

Half-yearly Financial Statements 2021 of TELES AG Informationstechnologien

(HGB, unaudited)

Key figures from January 1, 2021 to June 30, 2021

- Sales increase by 24% compared to the previous quarter
- Cash flow increases by 84% compared to the previous year
- Reduction of other operating expenses by 22%
- Net loss for the period of EUR 96 thousand

Overview of the key figures of TELES for the first six months of 2021 (in accordance with HGB, unaudited)

TELES AG Informationstechnologien (in Euro)	01.01.2020 - 30.06.2020	01.01.2021 - 30.06.2021	Change
Sales revenues	1,470,767	1,303,782	-11%
Other operating income	189,365	101,567	-46%
Personnel expenditures	861,678	787,182	-9%
Other operating expenses	499,651	392,135	-22%
Operating result/EBIT	-660	-94,496	> -500%
Net income/loss	-9,400	-95,643	> -500%

TELES AG Informationstechnologien (in Euro)	01.01.2021 - 31.03.2021	01.04.2021 - 30.06.2021	Change
Sales revenues	580,767	723,016	24%
Other operating income	42,569	58,997	39%
Personnel expenditures	398,253	388,929	-2%
Other operating expenses	198,550	193,585	-3%
Operating result/EBIT	-97,173	2,677	103%
Net income/loss	-98,609	2,966	103%

Interim Management Report

The second quarter went significantly better than the start of the year. It was possible to increase sales by 24% compared to the previous quarter. The orders from Communi5 Technologies, Vienna, and the implementation of a second softswitch location in Angola by our Swiss partner mgi should be emphasized. We were able to supply our customers in Germany with additional software for the requirements of the regulator for TR emergency calls. We were also able to secure and expand the maintenance business with existing customers. The further development of the product families and the development of suitable solutions and products are still in focus, e.g. the expansion of the TELES softswitch to enable software-based recoding in customer networks (transcoding). That will bring further growth. In the third quarter, the marketing and communication activities will be further expanded in order to further position TELES on the market and to anchor it with customers as a competent, efficient and future-proof provider.

Summary Statement of the Economic Situation

At EUR 1,304 thousand, sales decreased by 11% from EUR 1,471 thousand in the reporting period. The cost of materials ratio increased to 24.0% (previous year: 19.6%). The income from subletting and charging on from agency agreements amounts to EUR 80 thousand (previous year: EUR 76 thousand, reported as other operating income). The other operating income is EUR 102 thousand (previous year: EUR 189 thousand). Personnel expenses were reduced by 9% to EUR 787 thousand (previous year: EUR 862 thousand). The other operating expenses were reduced by 22% to EUR 392 thousand (previous year: EUR 500 thousand). In the half-year financial statements of TELES, the period deficit amounts to EUR 96 thousand (previous year period deficit: EUR 9 thousand). The total assets of TELES increased by EUR 89 thousand compared to the annual financial statements. The operative cash flow amounts to KEUR -97 (previous year KEUR -598) and has developed well. The company is able to meet its financial obligations at all times.

Risk Report

In the management report for the past financial year 2020, 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 workplaces. 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 made in the 2020 annual report. Accordingly, in 2021, compared to the previous year, total sales growth of between 10% and 15% and a positive result (EBIT) are expected for the company, which, however, will be lower than in 2020 due to the lack of special effects such as loan waivers.

TELES AG Informationstechnologien

The Management Board

July 2021

Profit and Loss Account June 30, 2021 (HGB, unaudited)

TELES Aktiengesellschaft Informationstechnologien, Berlin

Profit and Loss Account for January 01 - June 30, 2021 (not audited)

	31.03.2021		31.03.2020
	EUR	EUR	kEUR
1. Turnover	1,303,782.18		1,471
2. Other operating income	101,566.53		189
of which relates to currency translation EUR 1,706.96 (Vj. kEUR 3)			
		<u>1,405,348.71</u>	<u>1,660</u>
3. Cost of materials			
a) Cost of raw materials, consumables and of purchased merchandise	188,382.57		195
b) Cost of purchased services	124,468.26		94
4. Staff costs			
a) Wages and salaries	684,500.99		732
b) Social security, pensions and other benefit costs	102,681.05		130
of which EUR 2,790.00 (Vj. kEUR 3) is for pension costs			
5. Depreciation			
written off tangible and intangible fixed assets	7,676.90		11
6. Other operating expenses/charges	392,134.83		500
of which relate to currency translation EUR 3,382,73 (Vj. kEUR 7)			
		<u>1,499,844.60</u>	<u>1,661</u>
7. Operating result (EBIT)		-94,495.89	-1
8. Other interest receivable and similar income	157.31		-1
9. Interest payable and similar charges	145.00		11
		12.31	<u>10</u>
10. Tax on profit	41.49		<u>-2</u>
11. Profit or loss after taxes		-94,525.07	-8
14. Other taxes	1,118.00		<u>2</u>
15. Profit or loss for the financial year		<u>-95,643.07</u>	<u>-9</u>
16. Loss carryforward		<u>-4,705,894.13</u>	<u>-27,961</u>
17. Income from the capital reduction		0.00	22,431
17. Balance sheet loss		<u>-4,801,537.20</u>	<u>-5,540</u>

Development of Equity June 30, 2021 (HGB, unaudited)

(in EUR, number of ordinary shares: 4,369,626)

	Nominal value of the shares	Capital reserve	Revenue reserves	Total Equity
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
December 31, 2020	4,369,626	349,570	-4,705,894	13,302
Net profit for the financial period	0	0	-95,643	-95,643
June 30, 2021	4,369,626	349,570	-4,801,537	-82,341

Cash Flow Statement (HGB, unaudited)

EUR	2020	2021
operating activities		
Net profit/loss for the financial year	-9,400	-95,643
+/- Depreciation of property, plant and equipment	10,795	7,677
+/- Changes to provisions	-115,567	46,166
-/+ Changes to Stocks and Trade Receivables	-232,907	-111,873
+/- Changes to Trade Payables and Other liabilities	-263,535	56,132
+/- Interest paid / received	12,569	302
= Cash flow from operating activities	-598,044	-97,239
investing activities		
- Acquisition of property, plant and equipment	-8,534	-10,555
= Cash flow from investing activities	-8,534	-10,555
financing activities		
+ Deposits from taking out of (financial) loans	700,000	0
= Cash flow from financing activities	700,000	0
<u>Net change in cash and cash equivalents</u>	<u>93,422</u>	<u>-107,794</u>
Cash and cash equivalents at beginning of period	13,319	751,552
Cash and cash equivalents at end of period	106,741	643,758

Summary of Significant Financial Reporting Policies and Standards

Presentation Basis

The annual financial statements of TELES as of December 31, 2020 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.