

Q3 2021 Quarterly Financial Statements of TELES AG Informationstechnologien

(HGB, unaudited)

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

- Cash flow increases by 92% compared to the previous year
- Sales decline by 14% compared to the previous year
- Reduction in personnel costs by 8%
- Reduction of other operating expenses by 29%
- Net loss for the period of EUR -291 thousand

Overview of the key figures of TELES for Q3 2021 (in accordance with HGB, unaudited)

TELES AG Informationstechnologien (in Euro)	01.01.2020 - 30.09.2020	01.01.2021 - 30.09.2021	Change
Sales revenues	2,080,870	1,798,909	-14%
Other operating income	274,898	118,111	-57%
Personnel expenditures	1,284,664	1,180,828	-8%
Other operating expenses	864,404	617,289	-29%
Operating result/EBIT	-206,351	-289,658	-40%
Net income/loss	-219,201	-290,805	-33%

Interim Management Report

We were also able to secure and expand the maintenance business with existing customers in the third quarter. In the German-speaking region (DACH) we were able to further expand the project business, particularly through our partner Communi5 Technologies, Vienna. However, it has not been possible to implement this in Europe without DACH. The further development of the product families and the development of suitable solutions and products are still in focus, e.g. the expansion of the TELES softswitch to enable software-based recoding in customer networks (transcoding). That will bring further growth. In the third quarter, the marketing and communication activities were further expanded in order to further position TELES on the market and to anchor it with customers as a competent, efficient and future-proof provider.

Summary Statement of the Economic Situation

At EUR 1,799 thousand, sales decreased by 14% from EUR 2,081 thousand in the reporting period. The cost of materials ratio rose to 21.8% (previous year: 19.1%). The income from subletting and charging on from agency agreements amount to EUR 109 thousand (previous year: EUR 119 thousand, reported as other operating income). The other operating income is EUR 118 thousand (previous year: EUR 275 thousand). Personnel expenses were reduced by 8% to EUR 1,181 thousand (previous year: EUR 1,285 thousand). The other operating expenses could be reduced by 29% to EUR 617 thousand (previous year EUR 864 thousand). In the nine-month financial statements of TELES, the period deficit amounts to EUR 291 thousand (previous year period deficit: EUR 218 thousand). The total assets of TELES increased by EUR 66 thousand compared to the annual financial statements. The operative cash flow amounts to EUR -96 thousand (previous year EUR -1,137 thousand) and has developed well. The company is able to meet its financial obligations at all times.

Risk Report

In the management report for the past financial year 2020, all relevant risks known to us were carefully listed. TELES is currently recognizing a heightened risk situation due to the corona pandemic. 100% of the TELES workforce is equipped with home workplaces. We ensure the liquidity of the company through very conscientious planning. We continue to monitor incoming payments very closely, thereby counteracting payment defaults on the part of customers. Apart from internal company factors, whether the sales and earnings targets are achieved depends largely on economic, political and industry-specific developments - especially in our core market of Europe.

Forecast

For the current financial year, the Management Board is adjusting the forecast for the full year made in the 2020 annual report. Compared to the previous year, no growth in sales and a balanced result (EBIT) are expected.

TELES AG Informationstechnologien

The Management Board

October 2021

Balance Sheet (HGB, unaudited)

TELES Aktiengesellschaft Informationstechnologien, Berlin

balance sheet as of September 30, 2021 (not audited)

Assets	30.09.2021		31.12.2020	Liabilities	30.09.2021		31.12.2020
	EUR	EUR	EUR		EUR	EUR	EUR
A. Fixed assets				A. Shareholders' equity			
I. intangible assets				I. Ordinary shares	4,369,626.00		4,369,626.00
Concessions, patents, licences, trade marks and similar rights and assets	0.00		0.00	II. Capital reserve	349,570.08		349,570.08
II. Tangible assets				III. Revenue reserves			
Fixtures, fittings, tools and equipment	48,903.00		42,430.00	1. loss carried forward	-4,705,894.13		-5,530,405.78
				2. net income/loss for the period	<u>-290,805.18</u>		<u>824,511.65</u>
					<u>-4,996,699.31</u>		<u>-4,705,894.13</u>
B. Current assets				IV. not covered by equity	277,503.23		0.00
I. Stocks							
1. Raw materials and supplies	2,427.12		2,419.30				
2. Finished goods and goods for resale	5,042.17		0.00	B. Provisions			
				1. Tax Other provisions	624,797.08		624,797.08
	7,469.29		2,419.30	2. Other provisions	233,995.17		116,949.42
II. Debtors and other assets					<u>858,792.25</u>		<u>741,746.50</u>
1. Trade debtors	155,961.23		276,972.33	C. Creditors			
2. Other assets	77,776.79		67,348.98	1. Payment received on account	34,044.61		27,679.39
				2. Trade creditors	145,845.16		234,435.37
	233,738.02		344,321.31	3. Other creditors including taxation and social security	49,329.43		47,676.01
				- of which EUR 8,627.54 (py kEUR 9) is for taxes			
III. Cheque, Cash at bank and in hand	<u>631,866.85</u>		<u>751,551.56</u>	- of which EUR -1,805.54 (py kEUR -3) is for social security			
	<u>873,074.16</u>		<u>1,098,292.17</u>		<u>229,219.20</u>		<u>309,790.77</u>
C. Prepayments and accrued income	<u>42,907.73</u>		<u>35,890.27</u>	D. Deferred income	<u>154,376.67</u>		<u>111,773.22</u>
D. Not covered by equity loss	<u>277,503.23</u>		<u>0.00</u>				
	1,242,388.12		1,176,612.44		1,242,388.12		1,176,612.44

Profit and Loss Account (HGB, unaudited)

TELES Aktiengesellschaft Informationstechnologien, Berlin

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

	30.09.2021		30.09.2020
	EUR	EUR	KEUR
1. Turnover	1,798,908.76		2,081
2. Other operating income of which relates to currency translation EUR 1,878.75 (py kEUR 2)	118,111.31		275
		<u>1,917,020.07</u>	<u>2,356</u>
3. Cost of materials			
a) Cost of raw materials, consumables and of purchased merchandise	194,622.70		251
b) Cost of purchased services	196,976.59		147
4. Staff costs			
a) Wages and salaries	1,026,984.43		1,094
b) Social security, pensions and other benefit costs of which EUR 4,185.00 (py kEUR 5) is for pension costs	153,843.68		191
5. Depreciation written off tangible and intangible fixed assets	16,961.86		16
6. Other operating expenses/charges of wich relate to curreny translation EUR 4,703.31 (py kEUR 6)	617,288.81		864
		<u>2,206,678.07</u>	<u>2,562</u>
7. Operating result (EBIT)		-289,658.00	-206
8. Other interest receivable and similar income	157.31		-1
9. Interest payable and similar charges	145.00		15
		12.31	<u>14</u>
10. Tax on profit	41.49		<u>-2</u>
11. Profit or loss after taxes		-289,687.18	-218
14. Other taxes	1,118.00		<u>1</u>
15. Profit or loss for the financial year		-290,805.18	-219
16. Loss carryforward		-4,705,894.13	-27,961
17. Income from the capital reduction		0.00	22,431
17. Balance sheet loss		-4,996,699.31	-5,750

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
31 December 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
30 September 2020	4,369,626	349,570	-5,749,606	-1,030,410
31 December 2020	4,369,626	349,570	-4,705,894	13,302
Net profit for the financial period	0	0	-290,805	-290,805
30 September 2020	4,369,626	349,570	-4,996,699	-277,503

Cash Flow Statement (HGB, unaudited)

EUR	2020	2021
<u>operating activities</u>		
Net profit/loss for the financial year	-219,201	-290,805
+/- Depreciation of property, plant and equipment	15,811	16,962
+/- Changes to provisions	-61,106	117,046
-/+ Changes to Stocks and Trade Receivables	-208,314	98,516
+/- Changes to Trade Payables and Other liabilities	-680,690	-38,270
+/- Interest paid / received	16,885	302
= Cash flow from operating activities	-1,136,615	-96,250
<u>investing activities</u>		
- Acquisition of property, plant and equipment	-13,024	-23,435
= Cash flow from investing activities	-13,024	-23,435
<u>financing activities</u>		
Cash received from capital contributions	1,514,804	0
+ Deposits from taking out of (financial) loans	700,000	0
= Cash flow from financing activities	2,214,804	0
<u>Net change in cash and cash equivalents</u>	<u>1,065,164</u>	<u>-119,685</u>
Cash and cash equivalents at beginning of period	13,319	751,552
Cash and cash equivalents at end of period	1,078,483	631,867

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.