

Q3 2020 Quarterly Financial Statements of TELES AG Informationstechnologien

(HGB, unaudited)

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

- Increase in sales by 35 % for the remaining business of Carrier Solutions compared to the previous year
- Decrease in operating profit (EBIT) to EUR -206 thousand
- Net loss for the period of EUR -219 thousand

Overview of the key figures of TELES for Q3 2020 (in accordance with HGB, unaudited)

TELES AG Informationstechnologien (in Euro)	01.01.2019 - 30.09.2019	01.01.2020 - 30.09.2020	Change
Sales revenues	3,361,199	1,972,015	-41%
Operating result/EBIT	2,274,958	-206,351	-109%
Financial income	-174,195	-13,950	92%
EBT	2,100,763	-220,302	-110%
Income tax	-188,095	1,101	101%
Net income/loss	1,912,669	-219,201	-111%

Interim Management Report

The financial restructuring announced in March has been implemented. After the capital reduction in June, the capital increase was successfully completed in August. The first nine months are in line with expectations. The number of customer projects was good for the first nine months and we were able to implement new projects with existing customers and secure the maintenance contracts. The implementation for the geo-redundancy project of our Swiss customer mgi deserves special mention. Overall, we recorded an increase in incoming orders of 29% compared to the previous year. It was possible to increase sales for the remaining Carrier Solutions business area by 35% compared to 2019 (previous year: EUR 1,465 thousand). The sales increase resulted from expansions for existing customers and new customer projects. Due to the sale of TELES Communication Systems GmbH, Vienna last year, there was an overall decline in sales of 41% compared to the previous year. In the previous year, other income of EUR 2,878 thousand from a netting process with a former affiliated company resulted in an operating result (EBIT) of EUR 1,913 thousand when a liability was written off and an impaired loan was written off. This year, the operating result (EBIT) is at minus EUR 219 thousand. This includes the expenses for fines from BaFin (EUR 40 thousand) and a sanction procedure by Deutsche Börse (EUR 9 thousand) due to late publication of financial reports in 2016 and 2018, as well as costs taken into account for the virtual / non-present general meeting (EUR 64 thousand) and the capital measures (EUR 80 thousand).

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

October 2020

Balance Sheet (HGB, unaudited)

ES Aktiengesellschaft Informationstechnologien, Berlin
Balance sheet as of September 30, 2020

Assets	EUR	EUR	31.12.2019 EUR	Liabilities	EUR	EUR	31.12.2019 EUR
Fixed assets				A. Shareholders' equity			
Intangible assets				I. Ordinary shares	4,369,626.00		23,304,676.00
Concessions, patents, licences, trade marks and similar rights and assets		0.00	723.00	II. Capital reserve	349,570.08		2,330,467.60
Tangible assets				III. Revenue reserves	<u>5,749,606.35</u>		<u>27,961,156.98</u>
Fixtures, fittings, tools and equipment	45,981.00		48,045.00	of which not covered by equity	-1,030,410.27		-2,326,013.38
Investments					<u>1,030,410.27</u>		<u>2,326,013.38</u>
Shares in group undertakings		0.00	0.00		2,326,013.38	0.00	0.00
		<u>45,981.00</u>	<u>48,768.00</u>	B. Provisions			
				Other provisions		846,224.72	907,331.11
Current assets				C. Creditors			
Stocks				1. Payment received on account	61,371.62		113,897.19
Raw materials and supplies	2,427.12		2,427.12	2. Trade creditors	290,063.46		623,497.34
Finished goods and goods for resale	-7.83		737.15	3. Amounts owed to group undertakings	0.00		182,232.27
Payments on account	<u>0.00</u>		<u>0.00</u>	4. Other creditors including taxation and social security of which EUR 4,807.54 (Vj. kEUR 30) is for taxes of which EUR 914.52 (Vj. kEUR 0) is for social security	1,350,386.57		797,678.78
		2,419.29	<u>3,164.27</u>				
Debtors and other assets						1,701,821.65	<u>1,717,305.58</u>
Trade debtors	478,537.18		272,293.75	D. Deferred income		<u>204,169.65</u>	<u>152,490.65</u>
Amounts owed by group undertaking	0.00		24,483.49				
Other assets	<u>71,212.25</u>		<u>72,956.15</u>				
		549,749.43	<u>369,733.39</u>				
Investments							
Other investments		0.00	0.00				
Cheque, Cash at bank and in hand		1,078,483.28	13,318.85				
		<u>1,630,652.00</u>	<u>386,216.51</u>				
Prepayments and accrued income		<u>45,172.75</u>	<u>16,129.45</u>				
Not covered by equity loss		<u>1,030,410.27</u>	<u>2,326,013.38</u>				
		<u>2,752,216.02</u>	<u>2,777,127.34</u>			<u>2,752,216.02</u>	<u>2,777,127.34</u>

Profit and Loss Account (HGB, unaudited)

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

	EUR	EUR	2019 kEUR
Turnover		1,972,015.24	3,361
Change in stock of finished goods and work in progress		0.00	
Other operating income		383,752.81	3,269
of which relates to currency translation EUR 2,394.95 (Vj. kEUR 13)			
		2,355,768.05	6,630
Cost of materials			
a) Cost of raw materials, consumables and of purchased merchandise	250,663.66		283
b) Cost of purchased services	146,576.32		1,358
Staff costs			
a) Wages and salaries	1,094,038.51		1,483
b) Social security, pensions and other benefit costs	190,625.61		244
of which EUR 4,590.00 (Vj. kEUR 7) is for pension costs			
Depreciation			
written off tangible and intangible fixed assets	15,811.34		13
Other operating expenses/charges	864,404.03		973
of which relate to currency translation EUR 6,414.68 (Vj. kEUR 22)			
		2,562,119.47	4,355
Other interest receivable and similar income	-1,467.27		
Income from securities	0.00		
Amounts written off investments	0.00		
Interest payable and similar charges	15,417.69		174
		13,950.42	174
Tax on profit		-2,455.00	187
Profit or loss after taxes		-217,846.84	1,914
Other taxes		1,353.73	1
Profit or loss for the financial year		-219,200.57	1,913
Loss carryforward		27,961,156.98	31,831
Balance sheet loss		5,539,805.43	29,919

Development of Equity (HGB, unaudited)

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

	Nominal value of the shares	Capital reserve	Revenue reserves	Total Equity
December 31, 2018	23,304,676	2,330,468	-31,831,383	-6,196,239
Net profit for the financial period	0	0	1,912,669	1,912,669
September 30, 2019	23,304,676	2,330,468	-29,918,714	-4,283,571
December 31, 2019	23,304,676	2,330,468	-27,961,157	-2,326,013
Capital reduction	-20,391,592	-2,039,159	22,430,751	0
Capital increase	1,456,542	58,262	0	1,514,804
Net loss for the financial period	0	0	-219,201	-219,201
September 30, 2020	4,369,626	349,570	-5,749,606	-1,030,410

Cash Flow Statement (HGB, unaudited)

EUR	2019	2020
<u>operating activities</u>		
Net profit/loss for the financial year	1,912,669	-219,201
+/- Depreciation of property, plant and equipment	13,420	15,811
+/- Changes to provisions	43,525	-61,106
+/- Other non-cash transactions	-170	-10,463
-/+ Changes to Stocks and Trade Receivables	872,141	-208,314
+/- Changes to Trade Payables and Other liabilities	-3,616,756	-679,223
+/- Interest paid / received	174,195	15,418
+/- Other expense / income of extraordinary amounts and meaning	0	0
+/- Income tax expense	0	0
= Cash flow from operating activities	-600,976	-1,147,078
<u>investing activities</u>		
- Acquisition of property, plant and equipment	0	-2,561
= Cash flow from investing activities	0	-2,561
<u>financing activities</u>		
Cash received from capital contributions	0	1,514,804
+ Deposits from taking out of (financial) loans	600,000	700,000
= Cash flow from financing activities	600,000	2,214,804
<u>Net change in cash and cash equivalents</u>	<u>-976</u>	<u>1,065,164</u>
Cash and cash equivalents at beginning of period	73,617	13,319
<u>Cash and cash equivalents at end of period</u>	72,641	1,078,483

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.