

Annual Financial Statement 2020

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Letter from the Management Board

Dear shareholders,

After around two years of very extensive restructuring measures, TELES is in a good starting position for growth. In the past financial year we were able to implement the targeted financial restructuring through the capital measures implemented (capital reduction and capital increase).

The year 2020 was mainly dominated by the corona pandemic. Since mid-March, 90% of TELES employees have been working in the home office, since the end of October even all employees. It will stay that way for the foreseeable future. The Corona situation led to an increase in global voice traffic since March 2020 and we were also able to provide our customers with additional licenses. The lockdown in Europe in April 2020 led to significant postponements of projects. Ultimately, however, we were able to make up for the delays.

The remaining Carrier Solutions business area has developed well. The very important service business could be expanded by 20%. Our long-standing customers MASMOVIL, Spain and mgi, Switzerland have invested six-figure figures in the development and expansion of their geo-redundant softswitch platforms. In 2021 we expect six-figure sales in the German-speaking environment for our TR Notruf software and internationally for our new transcoding software. TELES software transcoding helps our customers to respond to their customer needs without investing in additional hardware. We will keep the special focus for our maintenance business (in 2020 recurring sales of EUR 1.2 million) for 2021 and want to expand it further.

Thank you, our shareholders, for accompanying us during this time of change, and I am convinced that you will continue to do so in the future.

With best regards

Oliver Olbrich

Management Report of TELES AG Informationstechnologien

TELES and the Market

The trends of recent years have continued in our customer segment of telecommunications network operators in 2020.

- Cost pressure on the part of the network operator
- Further market consolidation
- Shutdown of outdated TDM infrastructure

In addition, changes in the world of work and organization that were already apparent earlier due to the corona pandemic have clearly gained momentum. The increased proportion of work from the home office leads to an increased need for communication solutions. In addition to the increased data volume, there is also a higher volume of traffic for the network operators.

In 2020 we were able to support our customers with needs-based solutions to increase capacity. This once again clearly underlines the fundamental importance of the classic fixed network operators who can offer a stable basic service. This is where we continue to see our long-term customer base in Europe.

Another trend, also driven by the corona pandemic, is the triumph of cloud-based communication solutions for business customers. The big winner here is Microsoft, which offers a high-performance complete package with its Office suite and MS Teams. With our partner Communi5 Technologies GmbH, we are well positioned to position our UCaaS solution as an alternative and supplement that can implement the complex requirements of an established telecommunications infrastructure. Integration with MS Teams enables heterogeneous installations and the use of the best of both worlds.

The takeover of our competitor Metaswitch by Microsoft in spring 2020 shows another trend. This enables Microsoft to position itself as a service provider in the medium term and further shorten the value chain of traditional network operators. It remains the task of the network operator and the supplier to find an adequate answer. According to the

Management Board, these development tendencies with regard to the value chain have no direct impact on the business activities of TELES.

Network operators have been under strong cost pressure for years. Operational costs must be reduced through higher automation, better analysis options for efficient fault prevention and elimination. In terms of technology, flexible network structures have to be set up and expanded. Technologies such as “Network Function Virtualisation” (NFV) or “Software Defined Networks” (SDN) promise lower operating costs, but are associated with high investments. The margins in the wholesale (carrier-carrier business) continue to decline, but are not precisely and reliably quantifiable, which is why this was not done. The classic core business of carriers with voice minutes in the fixed and mobile networks has generally been eroding for years. You can only work with a higher level of automation, further traffic optimization and efficient detection and avoidance of fraud. Our switch in 2015 to pure software development and virtualization suits us here and helps us a lot in discussions with customers.

The market consolidation among the network operators is increasing. As successful companies continue to grow and expand their market power, there are more and more business tasks. A good example of a successful business model is provided by our customer XTRA Telecom, a subsidiary of the MASMOVIL Group, in Spain. Year after year, smaller competing companies are taken over and quickly integrated into the existing network and system landscape. For us, this means continuous growth, since our geo-redundant softswitch platform is in place.

The time of the TDM shutdown in Europe is approaching, so Deutsche Telekom shut down a large part of its TDM infrastructure in 2020 and our customers use the SIP interconnect for their interconnection with DTAG without exception. The need for mixed systems TDM / VoIP is dwindling. This does not apply to the Middle East. The replacement of “1. Generation NGN systems” is advancing. Service costs that are too high encourage a system change. The big players in the industry rely on IMS systems from the big old manufacturers. The requirements for network interconnections are increasing and require corresponding extensions to the SIP interface. It is precisely in this environment that we have been able to position TELES very well in recent years. Together with our

partner Communi5 Technologies GmbH, Vienna, we are very well positioned. In December 2019, for example, we were able to win another customer in Kuwait with Mada Communications, a subsidiary of the ZAIN Group. TELES has a market share of around 80% with its partner Communi5.

In 2021, the focus will be on securing the maintenance business, which has been very successful for many years. Only in this way will our existing customers continue to rely on TELES and expand their networks together with us. With our partner TELES Communication Systems we will pay a lot of attention to the replacement of old NGN systems.

Control system

The company's operative business is mainly controlled by the most important financial performance indicators of sales and EBIT, as well as by the other parameters of contribution margin and costs. Non-financial indicators do not play an essential role in the management of the company. The EBIT represents the operating result before taxes and financial results. It is therefore a central parameter of the internal control and also represents a good indicator of the operating cash flow of the company. In addition, the liquidity is monitored daily in order to identify deviations from the to be able to react to planned cash flows.

Economic situation of TELES AG Informationstechnologien

The following explanations of the asset, financial and earnings situation relate to the annual financial statements of TELES.

At EUR 2.8 million, sales decreased by 32% from EUR 4.2 million in the year under review. The reason for this is that after the last subsidiary was sold in 2019, only the Carrier Solutions business area remained. The cost of materials ratio fell disproportionately to 18.2% (previous year: 47.7%). The main reason for this is the sale of the last subsidiary (previous year: contribution to the cost of materials EUR 1.3 million). Sales for the remaining Carrier Solutions business area increased by 16% to EUR 2.5 million (previous year: 2.2 million). The income from subletting and charging from agency agreements amount to EUR 298 thousand (previous year sub-leasing EUR 106 thousand, reported as other operating income).

Carrier Solutions	2019	2020
	kEUR	kEUR
DACH	674	1.150
Europe	688	945
Middle East	747	350
Others	66	75
Total	2.175	2.520

We achieved the forecast we made in the previous year with regard to the 2020 financial year (sales decline by around 35%, sales growth for Carrier Solutions between 10% and 18% and a positive result (EBIT)). The reason for the sales growth was the stable income from the maintenance business and the sale of software licenses. The EBIT was significantly influenced by the other operating income in the amount of EUR 1,000 thousand, which resulted from a debt waiver. The main focus in 2020 was on the endeavors of financial restructuring of TELES.

The other operating income is EUR 1.4 million (previous year: EUR 6.1 million). As already mentioned above, EUR 1.0 million was received from a loan waiver by a former related party. There was also income from the reversal of provisions in the amount of

EUR 84 thousand (previous year: EUR 218 thousand). Other income in the amount of EUR 138 thousand relates to costs being passed on to companies outside the group.

Personnel expenses were reduced by 20% to EUR 1.6 million (previous year EUR 2.0 million). This decrease resulted mainly from the further decrease in the number of employees. The other operating expenses could be reduced by 21% to EUR 1.1 million (previous year EUR 1.4 million).

In the annual financial statements of TELES, the annual surplus amounts to EUR 825 thousand (previous year EUR 3.9 million).

As of December 31, 2020, the fully paid-in share capital consists of 4,369,626 no-par value shares with a notional value of EUR 1.00 each. As of December 31, 2019, the share capital consisted of 23,304,676 no-par value shares with a notional value of EUR 1.00 each. The Annual General Meeting on May 29, 2020 saw the reduced share capital of EUR 23,304,672.00 as part of the simplified redemption of four shares, divided into 23,304,672 no-par value bearer shares with an arithmetical proportion of the share capital of EUR 1.00 per share, reduced by EUR 20,391,588.00 to EUR 2,913,084.00, divided into 2,913,084 no-par value bearer shares with an arithmetical share in the share capital of EUR 1.00 per share. In addition, a resolution was passed to increase the company's share capital against cash contributions by up to EUR 1,456,542.00 by issuing up to 1,456,542 new no-par value shares amounting to EUR 1.00 per share.

The balance sheet total of TELES decreased by almost EUR 1,601 thousand compared to the previous year. This is due in particular to the decline in other liabilities of EUR 48 thousand (previous year: EUR 980 thousand) by EUR 932 thousand. Of this, EUR 1.0 million was not booked out of a loan to a former related party as a result of the pronounced final loan waiver.

In the annual financial statements of TELES, equity has improved to EUR 13 thousand (previous year minus EUR 2.3 million) due to the capital measures and the annual surplus of EUR 825 thousand.

In the cash flow statement, the income from the loan waiver (EUR 1,000 thousand) from ongoing business activities is of exceptional magnitude. The operative cash flow amounts to KEUR -986 (previous year: KEUR -660), especially taking into account the aforementioned business transaction. Financing activities include the payment of KEUR 1,515 through the capital increase, the payment of KEUR 700 from the loan from Prof. Schindler and the repayment of loans the SSBG EUR 177 thousand and Prof. Schindler EUR 300 thousand. The cash flow from financing activities thus amounts to EUR 1,738 thousand (previous year: EUR 600 thousand). Overall, the financial resources have improved from EUR 13 thousand to EUR 752 thousand. The company was able to meet its financial obligations at all times in the past financial year.

To summarize in an overall statement, the past financial year was positive, the company is on the way out of the operational crisis. In particular, the ambitious sales forecasts have been achieved, and the result for the year is satisfactory.

Human Resources

On average over the year, TELES had 18 employees in Berlin (previous year: 26). At the end of 2020, TELES had 18 employees (previous year: 20). In addition, TELES invests in employees who are completing university or vocational training. As of December 31, 2020, two students were employed as part of a dual study program in cooperation with the Berlin School of Economics and Law (HWR).

Research & Development

In the area of research and development, TELES focuses on developing and introducing new marketable products quickly, continuously optimizing development processes and reducing the costs of developing and manufacturing high-quality, new and reliable products. In the 2020 financial year, research and development expenses primarily reflect the further development of the softswitch for mobile network operators and virtual mobile network operators. In the past fiscal year, six employees (previous year: 7) worked in research and development.

Report on Opportunities and Risks

The telecommunications market is still being put under massive pressure by a number of factors, influences and new providers. The landscape of network operators and service providers that has grown over decades is subject to diverse changes. In the past year, the trends from previous years continued: the cost pressure on the part of network operators has increased, the shutdown of outdated TDM infrastructure is becoming even more important and there is ongoing market consolidation.

Opportunity report

The competition in some markets makes it more difficult for small and medium-sized providers such as TELES to absorb the price pressure, especially from network operators.

TELES is responding to this development with services that limit the switch to competitors. Requirements from the regulator, such as the technical guideline TR emergency call in Germany, gives TELES the opportunity to deliver additional software to customers in order to meet the requirements of the regulator. The expansion of the TELES softswitch to enable software-based recoding in customer networks (transcoding) also brings further growth. The increased demand for georedundancy will continue into 2021.

From the point of view of the board of directors, the corona pandemic acts like a catalyst for the digitization of the regions from which TELES customers come, which has already begun but is far from being completed. In this respect, this acceleration offers the opportunity to gain a foothold with its own products or to expand market shares, especially in the growth markets of the Near and Middle East, but also in Eastern Europe, in which the company sees potential for its own business development.

Risk report

Entrepreneurial activity is fundamentally also exposed to risks. For example, geopolitical and geopolitical conflicts can severely dampen demand in regions that are not directly

affected. The events on the financial markets and the imbalance of national budgets, especially in some European countries, are depressing the economy and affecting the economic development of companies. New providers can also endanger TELES' competitive position. When considering the risks, we differentiate between environmental, product, service and technology risks, personnel, regulatory, currency, financial, interest and IT risks and other risks.

TELES is currently recognizing an aggravated risk situation due to the corona pandemic, regardless of the simultaneous opportunity associated with it. The Executive Board cannot therefore rule out deteriorations in the macroeconomic environment, for example, which also have a negative impact on the company's sales and earnings position. If necessary, you can also weigh down the risk situation and reduce opportunities.

The risk situation can be described as “tense” against the background of the overall situation presented here and the individual risks described below and the risks that threaten the continued existence of the company.

Environmental risks

Environmental risks for TELES arise from economic conditions and fluctuations in demand, from price changes and from the dependence on suppliers and contract manufacturers. The uncertainties in the EURO zone, the unstable political and economic situation in the European Mediterranean region can considerably weaken the demand in some of TELES' European home markets. In the past we have only been able to operate successfully to a limited extent in Great Britain. In this respect, we consider risks from the BREXIT environment to be very manageable for us. Activities in the other markets outside of the core market DACH and Europe limit the effects of a loss of demand on the result, but cannot completely shield the risks. Reliable forecasts for the further development of TELES are thereby hindered. TELES cannot foresee economic risks from the corona virus. 100% of the TELES workforce is equipped with home offices. To what extent our customers or our possible new customers are affected by the corona virus and, if necessary, purchasing decisions are postponed or changed, we cannot assess.

The environmental risks mentioned here cannot be precisely and reliably quantified, which is why they have not been included. The risk management system provides for the categories “low”, “medium” and “high”.

Product, service and technology risks

Product, service and technology risks are among the most important that TELES has to face. Product risks are caused by the late development, acceptance and / or delivery of products and by product defects. Regardless of market saturation, the telecommunications industry is characterized by short innovation cycles for services that enable network operators to acquire new customers. This requires a strong commitment on the part of TELES in market observation, analysis and development. The earnings situation depends to a large extent on the ability to adapt to changing markets and their requirements, to develop and introduce new marketable products quickly, to continuously optimize development processes and to reduce the costs of developing and manufacturing high-quality new and reliable products .

The punctual fulfillment of promised installation and service performances in the agreed quality are also essential success factors of TELES. All the more so because service framework agreements with our customers make up a significant proportion of sales and non-performance or poor performance can result in direct damage through claims for compensation, rework or lost sales. The share of sales for maintenance contracts has increased in each of the previous years.

In addition, sales and results can be negatively influenced by investments in technologies that prove to be not marketable or functional and that are not introduced in a timely manner.

The product, service and technology risks mentioned here cannot be precisely and reliably quantified, which is why they have not been included. The risk management system provides for the categories “low”, “medium” and “high”.

Personnel risks

Like any other highly specialized knowledge and development-intensive company, TELES is subject to special personnel risks that result from the departure of employees. The know-how of the employees is a capital of TELES in many functions. The risk is that with the loss of employees, the corresponding knowledge and experience can be lost and processes can come to a standstill. The company therefore pays particular attention to the long-term loyalty of employees to the company in order to keep fluctuation low. TELES also recruits committed young employees through cooperation with universities as part of dual study programs.

The personnel risks mentioned here cannot be precisely and reliably quantified, which is why they have not been included. The risk management system provides for the categories “low”, “medium” and “high”.

Regulatory risks

The telecommunications sector of the relevant market is still regulated by law in many countries. In individual cases, official regulations or changes to them can significantly increase operating costs and / or have an impact on sales. In addition, changes in tax laws and regulations could lead to higher tax expenses and / or affect the deferred tax assets and liabilities.

The regulatory risks mentioned here cannot be precisely and reliably quantified, which is why they have not been included. The risk management system provides for the categories “low”, “medium” and “high”.

Currency risks

Because TELES carries out part of its sales and material procurement outside of the European Monetary Union, effects of currency fluctuations on the result cannot be ruled out if payment flows are denominated in a currency other than the euro. The risk is reduced by the fact that business transactions are settled in the functional currency as far

as possible. For cases that are not billed in the functional currency, TELES reserves the right to use security instruments.

The currency risks mentioned here cannot be precisely and reliably quantified, which is why they have not been included. The risk management system provides for the categories “low”, “medium” and “high”.

Financial and Interest rate risks

Payment delays and possibly payment defaults have problematic effects on the liquidity of TELES. Nevertheless, TELES is not directly dependent on individual customers. With the single customer with the highest turnover, a volume of 11% (previous year: 8%) of total sales was achieved in the 2020 financial year.

In principle, TELES evaluates customers and projects in advance and reduces financial risks by regularly agreeing advance payments and, if necessary, with the help of payment security instruments.

The financial and interest rate risks mentioned here cannot be precisely and reliably quantified, which is why they have not been included. The risk management system provides for the categories “low”, “medium” and “high”.

IT-risks

Development and quality assurance of products, but also all other TELES processes, depend to a large extent on IT hardware, software and systems, their availability and reliability. Data is also subject to external risks through infiltration, malware, unauthorized access to telecommunications networks and servers, and pirated copies. We counter this by continuously improving the security of our systems, through redundant hardware and access restrictions.

The IT risks mentioned here cannot be precisely and reliably quantified, which is why they were not included. The risk management system provides for the categories “low”, “medium” and “high”.

Financing/Investors/Going Concern

The company's liquidity improved significantly over the course of 2020. In the first half of the year, a total of EUR 700 thousand from loans from a related party had to be used to finance the operative business. After the capital reduction, the capital increase was successfully carried out in August by issuing 1,456,542 new shares. The waiver of a loan from a former related party (EUR 1.0 million nominal) in December 2020 helped ease the financial situation. The liabilities were thus reduced by just under EUR 1.4 million in 2020. The Management Board considers the available financial resources (EUR 752 thousand) to be sufficient to cover the anticipated financial resources requirements until at least mid-2022.

TELES focuses on the growth area of software-based solutions for network operators. With the focus on so-called tier 1 and tier 2 carriers - the former national telecommunications monopoly and possibly their larger competitors - on niche markets for gateways, the sales cycles are also changing: in terms of their complexity and decision-making, manageable projects are being replaced by un-Also larger projects that are associated with long tendering and decision-making processes and their implementation require significantly more time.

We are well aware of the fact that longer project lead times can also open up financing gaps and are viewed as challenging. However, this is a necessary side effect in order to master the leap to a solution provider who successfully engages in discussions with internationally operating carriers. The future of TELES depends to a large extent on how quickly it is possible to do business with these multinational carriers in the future and to realize significantly more demanding projects with a medium to high single-digit million amount in euros.

Business planning naturally involves risks and uncertainties. It is based on current assumptions, expectations, estimates and projections of TELES, which were taken into ac-

count to the best of our knowledge and belief and taking commercial principles into account. In this respect, deviations from the plan cannot be ruled out.

In contrast to previous years, the Management Board does not see the need for liquidity as a risk to the continued existence of the company, but only as a risk that is customary in business. The available financial resources must nonetheless be sufficient and, if necessary, be able to be increased in order to be able to finance ongoing business operations.

The continued existence of the company, which is only just emerging from the operational crisis, depends, however, on the fact that the planned sales for the coming months are not lastingly undercut and that the cost structure remains as planned. In this respect, the Management Board recognizes a risk that could jeopardize the continued existence of the company in the long-term undershooting of the planned earnings targets, which can lead to renewed consumption of equity through corresponding annual deficits. Should there be negative equity in the future, which, as in the past, could no longer be compensated for by restructuring contributions from shareholders, the continuation prognosis and the going concern prognosis would have to be checked again.

Overall statement on the risk situation of the Company

The Management Board of TELES sees the main risk for TELES as failing to achieve its earnings targets with corresponding consequences for the company's equity and, associated with it, a risk for the continued existence of the company. There were no significant changes in the overall risk situation or in the individual risks listed compared to the previous year.

Forecast

The main assumptions on which the forecasts in general and specifically our assessment for the year 2021 are based are stable macroeconomic conditions and the expectation

that the noticeable increase in the demand for modern telecommunications solutions, which was spurred by the corona pandemic, will continue. The development outlined here is, of course, subject to opportunities and risks that are presented in the opportunity and risk report. Due to the current global developments (corona pandemic), from our point of view, planning beyond the year 2021 is not reliably possible. Therefore, the forecast period is limited to the current calendar year 2021.

The year 2021 will be challenging: In order to increase the visibility of TELES and to expand our presence on the market, we will intensify our sales partnerships and continuously expand marketing. At the same time, we know that sales and marketing activities can only flourish in the long term and bear visible fruit - in this respect we will only gradually observe the success in terms of sales and earnings.

There is still a growing need for high-performance softswitch solutions, especially in Europe and the Middle East. The landscape of network operators and service providers that has grown over decades is being vigorously plowed through. In the past year, the trends from previous years continued: the cost pressure on the part of network operators has increased, the shutdown of outdated TDM infrastructure is becoming even more important and there is ongoing market consolidation. In the new financial year we will intensify contacts with so-called Tier2 carriers and advertise successfully completed projects more intensely in order to arouse interest in the market.

In 2021 we expect sales growth of between 10% and 15% for the company compared to the previous year as well as a positive result (EBIT), which will be lower than in 2020 due to the lack of special effects such as loan waivers.

In the event that the current crisis should have a stronger impact than previously thought on the business field of TELES, there could be a decline in sales in the order of magnitude of 5% and a negative EBIT of around EUR -100 thousand. As shown, this forecast is subject to considerable estimation uncertainty, since TELES, like the national and international economy, is in a rapidly developing situation.

The forecasts made in the 2020 annual financial statements were achieved.

The cost of materials in relation to sales will grow almost at the same time, since the company does not expect any price changes here. The most important partners in the area of licenses and hardware have been reliable partners for years who have not given any signs that the conditions would change.

Personnel expenses will remain almost unchanged, there may be new hires in the areas of sales and development, so that there will be corresponding increases. However, these are not initially anticipated in the planning.

Overall statement on the prognosis

Due to the development in connection with the spread of the CORONA virus, the plans and forecasts made are subject to a herable degree of uncertainty. Due to the still high level of uncertainty that has gripped society, politics and the economy, it cannot be estimated to what extent this crisis could lead to a global recession. Against this background, the Management Board cannot foresee to what extent the assumed premises and the forecast derived from them will materialize.

Key Figures of TELES AG in Accordance with the German Commercial Code (HGB)

TELES AG Informationstechnologien (in Euro)	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	Change
Sales revenues	4,160,328	2,818,310	-32%
Operating result/EBIT	4,688,654	901,873	-81%
Financial and other investment result	-221,168	-13,955	94%
Financial income	4,467,486	887,918	-80%
Taxes on income	-596,296	-62,052	90%
Net income	3,870,226	824,512	-79%

Internal Control System

In accordance with Section 289 (4) of the German Commercial Code, TELES is obliged to describe the main features of the internal control and risk management system with regard to the accounting process in the management report. The scope and design of the accounting-related internal control and risk management system as well as its adaptation to the specific requirements of TELES are at the discretion and responsibility of the management board. TELES has therefore established a "risk management" integrated into the operational processes. The management is responsible for monitoring and coordinating risk management. Risk reporting to management includes regular and systematic identification, qualification and evaluation of the relevant risks and security systems. The risk management system provides for the categories "low", "medium" and "high". In 2020, the assessment of the risks was not yet based on the amount and probability of occurrence of potential damage. These changes are planned for 2021.

Description of the Internal Control System

The accounting-related internal control system of TELES comprises all principles, procedures and measures to ensure the effectiveness, efficiency and correctness of the accounting as well as to ensure compliance with the relevant legal regulations.

Defined internal controls are embedded in the accounting process based on risk aspects. The accounting-related internal control system includes both preventive and detective controls, including IT-supported and manual reconciliations, plausibility checks, the separation of functions, the dual control principle, general IT controls, such as B. Access authorizations in IT systems belong.

The internal control system supports the recording, processing and appraisal of company-related issues as well as their appropriate presentation in the accounting within the framework of the organizational, control and monitoring structures defined in TELES.

The accounting processes are controlled by the accounting department. Laws, accounting standards and other pronouncements are continuously analyzed with regard to their relevance and effects on the annual financial statements. The accounting-related internal control system described is supplemented by controls at company level, which are carried out by the highest decision-making bodies.

Personal discretionary decisions, incorrect controls, criminal acts or other circumstances, however, cannot be ruled out due to the nature of the matter and then lead to a limited effectiveness and reliability of the internal control system and the risk management system used. Thus, even the use of the systems used cannot guarantee absolute security with regard to the correct, complete and timely recording of facts in the accounting.

Legal Disputes

The company is involved in legal proceedings and legal disputes that arise in the ordinary course of business. As a matter of principle, the company forms provisions for such cases when it is probable that it will be used and an amount can be estimated.

Remuneration Report

This remuneration report has been prepared in accordance with the recommendations of the German Corporate Governance Code (DCGK) and contains information that is required by the German Commercial Code (HGB). It is part of the management report. The remuneration report contains the principles of the remuneration system for the Management Board and the Supervisory Board and details the amount and structure of the remuneration.

Remuneration of the Management Board

The total remuneration of the management board of TELES - with the exception of the remuneration of the board member Prof. Dr.-Ing. Sigrum Schindler - consists of success-independent and success-dependent remuneration components. The fixed basic remuneration is paid monthly as a salary. As an additional benefit, the Board of Management receives a monthly allowance for health and long-term care insurance as well as the granting of a company vehicle and the associated monetary benefit. In addition, the management board receives an annual variable remuneration, which is determined by the degree of achievement of the result-oriented targets agreed with the supervisory board at the beginning of a financial year. In addition, the Supervisory Board can grant the Executive Board a discretionary bonus, the amount of which is based on the one hand on the overall success of the company and on the other hand on the personal success in the business area responsible. The remuneration of the former board member Prof. Dr.-Ing. Sigrum Schindler limited himself to the provision of a company vehicle and its monetary benefit.

The remuneration of the Executive Board for the 2018 and 2019 financial years is made up as follows:

Allowances granted (in k€)	Oliver Olbrich			
	Chairman of the Management Board / CEO			
	2019	2020	2020 (min)	2020 (max)
Fixed remuneration	218	212	212	212
Fringe benefits	4	19	19	19
Total	222	231	231	231
One-year variable remuneration	0	0	0	290
Multi-annual variable remuneration	0	0	0	50
Total	222	231	231	340
Pension costs	0	0	0	0
Total remuneration	222	231	231	571

Allowances granted (in k€)	Prof Dr.-Ing. Sigram Schindler *			
	Co-Chairman of the Management Board until 30.07.2019			
	2019	2020	2020 (min)	2020 (max)
Fixed remuneration	0	0	0	0
Fringe benefits	26	0	0	0
Total	26	0	0	0
One-year variable remuneration	0	0	0	0
Multi-annual variable remuneration	0	0	0	0
Total	26	0	0	0
Pension costs	0	0	0	0
Total remuneration	26	0	0	0

* Prof. Dr.-Ing. Sigram Schindler left the Management Board on July 30, 2019

Allowances granted (in k€)	Thomas Haydn			
	Member of the Management Board until 30. Juni 2019			
	2019	2020	2020 (min)	2020 (max)
Fixed remuneration	65	0	0	0
Fringe benefits	3	0	0	0
Total	68	0	0	0
One-year variable remuneration	0	0	0	0
Multi-annual variable remuneration	0	0	0	0
Total		0	0	0
Pension costs	0	0	0	0
Total remuneration	68	0	0	0

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board consists of non-performance-related and performance-related components. In addition to reimbursement of their expenses, the members of the Supervisory Board receive a fixed annual allowance. In addition, the members of the Supervisory Board receive a performance-related variable remuneration in the amount of 0.15% of a positive annual surplus. It is capped at the amount of the basic remuneration. In the supervisory board meeting on February 26, 2021, it was decided that the supervisory board (and the management board) will not receive any variable remuneration for the 2020 financial year, since the result would be negative without extraordinary business transactions.

The chairman of the supervisory board receives two and a half times and his deputy one and a half times the basic and additional remuneration.

The remuneration of the Supervisory Board for the 2020 financial year is made up as follows:

(in €)	2019	2020
Joachim Schwarzer	28,750	37,500
Markus Gernot Schmieta (from 12.08.2019)	8,688	22,500
Hartmut Brandt (from 12.08.2019)	5,792	15,000
Prof. Dr. Walter Rust (until 31.07.2019)	21,875	0
Prof. Dr. h.c. Radu Popescu-Zeletin (until 31.07.2019)	8,750	0
	73,855	75,000

There was no performance-related remuneration in 2019 and 2020.

Disclosures Pursuant to Sec. 289 Para. IV, Sec. 315 Para. IV German Commercial Code (HGB)

Composition of the Subscribed Capital

The fully paid-in share capital consists of 4,369,626 no-par value shares with a notional value of € 1.00 each. Each share grants one vote. There are no other classes of shares.

Restrictions with Regard to Voting Rights or the Transfer of Shares

The Management Board of the company is not aware of any restrictions that affect voting rights or the transfer of shares.

Direct or Indirect Shareholding in Capital which Exceeds 10% of the Voting Rights

TRONTEC SOLUTIONS GmbH, Berlin, Germany, holds 22.89% of the voting rights in TELES AG Informationstechnologien as of the balance sheet date and is 100% held by Ms. Wietje Riemer, which means that her voting rights are attributed to her in accordance with Section 22 (1) Sentence 1 No. 1 WpHG will.

Dirado Vermögensverwaltungs GmbH, Berlin, Germany, holds 20.43% of the voting rights in TELES AG Informationstechnologien as of the balance sheet date and is 100% held by Mr. Wolfgang Schulz, which means that his voting rights are attributed to him in accordance with Section 22 (1) Sentence 1 No. 1 WpHG will.

SIMBLION GmbH, Berlin, Germany, held 12.00% of the voting rights in TELES AG Informationstechnologien as of the balance sheet date. SIMBLION GmbH is wholly owned by Team CSB GmbH. This in turn is held 100% by Mr. Christian Schmitz, whereby his voting rights are attributed to him in accordance with Section 22 (1) Sentence 1 No. 1 WpHG.

As far as the company is aware, there are no other direct or indirect investments in capital that exceed 10% of the voting rights.

Shares Vested with Special Rights; Controlling Powers

There are no shares with special rights that confer control powers.

Voting Rights Control

There is no control of voting rights within the meaning of Section 315a (1) No. 5 HGB.

Regulations on the appointment and dismissal of the members of the Board of Directors and on changes to the Articles of Association.

According to § 6 of the statutes, the board consists of one or more person (s). The supervisory board determines the number within the framework of the aforementioned regulation, as well as the appointment and revocation of the appointment, as well as the appointment of a member of the executive board as chairman of the executive board. In addition, the appointment and dismissal of the members of the Executive Board is based on Sections 84 and 85 of the German Stock Corporation Act.

Changes to the Articles of Association are based on Sections 179, 133 AktG, whereby the Supervisory Board is authorized pursuant to Section 14 of the Articles of Association to resolve changes to the Articles of Association that only affect their wording.

Powers of the Management Board Regarding the Option to Issue or Redeem Shares

Authorized Capital

By resolution of the Annual General Meeting on August 8, 2017, the Executive Board is authorized, subject to the approval of the Supervisory Board, until December 31, 2021, to increase the share capital once or several times by up to a total of EUR 11,652,338.00 against cash and / or contributions in kind by issuing up to 11,652,338 new no-par value bearer shares (Authorized Capital 2017 / I).

Material Agreements of the Company Conditional on a Change in Control as a Result of a Takeover Bid

Such agreements do not exist.

Concluding Statement on the Dependency Report

In accordance with Section 312 (3) AktG, the Management Board declares that in 2020 there will be no reportable legal transactions or other measures between the company and the controlling company or a third party that the company may take at the instigation or in the interest of the controlling company or a company associated with it has hit or failed to be recorded.

The Management Board also declares that the company will provide an appropriate counterpart in the legal transactions listed in the report on relationships with affiliated companies, based on the circumstances known at the time the legal transactions were carried out achievement received. Other reportable measures in the interests of or at the instigation of the controlling company, which have led to disadvantages for the company, were not taken in the 2020 financial year.

Corporate governance report and corporate governance statement

The Executive Board and the Supervisory Board report annually in the corporate governance report in accordance with Principle 22 of the German Corporate Governance Code in the version dated December 16, 2019 on the company's corporate governance. Like the declaration of conformity in accordance with Section 161 of the German Stock Corporation Act, this is part of the corporate governance declaration in accordance with Section 289 f of the German Commercial Code (HGB). The German Corporate Governance Code is intended to make the rules applicable in Germany for corporate management and supervision transparent for national and international investors.

The term corporate governance stands for responsible management and control of companies geared towards long-term value creation. Efficient cooperation between the board of directors and the supervisory board, respect for shareholders' interests, openness and transparency in corporate communication are essential aspects of good corporate governance.

The management board and the supervisory board of TELES see themselves as having an obligation to ensure the continued existence of the company and sustainable value creation through responsible and long-term corporate management. The recommendations of the German Corporate Governance Code in its currently applicable version serve as a model. Following a dutiful review, the Executive Board and the Supervisory Board last issued the following declaration of compliance in accordance with Section 161 of the German Stock Corporation Act in November 2020:

Declaration by the management board and the supervisory board of TELES AG Informationstechnologien on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act

TELES complies with all the recommendations of the “Government Commission on the German Corporate Governance Code” in the version dated December 16, 2019 (“Code 2019”) published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette and will also do so in the future, with the following exceptions:

- The recommendations in B.5 and C.2 on setting an age limit for the Management Board and the Supervisory Board are not complied with. TELES does not set an age limit for the board of directors and the supervisory board, as the company should in principle also have the expertise of experienced board members and supervisory board members available and an age-related exclusion does not seem appropriate to the board of directors and the supervisory board.
- The recommendations in D.2 to D.5 and D.11 are not complied with. Accordingly, the company's supervisory board should elect professionally qualified committees. The supervisory board of TELES currently consists of three members and is thus a very small body. Since the members as a whole - in addition to their other duties - also deal with the committee issues mentioned in the code, the formation of committees is not considered suitable considered to increase the efficiency of the work of the supervisory board and is therefore not intended. In this respect, the chairman of the supervisory board also has the chair if the supervisory board as a whole is concerned with monitoring the accounting process, the effectiveness of the internal control system, the risk management system and the internal auditing system as well as the audit, in particular the independence of the auditor and the additional services provided by the auditor , deals.
- The principle in Recommendation G.6 that the variable remuneration resulting from the achievement of long-term goals should exceed the share of short-term goals is generally approved. The Supervisory Board is of the opinion that in the current de-

velopment phase of the company, a stronger weighting of short-term goals serves the sustainable and long-term development of the company.

Management and corporate structure

The corporate management of TELES as a listed German stock corporation is determined by the provisions of the German Stock Corporation Act and the German Corporate Governance Code in its currently applicable version as well as by the provisions of the articles of association. In accordance with its legal form, TELES, with its executive board and supervisory board, has a two-part management structure, which is characterized by a strict personal separation between the management and monitoring bodies. The third organ is the general meeting, in which the shareholders exercise their rights. All three bodies are committed to the good of the company.

According to the articles of association, the Supervisory Board elected by the General Meeting consists of three members. The term of office of the Supervisory Board is usually five years. The supervisory board monitors and advises the management board on the conduct of business. The Supervisory Board discusses business development, planning, strategy and its implementation at regular intervals. It discusses the quarterly and semi-annual reports with the Management Board before they are published and approves the annual plan and the annual financial statements. In doing so, he takes into account the auditor's report. The duties of the Supervisory Board also include the appointment of members of the Management Board, as well as the determination of Management Board remuneration and its regular review.

The board of directors is the company's management body and currently consists of one person. The board of directors is responsible for managing the company with the aim of creating sustainable value. The principle of overall responsibility applies, i. H. the members of the board of directors are jointly responsible for the entire management, irrespective of their area of responsibility. The management board is bound by the stipulations of the rules of procedure approved by the supervisory board. This regulates in particular the matters reserved for the entire Board of Management and also contains a list of matters of fundamental importance that require the approval of the Supervisory

Board. The Management Board develops the corporate strategy and, in coordination with the Supervisory Board, ensures that it is implemented. He is also responsible for the preparation of the quarterly and annual financial statements and for filling key personnel positions in the company.

The general meeting is the body for forming the will of our shareholders. The annual financial statements are presented to our shareholders at the Annual General Meeting. The shareholders decide on the appropriation of the balance sheet profit and vote on other issues stipulated by law and the articles of association. Each share has one vote. Those shareholders who register in good time and who are shareholders of the company at the beginning of the 21st day before the general meeting (record date) are entitled to participate in the general meeting. Our shareholders can also have their voting rights exercised at the Annual General Meeting through an authorized third party or a proxy appointed by the company who is bound by instructions. You can also exercise your voting rights by postal vote.

Control systems

The internal control systems support the management in monitoring and controlling the company and the business areas. The systems consist of planning, actual and forecast calculations and are based on the company's strategic planning, which is revised annually. In particular, market developments, technological developments and trends, their influence on the company's own products and services as well as the company's financial possibilities are taken into account.

The reporting system includes monthly income statements as well as quarterly reports and presents the asset, financial and earnings position of the company and the corporate divisions

Detailed information added, which is necessary for the assessment and control of the operative business. Another component of the control systems are quarterly reports on the main risks of the company. The reports mentioned are discussed in the board and supervisory board meetings and represent an essential basis for assessment and decision-making.

The company's operating business is mainly controlled using the measured values of sales and EBIT as well as a number of other important non-financial indicators.

Women in leadership positions

In accordance with Section 111 (5) AktG, the Supervisory Board has set a target of "zero" by June 30, 2021 for increasing the proportion of women on the Executive and Supervisory Boards.

Pursuant to Section 76 (4) AktG, the Management Board has set targets for the two management levels below the Management Board, also setting a deadline of June 30, 2021. A target value of "zero" was set for the 1st level below the board of directors. This reflects the status quo.

Due to the small size of the company with currently stagnating to decreasing number of employees, which leads to increased personal union between different management functions across several hierarchical levels, and the current economic situation of TELES, an increase in the proportion of women in the current situation is up to unlikely as of June 30, 2021. Nonetheless, when filling vacant positions, TELES will always endeavor to adequately consider women if they have the same professional qualifications.

Declaration by the legal representative

We assure to the best of our knowledge that, in accordance with the applicable accounting principles, the annual financial statements give a true and fair view of the company's asset, financial and earnings position and that the report on the company's position shows the course of business, including the business business results and the situation of the company are presented in such a way that a picture that corresponds to the actual circumstances is conveyed, and the essential opportunities and risks of the expected development of the company are described.

Berlin, March 30, 2021

TELES AG information technology

Oliver Olbrich

Chairman of the Board of Directors

Financial statements of TELES Aktiengesellschaft Information Technologien for 2020

TELES Aktiengesellschaft Informationstechnologien, Berlin
Profit and Loss Account for January 01 - Dezember 31, 2020

	2020 EUR	2020 EUR	2019 kEUR
1. Turnover	2,818,310.44		4,160
2. Other operating income of which relates to currency translation EUR 7,260.77 (Vj. kEUR 12)	1,359,557.08		6,086
		<u>4,177,867.52</u>	<u>10,246</u>
3. Cost of materials			
a) Cost of raw materials, consumables and of purchased merchandise	312,557.51		527
b) Cost of purchased services	201,013.34		1,459
4. Staff costs			
a) Wages and salaries	1,382,544.57		1,752
b) Social security, pensions and other benefit costs of which EUR 6,075.00 (Vj. kEUR 9) is for pension costs	251,620.73		299
5. Depreciation written off tangible and intangible fixed assets written off current assets (7b §275 HGB)	19,530.25		18 65
6. Other operating expenses/charges of wich relate to currency translation EUR 11,181.02 (Vj. kEUR 17)	1,108,728.43		1,438
7. EBIT		<u>3,275,994.83</u>	<u>5,558</u>
8. Other interest receivable and similar income	-1,467.27		
9. Interest payable and similar charges	15,422.69		221
10. Financial Result		<u>13,955.42</u>	<u>221</u>
11. Tax on profit	62,051.89		596
12. Profit or loss after taxes		<u>825,865.38</u>	<u>3,871</u>
13. Other taxes	1,353.73		1
14. Profit or loss for the financial year		<u>824,511.65</u>	<u>3,870</u>
15. Loss carryforward		<u>-27,961,156.98</u>	<u>-31,831</u>
16. Income from the capital reduction	22,430,751.20		0
17. Balance sheet loss		<u>-4,705,894.13</u>	<u>-27,961</u>

TELES Aktiengesellschaft

Informationstechnologien, Berlin

Notes to the annual financial statements for 2020

I. General information

The annual financial statements were prepared in accordance with the commercial law regulations for large corporations within the meaning of Section 267 (3) sentence 2 of the German Commercial Code (HGB) and in compliance with the special provisions of the German Stock Corporation Act. The total cost method is used for the income statement.

TELES AG Informationstechnologien is based in Berlin. The company is entered in the register of the Charlottenburg District Court under number HRB 60781.

Insofar as additional information is not included in the balance sheet or income statement, these are shown separately and explained in the notes.

Due to the sale of the last subsidiary, TELES Communications Systems GmbH, Vienna, in August 2019, the company is no longer a parent company within the meaning of Section 290 HGB. Against this background, the obligation to prepare consolidated financial statements according to both § 290 ff. HGB and § 315e HGB does not apply. For the information of the capital market, the company will publish selected unchecked indicators that have been determined in accordance with international accounting regulations.

The annual financial statements were prepared on the basis of the going concern.

With regard to the risks and material uncertainty in relation to the going concern, we refer to the information in the report on the position of the company in the section “Financing / Investors / Going Concern”.

II. Accounting and valuation methods

The following accounting and valuation methods continued to apply to the preparation of the annual financial statements.

A. Accounting methods

Leased assets for which TELES is not the economic owner are not accounted for.

B. Assessment methods

As before, intangible assets and property, plant and equipment are valued at acquisition or production costs, less scheduled straight-line depreciation, based on a normal useful life of three to ten years. Assets with a value of € 250.00 to € 1,000.00 are depreciated in accordance with tax regulations. In the absence of materiality, this procedure is adopted for the annual financial statements under commercial law.

Financial assets are generally accounted for at their acquisition costs and loans at nominal value, possibly reduced by depreciation to the lower fair value.

In principle, inventories are valued at the cost of acquisition or manufacture. Lower replacement prices and costs were taken into account in accordance with section 253 (4) sentence 2 HGB. In addition, restrictions regarding the marketability through appropriate discounts were taken into account; Corresponding individual evaluations were carried out for this. This takes into account the risk of future technological developments in the industry.

With the exception of customary retention of title, the inventories are free of third party rights.

Receivables and other assets are generally recognized at their nominal amount. Identifiable default risks have been taken into account by means of appropriate individual value adjustments, which were basically determined on the basis of the known individual

default risks. To the extent that special individual default risks were not discernible, general valuation allowances were determined in such a way that items that are associated with comparable risks are grouped into valuation groups and, based on the age structure, devalued proportionately at rates between 10% and 90%, in individual cases up to 100% were.

When converting receivables into foreign currency, the regulation of § 256a HGB is observed.

The balance of the bank account held in USD was valued at the middle spot exchange rate on the reporting date (€ 1 = \$ 1.22).

Only deferred items (section 250 (1) HGB) are recognized under prepaid expenses.

The provisions cover all identifiable risks and uncertain obligations to an appropriate extent. They are recognized in the amount of the settlement amount necessary according to reasonable commercial assessment.

Liabilities are recognized at settlement amounts. For the conversion of amounts in foreign currency, the regulation of § 256a HGB is observed. The notes on currency translation shown in the income statement include both realized and unrealized exchange rate differences.

Income before the balance sheet date is shown as deferred income if it represents income for a certain period after that date. The prepaid expenses recognized as of December 31, 2018 and 2019 relate to advance payments for accrued revenue from the provision of services.

For the determination of deferred taxes due to temporary or quasi-permanent differences between the commercial valuations of assets, debts and prepaid expenses and their tax valuations or due to tax loss carryforwards, these are valued with the company-specific tax rates at the time the differences are reduced and the Amounts of the result-

ing tax relief and relief are not discounted. The capitalization of an excess of deferred taxes does not take place in the exercise of the existing recognition option.

All revenues that result from the sale of company-typical goods or that arise in connection with the provision of company-typical services are reported as sales revenues.

III. Details of the items on the balance sheet and the profit and loss account ¹

A. Capital assets

The development of fixed assets (Section 284 (3) HGB) can be seen from the attached schedule of assets.

B. Current assets

Receivables and other assets

The trade receivables from third parties were written down by EUR 370 thousand in 2020 (previous year: EUR 688 thousand).

As in the previous year, all receivables and other assets have a term of up to one year.

Other assets include tax receivables amounting to EUR 3 thousand (previous year: EUR 3 thousand).

Liquid Funds

All cash in the amount of EUR 752 thousand is freely available (previous year: EUR 13 thousand).

¹ For computational reasons, rounding differences to the mathematically exact values (monetary units, percentages, etc.) can occur in tables and in references.

C. Prepaid expenses and deferred charges

The prepaid expenses include payments, e. B. for rents and insurance, which only lead to expenses after the reference date.

D. Equity

Subscribed capital

The fully paid-in share capital consists of 4,369,626 no-par value shares with a notional value of EUR 1.00 each. As of December 31, 2019, the share capital consisted of 23,304,676 no-par value shares with a notional value of EUR 1.00 each. The Annual General Meeting on May 29, 2020 saw the reduced share capital of EUR 23,304,672.00 as part of the simplified redemption of four shares, divided into 23,304,672 no-par value bearer shares with an arithmetical proportion of the share capital of EUR 1.00 per share, reduced by EUR 20,391,588.00 to EUR 2,913,084.00, divided into 2,913,084 no-par value bearer shares with an arithmetical share in the share capital of EUR 1.00 per share. In addition, a resolution was passed to increase the company's share capital against cash contributions by up to EUR 1,456,542.00 by issuing up to 1,456,542 new no-par value shares amounting to EUR 1.00 per share. The subscription price of the share was 1.04 EUR, which resulted in a premium of 58,261.68 EUR.

The capital measure described above was carried out in order to minimize the previous losses and to make room for the strategic realignment. The income from the capital reduction serves exclusively to cover losses.

Authorised capital

By resolution of the Annual General Meeting on August 8, 2017, the Executive Board is authorized, subject to the approval of the Supervisory Board, until December 31, 2021, to increase the share capital once or several times by up to a total of EUR 11,652,338.00 against cash and / or contributions in kind by issuing up to 11,652,338 new no-par value bearer shares (Authorized Capital 2017 / I).

E. Accruals

The provisions relate to uncertain liabilities. The other provisions of EUR 742 thousand (previous year: EUR 907 thousand) include tax provisions of EUR 625 thousand (previous year: EUR 596 thousand), provisions for personnel costs of EUR 77 thousand (previous year: EUR 82 thousand), closing and auditing costs of EUR 19 thousand (previous year: EUR 51 thousand), and Supervisory Board remuneration KEUR 0 (previous year: KEUR 66), legal costs KEUR 0 (previous year: KEUR 30), rent and operating costs KEUR 10 (previous year: KEUR 24), for invoices not yet received KEUR 3 (previous year: KEUR 39) and various other provisions KEUR 8 (previous year: EUR 19 thousand).

F. Liabilities

Residual term

The liabilities have remaining terms of up to one year in the amount of EUR 310 thousand (previous year: EUR 1,717 thousand) and of more than one year and over 5 years in the amount of EUR 0 thousand (previous year: EUR 0 thousand).

Affiliated companies

The liabilities to affiliated companies amount to EUR 0. Since the creditors of these liabilities were neither an affiliated company nor a related person as of the balance sheet date December 31, 2020, the previous year's amount is shown under other liabilities. For an explanation of the content of the item in 2019, reference is therefore made to the presentation of other liabilities.

Other liabilities

In the previous year, the other liabilities mainly included loans to related parties (EUR 0; previous year: EUR 782 thousand), wage tax liabilities of EUR 21 thousand (previous year: EUR 23 thousand), a pre-tax surplus of EUR 12 thousand (previous year: sales tax payable of EUR 7 thousand), Social security liabilities of EUR 3 thousand (previous year: EUR 0 thousand), payables from wages and salaries of EUR 11 thousand (previous year:

EUR 6 thousand) and accounts receivable amounting to EUR 15 thousand (previous year: EUR 153 thousand).

G. Deferred tax liabilities

As of the balance sheet date, there are no deferred tax liabilities to be recognized. The company does not exercise the option in accordance with Section 274 (1) of the German Commercial Code (HGB) to apply a resulting tax relief by applying deferred tax assets. The deferred tax assets not recognized are based on corporation and trade tax loss carryforwards. The tax rate applicable to TELES AG is 30.2% (corporation tax including solidarity surcharge 15.8% and trade tax 14.4%).

H. Sales revenue

21% of the revenues from the Carrier Solutions division were generated in Germany and the remainder in Europe and the Middle East.

The company's sales by sales markets are as follows:

	2020	2019
	kEUR	kEUR
DACH	1.150	1.651
Europe	945	1.117
Middle East	350	1.279
Other	75	113
Total	2.520	4.160

The allocation of sales is based on the customer's country of origin.

Other sales in the amount of EUR 298 thousand (previous year: EUR 106 thousand; reported under other operating income) relate in particular to income from the subletting of office space.

I. Other operating income and other operating expenses

Other operating income

The other operating income of EUR 1,360 thousand (previous year: EUR 6,086 thousand) is mainly due to the waiver of a loan by a former related party in the amount of EUR 1,000 thousand (previous year: EUR 2,551 thousand). There was also income from the reversal of provisions in the amount of EUR 84 thousand (previous year: EUR 218 thousand).

The income from loan waivers by the former related party was a loan from 2019, which the related person finally waived without a recovery agreement.

IV. Contingent liabilities and other financial obligations

The other financial obligations, which are not shown in the balance sheet, break down as follows as of the balance sheet date:

Rental obligations for real estate (by exercising the option right to non-automatic rent extension for a further 12 months each and assuming a future change in the consumer price index for Germany, published by the Federal Statistical Office, Wiesbaden (base year 2010 = 100), compared to the month of the rental start by less than 5 percent up or down)

	k EUR
on the total rental period	442
davon mit einer Laufzeit von bis zu einem Jahr	212

Leasing and rental leasing obligations for movables

	k EUR
on the total rental period (up to 36 months)	19
of which with a maturity of up to one year	7

There are also financial obligations of EUR 188 thousand for services to be obtained in 2021.

V. Information about transactions with related parties and companies in accordance with Section 285 No. 21 HGB

The transactions carried out with closely related persons and companies in the 2020 financial year correspond to the customary market conditions.

In the company's opinion, an exception to this is the loan waiver, which was made by a former related party in favor of the company. The related person is the former main shareholder as a natural person.

The value of the loan waiver amounts to income of EUR 1,000 thousand.

VI. Supplementary information

A. Number of employees

The average number of employees in the company (excluding board members and trainees) is 18 (previous year: 26).

B. Management Board

The following were members of the Management Board in the past financial year

Oliver Olbrich, CEO of TELELES AG Informationstechnologien

Total remuneration of the Management Board for 2019 (in EUR thousand) and number of subscription rights:

	2020 Fix**)	2020 variable	2019 fix	2019 variabel	Number of all subscription rights
Oliver Olbrich	231	0	222	0	0
Prof. Dr.-Ing. Sigr gram Schindler *)	0	0	26	0	0
Thomas Haydn	0	0	68	0	0
	231	0	316	0	0

*) The remuneration for Prof. Dr.-Ing. Sigrgram Schindler correspond to the monetary benefits from the provision of the vehicle.

**) incl. benefits

C. Supervisory Board

The following persons were members of the company's Supervisory Board in the year under review:

- Joachim Schwarzer, Berlin, graduate economist
Chairman of the supervisory board;
Managing Director JKS Consulting Berlin GmbH
- Markus Gernot Schmieta, Hanover, auditor, lawyer and tax advisor
Deputy Chairman of the Supervisory Board
Managing partner of SK-Treuhand Dr. Schmieta + Partner mbB
Since 2017 member of the supervisory board of the "Gemeinde Wedemark Bau- und
Entwicklungs-GmbH", Wedemark.
- Hartmut Brandt, Munich, lawyer

The expense allowances for the members of the Supervisory Board:

(in EUR)	2020	2019
Joachim Schwarzer	37,500	28,208
Markus Gernot Schmieta	22,500	8,688
Hartmut Brandt	15,000	5,792
Prof. Dr. Walter Rust	0	21,875
Prof. Dr. h.c. Radu Popescu-Zeletin	0	8,750
	75,000	73,313

D. Subsequent events

There were no events worth reporting after the end of the past fiscal year. The lockdown imposed by the federal government in December 2020 due to the corona pandemic continues, the consequences of the pandemic for society are presented in the management report.

E. Services of the auditing company

The fee of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft / Steuerberatungsgesellschaft for the 2020 financial year for the final audit amounts to EUR 34 thousand (including travel expenses and expenses).

F. Declaration of Compliance

The Management Board and the Supervisory Board of TELES AG have issued a declaration of compliance in accordance with the German Corporate Governance Code (Section 161 AktG), which was published on the TELES AG website in November 2020 (www.teles.com).

G. List of shareholdings in accordance with Section 285 No. 11 HGB

As of December 31, 2020, there was no shareholding (direct investments).

H. Appropriation of profits

The Management Board proposes that the annual surplus of EUR 825 thousand be carried forward to a new account.

Berlin, March 30, 2021

TELES Aktiengesellschaft information technology

Oliver Olbrich

Chairman of the Board of Directors

Schedule of fixed assets

TELES Aktiengesellschaft Informationstechnologien, Berlin
Development of Assets 2020

	Acquisition cost				Depreciation				Residual book values	
	31.12.2019	Additions	Disposals	31.12.2020	31.12.2019	Additions	Disposals	31.12.2020	31.12.2019	31.12.2020
I. Intangible Assets										
Concessions, patents, licences, trade marks and similar rights and assets	78,994.11	0.00	0.00	78,994.11	78,271.11	723.00	0.00	78,994.11	723.00	0.00
II. Tangable Assets										
Fixtures, fittings, tools and equipment	920,057.57	13,192.25	0.00	933,249.82	872,012.57	18,807.25	0.00	890,819.82	48,045.00	42,430.00
Summe Anlagevermögen	999,051.68	13,192.25	0.00	1,012,243.93	950,283.68	19,530.25	0.00	969,813.93	48,768.00	42,430.00

Development of Equity

TELES Aktiengesellschaft Informationstechnologien, Berlin

Development of Equity January 01 - Dezember 31, 2020

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

	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 profit for the financial period	0	0	3,870,226	3,870,226
Dezember 31, 2019	23,304,676	2,330,468	-27,961,157	-2,326,013
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
Capital increase	1,456,542	58,262	0	1,514,804
Net profit for the financial period	0	0	824,512	824,512
Dezember 31, 2020	4,369,626	349,570	-4,705,894	13,302

Cash Flow Statement

TELES Aktiengesellschaft Informationstechnologien, Berlin Cash Flow Statement for January 01 - Dezember 31, 2020

EUR	2019	2020
<u>operating activities</u>		
Net profit/loss for the financial year	3,870,226	824,512
+/- Depreciation of property, plant and equipment	17,756	19,530
+/- Changes to provisions	-219,660	-194,086
+/- Other non-cash transactions	0	0
-/+ Changes to Stocks and Trade Receivables	864,467	6,396
+/- Changes to Trade Payables and Other liabilities	-513,041	-671,271
+/- Other expense / income of extraordinary amounts and meaning	-5,276,342	-1,000,000
+/- Income tax expense	596,296	28,501
= Cash flow from operating activities	-660,298	-986,418
<u>investing activities</u>		
- Acquisition of property, plant and equipment	0	-13,192
= Cash flow from investing activities	0	-13,192
<u>financing activities</u>		
Cash received from capital contributions	0	1,514,804
+ Deposits from taking out of (financial) loans	600,000	700,000
- repayment of (financial) loans	0	-476,961
= Cash flow from financing activities	600,000	1,737,843
<u>Net change in cash and cash equivalents</u>	<u>-60,298</u>	<u>738,233</u>
Cash and cash equivalents at beginning of period	73,617	13,319
<u>Cash and cash equivalents at end of period</u>	13,319	751,552

Statement of legal representatives

To the best of our knowledge, we assure that, in accordance with the accounting principles to be applied for the consolidated financial statements, a true and fair view of the net assets, financial position and results of operations of the group is given and in the group management report, which is combined with the management report of the company, the course of business including the business result and the situation of the group are presented in such a way that a picture that reflects the actual situation is given, and the main opportunities and risks of the expected development of the group are described.

Berlin, March 31, 2020

TELES Aktiengesellschaft Informationstechnologien

Oliver Olbrich

Chairman of the Board of Directors

Independent auditor's report

To TELES AG Informationstechnologien, Berlin:

NOTICE ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Examination Opinions

We have the annual financial statements of TELES AG Informationstechnologien, Berlin, - consisting of the balance sheet as of December 31, 2020, the income statement, the cash flow statement and the statement of equity for the financial year from January 1, 2020 to December 31, 2020 as well as the Annex, including the presentation of the accounting and valuation methods - checked. In addition, we have audited the management report of TELES AG Informationstechnologien, Berlin, for the business year from January 1, 2020 to December 31, 2020. The corporate governance declaration contained in the management report, to be submitted in accordance with Section 289 f of the German Commercial Code (HGB), as well as the corporate governance report contained in the corporate governance declaration in accordance with Principle 22 of the German Corporate Governance Code in the version dated December 16, 2019, and the corporate governance report also in the Declaration on corporate governance contained in the declaration according to § 161 AktG, as well as the "declaration of the legal representatives" contained in the management report (according to § 264 para. 2 sentence 3 HGB and § 289 para. 1 sentence 5 HGB) we have in accordance with the German legal regulations not checked for content..

In our judgment based on the knowledge gained during the test

- the attached annual financial statements correspond in all essential respects to the German commercial law regulations applicable to corporations and give a true and fair view of the company's assets and financial position as of December 31, 2020, taking into account the German principles of proper bookkeeping its earnings position for the financial year from 01/01/2020 to 12/31/2020 and
- the attached management report gives an overall accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development. Our audit opinion on the management report does not extend to the content of the above-mentioned

corporate governance report, the mentioned declaration on corporate governance and the above-mentioned "declaration of the legal representatives".

In accordance with Section 322, Paragraph 3, Clause 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

Basis for the test results

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB) and the EU Auditor Ordinance (No. 537/2014; hereinafter "EUAPrVO"), taking into account the German principles of proper auditing established by the Institute of Auditors (IDW) carried out. Our responsibility under these regulations and principles is further described in the section "Auditor's Responsibility for the Audit of the Annual Financial Statements and Management Report" of our auditor's report. We are independent of the company in accordance with European and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. In addition, we declare in accordance with Article 10 Paragraph 2 Letter f) of the EU Audit Regulation that we have not provided any prohibited non-audit services in accordance with Article 5 Paragraph 1 of the EU Audit Regulation. We are of the opinion that the audit evidence we have obtained is sufficient and suitable to serve as a basis for our audit opinions on the annual financial statements and the management report.

Significant uncertainty in connection with the continuation of business

We refer to the statements made by the Management Board in the sections "Financing / Investors / Going Concern" and "Overall statement on the company's risk position" in the "Opportunities and Risk Report" of the management report and Section "I. General Information" in the notes. There it is stated that the continued existence of the company, which is only just emerging from the operational crisis, depends on the fact that the planned sales for the coming months are not lastingly undercut and that liquidity develops as planned.

These events and circumstances indicate the existence of a material uncertainty, which can raise significant doubts about the company's ability to continue business activities

and which represents a risk that could endanger the existence of the company within the meaning of Section 322 (2) sentence 3 of the German Commercial Code. Our audit opinions have not been modified with regard to this matter.

Particularly important audit matters in the audit of the annual financial statements

Particularly important audit matters are those matters which, in our professional judgment, were the most significant in our audit of the annual financial statements for the financial year from January 1, 2020 to December 31, 2020. These matters were taken into account in connection with our audit of the annual financial statements as a whole and in forming our audit opinion on them; we do not issue a separate audit opinion on these matters. With the exception of the matter described in the section "Significant uncertainty in connection with the going concern", we have determined that there are no other particularly important audit matters to be reported in our auditor's report.

Reasons for the determination as a particularly important examination matter

The company is only just emerging from its operational crisis. A sustained undershoot of the planned earnings targets could lead to over-indebtedness in the balance sheet. In this context, the existing and planned liquidity may not be sufficient to secure the company's financing in the forecast period. Against the background of the associated uncertainty as to whether the planned income to be generated can occur and avoid over-indebtedness and the existing and resulting liquidity is sufficient to ensure the company's financing, we consider this to be a particularly important audit matter. The risk for the financial statements and management report is, on the one hand, that the Board of Management wrongly assumes a positive going concern forecast and insofar as the assets and debts are not correctly accounted for. The risk for the financial statements and management report also consists in the fact that the company does not adequately present the essential uncertainty in connection with the continuation of business activities in the financial statements and management report.

Audit process and conclusions

With regard to the ability of the company to continue as a going concern, we examined the equity on the balance sheet as of the balance sheet date as well as the earnings position and the availability of the company with liquidity to service the running costs. We checked the plausibility of the planning presented to us as well as a sensitivity analysis prepared by the management board and verified it. We consider the management board's approach and its assessment of the going concern assumption to be appropriate, provided the actual development of the company corresponds to the management board's planning and the assumptions are met. We have checked the information given in the notes in section "I. General information" and in the management report in the sections "Opportunities and risk report" and "Financing / Investors / Going Concern" to determine whether they are comprehensible, complete and appropriate in order to provide information about the main risks to which the company is exposed and which could endanger the continued existence of the company. We consider the information provided to be comprehensible, complete and appropriate.

Reference to related information

We refer to the information in the management report in the sections "Financing / Investors / Going Concern" and "Overall statement on the company's risk position" for the accounting and valuation methods used and the risks presented with regard to the material uncertainty in connection with the going concern of the company "Opportunities and Risk Report" and in the Appendix in Section "I. General Information".

Other Information

The supervisory board is responsible for the report of the supervisory board, the supervisory board and management board jointly for the declaration contained in the declaration on corporate governance pursuant to Section 161 of the German Stock Corporation Act (AktG) and the corporate governance report contained therein. Otherwise, the legal representatives are responsible for the other information. The other information includes

- the "Declaration on corporate governance" included in the management report, including the corporate governance report and the declaration in accordance with Section 161 of the German Stock Corporation Act,
- The assurance of the legal representatives contained in the section "Declaration of the legal representatives" according to Section 264, Paragraph 2, Clause 3 of the German Commercial Code and Section 289, Paragraph 1, Clause 5 of the HGB,
- the report of the supervisory board, of which we had received a version prior to the issue of this auditor's report.

Our audit opinions on the annual financial statements and the management report do not extend to the other information, and accordingly we do not issue an audit opinion or any other form of audit conclusion on this.

In connection with our audit, it is our responsibility to read the other information and, in doing so, to assess whether the other information

- have material inconsistencies with the annual financial statements, the content-related audited components of the management report or our knowledge obtained during the audit or
- appear otherwise materially incorrectly represented.

If, based on the work we have carried out, we come to the conclusion that there has been a material misrepresentation of this other information, we are obliged to report this fact. We have nothing to report in this context.

Responsibility of the legal representatives and the supervisory board for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply in all essential matters with the German commercial law regulations applicable to corporations, and for ensuring that the annual financial statements, in compliance with the German principles of proper bookkeeping, give a true and fair view of the assets, Financial and earnings position of the company. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with the German principles of proper bookkeeping in order to enable the preparation of annual financial statements that are free from material - intended or unintended - false ones Representations is.

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue business operations. They are also responsible for disclosing issues relating to the going concern of the company, if relevant. In addition, they are responsible for accounting for the going concern basis of accounting, unless actual or legal circumstances conflict with this.

In addition, the legal representatives are responsible for the preparation of the management report, which as a whole provides an accurate picture of the company's position and is consistent with the annual financial statements in all essential matters, complies with German legal regulations and the opportunities and risks of the accurately represents future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary in order to prepare a management report in accordance with the applicable German legal regulations and to be able to provide sufficient suitable evidence for the statements in the management report.

The Supervisory Board is responsible for monitoring the company's accounting process for the preparation of the annual financial statements and the management report.

Responsibility of the auditor for the audit of the annual financial statements and the management report

Our objective is to obtain sufficient certainty as to whether the annual financial statements as a whole are free of material - intended or unintentional - misrepresentation and whether the management report as a whole gives an accurate picture of the company's position and in all material matters is consistent with the annual financial statements and with the knowledge gained during the audit, complies with German legal requirements and correctly presents the opportunities and risks of future development, as well as issuing an auditor's report that includes our audit opinions on the annual financial statements and the management report.

Sufficient security is a high level of security, but no guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) and the EU-APrVO in compliance with the German principles of proper auditing established by the Institute of Auditors (IDW) will always reveal a material misrepresentation . Misrepresentations

can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they individually or collectively influence the economic decisions of the addressees made on the basis of these annual financial statements and management report.

During the examination, we exercise our due discretion and maintain a critical attitude. Furthermore

- we identify and assess the risks of material - intended or unintended - misrepresentations in the annual financial statements and in the management report, plan and carry out audit procedures in response to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis to serve for our audit opinions. The risk that material misrepresentations are not detected is higher in the case of violations than inaccuracies, since violations can involve fraudulent cooperation, forgeries, intentional incompleteness, misleading representations or the overriding of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of obtaining an audit opinion to the effectiveness of these systems of society.
- we assess the appropriateness of the accounting methods used by the legal representatives as well as the acceptability of the estimated values presented by the legal representatives and the related information.
- we draw conclusions about the appropriateness of the accounting principle applied by the legal representatives for the continuation of business activities and, on the basis of the audit evidence obtained, whether there is a material uncertainty in connection with events or circumstances, the significant doubts about the Ability of society to continue business operations. If we come to the conclusion that there is a material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and in the management report in the audit report or, if this information is inappropriate, to modify our respective audit opinion . We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities.
- we assess the overall presentation, structure and content of the annual financial

statements, including the information, as well as whether the annual financial statements represent the underlying business transactions and events in such a way that the annual financial statements reflect the actual circumstances in accordance with German generally accepted accounting principles Provides a picture of the company's asset, financial and earnings position.

- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it provides of the company's position.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient, suitable audit evidence, we particularly review the significant assumptions on which the legal representatives are based on the future-oriented information and assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a considerable unavoidable risk that future events will differ materially from the forward-looking statements.

We discuss with those responsible for monitoring, among other things, the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit.

We issue a declaration to those responsible for monitoring that we have complied with the relevant independence requirements, and we discuss with them all relationships and other matters that can reasonably be assumed to affect our independence, and the protective measures taken for this purpose.

From the matters that we discussed with those responsible for monitoring, we determine those matters that were most significant in the audit of the annual financial statements for the current reporting period and are therefore the most important audit matters. We describe these matters in the auditor's report, unless laws or other legal provisions preclude public disclosure of the matter.

OTHER LEGAL AND OTHER LEGAL REQUIREMENTS

Note on the audit of the electronic reproductions of the annual financial statements and the management report prepared for the purpose of disclosure in accordance with Section 317 (3b) of the German Commercial Code (HGB)

Audit judgment

In accordance with Section 317 (3b) of the German Commercial Code (HGB), we carried out an audit with sufficient certainty whether the file *TELES_AG_JA_LB_ESEF_2020-12-31.zip* (SHA256-Hashvalue: *1c32d49c9f4cd1e97053a7ebd61dac696bbb4cf05bbfef7a8806c374b53492fb*) (hereinafter also referred to as "ESEF -Documents ") correspond to the requirements of § 328 Paragraph 1 HGB for the electronic report format (" ESEF format ") in all essential matters. In accordance with German legal regulations, this check only extends to the transfer of the information from the annual financial statements and the management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the above-mentioned file .

In our opinion, the reproductions of the annual financial statements and the management report contained in the above-mentioned attached file and prepared for the purpose of disclosure correspond in all material respects to the requirements of Section 328 (1) of the German Commercial Code (HGB) for the electronic reporting format. Apart from this audit opinion as well as our audit opinions on the attached annual financial statements and the attached management report for the financial year from 01/01/2020 to 12/31/2020 contained in the above "Note on the audit of the annual financial statements and the management report", we do not give any audit opinion on the statements contained in these reproductions Information as well as the other information contained in the above file.

Basis for the audit opinion

We have conducted our audit of the reproductions of the annual financial statements and the management report contained in the above-mentioned attached file in accordance with Section 317 (3b) of the German Commercial Code (HGB), taking into account the draft of the IDW auditing standard: Examination of the electronic reproductions of financial statements and management reports prepared for disclosure purposes in accordance with Section 317 para. 3b HGB (IDW EPS 410). Our responsibility accordingly is

described in more detail in the section “Auditor’s Responsibility for the Examination of ESEF Documents”. Our auditing practice has applied the requirements for the quality assurance system of the IDW quality assurance standard: Requirements for quality assurance in the auditing practice (IDW QS 1).

Responsibility of the legal representatives and the supervisory board for the ESEF documents

The legal representatives are responsible for preparing the ESEF documents with the electronic reproductions of the annual financial statements and the management report in accordance with Section 328 (1) sentence 4 no. 1 HGB.

Furthermore, the legal representatives are responsible for the internal controls that they consider necessary to enable the creation of the ESEF documents that are free of material - intended or unintentional - violations of the requirements of Section 328 (1) HGB are the electronic reporting format.

The legal representatives are also responsible for submitting the ESEF documents together with the auditor’s report and the attached audited annual financial statements and audited management report as well as other documents to be disclosed to the operator of the Federal Gazette.

The Board of Directors is responsible for overseeing the creation of the ESEF records as part of the accounting process.

Auditor’s responsibility for reviewing ESEF records

Our objective is to obtain sufficient certainty as to whether the ESEF documents are free of any material - intended or unintentional - violations of the requirements of Section 328 (1) of the German Commercial Code. During the examination, we exercise our due discretion and maintain a critical attitude. Furthermore

- we identify and assess the risks of significant - intended or unintended - violations of the requirements of Section 328 (1) HGB, plan and carry out audit procedures in response to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis to serve for our audit opinion.
- we gain an understanding of the internal controls relevant to the audit of the ESEF records in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of expressing an audit opinion on the effectiveness

of these controls.

- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date for the technical specification for this file.
- we assess whether the ESEF documents enable an XHTML reproduction of the audited annual financial statements and the audited management report with the same content.

Other information according to Article 10 EU-APrVO

We were elected as auditor by the annual general meeting on May 29, 2020.

We were commissioned by the chairman of the supervisory board on July 1st, 2020.

We have been the auditor of TELES AG Informations-Technologie, Berlin, since the 2020 financial year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the audit committee in accordance with Article 11 of the EU Audit Regulation (audit report).

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Stefan Mattner.

Berlin, April 8, 2021

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Storbeck
Auditor

Mattner
Auditor

Report of the Supervisory Board on the financial year from January 1 to December 31, 2020

In the 2020 financial year, the Supervisory Board duly performed the tasks incumbent on it according to the law and the Articles of Association and regularly monitored and advised the Management Board of TELES AG Informationstechnologien in the management of the company. He was informed promptly in writing and orally about the situation of the company and the current business development. He was involved in all decisions of fundamental importance to the company.

Consulting focus 2020

In fifteen meetings, the Supervisory Board discussed the company's economic situation in detail and made fundamental decisions on the restructuring of TELES AG. The focus was on the entry of new investors and the injection of new capital.

All of the supervisory boards took part in these meetings, which were often held as a video conference due to the corona pandemic. In addition, the chairman of the supervisory board was in regular contact with the chairman of the management board, particularly with regard to the capital measures.

The targets set for the business area "Carrier Solutions", which remained after the restructuring, for the 2020 financial year were achieved. Due to the capital measures and the annual surplus of EUR 825 thousand, the company had positive equity at the end of the financial year. The financial resources increased from EUR 13 thousand to EUR 752 thousand.

With regard to the global corona pandemic, the Supervisory Board considered both the risks for the company and the opportunities arising from the increasing need for communication solutions.

The supervisory board shares the statements of the management board in the sections "Opportunities and Risk Report" and "Financing / Investors / Going Concern" of the management report, according to which the continued existence of the company, which is emerging from an operational crisis, depends on the planned sales for The coming

months will not be undercut in the long term and the cost structure will remain as planned. A sustained shortfall of the planned earnings targets with corresponding annual deficits could lead to a renewed consumption of equity. In this case, the prognosis for survival would have to be checked again.

Audit results

In accordance with the resolution of the 2020 Annual General Meeting, the Supervisory Board commissioned Rödl & Partner GmbH as auditor for the annual financial statements for the 2020 financial year of TELES AG Informationstechnologien. The supervisory board has convinced itself of the independence of the auditor.

The auditor comes to the conclusion that the annual financial statements as of December 31, 2020 have been properly derived from the bookkeeping and the other audited documents and in all essential respects comply with the legal regulations and overall a picture that corresponds to the actual circumstances the asset, financial and earnings situation. The auditor also determines that the management report complies with the legal requirements in all material respects. In addition, the audit by the auditor has shown that the Board of Management has taken the measures required according to Section 91 (2) AktG, in particular to set up a monitoring system, in a suitable manner and that the monitoring system is suitable for developments that would affect the continuation of the company endanger society to recognize at an early stage.

The supervisory board acknowledges and approves the following statements by the auditor: "We consider the equity and liquidity of the company as a result of the capital measures carried out and against the background of the earnings situation in the forecast period of the management board to be sufficient to continue avoiding overindebtedness, provided the actual Development of the company corresponds to the planning of the Executive Board. We consider the supply of the company with liquidity as well as assets that can be sold at short notice to be sufficient to cover the costs with which the management board plans in its forecast period, provided that the assumptions assumed by the management board within the scope of the planning occur. "

Overall, the auditor of TELES AG Informationstechnologien issued an unqualified audit certificate, he states:

"According to our assessment based on the knowledge gained during the audit

- the annual financial statements comply in all essential respects with the German commercial law regulations applicable to corporations and, in compliance with the German principles of proper bookkeeping, give a true and fair view of the company's assets and financial position as of December 31, 2020 and its earnings position for the financial year from 01/01/2020 to 12/31/2020 and
- the management report as a whole gives an accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development. "

With a resolution dated April 8, 2021, the Supervisory Board approved the 2020 annual financial statements prepared by the company and audited by the auditor Rödl & Partner GmbH. The annual financial statements for the 2020 financial year have thus been adopted.

Acknowledgement

The Supervisory Board thanks the Management Board and all employees for their great personal commitment and the work they have done in 2020.

The Supervisory Board would also like to thank the founder and previous majority shareholder of TELES AG Information Technology, Prof. Dr.-Ing. Sigram Schindler, for his great entrepreneurial commitment.

Berlin, April 8, 2020

The Supervisory Board

Joachim Schwarzer
Chairman of the Supervisory Board