

Tele Columbus AG

Quarterly release of the quarter ended 30 Sept. 2020



TRANSLATION *)

**Quarterly Release
as at 30 September 2020**

for

Tele Columbus AG

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TELE COLUMBUS AG, BERLIN
TELE COLUMBUS GROUP QUARTERLY RELEASE
as at 30 September 2020

I. CONSOLIDATED INCOME STATEMENT	4
II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
III. CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
IV. CONSOLIDATED STATEMENT OF CASH FLOWS	8
V. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
A. GENERAL INFORMATION	11
B. CHANGES IN THE CONSOLIDATED GROUP	12
B.1 MERGERS	12
C. ACCOUNTING POLICIES	12
D. NOTES TO THE CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION	14
D.1 REVENUE	14
D.2 OTHER INCOME	15
D.3 OTHER EXPENSES	15
D.4 INTEREST INCOME AND EXPENSE	16
D.5 OTHER FINANCING RESULT	16
D.6 PROPERTY, PLANT AND EQUIPMENT	16
D.7 TRADE RECEIVABLES, OTHER FINANCIAL RECEIVABLES AND OTHER ASSETS, PREPAID EXPENSES	17
D.8 OTHER PROVISIONS	17
D.9 LIABILITIES TO BANKS AND LIABILITIES ARISING FROM SENIOR SECURED NOTES ..	18
D.9.1 Liabilities to banks arising from the Senior Facilities Agreement and senior secured notes	18
D.9.2 Other liabilities to banks	20
D.10 TRADE AND OTHER PAYABLES, OTHER FINANCIAL LIABILITIES, OTHER LIABILITIES, DEFERRED INCOME	20
E. OTHER EXPLANATORY INFORMATION	21
E.1 LEASES AND OTHER FINANCIAL COMMITMENTS	21
E.1.1 Leases	21
E.1.2 Other financial commitments	21
In addition to the leases presented above, the Group also has other contractual obligations (mainly from service contracts)	21
E.2 RISK MANAGEMENT	22
E.2.1 Risk management of financial instruments and interest rate risk	22
E.2.2 Liquidity risk	22
E.3 SEGMENT REPORTING	23
E.4 FURTHER INFORMATION FOR THE GROUP'S QUARTERLY RELEASE	24

E.4.1 Financial performance	24
E.4.2 Assets and liabilities	25
E.4.3 Financing structure.....	26
E.4.4 Forecast adjustment report.....	26
E.4.5 Risks and opportunities adjustment report.....	27
E.5 EVENTS AFTER THE REPORTING DATE	27

Tele Columbus Group Quarterly Release
as at 30 September 2020

I. Consolidated income statement

KEUR	Notes	1 Jan to 30 Sep 2020	1 Jan to 30 Sep 2019
Revenue	D.1	356,888	369,695
Own work capitalised		17,300	14,496
Other income	D.2	5,245	6,865
<i>Total operating income</i>		<i>379,433</i>	<i>391,056</i>
Cost of materials		-114,487	-131,315
Employee benefits		-59,019	-58,753
Other expenses	D.3	-38,235	-46,016
EBITDA		167,692	154,973
Depreciation and amortisation		-149,670	-131,887
EBIT		18,022	23,086
Equity method income (+) / loss (-)		-21	-
Interest income and similar income	D.4	79	89
Interest expense and similar expense	D.4	-47,224	-46,474
Other financial income (+) / loss (-)	D.5	-6,144	-6,225
<i>Profit (+) / Loss (-) before tax</i>		<i>-35,288</i>	<i>-29,524</i>
Income taxes		1,833	-10,697
Net loss		-33,455	-40,220
attributable to shareholders of Tele Columbus AG		-35,175	-41,890
attributable to non-controlling interests		1,720	1,670
Basic earnings per share in EUR		-0.28	-0.33
Diluted earnings per share in EUR		-0.28	-0.33

The following notes are an integral part of this quarterly release as at 30 September 2020.

II. Consolidated statement of comprehensive income

KEUR	1 Jan to 30 Sep 2020	1 Jan to 30 Sep 2019
<i>Net loss</i>	-33,455	-40,220
Other comprehensive income		
Expenses an income that will not be reclassified to profit or loss		
Remeasurement of gains (+)/ losses (-) on defined benefit plans (after deferred of taxes)	-	-1,021
Total comprehensive income	-33,455	-41,241
of which attributable to:		
Shareholders of Tele Columbus AG	-35,175	-42,911
Non-controlling interests	1,720	1,670

III. Consolidated statement of financial position

Assets

KEUR	Notes	30 September 2020	31 December 2019
Non-current assets			
Property, plant, and equipment	E.4.2	670,861	669,166
Intangible assets	E.4.2	1,253,089	1,273,939
Investments accounted for using the equity method		393	414
Trade and other receivables	D.7	11	11
Other assets	D.7	5	6
Other financial receivables	D.7	819	688
Accruals and deferrals	D.7	1,932	1,937
Deferred tax assets		3,451	4,096
Derivative financial instruments		2,918	3,262
		1,933,479	1,953,520
Current assets			
Inventories		6,734	5,586
Trade and other receivables	D.7	58,850	61,785
Receivables due from related parties		358	11
Other financial receivables	D.7	1,952	1,976
Other assets	D.7	8,626	17,197
Current tax assets		3,045	4,672
Cash and cash equivalents		55,704	10,128
Accruals and deferrals	D.7	6,856	3,549
Assets held for sale		-	2
		142,125	104,906
Total assets		2,075,604	2,058,428

Tele Columbus Group Quarterly Release
as at 30 September 2020

Equity and liabilities

KEUR	Notes	30 September 2020	31 December 2019
Equity			
Share Capital		127,556	127,556
Capital reserve		620,838	620,838
Other components of equity		-474,388	-439,512
<i>Equity attributable to shareholders of Tele Columbus AG</i>		274,006	308,882
Non-controlling interests		9,822	9,697
		283,828	318,579
Non-current liabilities			
Pensions and other long-term employee benefits		10,551	10,531
Other provisions	D.8	1,953	2,070
Liabilities to banks and due bond	D.9	1,445,133	1,404,430
Trade and other payables	D.10	1,046	46
Other financial liabilities	D.10	131,173	106,984
Deferred revenue	D.10	4,078	4,270
Deferred tax liabilities		21,200	27,544
Derivative financial instruments		17,619	11,045
		1,632,753	1,566,920
Current liabilities			
Other provisions	D.8	7,968	8,992
Liabilities to banks and from the bond issuance	D.9	14,838	27,745
Trade and other payables	D.10	67,020	75,878
Payables due to related parties		508	580
Other liabilities	D.10	17,362	23,824
Other financial liabilities	D.10	32,717	27,257
Income tax liabilities		9,496	6,895
Deferred revenue	D.10	9,114	1,759
		159,023	172,929
Total equity and liabilities		2,075,604	2,058,428

Tele Columbus Group Quarterly Release
as at 30 September 2020

IV. Consolidated statement of cash flows

KEUR	Notes	1 Jan to 30 Sep 2020	1 Jan to 30 Sep 2019
Cash flow from operating activities			
Net loss		-33,455	-40,220
Net financial income or expense	D.4	53,289	52,610
Income taxes		-1,833	10,697
Income(-)/ loss (+) from investments carried at equity		21	-
<i>Earnings before interest and taxes (EBIT)</i>		18,022	23,087
Depreciation and amortisation	E.4.2	149,670	131,887
Equity-settled, share-based employee benefits		299	454
Loss (+) / gain (-) on sale of property, plant, and equipment		-707	-149
Increase (-) / decrease (+) in:			
Inventories		-1,148	1,537
Trade and other receivables and other assets not classified as investing or financing activities	D.7	14,348	-1,813
Accruals and deferrals	D.7	-3,301	-1,203
Increase (+) / decrease (-) in:			
Trade payables and other liabilities not classified as investing or financing activities	D.10	-21,603	-6,536
Provisions	D.8	-1,120	-1,435
Deferred revenue	D.10	7,163	4,367
Income tax paid		-1,446	-10,580
Cash flow from operating activities		160,177	139,616
Cashflow from investing activities			
Proceeds from sale of property, plant, equipment, and intangible assets		542	1,005
Acquisition of property, plant and equipment		-49,911	-72,337
Acquisition of intangible assets		-25,927	-27,798
Interest received		15	21
Acquisition of subsidiaries, net of cash acquired		-	-5,990
Cashflow from investing activities		-75,281	-105,099

Tele Columbus Group Quarterly Release
as at 30 September 2020

KEUR	Notes	1 Jan to 30 Sep 2020	1 Jan to 30 Sep 2019
Cash flow from financing activities			
Payment of financial lease liabilities		-21,057	-16,878
Dividends paid		-1,593	-1,666
Proceeds from loans, bonds, and short or long-term borrowings from banks		40,000	7,995
Transaction costs with regard to loans and borrowings		-2,391	-437
Repayment of borrowings		-14,211	-1,565
Interest paid		-39,956	-39,514
Acquisition of non-controlling interests		-5	-
Cash flow from financing activities		-39,213	-52,065
Cash and cash equivalents for the period			
Net increase (+) / decrease (-) in cash and cash equivalents		45,683	-17,549
Cash and cash equivalents at the beginning of the period		10,128	26,288
<i>Cash and cash equivalents at the end of the period</i>		<i>55,811</i>	<i>8,739</i>
Increase (+) / decrease (-) from release of restricted cash and cash equivalents during the period		-107	-58
Free cash and cash equivalents at end of period		55,704	8,680

Tele Columbus Group Quarterly Release
as at 30 September 2020

V. Consolidated statement of changes in equity

For the nine months of 2020 in KEUR

KEUR	Share capital	Capital reserve	Other changes in equity	Retained earnings	Revaluation reserve IAS 19	Equity attributable to shareholders of Tele Columbus AG	Non-controlling interests	Total equity
Balance at 1 January 2020	127,556	620,838	-112,345	-325,275	-1,893	308,881	9,697	318,578
Profit (+) / loss (-)				-35,175		-35,175	1,720	-33,455
Other comprehensive income					-	-		-
Total comprehensive income	-	-	-	-35,175	-	-35,175	1,720	-33,455
Dividends						-	-1,593	-1,593
Change in non-controlling interests						-	-5	-5
Other changes						-	3	3
Equity settled share-based payments			299			299		299
Balance at 30 September 2020	127,556	620,838	-112,046	-360,450	-1,893	274,006	9,822	283,828

A. General information

Introduction

Tele Columbus AG, registered at Kaiserin-Augusta-Allee 108, 10553 Berlin, Germany (Berlin-Charlottenburg commercial register file number HRB 161349 B), together with its consolidated subsidiaries, forms the Tele Columbus Group (hereinafter also referred to as 'Tele Columbus' or the 'Group') as at 30 September 2020. Tele Columbus AG operates as a group holding company and is the Group's ultimate management and holding company, and therefore responsible for control of the entire Group. Consequently, Tele Columbus AG is responsible for the Group's strategic growth and the provision of services and financing to its affiliated companies.

Basis of quarterly reporting

This quarterly release for the Tele Columbus AG Group provides key information for the reporting period from 1 January to 30 September 2020.

The consolidated income statement, consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity are presented for the period ended 30 September. Gains and losses are presented for the period from 1 January 2020 to 30 September 2020 and the comparative period from 1 January 2019 to 30 September 2019. For the financial position as at 30 September 2020, the comparative reporting date is 31 December 2019. Furthermore, explanatory notes on individual items are provided and as well as a description of the financial position, financial performance and cash flows.

The Group's functional currency is the euro. Unless otherwise stated, all figures are presented in thousands of euros (KEUR). Since amounts are disclosed in thousands of euros, there may be rounding differences. In some cases, such rounded amounts and percentages may not correspond 100% to the stated sums when added together, and subtotals in tables may differ slightly from non-rounded figures in other sections of the quarterly release due to standard commercial rounding.

In respect of financial information included in the condensed consolidated interim financial statements, a dash ("–") means that the relevant item is not applicable, whereas a zero ("0") means that the relevant figure has been rounded to or equals zero.

The consolidated financial statements for the nine-month period ending 30 September 2020 were neither reviewed nor audited by a statutory auditor, as this is not legally required.

The Group's quarterly release is based on the going concern assumption.

The Group's quarterly release was prepared by Tele Columbus AG's Management Board in Berlin on 10 November 2020.

B. Changes in the consolidated Group

There have been no significant changes to the consolidated Group in the condensed consolidated interim financial statements as at 31 December 2019.

B.1 Mergers

The share in Kabelcom Rhein-Ruhr GmbH, Unterföhring, was increased from 90% to 100% and as at 1 January 2020, Kabelmedia GmbH Marketing und Service, Essen, was merged with Tele Columbus Kabel Service GmbH, Berlin.

With entry in the commercial register on 30 June 2020, the entities Tele Columbus Hessen, Berlin, and WWcon Wärme-Wohnen-Contracting GmbH, Berlin, were merged into Tele Columbus Multimedia GmbH, Berlin, through transfer of their entire assets by dissolution without liquidation.

With entry in the commercial register on 10 August 2020, Tele Columbus Verwaltungs GmbH, Berlin, was merged into Tele Columbus Ost GmbH, Berlin, through transfer of its entire assets by dissolution without liquidation.

With entry in the commercial register on 10 August 2020, Tele Columbus Ost GmbH, Berlin, was merged into Tele Columbus Multimedia GmbH, Berlin, through transfer of its entire assets by dissolution without liquidation.

With entry in the commercial register on 11 August 2020, Tele Columbus Netze Berlin GmbH, Berlin, was merged into Tele Columbus Multimedia GmbH, Berlin, through transfer of its entire assets by dissolution without liquidation.

With entry in the commercial register on 7 September 2020, Kabelcom Rhein-Ruhr GmbH, Unterföhring, was merged into Kabelfernsehen München ServiCenter GmbH, Unterföhring, through transfer of its entire assets by dissolution without liquidation.

With entry in the commercial register on 9 September 2020, pepcom Nord GmbH, Unterföhring, was merged into Kabelfernsehen München ServiCenter GmbH, Unterföhring, through transfer of its entire assets by dissolution without liquidation.

With entry in the commercial register on 17 September 2020, pepcom Mitteldeutschland GmbH, Leipzig, was merged into Kabelfernsehen München ServiCenter GmbH, Unterföhring, through transfer of its entire assets by dissolution without liquidation.

With entry in the commercial register on 21 September 2020, pepcom West GmbH, Unterföhring, was merged into Kabelfernsehen München ServiCenter GmbH, Unterföhring, through transfer of its entire assets by dissolution without liquidation.

C. Accounting policies

The same accounting policies are largely applied in the Group's quarterly release as at 30 September 2020 compared to the consolidated financial statements as at 31 December 2019.

Tele Columbus Group Quarterly Release
as at 30 September 2020

Compared to the consolidated financial statements as at 31 December 2019, there have been no material changes to any significant judgements and assumptions made by the management or in estimation of uncertainties in the nine-month period ending 30 September 2020.

D. Notes to the consolidated income statement and consolidated statement of financial position

D.1 Revenue

KEUR	1 Jan to 30 Sep 2020					1 Jan to 30 Sep 2019
	TV	Internet / telephony	Business customers	Other	Total	Total
Revenue from contracts with customers	174,751	117,925	38,989	8,477	340,142	356,464
Analogue	139,265	-	-	-	139,265	155,158
Internet / telephony	-	109,014	10,941	-	119,955	114,755
Additional digital services	20,590	-	-	-	20,590	20,447
Other transmission fees and miscellaneous feed-in charges	10,749	7,417	-	-	18,166	18,282
Construction services	-	-	-	8,329	8,329	17,123
Network capacity	-	-	10,367	-	10,367	13,638
Computing centre	-	-	2,399	-	2,399	2,795
One-off fees for B2B customers	-	-	4,812	-	4,812	3,127
Antenna / maintenance	891	446	-	148	1,485	1,577
Hardware sales	62	39	10,287	-	10,388	2,989
Other	3,194	1,009	183	-	4,386	6,573
Revenue from renting	7,477	4,572	4,697	-	16,746	11,287
Receiver rent	7,477	4,572	-	-	12,049	11,287
Network infrastructure rent	-	-	4,697	-	4,697	-
	182,228	122,497	43,686	8,477	356,888	367,751

Revenues of the Tele Columbus Group entities mainly comprises monthly subscription fees and to a lesser extent one-off installation and connection charges for basic analogue and digital cable television as well as premium ancillary digital services. It also includes fees for high-speed internet access and telephony charges. Other revenue includes other transmission fees and feed-in charges paid as consideration for the distribution of programmes to the entities of Tele Columbus AG, as well as construction services.

Tele Columbus Group Quarterly Release
as at 30 September 2020

D.2 Other income

KEUR	1 Jan to 30 Sep 2020	1 Jan to 30 Sep 2019
Gains on disposal of non-current assets	881	555
Income from dunning fees	553	837
Income from the de-recognition of liabilities and reversal of provisions	303	600
Income from marketing subsidies	283	291
Income from sale	154	432
Other income from bad debt (IFRS 9)	-	395
Miscellaneous other income	3,071	3,755
	5,245	6,865

Services and increases in value that are not directly related to the core business of the Group are recognised in other income.

D.3 Other expenses

Other expenses are as follows:

KEUR	1 Jan to 30 Sep 2020	1 Jan to 30 Sep 2019
Legal and consulting fees	-7,943	-14,315
Advertising	-6,994	-8,157
IT costs	-6,730	-4,724
Occupancy costs	-2,618	-3,644
Impairment on receivables	-2,274	-4,674
Communication costs	-2,085	-2,428
Vehicle costs	-2,071	-2,083
Office supplies and miscellaneous administrative expenses	-1,372	-553
Insurance, fees and contributions	-1,316	-1,363
Maintenance	-760	-1,743
Incidental bank charges	-641	-703
Travel expenses	-564	-1,223
Losses on disposal of non-current assets	-173	-406
Miscellaneous other expenses	-2,694	-
	-38,235	-46,016

D.4 Interest income and expense

KEUR	1 Jan to 30 Sep 2020	1 Jan to 30 Sep 2019
Interest income from third parties and similar income	79	89
Income resulting from compounding of interest caps	-	-
Interest and similar income	79	89
Interest paid to third parties	-42,165	-41,563
Expenses resulting from compounding of loans and bond under the effective interest rate method	-5,059	-4,816
Expenses resulting from revaluation of interest caps	-	-95
Interest and similar expenses	-47,224	-46,474
	-47,145	-46,385

The interest expenses to third parties mainly relates to liabilities to banks and liabilities arising from senior secured notes (loans and borrowings).

For more details please refer to Section D.9 Liabilities to banks and liabilities arising from senior secured notes.

D.5 Other financing result

The decrease in other financing income and financing expenses results mainly from the fair value valuation of embedded derivatives.

D.6 Property, plant and equipment

Property, plant and equipment rose by KEUR 1,695 to KEUR 670,861 compared to 31 December 2019. This increase is mainly due to additions from the capitalization of property, plant and equipment classified as IFRS 16 and other investments. Additions to property, plant and equipment include an amount of KEUR 42,081 relating to leases. Another significant effect is the increase in assets under construction due to investment projects already started. This effect was offset by the disposal of plant and equipment as well as depreciation.

D.7 Trade receivables, other financial receivables and other assets, prepaid expenses

Movements in impairment losses on trade receivables at Group level are as follows:

KEUR	30 September 2020	31 December 2019
Trade and other receivables - gross	77,181	79,113
Impairment losses	-18,320	-17,317
Trade and other receivables - net	58,861	61,796

Trade and other receivables mainly include receivables from subscription fees and from signal delivery, transmission and feed-in charges, receivables from deferred income and receivables from construction services.

Current and non-current financial receivables of KEUR 2,771 (31 December 2019: KEUR 2,664) consist mainly of reinsurance claims for employee benefits that do not qualify as plan assets, as well as rent deposits and rental guarantees.

Other current and non-current assets of KEUR 8,631 (31 December 2019: KEUR 17,203) and mainly comprise prepayments on orders.

Current and non-current prepayments of KEUR 8,788 (31 December 2019: KEUR 5,486) mainly consist of payments relating to insurance, maintenance contracts, licences and marketing expenses.

D.8 Other provisions

The other provisions reported as at 30 September 2020 can be divided into current obligations of KEUR 7,968 (31 December 2019: KEUR 8,992) and non-current obligations of KEUR 1,953 (31 December 2019: KEUR 2,070). Other provisions primarily include subsequent claims arising from tax audit risks, asset retirement obligations and litigation risks.

The Tele Columbus AG group entities have recognised provisions for potential additional payment obligations for the settlement of future expenses arising from tax audits at the level of individual subsidiaries.

The provisions for asset retirement obligations amounting to KEUR 1,494 were mainly recognised in relation to the Group's head office in Berlin.

Provisions for litigation amounted to KEUR 838 as at 30 September 2020 and relate mainly to miscellaneous minor litigation.

Current provisions are expected to be used within one year. It is considered probable these provisions will be utilized in the amount provided as at the reporting date.

D.9 Liabilities to banks and liabilities arising from senior secured notes

KEUR	30 September 2020	31 December 2019
Liabilities to banks and due bond - nominal values	1,474,592	1,435,028
Transaction costs	-46,008	-43,044
Accrued interest	14,436	9,560
Liabilities in connection with embedded derivatives	2,112	2,886
Long-term liabilities to banks and due bond	1,445,133	1,404,430
Liabilities to banks and due bond - nominal values	15,317	28,213
Accrued interest	21	676
Transaction costs	-500	-1,144
Short-term liabilities to banks and due bond	14,838	27,745
	1,459,971	1,432,175

Current and non-current liabilities comprise credit facilities obtained by Tele Columbus AG under the Senior Facilities Agreement and senior secured notes for a total of KEUR 1,457,224 (31 December 2019: KEUR 1,428,489) and other individual loans and liabilities of subsidiaries in the amount of KEUR 2,747 (31 December 2019: KEUR 3,686).

D.9.1 Liabilities to banks arising from the Senior Facilities Agreement and senior secured notes

The following credit facilities are available to the Tele Columbus Group under the Senior Facilities Agreement: KEUR 707,463 (Term Loan Facility A2) and KEUR 75,000 (Term Loan 75m).

In addition, Tele Columbus AG obtained further finance of KEUR 50,000 in August 2020 under the existing Senior Facilities Agreement. This new finance replacing the existing revolving credit facility of KEUR 50,000 consists of a term loan of KEUR 40,000 and a new credit line of KEUR 10,000.

The current interbank spread is 3.00% p.a. plus EURIBOR for facility A2, 4.25% p.a. for Term Loan 75m, 5.00% p.a. for Term Loan 40m and 5.00% p.a. for the revolving facility. In addition, the loan agreement includes a EURIBOR floor of 0% for all facilities. For the unused parts of the revolving facility, a commitment fee amounting to 35% of the applicable spread is calculated, which is payable on a quarterly basis.

The credit facility had not been used as at the reporting date.

For the loans, there is a choice between one-month, three-month or six-month EURIBOR. As at the reporting date, the Term Loan Facility A2 and the Term Loan 40m were based on the six-month EURIBOR while the Term Loan 75m was based on the three-month EURIBOR.

In addition, the Tele Columbus Group has access to KEUR 650,000 from senior secured notes issued in May 2018 with an interest coupon of 3.875% p.a.

Tele Columbus Group Quarterly Release
as at 30 September 2020

The EURIBOR floors described with regard to the repayment options are embedded derivatives (hybrids) and are subject to the requirement of separate disclosure and measurement in accordance with IFRS 9.

As at the reporting dates, the balances of credit facilities and senior secured notes (including outstanding interest) were as follows:

KEUR	30 September 2020	31 December 2019
Term Loan Facility A (term ending on 15 October 2024) ¹⁾	696,330	699,276
Senior Revolving Facility (term ending on 2 January 2021) ²⁾	-	12,972
Senior Secured Notes - Bond (term ending on 2 May 2025) ³⁾	651,373	643,740
Term Loan Facility 75m (term ending on 18 October 2023) ⁴⁾	72,577	72,502
Term Loan Facility 40m (term ending on 4 August 2022) ⁵⁾	36,945	-
	1,457,224	1,428,489

1) Contains transaction costs not compounded yet for the term loans in the amount of KEUR -16,036 (2019: KEUR -18,737) and embedded derivatives in the amount of KEUR 1,307 (2019: KEUR 1,530) that result from agreed floors and repayment options in the term loans.

2) Contains any transaction costs not compounded yet for the Revolving Facility in the amount of KEUR -479 (2019: KEUR 0).

3) Contains any transaction costs not compounded yet for the Bond in the amount of KEUR -9,803 (2019: KEUR -11,241) and embedded derivatives in the amount of KEUR 681 (2019: KEUR 782), which result due repayment options in bond terms.

4) Contains any transaction costs not compounded yet for the Term Loan 75m in the amount of KEUR -2,871 (2019: KEUR -3,506) and embedded derivatives in the amount of KEUR 467 (2019: KEUR 573), which result from agreed floors and repayment options in the term loans.

5) Contains any transaction costs not compounded yet for the Term Loan 40m in the amount of KEUR -102 (2019: KEUR 0) and embedded derivatives in the amount of KEUR -344 (2019: KEUR 0), which result from agreed floors and repayment options in the term loans.

In accordance with the Share and Interest Pledge Agreement dated 3 May 2018, investments in affiliated entities are pledged as collateral for liabilities to banks. In addition, loans of the Tele Columbus AG entities are secured by trade receivables.

The value of the pledged loan collateral has not changed significantly compared to the figures presented in the 2019 financial statements.

D.9.2 Other liabilities to banks

There are other individual loan agreements and liabilities between subsidiaries of Tele Columbus Group and banks. As at the reporting date, these result in financial liabilities of KEUR 2,747 (31 December 2019: KEUR 3,686). The remaining term of these loan agreements and liabilities varies between one and 62 months. Fixed interest rates between 1.15% p.a. and 4.22% p.a. have been agreed for the loans.

D.10 Trade and other payables, other financial liabilities, other liabilities, deferred income

Trade and other payables of KEUR 68,066 (31 December 2019: KEUR 75,924) mainly comprise liabilities relating to unbilled goods and services provided until the reporting date, and to signal delivery contracts.

Other financial liabilities mainly relate to lease commitments for the use of infrastructure facilities and buildings as well as the infrastructure project 'Plön' for an amount of KEUR 163,890 (31 December 2019: KEUR 134,241).

Other liabilities of KEUR 17,362 (31 December 2019: KEUR 23,824) mainly relate to personnel-related liabilities, customer credit balances and provisions of a liability nature.

Deferred income of KEUR 13,192 (31 December 2019: KEUR 6,029) mainly comprising advances received from customers.

E. Other explanatory information

E.1 Leases and other financial commitments

E.1.1 Leases

As at 30 September 2020, the following amounts resulted for leases in which the Tele Columbus Group is the lessee.

Right-of-use assets arising from leases are presented in the statement of financial position as property, plant and equipment:

The maturities of lease liabilities as at 30 September 2020 are as follows:

KEUR	30 Sep 2020	31 Dec 2019
Less than one year	22,717	22,179
Between one and five years	63,025	59,159
More than five years	44,873	27,618
	130,615	108,956

Future lease commitments arising from short-term leases and leases based on low-value assets as at 30 September 2020 are as follows:

KEUR	short-term leases	leases based on low-value assets	Total
Less than one year	1,191	172	1,363
Between one and five years	-	90	90
More than five years	-	16	16
	1,191	278	1,469

Amounts recognised in the statement of cash flows¹

KEUR	30 Sep 2020
Payments for lease liabilities	27,724
	27,724

¹The Group has:

- classified the cash payments for the principal portion of the lease liability as financing activities
- classified cash payments for the interest portion of the lease liability as financing activities
- classified payments made under short-term leases, payments for leases based on low-value assets and variable lease payments that have been excluded from measurement of the lease liability as operating activities.

E.1.2 Other financial commitments

In addition to the leases presented above, the Group also has other contractual obligations (mainly from service contracts).

Future minimum payments under these contracts have the following maturities:

Tele Columbus Group Quarterly Release
as at 30 September 2020

KEUR	30 September 2020
Less than one year	23,880
Between one and five years	12,079
More than five years	3,827
Summe	39,787

E.2 Risk management

E.2.1 Risk management of financial instruments and interest rate risk

There have been no significant changes in the Group's risk management objectives and methods or in the nature and scope of risks arising from financial instruments for the nine-month period ending 30 September 2020 as compared to the consolidated financial statements as at 31 December 2019.

E.2.2 Liquidity risk

Liquidity risk is the risk that existing liquidity reserves are not sufficient to meet financial obligations in a timely manner. Liquidity risks can also arise if outflows of cash should become necessary in light of business operations or investment activity. The Tele Columbus Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity level to meet its payment obligations when they are due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risks from financing activities arise, for example, when short-term cash outflows are required to settle liabilities but insufficient cash inflows can be generated from operating activities and at the same time insufficient cash is available for such repayment.

Liquidity projections for a specific planning horizon and the credit facility of KEUR 10,000 available to Tele Columbus Group entities for general costs (with a term until August 2022) are designed to ensure a continuous liquidity supply for operating activities on an ongoing basis.

The revolving credit facility had not been used as at the reporting date.

Cash and cash equivalents amounted to KEUR 55,704 as at 30 September 2020 (31 December 2019: KEUR 10,128).

The financing agreement on granting credit facilities and the documentation for the senior secured notes contain various covenants whereby the creditor/bond creditor has the option to call in the loans/bonds in the event of non-compliance. Compliance with these covenants as well as the capital risk to which Tele Columbus AG as a stock corporation is exposed are continuously monitored by Tele Columbus AG's Management Board.

As at the reporting date, liquidity risk in case of non-compliance with these covenants amounted to KEUR 1,487,162 (31 December 2019: KEUR 1,459,555). The risk of non-compliance with these covenants and associated financial regulations could have a

Tele Columbus Group Quarterly Release
as at 30 September 2020

negative impact on the credit availability and going concern assumption for the Tele Columbus Group entities.

Strategic measures for compliance with existing covenants and payment obligations have been initiated in order to ensure the liquidity of the Tele Columbus Group entities over the long term. Among other measures, management has expanded the group-wide cash pooling to all entities.

Furthermore, in the context of Group financing, the aim is to gradually repay financial liabilities using liquidity generated by Tele Columbus Group's operative business.

There have been no relevant changes to the interest rate risk for the nine-month period ending 30 September 2020 compared to the interest rate risks presented in the consolidated financial statements as at 31 December 2019.

E.3 Segment reporting

The Group reports its operating activities in two product segments: 'TV' and 'Internet and Telephony'. Internal management reports are prepared for these segments on a quarterly basis for management purposes.

Relationships within individual segments have been eliminated.

Please refer to the consolidated financial statements as at 31 December 2019 for a detailed description of the segments.

The following table contains information on the individual reportable segments as well as the non-reportable 'Other' segment:

1 Jan to 30 Sep 2020

KEUR	TV	Internet & Telephony	Other	Total
Revenue	182,228	122,497	52,163	356,888
Normalised EBITDA	103,169	89,563	-15,351	177,380
Non-recurring expenses (-) /income (+)	-714	-775	-8,198	-9,688
EBITDA	102,455	88,787	-23,550	167,692

1 Jan to 30 Sep 2019

KEUR	TV	Internet & Telephony	Other	Total
Revenue	190,757	120,029	58,909	369,695
Normalised EBITDA	103,575	86,177	-13,364	176,389
Non-recurring expenses (-) /income (+)	-305	-83	-21,028	-21,416
EBITDA	103,270	86,094	-34,390	154,973

E.4 Further information for the Group's quarterly release

The following summary of additional information on the Group's quarterly release refers to the Tele Columbus Group as at 30 September 2020 and presents the financial position, financial performance and cash flows for the nine-month period of the financial year 2020.

E.4.1 Financial performance

The following table provides an overview of the Group's financial performance.

KEUR	1 Jan to 30 Sep 2020	1 Jan to 30 Sep 2019
Revenue	356,888	369,695
Own work capitalised	17,300	14,496
Other income	5,245	6,865
Total operating income	379,433	391,056
Cost of materials	-114,487	-131,315
Employee benefits	-59,019	-58,753
Other expenses	-38,235	-46,016
EBITDA	167,692	154,973
Non recurring expenses (+) / income (-)	9,688	21,416
Normalised EBIT	177,380	176,389
EBITDA	167,692	154,973
Net financial income and expenses	-53,310	-52,610
Depreciation and amortisation	-149,670	-131,887
Income taxes	1,833	-10,697
Net loss for the period	-33,455	-40,220

Revenues for the first nine-month period of the financial year 2020 decreased by KEUR 12,807 to KEUR 356,888 compared to the nine-month period of the financial year 2019. The decrease is mainly expected and attributable to significantly lower revenues from construction services (KEUR 13,338) and the expected decrease in revenue from analogue TV services (KEUR 8,962). However, revenue has increased especially in the corporate customer segment (KEUR 6,869) and Internet/Telephony segment (KEUR 2,066).

Other income has declined by KEUR 1,596 compared to the same period of the prior year. This decrease is primarily attributable to lower income from dunning fees, lower income from the release of provisions and lower other operating income.

Tele Columbus Group Quarterly Release
as at 30 September 2019

As at 30 September 2020, the cost of materials has significantly declined by KEUR 16,828 to KEUR 114,487 (compared to as at 30 September 2019: KEUR 131,315). This is mainly due to the significant decline in revenues from construction work.

Other expenses have significantly decreased compared to the prior year by 16.9% to KEUR 38,235. This was driven particularly by a decrease in legal and advisory fees (KEUR 6,372), in rental and lease expenses (KEUR 2,010), marketing expenses (TEUR 1.163) and general administrative expenses (KEUR 1,002). IT costs have risen on the other hand (KEUR 2,006).

EBITDA amounted to KEUR 167,692 for the nine-month period of the financial year 2020 and has increased by KEUR 12,719 compared to the prior year (as at 30 September 2019: KEUR 154,973).

Normalised EBITDA amounts to KEUR 177,380 and has decreased slightly by 0.6% compared to the prior year (as at 30 September 2019: KEUR 176,389).

This means the operating margin (defined as the ratio of normalised EBITDA to revenue) has increased in the reporting period to 49.7% (as at 30 September 2019: 47.7%).

Net finance costs deteriorated slightly by KEUR 700 compared to the nine-month period of prior financial year to KEUR -53,310, mainly due to higher interest expenses (KEUR 750). Other financing income and financing expenses have improved by KEUR 81, mainly due to an adjustment in value of embedded derivatives.

The tax expenses for the current financial year mainly result from trade tax and corporation tax prepayments of Group entities which have no profit and loss transfer agreement with Tele Columbus AG. In addition, provisions were made for tax audit risks. Another effect results from tax payments for prior years.

E.4.2 Assets and liabilities

Property, plant and equipment rose by KEUR 1,695 to KEUR 670,861 compared to 31 December 2019. This is largely due to additions from IFRS 16 and other investments in plant and equipment. Another significant effect is the increase in assets under construction and prepayments for investment projects already started. This increase was offset by depreciation.

Intangible assets and goodwill decreased by KEUR 20,850 to KEUR 1,253,089 compared to 31 December 2019. The change results partly from the recognition of customer commissions and their associated amortisation. Another significant effect is the amortisation of customer bases. This is set off by increase in prepayments and assets under construction, which mainly include the recognition of purchased software such as the "Pyur App", "Smart-Client" (CRM) and the website reconstruction.

Tele Columbus Group Quarterly Release
as at 30 September 2019

Derivative financial instruments of KEUR 2,918 (31 December 2019: KEUR 3,262) exclusively consist of embedded derivatives in senior secured notes (call) in the amount of KEUR 2,918 that have arisen in connection with the senior secured notes issued and have a positive fair value.

Current trade and other receivables have decreased by KEUR 2,935 to KEUR 58,850 compared to 31 December 2019. The decline in receivables is mainly caused by a decrease in receivables from signal delivery, transmission and feed-in charges.

The Group's debt from interest-bearing loans and senior secured notes amounted to KEUR 1,459,971 as at 30 September 2020 (2019: KEUR 1,432,175). This corresponds to 70.3% (2019: 69.6%) of total assets. For further details please refer to Section E.4.3 Financing structure and Section D.9 Liabilities to banks and liabilities arising from senior secured notes.

The decrease in other provisions of KEUR 1,141 is mainly due to the utilized restructuring and asset retirement provisions. Refer to the Section D.8 Other provisions for further details.

Other non-current financial liabilities mainly include lease liabilities for the use of infrastructure facilities.

As at September 30, 2020, other current liabilities decreased by KEUR 6,462 to KEUR 17,362. This decrease is mainly due to the significantly lower sales tax liabilities. For further details, please refer to section D.10 "Trade and other payables, other financial liabilities, other liabilities, deferred income".

Non-current and current deferred income increased from KEUR 7,163 to KEUR 13,192. For further details, please refer to section D.10 "Trade and other payables, other financial liabilities, other liabilities and deferred income".

E.4.3 Financing structure

Lender	Borrower	Total in KEUR as of 30 Sep 2020	Share	Total in KEUR as of 31 Dec 2019	Share
New Facility A	TC AG	696,330	47.7%	699,276	48.8%
Senior Secured Notes - Bond	TC AG	651,373	44.6%	643,740	44.9%
Facility 75m	TC AG	72,577	5.0%	72,502	5.1%
Term Loan 40m	TC AG	36,945	2.5%	-	0.0%
Other	various	2,747	0.2%	3,686	0.3%
Revolving Facility	TC AG	-	0.0%	12,972	0.9%
Total		1,459,971	100.0%	1,432,175	100.0%

The revolving facility of KEUR 10,000 according to the Senior Facilities Agreement was not utilised during the reporting period.

The ownership interests in subsidiaries have been pledged as collateral for the Group's entire financing.

E.4.4 Forecast adjustment report

Refer to the comments in Section 5 'Forecast' of the combined management report for financial year 2019 for a detailed forecast of the Tele Columbus Group. The forecasts of the key financial and non-financial indicators for the financial year 2020 described in this section

are still considered accurate from the perspective of the Group's release as at 30 September 2020.

E.4.5 Risks and opportunities adjustment report

Please refer to the comments in Section 6 "Risk report" of the Group management report for the financial year 2019 for the risk assessment of the Tele Columbus Group entities.

The risks resulting from the COVID-19 pandemic presented in the annual report have so far had only a minor impact on the business situation of Tele Columbus.

Even though there were country-wide closures of the PYUR shops starting mid-March, which led to a decrease in direct sales, sales in the digital distribution channels have increased. Meanwhile all shops have been reopened.

The network also demonstrate a high load capacity regarding the increased burden as a result of the rise in usage driven by COVID-19.

Due to the now increasing number of infections the risk situation with regard to the COVID-19 pandemic will rather increase over the next few months. However, a longer-term risk assessment is fraught with uncertainty, since an exact estimation of the duration and effects of the COVID-19 crisis is currently not possible.

The Tele Columbus AG group entities have a number of future opportunities, especially due to the Group's strong competitive position. In this regard refer to the comments in Section 7 'Opportunities' of the Group management report for the financial year 2019.

E.5 Events after the reporting date

No other significant events have occurred after the reporting date.

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Tele Columbus AG

Kaiserin-Augusta-Allee 108

10553 Berlin

Germany

www.telecolumbus.com

Contacts

Investor Relations

E-Mail: ir@telecolumbus.de

Press

E-Mail: news@telecolumbus.com

Berlin, November 2020

Management Board: Dr. Daniel Ritz (CEO), Eike Walters (CFO)

Chairman of the Supervisory Board: Dr. Volker Ruloff

Registered seat of the Company: Kaiserin-Augusta-Allee 108, 10553 Berlin, Germany

District Court of Berlin-Charlottenburg HRB 161349 B

Note

Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.). This Interim Statement is available in German and English. Both versions can also be downloaded from www.telecolumbus.com/investor-relations/. In all cases of doubt, the German version shall prevail.

Disclaimer

This Interim Statement contains certain forward-looking statements which reflect the current views of Tele Columbus AG's management with regard to future events. These forward looking statements are based on our currently valid plans, estimates and expectations. The forward-looking statements made in this Interim Statement are only based on those facts valid at the time when the statements were made. Such statements are subject to certain risks and uncertainties, as well as other factors which Tele Columbus often cannot influence but which might cause our actual results to be materially different from any future results expressed or implied by these statements. Such risks, uncertainties and other factors are described in detail in the Risk Report section of the Annual Reports of Tele Columbus AG. Tele Columbus does not intend to revise or update any forward-looking statements set out in this Interim Statement.