

# Q1 2020 Quarterly Financial Statements of TELES AG Informationstechnologien

(HGB, unaudited)

## Key figures from January 1, 2020 to March 31, 2020

- Increase in sales by 5 % for the remaining business of Carrier Solutions compared to the previous year
- Increase in operating profit (EBIT) to EUR 32 thousand
- Net income for the period of EUR 28 thousand

Overview of the key figures of TELES for Q1 2020 (in accordance with HGB, unaudited)

TELES AG Informationstechnologien (in thousands Euro)	01.01.2019 - 31.03.2019	01.01.2020 - 31.03.2020	Change
Sales revenues	1,568,577	747,030	-52%
Operating result/EBIT	-152,026	32,489	121%
Financial income	-61,286	-4,290	93%
EBT	-213,312	28,198	113%
Income tax	484	0	-100%
Net income	-213,795	28,198	113%

## Interim Management Report

The new fiscal year 2020 got off to a good start. In the seasonally weakest quarter of the year, we succeeded in increasing sales for the remaining business Carrier Solutions by 5% compared to 2019 (previous year: EUR 713 thousand). The sales increases resulted from extensions to existing customers and new customer projects. The sale of TELES Communication Systems GmbH, Vienna last year resulted in a 52% drop in sales compared to the previous year. The operating result (EBIT) improved from minus EUR 152 thousand to EUR 32 thousand.

## Summary Statement of the Economic Situation

The number of customer projects was good for the first quarter and we were able to implement new projects with existing customers and secure the maintenance contracts. The profit for an expansion project of our Spanish customer XTRA Telecom, a subsidiary of the MASMOVIL group, should be highlighted. Overall, we saw an increase in order intake of 23% compared to the previous year. Investments in personnel are sluggish due to the lack of skilled workers in Germany. The focus continues to be on the further development of the product families, the identification of further market niches and additional market segments and the development of suitable solutions and products. It takes time to expand effective sales. And the necessary expansion of marketing and communication activities in order to further position TELES on the market and to anchor it with customers as a competent, efficient and future-proof provider is making slow progress due to the lack of liquid funds. Attentive cash management and persistent receivables management help to keep the company stable.

## Risk Report

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

## Forecast

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

**TELES AG Informationstechnologien**

The Management Board

May 2020

## Balance Sheet (HGB, unaudited)

TELES Aktiengesellschaft Informationstechnologien, Berlin  
balance sheet as of March 31 2020

Assets	EUR	EUR	31.12.2019 EUR	Liabilities	EUR	EUR	31.12.2019 EUR
<b>A. Fixed assets</b>				<b>A. Shareholders' equity</b>			
<b>I. intangible assets</b>				<b>I. Ordinary shares</b>	23,304,676.00		23,304,676.00
Concessions, patents, licences, trade marks and similar rights and assets		421.00	723.00	<b>II. Capital reserve</b>	2,330,467.60		2,330,467.60
<b>II. Tangible assets</b>				<b>III. Revenue reserves</b>	<u>27,932,958.80</u>		<u>27,961,156.98</u>
Fixtures, fittings, tools and equipment		43,967.00	48,045.00		-2,297,815.20		-2,326,013.38
<b>III. Investments</b>				of which not covered by equity	<u>2,297,815.20</u>		<u>2,326,013.38</u>
Shares in group undertakings		0.00	0.00		2,326,013.38	0.00	0.00
		<u>44,388.00</u>	<u>48,768.00</u>	<b>B. Provisions</b>			
<b>B. Current assets</b>				Other provisions		850,444.03	907,331.11
<b>I. Stocks</b>				<b>C. Creditors</b>			
1. Raw materials and supplies	2,427.12		2,427.12	1. Payment received on account	89,360.22		113,897.19
2. Finished goods and goods for resale	-7.84		737.15	2. Trade creditors	550,167.29		623,497.34
3. Payments on account	<u>0.00</u>		<u>0.00</u>	3. Amounts owed to group undertakings	0.00		182,232.27
		2,419.28	<u>3,164.27</u>	4. Other creditors including taxation and social security	1,108,363.79		797,678.78
<b>II. Debtors and other assets</b>				5. of which EUR 30,701.72 (Vj. kEUR 30) is for taxes			
1. Trade debtors	372,611.52		272,293.75	of which EUR 61.29 (Vj. EUR 0) is for social security			
2. Amounts owed by group undertaking	0.00		24,483.49		1,747,891.30		<u>1,717,305.58</u>
3. Other assets	<u>85,288.30</u>		<u>72,956.15</u>	<b>D. Deferred income</b>		<u>297,547.87</u>	<u>152,490.65</u>
		457,899.82	<u>369,733.39</u>				
<b>III. Investments</b>							
Other investments		0.00	0.00				
<b>IV. Cheque, Cash at bank and in hand</b>		23,002.75	13,318.85				
		<u>483,321.85</u>	<u>386,216.51</u>				
<b>C. Prepayments and accrued income</b>		<u>70,358.15</u>	<u>16,129.45</u>				
<b>D. Not covered by equity loss</b>		<u>2,297,815.20</u>	<u>2,326,013.38</u>				
		<u>2,895,883.20</u>	<u>2,777,127.34</u>		<u>2,895,883.20</u>		<u>2,777,127.34</u>

## Profit and Loss Account (HGB, unaudited)

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

	EUR	EUR	2019 KEUR
1. Turnover		747,030.45	1,569
2. Change in stock of finished goods and work in progress		0.00	0
3. Other operating income		141,752.91	51
of which relates to currency translation EUR 11.759,58 (Vj. kEUR 15)			
of which relates to shareholder EUR 0,00 (Vj. kEUR 3.296)			
		<u>888,783.36</u>	<u>1,619</u>
4. Cost of materials			
a) Cost of raw materials, consumables			
and of purchased merchandise	100,104.73		194
b) Cost of purchased services	50,931.31		528
5. Staff costs			
a) Wages and salaries	378,924.16		646
b) Social security,			
pensions and other benefit costs	62,315.42		89
of which EUR 8.576,00 (Vj. kEUR 10) is for pension costs			0
6. Depreciation			
written off tangible and intangible fixed assets	6,318.34		5
written off current assets (7b §275 HGB)	0.00		0
7. Other operating expenses/charges	257,700.87		309
of wich relate to curreny translation EUR 16.887,94 (Vj. kEUR 38)			
		<u>856,294.83</u>	<u>1,771</u>
8. Other interest receivable and similar income	72.27		0
9. Income from securities	0.00		0
10. Amounts written off investments	0.00		0
11. Interest payable and similar charges	4,362.62		61
of which related to shareholder EUR 10.741,86 (Vj. kEUR 328)			
		<u>4,290.35</u>	<u>61</u>
12. Tax on profit		0.00	0
13. Profit or loss after taxes		28,198.18	-213
14. Other taxes		<u>0.00</u>	<u>0</u>
15. Profit or loss for the financial year		<u>28,198.18</u>	<u>-214</u>
16. Loss carryforward		<u>27,961,156.98</u>	<u>31,831</u>
17. Balance sheet loss		<u>27,932,958.80</u>	<u>32,045</u>

### Development of Equity (HGB, unaudited)

(in EUR, number of ordinary shares: 23.304.676)

	Nominal value of the shares	Capital reserve	Revenue reserves	Total Equity
December 31, 2018	23,304,676	2,330,468	-31,831,383	-6,196,239
Net loss for the financial period	0	0	-213,795	-213,795
March 31, 2019	23,304,676	2,330,468	-32,045,178	-6,410,034
December 31, 2019	23,304,676	2,330,468	-27,961,157	-2,326,013
Net profit for the financial period	0	0	28,198	28,198
March 31, 2020	23,304,676	2,330,468	-27,932,959	-2,297,815

### Cash Flow Statement (HGB, unaudited)

EUR	2019	2020
<b>operating activities</b>		
Net profit/loss for the financial year	-213,795	28,198
+/- Depreciation of property, plant and equipment	4,557	6,318
+/- Changes to provisions	106,244	-56,887
+/- Other non-cash transactions	0	-1,938
-/+ Changes to Stocks and Trade Receivables	304,750	-141,650
+/- Changes to Trade Payables and Other liabilities	-306,747	-28,720
+/- Interest paid / received	61,286	4,363
+/- Other expense / income of extraordinary amounts and meaning	0	0
+/- Income tax expense	0	0
<b>= Cash flow from operating activities</b>	<b>-43,705</b>	<b>-190,316</b>
<b>financing activities</b>		
+ Deposits from taking out of (financial) loans	0	200,000
<b>= Cash flow from financing activities</b>	<b>0</b>	<b>200,000</b>
Net change in cash and cash equivalents	<u>-43,705</u>	<u>9,684</u>
Cash and cash equivalents at beginning of period	73,617	13,319
<b>Cash and cash equivalents at end of period</b>	<b>29,912</b>	<b>23,003</b>

## Summary of Significant Financial Reporting Policies and Standards

### Presentation Basis

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

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

### Audit Review

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

### Responsibility Statement by the Company Officers (Management)

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