses for pensions (see the explanations in the Notes to the consolidated financial statements in the Annual Report 2022).
The consolidated income statement includes key figures that are not defined under IFRS

On September 19, 2023, an application was filed for the opening of insolvency proceedings for Gigaset AG and Gigaset Communications GmbH. Reporting as at June 30, 2023 is based on the assumption that the company is a going concern and on the basis of the known assumptions.

8 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR'000	Q2 2023 04/01 - 06/30/2023	Q2 2022 04/01 - 06/30/2022	1st half 2023 01/01 - 06/30/2023	1st half 2022 01/01 - 06/30/2022
Consolidated net loss for the year	**-6,851**	**-9**	**-9,258**	**-2,384**
Items that may possibly be reclassified to profit or loss at a later time				
Currency translation differences	-74	308	-286	94
Cashflow hedges	577	410	719	874
Income taxes recognized on this item	-184	-130	-229	-278
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	-132	15,981	50	28,094
Income taxes recognized on this item	42	-5,114	-16	-8,990
Fair Value Investment Property	0	0	-2,440	0
Income taxes recognized on this item	0	0	776	0
Other reclassifications within other accumulated equity	0	0	1,664	0
Total changes not recognized in profit or loss	**229**	**11,455**	**238**	**19,794**
Total income and expenses recognized	**-6,622**	**11,446**	**-9,020**	**17,410**

On September 19, 2023, an application was filed for the opening of insolvency proceedings for Gigaset AG and Gigaset Communications GmbH. Reporting as at June 30, 2023 is based on the assumption that the company is a going concern and on the basis of the known assumptions.

9 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR'000	06/30/2023	12/31/2022
ASSETS		
Noncurrent assets		
Intangible assets	64,064	62,731
Property, plant and equipment	19,650	20,341
Right of use assets	1,907	2,198
Investment property	0	6,700
Deferred tax assets	5,696	826
Total noncurrent assets	**91,317**	**92,796**
Current assets		
Inventories	40,928	37,755
Trade receivables	22,901	19,287
Other assets	18,521	19,906
Tax refund claims	117	258
Cash and cash equivalents	7,095	21,456
Assets held for sale	7,251	0
Total current assets	**96,813**	**98,662**
Total assets	**188,130**	**191,458**

EUR'000	06/30/2023	12/31/2022
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	132,456	132,456
Additional paid-in capital	86,076	86,076
Retained earnings	68,979	68,979
Accumulated other comprehensive equity	-271,890	-262,870
Total equity	**15,621**	**24,641**
Noncurrent liabilities		
Pension obligations	63,559	62,358
Provisions	1,535	965
Financial liabilities	7,711	5,483
Lease liabilities	830	971
Other liabilities	0	601
Deferred tax liabilities	2,237	1,601
Total noncurrent liabilities	**75,872**	**71,979**
Current liabilities		
Provisions	10,139	12,720
Financial liabilities	11,754	11,041
Lease liabilities	1,119	1,301
Trade payables	58,829	54,714
Tax liabilities	455	541
Other liabilities	13,565	14,521
Liabilities related to assets held for sale	776	0
Total current liabilities	**96,637**	**94,838**
Total equity and liabilities	**188,130**	**191,458**

On September 19, 2023, an application was filed for the opening of insolvency proceedings for Gigaset AG and Gigaset Communications GmbH. Reporting as at June 30, 2023 is based on the assumption that the company is a going concern and on the basis of the known assumptions.

10 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	EUR'000	Subscribed capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive equity	Consolidated equity
	December 31, 2021	**132,456**	**86,076**	**68,979**	**-279,516**	**7,995**
1	Consolidated net loss 2022	0	0	0	-2,384	-2,384
2	Currency translation differences	0	0	0	94	94
3	Fair Value Investment Property	0	0	0	0	0
4	Cashflow hedges	0	0	0	596	596
5	Other reclassifications within other accumulated equity	0	0	0	0	0
6	Revaluation effects from defined benefit pension plans	0	0	0	19,104	19,104
7	Total changes not recognized in profit or loss	0	0	0	19,794	19,794
8	**Total net income (1+7)**	**0**	**0**	**0**	**17,410**	**17,410**
	June 30, 2022	**132,456**	**86,076**	**68,979**	**-262,106**	**25,405**
	December 31, 2022	**132,456**	**86,076**	**68,979**	**-262,870**	**24,641**
1	Consolidated net loss 2023	0	0	0	-9,258	-9,258
2	Currency translation differences	0	0	0	-286	-286
3	Fair Value Investment Property	0	0	0	-1,664	-1,664
4	Cashflow hedges	0	0	0	490	490
5	Other reclassifications within other accumulated equity	0	0	0	1,664	1,664
6	Revaluation effects from defined benefit pension plans	0	0	0	34	34
7	Total changes not recognized in profit or loss	0	0	0	238	238
8	**Total net income (1+7)**	**0**	**0**	**0**	**-9,020**	**-9,020**
	June 30, 2023	**132,456**	**86,076**	**68,979**	**-271,890**	**15,621**

On September 19, 2023, an application was filed for the opening of insolvency proceedings for Gigaset AG and Gigaset Communications GmbH. Reporting as at June 30, 2023 is based on the assumption that the company is a going concern and on the basis of the known assumptions.

11 CONSOLIDATED STATEMENT OF CASHFLOWS

EUR'000	01/01 - 06/30/2023	01/01/ - 06/30/2022[1]
Result from ordinary activities	**-12,800**	**-2,615**
Depreciation and amortization of property, plant and equipment and intangible assets	9,488	7,891
Increase (+) / decrease (-) in pension provisions	157	-1,618
Gain (-) / loss (+) on the sale of noncurrent assetes	144	96
Gain (-) / loss (+) from deconsolidations	0	-57
Gain (-) / loss (+) from currency translation	2,298	35
Other non-cash income and expenses	-77	0
Net interest income	1,581	1,196
Interest received	36	5
Income taxes paid	-119	-461
Increase (-) / decrease (+) in inventories	-3,089	-9,029
Increase (-) / decrease (+) in trade receivables and other assets	-1,510	6,334
Increase (-) / decrease (+) in trade payables, other liabilities and other provisions	759	-1,398
Increase (-) / decrease (+) in other items of the statement of financial position	-2,710	-265
Cash inflow (+) /outflow (-) from operating activities (net cashflow)	**-5,842**	**114**
Payments of investments in noncurrent assets	-9,865	-8,612
Cash inflow (+)/outflow (-) from investing activities	**-9,865**	**-8,612**
Free cashflow	**-15,707**	**-8,498**
Cashflows from the borrowing of current financial liabilities	3,000	1,637
Payments from the repayment of current financial liabilities	-2,521	0
Cashflows from the borrowing of noncurrent financial liabilities	2,660	0
Payments for lease liabilities	-836	-841
Interest paid	-658	-874
Cash inflow (+)/outflow (-) from financing activities	**1,645**	**-78**
Cash and cash equivalents at beginning of period	21,157	23,263
Changes due to exchange rate differences	-299	183
Cash and cash equivalents at beginning of period, measured at prior-year closing exchange rate	21,456	23,080
Change in cash and cash equivalents	-14,062	-8,576
Cash and cash equivalents at end of period (per statement of financial position)	**7,095**	**14,687**

[1] The prior-year figures have been adjusted to reflect the changed presentation of net interest expenses for pensions (see the explanations in the Notes to the consolidated financial statements in the Annual Report 2022).

On September 19, 2023, an application was filed for the opening of insolvency proceedings for Gigaset AG and Gigaset Communications GmbH. Reporting as at June 30, 2023 is based on the assumption that the company is a going concern and on the basis of the known assumptions

12 NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2023

1. General information regarding accounting policies

The preparation of Gigaset AG's consolidated financial statements as of June 30, 2023 and the presentation of comparative year-ago figures were carried out in compliance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and their interpretation by the Standard Interpretations Committee (SIC) and International Financial Reporting Standards Interpretations Committee (IFRS IC) as they are to be applied in the EU. Accordingly, this unaudited and unreviewed Interim Financial Report as of June 30, 2023 was prepared in accordance with IAS 34. The applied accounting standards correspond to the standards that were already applied in the consolidated financial statements for 2022. In addition, the new and revised standards described in the following were applied in the Gigaset Group for the consolidated interim financial statements for the period ended June 30, 2023. However, these standards do not have a material influence on the Group's financial position, cashflows or financial performance and convey a true and fair view of the company's position and performance.

- IAS 1: Presentation of Financial Statements; IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors; IAS 12: Income Taxes; IFRS 9: Financial Instruments; IFRS 17: Insurance Contracts.

The notes to the 2022 consolidated financial statements apply accordingly to the present interim financial statements as of June 30, 2023, particularly with respect to the principal recognition and measurement methods and consolidation principles applied. A detailed description of these methods and approaches can be found in the notes to the 2022 consolidated financial statements. The 2022 consolidated financial statements are available on the Internet at https://www.gigaset.com/de_de/cms/gigaset-ag/investor-relations/publikationen/geschaeftsberichte.html

On September 19, 2023, an application for the opening of insolvency proceedings was filed for Gigaset AG and Gigaset Communications GmbH; the opening of insolvency proceedings is scheduled for the beginning of January 2024. In October 2023, the investor process was launched with the support of Clearwater International to find the best possible future partner for Gigaset. Provisional trusteeship and insolvency administration as well as the creditors' committee of Gigaset Communications GmbH support the M&A process. On this basis, the going concern assumption continues to apply, and reporting as at June 30, 2023 is based on the known assumptions about the Group and the previous accounting policies under going concern assumptions.

2. Changes in the consolidation group

The number of fully consolidated companies in the Gigaset Group did not change in the reporting period. Please also refer to our consolidated financial statements for 2022, which can be viewed by clicking on the link above, for additional information about the consolidation group.

3. Seasonal effects

The Gigaset Group's core business is subject to distinct seasonal fluctuations due to consumer behavior that varies regularly over the course of a calendar year. The highest revenues are realized during the Christmas shopping season, which is why the fourth quarter is traditionally very strong. The first quarter is characterized by weak consumption patterns among end consumers. Consumers tend to pull their purchases forward to the Christmas season. Experience has shown that distributors often use the first quarter to replenish their inventories. Benefitting from the spending restraint exercised in the preceding quarter, sales generally rise again in the second quarter. Sales for the Christmas season begin to affect inventory levels in the warehouses of distributors and retailers in the third quarter, although July and August count among the weak summer months with a typically low propensity to spend on the part of consumers. For this reason, the third quarter is normally weaker than the fourth. In addition to the traditional general seasonal fluctuations, the company's business is affected by specific seasonal patterns in the various countries and regions such as sales promotions related to specific trade fairs (e.g., CEBIT, IFA), back-to-school activities, and the Chinese New Year.

4. Noncurrent assets held for sale

The Noncurrent assets held for sale amounted to EUR 7.3 million as of June 30, 2023. Gigaset intends to sell buildings not required for business operations, including the land beneath them, to the city of Bocholt in the course of the current financial year. A joint letter of intent was signed by both parties and a purchase agreement was negotiated. Moreover, the City Council approved the purchase of real estate in its meeting of June 21, 2023. The notarisation of the purchase agreement and the transfer of assets, including payment of the purchase price, is expected in December 2023.

At the present time, Gigaset is already leasing building space to the city of Bocholt. This property had previously been accounted for as investment property according to IAS 40. Because the sale of these properties is considered to be highly probable, the properties were reclassified as Noncurrent assets held for sale as of June 30, 2023. In addition, other buildings and land not required for business operations, which had previously been accounted for as Property, plant and equipment, were reclassified as Noncurrent assets held for sale as of the reporting date.

The line item of Noncurrent assets held for sale breaks down as follows:

EUR'000	06/30/2023	12/31/2022
Property previously classified as investment property	6700	0
Buildings previously classified as Property, plant and equipment (amortized cost)	39	0
Land previously classified as Property, plant and equipment (carrying amount)	512	0
Total	**7251**	**0**

Upon the reclassification of property previously classified as investment property, the existing revaluation reserve of EUR 2.4 million was reclassified from Other comprehensive income to Retained earnings. In addition, deferred taxes on the revaluation reserve in the amount of EUR 0.8 million were reclassified to the line item of Liabilities related to noncurrent assets held for sale.

All noncurrent assets held for sale are assigned to the Germany region in the segment report.

5. Responsibility statement

We hereby confirm to the best of our knowledge that, in accordance with the applicable accounting principles for semiannual financial reporting, the semiannual financial report presents a true and fair view of the Group's financial position, cashflows and financial performance and that the Group management report presents a true and fair view of the business performance of the Group, including its financial results and financial position, and accurately describes the principal opportunities and risks of the Group's anticipated development in the remainder of the financial year. On September 19, 2023, an application for the opening of insolvency proceedings was filed for Gigaset AG and Gigaset Communications GmbH, The opening of insolvency proceedings is scheduled for the beginning of January 2024. In October 2023, the investor process was launched with the support of Clearwater

International to find the best possible future partner for Gigaset. Provisional trusteeship and insolvency administration as well as the creditors' committee of Gigaset Communications GmbH support the M&A process. On this bases, the going concern assumption is currently still applied, and reporting as at June 30, 2023 is based on the known assumptions about the Group and previous accounting policies.

Bocholt, November 30, 2023

The Executive Board of Gigaset AG

Dr. Magnus Ekerot, CEO and Chairman of the Executive Board

6. Notes on financial instruments

An overview of financial assets and liabilities with supplementary information on carrying amounts and fair values is presented in the table below in a manner analogous to the presentation in the consolidated financial statements for the period ended December 31, 2022.

Carrying amounts, measurement methods and fair values by measurement category in EUR'000	Measurement categories per IFRS 9	Carrying amount 06/30/2023	Fair value 06/30/2023	Amortized cost	Fair value recognized in equity without subsequent reclassification to the income statement	Fair value through profit and loss	Hedge Accounting	Statement of financial position measurement method per IFRS 16
Assets								
Current assets								
Trade receivables	AC	5,330	5,330	5,330	0	0	0	0
	FVPL	17,572	17,572	0	0	17,572	0	0
Other assets	AC, FVPL	10,855	10,855	10,855	0	0	0	0
Cash and cash equivalent	AC	7,095	7,095	7,095	0	0	0	0
Liabilities								
Noncurrent liabilities								
Financial liabilities	AC	7,711	7,009	7,711	0	0	0	0
Lease liabilities	Leases	-	0	0	0	0	0	830
Current liabilities								
Current financial liabilities	AC	11,754	12,103	11,754	0	0	0	0
Current lease liabilities	Leases	-	0	0	0	0	0	1,119
Trade payables	AC	58,829	58,829	58,829	0	0	0	0
Other liabilities	AC, FVPL	1,192	1,192	40	0	0	1,152	0

On September 19, 2023, an application was filed for the opening of insolvency proceedings for Gigaset AG and Gigaset Communications GmbH. Reporting as at June 30, 2023 is based on the assumption that the company is a going concern and on the basis of the known assumptions.

Thereof aggregated by measurement categories in EUR'000								
Financial assets								
At amortized cost (AC)		23,280	23,280	0	0	0	0	0
At fair value through other comprehensive income (FVCOI)		0	0	0	0	0	0	0
At fair value through profit or loss (FVPL)		17,572	17,572	0	0	0	0	0
Financial assets (hedging)		0	0	0	0	0	0	0
Financial liabilities								
At amortized cost (AC)		78,334	77,981	0	0	0	0	0
At fair value through profit or loss (FVPL)		0	0	0	0	0	0	0
Financial liabilities (hedging)		1,152	1,152	0	0	0	0	0

On September 19, 2023, an application was filed for the opening of insolvency proceedings for Gigaset AG and Gigaset Communications GmbH. Reporting as at June 30, 2023 is based on the assumption that the company is a going concern and on the basis of the known assumptions.

Carrying amounts, measurement methods and fair values by measurement category in EUR'000	Measurement categories per IFRS 9	Carrying amount 12/31/2022	Fair value 12/31/2022	Amortized cost	Fair value recognized in equity without subsequent reclassifica-tion to the income statement	Fair value through profit and loss	Hedge Accounting	Statement of financial position measurement method per IFRS 16
Assets								
Current assets								
Trade receivables	AC	6,848	6,848	6,848	0	0	0	0
	FVPL	12,439	12,439	0	0	12,439	0	0
Other assets	AC, FVPL	11,527	11,527	11,500	0	0	27	0
Cash and cash equivalents	AC	21,456	21,456	21,456	0	0	0	0
Liabilities								
Noncurrent liabilities								
Financial liabilities	AC	5,483	5,122	5,483	0	0	0	0
Lease liabilities	Leases	971	0	0	0	0	0	971
Current liabilities								
Financial liabilities	AC	11,041	11,200	11,041	0	0	0	0
Lease liabilities	Leases	1,301	0	0	0	0	0	1,301
Trade payables	AC	54,714	54,714	54,714	0	0	0	0
Other liabilities	AC, FVPL	1,811	1,811	46	0	0	1,765	0

On September 19, 2023, an application was filed for the opening of insolvency proceedings for Gigaset AG and Gigaset Communications GmbH. Reporting as at June 30, 2023 is based on the assumption that the company is a going concern and on the basis of the known assumptions

Thereof aggregated by measurement categories in EUR'000								
Financial assets								
At amortized cost (AC)		39,804	39,804	0	0	0	0	0
At fair value through other comprehensive income (FVCOI)		0	0	0	0	0	0	0
At fair value through profit or loss (FVPL)		12,439	12,439	0	0	0	0	0
Financial assets (hedging)		27	27	0	0	0	0	0
Financial liabilities								
At amortized cost (AC)		71,284	71,082	0	0	0	0	0
At fair value through profit or loss (FVPL)		0	0	0	0	0	0	0
Financial liabilities (hedging)		1,765	1,765	0	0	0	0	0

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With the exception of financial liabilities, the fair values of financial assets and liabilities as of June 30, 2023 are mainly equivalent to the carrying amounts. Changes were made to current financial assets compared with December 31 of the previous year due to the expiration of currency hedging transactions. Moreover, a loan of EUR 1.5 million was repaid and two new loan agreements for EUR 5.7 million were concluded. Compared with the end of the year, there were no changes in the financial assets and liabilities existing at this time with respect to measurement and the fair value hierarchy.

Please refer to the remarks in Chapter 13 Financial liabilities for information on developments and changes relative to financial liabilities as of June 30, 2023.

As of the reporting date, foreign currency derivatives were presented under Other current liabilities with a fair value of EUR -1,152 thousand. As of December 31, 2022, the fair value was EUR -1,738 thousand and the foreign currency derivatives were presented under Other current assets with a fair value of EUR 27 thousand and under Other current liabilities with a fair value of EUR -1,765 thousand.

As explained in the 2022 consolidated financial statements, Gigaset applies hedge accounting rules to the hedging of future merchandise purchases. The existing currency futures contracts to which hedge accounting was applied satisfy the requirements of IFRS 9 for cashflow hedges. The risk management strategies and hedging documentation are adapted to the provisions of IFRS 9. The effectiveness was assessed when the hedging relationships were designated on the basis of a prospective effectiveness test. Based on this test, it was found that the defined hedging relationships are to be regarded as effective.

Including deferred taxes, an amount of EUR 490 thousand (PY: EUR 596 thousand) was recognized in equity in the current period.

As of the reporting date, there were 18 (December 31, 2022: 38) foreign currency derivatives with terms until December 2023 and a total notional value of USD 30.00 million (December 31, 2022: USD 60.25 million) to hedge the exchange rate of the U.S. dollar against the euro. Eighteen USD-denominated foreign currency derivatives are structured as "plain vanilla" currency forwards. The rules governing hedge accounting were applied to 18 USD-denominated foreign currency derivatives.

In accordance with IFRS 7.29, it is not necessary to state the fair value of current financial assets and liabilities if the carrying amount represents a reasonable approximation of the fair value. Gigaset presents the fair values in the preceding overviews for the sake of completeness and to help the users of the financial statements better understand the accounting treatment, but it does not perform a separate calculation of fair values because the carrying amounts are applied as a reasonable approximation of the fair values. For this reason, a separate presentation is not provided for these items in the table below, in which the fair values determined for the financial assets and liabilities for the first half of 2023 are additionally assigned to hierarchy levels:

06/30/2023		Hierarchy level			
EUR'000	**Category**	**1**	**2**	**3**	**Total**
Financial assets					
Derivative financial instruments	Hedging	0	0	0	0
Financial liabilities					
Noncurrent and current financial liabilities	AC	0	0	19,112	19,112
Derivative financial instruments	Hedging	0	1,152	0	1,152

12/31/2022		Hierarchy level			
EUR'000	**Category**	**1**	**2**	**3**	**Total**
Financial assets					
Derivative financial instruments	Hedging	0	27	0	27
Financial liabilities					
Noncurrent and current financial liabilities	AC	0	0	16,322	16,322
Derivative financial instruments	Hedging	0	1,765	0	1,765

The fair values of derivative financial instruments were calculated using present value and option pricing models. To the extent possible, the relevant market prices and interest rates observed on the reporting date, which are taken from generally accepted external sources, were used as input parameters for these models. In accordance with IFRS 13, the determination of fair value is to be categorized within Level 2 of the fair value hierarchy.

Lease liabilities do not fall under the scope of application of IFRS 9 and are therefore presented separately.

Cash and cash equivalents, trade receivables, and current financial assets have short remaining terms. Therefore, the carrying amounts as of the reporting date are approximately equal to the fair value.

Trade payables and current financial liabilities are due in the full amounts within one year. Thus, the nominal value or repayment amount is approximately equal to the fair value.

The fair values of other noncurrent financial assets and liabilities with remaining terms of more than one year are equal to the present values of the payments associated with the assets and liabilities on the basis of the respectively current interest parameters, which reflect the currency, interest rate and partner-related changes in the applicable terms. In accordance with IFRS 13, the determination of fair value is to be categorized within Level 3 of the fair value hierarchy.

7. Intangible assets

Compared with the level as of December 31, 2022, intangible assets rose by EUR 1.3 million to EUR 64.1 million. The change occurred mainly in the line item of capitalized development expenses, which rose by EUR 1.7 million to EUR 41.8 million as of June 30, 2023. The development expenses consisting of capitalized product development expenses were incurred exclusively at Gigaset Communications GmbH. Otherwise, intangible assets consisted of the brand name "Gigaset" in the amount of EUR 8.4 million, franchises in the amount of EUR 11.6 million, and additional research and development expenses and borrowing costs in the amount of EUR 2.3 million.

8. Inventories

Compared with the level as of December 31, 2022, inventories rose by EUR 3.1 million from EUR 37.8 to EUR 40.9 million. This increase resulted mainly from the higher inventories of finished goods, which rose by EUR 6.6 million to EUR 19.2 million as of June 30, 2023. Correspondingly, raw materials and supplies declined by EUR 3.1 million from the level as of December 31, 2022 to EUR 17.7 million as of the reporting date.

9. Other assets

Compared with the level as of December 31, 2022, Other assets fell by EUR 1.4 million from EUR 19.9 million to EUR 18.5 million.

The decrease resulted particularly from the lower level of receivables from factoring arrangements, which fell from EUR 10.3 million to EUR 7.0 million as of June 30, 2023. In a countervailing development, receivables from the employer's pension liability insurance increased by EUR 0.1 million to EUR 1.9 million.

10. Cash and cash equivalents

Cash and cash equivalents fell by EUR 14.4 million from EUR 21.5 million to EUR 7.1 million compared with December 31, 2022. Further information on developments in this area can be found in the consolidated statement of cashflows.

As of the balance sheet date, the cash and cash equivalents include cash from subsidiaries in Russia and China, which the Group is not currently able to dispose of freely. The general use of this cash within the Group in the amount of EUR 0.3 million is subject to regulatory restrictions.

11. Pension obligations and deferred tax assets

The pension obligations increased by EUR 1.2 million to EUR 63.6 million as of June 30, 2023. Interest rate volatility has calmed considerably in the current financial year, with the consequence that the discount factor applied to calculate pension obligations declined modestly from 3.72 % as of December 31, 2022 to 3.61 % as of June 30, 2023. The change in the applicable interest rate caused a EUR 1.3 million increase in pension obligations as of the reporting date, while the valuation of the change in plan assets for pension obligations led to a positive effect of EUR 1.3 million.

12. Provisions

Current provisions declined by EUR 2.6 million from EUR 12.7 million as of December 31, 2022 to EUR 10.1 million as of the reporting date, mainly as a result of the decrease in provisions for customer bonuses in the amount of EUR 1.7 million and the decrease in warranty provisions in the amount of EUR 0.4 million. Noncurrent provisions amounted to EUR 1.5 million, reflecting a modest increase of EUR 0.5 million over the corresponding figure as of December 31, 2022.

13. Financial liabilities

The Gigaset Group entered into a credit facility in 2018, which amounted to EUR 12.1 million as of December 31, 2022. The loan balance as of June 30, 2023 was EUR 12.0 million. Of this total, EUR 7.4 million is due in less than one year and EUR 4.6 million is due in more than one year and less than five years. The loan is denominated in euros, bears fixed interest at an effective annual rate of 5.16 %, and is measured at amortized cost. Thus, it has no effect on the Group's position with respect to currency risks and interest rate risks.

As explained already in the 2022 Annual Report, Gigaset could already see that the agreed covenants would not be met as a result of rising material costs due to the depreciation of the euro against the U.S. dollar and the adverse effects of inflation on the company's costs. On December 29, 2022, therefore, Gigaset entered into a covenant agreement with the lenders under which they agreed to waive their right of termination under the terms and conditions of the loan agreement. In addition, a suspension of principal repayments up to and including June 2023 was agreed with the financing banks in March 2023. Principal repayments are set to resume in July 2023 and the suspended principal repayments, which would have been repayable pro rata already in June 2023, will be repaid in one lump sum upon maturity in October 2024 in consideration of proceeds on the sale of assets not required for business operations. Another aspect of the agreement reached in March 2023 was the reformulation of covenants based on the absolute amount of EBITDA. Due to the modification of loan terms in the first half of 2023, the accounting values were adjusted on the basis of the effective interest method. This led to a positive financial result of EUR 0.2 million in the first half of 2023. The expected repayment from sale proceeds is currently expected to occur in December 2023. Please refer to the notes to the consolidated financial statements in the 2022 Annual Report for additional information on this credit facility.

Various vendor financing loans have been granted to Gigaset to finance the collaboration project with Unify, which was concluded in the 2020 financial year. These are interest-free loans that will be continually repaid over terms until July 31, 2024 and December 31, 2024. The loans were taken out in nominal amounts of EUR 0.75 million and USD 1.0 million. In accordance with IFRS 9, these loans were measured at fair value upon initial recognition. In subsequent periods, they will be measured at amortized cost. The vendor financing amounted to EUR 0.3 million or USD 0.6 million as of June 30, 2023. It was resolved in June 2023 to suspend the principal repayments on the USD-denominated credit facility from June 2023 to January 2024.

Another vendor financing loan of EUR 2.5 million was granted in financial year 2022. This loan is denominated in euros. An amount of EUR 1.0 million was already repaid on schedule in financial year 2022. The remaining balance of EUR 1.5 million was repaid in early April 2023.

In connection with the government measures to combat the economic effects of the coronavirus pandemic, the French national subsidiary had received an interest-free liquidity protection loan in the amount of EUR 2.0 million, with a term of initially 12 months, in the summer of 2020. This loan was originally repayable in full after 12 months. Due to the continuing coronavirus pandemic, however, the loan was renegotiated so that it now has a term until June 2026. Only interest was to be paid through June 2022 and the loan principal was to be repaid in equal installments only beginning in July 2022. The loan balance was EUR 1.4 million as of June 30, 2023.

Two additional loans, one in the amount of EUR 3.0 million with a term until March 2024 and the other in the amount of EUR 2.7 million with a term until March 2027, were taken out in March and April, respectively, of financial year 2023. Both these loans are denominated in euros. The loan for EUR 3.0 million bears interest at a variable rate calculated on the basis of 3-month EURIBOR plus a premium of 10.0 %. This loan is measured at amortized cost with an effective annual interest rate of 15.3 %. The loan for EUR 2.7 million bears interest at the fixed annual rate of 13.8 %. It is measured at amortized cost. As of June 30, 2023, the loan balances were EUR 3.0 million and EUR 2.2 million, respectively.

14. Revenues

The Group's revenues are mainly generated from sales of goods in the four operating segments of Phones, Smartphones, Smart Home and Professional.

Observed on a global basis, revenues are broken down by geographic segments as shown in the segment report. Revenues are normally recognized on a short-term basis and the performance obligations are performed at a specific point in time based on the current business model.

The development of revenues in the different operating segments is presented in the table below:

Revenues in EUR millions	Q1 - Q2 2023	Q1 - Q2 2022	Change in %
Phones	65.9	63.3	4.1
Smartphones	8.3	9.6	-13.5
Smart Home	0.5	0.6	-16.7
Professional	33.0	29.9	10.4
Gigaset Total	**107.7**	**103.4**	**4.2**

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Please refer to the remarks in the Group management report for additional information on the individual product segments.

15. Purchased goods and services

Compared with the year-ago period, purchased goods and services rose by EUR 8.4 million to EUR 63.4 million as of June 30, 2023. The prices of all production-relevant materials have risen considerably as a result of inflation and currency effects, increasing the cost of raw materials and supplies by EUR 9.0 million to EUR 57.5 million. This increase was also driven by the EUR 2.1 million writedown of inventories (PY: EUR 0.6 million). In a countervailing development, the cost of purchased goods fell to EUR 3.1 million (PY: EUR 5.1 million).

16. Other operating income

Other operating income amounted to EUR 7.1 million in the reporting period, as compared with EUR 7.4 million in the previous year. Other operating income mainly includes realized and unrealized foreign currency gains in the amount of EUR 2.7 million (PY: EUR 3.4 million), as well as income from the reversal of provisions in the amount of EUR 0.5 million (PY: EUR 0.4 million). Miscellaneous other operating income mainly comprised rental income in the amount of EUR 0.7 million (PY: EUR 0.8 million) and proceeds from sales of materials in the amount of EUR 1.0 million (PY: EUR 0.8 million).

17. Personnel expenses

Personnel expenses increased by EUR 1.5 million to EUR 30.7 million in the first half of 2023. This development is mainly attributable to the higher expenses for wages and salaries in the amount of EUR 25.6 million (PY: EUR 24.2 million), which were caused in turn particularly by an increase in special payments and bonuses to EUR 3.3 million (PY: EUR 2.2 million) due to the fact that both the transformation bonus and the inflation compensation bonus were disbursed in the first half of 2023.

18. Other operating expenses

Other operating expenses amounted to EUR 35.3 million in the first half of 2023, after EUR 31.1 million in the year-ago comparison period. The increase in other operating expenses resulted mainly from marketing expenses, which amounted to EUR 8.9 million at the reporting date, compared with EUR 7.9 million in the year-ago period. The increase was also driven by expenses for personnel leasing, which rose from EUR 2.4 million to EUR 3.3 million, and expenses for purchased services in the amount of EUR 2.3 million (PY: EUR 1.8 million), as well as higher consulting expenses in the amount of EUR 1.7 million (PY: EUR 1.4 million). Other operating expenses also included realized and unrealized exchange rate changes in the amount of EUR 3.8 million (PY: EUR 3.9 million).

19. Net interest income

Net interest income comprised other interest and similar income in the amount of EUR 0.1 million (PY: EUR 0.2 million) and interest and similar expenses in the amount of EUR 1.7 million (PY: EUR 1.4 million).

In the first half of 2023, interest income resulted from the discounting of loan liabilities in the amount of EUR 0.1 million (PY: EUR 0.2 million).

Interest expenses mainly included net interest for pension obligations in the amount of EUR 1.1 million (PY: EUR 0.7 million), interest paid on the credit facility taken out in 2018 in the amount of EUR 0.4 million (PY: EUR 0.2 million), the compounding of loan liabilities in the amount of EUR 0.1 million (PY: EUR 0.1 million), and interest paid in connection with factoring in the amount of EUR 0.1 million (PY: EUR 0.2 million).

20. Segment reporting

The segment report is based on geographic segments according to the Group's internal reporting system. The holding company is presented separately from Gigaset's operating activities. Within the operating activities, the regions "Germany", "EU" and "Rest of World" are used as geographic regions. The reportable EU segment includes several geographic regions that were aggregated into this operating segment, including the geographic region of "France." The individual segments were aggregated into the EU segment because the products and services sold, the customer structures, the distribution structures, and the regulatory environment are comparable. With respect to economic criteria, the aggregation was particularly based on comparable gross margins in the individual geographic regions.

The geographic regions of Gigaset, whose main activity lies in the area of communications technology, are as follows:

- "Germany"

  The geographic region "Germany" comprises the operating activities in Germany.

- "EU"

  The geographic region "EU" (European Union) comprises the operating activities in Poland, Austria, France, Italy, the Netherlands, and Spain.

- "Rest of World"

  The geographic region "Rest of World" comprises the operating activities in the United Kingdom, Switzerland, Turkey, Russia and China.

The transfer prices between the segments are equivalent to the prices charged in dealings with third parties. Administrative services are charged by way of cost allocation.

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

As part of the segment report by geographical region within the Group, revenues are attributed to the country of domicile of the various legal entities. For example, if a German company issues an invoice to a company in the Netherlands, such revenues are allocated to the region of Germany in the presentation based on country of domicile.

The first foreign sales subsidiaries of the Gigaset Group were converted to the direct sales model in financial year 2022. The conversion of the others will be successively pursued in financial year 2023. As a result of this change, the German company Gigaset Communications GmbH will deliver products directly to end customers in foreign countries, meaning that the role of the foreign sales companies will change to that of sales mediators that no longer generate direct revenues from sales of telecommunications products. As a result, revenues based on country of domicile are increasingly being assigned to Germany, impacting the comparison with the previous year. In the tables below, revenues are presented on the basis of the country of domicile.

January 1 to June 30, 2023 in EUR millions	Germany	EU	Rest of World	Gigaset TOTAL	Holding company	Group
Revenues	88.9	11.4	7.4	107.7	0.0	107.7
Segment result / EBITDA	**-1.2**	**1.3**	**0.1**	**0.2**	**-1.9**	**-1.7**
Depreciation and amortization	-9.0	-0.4	-0.1	-9.5	0.0	-9.5
EBIT	**-10.2**	**0.9**	**0.0**	**-9.3**	**-1.9**	**-11.2**
Other interest and similar expenses						0.1
Interest and similar expenses						-1.7
Financial result						**-1.6**
Result from ordinary activities						**-12.8**
Income taxes						3.5
Consolidated net loss						**-9.3**

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January 1 to June 30, 2022 in EUR millions	Germany	EU	Rest of World	Gigaset TOTAL	Holding company	Group
Revenues	68.2	26.4	8.7	103.3	0.0	103.4
Segment result / EBITDA	**5.9**	**1.2**	**0.3**	**7.4**	**-1.6**	**5.8**
Depreciation and amortization	-7.4	-0.4	-0.1	-7.9	0.0	-7.9
EBIT	**-1.5**	**0.8**	**0.2**	**-0.5**	**-1.6**	**-2.1**
Other interest and similar expenses						0.2
Interest and similar expenses						-0.7
Financial result						**-0.5**
Result from ordinary activities						**-2.6**
Income taxes						0.2
Consolidated net loss						**-2.4**

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Any earnings effects of deconsolidations are assigned to the respective segments.

Please refer to the chapter on Revenues in the notes to the consolidated financial statements for a breakdown of revenues by operating segment.

Revenues based on receiving units represent the revenues invoiced in the respective regions, regardless of the registered office of the invoicing unit. If, for example, a German company issues an invoice to a company in the Netherlands, this revenue is assigned to the region of "Europe – EU (excluding Germany)" in the presentation by receiving entities. In the table below, revenues are divided by the region of the receiving entity within the meaning of IFRS 8.33 a), as described in the preceding paragraph, and are as follows for the 2023 financial year and the comparison period:

Revenues in EUR millions	**Q1 - Q2 2023**	**Q1 - Q2 2022**
Germany	52.9	50.6
France	3.6	14.4
Europe (excluding Germany and France)	41.9	32.6
Rest of World	9.3	5.8
Total	**107.7**	**103.4**

21. Cashflow statement

At EUR -5.8 million, the cashflow from operating activities was sharply lower in the first six months of the current 2023 financial year than in the same period last year, at EUR 0.1 million. The cashflow from operating activities was significantly impacted by the considerably worse result from ordinary activities in the amount of EUR -12.8 million (PY: EUR -2.6 million), the increase in inventories in the amount of EUR -3.1 million (PY: EUR -9.0 million), and the increase in trade receivables and other assets in the amount of EUR -1.5 million (PY: cash inflow of EUR 6.3 million). The customary cash outflow in the first half of the year is due to seasonal effects. The company traditionally generates net cash inflows during the Christmas season in the second half of the year. Developments that exerted a positive effect on cashflow were the increase in trade payables, other liabilities, and other provisions in the total amount of EUR 0.8 million (PY: cash outflow of EUR -1.4 million).

The cash outflows for investments increased from EUR -8.6 million in the year-ago period to EUR -9.9 million in the reporting period, primarily due to increased payments for internal production capitalized in connection with the development of new products and solutions.

The free cashflow of EUR -15.7 million was considerably worse in the first half of 2023 than in the first half of last year, when it came to EUR -8.5 million. This development was mainly influenced by the cashflow from operating activities.

The cashflow from financing activities improved considerably from EUR -0.1 million in the year-ago period to EUR 1.6 million in the reporting period. Increased cash inflows from current financial liabilities in the amount of EUR 3.0 million (PY: EUR 1.6 million) resulted mainly from new credit facilities taken out in the amount of EUR 3.0 million and deferred repayment commitments for the repayment of financial liabilities. The cash inflows from the borrowing of noncurrent financial liabilities amounted to EUR 2.7 million at the reporting date, this also being attributable to new borrowing in the current financial year. A vendor financing loan of EUR 2.5 million was granted in financial year 2022. This loan is denominated in euros. An amount of EUR 1.0 million was already repaid on schedule in financial year 2022. The remaining balance of EUR 1.5 million was repaid in early April 2023.

22. Disclosures concerning dealings with related parties

As stated on pp. 163 ff. of the 2022 Annual Report, the Group no longer conducts dealings with related entities and individuals. This has not changed as of June 30, 2023.

23. Significant events after the reporting date

After the first half of the year, the economic | industry | competition, customer and liquidity risks became more serious and threatened the existence of Gigaset Communications GmbH and subsequently of Gigaset AG and led to the need to file for insolvency as of September 19, 2023.

On September 26, 2023, trading in Gigaset shares on the Xetra stock exchange was discontinued.

The ordinary bearer shares of Gigaset AG have been admitted to the Prime Standard of the Frankfurt Stock Exchange since June 25, 2005. By resolution dated October 5, 2023, the admission was revoked ex officio, so that trading on the General Standard of the Frankfurt Stock Exchange commenced with effect from November 18, 2023.

In October 2023, the investor process was launched with the support of Clearwater International to find the best possible future partner for Gigaset. Provisional trusteeship and provisional insolvency administration as well as the creditors' committee of Gigaset Communications GmbH support the M&A process.

FINANCIAL CALENDAR 2023

Remaining (subject to change)

Notes:

This quarterly report has not been audited. This report is not an interim financial report according to IAS 34, nor does it constitute 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 2022 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 requirements.

Due to the fact that the amounts and percentages stated in this quarterly report are rounded to the nearest whole number, minor rounding differences can arise.

In the interest of readability, we use the generic masculine form in the present report. It is to be understood as a gender-neutral, unbiased form of language employed for the sake of simplicity without prejudice to other genders.

Like the German-language version, this English-language version of the quarterly report of Gigaset AG can be viewed and downloaded on Gigaset AG's website (http://www.gigaset.ag). In case of doubt, the German version is authoritative in the event of any content discrepancies and differences in the stated figures.

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