Gigaset

QUARTERLY REPORT

FOR THE 1ST QUARTER FROM JANUARY 1 TO MARCH 31,

Creating best in class communications solutions for your life!

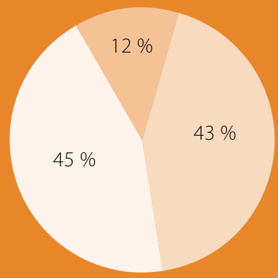
OVERVIEW OF KEY FIGURES

EUR millions	1/1 - 3/31/2018	1/1 - 3/31/2017
Consolidated revenues	51.1	58.4
Earnings from core business activities before depreciation and amortization (EBITDA)	1.5	3.1
Earnings before interest and income taxes (EBIT)	-1.7	-0.4
Consolidated loss for the year	-1.5	-1.5
Free cash flow	-23.2	-26.4
Earnings per share (diluted in EUR)	-0.01	-0.01
	3/31/2018	**12/31/2017**
Total assets	197.1	226.9
Consolidated equity	22.1	24.1
Equity ratio (in %)	11.2	10.6
Number of employees	853	930

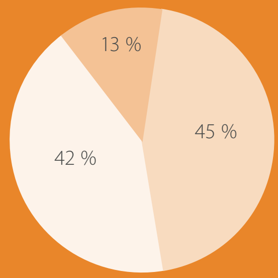
The Gigaset Share	Q1 / 2018	Q1 / 2017
Closing price in EUR (at the end of the period)	0.72	0.76
Peak price in EUR (in the period)	0.79	0.86
Lowest price in EUR (in the period)	0.54	0.70
Number of shares in circulation (at the end of the period)	132,455,896	132,455,896
Market capitalization in EUR million (at the end of the period)	95.9	100.0

Sales broken down by region

Q1 / 2018



Q1 / 2017



Germany Europe Rest of World

Note

The quarterly report is not audited. This report is not an interim financial report in accordance with IAS 34 or financial statements in accordance with IAS 1. It was prepared based on the accounting policies applied for the most recent consolidated financial statements. Comparative information with respect to financial year 2017 was not adjusted for new accounting standards; see Section 4 „Changes in accounting treatment as a result of the first-time application of IFRS 15 and IFRS 9".

The quarterly report includes statements and information regarding Gigaset AG relating to future periods.

The statements regarding the future represent estimates that were made based on all information available when the report was prepared. If the assumptions underlying the forecasts should prove inaccurate, the actual developments and results can deviate from current expectations. The Company does not accept any responsibility to update the statements included in this report outside of the provisions governing publication stipulated under the law.

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

1 GENERAL ECONOMIC ENVIRONMENT

Gigaset operated also in the first quarter of 2018 in a shrinking and increasingly competitive market environment in its core business for cordless phones from which most revenues are generated. Examining the economy as a whole, the two most important sales markets – Germany and France – are applied to describe the market situation; likewise, the four most important European countries (EU4[1]) are applied in an expanded examination. The fact that Gigaset succeeded in expanding its market share in some regions and defending its clear market leadership, despite challenging circumstances, is of central importance.

Germany

The market for cordless phones in Germany declined by 3.5% in terms of units in the first quarter of 2018 compared with the first quarter of the prior year. Thus, the negative overall trend continues. The market decline amounts to 1.6% measured on sales revenue. Nevertheless, Gigaset achieved a very good market position of more than 44.3% in terms of units and 43.6% in terms of sales revenue. This means that Gigaset performed better overall than the market[2].

France

In France, the market for cordless phones declined in the first quarter of 2018. Compared with the first quarter of the prior year, it fell by 10.7% in terms of units and by 9.0% as a percentage of sales revenue. Despite the challenging circumstances, Gigaset nevertheless succeeded in attaining an excellent market share of more than 34.4% in terms of units and 40.4% as a percentage of sales revenue. This constitutes market share growth of 7.5% in terms of units and 6.4% as a percentage of sales revenue. Gigaset correspondingly further expanded its position as the market leader[2].

EU 4

If the examination is expanded to the market trend in the European markets observed by Gigaset, a decrease of 7.7% in terms of units and 5.0% based on sales revenue must be stated in comparison with the first quarter of the prior year. In total, Gigaset achieved a market share of 42.6% measured on sales revenue. Thus, Gigaset remains the clear market leader in Europe[2].

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1 EU 4 corresponds to Germany, France, Italy and the Netherlands

2 Source: GfK 2018 – EU4 Market

2 COURSE OF BUSINESS

Consumer Products

With a market share of 42.6% in terms of value, Gigaset emphasized its clear premium position and market leadership in the EU4 area in the first quarter of 2018. However, the Consumer Products segment is suffering from the general market decline of 7.7%[2]. Gigaset is countering this decline by consistently developing new products, whereby the focus lies in particular on the introduction of new products in the area of IP telephony or offers for the elderly. Targeted distribution and marketing activities in the most important sales markets support the positioning of the products.

Business Customers

The Business Customers segment posted an increase in sales revenue of 9.4% in the first quarter of 2018 compared with the first three months of the prior year. Most of this increase can be attributed to Germany, followed by Italy and France. Broken down by product segments, the sales revenue generated from DECT base stations of the N-series was increased by 28.6% in the period described. The IP desk telephones of the Maxwell series also contributed noticeably to growth with an increase of 275.6%. Gigaset is striving to further expand its position in the market over the course of the year with an expanded portfolio of IP-based DECT base stations as well as IP desk telephones[3].

Home Networks

All in all, the Home Networks segment trended sideways in the first quarter of 2018 in line with the market as a whole for Smart Home products, thus falling short of Gigaset's expectations. In terms of sales revenue, revenue in the Home Networks segment decreased by 51.7% to EUR 0.3 million compared with the first three months of the prior year. The market for Smart Home systems and services in Western Europe continues to be regarded as extremely promising. In order to address this market, the Company developed four new action bundles each at a price of EUR 79 that are respectively intended to service a specific security need on the part of the customers: Protection from fire, water, burglars or more comfort. The action bundles will be marketed intensively beginning with the second quarter of 2018 and actively supported by media campaigns. The goal is to thereby attract new customers to the solution and to continue to grow.

Mobile Devices

Currently, there are three smartphone models from Gigaset on the market. With the models GS170, GS270, and GS370, the Company offers attractive mobile phones in the lower and mid-price segment. For the first quarter of 2018, it can be seen that sales revenue was increased by more than 50.0% compared with the first quarter of the prior year. Gigaset has a correspondingly optimistic outlook for the second half of the year, since new models will be introduced and new retail channels will be developed that will expand the portfolio, thereby contributing to new sales potential. The Company's goal is to continue to expand its position as an established participant in the smartphone market.

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2 Source: GfK 2018 – EU4 Market

3 Gigaset 2018 – Financial Report Business Customers

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

3.1 Financial performance

The Gigaset Group generated revenues of EUR 51.1 million in the first three months of financial year 2018 (prior year: EUR 58.4 million) in an industry environment that continues to be challenging. This constitutes a decrease in revenues of 12.5%. Revenues from core business activities are subject to the usual seasonal fluctuations in the consumer business.

The decline in revenues in the first quarter of 2018 is attributable to a decrease of 18.7% from EUR 45.8 million to EUR 37.2 million in the Consumer Products segment. By contrast, revenues in the Business Customers segment increased by 9.4% to EUR 11.7 million. At EUR 0.3 million, the Home Networks segment was below the level of the corresponding prior-year quarter (prior year: EUR 0.6 million). At EUR 1.9 million, sales revenue with smartphones in the Mobile Devices segment increased year-on-year by 49.4% (prior year: EUR 1.3 million).

Revenues in € millions	Q1 2018	Q1 2017	Change
Consumer Products	37.2	45.8	-18.7%
Business Customers	11.7	10.7	9.4%
Home Networks	0.3	0.6	-51.7%
Mobile Devices	1.9	1.3	49.4%
Gigaset Total	**51.1**	**58.4**	**-12.5%**

In general, the decline in sales revenue in the Consumer Products segment follows the general market trend in all European countries. Nevertheless, Gigaset expanded its market share in the market for cordless telephony in the EU4 area by 4.1% in terms of units and 1.6% with respect to sales revenues. With a market share of 40.3% in terms of units and 42.6% based on sales revenues, Gigaset underscored its premium position in the EU4 area also in the first quarter of 2018. This positive market share trend in terms of units was driven mainly by France with an increase of 7.5% and market share was also gained disproportionately in the Netherlands with an increase of 3.6%.

The Business Customers segment posted a positive performance. Italy had a significant influence on this with an increase of EUR 1.0 million.

The Home Networks segment posted a decreased compared with the prior year. The long-announced start of market growth in the Smart Home segment is still predicted. The expectation is for the successes to take effect over the next few quarters.

The Mobile Devices segment contributed to increasing sales revenue in 2017. This segment is being further expanded by a growing product portfolio. Gigaset will concentrate on the special needs of its customers and is relying on the continuation of the positive trend.

Across all segments, sales revenue may have fallen by 12.5%, but the margin quality was held roughly at the prior year's level and the costs were reduced. At

EUR 1.5 million (prior year: EUR 3.1 million), earnings from core business activities before depreciation and amortization (EBITDA) were positive.

Sales revenue by sales region developed as follows:

Umsatzerlöse in EUR Mio.	Q1 2018	Q1 2017	Change
Deutschland	22.2	26.5	-16.3%
Europa (ohne Deutschland)	23.0	24.5	-6.1%
Rest der Welt	5.9	7.4	-20.3%
Gigaset Total	**51.1**	**58.4**	**-12.5%**

The decrease in sales revenue in Germany was characterized substantially by the negative market growth in the Consumer Products segment. Nevertheless, growth in the Business Customers segment partially attenuated the effect. The market decline in the Consumer Products segment can also be felt in Europe. The Business Customers and Home Networks pillars must be further stabilized and the Future Communications & Connectivity Solutions and Mobile Devices segments must be expanded in order to compensate for the market decline. The aggregate region "Rest of World" is also posting decreases.

Sales revenue by geographical region developed as follows:

Revenues in € millions	Q1 2018	Q1 2017	Change
Germany	22.2	32.8	-32.3%
Europe (excluding Germany)	25.9	24.8	4.4%
Rest of World	3.0	0.8	275.0%
Gigaset Total	**51.1**	**58.4**	**-12.5%**

The **cost of materials** for raw materials, merchandise, finished goods and purchased services was EUR 26.2 million in the first quarter of 2018 – a decrease of 3.4% compared with the prior-year comparative value of EUR 27.1 million. At 48.3%, the cost of materials rate remained nearly constant compared with the prior year's level of 48.0%, taking into account the change in inventories.

Gross profit, comprising revenues less the cost of material and including the change in the portfolio of finished work and work in progress decreased compared with the prior year by EUR 4.0 million from EUR 30.4 million to EUR 26.4 million as a consequence of the decrease in sales revenue. The gross margin decreased slightly to 51.7% in the first quarter of 2018 compared with 52.0% in the first quarter of 2017.

At EUR 2.5 million, other **own work capitalized** slightly exceeded the previous year's level and mainly includes costs related to the development of new products.

Other income from core business activities amounts to EUR 0.6 million after EUR 1.0 million in the first quarter of the prior year.

At EUR 14.8 million, **personnel expenses before restructuring** for wages, salaries, social security contributions and old age pensions were down 18.7% compared with the first quarter of 2017 (EUR 18.3 million). The decrease can be attributed to the restructuring initiated at the end of 2015. The personnel cost rate decreased to 29.0% (prior year: 31.2%).

Other expenses from core business activities increased to EUR 13.2 million in the first three months of 2018 after amounting to EUR 12.4 million in the first quarter of 2017, which can be attributed to cost increases. These include in particular marketing costs (EUR 4.3 million, prior year: EUR 4.2 million), general administrative expenses (EUR 1.7 million, prior year: EUR 1.6 million), transport costs (EUR 1.6 million, prior year: EUR 1.5 million), advisory fees (EUR 0.4 million,

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prior year: EUR 0.6 million), expenses for land and buildings (EUR 0.7 million, prior year: EUR 0.8 million) and expenses for the loaning of employees (EUR 1.5 million, prior year: 1.1 million).

At EUR 1.5 million, **earnings from core business activities before depreciation and amortization** (EBITDA) were lower than the figure for the first quarter of 2017 (EUR 3.1 million). Taking into account depreciation and amortization of EUR 3.3 million (prior year: EUR 4.0 million), the operating result after depreciation and amortization is EUR -1.8 million (prior year: EUR -0.9 million).

The a**dditional ordinary result** amounts to EUR 0.1 million (prior year: EUR 0.5 million) and includes profit and loss items that do not necessarily result from core business activities. Exchange rate effects resulted in a negative contribution to earnings of EUR -0.1 million (prior year: positive contribution to earnings of EUR 0.3 million), with exchange rate gains of EUR 2.0 million (prior year: EUR 3.6 million) offset against exchange rate losses of EUR 2.1 million (prior year: EUR 3.3 million).

The **operating result** (earnings before interest and taxes, EBIT) amounted to EUR -1.7 million (prior year: EUR -0.4 million). In conjunction with the financial result of EUR -0.1 million (prior year: EUR -0.3 million), the result from ordinary activities amounts to EUR -1.8 million (prior year: EUR -0.7 million).

The **consolidated loss for the year** amounted to EUR -1.5 million as of March 31, 2018 (prior year: EUR -1.5 million).

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

3.2 Cash flows

Cash flow can be broken down as follows:

Cashflow in € millions	Q1 2018	Q1 2017
Cash flows from operating activities	-20.5	-23.7
Cash flows from investing activities	-2.8	-2.7
Free cash flow	-23.2	-26.4
Cash flows from financing activities	0	0

In the quarter just ended, the Gigaset Group recorded **cash outflows from continuing operations** in the amount of EUR -20.5 million (prior year: EUR -23.7 million). This can be attributed in particular to the payment of liabilities and the utilization of provisions in the amount of EUR 27.4 million as well as the increase in inventories of EUR 3.8 million, which are offset by cash inflows from the decrease in receivables and assets in the amount of EUR 9.7 million.

Cash outflows from investing activities amount to EUR -2.8 million and are therefore slightly lower than the prior-year level of EUR -2.7 million. The majority of the capital expenditures in the current and past financial year relate to investments in noncurrent assets.

Thus, free cash flow amounts to EUR -23.2 million compared with EUR -26.4 million in the first quarter of the prior year.

Cash outflows from financing activities amount to EUR 0.0 million as of March 31, 2018 (prior year: EUR 0.0 million).

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Please refer to the cash flow statement presented in the quarterly report for a detailed presentation of changes in **cash and cash equivalents**. The cash flow includes changes in exchange rates in the amount of EUR -0.1 million (prior year: EUR 0.04 million). Cash and cash equivalents amounted to EUR 25.7 million as of March 31, 2018 (prior year: EUR 21.1 million).

3.3 Financial position

The Gigaset Group's **total assets** as of March 31, 2018, amounted to around EUR 197.1 million and thus decreased by approximately 13.1% compared with December 31, 2017.

At EUR 84.6 million, **noncurrent assets** decreased by EUR 0.4 million compared with March 31, 2017. Depreciation and disposals exceeded capital expenditures in property, plant and equipment; as a result, property, plant and equipment decreased by EUR 0.9 million to EUR 22.4 million. Intangible assets rose by EUR 0.4 million to EUR 30.4 million as a result of increased capital expenditures. Deferred tax assets increased by EUR 0.2 million to EUR 13.3 million.

Current assets represent 57.1% of total assets. Compared with December 31, 2017, they decreased by EUR 29.4 million and amount to EUR 112.6 million. Inventories increased by EUR 3.8 million to EUR 30.5 million. Trade receivables decreased by EUR 7.7 million to EUR 32.2 million. Furthermore, the portfolio of cash and cash equivalents decreased from EUR 49.1 million to EUR 25.7 million compared with December 31, 2017. Please refer to the statement of cash flows presented in the quarterly report for a breakdown of changes in cash and cash equivalents.

Total liabilities amounted to EUR 175.0 million (prior year: EUR 202.8 million), 50.0% of which are current.

The Gigaset Group's **equity** amounted to around EUR 22.1 million as of March 31, 2018, and is EUR 2.0 million lower than at the beginning of the year. This corresponds to an equity ratio of 11.2% compared with 10.6% as of December 31, 2017. The decrease of EUR 2.0 million can be attributed mainly to the consolidated net loss of EUR 1.5 million for the financial year as well as a negative effect of EUR 0.6 million from the first-time application of the accounting standard IFRS 15. Cash flow hedging resulted in a positive effect of EUR 0.3 million, which was offset by negative effects from currency translation differences in the amount of EUR 0.2 million.

Noncurrent liabilities mainly include pension obligations and deferred tax liabilities as well as noncurrent provisions for personnel expenses and provisions for guarantees. Noncurrent liabilities amounted to EUR 87.6 million as of March 31, 2018, compared with EUR 88.7 million as of December 31, 2017.

Current liabilities decreased by 23.3% to EUR 87.5 million (December 31, 2017: EUR 114.1 million). The decrease in **current liabilities** can be attributed mainly to the decrease in provisions of EUR 4.9 million as well as the seasonal decrease in trade payables of EUR 21.0 million from EUR 35.1 million (December 31, 2017: EUR 56.1 million).

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

4.1 Accounting treatment of revenues in accordance with IFRS 15

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

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

4.2 Accounting treatment of financial instruments in accordance with IFRS 9

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

The first-time application of this standard has an effect on group companies that make use of factoring. Trade receivables that are not sold are assigned to the category Fair Value Through Profit or Loss (FVTPL) since the majority of the receivables in these subportfolios are sold; consequently there can be no presumption of an intention to hold, nor of the utilization of a business model involving a mix of holding and sales. This does not lead to any effects from the fair value measurement, since the receivables are current and it can be assumed that the market value and the nominal value correspond as a rule. Significant changes in value due to defaults would naturally reduce the market value, but any such impacts have already been recognized through profit or loss as impairment losses. The effect of the first-time application of IFRS 9 results from the reversal of impairment losses recognized on a group basis as of December 31, 2017, for the group companies that use factoring. The trade receivables not

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subject to factoring are measured at amortized cost. The impairments are determined using an impairment model based on a simplified approach in which it is not necessary to assign levels. However, in contrast to the previous accounting treatment, expected credit losses are also anticipated under IFRS 9 and risk provisions can be correspondingly recognized. The effects on hedge accounting are immaterial, since the prospective effectiveness of the hedging relationships for currency risk is given. The investment in Gigaset Mobile Pte. Ltd. is measured at fair value through other comprehensive income (FVOCI without recycling) under the rules of IFRS 9.

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5 GENERAL ASSESSMENT OF THE GROUP'S EXPECTED PERFORMANCE

Gigaset is placing its focus on the reorientation of the Company also in 2018. This means gaining market share in the Consumer Products business, expanding sales revenue in the Business Customer segment, further expanding the Company's own smartphone business in the Mobile Devices segment and expanding Home Networks as well as additional new business segments such as Smart Care and Future Communications. Expenditures in the area of marketing and for capital expenditures will play a key role again also in 2018. The Group therefore expects the following for the financial year:

- An increase in revenue compared with 2017 in the higher single-digit millions through the smartphone business and the expansion of the new business segments, whereby the expectation is for an increase in sales revenue in the mid-to-high millions in the Germany segment, declining sales revenue in the mid-millions in Europe, and an increase in the mid-to-high millions in the 'Rest of World' segment.
- The Company expects earnings from core business activities before depreciation and amortization of between EUR 20 million and EUR 28 million. The operating performance is characterized by further declining gross profits in the Consumer Products segment, rising gross profits in the Business Customers and Home Networks segments, and an expansion of expenses for development and marketing.
- Due to the substantial capital expenditures and subsequent expenditures for the social compensation plan and amounts set aside for risks arising from prior-year tax audits, the Company expects a negative free cash flow in the mid-single-digit millions.

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CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2018

EUR'000	1/1 - 3/31/2018	1/1 - 3/31/2017
Revenues	51,120	58,428
Change in inventories of finished goods and work in progress	1,472	-945
Cost of materials	-26,183	-27,098
Gross profit	**26,409**	**30,385**
Other own work capitalized	2,519	2,313
Other income from core business activities	600	1,018
Personnel expenses before restructuring	-14,841	-18,256
Other expenses from core business activities	-13,172	-12,384
Earnings from core business activities before depreciation and amortization	**1,515**	**3,076**
Depreciation and amortization	-3,315	-3,980
Earnings from core business activities after depreciation and amortization	**-1,800**	**-904**
Additional ordinary income	341	196
Additional ordinary expenses	-103	0
Exchange rate gains	1,952	3,565
Exchange rate losses	-2,059	-3,270
Additional ordinary result	**131**	**491**
Operating result	**-1,669**	**-413**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2018

EUR'000	1/1 - 3/31/2018	1/1 - 3/31/2017
Other interest and similar income	149	4
Interest and similar expenses	-272	-258
Net financial income	**-123**	**-254**
Result from ordinary activities	**-1,792**	**-667**
Income taxes	267	-848
Consolidated net loss for the financial year	**-1,525**	**-1,515**
Earnings per ordinary share		
- undiluted in EUR	-0.01	-0.01
- diluted in EUR	-0.01	-0.01

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2018

EUR'000	1/1 - 3/31/2018	1/1 - 3/31/2017
Consolidated net loss for the financial year	**-1,525**	**-1,515**
Items that may subsequently be reclassified to profit or loss		
Currency translation differences	-225	-22
Cash flow hedges	496	-1,473
Income taxes recognized on these items	-151	457
Items that will not subsequently be reclassified to profit or loss		
Revaluation effect, net liability under defined benefit plans	0	358
Income taxes recognized on this item	0	-114
Total changes recognized in other comprehensive income	**120**	**-794**
Total recognized income and expense	**-1,405**	**-2,309**

CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2018

EUR'000	3/31/2018	12/31/2017
ASSETS		
Noncurrent assets		
Intangible assets	30,436	30,083
Property, plant and equipment	22,425	23,313
Financial assets	18,386	18,386
Deferred tax assets	13,322	13,137
Total noncurrent assets	**84,569**	**84,919**
Current assets		
Inventories	30,509	26,733
Trade receivables	32,220	39,921
Other assets	23,562	25,678
Tax refund claims	528	513
Cash and cash equivalents	25,743	49,097
Total current assets	**112,562**	**141,942**
Total assets	**197,131**	**226,861**

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CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2018

EUR'000	3/31/2018	12/31/2017
EQUITY & LIABILITIES		
Equity		
Subscribed capital	132,456	132,456
Share premium	86,076	86,076
Retained earnings	68,979	68,979
Accumulated other comprehensive income	-265,409	-263,423
Total equity	**22,102**	**24,088**
Noncurrent liabilities		
Pension obligations	81,021	81,432
Provisions	5,029	5,609
Other liabilities	3	9
Deferred tax liabilities	1,514	1,663
Total noncurrent liabilities	**87,567**	**88,713**
Current liabilities		
Provisions	17,429	22,291
Trade payables	35,118	56,114
Tax liabilities	17,286	17,166
Other liabilities	17,629	18,489
Total current liabilities	**87,462**	**114,060**
Total equity & liabilities	**197,131**	**226,861**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF MARCH 31, 2018

	EUR'000	Subscribed capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive equity	Consolidated equity
	December 31, 2016	132,456	86,076	68,979	-269,669	17,842
1	Consolidated loss 2017	0	0	0	-1,515	-1,515
2	Currency translation differences	0	0	0	-22	-22
3	Cash flow hedge	0	0	0	-1,016	-1,016
4	Revaluation effects, net liability under defined benefit plans	0	0	0	244	244
5	Total changes recognized in other comprehensive income	0	0	0	-794	-794
6	Total net income (1+5)	0	0	0	-2,309	-2,309
7	**March 31, 2017**	**132,456**	**86,076**	**68,979**	**-271,978**	**15,533**
	December 31, 2017	**132,456**	**86,076**	**68,979**	**-263,423**	**24,088**
	First-time application IFRS 15/IFRS 9				**-581**	**-581**
	December 31, 2017				**-264,004**	**23,507**
1	Consolidated loss 2018	0	0	0	-1,525	-1,525
2	Currency translation differences	0	0	0	-225	-225
3	Cash flow hedge	0	0	0	345	345
4	Revaluation effects, net liability under defined benefit plans	0	0	0	0	0
5	Total changes recognized in other comprehensive income	0	0	0	120	120
6	**Total net income (1+5)**	**0**	**0**	**0**	**-1,405**	**-1,405**
7	**March 31, 2018**	**132,456**	**86,076**	**68,979**	**-265,409**	**22,102**

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2018

EUR'000	1/1 - 3/31/2018	1/1 - 3/31/2017
Result from ordinary activities before taxes on income	**-1,792**	**-667**
Depreciation of property, plant and equipment and amortization of intangible assets	3,315	3,980
Increase (+)/decrease (-) in pension provisions	-411	260
Gain (-)/loss (+) from the sale of noncurrent assets	3	-15
Gain (-)/loss (+) from currency translation	151	-347
Net interest income	123	254
Interest received	129	4
Interest paid	-176	-90
Income taxes paid	-277	-3,472
Increase (-)/decrease (+) in inventories	-3,776	-3,353
Increase (-)/decrease (+) in trade receivables and other receivables	9,733	1,306
Increase (+)/decrease (-) in trade payables, other liabilities and other provisions	-27,380	-22,021
Increase (+)/decrease (-) in other items of the statement of financial position	-99	451
Cash inflow (+)/outflow (-) from continuing operations (net cash flow)	**-20,457**	**-23,710**
Proceeds from the disposal of noncurrent assets	0	15
Payments for investments in noncurrent assets	-2,783	-2,697
Cash inflow (+)/outflow (-) from investing activities	**-2,783**	**-2,682**

CONTENT

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2018

EUR'000	1/1 - 3/31/2018	1/1 - 3/31/2017
Free cash flow	**-23,240**	**-26,392**
Mandatory convertible bond	0	0
Cash inflow (+)/outflow (-) from financing activities	**0**	**0**
Cash and cash equivalents at the beginning of the period	44,532	40,180
Changes due to exchange rate differences	-114	39
Cash and cash equivalents at the beginning of the period measured at the closing rate of the prior year	44,646	40,141
Increase (-)/decrease (+) in restricted cash	671	1,910
Change in cash and cash equivalents	-23,240	-26,392
Cash funds at the end of the period	**21,963**	**15,698**
Restricted cash	3,780	5,439
Cash and cash equivalents reported on the statement of financial position	**25,743**	**21,137**

CONTENT

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QUARTERLY REPORT

FOR THE 1ST QUARTER FROM JANUARY 1 TO MARCH 31, 2018

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