

Annual Report
and
Combined management report

for the

Fiscal year 2022

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Combined management report

In addition to the TELES Group (hereinafter “TELES Group”, “TELES Group” or “TELES”), the combined management report also includes the parent company, TELES AG, based in Berlin, Germany. It is prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Accounting Standard (DRS) No. 20.

TELES AG prepares the annual financial statements in accordance with the accounting principles of the HGB and the consolidated financial statements in accordance with the accounting principles of the International Financial Reporting Standards (IFRS). The management report and the group management report are summarized. The asset, financial and earnings situation as well as the statements on risk, opportunity and forecast reporting are each presented separately.

TELES AG has prepared consolidated financial statements in accordance with IFRS for the financial years up to and including 2018. There was no legal obligation to prepare consolidated financial statements in accordance with IFRS for the financial years 2019 up to and including 2021. Given the existing obligation to prepare consolidated financial statements in accordance with IFRS for the 2022 financial year, the individual financial statement values in accordance with IFRS of TELES AG at the level of the consolidated financial statements are used as comparative figures for the previous year. Accordingly, there is only limited comparability with the previous year.

Basic information on the TELES Group

TELES operates in the pharmaceutical and telecommunications segments.

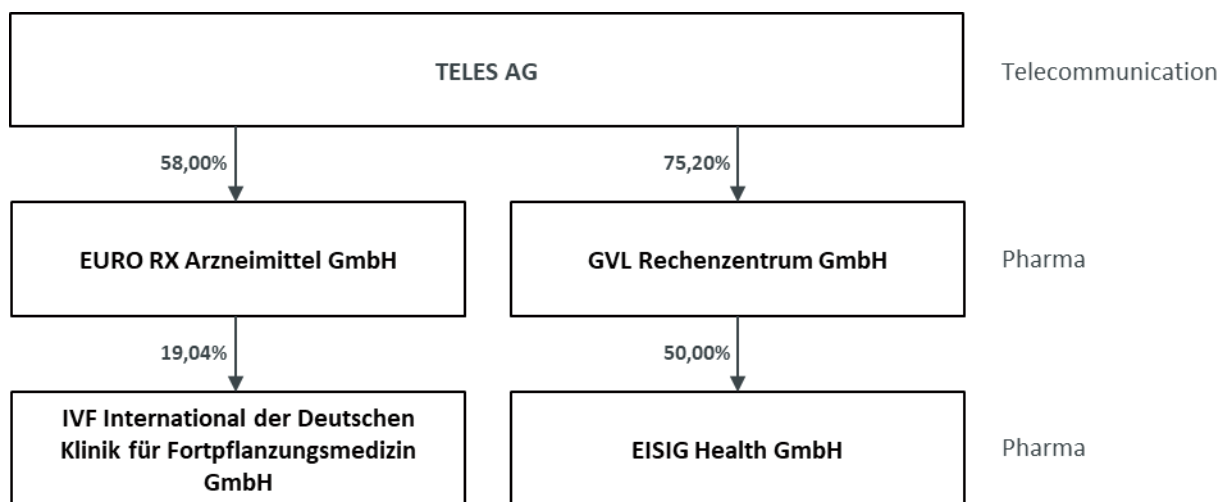
The Pharma segment is the growth area for the TELES Group. The telecommunications segment was sold with the areas of development, service, and order management for existing customers (partial operations) on October 1, 2023, as part of an asset deal. The employees in the part of the business have also been transferred to the purchaser. This meant that TELES AG was transformed into a pure financial holding company with responsibility for group accounting and group IT.

In the Pharma segment, TELES focuses on the growth area of Specialty Pharma in Germany and Europe. Specialty Pharma usually includes high-priced drugs for chronic,

complex, or rare diseases, such as those sold by TELES. The TELES group focuses on six indication areas: oncology, neurology, autoimmune diseases, ophthalmology, hemophilia, and infectious diseases.

The Pharma segment combines the management of large data volumes in the pharmaceutical industry and pharmaceutical supply with a focus on digitalization and process optimization along the pharmaceutical value chains.

In the telecommunications segment, TELES Carrier Solutions supplies digitalization solutions for the development and maintenance of telecommunications networks to national or international carriers (fixed or mobile network operators). TELES migrates traditional TDM/SDH networks to all-IP networks and offers cloud-based Unified Communication as a Service.



EURO RX Arzneimittel GmbH, Wedemark (EURO RX) is a specialized pharmaceutical supplier that uses a digitalized supply chain to ensure reliable pharmaceutical care for patients across Europe. Due to the high level of automation, the EURO RX can deliver medications for cancer, autoimmune deficiencies, and combination therapies for personalized medicine (specialty pharma) quickly and reliably. EURO RX holds a 19.04% stake in IVF International of the German Clinic for Reproductive Medicine GmbH, Bad Münders.

GVL Rechenzentrum GmbH, Berlin (GVL) is a specialized pharmacy computing center that focuses on the implementation of electronic prescriptions (e-prescriptions). This will enable simpler billing options between pharmacies and health insurance companies in the

future, which will also support healthcare research for the pharmaceutical industry. GVL holds a 50% stake in EISIG Health GmbH, Berlin. EISIG Health GmbH currently does not conduct any operational business and is therefore only of minor importance for the consolidated financial statements.

Control system

The operational business of the TELES Group and TELES AG is essentially controlled using significant financial performance indicators.

Pharma segment	TELES AG or the telecommunications segment
Sales volume	Sales volume
Gross profit margin	Operating result (EBIT)
Operating result (EBIT)	Order receipt
Order receipt	

The gross profit margin relates the gross profit to the sales achieved.

In contrast to the previous year, the downstream measures of order backlog and costs/expenses are no longer used, as the most significant financial performance indicators mentioned here are now of greater relevance for the management of TELES and thus for the addressee of the balance sheet from the perspective of management.

Order intake in the Pharma segment is the indicator that determines sales with a small-time lag. The order intake of TELES AG or in the telecommunications segment is an important indicator of sales with a small-time lag (project business) or, with a higher time lag (maintenance contracts), for sales in the next 12 months.

Non-financial performance indicators do not play a significant role in the management of the group. The Group Executive Board has established an extensive group reporting system for the significant performance indicators of the group companies and carries out regular reviews (corporate planning with plan-actual analyzes) with the group companies.

In addition, liquidity is monitored daily to be able to react early to deviations from the planned cash flows.

Research & Development

In the area of research and development, TELES AG focuses on quickly developing and introducing new marketable products, constantly optimizing development processes, and reducing the costs of developing and manufacturing high-quality, new, and reliable products. In the 2022 financial year, research and development expenses primarily reflect the further development of the soft switch (Carrier Solutions' main product) for mobile network operators and virtual mobile network operators. In the past financial year, six employees (previous year: 6) worked in research and development.

Economic report

Overall economic situation

The global economy slowed significantly again in almost all-important economic areas in 2022. According to the International Monetary Fund (IMF), global gross domestic product (GDP) rose just 3.0% year-on-year and growth will slow to 1.7% in 2023¹. The Kiel Institute for the World Economy (IfW) estimated the increase in 2023 to be 3.0% (2022: 3.3%)².

The slowdown in the global economy is due to the Russia-Ukraine crisis and the coronavirus pandemic, which has not yet been overcome. As a result of these developments, uncertainties and challenges for the global economy have increased and have led to significant increases in energy and food prices. At the same time, international supply chains have come under further pressure. With the global inflation rate rising from 4.7% to 8.8%, it was well above the inflation targets of the international central banks, which responded by tightening monetary policy. As a result of the gradual increase in key interest rates, financing costs became significantly more expensive and led to a noticeable reluctance to invest, which also had a negative impact on the development of GDP.

Industry-related framework conditions for pharma

¹ Statista 10.10.2023: [IWF senkt Prognose für Weltwirtschafts-Wachstum](#)

² IfW September 2023: [Bruttoinlandsprodukt Weltwirtschaft](#)

The healthcare market recovered from the effects of the corona pandemic in 2022. According to a study by the US company IQVIA, pharmaceutical spending in the ten largest high-income countries (USA, Japan, Germany, France, Italy, Spain, Great Britain, Canada, Australia, South Korea) was around EUR 930 billion by 5.7% above the level of the previous year (2021: EUR 879 billion)³.

According to the Classic market report from IQVIA, pharmacies in Germany sold around 1.8 billion packs last year, 8.0% more than in 2021. The largest segment was over-the-counter preparations, with a share of 55.6% of those sold packs. Prescription medicines accounted for 44.4%.⁴

The pharmacy market in Germany increased its sales in 2022 compared to the previous year by 5.5% to EUR 46.6 billion, calculated using the selling price of the pharmaceutical companies. Due to the high share of sales of 86.4%, the growth drivers were prescription drugs, with a sales increase of 5.3%. Non-prescription preparations grew by 7.0%, accounting for 13.5% of total pharmacy sales⁵.

According to IQVIA, spending on pharmaceuticals in Europe reached a value of around EUR 188.4 billion in 2022. This means that it has increased by around 35% over the last five years (2017: EUR 139.4 billion).⁶ The main growth drivers were generics and biosimilars⁷.

Industry-related framework conditions for telecommunications

The demand for fast broadband – fixed-line and mobile – continues unabated. According to Statista, landline data traffic increased by 21% worldwide in 2022⁸, mobile data traffic increased by 38%⁹.

³ IQVIA: [The Global Use of Medicines 2023. Outlook to 2027](#)

⁴ IQVIA: [IQVIA Marktbericht Classic - Jahr 2022](#)

⁵ IQVIA: [IQVIA Marktbericht Classic - Jahr 2022](#)

⁶ Medios Geschäftsbericht: IQVIA

⁷ Wikipedia: A biosimilar (plural: biosimilars) is a copycat product of a biopharmaceutical, for example a biotechnologically produced protein, that is approved after the patent period of the original active ingredient has expired.

⁸ Statista: [Entwicklung des Datenvolumens im stationären Internetverkehr im Festnetz](#)

⁹ Statista: [Durchschnittliches Datenvolumen im Monat pro Mobilfunkanschluss](#)

In February 2023, the European Commission set the goal of having all households in the European Union (EU) have a gigabit connection by 2030¹⁰ and all populated areas should be covered with 5G networks. On December 15, 2022, the EU institutions agreed on the “European Declaration on Digital Rights and Principles for the Digital Decade”¹¹, which, among other things, stipulates that all actors who benefit from digital change should make an appropriate contribution to the costs of the network infrastructure.

Deutsche Telekom explains the competition in its 2022 annual report¹²: “The telecommunications industry continues to be characterized by high levels of competition. Consumers benefit from a wide selection of offers. In the fixed network, established telecommunications companies face intense competition from cable network operators, city network operators and resellers, who primarily use regulated wholesale products. Financial investors are increasingly investing in the expansion of regional and national fiber optic networks. Finally, Internet companies are also practicing with OTT (over-the-top, OTT) communication services¹³ increasing competitive pressure.”

Business development of the TELES Group

In October 2021, TELES took over 75.2% of GVL Rechenzentrum GmbH, Berlin. The acquired voting rights in GVL can be exercised from January 1, 2022. TELES has an acquired call option for the remaining shares of GVL (see (3)). In November 2021, TELES took over 58% of the voting shares in EURO RX Arzneimittel GmbH, Wedemark, (EURO RX) against the issue of 1,863,792 newly created shares in TELES AG. The acquired voting rights in EURO RX can be exercised from January 1, 2022. TELES has a purchased call option for the shares of EURO RX (see (3)).

The TELES Group's sales in the reporting year were EUR 75.1 million. In the Pharmaceuticals segment, sales were EUR 73.4 million, which essentially consists of the sale of prescription drugs (important are special drugs for cancer, autoimmune deficiencies, and combination therapies of personalized medicine). In the telecommunications segment, there was a 25% decline in sales to EUR 1.8 million (previous year: EUR 2.4 million) due to

¹⁰ Europäische Kommission: [Kommission legt Vorschläge für Gigabit-Konnektivität bis 2030 vor](#)

¹¹ Kommission International: [Europäische Erklärung zu den digitalen Rechten und Grundsätzen für die digitale Dekade unterzeichnet](#)

¹² Deutsche Telekom annual report: Page 54

¹³ OTT communication services offer users opportunities to express themselves and share with others. Services: e.g. Skype, WhatsApp or Threema

significantly less project business than in 2021¹⁴. The cost of materials in the reporting year was EUR 70.5 million. In the Pharmaceuticals segment, the cost of materials was EUR 70.2 million and, in the Telecommunications segment, it was EUR 0.3 million (previous year: EUR 0.5 million).

Personnel expenses increased to EUR 3.7 million (previous year: EUR 1.4 million) due to the new Pharma segment and the granting of stock options for selected employees. Due to the new pharmaceutical segment, other operating expenses increased to EUR 1.8 million (previous year: EUR 0.6 million), of which costs of goods delivery amounted to EUR 0.5 million (previous year: EUR 0), closing and Audit costs EUR 0.3 million (previous year EUR 0.1 million), legal and consulting costs EUR 0.2 million (previous year EUR 0.1 million) additional rental costs EUR 0.2 million (previous year EUR 0.1 million). Depreciation amounted to EUR 16.5 million (previous year: 0.2 million), including depreciation on goodwill, customer base and brand in the amount of EUR 16.5 million. EUR 16.1 million (previous year: EUR 0) and depreciation of rights of use from leasing contracts of EUR 0.3 million (previous year: EUR 0.1 million). A detailed presentation of depreciation can be found in the notes to the consolidated financial statements. The operating result (EBIT) was EUR -17.3 million (previous year: EUR -0.2), of which EUR -16.0 million was recorded in the pharmaceuticals segment and EUR -1.3 million (previous year: EUR -1.3 million) in the Telecommunications segment. EUR -0.2 million).

The financial result of the TELES Group was EUR -0.3 million (previous year: EUR -0.0 million). In the consolidated financial statements of the TELES Group, the annual loss amounts to EUR 16.6 million (previous year: EUR 0.2 million), of which EUR 15.5 million in the pharmaceuticals segment and EUR 1.1 million in the Telecommunications segment. (PY: 0.2 million).

The tax income of EUR 1.0 million (previous year: EUR 0.0 million) results from the release of deferred tax liabilities because of value adjustments for the customer base and brand.

¹⁴ The differences in the profit and loss statement, in sales revenue and the cost of materials, between segment reporting in the TELES Group according to IFRS and the annual financial statements of TELES AG according to the HGB result from the gross accounting for the onward billing of services or expenses incurred in the HGB annual financial statements and the net accounting of these items in the IFRS consolidated financial statements.

The balance sheet total of TELES increased by EUR 11.3 million compared to the previous year. This is due to the initial consolidation of the new pharmaceuticals segment with an increase in current assets by EUR 10.2 million, an increase in non-current assets by EUR 1.1 million and an increase in current liabilities by EUR 13.0 million and the increase in long-term liabilities by EUR 2.1 million. Further details can also be found in the business combinations chapter in the notes to the consolidated financial statements. In 2022, EUR 0.9 million was invested in a picking system at EURO RX.

The fully paid-up share capital consists of 6,233,418 no-par value shares with a calculated value of EUR 1.00 each. The capital reserve increased to EUR 13.1 million (previous year: EUR 0.2 million) due to the new pharmaceuticals segment and the resulting consolidation effects as well as equity instruments for share-based compensation (issuance of stock options). The consolidated loss carried forward was EUR 4.9 million (previous year: EUR 4.7 million). The group equity amounted to EUR -2.2 million (previous year: EUR 1.6 million).

The long-term liabilities amounted to EUR 2.2 million (previous year: 0.0 million). Of these, long-term loans for the picking system at EURO RX of EUR 0.9 million (previous year: EUR 0.0), long-term leasing liabilities of EUR 1.1 million (previous year: EUR 0.0 million). Current liabilities amounted to EUR 14.4 million (previous year: EUR 1.4 million). Of these, short-term loans for EURO RX's working capital of EUR 8.8 million, other liabilities of EUR 3.4 million (previous year: EUR 0.3 million) and short-term leasing liabilities of EUR 0.3 million (Previous year: EUR 0.2 million). Other liabilities include a purchase price liability for an existing call option to acquire the remaining shares in EURO RX Arzneimittel GmbH of EUR 3.0 million (previous year: EUR 0.0 million).

In the cash flow statement, the operating cash flow amounts to EUR 0.3 million (previous year: EUR -0.2 million), especially considering the annual loss of EUR 16.6 million (previous year: EUR 0.2 million) and depreciation on goodwill, customer base and brand of EUR 16.6 million (previous year: EUR 0). Investments of EUR 0.9 million were made for the further automation of the EURO RX. The TELES Group was able to always meet its financial obligations in the past financial year. The financial resources amounted to EUR 1.5 million as of December 31, 2022 (previous year: EUR 0.4 million). Further details can be found in the detailed cash flow statement. As of December 31, 2022, there were no derivative financial

instruments at TELES. As part of the realignment of the TELES Group, no dividends will be paid out soon. There is a credit line for working capital in the amount of EUR 8.75 million, which was drawn down at 100% as of December 31, 2022.

Overall, the past financial year was not satisfactory for the TELES Group. The focus in 2022 was on the integration of the new Pharma business segment.

Given the initial preparation of the consolidated financial statements in accordance with IFRS, as applied in the EU, there are no previous year forecasts at the level of the consolidated financial statements for the 2022 financial year. Against this background, the information according to DRS 20.57 is omitted.

Business development of TELES AG

At EUR 1.9 million, sales fell by 24% from EUR 2.5 million in the reporting year. In the Carrier Solutions business area, there was a 25% decline in sales due to fewer customer projects with important existing customers than in 2021 (EUR 1.8 million, previous year: EUR 2.4 million). The important maintenance business accounts for 70% of Carrier Solutions sales (EUR 1.2 million, previous year: EUR 1.3 million). Carrier Solutions' order intake in 2022 fell by 22% (EUR 1.8 million, previous year: EUR 2.4 million). The order backlog fell by 26% in the past financial year (EUR 0.9 million, previous year: EUR 1.2 million). The cost of materials ratio fell to 16.2% (previous year: 19.8%). Revenues from subletting and agency agreements amount to EUR 0.2 million (previous year: EUR 0.2 million), a decrease of 1%.

Carrier Solutions	2022	2021
	k EUR	k EUR
DACH (German-speaking countries)	1,108	1,375
Europe	430	637
Middle East	205	314
Other	22	35
Total	1,765	2,362

Other operating income amounted to EUR 240 thousand (previous year EUR 153 thousand), of which EUR 68 thousand (previous year EUR 0) from a group levy, non-operating income from onward billing amounting to EUR 39 thousand (previous year EUR 53 thousand), other income EUR 30 thousand (Previous year EUR 77 thousand), income from written off receivables EUR 23 thousand (previous year EUR 0), insurance compensation EUR 6 thousand (previous year EUR 0) and income from the reversal of provisions EUR 6 thousand (previous year EUR 18 thousand).

Personnel expenses increased from EUR 0.5 million (previous year: EUR 0) to EUR 2.0 million (previous year: EUR 1.5 million) due to the consideration of share-based payments (issuance of stock options). Other operating expenses rose to EUR 1.4 million (previous year: EUR 0.9 million), including EUR 227 thousand (previous year: EUR 74 thousand) for accounting, closing and auditing costs, as well as a value adjustment on a loan to affiliated companies Company in the amount of EUR 205 thousand (previous year: EUR 0 thousand),

expenses for past periods in the amount of EUR 121 thousand (previous year: EUR 48 thousand). Depreciation amounted to EUR 35 thousand (previous year: EUR 26 thousand).

The operating result (EBIT) amounted to EUR -1.5 million (previous year: EUR -0.3 million) and the financial result amounted to EUR -400 thousand (previous year: EUR 0). Taxes on income and earnings include effects from the reversal of a tax provision of EUR 240 thousand (previous year: EUR 0). In 2022, depreciation on financial assets amounting to EUR 360 thousand (previous year: EUR 0) was made. This means that the annual deficit in TELES' annual financial statements amounts to a total of EUR 1.7 million (previous year: EUR 0.3 million).

The balance sheet total of TELES has increased by EUR 1.0 million compared to the previous year. reduced. The equity ratio will be 20% in 2022 (previous year: 57%). Current assets decreased from EUR 0.8 million to EUR 0.3 million in 2022.

The fully paid-up share capital consists of 6,233,418 no-par value shares with a calculated value of EUR 1.00 each. The capital reserve increased to EUR 0.8 million (previous year: EUR 0.3 million) due to the consideration of share-based payments. Due to the annual deficit of EUR 1.7 million (previous year: EUR 0.3 million), equity amounted to EUR 0.4 million (previous year: EUR 1.6 million).

The provisions fell to EUR 0.6 million (previous year: 0.8 million), particularly due to the release of tax provisions (EUR 240 thousand, previous year: 0). The liabilities are due to the use of loans from EURO RX in the amount of EUR 0.4 million (previous year: EUR 0) and the increase in trade payables rose from EUR 0.1 million to EUR 0.8 million (previous year: 0.3 million).

In the cash flow statement, the cash flow from operating activities amounts to EUR -0.5 million (previous year: EUR -0.3 million). The cash flow from investing activities is EUR -3 thousand (previous year: EUR -80 thousand). The cash flow from financing activities amounts to EUR 0.2 million (previous year EUR 0). This is made up of loans granted by EURO RX Arzneimittel GmbH amounting to EUR 0.4 million and loans issued to GVL Rechner GmbH amounting to EUR 0.2 million. The company was always active in the past financial year able to meet their financial obligations. The financial resources amounted to EUR 42 thousand as of December 31, 2022 (previous year: EUR 0.4 million). Further details

can be found in the detailed cash flow statement. As of December 31, 2022, there were no derivative financial instruments at TELES. As part of the realignment of TELES AG, no dividends will be paid out soon.

The forecasts made last year in the 2021 annual financial statements regarding the development of the most important financial performance indicators for the 2022 financial year (slightly increasing sales, a positive operating result (EBIT) and a slightly increasing order intake) were not achieved. The reason for the decline in sales was the strong demand-induced decline in incoming orders in the project business compared to the previous year. In contrast, order intake in the maintenance business and the resulting maintenance sales have developed consistently. The decline in EBIT results from a decline in sales revenue in the project business of EUR 0.6 million, the increase in personnel expenses of EUR 0.5 million, largely due to the consideration of effects from share-based compensation and the Increase in other operating expenses of EUR 0.4 million, largely due to the write-down of loan receivables from affiliated companies and the increase in closing and audit costs. The focus in 2022 was on establishing the TELES Group.

Overall, the past financial year was not satisfactory. At the same time, TELES AG has created new growth prospects by integrating strategic acquisitions in a new area of expansion.

Human Resources

On an annual average, the TELES Group had 52 employees at the Berlin and Wedemark locations (previous year: 17). The average number of employees employed at TELES AG (excluding board members and trainees) is 20 (previous year: 17). At the end of 2022, the TELES Group employed 51 people (previous year: 18). In addition, TELES AG invests in employees who complete university or vocational training. As of December 31, 2022, three students were working on a dual course of study in cooperation with the Berlin University of Economics and Law (HWR).

Risk report

Description of the essential features of the internal control and risk management system (Sections 289 Para. 4, 315 Para. 4 HGB, Section 91 Para. 2-3 AktG)

In accordance with Sections 289 Para. 4 HGB, 315 Para. 4 HGB, Section 91 Para. 2-3 AktG, TELES is obliged to describe the essential features of the internal control and risk management system about 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 the TELES Group are at the discretion and responsibility of the Management Board. TELES has therefore established an internal control and risk management system that is integrated into its operational processes. The board of directors and the management of the group companies were responsible for monitoring and coordinating risk management.

Description of the internal control system

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

Internal controls defined based on risk aspects are embedded in the accounting process. The accounting-related internal control system includes both preventative and detective controls, which include IT-supported and manual coordination, plausibility checks, the separation of functions, the four-eyes principle, general IT controls, such as: B. Access authorizations in IT systems.

The internal control system supports the recording, processing, and assessment of company-related facts as well as their appropriate presentation in 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 continually analyzed regarding their relevance and impact on the consolidated financial statements. The accounting-related internal control system described is supplemented by controls at the company level, which are carried out by the highest decision-making bodies.

The preparation of the consolidated financial statements and the group accounting of the individual companies are carried out centrally, which ensures consistent and constant application of accounting in a uniform financial statement preparation process. When preparing the consolidated financial statements, regular reviews were carried out, including with the involvement of external consultants.

However, due to the nature of the matter, personal discretionary decisions, incorrect controls, criminal acts, or other circumstances cannot be ruled out and then lead to limited effectiveness and reliability of the internal control system and risk management system used. Therefore, the application of the systems used cannot guarantee absolute security about the correct, complete, and timely recording of facts in accounting.

Significant changes to the risk management system result from the first-time preparation of consolidated financial statements in accordance with IFRS in the 2022 financial year. EU-RO RX, as a key group company, was integrated into the group-wide risk management system of the TELES Group from September 2022. The other group companies are to be considered during the 2023 financial year.

Description of the risk management system

The active entrepreneurial use and development of economic opportunities and potential on the market inevitably entails taking risks. For business success, it is crucial to recognize these risks at an early stage and actively counteract them. If damage occurs despite all preventative measures, risk management must ensure that countermeasures are initiated in a timely manner to minimize damage.

The Executive Board must take precautions by establishing appropriate measures in accordance with Section 91 Para. 2 AktG to identify, evaluate, control, and monitor developments that threaten the continued existence of the company in a timely manner. To determine the threat to the existence of a risk, a risk aggregation and the risk-bearing capacity for the company must be determined to define the maximum exposure limit.

The TELES Group uses an appropriate risk management system to identify and evaluate business risks and risks that potentially threaten the company's continued existence as

well as to deal with them correctly. Group-wide responsibility for the early detection and countermeasures of risks lies with the Board of Directors. The managing directors of the subsidiaries support him in continuously identifying and counteracting risks within the group.

With the help of a monthly risk report, the Executive Board and Supervisory Board monitor the identified risks in relation to the planned development throughout the year. The focus is on identifying the need for action and the status of the measures initiated to systematically control the identified risks.

As part of the risk management system, a distinction is made between other business risks and risks that potentially threaten the continued existence of the company.

Other business risks

The documentation of the identified and assessed other business risks takes place within a risk map, which is a central component of the risk management system. The individual risks identified are assigned to corresponding risk categories, which are combined into the core risk areas of the TELES Group (“risk inventory”). In addition, the risk map contains the necessary assessments and comments regarding the management board's risk assessment. There are also risk maps for the individual group companies and their functional units, which are used to “inventory” and evaluate the performance and personnel risks (core risk areas) of the functional units. The assessment of the core risk areas required for the risk assessment is carried out monthly by those responsible for risk management and is reported to the Board of Directors. This reporting is part of the monthly information provided to the Supervisory Board.

Overview of the core risk areas of the TELES Group:			Priority
1.	Strategic risks	Business area structure	3
2.	Market risks	Economic sales volumes and sales prices fluctuations	2
		procurement market	2
3.	Legal and political risks	Product liability	1
		Regulatory risks	2
4.	Corporate governance risks	Organizational structure, processes, and competencies	2
		Working atmosphere and motivation	2
		Leadership style	2
5.	Performance risks	Sales	1
		Development	1
		Service	1
6.	Personnel risks	Recruitment	2
		Human resources development	2
		Key people	2
7.	Other risks	Information technology risks	1

The above-mentioned seven core risk areas as well as the risk categories and individual risks of the TELES Group contained therein are prioritized and viewed qualitatively by the Board of Directors and the risk managers. For this purpose, based on the assessment of the Management Board and the risk manager, a qualitative assessment of the probability

of occurrence is made according to “low” (0% - 25%), “medium” (26% - 75%) and “high” (76% - 99%) the qualitative assessment of the extent of risk or risk potential. For this purpose, a clustering is carried out into the categories unproblematic (green, “low”), in need of improvement (amber, “medium”) and critical (red, “high”). The assessment is initially carried out at the level of the group companies and is then consolidated for the assessment at the group level.

Due to the sale of the Telecommunications segment on October 1, 2023, the risk areas identified for the Telecommunications segment are only relevant for the period from January 1, 2023, to September 30, 2023. As a result of this measure, the group will no longer be exposed to the assessed risks from October 1, 2023. The Management Board's individual risk assessment is unchanged for the period mentioned until September 30, 2023.

Strategic risks - Pharmaceutical segment

The costs of treatments and medicines in the healthcare system have been rising rapidly in Germany and other industrialized nations for years. The reasons for this are different: people are getting older, medical progress is making more complex treatment methods possible and risk groups need numerous expensive and new medications¹⁵. Since health spending in OECD countries is now increasing annually faster than the respective gross domestic product, politicians should know where the increase in costs comes from - from increased drug spending for high-risk groups for which particularly expensive new drugs (especially for cancer therapy) are used. Therefore, policymakers should reconsider the current favorable assessment of new drugs for rare diseases and generous reimbursement to keep healthcare costs under control.¹⁶

The company's business activities are heavily influenced by government regulation and control. Any fundamental changes to the existing regulatory and other framework conditions as well as other legal changes, particularly in pharmaceutical law, could have a negative impact on the business operations of the TELES Group. Likewise, changes in the practice of authorities in enforcing existing legal regulations could have a negative impact.

¹⁵ (idw) Nachrichten 31.05.2023: [Kostenexplosion im Gesundheitssystem](#)

¹⁶ (idw) Nachrichten 31.05.2023: [Kostenexplosion im Gesundheitssystem](#)

The Management Board assesses the risk as medium, as regulatory changes that cannot be influenced by the Group could have a negative impact.

Strategic risks - Telecommunications segment

The telecommunications market continues to be under massive pressure from a whole range of factors, influences, and new providers. The landscape of network operators and service providers, which has grown over decades, is subject to a variety of changes. Last 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.

The Management Board assesses the risk as low, as the cost pressure among network operators and market consolidation have been ongoing for several years. In addition, the planned transformation from a telecommunications group to a pure financial holding company represents a measure to reduce risk.

Market risks

Market risks for the TELES Group arise from economic conditions and fluctuations in demand (economic sales volume fluctuations), from price changes (economic sales price fluctuations) and from dependence on suppliers and contract manufacturers (procurement market). Our activities in the markets outside the core DACH and European markets limit the impact of loss of demand on earnings but cannot completely shield the risks. This makes it difficult to make reliable forecasts for the further development of the TELES Group. We cannot conclusively estimate the extent to which our customers or our potential new customers are affected by the current Russia-Ukraine crisis and the subsequent energy crisis and whether purchasing decisions may be postponed or changed.

The Executive Board assesses the risk for the TELES Group overall as medium. This assessment is based on the pharmaceutical segment's dependence on the availability of products on the procurement market as well as possible influences on business activities from price and demand fluctuations. In the telecommunications segment, however, the risk can be classified as low, particularly in the procurement market. In 2023, measures were taken by selling the telecommunications segment to fundamentally avoid the risk.

This assessment is essentially based on the business model, which is only partially dependent on the procurement market compared to the pharmaceutical segment.

Legal and political risks - product, service, and technology risks - Telecommunications segment

Product, service, and technology risks are among the most significant that TELES must address. Product risks are caused by the delayed 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 develop new customers. This requires a strong commitment on the part of TELES in market observation and analysis during development. The earnings situation depends largely on the ability to adapt to changing markets and their requirements, to quickly develop and introduce new marketable products, to constantly optimize development processes and to reduce the costs of developing and producing high-quality, new, and reliable products reduce.

The timely fulfillment of promised installation and services in the agreed quality are also key success factors for TELES. This is even more so because service framework agreements with our customers account for a significant share of sales and non-fulfillment, or poor performance can result in direct damage through claims for compensation, repairs, or loss of sales. The share of sales for maintenance contracts has increased in recent years.

Legal and political risks - Regulatory risks pharmaceutical segment

Legal regulatory measures throughout the European Union as well as strong pressure on margins in the Specialty Pharma segment can have a negative impact on our sales and earnings situation. The original manufacturers are still trying to set quotas for individual European markets or use single-channel distributors to make exports more difficult. Furthermore, the original manufacturers try to make exports more difficult by maintaining high list prices and concluding subsequent discount agreements. There is also a fundamental risk that sales prices in the various EU countries will gradually align or that export bans will be issued in individual countries or for individual preparations.

The board assesses the risk as medium because EURO RX is not a pharmaceutical manufacturer, but rather acts as a highly automated pharmaceutical logistics company.

Legal and political risks - Regulatory risks Telecommunications segment

The telecommunications sector of the relevant market (DACH, Europe and the Middle East) is still legally regulated in many countries. In individual cases, official regulations or changes thereto can significantly increase operational costs and/or have an impact on sales.

The Management Board considers the risk to be low because TELES Carrier Solutions supplies network operators who in turn must comply with regulatory requirements. Due to the sale of the telecommunications segment on October 1, 2023, the period to which TELES AG is exposed to the already low risk has been significantly reduced.

In addition, changes in tax laws and regulations could lead to higher tax expenses and/or have an impact on deferred tax assets and liabilities.

Risks from corporate governance – organizational structure, processes, and competencies

The TELES Group relies on four pillars to minimize risks from corporate governance: a) structures and processes through which objectives are to be achieved, b) evaluation of managers to continuously improve corporate management, c) corporate communication to ensure transparency and to gain and consolidate trust and d) to determine the overarching objectives of the company to establish a maxim for action. The risk is that company goals will not be achieved due to a lack of knowledge or communication of the company's overarching objectives.

Based on the experience of the past few years and the organizational structures that have been established, the Executive Board assesses the risks from the organizational structure, processes, and competencies as low in terms of their probability of occurrence and as low in their extent.

Performance risks – sales and marketing

New product launches in particular pose challenges for our marketing and sales organization, as assumptions e.g., about the market and its circumstances may not materialize as expected. Based on this, our product launch concepts, and the planning or implementation of the sales strategy could turn out to be inappropriately timed or inefficient. Competitors whose marketing activities - including price competition - or advertised product characteristics exceed our efforts, represent a risk to the sales of our products. We counter these risks with a forward-looking analysis of possible scenarios and the development of suitable strategies, including for planned new launches products.

The Management Board considers the risk to be low because a regular market analysis is carried out and, in the event of a deviation, the approach to product launch is adjusted.

Personnel risks

The TELES Group, like any other highly specialized and knowledge-intensive company, is subject to special personnel risks that arise from the departure of employees. The know-how of the employees is an asset of the TELES Group in many functions. The risk is that with the loss of employees, the corresponding knowledge and experience can also be lost,

causing processes to come to a standstill. The TELES Group therefore pays particular attention to the long-term loyalty of employees to the company. This is also the goal of the 2021 stock option program and the 2022 stock option program. TELES AG also recruits committed young employees through cooperation with universities as part of dual study programs.

In summary, the Management Board assesses the personnel risks as low given the low employee fluctuation. The personnel that were transferred to the buyer as part of the sale of the telecommunications segment on October 1, 2023, represent a planned workforce reduction as part of the transformation of TELES AG from a telecommunications company to a pure financial holding company. As a result, the management board's assessment of personnel risks has not changed.

Other risks - IT risks

The development and quality assurance of products, but also all other processes in the TELES Group, are highly dependent 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 address this by continually improving the security of our systems, using redundant hardware and access restrictions.

Based on the experiences of the past few years as well as the organizational and technical measures put in place (e.g., raising employee awareness, use of VPN, two-factor authentication), the Management Board assesses the IT risks as low.

Potentially existential risks

Pharmaceuticals segment

All significant risks that could potentially jeopardize the results and existence of the pharmaceuticals segment are listed in a risk matrix. All risk potentials are assessed according to the probability of occurrence and possible effects on earnings and liquidity. The probabilities of occurrence are classified as “low” (0% - 25%), “medium” (26% - 75%) and “high” (76% - 99%). The following risk relevance classes and possible impacts are used for the individual risks:

Relevance	Risk relevance classes	Possible impact
Relevance 1	insignificant risk ("low") that causes hardly any noticeable deviations from the operating result.	± 10 %
Relevance 2	medium risk ("medium"), which causes a noticeable positive or negative impact on the operating result.	± 15 %
Relevance 3	significant risk ("medium") that has a strong positive or negative impact on the operating result.	± 20 %
Relevance 4	serious risk ("high"), which in a positive case can more than double the operating result, but in a negative case it can be significantly reduced and lead to an annual loss.	± 35 %
Relevance 5	Risk ("high") that has a significant probability of more than quadrupling the operating result, but in the negative case can endanger the continued existence of the company.	± 50 %

A distinction is made between earnings and liquidity risks. The income risks include the risk categories sales, material costs and personnel costs:

Risk category	Risk	Relevance	Factors	Impact
Sales volume	Export	Relevance 4	Elimination due to Brexit	± 35 %
	Wholesale	Relevance 4	General increase in sales	± 35 %
	Diabetes products	Relevance 5	New business	± 50 %
	Pharmacies	Relevance 3	Special items (e.g., short expiry)	± 20 %
	Other	Relevance 5	Corona specific articles	± 50 %
	Sales volume			Overall risk
Material costs	RX	Relevance 2	Reduced due to loss of sales	± 15 %
	OTC	Relevance 5	Goods for new business	± 50 %
	Free	Relevance 5	Goods for new business	± 50 %
	Material costs			Overall risk
Personnel expenses	Personnel costs	Relevance 1	New hires, fluctuation	± 10 %
Pharma	Earnings risk	Risks for sales, cost of material and personnel costs		± 30 %

Liquidity risk	Bank transfer	Relevance 1	Self-payer	± 10 %
	Payment in advance	Relevance 1	Goods issue after payment	± 10 %
	Bank debit	Relevance 1	Taxable direct debit	± 10 %
	Liquidity risk			Overall risk

The overall risk for sales is made up of the individual risks with their respective relevance and the associated impact (here 20-50%). The assessment of the impact on the overall risk of ± 40% is based on experience from previous years.

Translation –the German version is authoritative

The overall risk of material costs is made up of the individual risks with their respective relevance and the associated impact (here 15-50%). The assessment of the impact for the overall risk of $\pm 40\%$ is based on experience from previous years.

The earnings risk is made up of the overall risks of sales, material, and personnel costs with the respective impact (here 10-40%). The assessment of the impact for the overall risk of $\pm 30\%$ is based on experience from previous years.

Payments are made either by bank transfer, advance payment, or direct debit. The overall liquidity risk of $\pm 10\%$ is based on experience from previous years.

In the Pharma segment, the earnings risk was $\pm 30\%$ and the liquidity risk was $\pm 10\%$ for 2022.

Segment Telecommunication

All significant risks that could potentially jeopardize the results and existence of the Telecommunications segment are listed in a risk matrix. All risk potentials are assessed according to the probability of occurrence and possible effects on earnings and liquidity. The probabilities of occurrence are classified as “low” (0% - 25%), “medium” (26% - 75%) and “high” (76% - 99%). The following risk relevance classes and possible effects are applied to the individual risks:

Relevance	Risk relevance classes	Possible impact
Relevance 1	insignificant risk ("low") that causes hardly any noticeable deviations from the operating result.	± 1 %
Relevance 2	medium risk ("medium"), which causes a noticeable positive or negative impact on the operating result.	± 3 %
Relevance 3	significant risk ("medium") that has a strong positive or negative impact on the operating result.	± 5 %
Relevance 4	serious risk ("high"), which in a positive case can more than double the operating result, but in a negative case it can be significantly reduced and lead to a negative consolidated or annual result.	± 15 %
Relevance 5	Risk ("high") that has a significant probability of more than quadrupling the operating result, but in the negative case can endanger the continued existence of the company or group.	± 30 %

A distinction is made between earnings and liquidity risks. The income risks include the risk categories of sales (existing customers, new business, maintenance sales, financial and interest risks), material costs (according to the equipment suppliers used) and personnel costs:

Risk category	Risk	Relevance	Factors	Impact
Sales volume	Existing customer business	Relevance 2	Customer satisfaction, customer business model, solvency	± 03 %
	New business	Relevance 4	Size and quality of the sales pipeline	± 15 %
	Maintenance turnover	Relevance 1	Customer churn, customer bankruptcy	± 01 %
	Financial and interest rate risks	Relevance 1		± 01 %
	Sales volume		Overall risk	± 20 %
Material costs	Supplier 1	Relevance 1	Delivery reliability, delivery quality, service quality	± 01 %
	Supplier 2	Relevance 1	Delivery reliability, delivery quality, service quality	± 01 %
	Supplier 3	Relevance 1	Delivery reliability, delivery quality, service quality	± 01 %
	Supplier 4	Relevance 1	Delivery reliability, delivery quality, service quality	± 01 %
	Material costs		Overall risk	± 04 %
	Personnel costs	Relevance 1	Termination of MA, new hire, if necessary, Headhunter	± 01 %
TELES AG	Earnings risk		Risks for sales, material, and personnel costs	± 25 %
TELES AG	Liquidity risk	Relevance 1	Customer solvency	± 01 %

In the telecommunications segment, the earnings risk was $\pm 22\%$ and the liquidity risk was $\pm 1\%$ for 2022.

Management board's assessment of the overall risk situation

The assessment of the overall risk situation is the result of the consolidated consideration of all significant risk categories or individual risks. The overall risk situation has worsened compared to the previous year due to the Russia-Ukraine crisis and the resulting consequences for the global economy. The pharmaceutical market in Germany and the European Union (EU) is determined by many legal regulations. Possible changes in legislation can have a direct impact on the TELES Group's business. Our main challenges are the regulatory framework, the economic uncertainties as well as the intense competition and the associated pressure on profitability, including in the telecommunications business, as well as the pressure for change from new technologies and strategic transformation.

Entrepreneurial activities are fundamentally exposed to risks. For example, geopolitical and strategic conflicts can significantly dampen demand even in regions that are not directly affected. The events on the financial markets and the imbalance in national budgets, especially in some European countries, are weakening the economy and affecting the economic development of companies. New providers can also endanger the competitive position of the TELES Group.

In summary, TELES is convinced that the identified significant risks neither individually nor in their entirety pose a concrete threat to the existence of TELES. In 2023, TELES will build on the stable business model of EURO RX and the business model in the segment that exists until September 30, 2023, Telecommunications. The group-wide monitoring system is intended to quickly identify risks and make it possible to react to them in a timely manner and initiate countermeasures.

The Management Board considers the internal control systems and the risk management system set up to be appropriate and effective.

Opportunities Report

Pharma opportunities

The healthcare market is and remains a growth market. Through our specialization in the therapeutic areas of cancer, autoimmune deficiencies, and combination therapies in personalized medicine, we will participate in this growth for Specialty Pharma. On the procurement side, we can rely on a wide range of delivery options. To minimize business risks, we diversify our sources of supply. Due to the high level of automation, the EURO RX has a high inventory turnover and therefore a manageable capital commitment without excessive additional capital requirements (working capital).

In the medium and long term, the digitalization of the healthcare system in particular offers growth opportunities. The GVL data center in particular plays a central role within the TELES Group about the implementation of the electronic prescription (e-prescription). This will enable simpler billing options between pharmacies and health insurance companies in the future, which will also support healthcare research for the pharmaceutical industry.

Telecommunications opportunities

Due to the sale of the Telecommunications segment completed on October 1, 2023, the opportunities identified for the Telecommunications segment are only relevant for the period from January 1, 2023, to September 30, 2023. The Executive Board's individual assessment of opportunities is unchanged for the period mentioned until September 30, 2023.

Competition in some markets makes it difficult for small and medium-sized providers such as TELES to absorb the price pressure, especially from network operators. TELES is countering this development with services that limit the need to turn to competitors. Requirements of the regulator, such as the technical guideline TR- Emergency call in Germany, give TELES the opportunity to supply customers with additional software. The expansion of the TELES soft switch to enable software-based transcoding in customer networks (transcoding) also brings further growth.

From the management board's perspective, the corona pandemic acted as a catalyst for the digitalization of the regions from which TELES customers come, which has already begun but is still far from complete. In this respect, this acceleration offers the opportunity to gain a foothold with its own products, especially in the growth markets of the Middle East and Central Europe, where the company sees potential for its own business development. The opportunity to build or expand market shares is associated with the chance of higher order intake and an increase in sales and earnings.

Financing the continuation of the company

The liquidity of the company and the group is strained: Through the sale of the telecommunications segment on October 1, 2023, TELES AG has been transformed into a pure financial holding company. Sales and earnings (EBIT) in the telecommunications segment did not meet expectations. Against this background, TELES AG, as a pure financial holding company, will not generate any independent income surpluses or liquidity in the future. Rather, TELES AG was dependent on extensive loans from the group subsidiary EURO RX. The loans of EUR 2 million were deferred in December 2023 until June 20, 2026. In addition, TELES AG has received loan commitments of EUR 0.6 million from related parties until December 20, 2025. The Board of Directors considers the financial resources available within the TELES Group to be sufficient to cover the expected financial resources needs of TELES by the end of 2025. In doing so, the Management Board also considers the possibility of strengthening the company's earnings and liquidity situation through group contributions, profit distributions and/or loans through the subsidiary EURO RX Arzneimittel GmbH. The long-term expectations for TELES AG are positive, so that liabilities within the group can also be settled. To finance further growth, the board of directors plans to increase the company's share capital against cash contributions in 2024. These cash contributions, together with the existing Authorized Capital 2021/I and Authorized Capital 2022/I, create the opportunity for the TELES Group to strengthen the Group and reduce its dependence on outside capital through appropriate M&A measures.

The continued existence of the company and thus the group depends on the planned sales of the group subsidiary EURO RX for the coming months not being sustainably undercut and the promised additional financial resources of EUR 0.6 million being sufficient or being increased if necessary. The risks in this context are whether EURO RX will be able

to grow with positive margins again in the future, generate positive earnings surpluses and free liquidity and be able to provide the support contributions necessary for TELES AG without its own development to endanger.

Business planning naturally involves risks and uncertainties. It is based on current assumptions, expectations, estimates and projections of TELES, which were made or considered to the best of our knowledge and belief and considering commercial principles. In this respect, deviations from the plan cannot be ruled out.

Given the risks presented, there is significant uncertainty regarding the continuation of the company's and the Group's business activities.

Forecast report

The forward-looking statements and information described below are based on the expectations and assessments of the Management Board when preparing the combined management report. They therefore involve several risks and uncertainties. Many factors, many of which are beyond the control of the TELES Group, impact the business activities and earnings development of the TELES Group and TELES AG.

The actual business development may differ from the forecasts due to, among other things, the opportunities and risks described above. Development depends on a variety of economic, social, and regulatory factors and can be negatively influenced by increasing uncertainties, such as the effects of the Russia-Ukraine crisis, or a deterioration in the economic and regulatory framework.

According to DRS 20.127, the forecast period is one year from the balance sheet date of December 31, 2022.

Overall economic and industry-related situation

The global growth outlook is expected to deteriorate slightly in 2023 compared to 2022. In its economic forecast for August 2023, the International Monetary Fund (IMF) assumes

that the global economy will grow by 3.0% in 2023¹⁷. The Management Board expects moderate growth for the core markets for the full year 2023.

According to the IQVIA Institute for Data Science, the global pharmaceutical market will expand¹⁸ develop at growth rates until 2024 as before the pandemic. Global spending on pharmaceuticals is expected to be \$497 billion (€456 billion) higher between 2020 and 2027 than before the pandemic¹⁹.

The index for the business climate in the digital industry (Bitkom-ifo digital index)²⁰ recovered again throughout 2022. In March, companies in the ICT sector now rate their business expectations for the coming months at +12.2 points, significantly more optimistic than the overall economy (ifo business climate) at 0.4 percentage points.

Forecast

Pharmaceuticals segment

In 2022, the Pharma segment invested extensively in further automation in the incoming and outgoing goods areas and in the storage area. This enables shorter throughput times and a higher turnover of goods while at the same time reducing personnel costs. For 2023, we expect a slight fall in incoming orders and, as a result, a slight fall in sales, not least given the current business development. Given the stable prices and therefore achievable margins, we expect a constant gross profit margin. It is also expected that personnel expenses will decrease slightly due to the use of the order picking system and that other operating expenses will remain at the previous year's level. Considering an expected decrease in impairments on intangible assets, earnings (EBIT) are expected to increase significantly for the 2023 financial year.

Telecommunications segment

¹⁷ Statista 10.10.2023: [IWF senkt Prognose für Weltwirtschafts-Wachstum](#)

¹⁸ IQVIA: [The Global Use of Medicines 2023. Outlook to 2027](#)

¹⁹ IQVIA: [The Global Use of Medicines 2023. Outlook to 2027](#)

²⁰ Bitkom März 2023: [Digitalbranche zeigt sich weitgehend krisenfest](#)

Due to the sale of the Telecommunications segment completed on October 1, 2023, the forecasts identified for the Telecommunications segment are only relevant for the period from January 1, 2023, to September 30, 2023. Due to the disposal of the telecommunications segment during the year, no sales revenue or earnings contribution is expected for TELES AG from October 1, 2023.

For the financial year 2023, the following forecasts are made at TELES AG level, which are as follows due to the discontinued activities in the telecommunications segment: In the telecommunications segment, a significant drop in incoming orders and thus a significant drop in sales was recorded in the project business in the first nine months. The maintenance business has developed stably and is an important pillar in sales and makes an important contribution to earnings in the first three quarters. Overall, the telecommunications segment will deliver significantly falling sales in 2023. The development of the cost of materials correlates with the development of sales revenue. As a result of the employee transfer, there will be a significant reduction in personnel costs and, due to the sharp increase in audit costs, there will be a significant increase in other operating expenses. We expect earnings (EBIT) to increase slightly in 2023.

Overall statement about the forecast

Due to developments in connection with the Russia-Ukraine crisis, the plans and forecasts made are subject to uncertainty. Due to the still high level of uncertainty that has gripped society, politics, and the economy, it is impossible to estimate 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. Regardless, all findings up to the date of preparation of the management report have been considered in the forecast. Regardless, all findings up to the date of preparation of the management report have been considered in the forecast.

Supplementary report

By contract dated September 29, 2023, TELES AG sold the development, service, and order management area for existing customers (part of the business) as of October 1, 2023, as

part of an asset deal without transferring the liabilities belonging to the part of the business. The employees belonging to the part of the business have also been transferred to the purchaser.

Due to the disposal of the partial operation during the year, no sales revenue or contribution to earnings is expected for the group from October 1, 2023. A total of 15 employees will leave the TELES Group on October 1, 2023.

Key figures of the TELES Group (IFRS)

TELES Group in thousand Euro	01.01.2021 - 31.12.2021	01.01.2022 - 31.12.2022	Change
Sales revenues	2,362	75,137	> +500%
Cost of materials	499	70,540	> +500%
Personnel expenses	1,406	3,699	163%
Other income	47	148	216%
Other expenses	553	1,841	233%
Operating result/EBIT	-223	-17,338	> -500%
EBITDA	-49	-796	> -500%
Group result	-245	-16,637	> -500%

Key figures of TELES AG (HGB)

TELES Aktiengesellschaft, Berlin in thousand EUR	01.01.2021 - 31.12.2021	01.01.2022 - 31.12.2022	Change
Sales revenues	2,520	1,921	-24%
Other operating income	153	240	57%
Personnel expenditures	1,480	1,987	34%
Other operating expenses	934	1,363	46%
Operating result (EBIT)	-266	-1,535	-476%
EBITDA	-241	-1,499	> -500%
Net loss	-268	-1,695	> -500%

**Information in accordance with Section 289a of the German Commercial Code (HGB),
Section 315a****Composition of the subscribed capital**

The fully paid-up share capital consists of 6,233,418 no-par value shares with a calculated value of EUR 1.00 each. Each share grants one vote. There are no other classes of shares.

Restrictions on voting rights or transfer of shares

The company's management board is not aware of any restrictions affecting voting rights or the transfer of shares.

Direct or indirect shareholdings in the capital that exceed 10% of the voting rights.

Mr. Frank Riemer, Wedemark, Germany, holds 29.90% of the voting rights in TELES AG as of the balance sheet date.

TRONTEC SOLUTIONS GmbH, Berlin, Germany, holds 16.04% of the voting rights of TELES AG as of the balance sheet date and is 100% held by Ms. Wietje Riemer, whereby her voting rights are attributed to her in accordance with Section 22 Paragraph 1 Sentence 1 No. 1 WpHG.

Dirado Vermögensverwaltungs GmbH, Berlin, Germany, holds 14.32% of the voting rights of TELES AG as of the balance sheet date and is 100% held by Mr. Wolfgang Schulz, which means that he is granted their voting rights in accordance with Section 22 Paragraph 1 Sentence 1 No. 1 WpHG. be calculated.

In addition, to the company's knowledge, there are no other direct or indirect investments in the capital that exceed 10% of the voting rights.

Shares with special rights; Control 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 Paragraph 1 No. 5 HGB.

Regulations on the appointment and dismissal of members of the board of directors and on changes to the statutes

According to Section 6 of the Articles of Association, the Board of Directors consists of one or more people. The determination of the number within the framework of the regulation as well as the appointment and revocation of the appointment are carried out by the Supervisory Board, as is the appointment of a member of the Executive Board as Chairman of the Executive Board. Otherwise, the appointment and dismissal of members of the Executive Board is governed by Sections 84 and 85 AktG.

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

Powers of the Board of Directors regarding the possibility of issuing or buying back shares

Authorized capital

By resolution of the Annual General Meeting on December 17, 2021, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital once or several times by up to a total of EUR 2,184,813.00 against cash and/or contributions in kind by December 31, 2025, of up to 2,184,813 new bearer shares (Authorized Capital 2021/I).

By resolution of the Annual General Meeting on May 30, 2022, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital once or several times by up to a total of EUR 931,896.00 against cash and/or contributions in kind by December 31, 2026, of up to 931,896 new bearer shares (Authorized Capital 2022/I).

Conditional capital

By resolution of the Annual General Meeting on December 17, 2021, the Board of Directors is authorized to issue up to 436,962 subscription rights (“stock options”) by December 31, 2025, which in total can be used to subscribe to up to 436,962 no-par value bearer shares of TELES AG with one to issue a pro rata amount of the share capital in the amount of EUR 1.00 each (Conditional Capital 2021/I).

By resolution of the Annual General Meeting on May 30, 2022, the Board of Directors is authorized to issue up to 186,379 subscription rights (“stock options”) by December 31, 2026, which in total can be used to subscribe to up to 186,379 no-par value bearer shares in TELES AG with one to issue a proportionate amount of the share capital in the amount of EUR 1.00 each (Conditional Capital 2022/I).

Significant agreements of the company that are subject to a change of control because of a takeover offer

Such agreements do not exist.

Declaration of compliance with corporate governance and declaration of corporate governance

The Executive Board and Supervisory Board report annually on the company's corporate governance in the Corporate Governance Report in accordance with Principle 22 of the German Corporate Governance Code in the version dated April 28, 2022. Like the declaration of compliance in accordance with Section 161 AktG, this is part of the declaration on corporate governance in accordance with Section 289 f HGB. The German Corporate Governance Code is intended to make the rules for company management and monitoring applicable in Germany transparent for national and international investors.

The term corporate governance stands for responsible management and control of companies aimed at long-term value creation. Efficient cooperation between the board of directors and the supervisory board, respect for shareholder interests, and openness and transparency of corporate communications are essential aspects of good corporate governance. TELES publishes all information on the articles of association, the rules of procedure for the supervisory board and the board of directors, the declaration of the German Corporate Governance Code as well as for the remuneration of the Supervisory Board and Board of Directors on the website under the Corporate Governance section (www.teles.com/investor-relations/corporate-governance).

The Executive Board and 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 current version serve as a guiding principle. After due examination, the Executive Board and Supervisory Board most recently issued the following declaration of compliance in accordance with Section 161 AktG in February 2023:

Declaration by the Executive Board and the Supervisory Board of TELES AG on the German Corporate Governance Code in accordance with Section 161 AktG

TELES complies with all recommendations of the “Government Commission on the German Corporate Governance Code” published by the Federal Ministry of Justice in the official section of the Federal Gazette in the version dated April 28, 2022, and will continue to comply with them in the future, with the following exceptions:

- The recommendations in B.5 and C.2 for setting an age limit for the Executive Board and Supervisory Board are not being complied with. TELES does not set an age limit for the Executive Board and the Supervisory Board, as the company should in principle also have the expertise of experienced Executive Board and Supervisory Board members at its disposal and exclusion based solely on age does not appear appropriate to the Executive Board and Supervisory Board.
- Recommendation C.1 to create a formalized qualification matrix is not complied with. The details that can also be found in the published information on the professional qualifications and experience of its members prove that the Supervisory Board has the skills profile required for its tasks. This includes his qualifications and experience in corporate management, auditing, and accounting as well as skills in various legal areas. The business areas in which TELES AG and its subsidiaries operate do not affect any “significant sustainability issues” to which recommendation C.1 refers. Nevertheless, the Supervisory Board also has sufficient sensitivity and competence in matters of diversity and sustainability to ensure that these principles are observed in corporate management.
- The recommendations in D.2 to D.4 are not followed. Accordingly, the company's supervisory board should elect technically qualified committees. The TELES Supervisory Board currently consists of three members and therefore represents a micro-committee. 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 is considered to increase the efficiency of the supervisory board's work and is therefore not planned. In this respect, the chairman of the supervisory board also has the chairmanship if the supervisory board is concerned with monitoring the accounting process, the effectiveness of the internal control system, the risk management system, and the internal audit system as well as the audit of the financial statements, in particular the independence of the auditor and the additional services provided by the auditor.
- The principle in recommendation G.6 that when remunerating the Executive Board, the variable remuneration resulting from the achievement of long-term goals should exceed the proportion from short-term goals is fundamentally agreed. The Supervisory Board is of the opinion that in the company's current development phase, a greater emphasis on short-term goals serves the sustainable and long-term development of the company.

- Recommendation A.4, to provide the opportunity to provide protected information about legal violations in the company in an appropriate manner, is not fully complied with. TELES has set up a system for employees and business partners but has not granted access to third parties.
- Recommendation A.5, describing the entire internal control system and the risk management system in the management report, including a statement on their appropriateness and effectiveness, is generally agreed. No statement was made on the appropriateness and effectiveness in the TELES management report in the 2022 financial year.
- Recommendation B.2, that the Supervisory Board and Executive Board ensure long-term succession planning, will not be complied with in the 2022 financial year. The supervisory board and management board fundamentally agree with the recommendation.
- Mr. Markus Gernot Schmieta (Deputy Chairman of the Supervisory Board) is a partner at SK Treuhand Dr. Schmieta + Partner mbB, which has a business relationship with TELES subsidiaries. Nevertheless, the Supervisory Board considers Mr. Schmieta to be particularly suitable and independent due to his professional experience (see Recommendation C.8).
- Recommendation F.2 is not complied with. Accordingly, the company should publish the consolidated financial statements and group management report within 90 days of the end of the financial year. The release is scheduled for December 2023.

The declaration of compliance with the German Corporate Governance Code is published on the company's website at <https://www.teles.com/investor-relations/corporate-governance>.

Management and corporate structure

The corporate governance of TELES as a listed German stock corporation is determined by the requirements of the Stock Corporation Act and the German Corporate Governance Code in its current 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-tier management structure, which is characterized by a strict separation of personnel between the management and supervisory bodies. The third body is the general meeting, in which the shareholders exercise their rights. All three bodies are committed to the well-being of the company.

In accordance with the statutes, 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 Board of Directors in the management of business. The Supervisory Board discusses business development, planning, strategy, and its implementation at regular intervals. He discusses the quarterly and semi-annual reports with the Board of Directors before they are published and approves the annual planning and annual financial statements. In doing so, he considers the auditor's report. The supervisory board's area of responsibility also includes the appointment of board members as well as the determination of board remuneration and its regular review. No separate committees will be formed.

The Board of Directors is the company's management body and currently consists of one person. The Board of Directors manages the company on its own responsibility with the aim of sustainable value creation. The principle of overall responsibility applies, i.e., the members of the Board of Directors share responsibility for the entire management, regardless of departmental responsibility. The Executive Board is bound by the provisions of the rules of procedure approved by the Supervisory Board. This regulates the matters reserved for the entire Executive Board and contains a list of matters of fundamental importance that require the consent of the Supervisory Board. The Executive Board develops the corporate strategy and ensures its implementation in coordination with the Supervisory Board. He is also responsible for preparing the quarterly and annual financial statements and for filling key personnel positions in the company.

The general meeting is the organ for forming the will of our shareholders. The annual financial statements are presented to our shareholders at the general meeting. The shareholders decide on the use of the retained earnings and vote on other issues determined 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 by an authorized third party or a voting representative appointed by the company who is bound to instructions. You can also exercise your voting rights by postal vote.

Control systems

The internal control systems support 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. Market developments, technological developments and trends, their influence on the company's own products and services as well as the financial possibilities of the company are considered.

The reporting includes monthly profit and loss calculations, the monthly order and liquidity situation as well as quarterly reports and presents the asset, financial and earnings situation of the company and the company divisions. The financial reporting is supplemented by further detailed information that is necessary for assessment and control of the operational business are necessary. Another component of the control systems are quarterly reports on the company's key risks. The reports mentioned are discussed in the meetings of the Executive Board and Supervisory Board and represent an essential basis for assessment and decision-making.

The company's operating business is essentially controlled using the metrics incoming orders, sales, and profit for the period.

Women in leadership positions

In accordance with Section 111 (5) AktG, the Supervisory Board has set a target of "zero" by June 30, 2025, for increasing the proportion of women on the Executive Board and Supervisory Board.

In accordance with Section 76 (4) AktG, the Executive Board has also set target figures for the two management levels below the Executive Board with a deadline of June 30, 2023. A target of "zero" was set for the first level below the Executive Board. This reflects the status quo.

Due to the small size of the company with currently stagnating to declining numbers of employees, which leads to increased staff 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 possible unlikely as of June 30, 2023. Nevertheless, when filling vacant positions, TELES will always endeavor to consider women who have the same professional qualifications.

Declaration by the legal representatives in accordance with Section 289 Paragraph 1 Sentence 5 HGB and Section 315 Paragraph 1 Sentence 6 HGB

I certify to the best of my knowledge that, in accordance with the applicable accounting principles, the annual financial statements and the consolidated financial statements provide a true and fair view of the asset, financial and earnings situation of the company and the group and are included in the combined management report of the companies. business development including the business results and the situation of the company, and the group are presented in such a way that a picture that corresponds to the actual circumstances is conveyed and the main opportunities and risks of the expected development of the company and the group are described.

Berlin, December 14, 2023
TELES AG

Oliver Olbrich
Chief Executive Officer

Annual financial statements of TELES Aktiengesellschaft for the 2022 financial year

Balance sheet

TELES Aktiengesellschaft, Berlin
Balance sheet as of December 31, 2022

Assets	31.12.2022		31.12.2021
	EUR	EUR	EUR
A. Fixed assets			
I. Intangible assets			
Concessions, patents, licences, trade marks and similar rights and assets	0.00		0.00
II. Tangible assets			
Fixtures, fittings, tools and equipment	33,980.00		63,681.00
III. Financial assets			
Shares in affiliated companies	<u>1,532,988.00</u>		<u>1,893,792.00</u>
	<u>1,566,968.00</u>		<u>1,957,473.00</u>
B. Current assets			
I. Stocks			
1. Raw materials and supplies	0.00		0.00
2. Finished goods and goods for resale	<u>5,044.51</u>		<u>5,042.18</u>
	5,044.51		<u>5,042.18</u>
II. Debtors and other assets			
1. Trade debtors	106,809.66		350,615.42
2. Other assets	<u>34,002.74</u>		<u>95,707.17</u>
	<u>221,779.14</u>		<u>446,322.59</u>
III. Cheque, Cash at bank and in hand	<u>41,982.10</u>		<u>391,223.94</u>
	<u>268,805.75</u>		<u>842,588.71</u>
C. Prepayments and accrued income	<u>24,962.81</u>		<u>48,096.78</u>
	<u>1,860,736.56</u>		<u>2,848,158.49</u>

TELES Aktiengesellschaft, Berlin
Balance sheet as of December 31, 2022

Liabilities	31.12.2022		31.12.2021
	EUR	EUR	EUR
A. Shareholders' equity			
I. Ordinary shares	6,233,418.00		6,233,418.00
(Conditional Capital 2021/I: EUR 436,962)			
II. Capital reserve	814,252.31		349,570.08
III. Revenue reserves			
1. loss carried forward	-4,973,404.50		-4,705,894.13
2. net income/loss for the period	<u>-1,695,035.04</u>		<u>-267,510.37</u>
	<u>-6,668,439.54</u>		<u>-4,973,404.50</u>
		<u>379,230.77</u>	<u>1,609,583.58</u>
B. Provisions			
1. Tax Other provisions	307,746.00		624,797.08
2. Other provisions	267,383.24		155,592.49
		<u>575,129.24</u>	<u>780,389.57</u>
C. Creditors			
1. Payment received on account	8,598.32		57,735.59
2. Trade creditors	289,126.50		210,298.60
3. Other creditors including taxation and social security	84,803.05		61,356.73
- of which EUR -10,929.41 (py kEUR 9) is for taxes			
- of which EUR -1,805.54 (py kEUR -3) is for social security			
		<u>784,758.23</u>	<u>329,390.92</u>
D. Deferred income		<u>121,618.32</u>	<u>128,794.42</u>
		1,860,736.56	2,848,158.49

Statement of comprehensive income

TELES Aktiengesellschaft, Berlin

Profit and Loss Account for January 01 - December 31, 2022

	EUR	31.12.2022 EUR	31.12.2021 kEUR
1. Turnover	1,921,407.33		2,520,185.04
2. Other operating income	240,365.53		152,761.85
thereof sales with affiliated companies EUR 67,827.59 (py EUR 0)			0.00
of which relates to currency translation EUR 490.61 (py kEUR 1)		<u>2,161,772.86</u>	<u>2,672,946.89</u>
3. Cost of materials			
a) Cost of raw materials, consumables	121,687.75		255,102.63
and of purchased merchandise	189,184.37		244,227.95
b) Cost of purchased services		<u>310,872.12</u>	<u>499,330.58</u>
4. Gross profit		1,850,900.74	2,173,616.31
5. Staff costs			0.00
a) Wages and salaries	1,762,799.38		1,270,846.70
b) Social security,			0.00
pensions and other benefit costs	224,554.06		209,295.31
of which EUR 6,120.00 (py kEUR 6) is for pension costs		<u>1,987,353.44</u>	<u>1,480,142.01</u>
6. Depreciation			0.00
written off tangible and intangible fixed assets	35,451.37		25,736.01
		<u>35,451.37</u>	<u>25,736.01</u>
7. Other operating expenses/charges	1,363,034.87		934,101.48
of wich relate to currency translation EUR 4,736.26 (py kEUR 8)			0.00
		<u>3,385,839.68</u>	<u>2,439,979.50</u>
8. Operating result (EBIT)		-1,534,938.94	-266,363.19
9. Other interest receivable and similar income	2,298.15		157.31
thereof interest from affiliated companies EUR 2,298.15 (py EUR 0)			
10. Interest payable and similar charges	41,788.67		145.00
thereof interest to affiliated companies EUR 2,230.36 (py EUR 0)			
of which guarantee commission to related persons EUR 37,500.00 (py EUR 0)			
11. Depreciation of financial assets	360,804.00		0.00
12. Financial result		-400,294.52	12.31
13. Tax on profit	-240,266.50		41.49
14. Profit or loss after taxes		-1,694,966.96	-266,392.37
15. Other taxes	68.08		1,118.00
16. Profit or loss for the financial year		-1,695,035.04	-267,510.37
17. Loss carryforward		-4,973,404.50	-4,705,894.13
17. Balance sheet loss		-6,668,439.54	-4,973,404.50

TELES Aktiengesellschaft, Berlin

Notes to the annual financial statements

for the financial year from January 1 to December 31, 2022

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 Paragraph 3 Sentence 2 HGB and in compliance with the special provisions of the Stock Corporation Act. The total cost method in accordance with Section 275 Paragraph 2 of the German Commercial Code (HGB) is used for the profit and loss statement.

The headquarters of TELES Aktiengesellschaft (“TELES AG” or “TELES”) is Berlin. The company is registered in the register of the Charlottenburg District Court under number HRB 60781.

If additional information is not included in the balance sheet or profit and loss statement, these will be shown and explained separately in the notes.

The annual financial statements were prepared on the basis of going concern. At this point, reference is made to the statements in the management report. In the chapter “Financing of corporate activities” in the “Opportunities and Risk Report” it is shown that the Management Board is expected to use the available financial resources of the company itself, plus the available financial resources within the TELES Group and those from planned capital measures considers the available financial resources to be sufficient to cover the company's expected financial needs in the forecast period.

II. Accounting and valuation methods

Accounting and valuation are carried out under the assumption that the company's operations will continue. The liquidity of the company and the group is strained: Through the sale of the telecommunications segment on October 1, 2023, TELES AG has been transformed into a pure financial holding company. Sales and earnings (EBIT) in the telecommunications segment did not meet expectations. Against this background, TELES AG, as a pure financial holding company, will not generate any independent income surpluses or

liquidity in the future. Rather, TELES AG was dependent on extensive loans from the group subsidiary EURO RX. The loans of EUR 2 million were deferred in December 2023 until June 20, 2026. In addition, TELES AG has received loan commitments of EUR 0.6 million from related parties until December 20, 2025. The Board of Directors considers the financial resources available within the TELES Group to be sufficient to cover the expected financial resources requirements of TELES until the end of 2025. In doing so, the Management Board also considers the possibility of strengthening the company's earnings and liquidity situation through group contributions, profit distributions and/or loans through the subsidiary EURO RX Arzneimittel GmbH. The long-term expectations for TELES AG are positive, so that liabilities within the group can also be settled. To finance further growth, the board of directors plans to increase the company's share capital against cash contributions in 2024. These cash contributions, together with the existing Authorized Capital 2021/I and Authorized Capital 2022/I, create the opportunity for the TELES Group to strengthen the Group and reduce its dependence on outside capital through appropriate M&A measures.

The continued existence of the company and thus the group depends on the planned sales of the group subsidiary EURO RX for the coming months not being sustainably undercut and the promised additional financial resources of EUR 0.6 million being sufficient or being increased if necessary. The risks in this context are whether EURO RX will be able to grow with positive margins again in the future, generate positive earnings surpluses and free liquidity and be able to provide the support contributions necessary for TELES AG without its own development to endanger. Given the risks presented, there is significant uncertainty regarding the continuation of the company's and the Group's business activities. The following accounting and valuation methods were decisive for the preparation of the annual financial statements.

As before, property, plant and equipment are valued at acquisition cost less scheduled linear depreciation, generally 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. For reasons of materiality, this approach is adopted for the annual financial statements under commercial law.

Financial assets are valued at acquisition cost plus incidental acquisition costs. If necessary, in the event of an expected permanent impairment, unscheduled depreciation is

made. If the reasons that led to the unscheduled depreciation no longer exist, a corresponding write-down is made to the fair value.

Inventories are generally valued at acquisition cost. Lower replacement prices and costs were considered in accordance with Section 253 Paragraph 4 Sentence 2 of the German Commercial Code (HGB). In addition, restrictions regarding sale ability were considered through appropriate discounts; Appropriate individual assessments were carried out for this purpose. This considers the risk of future technological developments in the industry.

Apart from 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 through appropriate individual value adjustments, which were generally determined based on the known individual default risks. If special individual default risks were not identifiable, general value adjustments were determined in such a way that items that were subject to comparable risks were combined into valuation groups and calculated proportionately based on the age structure at rates between 10% and 90%. In individual cases up to 100% were devalued.

When converting receivables in foreign currencies, the provisions of Section 256a of the German Commercial Code (HGB) are observed.

Cash on hand and credit balances at credit institutions are stated at nominal value.

The balance of the bank account held in USD was valued at the average spot exchange rate on the balance sheet date (€1 = \$1.07).

Only transitory items (Section 250 Para. 1 HGB) are recognized under active prepaid expenses. The deferred item is released as an expense depending on the actual periodic use of the underlying payments.

The equity is stated at nominal value.

Share-based compensation plans settled with equity instruments are measured at fair value at the time of grant. When determining the fair value of compensation agreements at the grant date, service and market-independent performance conditions are not taken into account. However, the likelihood that the conditions will be met will be assessed using the best estimate of the number of equity instruments that will vest at the end of the vesting period. Terms of service are taken into account in the fair value at the grant date. All other vesting conditions associated with a compensation agreement, without a related service condition, are considered non-vesting conditions. Non-exercise conditions are taken into account in the fair value of a remuneration agreement and result in immediate

recognition as an expense. The fair value of the options was determined using the following measurement parameters:

Valuation parameters	Issue date April 19, 2022	Issue date December 21, 2022
Risk-free interest rate	0.51 %	2.41 %
Volatility*	118.05 %	107.47 %
Dividend yield	0.00 %	0.00 %
Share price as of the issue date	4.80 EUR	4.22 EUR
Fair value	4.04 EUR	3.40 EUR
Term	4 Jahre	4 Jahre
Exercise price	2.00 EUR	2.00 EUR
Success target	4.00 EUR	4.00 EUR

* Based on historical volatility over the four-year period prior to grant of stock options.

The provisions cover all identifiable risks and uncertain obligations to an appropriate extent. They are valued at the settlement amount necessary according to reasonable commercial judgment.

Liabilities are recognized at settlement amounts. When converting amounts in foreign currencies, the provisions of Section 256a of the German Commercial Code (HGB) are observed. The currency translation notes shown in the income statement include both realized and unrealized exchange rate differences.

Income before the balance sheet date is reported as deferred income if it represents income for a specific period after this date. The deferred income recognized as of December 31, 2021 and 2022 relates to advance payments for deferred revenue from the provision of services.

To determine deferred taxes due to temporary or quasi-permanent differences between the commercial law valuations of assets, liabilities and prepaid expenses and their tax valuations or due to tax loss carryforwards, these are valued at the tax rate at the time the differences are reduced and the amounts the resulting tax inheritance and relief is not discounted. The capitalization of an excess of deferred taxes is not possible if the existing recognition option is exercised.

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

III. Individual information on the items on the balance sheet and the profit and loss statement²¹

A. Fixed assets

The development of fixed assets (Section 284 Paragraph 3 HGB) can be seen from the attached statement of assets. Against the background of an expected permanent impairment of the investment in GVL Rechenzentrum GmbH, Berlin, the existing investment in the amount of EUR 30,000.00 was fully written off within the 2022 financial year.

²¹ For computational reasons, rounding differences may occur in tables and references compared to the exact mathematical values (monetary units, percentages, etc.).

B. Current assets**Receivables and other assets**

Trade receivables from third parties were written down by EUR 41 thousand in 2022 (previous year: EUR 132 thousand).

The receivables from affiliated companies were written down by EUR 205 thousand in 2022 (previous year: EUR 0). The value adjustment relates to receivables from shareholder loans amounting to EUR 202,500.00 against GVL Rechenzentrum GmbH, Berlin.

As in the previous year, all claims have a term of up to one year. The rental deposit in other assets has a term of > 5 years.

Other assets include tax receivables amounting to EUR 2 thousand (previous year: EUR 2 thousand).

Cash and bank balances

All cash amounting to EUR 42 thousand is freely available (previous year: EUR 391 thousand).

C. Deferred income

The active prepaid expenses include disbursements, e.g. included for rent and insurance, which only lead to expenses after the reference date.

D. Equity**Subscribed capital**

Subscribed capital

The fully paid-up share capital consists of 6,233,418 no-par value shares with a calculated value of EUR 1.00 each.

Authorized capital

By resolution of the Annual General Meeting on December 17, 2021, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital once or several times by up to a total of EUR 2,184,813.00 against cash and/or contributions in kind by December 31, 2025 of up to 2,184,813 new bearer shares (Authorized Capital 2021/I).

By resolution of the Annual General Meeting on May 30, 2022, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital once or several times by up to a total of EUR 931,896.00 against cash and/or contributions in kind by December 31, 2026 of up to 931,896 new bearer shares (Authorized Capital 2022/I).

Conditional capital

By resolution of the Annual General Meeting on December 17, 2021, the Board of Directors is authorized to issue up to 436,962 subscription rights (“stock options”) by December 31, 2025, which in total can be used to subscribe to up to 436,962 no-par value bearer shares of TELES AG with one to issue a pro rata amount of the share capital in the amount of EUR 1.00 each (Conditional Capital 2021/I).

By resolution of the Annual General Meeting on May 30, 2022, the Board of Directors is authorized to issue up to 186,379 subscription rights (“stock options”) by December 31, 2026, which in total can be used to subscribe to up to 186,379 no-par value bearer shares in TELES AG with one to issue a proportionate amount of the share capital in the amount of EUR 1.00 each (Conditional Capital 2022/I).

E. Provisions

The provisions relate to uncertain liabilities. The provisions of EUR 575 thousand (previous year: EUR 780 thousand) include tax provisions of EUR 308 thousand (previous year: EUR 625 thousand), provisions for personnel costs of EUR 69 thousand (previous year: EUR 69 thousand), financial statements and audit costs of EUR 135 thousand (previous year: EUR 62 thousand), Rental and operating costs EUR 12 thousand (previous year EUR 0 thousand), for invoices not yet received EUR 16 thousand (previous year EUR 17 thousand) and various other provisions EUR 36 thousand (previous year EUR 7 thousand).

F. Liabilities

Remaining terms

The liabilities have remaining terms of up to one year in the amount of EUR 785 thousand (previous year: EUR 329 thousand). No liabilities are secured by liens or similar rights.

Liabilities to affiliated companies

Liabilities to affiliated companies amount to EUR 402 thousand (previous year: EUR 0) from loans from EURO RX Arzneimittel GmbH.

Other liabilities

The other liabilities have remaining terms of up to one year and essentially include creditors in the amount of EUR 36 thousand (previous year: EUR 18 thousand), other liabilities in the amount of EUR 33 thousand (previous year: EUR 14 thousand), payroll tax liabilities in the amount of EUR 16 thousand (previous year: EUR 10,000). 17), and liabilities from wages and salaries amounting to EUR 0 thousand (previous year: EUR 13 thousand). No other liabilities are secured by liens or similar rights.

Deferred income

The deferred income item consists of deferred revenues of EUR 110 thousand (previous year: EUR 129 thousand) and other deferred items of EUR 11 thousand (previous year: EUR 0).

G. Deferred tax liabilities

There are no deferred tax liabilities to be recognized as of the balance sheet date. The company does not exercise the option in accordance with Section 274 Paragraph 1 of the German Commercial Code (HGB) to recognize any resulting tax relief through the recognition of deferred tax assets. The unrecognized deferred tax assets are based on corporate 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, other operating income

23% of sales revenue from the Carrier Solutions area was generated domestically and the remainder in Europe and the Middle East.

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

Carrier Solutions	2022	2021
	kEUR	kEUR
DACH	1.108	1.375
Europe	430	638
Middle East	205	313
Other	22	35
Total	1.765	2.362

Sales are allocated according to the customer's country of origin.

Other sales revenue from business errands amounting to EUR 157 thousand (previous year: EUR 159 thousand) relate in particular to income from the subletting of office space.

The other operating income of TEUR 481 (previous year: TEUR 153) is mainly due to income from a group levy amounting to TEUR 68 (previous year: 0), and income from the previous year amounting to TEUR 58 (previous year: TEUR 0), on non-operating income from further billing in the amount of EUR 42 thousand (previous year: EUR 57 thousand), from proceeds from monetary benefits for motor vehicles in the amount of EUR 30 thousand (previous year: EUR 33 thousand), from income from written-off receivables in the amount of EUR thousand 23 (previous year: 0), to income from exchange rate differences amounting to EUR 7,000 (previous year: EUR 0,000) and income from the reversal of other provisions amounting to EUR 6,000 (previous year: EUR 18,000).

I. Personnel expenses

Personnel expenses increased from EUR 0.5 million (previous year: 0) to EUR 2.0 million (previous year: EUR 1.5 million) due to the consideration of share-based payments.

J. Other operating expenses, interest expenses, depreciation on financial assets and tax income

Other operating expenses

The other operating expenses amounting to EUR 1,363 thousand (previous year: EUR 934 thousand) are divided into expenses for office rent and operation amounting to EUR 267 thousand (previous year: EUR 258 thousand), and accounting, closing and auditing costs amounting to EUR 227 thousand (previous year: EUR 74 thousand), a value adjustment on a loan to affiliated companies in the amount of EUR 205 thousand (previous year: EUR 0 thousand), expenses for past periods in the amount of EUR 121 thousand (previous year: EUR 48 thousand), expenses for advertising and travel expenses in the amount of TEUR 93 (previous year: TEUR 70), expenses for the general meeting, stock exchange and publication obligations of TEUR 83 (previous year: TEUR 64), expenses for insurance of TEUR 57 (previous year: TEUR 68), legal and consulting costs of TEUR 51 (previous year: EUR 79 thousand), vehicle costs in the amount of EUR 43 thousand (previous year: 62 thousand), consulting services for the software in the amount of EUR 37 thousand (previous year: EUR 32 thousand), expenses for other services in the amount of EUR 32 thousand (previous year: EUR 11 thousand), the software usage fee of EUR 26 thousand (previous year: EUR 26 thousand) and other operating expenses of EUR 22 thousand (previous year: EUR 44 thousand).

The expenses for past periods in 2022 are essentially divided into expenses for the 2021 Annual General Meeting of EUR 31 thousand, notary costs of EUR 15 thousand, expenses for previous group structures of EUR 15 thousand and expenses for rent and additional costs of EUR 13 thousand.

Interest Expenses

The interest expenses of EUR 42 thousand (previous year: 0) are divided into a guarantee fee for the working capital credit lines for EURO RX Arzneimittel GmbH, to a related party, in the amount of EUR 38 thousand (previous year: 0), interest for Loans from affiliated companies amounting to EUR 2 thousand (previous year: EUR 0 thousand) and other interest expenses amounting to EUR 2 thousand (previous year: EUR 0 thousand).

Depreciation on financial assets

The depreciation on financial assets amounting to EUR 361 thousand (previous year: EUR 0) is divided into value adjustments at EURO RX Arzneimittel GmbH (EUR 331 thousand) and at GVL Rechenzentrum GmbH (EUR 30 thousand).

Taxes on income and earnings

By releasing a tax provision of EUR 240 thousand (previous year: EUR 0), tax income of the corresponding amount was realized.

IV. Contingent liabilities and other financial obligations

The other financial obligations that are not shown in the balance sheet are broken down as follows as of the balance sheet date:

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

	kEUR
on the total rental period	772
of which have a term of up to one year	152

Leasing and rental leasing obligations for movables

	kEUR
on the total rental period (up to 36 months)	36
thereof with a maturity of up to one year	26

Furthermore, there are financial obligations amounting to EUR 236 thousand for service or other services to be received in 2022.

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

The loans in the amount of EUR 402 thousand issued by the subsidiary EURO RX Arzneimittel GmbH to TELES AG in the 2022 financial year do not correspond to standard market conditions but were granted on terms that were more favorable to TELES AG.

VI. Supplementary information

A. Number of employees

The average number of employees in the company (excluding board members and trainees) is 20 (previous year: 17).

B. Management Board

In the past financial year, the Management Board included Mr. Oliver Olbrich, Chairman of the Management Board of TELELES AG.

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

Management Board	2022 fix*)	2022 variable	2021 fix	2021 variable	Number of all subscrip- tion rights
Oliver Olbrich	200	0	200	0	55.000
Total remuneration	200	0	200	0	0

*) 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)	2022	2021
Joachim Schwarzer	50,000	50,000
Markus Gernot Schmieta	30,000	30,000
Hartmut Brandt	20,000	20,000
Total remuneration	100,000	100,000

There were no performance-related payments in 2021 and 2022.

D. Subsequent events

By contract dated September 29, 2023, TELES AG sold the development, service and order management area for existing customers (part of the business) as of October 1, 2023 as part of an asset deal without transferring the liabilities belonging to the part of the business. The employees belonging to the part of the business have also been transferred to the purchaser.

Due to the disposal of the partial operation during the year, no sales revenue or contribution to earnings is expected for TELES from October 1, 2023. A total of 15 employees will leave TELES AG on October 1, 2023.

In 2023, TELES used loans from EURO RX Arzneimittel GmbH in the amount of EUR 1,455 thousand. In December 2023, EURO RX Arzneimittel GmbH signed a deferment agreement for these loans until June 20, 2026.

In December 2023, TELES AG received a loan commitment of EUR 0.6 million from related parties with a term until December 20, 2025.

E. Services of the auditing company

The fees of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft/tax consulting company for the 2022 financial year are stated in the consolidated financial statements.

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 February 2022 (www.teles.com).

G. List of shareholdings according to § 285 No. 11 HGB

As of December 31, 2021, there are shareholdings in the following companies:

Company	Domicile	Legal form	Equity* in EUR	Result* in EUR	TELES share in %
GVL Rechenzentrum GmbH	Berlin	GmbH	-240.787	-250.715	75,2
EURO RX Arzneimittel GmbH	Wedemark	GmbH	2.248.902	55.951	58,0
EISIG Health GmbH	Berlin	GmbH	5.911	-2.920	37,6

* Information is unaudited

H. Information on the scope of consolidation in accordance with Section 285 Nos. 14/14a/15a HGB

TELES AG prepares the consolidated financial statements for the smallest and largest consolidation group.

Based on the contribution agreement dated November 30, 2021, TELES AG holds a call option on the remaining shares of EURO RX Arzneimittel GmbH with an exercise period until October 31, 2029.

I. Explanations to the cash flow statement – non-cash transactions in the cash flow statement

As part of a capital increase against contributions in kind, the shares (58%) in EURO RX Arzneimittel GmbH, Wedemark, were acquired within the 2021 financial year.

J. Use of results

The Management Board proposes to carry forward the annual deficit of EUR 1,695 thousand to the new account.

K. Reports according to AktG and WpHG

By the time the annual financial statements were prepared, we had received the following notifications in accordance with Section 33 (1) of the German Securities Trading Act (WpHG) regarding investments in TELES Aktiengesellschaft, which were still valid at that time.

Mr. Frank Riemer, Germany, informed us in accordance with Section 33 Paragraph 1 Sentence 1 in conjunction with Section 34 Paragraph 2 WpHG on December 14, 2021, that his share of voting rights in TELES AG, Berlin, Germany, on December 8, 2021, exceeded the thresholds of 3%, 5%, 10%, 15%, 20% and 25% and on that day amounted to 29.90% (which corresponds to 1,863,792 voting rights).

The voting rights of the following shareholders whose share of voting rights in TELES AG, Berlin, Germany, is 3% or more are attributed to Dirado Vermögensverwaltungs GmbH, Germany, TRONTEC SOLUTIONS GmbH and SIMBLION GmbH.

Mr. Christian Schmitz, Germany, informed us in accordance with Section 33 Paragraph 1 Sentence 1 in conjunction with Section 34 Paragraph 2 WpHG on December 14, 2021 that the share of voting rights held by Dirado Vermögensverwaltungs GmbH, Germany, TRONTEC SOLUTIONS GmbH and SIMBLION GmbH in the TELES AG, Berlin, Germany, fell below the 50% threshold on December 8, 2021 and amounted to 38.78% (which corresponds to 2,417,088 voting rights) on that day.

Ms. Wientje Riemer, Germany, informed us in accordance with Section 33 Paragraph 1 Sentence 1 in conjunction with Section 34 Paragraph 2 WpHG on December 14, 2021 that the voting rights share of Dirado Vermögensverwaltungs GmbH, Germany, TRONTEC SOLUTIONS GmbH and SIMBLION GmbH in TELES AG, Berlin, Germany, fell below the threshold of 50% on December 8, 2021 and amounted to 38.78% (which corresponds to 2,417,088 voting rights) on that day.

Mr. Wolfgang Schulz, Germany, informed us in accordance with Section 33 Paragraph 1 Sentence 1 in conjunction with Section 34 Paragraph 2 WpHG on December 14, 2021 that the voting rights share of Dirado Vermögensverwaltungs GmbH, Germany, TRONTEC SOLUTIONS GmbH and SIMBLION GmbH in TELES AG, Berlin, Germany, fell below the threshold of 50% on December 8, 2021 and amounted to 38.78% (which corresponds to 2,417,088 voting rights) on that day.

Mr. Thomas Lüllemann, Germany, informed us in accordance with Section 33 Paragraph 1 Sentence 1 in conjunction with Section 34 Paragraph 2 WpHG on December 15, 2021, that his share of voting rights in TELES AG, Berlin, Germany, reached the threshold of on December 8, 2021, fell below 5% and on that day amounted to 4.41% (which corresponds to 275,119 voting rights).

Translation –the German version is authoritative



Berlin, December 14, 2023

TELES Aktiengesellschaft

Oliver Olbrich

Chief Executive Officer



Translation –the German version is authoritative

Asset overview

TELES Aktiengesellschaft, Berlin
Development of Assets 2021

	Acquisition cost				Depreciation				Residual book values	
	31.12.2021	Additions	Disposals	31.12.2022	31.12.2021	Additions	Disposals	31.12.2022	31.12.2021	31.12.2022
I. Tangible Assets										
other fixed assets and office equipment	980,102.83	6,342.37	756.00	985,689.20	916,421.83	35,451.37	164.00	951,709.20	63,681.00	33,980.00
II. Financial Assets										
shares in affiliated companies	1,893,792.00	0.00	0.00	1,893,792.00	0.00	360,804.00	0.00	360,804.00	1,893,792.00	1,532,988.00
Total financial assets	1,893,792.00	0.00	0.00	1,893,792.00	0.00	360,804.00	0.00	360,804.00	1,893,792.00	1,532,988.00
Total fixed assets	2,873,894.83	6,342.37	756.00	2,879,481.20	916,421.83	396,255.37	164.00	1,312,513.20	1,957,473.00	1,566,968.00

Independent auditor’s report

To TELES Aktiengesellschaft, Berlin

NOTE ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Audit opinions

We have checked the annual financial statements of TELES Aktiengesellschaft, Berlin, consisting of: The balance sheet as of December 31, 2022, the profit and loss statement, the cash flow statement, and the equity statement for the financial year from January 1, 2022, to December 31, 2022, as well as the notes, including the presentation of the accounting and valuation methods - were examined. In addition, we examined the combined management report of TELES Aktiengesellschaft, Berlin, for the financial year from January 1, 2022, to December 31, 2022. In accordance with German legal regulations, we have not examined the content of the components of the combined management report and the annual report mentioned in the “Other information” section.

According to our assessment based on the findings gained during the audit

- the attached annual financial statements comply in all material respects with the German commercial law regulations applicable to corporations and, taking into account the German principles of proper accounting, provide a true and fair view of the assets and financial position of the company as of December 31, 2022, as well as its earnings situation the financial year from January 1, 2022, to December 31, 2022 and
- The attached combined management report provides an accurate picture of the company's situation overall. In all material respects, this combined 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 combined management report does not extend to the above-mentioned components that have not been audited for content.

In accordance with Section 322 Paragraph 3 Sentence 1 HGB, we declare that our audit did not lead to any objections to the propriety of the annual financial statements and the combined management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the combined management report in accordance with Section 317 of the German Commercial Code (HGB) and the EU Auditor Regulation (No. 537/2014; hereinafter referred to as “EU-APrVO”), considering the German ones determined by the Institute of Public Auditors (IDW). Principles of proper auditing 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 the Combined Management Report” of our auditor’s report. We are independent of the company in accordance with European law as well as German commercial and professional law and have fulfilled our other German professional obligations in accordance with these requirements. In addition, in accordance with Article 10 Paragraph 2 Letter F) of the EU Audit Regulation, we declare that we have not provided any prohibited non-audit services in accordance with Article 5 Paragraph 1 of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our opinions on the annual financial statements and the combined management report.

Significant uncertainty in connection with the continuation of the company's operations

We refer to the information provided by the legal representative in the appendix in the sections “General information” and “Accounting and valuation methods” and in the combined management report in the sections “Risk report” and “Financing the continuation of the company”, in which the legal representative is described that the company's liquidity situation is tense. Due to the transformation of TELES Aktiengesellschaft into a pure financial holding company in the 2023 financial year, it will not be able to generate any income surpluses or liquidity independently.

The company was and is dependent on financing contributions in the form of loans, group contributions and/or profit distributions from its subsidiary EURO RX Arzneimittel GmbH. The loans granted so far are valued at around EUR 1,855 thousand as of the date of the audit report and were provided with deferment agreements in December 2023 until June 2026. In December 2023, the company received further loan commitments in the amount of EUR 600 thousand from related parties, which can be accessed at any time and are due after payment in December 2025.

The Board of Directors considers the financial resources available within the TELES Group to be sufficient to cover the company's expected financial resources requirements by the end of 2025. In its planning, the Board of Directors also takes into account cost-cutting measures that will be made possible by transforming TELES Aktiengesellschaft into a pure financial holding company.

With regard to further planned financing measures, the Board of Directors states that the company's share capital will be increased against cash contributions in 2024. This cash capital increase, together with further authorized capital, would give the TELES Group the opportunity to carry out further M&A transactions and reduce its dependence on outside capital.

In the opinion of the Management Board, the continued existence of the company and thus the Group depends on the fact that the planned sales revenues of EURO RX Arzneimittel GmbH for the coming months are not sustainably undercut and that the promised additional financial resources of EUR 600 thousand are sufficient or are increased if necessary.

The Management Board has drawn up and presented to us an earnings and liquidity plan, according to which the company's solvency for the forecast period is guaranteed under the premise that the planned sales of the subsidiary EURO RX Arzneimittel GmbH are achieved, and the loans received and promised are sufficient to cover this to cover the company's liquidity needs. The planning also includes cost-cutting measures related to the transformation into a pure financial holding company.

The risks associated with the planning presented and the underlying assumptions are whether EURO RX Arzneimittel GmbH will be able to grow with positive margins, generate positive earnings surpluses and free liquidity in the future, to ensure that the TELES Aktiengesellschaft can provide the necessary support without endangering its own development.

As set out in the “General Information” and “Accounting Policies” sections of the notes and in the “Risk Report” and “Financing of Corporate Activities” sections of the combined management report, these events and circumstances demonstrate that there is a material uncertainty that gives rise to significant doubts in the ability of the company to continue its business activities and which represents a risk that threatens the continued existence of the company within the meaning of Section 322 Paragraph 2 Sentence 3 of the German Commercial Code (HGB).

In accordance with Article 10 Paragraph 2 Letter c) ii) EU AP Regulation, we summarize our audit response to this risk as follows:

As part of the audit, we identified the appropriateness of the assumption of the accounting principle of going concern as a going concern and the appropriate presentation of the material uncertainty in connection with the

going concern as a most significant risk and carried out the following key audit procedures: We first examined the company's current liquidity situation and of the group analyzed. Building on this, in a second step we looked at earnings and liquidity planning until December 31, 2025. The basis of this liquidity planning is the company's current business planning and due to the particular importance for the financing situation of its subsidiary, EURO RX Arzneimittel GmbH.

We first gained an understanding of the planning process and discussed the significant planning assumptions with those responsible. We also looked at the company's previous forecast quality by comparing plans from previous financial years with the actual results achieved and analyzing deviations. We have these assumptions, such as B. the future sales development, based on the previous business development in the 2023 financial year. With the help of Rödl & Partner's internal valuation specialists, we convinced ourselves that the planning was appropriate and mathematically correct.

We have convinced ourselves of the legal enforceability of the described intra-group financing options due to the dominant influence of TELES Aktiengesellschaft on its subsidiaries.

With the help of Rödl & Partner's internal lawyers, we convinced ourselves of the effectiveness and enforceability of the deferment agreements made and the further financing commitments of the related parties.

To take the existing forecast uncertainty into account, we analyzed and assessed the effects of different scenarios on earnings and liquidity planning and thus the continuation of the company's operations.

Regarding the statements made in the annual financial statements and the combined management report in connection with the material uncertainty regarding the continuation of the company, we carried out substantive audit procedures, regarding the completeness, clarity and appropriateness of the statements made.

We do not issue a separate audit opinion on these matters.

The assumptions made by the legal representatives as well as the presentation in the notes in the sections "General information" and "Accounting and valuation methods" and in the combined management report in the sections "Risk report" and "Financing of corporate management" are justifiable.

Our audit opinions on the annual financial statements and the management report have not been modified in relation to this matter.

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

Particularly important audit matters are those matters that, in our professional judgment, were most significant in our audit of the annual financial statements for the fiscal year from January 1, 2022, to December 31, 2022. These matters were considered in connection with our audit of the annual financial statements as a whole and in forming our audit opinion thereon; We do not issue a separate audit opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have not identified any other matters as key audit matters to be disclosed in our audit report.

Other Information

The legal representative or the supervisory board is responsible for the other information. The other information includes

- the sections “Declaration of Conformity on Corporate Governance and Declaration on Corporate Management” and “Declaration of the Executive Board and the Supervisory Board of TELES Aktiengesellschaft on the German Corporate Governance Code in accordance with Section 161 AktG” contained within the combined management report.
- the declarations of the legal representative contained in the annual report in accordance with Sections 264 Paragraph 2 Sentence 3, 297 Paragraph 2 Sentence 4 HGB on the annual financial statements and consolidated financial statements as well as the declarations of the legal representative in accordance with Sections 289 Paragraph 1 Sentence 5, 315 Paragraph 1 Sentence 5 HGB and
- the “Report of the Supervisory Board” contained within the annual report.

The supervisory board is responsible for the report of the supervisory board. For the explanation after

In accordance with Section 161 AktG of the German Corporate Governance Code, which is part of the declaration of compliance on corporate governance and the declaration on corporate management contained in the combined management report, the legal representative and the supervisory board are responsible. Otherwise, the legal representative is responsible for the other information.

Our opinions on the annual financial statements and the combined management report do not cover the other information and accordingly we do not express an opinion or any other form of audit conclusion thereon.

In connection with our audit, we have a responsibility to read the other information mentioned above and to assess whether the other information

- have material discrepancies with the annual financial statements, with the audited information in the combined management report or with our knowledge obtained during the audit, or
- otherwise appear to be materially misrepresented.

If, based on the work we have carried out on the other information obtained before the date of this report, we conclude that there has been a material misstatement of that other information, we are required to report that fact. We have nothing to report in this context.

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

The legal representative is responsible for the preparation of the annual financial statements, which comply with the German commercial law regulations applicable to corporations in all material respects, and for ensuring that the annual financial statements present a true and fair view of the assets and finances, considering the German principles of proper accounting - and earnings situation of the company. Furthermore, the legal representative is responsible for the internal controls that he has determined to be necessary in accordance with German accounting principles to enable the preparation of annual financial statements that are free from material misstatements due to fraudulent activities (i.e. manipulation of the Accounting and financial losses) or errors.

When preparing the annual financial statements, the legal representative is responsible for assessing the company's ability to continue as a going concern. Furthermore, he has the responsibility to disclose matters relating to the continuation of the company's operations, if relevant. In addition, he is responsible for accounting based on the going concern accounting principle, unless actual or legal circumstances conflict with this.

In addition, the legal representative is responsible for preparing the combined management report, which as a whole provides an accurate picture of the company's situation and is consistent with the annual financial statements in all material respects, complies with German legal regulations and reflects the opportunities and risks of

the future development accurately represents. Furthermore, the legal representative is responsible for the arrangements and measures (systems) that he has deemed necessary to enable the preparation of a combined management report in accordance with the applicable German legal regulations and for sufficient appropriate evidence for the statements in the combined management report.

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

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

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatements due to fraud or error, and whether the combined management report as a whole conveys a fair view of the company's situation and in all material respects is consistent with the annual financial statements and with the findings obtained during the audit, complies with German legal requirements and accurately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and the combined management report.

Adequate certainty is a high level of certainty but is not a guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) and the EU-APrVO, considering the German principles of proper auditing established by the Institute of Public Accountants (IDW), is material always uncovers false representations. Misrepresentations may result from fraud or error and are considered material if they could reasonably be expected, individually or collectively, to influence the economic decisions of recipients made based on these annual financial statements and combined management report.

During the audit, we exercise due discretion and maintain a critical attitude. Over and beyond we

- identify and assess the risks of material misstatement in the annual financial statements and the combined management report due to fraud or error, plan and perform audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to serve as a basis for us to serve as audit opinions. The risk that material misstatements resulting from fraudulent acts will not be detected is greater than the risk that material misstatements resulting from errors will not be discovered, since fraudulent acts include collusive cooperation, forgery, intentional incompleteness, misleading representations, etc. may involve overriding 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 combined management report to plan audit procedures that are appropriate under the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these company systems.
- we assess the appropriateness of the accounting methods used by the legal representative as well as the reasonableness of the estimated values and related information presented by the legal representative.
- we draw conclusions about the appropriateness of the legal representative's going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in connection with events or circumstances that cast significant doubt on the Company's ability to continue as a going concern corporate activity. If we conclude that a material uncertainty exists, we are obliged to draw attention to the relevant information in the annual financial statements and the combined management report in the auditor's report or, if this information is inappropriate, to express our respective

audit opinion modify. We draw our conclusions based on the audit evidence obtained up to the date of our audit report. However, future events or circumstances may result in the company no longer being able to continue its business activities.

- we assess the presentation, structure, and content of the annual financial statements, including the information and whether the annual financial statements present the underlying business transactions and events in such a way that the annual financial statements represent a true and fair view of the assets and finances, considering the German principles of proper accounting - and earnings situation of the company.
- we assess the consistency of the combined management report with the annual financial statements, its legal compliance, and the picture it conveys of the company's situation.
- we carry out audit procedures on the future-oriented information presented by the legal representative in the combined management report. Based on sufficient, appropriate audit evidence, we in particular review the significant assumptions on which the legal representative's future-oriented information is based and assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the forward-looking information or the underlying assumptions. There is a significant, unavoidable risk that future events will differ materially from the forward-looking information.

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

We will make a statement to those responsible for monitoring that we have complied with the relevant independence requirements and will discuss with them all relationships and other matters that may reasonably be expected to affect our independence and, if relevant, the actions taken, or protective measures taken to eliminate threats to independence.

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 particularly 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 STATUTORY AND OTHER LEGAL REQUIREMENTS

Note on the audit of the electronic reproductions of the annual financial statements and the combined management report prepared for disclosure purposes in accordance with Section 317 Paragraph 3a HGB

Audit opinion

In accordance with Section 317 Paragraph 3a of the German Commercial Code (HGB), we have carried out a check with sufficient certainty as to whether the files in the file provided with the checked ESEF documents TELES_AG_JA_2022-12-31.zip (hash value: 09acbc6c322123e158a2e1099101823282bcbb432f0483ba02f2cc32c7 6bd330) and reproductions of the consolidated financial statements prepared for disclosure purposes and the combined management report (hereinafter also referred to as "ESEF documents") comply with the requirements of Section 328 Paragraph 1 HGB for the electronic reporting format ("ESEF format") in all material respects. In accordance with German legal requirements, this audit only extends to the conversion of the information in the consolidated financial statements and

the combined management report into the ESEF format and therefore neither to the information contained in these reproductions nor to other information contained in the above-mentioned file.

In our opinion, the reproductions of the consolidated financial statements and the combined management report contained in the file provided above and prepared for disclosure purposes comply in all material respects with the requirements of Section 328 Paragraph 1 HGB for the electronic reporting format. We do not give any audit opinion beyond this audit opinion and our audit opinions on the attached consolidated financial statements and the attached combined management report for the financial year from January 1, 2022, to December 31, 2022, contained in the above “Report on the audit of the consolidated financial statements and the combined management report”. to the information contained in these reproductions as well as to the other information contained in the file mentioned above.

Basis for the audit opinion

We have audited the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned file in accordance with Section 317 (3a) of the German Commercial Code (HGB), considering the IDW auditing standard: Auditing the electronic reproductions of financial statements and management reports prepared for disclosure purposes in accordance with Section 317 Paragraph 3a HGB (IDW PS 410 (06.2022)). Our responsibility thereafter is further described in the section “Auditor’s Responsibility for the Audit of the ESEF Documents”. Our auditing practice has applied the quality management system requirements of the IDW Quality Management Standard: Requirements for Quality Management in Auditing Practices (IDW QMS 1 (09.2022)).

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

The legal representative of the company is responsible for preparing the ESEF documents with the electronic reproductions of the annual financial statements and the combined management report in accordance with Section 328 Paragraph 1 Sentence 4 No. 1 HGB.

Furthermore, the company's legal representative is responsible for the internal controls that he deems necessary to enable the creation of ESEF documents that are free from significant - intentional or unintentional - violations of the requirements of Section 328 Paragraph 1 HGB to the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the accounting process.

Responsibility of the auditor for the audit of the ESEF documents

Our objective is to obtain sufficient certainty as to whether the ESEF documents are free of material – intentional or unintentional – violations of the requirements of Section 328 Paragraph 1 HGB. During the audit, we exercise due discretion and maintain a critical attitude. Over and beyond

- we identify and assess the risks of material – intentional or unintentional – violations of the requirements of Section 328 Paragraph 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 for us to serve as an audit opinion.
- obtain an understanding of the internal controls relevant to the audit of the ESEF documents to plan audit procedures that are appropriate in the circumstances, but not with the aim of expressing an opinion on the effectiveness of those controls.

- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents [provided] meets the requirements of Delegated Regulation (EU) 2019/815 in the version applicable on the closing date and the technical specification for them File fulfilled.
- we assess whether the ESEF documents enable an XHTML reproduction of the audited consolidated financial statements and the audited combined management report with the same content.
- we assess whether the labeling of the ESEF documents with inline XHTML rendering enabled.

Other information in accordance with Article 10 EU-APrVO

We were elected as auditors by the general meeting on May 30, 2022. We were commissioned by the Supervisory Board on October 28, 2022. We have been working as auditors of TELES Aktiengesellschaft, Berlin, without interruption since the 2019 financial year.

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

OTHER MATTERS – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and combined management report converted into the ESEF format - including the versions to be placed in the company register - are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

Translation –the German version is authoritative

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Jan Henning Storbeck.

Berlin, December 22, 2023

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Mattner
Auditor

Storbeck
Auditor

Report of the Supervisory Board on the financial year from the 1st of January to the 31st of December 2022

In the 2022 financial year, the Supervisory Board continued to properly perform the tasks assigned to it by law and the Articles of Association and regularly monitored and advised the Executive Board of TELES AG in the management of the company. He received timely written and oral information about the company's situation and business development. He was involved in all decisions of fundamental importance.

Consulting focus 2022

In 10 formal Supervisory Board meetings and a series of informal meetings, the Supervisory Board discussed the company's economic situation and the further strategic development of the TELES Group. All members of the Supervisory Board took part in the Supervisory Board meetings, which took place as video conferences due to the corona pandemic, which will continue into 2022. In addition, the chairman of the supervisory board maintained regular contact with the chairman of the board. During the work on the annual financial statements, there was an intensive exchange with the auditor.

The focus of the Supervisory Board's deliberations was the integration of the new "Pharma" business area into the TELES Group, with the aim of being able to fully utilize the growth potential that exists in the healthcare sector. The "Telecommunications" division fell short of expectations in the 2022 financial year and was sold on October 1, 2023. The bottom line is that the Supervisory Board agrees with the Management Board that the 2022 financial year was not satisfactory. However, he is also convinced that the acquisition in the "Pharma" sector in 2021 has opened new strategic growth prospects for the group. The planned increase in share capital against cash contributions not only reduces the TELES Group's debt financing, but also creates opportunities for strategic M&A measures.

Audit results

In accordance with the resolution of the 2022 Annual General Meeting, the Supervisory Board commissioned Rödl & Partner GmbH as auditor for the annual financial statements, the consolidated financial statements, and the combined management report for the 2022 financial year of TELES AG. The Supervisory Board was convinced of the independence of the auditor.

The auditor concludes that the annual financial statements, the consolidated financial statements, and the combined management report as of December 31, 2022, comply with the legal requirements in all material respects and overall provide a true and fair view of the assets, finances, and earnings -location communicated. The audit also showed that the combined management report accurately presents the opportunities and risks of the company's future development.

Overall, the auditors gave TELES AG an unqualified audit opinion.

Resolution

By resolution of December 22, 2023, the Supervisory Board approved the 2022 annual financial statements prepared by the company and audited by the auditor Rödl & Partner GmbH. The annual financial statements for the 2022 financial year have now been approved. By resolution of December 22, 2023, the Supervisory Board also approved the consolidated financial statements for the 2022 financial year prepared by the company and audited by Rödl & Partner GmbH.

The Supervisory Board would like to thank the Executive Board and all employees for their great personal commitment and the work carried out in 2022.

Translation –the German version is authoritative



Berlin, December 22, 2023

The Supervisory Board

Joachim Schwarzer

Chairman of the Supervisory Board