

Half-yearly Financial Statements 2020 of TELES AG Informationstechnologien

(HGB, unaudited)

Key figures from January 1, 2020 to June 30, 2020

- Increase in sales by 23 % for the remaining business of Carrier Solutions compared to the previous year
- Increase in operating profit (EBIT) to EUR -1 thousand
- Net loss for the period of EUR -9 thousand

Overview of the key figures of TELES for the first six months of 2020 (in accordance with HGB, unaudited)

TELES AG Informationstechnologien (in Euro)	01.01.2019 - 30.06.2019	01.01.2020 - 30.06.2020	Change
Sales revenues	2,539,333	1,394,552	-45%
Operating result/EBIT	-397,617	-660	100%
Financial income	-111,440	-9,634	91%
EBT	-509,057	-10,294	98%
Income tax	-964	894	193%
Net loss	-510,020	-9,400	98%

Interim Management Report

After a good start to the 2020 financial year, business in the second quarter was moderate. In this respect, the first six months are in line with expectations and sales for the remaining business area Carrier Solutions have increased by 23% compared to 2019 (previous year: EUR 1,131 thousand). The sales increases resulted from extensions to existing customers and new customer projects. The sale of TELES Communication Systems GmbH, Vienna last year resulted in a 45% drop in sales compared to the previous year. The operating result (EBIT) improved from minus EUR 397 thousand to minus EUR 660.

Summary Statement of the Economic Situation

The number of customer projects was good for the first six months and we were able to implement new projects with existing customers and secure the maintenance contracts. The implementation for the expansion project of our Spanish customer XTRA Telecom, a subsidiary of the MASMOVIL group, deserves special mention. The project was stopped for nine weeks due to Corona and then largely completed. Overall, we saw an increase in order intake of 10% compared to the previous year. Investments in personnel are sluggish due to the lack of skilled workers in Germany. The focus continues to be on the further development of the product families, the identification of further market niches and additional market segments and the development of suitable solutions and products. It takes time to expand effective sales. And the necessary expansion of marketing and communication activities in order to further position TELES on the market and to anchor it with customers as a competent, efficient and future-proof provider is progressing slowly due to the lack of liquid funds. Attentive cash management and persistent receivables management help to keep the company stable.

Risk Report

In the management report for the past financial year 2019, all relevant risks known to us were carefully listed. TELES is currently recognizing a heightened risk situation due to the corona pandemic. 100% of the TELES workforce is equipped with home work-places. We ensure the liquidity of the company through very conscientious planning. We continue to monitor incoming payments very closely, thereby counteracting payment defaults on the part of customers. Apart from internal company factors, whether the sales and earnings targets are achieved depends largely on economic, political and industry-specific developments - especially in our core market of Europe.

Forecast

For the current financial year, the Management Board is sticking to the forecast for the full year set out in the 2019 annual report. According to this, the company as a whole is expected to drop its sales by around 35% in 2020 compared to the previous year. This decrease is mainly due to the sale of the TCS subsidiary in 2019. In relation to the "Carrier Solutions" business remaining after the sale, we anticipate sales growth between 10% and 18% and a positive result (EBIT).

TELES AG Informationstechnologien

The Management Board

July 2020

Balance Sheet (HGB, unaudited)

TELES Aktiengesellschaft Informationstechnologien, Berlin
balance sheet as of June 30, 2020

Assets	EUR	EUR	31.12.2019 EUR	Liabilities	EUR	EUR	31.12.2019 EUR
A. Fixed assets				A. Shareholders' equity			
I. intangible assets				I. Ordinary shares	2,913,084.00		23,304,676.00
Concessions, patents, licences, trade marks and similar rights and assets		123.00	723.00	II. Capital reserve	291,308.40		2,330,467.60
II. Tangible assets				III. Revenue reserves	<u>5,539,805.43</u>		<u>27,961,156.98</u>
Fixtures, fittings, tools and equipment		46,384.00	48,045.00		-2,335,413.03		-2,326,013.38
III. Investments				of which not covered by equity	<u>2,335,413.03</u>		<u>2,326,013.38</u>
Shares in group undertakings		0.00	0.00		2,326,013.38	0.00	0.00
		<u>46,507.00</u>	<u>48,768.00</u>	B. Provisions			
B. Current assets				Other provisions		791,764.57	907,331.11
I. Stocks				C. Creditors			
1. Raw materials and supplies	2,427.12		2,427.12	1. Payment received on account	79,365.19		113,897.19
2. Finished goods and goods for resale	-7.84		737.15	2. Trade creditors	414,701.26		623,497.34
3. Payments on account	<u>0.00</u>		<u>0.00</u>	3. Amounts owed to group undertakings	0.00		182,232.27
		2,419.28	<u>3,164.27</u>	4. Other creditors including taxation and social security	1,593,960.44		797,678.78
II. Debtors and other assets				5. of which EUR 30.471,31 (Vj. kEUR 130) is for taxes of which EUR 0 (Vj. kEUR 44) is for social security			
1. Trade debtors	502,221.79		272,293.75			2,088,026.89	<u>1,717,305.58</u>
2. Amounts owed by group undertaking	0.00		24,483.49	D. Deferred income			<u>233,171.32</u>
3. Other assets	<u>66,855.58</u>		<u>72,956.15</u>				<u>152,490.65</u>
		569,077.37	<u>369,733.39</u>				
III. Investments							
Other investments		0.00	0.00				
IV. Cheque, Cash at bank and in hand		106,740.75	13,318.85				
		<u>678,237.40</u>	<u>386,216.51</u>				
C. Prepayments and accrued income		<u>52,805.35</u>	<u>16,129.45</u>				
D. Not covered by equity loss		<u>2,335,413.03</u>	<u>2,326,013.38</u>				
		<u>3,112,962.78</u>	<u>2,777,127.34</u>			<u>3,112,962.78</u>	<u>2,777,127.34</u>

Profit and Loss Account (HGB, unaudited)

TELES Aktiengesellschaft Informationstechnologien, Berlin
Profit and Loss Account for January 01 - June 30

	EUR	EUR	2019 kEUR
1. Turnover		1,394,552.39	2,539
2. Change in stock of finished goods and work in progress		0.00	
3. Other operating income		265,579.46	239
of which relates to currency translation EUR 3,140.22 (Vj. kEUR 7)			
of which relates to shareholder EUR 0,00 (Vj. kEUR 0)			
		<u>1,660,131.85</u>	<u>2,779</u>
4. Cost of materials			
a) Cost of raw materials, consumables			
and of purchased merchandise	194,797.18		224
b) Cost of purchased services	93,870.58		1,044
5. Staff costs			
a) Wages and salaries	731,783.01		1,113
b) Social security,			
pensions and other benefit costs	129,894.52		181
of which EUR 3,060.00 (Vj. kEUR 5) is for pension costs			
6. Depreciation			
written off tangible and intangible fixed assets	10,795.20		9
written off current assets (7b §275 HGB)	0.00		
7. Other operating expenses/charges	499,650.99		605
of wich relate to curreny translation EUR 7,196.75 (Vj. kEUR 9)			
		<u>1,660,791.48</u>	<u>3,176</u>
8. Other interest receivable and similar income	1,467.27		
9. Income from securities	0.00		
10. Amounts written off investments	0.00		
11. Interest payable and similar charges	11,101.56		111
of which related to shareholder EUR 0.00 (Vj. kEUR 56)			
		<u>9,634.29</u>	<u>111</u>
12. Tax on profit		-2,455.00	0
13. Profit or loss after taxes		-7,838.92	-509
14. Other taxes		<u>1,560.73</u>	<u>1</u>
15. Profit or loss for the financial year		<u>-9,399.65</u>	<u>-510</u>
16. Loss carryforward		<u>27,961,156.98</u>	<u>31,831</u>
17. Balance sheet loss		<u>5,539,805.43</u>	<u>32,341</u>

Development of Equity (HGB, unaudited)

(in EUR, number of ordinary shares: 2.913.084)

	Nominal value of the shares	Capital reserve	Revenue reserves	Total Equity
December 31, 2018	23,304,676	2,330,468	-31,831,383	-6,196,239
Net loss for the financial period	0	0	-510,020	-510,020
June 30, 2019	23,304,676	2,330,468	-32,341,403	-6,706,260
December 31, 2019	23,304,676	2,330,468	-27,961,157	-2,326,013
Capital reduction	-20,391,592	-2,039,159	22,430,751	0
Net loss for the financial period	0	0	-9,400	-9,400
June 30, 2020	2,913,084	291,308	-5,539,805	-2,335,413

Cash Flow Statement (HGB, unaudited)

EUR	2019	2020
operating activities		
Net profit/loss for the financial year	-510,020	-9,400
+/- Depreciation of property, plant and equipment	9,006	10,795
+/- Changes to provisions	-39,734	-115,567
+/- Other non-cash transactions	-170	0
-/+ Changes to Stocks and Trade Receivables	633,248	-235,275
+/- Changes to Trade Payables and Other liabilities	-452,233	-259,700
+/- Interest paid / received	111,440	11,102
+/- Other expense / income of extraordinary amounts and meaning	0	0
+/- Income tax expense	0	0
= Cash flow from operating activities	-248,463	-598,044
investing activities		
- Acquisition of property, plant and equipment	0	-8,534
= Cash flow from investing activities	0	-8,534
financing activities		
+ Deposits from taking out of (financial) loans	200,000	700,000
= Cash flow from financing activities	200,000	700,000
<u>Net change in cash and cash equivalents</u>	<u>-48,463</u>	<u>93,422</u>
Cash and cash equivalents at beginning of period	73,617	13,319
Cash and cash equivalents at end of period	25,154	106,741

Summary of Significant Financial Reporting Policies and Standards

Presentation Basis

The annual financial statements of TELES as of December 31, 2019 were prepared in accordance with the commercial law provisions for large corporations within the meaning of Section 267 (3) sentence 2 HGB and in compliance with the special provisions of the German Stock Corporation Act. The total cost method is used for the profit and loss account.

Due to the sale of the last subsidiary, TELES Communication Systems GmbH, Vienna, in August 2019, the company is not a parent company i.S.d. § 290 HGB more. Against this background, there is no obligation to prepare consolidated financial statements in accordance with § 290 ff. HGB as well as § 315e HGB.

Audit Review

The interim financial statements and the interim management report were not subject to either an audit or an audit review by the statutory auditor.

Responsibility Statement by the Company Officers (Management)

To the best of our knowledge, we assure that, in accordance with the accounting principles to be used for the interim reporting, the interim financial statements provide a true and fair view of the net assets, financial position and results of operations of the company and in the interim management report the course of business including the business results and the situation of the company is presented in such a way that a picture corresponding to the actual situation is given, and the main opportunities and risks of the expected development of the company in the remaining financial year are described.