# 31 December 2021

telecolumbus

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# Group management report for the financial year ended 31 December 2021

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# Group fundamentals

## Business model of the Group

### General information

As at the reporting date, Tele Columbus AG, headquartered in Berlin, had 42 directly or indirectly held subsidiaries, which are fully consolidated in the consolidated financial statements, as well as four other associates and one joint venture, which are accounted for using the equity method in the consolidated financial statements.

Tele Columbus AG is the parent company of the Tele Columbus Group (hereinafter referred to as 'Tele Columbus' or the 'Group') and primarily operates as a holding company for the companies of Tele Columbus.

Tele Columbus is one of the leading German fibre optic network operators reaching more than three million cable-households in Germany and a comparatively high proportion of FTTB-connected households. Under the PŸUR brand, the Company offers high-speed internet access as well as more than 200 TV channels on a digital entertainment platform which combines conventional television with video entertainment on demand. With its partners in the housing sector, the Group creates customised cooperation models and advanced value-added digital network services such as telemetry and tenant portals. As a full-service-partner for municipal and regional providers, Tele Columbus is a driving force in the expansion of fibre optic infrastructure and broadband networks in selected regions in Germany. For its business customers, carrier services and corporate solutions are provided on its proprietary fibre optic networks. The Group's companies operate throughout Germany as cable operators, with an especially strong market position in the eastern part of the country. About 38 % of Tele Columbus's supplied housing stocks are distributed across the remainder of Germany Overall, the Group supplies nearly 9 % of all German households through existing networks.

Tele Columbus offers its customers access to TV services, fixed-network telephony and fast internet with bandwidths of up to 1 Gbit/s. The range of services covers servicing, maintenance, supply of the above products and services, customer care for connected customers and payment collection. In addition to the core business, services also include construction work for telecommunications infrastructure relating to telephone and internet business as well as individual solutions for customers in the housing industry and business customers.

Following the takeover by Kublai GmbH announced in December 2020 and completed in April 2021, Tele Columbus AG started the implementation of the previously defined "Fiber Champion" strategy. This is based on three pillars:

- The proactive FTTB and FTTH expansion at attractive development costs, especially in urban apartment buildings.
- Increasing internet penetration by growing its own brand and opening up the network to third parties (wholesale) - which monetise the fibre investments.
- Securing the stock of residential contracts, through superior infrastructure and the greatest variety of products for tenants, in the long term.

### Group structure

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 in particular is responsible for the Group's strategic growth and the provision of services and financing to its affiliated companies.

### Company acquisitions and mergers

On 15 December 2021, Tele Columbus sold its 90 % share in KSP-Kabelservice Prenzlau GmbH. The purchase price amounted to KEUR 6,838. The deconsolidation resulted in a gain of KEUR 2,688. Please refer to the disclosures in section "B.2 Changes in the scope of consolidation" of the notes to the consolidated financial statements.

## Main market and core business

Tele Columbus is one of the leading fibre optic network operators and has a strong regional market dominance especially in the federal states: Berlin, Brandenburg, Saxony, Saxony-Anhalt and Thuringia as well as market shares in Bavaria, North Rhine-Westphalia and Hesse.

The Group has its main sites in Berlin and Leipzig. Other locations include (amongst others) Hamburg, Chemnitz, Ratingen and Unterföhring.

Tele Columbus chiefly runs cable networks of network levels 3 and 4. Network level 3 – also known as NE3 or Level 3 – is a cable network that conveys signals from regional distribution networks to the point of transfer outside the customer’s residential unit. Network level 4 – also called NE4 or Level 4 – is a cable network within a residential complex which distributes signals from the transfer point to the connection socket in the customer’s residential unit. As an integrated network operator at both network levels, the Group is specialised in providing high-quality, integrated end user services from one source.

The Group purchases the required network services from third parties at locations where it has no access to its own networks.

As well as operating fibre optic networks, Tele Columbus also offers business-to-business (B2B) and construction services. B2B covers products for supplying bandwidth services and business customer connectivity to companies, products for supplying internet and telephone to business customers, as well as network monitoring and marketing of data centres. Construction services include setting up fibre optic municipal networks, connecting residential districts to its own backbone, the core network connected to the internet, as well as the upgrading and modernisation the coaxial and fibre optic infrastructure of residential buildings.

End customers of Tele Columbus are offered numerous services in the area of television and telecommunication – in particular a basic selection of cable television channels (CATV), premium TV packages (Premium TV), and internet and telephone services over a fixed network. Tele Columbus counted approximately 3.3 million connected residential units as at 31 December 2021. Of these, about 2.14 million households had purchased at least one of the products offered.

The Group generates its income mainly from connecting fees paid by end-customers for one of the CATV products. About 92 % of end users are tenants in apartment blocks that are part of the portfolio held by companies or cooperatives in the housing sector or are administered by them. The Group has long-term licensing and signal supply agreements with these companies to ensure a sustainable revenue base.

The share of fees for provision of CATV connections that are passed on through a utility bill amounts to appr. 70% as of 31 December 2021 (PY: 69%).

## Operating segments

Products and services of Tele Columbus are divided into the two operating segments: "TV" and "Internet and Telephony".

### "TV" SEGMENT

Tele Columbus offers basic as well as premium programming in the “TV” segment. The digital entertainment platform offers more than 200 TV channels and over 60 digital radio stations combining classic TV with video on demand. The premium programmes offered contain up to 50 further digital TV channels, of which as many as 20 are broadcast in HD quality.

In the TV segment, the Group generates revenue from cable connection fees and recurring charges for service options as well as revenue from contracts with new customers and related installation services. It also collects feed-in tariffs from broadcasters for the distribution of various channels via the cable network. In doing so, Tele Columbus endeavours to provide a uniform feed-in model for all broadcasters.

### "INTERNET AND TELEPHONY" SEGMENT

In the "Internet and Telephony" segment, the Group combines internet and telephone services. Revenue consists of proceeds from the conclusion of new contracts and installation services as well as monthly contract and service fees.

### "OTHER" SEGMENT

The segment "Other" includes business activities that are not directly allocated to the two reported segments. These include, in particular, B2B and construction services. General administrative and personnel expenses are also attributable to this segment.

# Objectives and strategies

Tele Columbus' strategy is to aim for sustainable and profitable revenue growth. The targets set were achieved.

The initiated steps in the previous years with regard to the consolidation and repositioning of the group in the strategic core areas (network, products, customer experience, housing industry, B2B as well as organization & culture) have proven to be consistently positive and trendsetting in the financial year. The focus on these measures will therefore be continued and further operationalized through a group-wide transformation programm.

The target described is to be achieved by means of the following strategic measures:

- Continued and continuous expansion of cable networks and further development of the NE3/NE4 network infrastructure to a state-of-the-art fibre optic network. Tele Columbus plans extensive investments (CAPEX), also in future, to develop and upgrade its own infrastructure.
- Expansion of regional positioning as market leader in the area of high-speed internet access through a comprehensive local upgrade of the latest telecommunications standards (DOCSIS 3.1/ FTTH)
- Increasing brand awareness and offering a differentiated range of products for new and existing B2C customers by means of a competitive product and campaign portfolio, which meets the individual requirements of our customers, stands out from the competition and successfully contributes to accelerating customer growth and revenue per customer.
- Special offers to existing cable TV customers for internet, telephone and premium TV to further increase the sale of additional higher-value services per TV customer (cross and upselling).
- Focus clearly on the customer by continuous improvement of customer service and digitalising processes from the customer's perspective.
- Positioning as a permanent and innovative partner for the housing sector
- Development into a trendsetting provider for B2B solutions with a focus on the Tele Columbus network by continuously enhancing the product portfolio and providing new and existing commercial areas/customers with broadband.
- Opening and access to the Tele Columbus network for third parties (wholesale customers). This is intended to increase network utilisation and secure additional funds for investments. The housing industry customers and their tenants will also benefit from an even greater variety of offers.

We keep abreast of objectives and strategies by means of our management system and monitoring key performance indicators. In this regard, Tele Columbus assesses the success using a management system that is based on the following KPIs: Revenue, EBITDA and CAPEX.

# Management system

The group is managed by the Management Board of Tele Columbus AG. It is in charge of operations and overseeing the reportable segments 'TV' and 'Internet and Telephony' described above. The Management Board receives and reviews internal management reports for the entire group and these segments. For the segment 'Other', internal management reports are also submitted to the Management Board.

## Key financial and non-financial indicators

EBITDA (earnings before finance income/costs, which comprises share of profit of equity-accounted investees, interest income, interest expenses and other finance income/costs, income taxes, amortisation/depreciation and impairment losses on assets) is the key performance indicator for the financial year 2021 that is reported separately for each operating segment.

Other than the EBITDA revenue and capital expenditures (CAPEX) represent main financial KPIs, that are used according to the figures determined under IFRS.

Contractually-bound residential units represent a key non-financial performance indicator and are calculated according to internal definitions.

CAPEX and contractually-bound residential units are used as KPIs on the basis of Tele Columbus Group's business model only on group level.

## Other key financial and non-financial indicators

Besides the aforementioned key financial and non-financial performance indicators, management uses additional indicators for managing individual operating activities:

### NORMALISED EBITDA

This performance indicator defined by Tele Columbus AG's management represents earnings before finance income/costs (share of profit of equity-accounted investees, interest income, interest expenses and other finance income/costs), income taxes, amortisation/depreciation and impairment losses on assets. It is also adjusted for 'non-recurring items' (one-off effects) as well as for expenses and income from certain transactions, which are not directly related to the provision of services. One-off effects are defined by the Management Board as rare or extraordinary events that are not likely to recur in the following two financial years or have not occurred in the previous two financial years. An example of these are legal and advisory fees for strategic projects. Any expenses and income associated with these events are deducted from Normalised EBITDA. The adjustment of EBITDA provides a performance indicator that reflects the actual financial performance of Tele Columbus AG which can also be used for sector and period comparisons.

### RGUS (REVENUE GENERATING UNITS)

RGUs (revenue generating units) are units that drive sales – i.e. all individual services purchased by a customer; each service subscribed (e.g. cable television, Premium TV, internet, telephone) is considered an RGU. The Management Board monitors the RGUs for each individual service of all segments – both for CATV and premium TV services as well as internet and telephony services.

### ARPU (AVERAGE REVENUE PER USER)

Annual average ARPU is the revenue from connection fees for the year (including rebates, credit notes and installation fees) divided by the monthly total number of end customers/RGUs during the year.

### SHARE OF RESIDENTIAL UNITS LINKED WITH THE **COMPANY'S OWN SIGNAL** SUPPLY AND HAVING FEEDBACK CHANNEL CAPABILITY

This percentage represents the share of residential units that are linked to their own NE3/NE4-integrated networks equipped with feedback channel capability – in other words, those that allow the sale of telephone and internet services – compared with the overall number of connected households.

Another non-financial performance indicator is customer satisfaction. This is why Tele Columbus regularly measures the satisfaction of its customers with the Tele Columbus satisfaction index using NPS[1] (net promoter score).

[1] The industry-standard NPS is determined as follows: Customers are asked, on a scale of 0 to 10, how likely they would recommend Tele Columbus to others. Values from 1 to 6 are considered so-called detractors, values from 9 and 10 are promoters and values 7 and 8 are neutral. To determine the NPS as a percentage, the number of detractors is then subtracted from the number of promoters. Thus, the NPS can take on values of -100 (all customers surveyed are detractors) and +100 (all customers surveyed are promoters).

# Economic and financial report

## Macroeconomic and industry conditions

According to initial calculations by the German Federal Statistical Office (Destatis), the price-adjusted gross domestic product (GDP) was 2.7 % higher in 2021 than in 2020 (also adjusted for calendar effects). Economic development in 2021 was also strongly dependent on the Corona infection and the associated protective measures, according to the German Federal Statistical Office. Despite the ongoing pandemic situation and increasing supply and material bottlenecks, the German economy was able to recover after the slump in the previous year, although economic output has not yet returned to pre-crisis levels, the Federal Statistical Office pointed out. Compared to 2019, the year before the start of the Corona pandemic, GDP in 2021 was still 2.0% lower.

Compared to the previous crisis year 2020, in which the production was massively reduced in some cases in the context of the Corona pandemic, the economic performance in 2021 has increased in almost all economic sectors.

Price-adjusted gross value added in the manufacturing sector rose significantly by 4.4 % compared to the previous year. In the combined economic sector of trade, transport and hospitality, economic growth was somewhat more restrained at 3.0 % due to the continuing pandemic-related restrictions.

Despite the growth in 2021, economic output in most economic sectors has not yet returned to pre-crisis levels. For example, economic output in the manufacturing sector in 2021 was still 6.0 % below the level of 2019. Other service providers, which include the creative industries in addition to sports, culture and entertainment, were particularly hard hit by the ongoing Corona pandemic. Here, price-adjusted gross value added in 2021 was even 9.9 % below the pre-crisis level. In the public services, education, health sector, the decline in economic output from the crisis year 2020 was almost compensated for in 2021. The construction industry and the information and communication sector were able to hold their own in the pandemic and noticeably increase their economic output compared to 2019.[1]

### Industry environment

#### OVERVIEW

Germany currently has about 37.4 million broadband connections. This is compared to the previous year´s figure an increase of 3.3 %. After ADSL and VDSL, cable TV network is the second most important access technology in the German broadband market, with approximately 9.0 million connections used. Above-average growth of 3.5% was achieved in the cable TV network in 2021. Real fibre optic connections, defined as FTTB- or FTTH-connections, reported the strongest development with a year-on-year growth of 31.6% from 1.9 million to 2.5 million shared connections.[2]

The existing cable TV networks, which were originally constructed only for transmission of broadcasting signals and consisted of coaxial cables, are increasingly being upgraded by cable TV providers by replacing these with fibre optic lines. The resulting hybrid fibre-coaxial (HFC – Hybrid Fiber Coax) networks are capable of carrying ever greater data volumes and keeping up with the demand for ever higher-performance broadband connections. DOCSIS 3.1 transmission technology already enables download speed of 1 Gbit/s.

### Competitors

The German cable market is divided into NE3 and NE4 network operators. After several market consolidations, the majority of the regional NE3 networks belong to Vodafone, which also provide their own NE4 holdings via these networks. Tele Columbus now follows directly behind with more than 3 million households supplied throughout Germany.

In competition with these suppliers, the traditional NE4 operators have also built up their own independent signal supply via network level NE3 in recent years, thus creating an integrated network infrastructure. The market was very fragmented for NE4 operators for historical reasons.

[1] Source: German Federal Statistical Office, 14 January 2022

[2] Source: 22. VATM market study 2021

However, NE4 network operators have consolidated in recent years.

Compared to its competitors, Tele Columbus has a strong market position in the eastern German federal states. In Berlin, around 43% of cable households were supplied by Tele Columbus in 2021, 65% in Brandenburg, 57% in Saxony, 46% in Thuringia, and 21% in Mecklenburg-Western Pomerania. In Saxony-Anhalt there is a market share of around 93 %. Thus, the total market share of Tele Columbus at cable households in these regions was around 54 % in 2021. In selected east German regions, such as the major cities of Leipzig, Erfurt or Halle, Tele Columbus has a regional market leadership. In the south and in the west of Germany, the Group focuses on individual regions, especially in the federal states of Bavaria, North Rhine-Westphalia and Hesse. For example, Tele Columbus supplies many cable households in Munich and Nuremberg and so currently has a market share of 18% in Bavaria, 9% in Hesse and 11% in North Rhine-Westphalia.

The German cable market is still in a phase of consolidation. Tele Columbus actively participates in this process and expects to be able to continue to benefit from consolidation within the industry also in future.

### TELEVISION

With 16.9 million cable TV households supplied, Germany is the largest cable market in Europe; the number of cable TV households supplied has been declining slightly since 2017. The second important transmission channel for TV services is satellite reception. In the reporting year, almost 16.8 million households used this.[3]

The shift in user behaviour from linear TV to streaming services via internet services is still continuing, resulting in a steadily growing demand for fast internet access.

### INTERNET AND TELEPHONY

In addition to digital and analogue TV offer, the demand for internet and telephone services via cable is increasing. Currently, about 9.0 million households in Germany already use their cable connection for faster internet access.[4]

The German internet market is characterised on the one hand by a growing demand for higher bandwidth and on the other hand by a still very low share of genuine fibre connections.

The fixed-line telephone sector has undergone a considerable decline in prices due to the increasing supply of flat-rate products in various communication services. The competition in the fixed-line segment has grown stronger due to the emergence of resellers, alternative operators, declining mobile phone charges (and replacement by mobile communications as a result), as well as alternative access technologies and providers of other services.

Tele Columbus was able to hold a market share of approx. 1.7% in the year under review.

### GIGABIT INITIATIVE FOR GERMANY

The 'Gigabit Initiative for Germany' is an initiative of the Network Alliance to roll out converged gigabit-ready networks by 2025, spearheaded by the Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur – BMVI). To meet the needs of an advanced information society and to implement the transition to a gigabit society, nationwide coverage of all households with at least 50 Mbps is to be provided as an interim step. There are various government funding programmes in place in some parts of Germany for the upgrade of infrastructure. Tele Columbus will keep a vigilant eye on future technology.

## Business performance

After the Group successfully continued on its growth path in 2020, the year 2021 was dominated by the equity transaction and the associated transformation process. In particular, the digitalisation and automation of operative business processes were brought to the front, but the growth field of "internet and telephony" was not forgotten. The main focus in the 2021 business year was on the implementation of the Fiber Champion strategy and the marketing activities in the areas of TV, Internet and telephony.

As described in section "A.4. Correction according to IAS 8.42ff" in the notes to the consolidated financial statements, the Group became aware in the financial year 2021 that the revenue recognition/accrual of a subsidiary

[3] Quelle: Digitalisierungsbericht 2021

[4] Quelle: Digitalisierungsbericht 2021

was incorrect in previous years. As a result of these errors, the consolidated financial statements for the financial year 2021 and for previous years also contain material misstatements that must be corrected in accordance with IAS 8.41 ff. These corrections are included in the consolidated financial statements as at 31 December 2021, in which the comparative figures for the financial year 2020 have been adjusted. Misstatements relating to previous years were adjusted cumulatively in the opening balance sheet as at 1 January 2020. For details and detailed explanations of these adjustments, please refer to the notes to the consolidated financial statements. The following consideration of the consolidated business result for 2021 in the income statement, balance sheet and cash flow statement is based on a comparison of the figures for the financial year 2021 with the adjusted restated figures for the financial year 2020.

Revenues fell overall by KEUR 10,424 to KEUR 462,844 compared to 2020 and are below the forecast value of 465 to 475 million euros for the financial year 2021. The declining revenue development is mainly due to a decrease in the area of business customers (KEUR -3,859). The development of the other revenues was positive overall, whereby a decrease in the TV area was compensated by significant revenue growth in the Internet/telephony area and revenues with the programme providers.

The "TV" segment generated revenues of KEUR 239,461 in the financial year 2021 (previous year: KEUR 243,608), which accounted for 51.7 % of total revenues in 2021 (previous year: 51.5 %).

The "Internet and Telephony" segment generated revenues of KEUR 170,520 (previous year: KEUR 164,418) in the financial year 2021, which accounted for 36.8 % of total revenues in 2021 (previous year: 34.7 %).

Other revenue, consisting mainly of the B2B and construction service business, fell by 19.0 % to KEUR 52,863 (previous year: KEUR 65,242) and accounted for 11.4 % (previous year: 13.7 %) of total revenues.

EBITDA for the financial year 2021 amounted to KEUR 202,363 and decreased by KEUR 20,540 compared to the previous year. The forecast of 215 to 230 million euros was not achieved. This is mainly due to special effects, especially in legal and consulting costs in connection with the capital market transaction.

Capital expenditure (capex) including lease payments amounted to 173.8 million euros (37.6% of revenue) in the financial year 2021, which is above the forecast expectations. Above all, investments in network infrastructure and customer terminals were higher than planned. The number of residential units connected to the NE3 and upgraded for backhaul capability decreased by about 30,000 to about 2,337,000 residential units compared to the previous year. Their share increased slightly by about 0.5 percentage points to 71.5 % of the total housing stock. The decrease compared to the previous year is largely due to the disposal of the holdings of the subsidiary KSP-Kabelservice Prenzlau GmbH. At the end of the reporting year, more than 90 % of the back-channel-capable networks connected to the own signal feed with hybrid fibre structure have been upgraded to the DOCSIS 3.0 or DOCSIS 3.1 Internet transmission standard. This enables the provision of transmission rates of up to one gigabit/s. The number of residential units connected and contractually bound to the Group's cable network was around 3.3 million at the end of 2021, and this, as a forecast, fell slightly by around 65,000 residential units compared to the previous year.

In the financial year 2021, Tele Columbus succeeded in continuously increasing customer satisfaction (NPS). The NPS was plus 20 as of 31 December 2021 and has improved compared to the previous year's reporting date (plus 12).

Customer Base / RGUs

| | 2021 | 2020 |
|---|---|---|
| Customer base subscribers in million | 2.14 | 2.23 |
| RGUs in million | 3.66 | 3.72 |
| RGUs Internet and Telephony segment in million | 1.08 | 1.04 |
| RGUs TV segment in million | 2.57 | 2.68 |
| RGUs Cable TV in million | 2.03 | 2.14 |
| RGUs Premium TV in million | 0.54 | 0.54 |
| RGUs per customer | 1.71 | 1.67 |

The customer base of Tele Columbus decreased by 84,000 to 2.14 million subscribers compared to 31 December 2020.

The sum of the revenue-generating units (RGUs) declined for all services in the reporting year by approx. 56,000 to 3.66 million (previous year: 3.71 million). The decrease results mainly from the decline in conventional cable TV customers and, as a result, in the entire TV sector.

There were positive developments for the Internet and Telephony business in the past business year: Internet services recorded an increase of 4.5 % from 602,000 to 629,000 RGU's and the telephony business also increased by 3.4 % from 439,000 to 454,000 RGU's.

The RGUs for cable TV declined by 4.9 % from 2.14 million to 2.03 million RGUs. Subscribers to Premium TV products remained almost stable due to the positive development of sales of video-on-demand (VOD) and are slightly below the previous year's value to around 539,000 RGUs.

The average number of products (RGUs) per customer across all segments remain stable in financial year 2021 at 1.71.

| ARPU<br>in EUR | 2021 | 2020 |
|---|---|---|
| ARPU | 17.5 | 17.7 |
| ARPU TV (per TV end customer) | 8.8 | 8.9 |
| ARPU Internet and Telephony (per Internet RGU) | 24.1 | 24.4 |

The monthly average revenue per user from all services - the "Average Revenue per User" (ARPU) or "Annual Average ARPU" - amounted to EUR 17.52 in 2021 and was thus 0.9 % lower than in the previous year (previous year: EUR 17.67).

This is mainly due to the decline in the TV business, the exceptionally high revenues in the area of construction services in 2020 and the lower B2B revenues in 2021. The opposing effects from the Internet & Telephony segment and the feed-in tariffs could not fully compensate for this.

The TV ARPU for the Group as at 31 December 2021 declined to EUR 8.80 from EUR 8.92 in the previous year. This is due to the general decline in the TV business as well as price adjustments in the course of prolongations of contracts with the housing industry.

The ARPU for bundled internet and telephone services rose to EUR 24.10 (previous year: EUR 24.42 The increase is mainly due to higher sales of broadband internet products, partly higher call revenues during the lockdown phases and successful promotions in 2021.

# Performance

## Income situation

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

| Income situation<br>in KEUR | 2021 | 2020 1)<br>restated |
|---|---|---|
| Revenue | 462,844 | 473,268 |
| Own work capitalized | 22,446 | 24,625 |
| Other income | 13,552 | 7,110 |
| **Total operating income** | **498,842** | **505,003** |
| Cost of materials | −137,866 | −147,327 |
| Employee benefits | −84,638 | −80,437 |
| Other expenses | −73,975 | −54,336 |
| **EBITDA** | **202,363** | **222,903** |
| Net finance income/costs | −80,201 | −61,570 |
| Depreciation and amortisation | −214,758 | −354,291 |
| Income tax | 6,724 | −2,855 |
| **Net loss** | **−85,872** | **−195,813** |

1) Refer to the notes to the consolidated financial statements “A.4 Correction according to IAS 8.42ff”

Revenue for financial year 2021 decreased by 2.2 % to KEUR 462,844 compared to previous year.

Revenue from the TV segment decreased by 1.7 % to KEUR 239,461 (PY: KEUR 243,608). Revenue in the Internet and Telephony segment, by contrast, rose by 3.7 % from KEUR 164,418 to KEUR 170,520. Revenue for construction services decreased by KEUR 9,368 to KEUR 1,215 compared to prior year which is mainly due to the completion of construction projects in the financial year.

Own work capitalised decreased in the financial year by 8.8 % from KEUR 24,625 to KEUR 22,446. This decline is mainly due to a lower project volume in the Group in the financial year 2021.

Other income in the amount of KEUR 13,552 increased by KEUR 6,442 compared to the previous year. The change results mainly from the deconsolidation income from the sale of shares in the subsidiary KSP-Kabelservice Prenzlau GmbH (KEUR 2,688) and income from the reversal of account receivables with credit balances (KEUR 3,105).

Total operating revenue, defined as the sum of revenue, other income and own work capitalised, declined in the reporting period by 1.2 % to KEUR 498,842.

Compared with the previous year, the cost of materials declined by KEUR 9,461 to TEUR 137,866 in financial year 2021. This decline is attributable to lower costs for constructions services (KEUR 6,585) and lower direct costs from the business customer segment (KEUR 6,671). However, higher costs were recorded in the area of signal procurement costs in the amount of KEUR 2,562 and other direct costs in the amount of KEUR 1,831.

Personnel expenses increased from KEUR 80,437 in 2020 to KEUR 84,638 in 2021, which can be attributed mainly to the increase in personnel that took place in 2021.

Other expenses increased significantly to KEUR 73,975 mainly due to higher costs for legal and consulting services.

| Result in KEUR | 2021 | 2020 [1) ] restated |
|---|---|---|
| **Normalised EBITDA** | **226,453** | **235,471** |
| Strategic projects and optimization measures | −14,176 | −7,186 |
| Other | −9,914 | −5,382 |
| **Non-recurring expenses (−) (net)** | **−24,090** | **−12,568** |
| **EBITDA** | **202,363** | **222,903** |

1) Refer the notes to the consolidated financial statements “A.4 Correction according to IAS 8.42ff”

Non-recurring expenses for strategic projects and optimization measures in financial year 2021 amounted to KEUR 14,176 (previous year: KEUR 7,186). The increase mainly includes expenses for consulting services. Other non-recurring expenses include personnel costs for severance payments and for strategic projects, capital market costs and insurance expenses.

In the reporting period, the operating margin, defined as the ratio of Normalised EBITDA to revenue, increased significantly to 48.9 % (previous year: 49.8 %). In relation to EBITDA, the margin decreased to 43.7 % in 2021 (previous year: 47.1 %).

Negative interest result decreased by KEUR 17,490 to KEUR 82,114 compared to the same period of the previous year. In financial year 2021 – as in the previous year – this essentially includes interest expenses to third parties in the amount of KEUR 73,211 (previous year: KEUR 59,616). The increase is mainly due to transaction costs that were previously accrued and expensed in the course of the (partial) repayment of the term loan facilities, as well as a fee for the lenders' waiver in connection with change-of-control clauses totalling KEUR 19,071.

Positive other finance result amounted to KEUR 1,848 (previous year: KEUR 2,981) and is attributable to a positive adjustment in value of embedded derivatives of KEUR 873 (previous year: negative value adjustment of embedded derivatives of KEUR 2,851).

Amortisation, depreciation and impairment fell significantly to KEUR 214,758 (previous year: KEUR 354,291). The decrease resulted from the effect of the impairment of goodwill in the TV segment in the amount of KEUR 149,937 in the previous year.

In financial year 2021, income taxes resulted in an income of KEUR 6,724 (previous year: expenses of KEUR -2,855). Current income tax expenses decreased slightly by KEUR 1,005 to KEUR 3,822, while deferred tax income increased by KEUR 8,574 to KEUR 10,546.

The financial year 2021 closed with a net loss of KEUR 85,872 (previous year: net loss of KEUR 195,813).

## Earnings by segment

Operating activities are divided into two segments. In addition to these reporting segments, there is another segment that contains other business activities and certain cost items.

The following table provides an overview of the sales revenue of the reporting segments in the financial years 2021 and 2020:

| Revenue by segment in KEUR | 2021 | 2020 1) restated |
|---|---|---|
| Revenue TV segment | 239,461 | 243,608 |
| Revenue Internet and Telephony segment | 170,520 | 164,418 |
| **Total revenue (without segment "Other")** | **409,981** | **408,026** |

1) Refer the notes to the consolidated financial statements “A.4 Correction according to IAS 8.42ff”

Revenue from the TV segment decreased by 1.7 % compared to the previous year to KEUR 239,461, which is mainly due to a decline in the cable TV RGU by approx. 88,000. Revenue in the Internet and Telephony segment increased by 3.7 % compared to the previous year to KEUR 170,520. Compared to financial year 2020, the internet RGUs were increased by approx. 23,000. The further increase of revenue is due to higher transmission fees.

| Normalised expenses of segments in KEUR | 2021 | 2020 1) restated |
|---|---|---|
| **Cost of materials** | | |
| TV segment | −85,235 | −85,547 |
| Internet and Telephony segment | −26,963 | −23,783 |
| **Employee benefits** | | |
| TV segment | −24,836 | −22,283 |
| Internet and Telephony segment | −21,336 | −22,078 |
| **Other expenses** | | |
| TV segment | −8,864 | −9,411 |
| Internet and Telephony segment | −8,922 | −8,651 |

1) Refer the notes to the consolidated financial statements“A.4 Correction according to IAS 8.42ff”

The normalised expenses (excl. non-recurring expenses according to the definition of normalised EBITDA) increased slightly compared to the previous year.

| Result in KEUR | 2021 | 2020 1) restated |
|---|---|---|
| **Normalised EBITDA** | | |
| TV segment | 134,528 | 140,916 |
| Internet and Telephony segment | 122,961 | 120,704 |
| **Non-recurring expenses (−)/income (+)** | | |
| TV segment | −2,217 | −1,023 |
| Internet and Telephony segment | −1,817 | −1,077 |
| **EBITDA** | | |
| TV segment | 132,311 | 139,893 |
| Internet and Telephony segment | 121,144 | 119,627 |

1) Refer the notes to the consolidated financial statements “A.4 Correction according to IAS 8.42ff”

## Financial situation and cash flows

### CASH FLOWS

In 2021, Tele Columbus AG and its subsidiaries were able to meet their payment obligations at all times. The management reviews the liquidity situation at least monthly and initiates appropriate measures, if necessary, to prevent any threatening liquidity bottlenecks in good time. The financial resources required for investments in network expansion as well as in the distribution and marketing of telephone and internet services were financed from the operating business and from cash liquidity. The interest payments to be made for the liabilities from loans and from the bond were met from cash.

The financing of the Tele Columbus entities is currently mainly carried out via a long-term loan (Term Loan Facility A3) and a bond (Senior Secured Notes) of Tele Columbus AG issued in May 2018. The two term loans of KEUR 40,000 and KEUR 75,000 each were repaid as part of the capital increase in May 2021. Furthermore, an amount of KEUR 245,000 was repaid from Term Loan Facility A3. The revolving credit line of KEUR 10,000 was terminated in May 2021 and was not utilised at that time.

The aggregated cash flows of the Tele Columbus Group for financial years 2021 and 2020 are as follows:

| Cash Flow in KEUR | 2021 | 2020 [1] restated |
|---|---|---|
| Cash Flow from operating activities | 184,263 | 229,197 |
| Cash Flow from investing activities | −126,728 | −107,577 |
| Cash Flow from financing activities | 4,745 | −69,748 |
| **Net decrease in cash and cash equivalents** | **62,280** | **51,872** |
| Cash and cash equivalents at the beginning of the reporting period | 61,890 | 10,128 |
| **Cash and cash equivalents at the end of the reporting period** | **124,170** | **62,000** |
| plus / minus release of restricted cash and cash equivalents | 114 | −110 |
| **Free cash and cash equivalents at the end of the reporting period** | **124,284** | **61,890** |

1) Refer to Note to the consolidated financial statements “A.4 Correction according to IAS 8.42ff”

## CASH FLOWS FROM OPERATING ACTIVITIES

In the financial year 2021, net cash flows from operating activities amounted to KEUR 184,263 and was below the prior year's level by 19.6 %. The decline is mainly due to a lower EBITDA in the reporting period 2021 and a negative development in working capital. Income taxes paid increased by to KEUR 2,226 to KEUR 3,553, since lower advance payments were made in the previous year due to the mergers within the scope of consolidation.

## CASH FLOWS FROM INVESTING ACTIVITIES

The cash flows from investing activities amounting to KEUR -126,728 (previous year: KEUR -107,577) mainly result from investments in property, plant and equipment and intangible assets. These investments in property, plant and equipment of KEUR 99,701 increased significantly compared to previous year (KEUR 73,902). In addition, (net) cash inflows of KEUR 5,130 were generated from the sale of a subsidiary.

The focus of the investments made is the consistent continuation of the corporate strategy: One focus of the investments made in 2021 was the upgrade of the existing HFC networks to a fibre-based infrastructure. Investments were also made in the general network infrastructure to lay the foundations for further network expansion. Another focus of investment was IT and the business customer sector.Furthermore, investments were made across Germany with regard to existing incurred expansion commitments to housing corporations in the course of new acquisitions or contract extensions. In financial year 2021, the Group invested a total of KEUR 194,866 (previous year: KEUR 169,097) in technical equipment and construction in progress including non-cash additions from new leases.

The purchase commitments for investments incurred until the balance sheet date of 31 December 2021, which will result in cash outflows of about KEUR 95,975 in subsequent reporting periods (PY: KEUR 99,173), will be financed from existing cash balances and cash flows from operating activities.

## CASH FLOWS FROM FINANCING ACTIVITIES

Net cash used in financing activities of KEUR 4,745 (PY: KEUR -69,748) was driven by the proceeds from issuance of shares, which resulted in a net inflow of TEUR 471,943, taking into account transaction costs. Of the proceeds from the issue, an amount of KEUR 360,000 was used for the repayment of the two term loan facilities 75m and 40m and an amount of KEUR 245,000 for the partial repayment of the term loan facility A3.

The other significant cash outflows for interest of KEUR 62,186 (previous year: KEUR 54,804), leasing and service concessions of KEUR 38,118 (previous year: KEUR 35,449) and transaction costs of KEUR 7,414 (previous year: KEUR 3,305) did not fully compensate for the inflow from the equity transaction, so that overall a positive cash flow from financing activities was achieved.

For the coming financial year, Tele Columbus expects cash outflows for the repayment of lease liabilities currently amounting to KEUR 33,699 based on the leases concluded as at 31 December 2021.

Approximately 88 % of the financing structure of Tele Columbus Group is of a long-term nature.

The revolving facility in the amount of KEUR 10,000 was terminated in May 2021.

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

## Asset situation

| Balance Sheet items KEUR | 31 December 2021 | 31 December 2020 1) restated |
|---|---|---|
| Non-current assets | 1,859,168 | 1,839,183 |
| Current assets | 201,552 | 125,958 |
| **Total Assets** | **2,060,720** | **1,965,141** |
| Equity | 491,512 | 106,554 |
| Non-current liabilities | 1,382,735 | 1,681,766 |
| Current liabilities | 186,473 | 176,820 |
| **Total Liabilities** | **2,060,720** | **1,965,140** |

1) Refer to Note to the consolidated financial statements “A.4 Correction according to IAS 8.42ff”

Compared to December 31, 2020, total assets have increased by KEUR 95,579 to KEUR 2,060,720. On the assets side, the increase is largely due to the increase in cash and cash equivalents as a result of the capital increase. On the liabilities side, the capital increase is also reflected in a significant increase in equity and a decrease in long-term loan liabilities due to the use of the majority of the issue proceeds for the (early) repayment of loans.

Property, plant and equipment rose by KEUR 64,280 to KEUR 773,618 compared to December 31, 2020. Besides investment in new projects this is mainly due to capitalisation of property, plant and equipment that was classified as lease arrangements in accordance with IFRS 16 and is capitalised accordingly. An offsetting effect resulted from depreciation and amortisation.

As of December 31, 2021, intangible assets decreased by KEUR 42,823, from KEUR 1,117,462 to KEUR 1,074,639. The change is mainly due to scheduled amortisation of customer bases of the costs of obtiaining and fulfilling contracts. In addition, the goodwill decreased by KEUR 4,634 to KEUR 885,026. It results from the sale of KSP-Kabelservice Prenzlau GmbH and from an impairment for subsidiaries classified as disposal of group held for sale. An opposite effect is represented by the additions to advance payments made, which essentially include investments in the improvement of the IT infrastructure, as well as the newly capitalised contract acquisition and performance costs in the 2021 financial year.

Current trade and other receivables increased by KEUR 8,148 to KEUR 43,283 compared to December 31, 2020. The decrease in receivables is mainly driven by the decrease in trade receivables, contingent upon closing date.

The consolidated equity of the group amounted to KEUR 491,512 as of December 31, 2021 (previous year: KEUR 106,554). The change results mainly from the capital increase. In addition, dividends of KEUR 1,880 were distributed to minority shareholders.

Non-current and current liabilities to banks and from the bond issuance decreased from KEUR 1,462,400 to KEUR 1,112,149. The decrease is mainly due to the full repayment of the Term Loan 75m and of the Term Loan 40m. Of the Term Loan Facility A3, an amount of KEUR 250,000 was repaid.

The Group's debt from interest-bearing loans and the bond represents 54.0 % (previous year: 74.4 %) of the balance sheet total.

Non-current (KEUR 199,332; previous year: KEUR 139,667) and current (KEUR 33,699; previous year: KEUR 26,557) lease liabilities increased significantly compared to the prior year, as the Group entered into various new leases in the reporting year. Thereby, Tele Columbus mainly leased new technical equipment (local and regional transmission lines).

As in the previous year, non-current (KEUR 44,851; previous year: KEUR 45,493) and current (KEUR 10,184; previous year: KEUR 10,511) other financial liabilities mainly comprise liabilities under a service concession agreement.

Deferred tax liabilities of KEUR 7,826 were recognised as at December 31, 2020 (previous year: KEUR 18,390). These decreased essentially due to the scheduled amortisation of the customer base.

Current trade payables and other liabilities from ordinary business activities increased by 5.8 % to KEUR 81,384 as of the reporting date.

## Overall evaluation

The financial position, financial performance and cash flows reflect the Group's position in 2021. As of year-end 2021, Tele Columbus had a comfortable liquidity position and long-term financing. In order to finance the planned investments in the coming years, further capital raisings are planned. After EBITDA was still on a growth course in 2020, a significant decline was observed in 2021. This is expected to be only temporary, with a return to the positive business performance of previous years in the medium term.

# Subsequent events

Please refer to the notes to the consolidated financial statements for significant events that occurred after the end of the reporting period.

# Forecast

## Pandemic significantly affecting the economy

In 2021, the German economy returned to growth after the COVID-19 pandemic had led to a slump in the economy in 2020. However, supply bottlenecks, for example in the automotive industry or mechanical engineering, which impacted production, meant that GDP growth fell short of original expectations at 2.7 %. In the fourth quarter, GDP even fell slightly year-on-year.

In addition to supply bottlenecks and the special factor of the temporary reduction in sales tax rates, rising energy prices also led to increased inflation, which averaged 3.1 % for the year.

Energy prices also led to a reduction in the Leibnitz Institute's forecast for economic growth in 2022. Economic growth in 2022 is currently forecast to be lower than in 2021, while the inflation rate is expected to be above the 2021 level. This year, too, these forecasts are subject to major uncertainties, exacerbated by the war in Ukraine which broke out in February 2022.

## Industry forecast

The fully modernized Telecommunications Act (TKG) came into force on 1 December 2021. The new TKG has brought about far-reaching changes in various areas for the German information and telecommunications industry. Among other things, consumer rights have been strengthened - for example, consumers now have the right to lump-sum compensation in the event of disruptions and changes of provider. Contracts can also be terminated at any time after the end of the basic term with one month's notice.

In addition, the legislator has pursued the goal of encouraging companies to invest more heavily in gigabit network expansion.

Tele Columbus will probably be most affected by the new regulations on the apportionability of cable TV costs. Under a transitional arrangement, these can no longer be passed on to tenants from 1 July 2024. From this date, tenants will have to conclude an individual contract for the purchase of TV signals.

Although German telecommunications companies invested more in the year than ever before and added around 2 million additional fiber-optic lines, Germany still ranks last among the countries considered by the OECD - far behind most of its European neighbors.

## Expected development of the Group and KPIs

Tele Columbus AG works with annual, medium and long-term planning as well as forecast models during the year. The planning approach is standardized and based on a top-down method under the strategic premises of the management. The annual planning is finally approved by the Executive Board and the Supervisory Board. The planning for the 2022 financial year was presented to the Supervisory Board in December 2021. The forecast period described below is one year and is supplemented by medium-term forecasts.

In the transformation year 2021, the keystone for the implementation of the FiberChampion strategy was laid. In the financial year 2022, the focus is now on using the newly gained financial leeway and increasing the competitiveness of the company. The focus will be on active and demand-oriented network modernisation through the FTTH superstructure and upgrading to the Docsis 3.1 standard.

The core broadband business will be continued with further high investments in network infrastructure. The increasing penetration of inventories with internet and telephone services and the resulting improvement in the product portfolio with a higher proportion of high-margin products are expected to have a stabilizing effect on revenue and earnings development.

Driven by a continued decline in the number of customers, a slight decrease in revenues is also expected in the TV business in the 2022 financial year. In the internet and phone business, on the other hand, the customer growth of the previous year is expected to continue in 2022 and lead to slightly higher revenues. This growth is based on both rising customer numbers and an increase in ARPU as a result of greater demand for higher-priced end products. A slight increase in revenue development is also expected for the B2B business, which is mainly attributable to a positive development in the business areas of internet business customers and data centre solutions.

The Management Board of Tele Columbus AG expects a decline in the number of residential units under contract. As a rule, the conclusion of a contract with a residential customer is accompanied by an investment commitment by the network operator in a future-proof network infrastructure. With average revenues per customer often falling, these projects/contracts have a long-term payback period. Against this backdrop, we focus on increasing broadband penetration in our own network and, in addition to selected projects, invest in marketing, end-customer sales, and customer satisfaction, where the payback periods are shorter.

Due to the Company's new investment capability, capital expenditure will be increased significantly in 2022. In particular, the further expansion of the fiber-optic infrastructure and the expansion of the number of households with dual-channel capability will be driven forward. Fast internet connections of up to 400 Mbit/s can also be realized on the basis of the DOCSIS 3.0 transmission standard.

For the financial year 2022, a slight year-on-year decrease in revenue and EBITDA is expected overall. Despite a decrease in non-recurring expenses, EBITDA is expected to decline compared with the previous year, as an increase in expenses is expected in particular in the area of personnel and marketing. These investments are part of the FiberChampion strategy and reinforce the company's competitiveness in the short and medium term.

The Board of Management expects a strong increase compared to the previous year in investments for the previously described development of a modern fibre optic network. This relates in particular to project-based investments as a result of new concession agreements, the necessary capacity expansion in the network to meet the future increase in bandwidth requirements as well as investments in IT for the further digitalisation of the company.

# Risk report

## Risk management system

### Basic classification

The early identification, analysis and management of potential risks is an elementary component of the corporate strategy for Tele Columbus, resulting from the realisation that the consistent application of the principles of a functioning risk management also results in the possibility of recognising and exploiting opportunities. In order to identify risks and opportunities at an early stage and to manage them consistently, Tele Columbus uses a risk management system, taking into account the requirement of the Section 91 (2) of the German Stock Corporation Act (AktG). The risk management system regulates the identification, recording, assessment, documentation and reporting of risks. The overall risk situation is thus always kept within acceptable limits. Risks that could significantly jeopardise the company's success are currently not discernible.

The fundamental design of the risk management system follows the internationally recognised COSO Enterprise Risk Management Framework (COSO: Committee of Sponsoring Organizations of the Treadway Commission). In this context, Tele Columbus pursues a comprehensive, integrative approach that combines the risk management system, internal control system and compliance management system into a single management approach (governance, risk and compliance approach). The structure of the risk management system and internal control system in accordance with the COSO Enterprise Risk Management Framework ensures that control and monitoring activities are aligned with the Company's objectives and their inherent risks.

The internal control system includes all the regulations and measures, principles and procedures that have been established in order to achieve the Company's objectives. In particular, it is intended to ensure the security and efficiency of the business process, the effectiveness, efficiency and regularity of accounting and compliance with relevant legal requirements as well as reliability of financial reporting.

The Management Board is responsible for risk management, compliance management and the internal control system. The Supervisory Board and the Audit Committee monitor their effectiveness.

### Strategy and risk culture

The opportunity and risk management of Tele Columbus focuses on the activities that significantly influence on safeguarding of the Company's future success, safeguarding of the Company's objectives, sustainably increasing in enterprise value and optimising risk costs and are important for future prospects. The objective is not to avoid all risks but to create room for manoeuvre that justifies deliberate entrepreneurial risk-taking by comparing hazards and opportunities. In this regard, risk management is not just the responsibility of the Management Board or of managerial staff but entails the active involvement of every individual employee. Awareness and understanding are heightened through the involvement of all departments and is essential for the success of opportunity and risk management.

### Structure of risk management

The risk management system consists of identification, recording, evaluation, documentation and reporting rules that are implemented uniformly throughout the Group.

The objective of risk management is the systematic recording and evaluation and thus the conscious and controlled handling of risks and opportunities within the Company. It is to enable Tele Columbus AG to recognise unfavourable developments at an early stage, in order to take countermeasures in a timely manner and be able to monitor them. A well-designed and properly implemented risk management system enables the management and the supervisory bodies to obtain sufficient assurance about the Company's achievement of targets. The risk management of Tele Columbus thus focuses on those activities that significantly influence future earnings and are of importance to the future prospects of Tele Columbus.

Risks are systemised in the risk management system according to the following procedure:

- Risk identification: risks are recorded twice a year as part of the risk inventory.
- Assessment of the identified risks in terms of potential damage and probability of occurrence using the gross/net method

- Risk management and control: identification of early warning indicators and thresholds, determination of countermeasures and establishment of risk communication for risks subject to ongoing and ad hoc reporting risks
- Risk monitoring/risk projection, in order to ensure implementation of the measures as well as the systematic recording and reporting of risks that could affect the Company's ability to continue as a going concern
- Risk reporting, which is subdivided into standard reporting within the regular risk reporting cycle and ad hoc reporting in the event of sudden risks with a material effect on the Company's assets, liabilities, financial position and financial performance.
- Documentation of the risk management system to ensure sustainable functioning independent of specific individuals

The recorded risks are catalogued and reported in a structured manner in the following risk categories:

- Industry-specific risks
- Legal and regulatory changes
- Operational risks
- Brand, communication and reputation
- Legal proceedings, antitrust and consumer protection procedures
- Financial risks
- Compliance risks
- Project risks
- Sustainability risks

## Risks

The identification includes the most complete and structured recording of all relevant opportunities and risks. Relevant are basically opportunities and risks that can occur at present or in the next two years.

The risk assessment is carried out under a gross-net assessment. In the gross assessment, the amount of damage and probability of occurrence are considered without taking into account the measures already in place to reduce the amount of damage and/or the probability of occurrence. Net assessment, on the other hand, takes into account the existing risk management measures. Gross-net method means that both assessments are to be made. The net assessment represents the current extent of risk.

In order to be able to carry out a more differentiated risk assessment, risks are assigned to risk classes, taking into account the probability of occurrence and impact. The risks were then assigned to the respective risk class according to the classification described below:

- Risk category A: critical risks, for which urgent action is required because they endanger the company's success or threaten its existence. These risks are avoided or trans-ferred to third parties (red).
- Risk category B: high risks where action is required. These are regularly reviewed and intensively managed (orange).
- Risk category C: latent risks for which there may be a need for action. These risks are managed selectively (yellow).
- Risk category D: risks for which there is currently little need for action. These risks are managed selectively (green).

| | | Level of damage | | | | |
|---|---|---|---|---|---|---|
| | | very low | low | medium | very high | critical |
| Likelihood of occurrence | | 0 - 100 KEUR | 101 - 999 KEUR | 1,000 - 3,499 KEUR | 3,500 - 6,999 KEUR | 7,000 - ∞ KEUR |
| very likely | 81% - 100% | C | C | B | A | A |
| likely | 61% - 80% | D | C | C | B | A |
| possible | 41% - 60% | D | D | C | C | B |
| unlikely | 21% - 40% | D | D | D | C | C |
| very unlikely | 0% - 20% | D | D | D | D | C |

The aforementioned risks, alone or together with other risks and uncertainties of which the companies of Tele Columbus are currently unaware or which it may currently consider immaterial, could have a material effect on the net assets, financial position and results of operations of the Group.

The allocation of risks to the individual risk classes (A, B, C, D) corresponds to the scheme shown in the following figure.

The order in which the risk factors are presented does not constitute a statement on the probability of occurrence or on the significance and level of the risks or the extent to which the Group's business may be adversely affected. The risks mentioned may occur individually or cumulatively.

# Industry-specific risks

## Risks in the wholesale business

Tele Columbus has concluded cooperation agreements with major customers. This is accompanied by corresponding assumptions and forecasts regarding corresponding revenues with these major customers. It is assessed as a risk that corresponding assumptions and forecasts regarding the development of revenues may not occur or may not occur in the planned volume.

In order to monitor and control this risk, corresponding early warning indicators have been defined and are regularly analysed. In addition, Tele Columbus counters this risk by redesigning or expanding product offers (discounts), in particular with the aim of expanding the key account business. (Latent risk)

# Legal and regulatory changes

Tele Columbus is exposed to general risks resulting from changes in framework conditions due to legislation or other regulations. Such regulations relate in particular to the German Telecommunications Act [TKG], the German state media laws as well as data protection, labour, consumer or tax law in general. Due to the restriction of the company's activities to Germany, any changes in the legal environment are generally not expected to come as a surprise, so that a sufficient reaction time is guaranteed.

## Impact of the amendment to the German Telecommunications Act [TKG]

The amendment to the TKG, which came into force, has brought about significant innovations and changes for telecommunications companies. This relates in particular to restrictions and limitations as well as documentation requirements in connection with the conclusion of contracts by telephone, the automatic extension of contracts with customers as well as the conclusion of contracts at the customer's premises (door-to-door sales).

Tele Columbus has met these new requirements with significant adjustments and optimisations of internal procedural and organisational aspects as well as additional control and monitoring measures. This includes in particular the expansion of context-related analyses regarding the switching behaviour of customers, the implementation of new additional combinations of product offers as well as the attractiveness of contract renewal offers. (High risk)

## Impacts of regulatory decisions

The telecommunications market is a heavily regulated market. In particular, the amendment of the European legal framework for telecommunication has brought a series of changes in national legislation. These include amendments to copyright law, protection of young people from harmful media, consumer protection and liability of internet service providers (esp. hosting) for third-party content. At a national level too, for example concerning the German Broadcasting Agreement of the Federal States and in the German Telemedia Act [TMG] as well as in competition law, specific adjustments to digitalisation and convergence of media are regularly discussed.

In addition, the German Federal Network Agency [BNetzA] intervenes in the market in a regulatory capacity through relevant security requirements. For example, at the end of 2020 a catalogue of security requirements for the operation of telecommunication and data processing systems and for the processing of personal data were published by the German Federal Network Agency as a basis for the security concept according to Section 109 (4) TKG, and this entails the implementation of several organisational and process-related measures. In this regard, Tele Columbus had set up a project in which an analysis of the necessary measures was first carried out and these measures were implemented in a second step. (Latent risk)

# Operational risks

## Procurement risks

The efficient, timely and cost-effective procurement of supplies and services is an essential basis, particularly for achieving the objectives associated with the strategic expansion of the fibre optic network (Fiber Champion). In the financial year, a significant increase in prices was recorded in the entire procurement portfolio. This is due in particular to the shortage of goods to be procured, e.g. due to the chip shortage, as well as increased competition in the area of services to be procured (e.g. construction services). Tele Columbus counters the resulting procurement risks with the optimisation of procurement structures, the identification of synergy potentials within the Group as well as with the further establishment and expansion of strategic partnerships with selected suppliers and service providers. (Critical risk)

## Changing customer behaviour

Another factor is continuous change in customer behaviour. Conventional TV products are increasingly being replaced by streaming services. This increases the demand for additional network capacities and attractive on-demand-products. At the same time, the demand for linear TV is declining. In order to meet these new customer requirements, Tele Columbus has intensified the monitoring of its network capacities and availabilities. In addition, investments in network expansion continue. The use of new on-demand products is currently under review. The risk has already existed for several years but has increased slightly in the context of the Corona Lockdown and the resulting increase in the home office activities of many customers, as well as the resulting increase in free time. (High risk)

## Entry of new market participants

Tele Columbus continues to be exposed to high competitive pressure in the cable and telecommunications market. Deutsche Telekom in particular, as well as new market participants, e.g. regional and local providers of infrastructure networks, are steadily advancing into the market, resulting in increased price pressure in tenders. The announced growth targets could not be achieved if the number of customer cancellations cannot be (over-) compensated by new customer acquisition. In this context, Tele Columbus is also dependent on creating innovations and further developing existing products and services or introducing new ones, as well as providing its customers with trouble-free, high-quality services. In particular, the expansion with high-performance fibre-optic networks puts Tele Columbus in a position to stand out from the competition. However, sufficient financial resources are required for this. (High risk)

## Falling prices/revenue

The Group is exposed to significant price pressures in all business areas, as regional markets are partly saturated and new customer acquisition is only possible in these markets by targeting the customers of direct competitors. The industry is subject to rapid technological change, and the density of competition in the markets is increasing as a result of further technological developments, which has put prices under pressure in recent years for traditional offers such as fixed-line telephony and internet access. Tele Columbus can only counter this risk in many places with tough negotiations and cost savings, as well as convincing with high quality. (Latent risk)

Moreover, the terms for feed-in charges must be renegotiated with channels/broadcasters again and again. Billing-relevant parameters changing over time may also affect feed-in tariffs.

## Data protection and information security

Along with the even greater digitalisation of society, the issue of data protection and information security is also gaining importance. After the successful implementation of the EU General Data Protection Regulation, our focus is to further develop data protection in the Group and support process adjustments for the purpose of data protection compliance.

We give highest priority to the protection of personal data. To ensure this, there is close communication between internal staff and external data protection officers. For example, the internal data protection function and external data protection officers are regularly consulted when new processes are introduced or projects are implemented. Furthermore, we regularly train our own staff and external providers on how to apply data protection requirements. (Latent risk)

Cybercrime in its different manifestations has increased dramatically in the context of homeworking activities brought on by coronavirus. We counter such attacks primarily using preventive measures such as continually adjusted IT security procedures (reporting and analysis tools for spam mails, viruses and trojans) as well as specific training of employees. As it is no longer individual people behind most attacks but rather entire criminal groups or companies, the development of new targeted attack methods has rapidly gathered speed. This compares with the limited resources and sometimes older infrastructure in companies to appropriately cover IT security. Tele Columbus has recognised this and planned to invest accordingly in both technical and personnel equipment. We currently see an unchanged latent risk in this regard.

### Work and building security

For the purposes of maintaining occupational and building security, our facilities must be regularly inspected and serviced. Damages due to technical outages or deficient fire protection, e.g. at the technical receiving facilities or in the datacentre, could lead to customer dissatisfaction, property damage and absences concerning staff and the partner companies. Since our head ends in particular are distributed decentrally throughout the country, permanent monitoring is only possible in a few cases. This can lead to damage being detected and repaired only belatedly. To counteract this, the responsibilities for these facilities are to be restructured and safety inspections are to be carried out on a regular basis. The risk has remained the same compared to the previous year. (low risk)

## Legal proceedings, antitrust and consumer protection procedures

### Current litigation

In 2014, BIG Medienversorgung GmbH was bought by Tele Columbus Holding GmbH. The total purchase price comprised a fixed and a variable purchase price. The fixed purchase price has already been paid. On 12 November 2018, the former managing director of BIG Medienversorgung GmbH filed a step-by-step action against Tele Columbus AG, first for information and in the second step for payment of the variable purchase price. The information asserted by way of action was submitted with our statement of defence and the claims at issue were thus fulfilled. From the point of view of Tele Columbus and its legal representatives, the variable purchase price demanded by the former shareholder of BIG Medienversorgung GmbH is clearly too high and does not correspond to the actual circumstances. Tele Columbus will provide corresponding counterevidence in the legal proceedings in this regard. The risk remains high compared to the previous year. (latent risk)

Tele Columbus AG is currently still facing a significant legal dispute. This concerns proceedings of the Medienanstalt Berlin-Brandenburg (MABB) regarding our feed-in model. In the course of this, Tele Columbus has concluded new feed-in contracts with the large private and public broadcasting groups. However, as the outcome of the pending proceedings cannot be estimated with certainty, we still classify the risk as latent. (latent risk)

### General litigation risk

The Tele Columbus Group is also exposed to risks which could arise from court proceedings or arbitration proceedings with authorities, competitors and other parties. This especially applies to disputes relating to claims brought by sales agents and consumer protection claims. The legal department of Tele Columbus has the skills needed to assess and respond appropriately to such risks. For judicial disputes external law firms are also consulted. The risk is unchanged compared to the previous year.

## Financial risks

In the course of its business activities, Tele Columbus AG is exposed to various risks of a financial nature, in particular liquidity and interest rate risks. The risk management of Tele Columbus is designed to identify potential risks and to mitigate their negative impact on the Group's financial performance. To this end, Tele Columbus uses financial instruments such as interest rate hedging transactions, factoring of receivables, and credit lines.

Financial risk management is mainly handled by the treasury department. Financial risks are identified, assessed and hedged in consultation with the responsible operating units. Tele Columbus AG is subject to written rules for certain areas such as interest rate risks, credit risks, the use of derivatives and other financial instruments, and the use of excess liquidity, which is largely governed by its financing agreements. Reporting to the Management Board occurs at regular intervals.

### Inflation risks

There was a significant increase in end consumer prices during the financial year. Firstly, the increase in economic activity due to the elimination of Covid-19-related restrictions can be seen as the cause. Secondly, increased prices reflect the consequences of global supply chains, which are also due to effects in connection with Covid-19, but also temporary restrictions in international transport (blockade of the Suez Canal). In addition, a significant increase in energy prices due to geopolitical issues, among other things, contributes to an increase in inflation.

Tele Columbus monitors these combined inflation risks latently and systematically on the basis of regular analyses and suitable reporting. Price increases in the area of supplies and services are shown as a specific risk. Countermeasures for risk management in this area are established. (high risk)

### Liquidity risk

Tele Columbus operates in a market where size and sustainable investments are necessary. This means there is a considerable need for capital and liquidity. The current financial funds available to Tele Columbus are limited and enable investments to a limited extent only.

The Management Board is regularly and comprehensively informed on the current and planned levels of liquidity through reports. (low risk)

Furthermore, the Group is reliant on borrowed capital at reasonable terms for refinancing its operating activities or acquisitions. As of the balance sheet date, various covenants had to be fulfilled under the financing agreement, non-compliance with which would have given the lenders the option of calling in the loans. These are obligations under financing agreements of the Group. The specified covenants are closely monitored on a regular basis and were complied with in the financial year and will not be exceeded in the foreseeable future. (low risk)

### Interest rate risk

Non-current, floating rate financial instruments, for which the interest rate is linked to a market interest rate such as EURIBOR, are exposed to risks arising from future cash flows. Market interest rates are monitored in order to take the necessary measures should the need arise to hedge or control interest. (low risk)

## Risks related to Covid-19

The Covid-19 pandemic has had and continues to have a significant impact on the situation and development of the global economy and in particular on the economy in Germany. Legal regulations to contain the pandemic led to significant restrictions on public life and the functionality of companies.

Tele Columbus, in its responsibility as a system-critical telecommunications company, has permanently analysed current developments and established a corresponding risk and measures management. The measures taken were and are suitable to adequately counteract these challenges. Consequential risks resulting from Covid-19 in the area of procurement of supplies and services, in particular in connection with the reduced availability of semiconductor parts or necessary planned construction services, were appropriately allocated to procurement risks. (latent risk)

## Geopolitical situation

Tele Columbus' risk management systematically monitors internal and external risks. This also includes significant changes in the domestic and foreign political situation. With regard to the Ukraine conflict, the extra-political geostrategic situation changed significantly at the end of the financial year. With the start of the Russian war of aggression on Ukraine, the risk situation has once again become significantly more acute, also due to the sanctions that go hand in hand with it. Tele Columbus monitors these changes as far as possible. Effects can result in particular from deteriorating economic conditions and interrupted supply chains for capital goods required by the company. A direct impact on the Group's business operations is currently not foreseeable, but cannot be conclusively assessed at present.

# Opportunities

## Opportunity management

The opportunity management of Tele Columbus is being further developed into an in-house management system. The objective is to recognise opportunities as early as possible, to weigh them against possible risks, and to exploit them in consideration of suitable measures. Opportunities are seized and managed as part of regular evaluations. Opportunities are managed locally by the competent departments. The order in which opportunities are presented is not a statement of the probability of their occurrence or significance. The classification of opportunities essentially corresponds to the scheme of risk classification.

## Opportunities

### Transformation of the Company

Through the participation of a strategic investor, Tele Columbus is taking the opportunity to further advance the network expansion, to exploit the potential offered in the strongly developing market and to repay part of the debt financing.

Both opening the networks of the Tele Columbus Group (wholesale) as well as using the networks of third parties offer Tele Columbus the opportunity to generate stronger growth and tap new market potential. (major opportunity)

### Strategic expansion of the fibre optic network

Germany lags far behind other industrialized countries in terms of providing available bandwidth. The German government's coalition agreement stipulates pushing extensive expansion of gigabit networks by 2025 and developing a specifically designated Federal Broadband Support Programme for broadband expansion. As part of funding projects, Tele Columbus will work more closely with cities and municipalities. Tele Columbus is using this opportunity to further increase its participation in the expansion of fibre optic networks. Tele Columbus can gain a competitive edge over the competition especially in Smart Cities.

Strategic expansion of our fibre optic network is intented to provide the Tele Columbus Group with a considerable competitive edge (especially in the internet business) in terms of available bandwidths. The use of fibre optic technology means there will be less disruptions, so that customer satisfaction will go up, the number of calls received by call centres will go down and costs will decrease. An appropriate communications strategy can generate considerable media interest and attention, which benefit sales strategies and thereby help drive revenue. (major opportunity)

However, the further rollout of the DOCSIS 3.1. data transmission standard is enabling speeds of up to one gigabit – i.e. 1,000 Mbit – per second. This affords Tele Columbus an opportunity to offer much higher speeds on the market and stand out from DSL providers. (latent opportunity)

### Fiber to the Terminal

Direct connection of mobile stations to fibre optic networks will further increase in importance in the case of all generations of mobile telephony. Apart from expansion of the mobile infrastructure, fibre optic networks will also have to be further expanded because without connection of the mobile stations to the fibre optic network, the many advantages of the new technology can be used only to a limited extent. Tele Columbus sees great growth opportunities in this development. As an operator of an already multi-faceted network and because of increasing expansion, Tele Columbus offers essential fundamentals for mobile operators. (latent opportunity)

### Digitalisation

The increase in digitalisation has had a significant economic as well as social and technological impact. The simultaneous use of different media, for example television and internet, has by now become a part of everyday life for many users. The demand for compatible cables and connections and for high flexibility has risen accordingly. As part of the digital transition, the reallocation of channels creates additional capacities for new bandwidth products. (latent opportunity)

Furthermore, the digitalisation of internal processes and systems at Tele Columbus is streamlining and accelerating individual activities. This offers the opportunity to position ourselves as an innovative and high-performing partner vis-à-vis customers and staff. (latent opportunity)

### Raising the regional profile

A stronger focus of sales structures on regional markets provides another opportunity, which will increase the adoption of PŸUR by local housing corporations and among business and private customers. Regions that have already been developed will be analysed more thoroughly in future for possible connection of additional households. This will be supported through increased cooperation on the part of the various network providers. This will increase coverage and make additional regions accessible. Overall, these measures have great potential of gaining additional customers. (latent opportunity)

### Further opportunities

Tele Columbus is continuously optimising internal processes and structures. The main focus are Tele Columbus's customers. A major goal is to create a positive customer experience and treat customers as equal partners. This is only possible when understanding the customers' needs. Tele Columbus therefore regularly rates customer feedback by means of a net promoter score (NPS) and uses this as a control instrument for offering customers higher quality service. This includes a reintroduction of mobile offerings due to stronger customer demand for fixed and mobile bundles. (latent opportunity)

Providing positive services to customers ultimately also depends on the happiness of Tele Columbus's own employees. The TC Group has initiated various measures for attractively designing the PŸUR brand not only for customers, but also for current as well as future employees. These measures include optimising our processes, improved and broader customer perception, implementing a value management system, promoting work/life balance, attractive offices, the use of social media, etc. These measures boost employer attractiveness and employee satisfaction. This provides an opportunity to position ourselves as an attractive employer on the labour market and win and retain competent employees. (latent opportunity)

## Overall conclusion on risks and opportunities from the perspective of Group Management

Expansion of the fibre optic network continues to represents the greatest opportunities for Tele Columbus, but also the greatest risk.

Our course into the gigabit age can no longer be averted. Although experts almost unanimously consider fibre optics networks the future, Germany is not in a good position by international standards. This offers excellent opportunities, especially for cable network providers, to upgrade their existing networks and to actively participate in fibre optics expansion. But expansion is expensive and therefore must be carefully planned. The Tele Columbus Group is seeking to actively shape this growth using the financial resources at its disposal. The transformation of the Group with the participation of an investor thus has a decisive impact on the entire company. Tele Columbus is very aware of the intrinsic opportunities and risks and manages these with the greatest of attention.

Tele Columbus possesses monitoring systems for dealing with risks early on and consistently. In our opinion, there are no discernible risks for the forecast years that individually – or in combination with other risks – could have a material or lasting adverse effect on the Company's assets and liabilities, financial position and financial performance. The risks identified are not such that they could affect the Company's ability to continue as a going concern, also in the future. Therefore, as at the date this report was prepared, the Management Board still considers the overall risk exposure as limited and manageable. We still consider the majority of the issues presented in the last annual report as low risk.

Based on the monitoring system described, Tele Columbus AG has taken the necessary precautions to counteract developments that could affect its ability to continue as a going concern. In the view of the Management Board of Tele Columbus AG, the Group's ability to continue as a going concern was not at risk at any time. Furthermore, as at the reporting date, the Management Board was not aware of any risks that could affect the Group's ability to continue as a going concern or have a lasting adverse effect on its assets, liabilities, financial position and financial performance and thereby create such a going concern risk. The Management Board considers the overall risk position as controllable and is confident that it will be able to use the opportunities and challenges presenting themselves also in future without having to take unacceptably high risks.

Berlin, 19 April 2022

Management Board

**Dr. Daniel Ritz**
Chief Executive Officer

**Eike Walters**
Chief Financial Officer

# Consolidated Financial statements for the financial year ended 31 December 2021

In accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union pursuant to Section 37w of the German Securities Trading Act [WpHG]

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# Consolidated income statement

| KEUR | Note | 2021 | 2020 restated[1)] |
|---|---|---|---|
| Revenue | E.1 | 462,844 | 473,268 |
| Own work capitalised | E.2 | 22,446 | 24,625 |
| Other income | E.3 | 13,552 | 7,110 |
| *Total operating income* | | *498,842* | *505,003* |
| Cost of materials | E.4 | −137,866 | −147,327 |
| Employee benefits | E.5 | −84,638 | −80,437 |
| Other expenses | E.6 | −73,975 | −54,336 |
| **EBITDA** | | **202,363** | **222,903** |
| Depreciation/amortisation and impairment | E.7 | −214,758 | −354,291 |
| **EBIT** | | **−12,395** | **−131,388** |
| Equity method income (+) / loss (-) | | 65 | 73 |
| Interest income and similar income | E.8 | 147 | 83 |
| Interest expense and similar expense | E.8 | −82,261 | −64,707 |
| Other financial income (+) / loss (-) | E.9 | 1,848 | 2,981 |
| *Profit (+) / Loss (-) before tax* | | *−92,596* | *−192,958* |
| Income taxes | E.10 | 6,724 | −2,855 |
| **Net loss** | | **−85,872** | **−195,813** |
| attributable to shareholders of Tele Columbus AG | | −87,757 | −198,143 |
| attributable to non-controlling interests | | 1,885 | 2,330 |
| Basic earnings per share in EUR | F.5 | −0.40 | −0.90 |
| Diluted earnings per share in EUR | F.5 | −0.40 | −0.90 |

1) Further information regarding the adjustments provided in section "A.4 Correction according to IAS 8.42ff"
The following notes are an integral component of these consolidated financial statements.
EBITDA stand for earnings before interests, taxes, depreciation and amortisation and EBIT stand for earnings before interests and taxes.

# Consolidated statement of profit or loss and other comprehensive income

| KEUR | 2021 | 2020 restated[1)] |
|---|---|---|
| *Net loss* | *−85,872* | *−195,813* |
| **Items that will not be reclassified subsequently to profit or loss** | | |
| Remeasurement of gains (+)/ losses (-) on defined benefit plans (after deferred of taxes) | 271 | 98 |
| **Other comprehensive income** | **271** | **98** |
| **Total comprehensive income** | **−85,601** | **−195,715** |
| **of which attributable to:** | | |
| *Shareholders of Tele Columbus AG* | *−87,486* | *−198,045* |
| Non-controlling interests | 1,885 | 2,330 |

1) Further information regarding the adjustments provided in section "A.4 Correction according to IAS 8.42ff"
The following notes are an integral component of these consolidated financial statements.

# Consolidated statement of financial position

| KEUR | Note | 31 December 2021 | 31 December 2020 restated[1] | 1 January 2020 restated[1] |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property, plant, and equipment | E.12 | 773,618 | 709,338 | 668,335 |
| Intangible assets | E.12 | 1,074,639 | 1,117,462 | 1,273,939 |
| Investments accounted for using the equity method | B.1.2 | 495 | 441 | 414 |
| Trade and other receivables | E.15.1 | 1,162 | 6 | 11 |
| Other assets | E.15.3 | 8 | 4 | 6 |
| Other financial receivables | E.15.2 | 6,138 | 3,517 | 688 |
| Accruals and deferrals (non-financial) | E.15.3 | 1,961 | 2,402 | 1,937 |
| Deferred tax assets | E.10 | – | 137 | 4,096 |
| Derivative financial instruments | F.3 | 1,147 | 5,876 | 3,262 |
| | | **1,859,168** | **1,839,183** | **1,952,689** |
| **Current assets** | | | | |
| Inventories | E.14 | 5,056 | 5,451 | 5,586 |
| Trade and other receivables | E.15.1 | 43,283 | 35,135 | 47,984 |
| Receivables from related parties | F.2.2 | 123 | 250 | 11 |
| Other financial receivables | E.15.2 | 8,072 | 6,711 | 1,976 |
| Other assets | E.15.3 | 9,339 | 7,882 | 17,197 |
| Current tax assets | E.10 | 4,216 | 4,012 | 6,010 |
| Cash and cash equivalents | F.4 | 124,284 | 61,890 | 10,128 |
| Accruals and deferrals (non-financial) | E.15.3 | 4,575 | 4,627 | 3,549 |
| Assets held for sale | E.11 | 2,604 | – | 2 |
| | | **201,552** | **125,958** | **92,443** |
| **Total assets** | | **2,060,720** | **1,965,140** | **2,045,134** |

1) Further information regarding the adjustments provided in section “A.4 Correction according to IAS 8.42ff”
The following notes are an integral component of these consolidated financial statements.

| KEUR | Anhang | 31 December 2021 | 31 December 2020 restated[1)] | 1. Januar 2020 angepasst[1)] |
|---|---|---|---|---|
| **Equity** | | | | |
| Share Capital | E.16 | 273,666 | 127,556 | 127,556 |
| Capital reserve | E.16 | 946,672 | 620,838 | 620,838 |
| Other components of equity | E.16 | −739,099 | −652,055 | −454,484 |
| *Equity attributable to shareholders of Tele Columbus AG* | | *481,239* | *96,339* | *293,910* |
| Non-controlling interests | | 10,273 | 10,215 | 9,697 |
| | | **491,512** | **106,554** | **303,607** |
| | | | | |
| **Non-current liabilities** | | | | |
| Pensions and other long-term employee benefits | E.17 | 9,515 | 10,241 | 10,531 |
| Other provisions | E.19 | 2,090 | 2,393 | 2,070 |
| Liabilities to banks and from the bond issuance | E.20 | 1,107,086 | 1,447,867 | 1,404,430 |
| Trade and other payables | E.21 | 2,525 | 46 | 46 |
| Other liabilities | E.24 | – | 681 | – |
| Other financial liabilities | E.23 | 44,851 | 45,493 | 20,207 |
| Lease liabilities | F.1.3 | 199,332 | 139,667 | 86,777 |
| Accruals and deferrals (non-financial) | E.22 | 4,802 | 5,822 | 6,393 |
| Deferred tax liabilities | E.10 | 7,826 | 18,390 | 24,279 |
| Derivative financial instruments | F.3 | 4,708 | 11,165 | 11,045 |
| | | **1,382,735** | **1,681,766** | **1,565,778** |

| | | | | |
|---|---|---|---|---|
| **Current liabilities** | | | | |
| Other provisions | E.19 | 19,715 | 14,077 | 8,992 |
| Liabilities to banks and from the bond issuance | E.20 | 5,063 | 14,533 | 27,745 |
| Trade and other payables | E.21 | 81,384 | 76,898 | 79,060 |
| Payables due to related parties | F.2.2 | 676 | 818 | 580 |
| Other liabilities | E.24 | 17,090 | 18,761 | 23,824 |
| Other financial liabilities | E.23 | 10,184 | 10,511 | 5,078 |
| Lease liabilities | F.1.3 | 33,699 | 26,557 | 20,667 |
| Income tax liabilities | E.10 | 9,852 | 9,318 | 6,895 |
| Accruals and deferrals (non-financial) | E.22 | 7,023 | 5,347 | 2,910 |
| Liabilities held for sale | E.11 | 1,787 | – | – |
| | | **186,473** | **176,820** | **175,751** |
| **Total equity and liabilities** | | **2,060,720** | **1,965,140** | **2,045,134** |

1) Further information regarding the adjustments provided in section “A.4 Correction according to IAS 8.42ff”
The following notes are an integral component of these consolidated financial statements.

# Consolidated statement of cash flows

| KEUR | Note | 2021 | 2020 restated[1)] |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| *Net loss* | | *−85,872* | *−195,813* |
| Net financial income or expense | E.8 / E.9 | 80,266 | 61,643 |
| Income taxes | E.10 | −6,724 | 2,855 |
| Equity method income/loss | | −65 | −73 |
| *Earnings before interest and taxes (EBIT)* | | *−12,395* | *−131,388* |
| Depreciation and amortisation | E.7 | 214,758 | 354,291 |
| Equity-settled share-based employee benefits | E.18 | 438 | 474 |
| Loss (+) / gain (-) on sale of property, plant, and equipment | E.3 / E.6 | −4,700 | −1,054 |
| Increase (-) / decrease (+) in: | | | |
| Inventories | E.14 | 395 | 136 |
| Trade and other receivables (including contract assets) and other assets not classified as investing or financing activities | E.15.1 E.15.3 | −14,867 | 20,963 |
| Accruals and deferrals (non-financial) | E.15.3 | 492 | −1,542 |
| Increase (+) / decrease (-) in: | | | |
| Trade payables and other liabilities not classified as investing or financing activities | E.21 | −1,844 | −9,419 |
| Provisions | E.19 | 4,879 | −3,804 |
| Accruals and deferrals (non-financial) including contract liabilities | E.22 | 660 | 1,867 |
| Income tax paid | E.10 | −3,553 | −1,327 |
| **Cash flow from operating activities** | | **184,263** | **229,197** |

| KEUR | Note | 2021 | 2020 angepasst[1)] |
|---|---|---|---|
| **Cash flow from investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | 2,166 | 1,544 |
| Acquisition of property, plant and equipment | E.12 | −99,701 | −73,902 |
| Acquisition of intangible assets | E.13 | −34,469 | −35,238 |
| Interest received | | 146 | 19 |
| Proceeds from disposals from the scope of consolidation | | 5,130 | – |
| **Cash flow from investing activities** | | **−126,728** | **−107,577** |
| **Cash flow from financing activities** | | | |
| Proceeds from the issue of shares and other equity instruments | F.4 | 474,855 | – |
| Transaction costs with regard to the capital increase | F.4 | −2,912 | – |
| Payment of financial lease liabilities and service concession liabilities | F.4 | −38,118 | −35,449 |
| Dividends paid | F.4 | −1,880 | −1,811 |
| Proceeds from loans, bonds and short or long-term borrowings from banks | F.4 | 1,500 | 40,000 |
| Transaction costs with regard to loans and borrowings | F.4 | −7,414 | −3,305 |
| Repayment of short or long-term borrowings | F.4 | −360,612 | −14,379 |
| Interest paid | F.4 | −62,186 | −54,804 |
| Payments received from leasing incentives | F.4 | 1,512 | – |
| **Cash flow from financing activities** | | **4,745** | **−69,748** |
| **Cash and cash equivalents at the end of the period** | | | |
| Net increase (+) / decrease (-) in cash and cash equivalents | | 62,280 | 51,872 |
| Cash and cash equivalents at the beginning of the period | | 61,890 | 10,128 |
| **Cash and cash equivalents at the end of the period** | | **124,170** | **62,000** |
| Increase (+) / decrease (-) from release of restricted cash and cash equivalents during the period | | 114 | −110 |
| **Free cash and cash equivalents at the end of the period** | | **124,284** | **61,890** |

1) Further information regarding the adjustments provided in section “A.4 Correction according to IAS 8.42ff”
The following notes are an integral component of these consolidated financial statements.

# Consolidated statement of changes in equity

For the fiscal year 2021

| KEUR | Share capital | Capital reserve | Other changes in equity | Retained earnings | Revaluation reserve IAS 19 | Equity attributable to share-holders of Tele Columbus AG | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2021[1)]** | **127,556** | **620,838** | **−111,871** | **−538,389** | **−1,795** | **96,339** | **10,215** | 106,554 |
| Profit (+) / loss (−) | – | – | – | −87,757 | – | −87,757 | 1,885 | −85,872 |
| Other comprehensive income (+)/(−) | – | – | – | – | 271 | 271 | – | 271 |
| **Total comprehensive income** | **–** | **–** | **–** | **−87,757** | **271** | **−87,486** | **1,885** | **−85,601** |
| Dividends | – | – | – | – | – | – | −1,880 | −1,880 |
| change in the scope of consolidation | – | – | – | 4 | – | 4 | 53 | 57 |
| Capital increase | 146,110 | 325,834 | – | – | – | 471,944 | – | 471,944 |
| Equity settled share-based employee benefits | – | – | 438 | – | – | 438 | – | 438 |
| **Balance at 31 December 2021** | **273,666** | **946,672** | **−111,433** | **−626,142** | **−1,524** | **481,239** | **10,273** | **491,512** |

1) Further information regarding the adjustments provided in section “A.4 Correction according to IAS 8.42ff”

For the fiscal year 2020

| KEUR | Share capital | Capital reserve | Other changes in equity | Retained earnings | Revaluation reserve IAS 19 | Equity attributable to share-holders of Tele Columbus AG | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2020, as previously reported** | **127,556** | **620,838** | **−112,345** | **−325,274** | **−1,893** | **308,882** | **9,697** | **318,579** |
| Correction according to IAS 8.42ff. | – | – | – | −14,972 | – | −14,972 | – | −14,972 |
| **Restated balance at 1 January 2020** | **127,556** | **620,838** | **−112,345** | **−340,246** | **−1,893** | **293,910** | **9,697** | 303,607 |
| Restated profit (+) / loss (−) | – | – | – | −198,143 | – | −198,143 | 2,330 | −195,813 |
| Restated other comprehensive income (+)/(−) | – | – | – | – | 98 | 98 | – | 98 |
| **Restated total comprehensive income** | **–** | **–** | **–** | **−198,143** | **98** | **−198,045** | **2,330** | **−195,715** |
| Dividends | – | – | – | – | – | – | −1,812 | −1,812 |
| change in the scope of consolidation | – | – | – | – | – | – | – | – |
| Other changes | – | – | – | – | – | – | – | – |
| Equity settled share-based employee benefits | – | – | 474 | – | – | 474 | – | 474 |
| **Restated balance at 31 December 2020[1)]** | **127,556** | **620,838** | **−111,871** | **−538,389** | **−1,795** | **96,339** | **10,215** | **106,554** |

1) Further information regarding the adjustments provided in section “A.4 Correction according to IAS 8.42ff”

# Notes to the consolidated financial statements

## A. General information

### A.1. Introduction

Tele Columbus AG as the parent company with its registered office at Kaiserin-Augusta-Allee 108, 10553 Berlin, Germany (Commercial Register Berlin-Charlottenburg HRB 161349 B), was listed on the Frankfurt Stock Exchange (Prime Standard) since January 23, 2015. The admission was revoked as of September 8, 2021.

### A.2. Description of operating activities

The companies of Tele Columbus AG are fibre-optic network operators operating primarily in the eastern German federal states of the federal republic of Germany. The Group's core business is operating and managing broadband cable equipment, in some cases using own satellite receiving equipment for providing residential apartment complexes of various housing companies and their tenants with television and radio signals, internet as well as telephony services. Operation of the equipment includes servicing, maintenance, customer care and collection. In addition to operating cable networks, the companies of Tele Columbus AG also offer B2B and construction services. Their B2B business comprises products to provide carrier companies with bandwidth services and business client networking, products to provide business clients with Internet and telephony in addition to network monitoring and data centre marketing. Construction services include the installation of fibre optic networks or connecting residential areas to its own backbone.

### A.3. Basis of preparation of the financial statements

Applying Section 315e of the German Commercial Code (HGB), the consolidated financial statements of Tele Columbus AG as at 31 December 2021 were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

The consolidated financial statements comprise the consolidated income statement, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes for financial year 2021 and for the comparative period of 2020.

The functional currency of the combined financial statements is the euro. Unless otherwise stated, all figures are presented in thousands of euros (KEUR). Because amounts are disclosed in thousands of euros, standard commercial rounding may result in 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 consolidated financial statements due to standard commercial rounding.

With regard to the financial information contained in the consolidated financial statements, a dash ("-") means that the item in question is not applicable and a zero ("0") means that the respective figure has been rounded to zero.

The consolidated financial statements were prepared and released by the Management Board of Tele Columbus AG on April 12, 2021.

These consolidated financial statements are prepared on the going concern assumption.

The consolidated financial statements and the management report have been digitally published in the German Federal Gazette (elektronischer Bundesanzeiger).

Notes to the consolidated financial statements

## A.4. Correction according to IAS 8.42ff

In 2021, the Group became aware that the revenue recognition or deferral of revenue of a subsidiary was not correct. Hereby, revenue was recognised in full even though control had not yet been transferred to the customer at that point in time. This related to fees collected in advance in connection with the sale of fractional property where physical possession and the right to ownership had not yet been transferred, as well as the sale of hardware where significant repurchase obligations still existed at the time of revenue recognition and significant risks and rewards thus remained with the subsidiary. Furthermore, revenues were realised in full at the point of time, although the performance of the service had to take place over a period of time. This concerned payments received in advance in connection with construction work and service contracts for which the performance obligation had not yet been fulfilled or not yet completely fulfilled. In addition, reciprocal service relationships with third parties were incorrectly not shown as a joint accounting unit. This concerned services rendered by the subsidiary to third parties that were economically attributable to the lease between the subsidiary as lessee and the third party as lessor. Finally, in a few cases there was an incorrect gross reporting of sales revenue, since subsequent cancellations were not recognised as a reduction in sales revenue, but directly as an expense.

An external auditing company was commissioned as a third party expert in order to analyse the described facts (incorrect recognition or deferral of revenue) and to identify the concrete extent. As a result of the analysis, it was found that the revenue recognition or deferral was a material errorbased on IAS 8, which had to be corrected retrospectively in the present consolidated financial statements as at 31 December 2021 in accordance with the requirements of IAS 8.42. In this respect, the comparative figures were adjusted. In this respect, the comparative figures for the previous year 2020 were changed and - since earlier reporting periods were also affected - the opening balance sheet of the year 2020 was corrected.

The following tables illustrate the effects resulting from the adjustments with regard to the balance sheet, the consolidated income statement and the cash flow statement. All of the adjustments shown are attributable to the "Other" segment.

Notes to the consolidated financial statements

## BALANCE SHEET AS AT 1 JANUARY 2020

| KEUR | As previously reported | Adjustments | As restated |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant, and equipment | 669,166 | −831 | 668,335 |
| Other non-current assets | 1,284,353 | – | 1,284,353 |
| | **1,953,520** | **−831** | **1,952,689** |
| **Current assets** | | | |
| Trade and other receivables | 61,785 | −13,801 | 47,984 |
| Current tax assets | 4,672 | 1,338 | 6,010 |
| Other current assets | 38,449 | – | 38,449 |
| | **104,906** | **−12,463** | **92,443** |
| **Total assets** | **2,058,428** | **−13,294** | **2,045,134** |

| KEUR | As previously reported | Adjustments | As restated |
|---|---|---|---|
| **Equity** | | | |
| Equity attributable to shareholders of Tele Columbus AG | 308,882 | −14,972 | 293,910 |
| Non-controlling interests | 9,697 | – | 9,697 |
| | **318,579** | **−14,972** | **303,607** |
| **Non-current liabilities** | | | |
| Accruals and deferrals (non-financial) | 4,270 | 2,123 | 6,393 |
| | 27,544 | −3,265 | 24,279 |
| Other non-current liabilities | 1,535,106 | – | 1,535,106 |
| | **1,566,920** | **−1,142** | **1,565,778** |
| **Current liabilities** | | | |
| Trade and other payables | 75,878 | 3,182 | 79,060 |
| Lease liabilities | 22,179 | −1,512 | 20,667 |
| Accruals and deferrals (non-financial) | 1,759 | 1,151 | 2,910 |
| Other current liabilities | 73,113 | – | 73,114 |
| | **172,929** | **2,820** | **175,751** |
| **Total equity and liabilities** | **2,058,428** | **−13,294** | **2,045,134** |

Notes to the consolidated financial statements

BALANCE SHEET AS AT 31 DECEMBER 2020

| KEUR | As previously reported | Adjustments | As restated |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant, and equipment | 712,663 | −3,325 | 709,338 |
| Other non-current assets | 1,129,845 | – | 1,129,845 |
| | **1,842,508** | **−3,325** | **1,839,183** |
| **Current assets** | | | |
| Trade and other receivables | 52,423 | −17,288 | 35,135 |
| Current tax assets | 2,674 | 1,338 | 4,012 |
| Accruals and deferrals (non-financial) | 5,127 | −500 | 4,627 |
| Other current assets | 82,184 | – | 82,184 |
| | **142,408** | **−16,450** | **125,958** |
| **Total assets** | **1,984,916** | **−19,776** | **1,965,140** |

| KEUR | As previously reported | Adjustments | As restated |
|---|---|---|---|
| **Equity** | | | |
| Equity attributable to shareholders of Tele Columbus AG | 308,882 | −24,946 | 96,339 |
| Non-controlling interests | 10,215 | – | 10,215 |
| | **131,500** | **−24,946** | **106,554** |
| **Non-current liabilities** | | | |
| Accruals and deferrals (non-financial) | 3,874 | 1,948 | 5,822 |
| Other non-current liabilities | 1,675,944 | – | 1,675,944 |
| | **1,679,818** | **1,948** | **1,681,766** |
| **Current liabilities** | | | |
| Trade and other payables | 71,830 | 5,068 | 76,898 |
| Other financial liabilities | 10,286 | 225 | 10,511 |
| Lease liabilities | 29,469 | −2,912 | 26,557 |
| Accruals and deferrals (non-financial) | 4,506 | 841 | 5,347 |
| Other current liabilities | 57,507 | – | 57,507 |
| | **173,598** | **3,222** | **176,820** |
| **Total equity and liabilities** | **1,984,916** | **−19,776** | **1,965,140** |

Notes to the consolidated financial statements

## PROFIT AND LOSS AS AT 31 DECEMBER 2020

| KEUR | As previously reported | Adjustments | As restated |
|---|---|---|---|
| Revenue | 479,913 | −6,645 | 473,268 |
| Own work capitalised | 24,625 | – | 24,625 |
| Other income | 7,110 | – | 7,110 |
| *Total operating income* | *511,648* | *−6,645* | *505,003* |
| Cost of materials | −147,847 | 520 | −147,327 |
| Employee benefits | −80,437 | – | −80,437 |
| Other expenses | −53,836 | −500 | −54,336 |
| **EBITDA** | **229,528** | **−6,625** | **222,903** |
| Depreciation/amortisation and impairment | −354,207 | −84 | −354,291 |
| **EBIT** | **−124,679** | **−6,709** | **−131,388** |
| Equity method income (+) / loss (-) | 73 | – | 73 |
| Interest income and similar income | 83 | – | 83 |
| Interest expense and similar expense | −64,707 | – | −64,707 |
| Other financial income (+) / loss (-) | 2,981 | – | 2,981 |
| *Profit (+) / Loss (-) before tax* | *−186,249* | *−6,709* | *−192,958* |
| Income taxes | 410 | −3,265 | −2,855 |
| **Net loss** | **−185,839** | **−9,974** | **−195,813** |
| attributable to shareholders of Tele Columbus AG | −188,169 | −9,974 | −198,143 |
| attributable to non-controlling interests | 2,330 | – | 2,330 |
| Basic earnings per share in EUR | −0.85 | −0.05 | −0.90 |
| Diluted earnings per share in EUR | −0.85 | −0.05 | −0.90 |

Notes to the consolidated financial statements

## CASH FLOWS AS AT 31 DECEMBER 2020

| KEUR | As previously reported | Adjustments | As restated |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| *Net loss* | *−185,839* | *−9,974* | *−195,813* |
| Net financial income or expense | 61,643 | – | 61,643 |
| Income taxes | −410 | 3,265 | 2,855 |
| Equity method income/loss | −73 | – | −73 |
| *Earnings before interest and taxes (EBIT)* | *−124,679* | *−6,709* | *−131,388* |
| Depreciation and amortisation | 354,207 | 84 | 354,291 |
| Equity-settled share-based employee benefits | 474 | – | 474 |
| Loss (+) / gain (-) on sale of property, plant, and equipment | −1,054 | – | −1,054 |
| Increase (-) / decrease (+) in: | | | |
| Inventories | 136 | – | 136 |
| Trade and other receivables (including contract assets) and other assets not classified as investing or financing activities | 17,476 | 3,487 | 20,963 |
| Accruals and deferrals (non-financial) | −2,042 | 500 | −1,542 |
| Increase (+) / decrease (-) in: | | | |
| Trade payables and other liabilities not classified as investing or financing activities | −10,130 | 711 | −9,419 |
| Provisions | −3,804 | – | −3,804 |
| Accruals and deferrals (non-financial) including contract liabilities | 2,351 | −484 | 1,867 |
| Income tax paid | −1,327 | – | −1,327 |
| **Cash flow from operating activities** | **231,608** | **−2,411** | **229,197** |
| **Cash flow from investing activities** | **−109,988** | **2,411** | **−107,577** |
| **Cash flow from financing activities** | **−69,748** | **–** | **−69,748** |
| **Cash and cash equivalents at the end of the period** | | | |
| Net increase (+) / decrease (-) in cash and cash equivalents | 51,872 | – | 51,872 |
| Cash and cash equivalents at the beginning of the period | 10,128 | – | 10,128 |
| **Cash and cash equivalents at the end of the period** | **62,000** | **–** | **62,000** |
| Increase (+) / decrease (-) from release of restricted cash and cash equivalents during the period | −110 | – | −110 |
| **Free cash and cash equivalents at the end of the period** | **61,890** | **–** | **61,890** |

# B. Scope of consolidation

## B.1. Consolidation methods

### B.1.1. SUBSIDIARY

Subsidiaries are companies controlled by Tele Columbus AG. Tele Columbus AG controls a company when it is exposed to or has rights to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control is gained until the date when control ceases.

In preparing the financial statements, all internal Group balances, income and expenses as well as all unrealised gains and losses from transactions within the reporting entity were eliminated in the course of consolidation.

### B.1.2. MINORITY INTERESTS (NON-CONTROLLING INTERESTS)

Minority interests (non-controlling interests) are measured at the acquisition date with the proportionate share of the acquired subsidiary's net assets.

Changes in Tele Columbus AG's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### B.1.3. LOSS OF CONTROL

When Tele Columbus AG loses control of a subsidiary, it derecognises assets and liabilities of the subsidiary and all related non-controlling interests and other equity components. Any gain or loss is recognised in profit or loss. Any retained interest in the former subsidiary is recognised at fair value on the date when control was lost.

### B.1.4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The interests of the companies of Tele Columbus AG in financial assets accounted for using the equity method include investments in associates and joint ventures.

Associates are companies in which Tele Columbus AG has a significant influence, but not control or joint control in respect to financial and business policy. A joint venture is an arrangement by which Tele Columbus AG exercises joint governance with rights to its net assets, but not to the assets' value or the obligation for the venture's liabilities.

Associates and joint ventures are initially recognised at cost, which includes the transaction costs. After initial recognition, the consolidated financial statements contain Tele Columbus AG's share in the profit or loss and in other comprehensive income until the time when the significant influence or joint control ends. Loss allocations and impairments may result in negative equity values. This is monitored on an ongoing basis.

## B.2. Changes in the consolidated group

### SALE OF KSP-KABELSERVICE PRENZLAU GMBH

On December 15, 2021, Tele Columbus AG sold its 90% share in KSP-Kabelservice Prenzlau GmbH held indirectly via PrimaCom Berlin GmbH, Leipzig. The purchase price amounted to KEUR 6,838 and was fully paid in cash. Due to the accompanying loss of control, all assets and liabilities of KSP-Kabelservice Prenzlau GmbH, previously classified as held for sale during the year, were derecognized. The deconsolidation resulted in a gain of KEUR 2,688.

## B.3. Scope of consolidation

Tele Columbus AG and the following subsidiaries are fully consolidated in the consolidated financial statements of Tele Columbus AG; the respective ownership interests correspond to the voting right percentages:

Notes to the consolidated financial statements

| Capital share in % | 2021 | 2020 |
|---|---|---|
| ANTEC Servicepool GmbH, Hannover | 76.00 | 76.00 |
| ANTENNEN-ELECTRONIC in Berlin und Brandenburg GmbH, Cottbus[1)] | 100.00 | 100.00 |
| BBcom Berlin-Brandenburgische Communikationsgesellschaft mbH, Berlin | 51.00 | 51.00 |
| BIG Medienversorgung GmbH, Mönchengladbach[1)] | 100.00 | 100.00 |
| Cable Plus GmbH, Berlin[1)] | 100.00 | 100.00 |
| Cabletech Kabel- und Antennentechnik GmbH, Unterföhring[1)] | 100.00 | 100.00 |
| FAKS Frankfurter Antennen- und Kommunikationsservice Gesellschaft mit beschränkter Haftung, Frankfurt (Oder)[1)] | 100.00 | 100.00 |
| Funk und Technik GmbH Forst, Forst (Lausitz)[1)] | 100.00 | 100.00 |
| HLkomm Telekommunikations GmbH, Leipzig[1)] | 100.00 | 100.00 |
| kabel.digital.service gmbh, Frankfurt (Oder) | 100.00 | 100.00 |
| Kabelcom Rheinhessen GmbH, Unterföhring[1)] | 100.00 | 100.00 |
| Kabelcom.Digital GmbH, Lippstadt | 100.00 | 100.00 |
| Kabelmedia.Net-Netzbetrieb GmbH, Lippstadt | 100.00 | 100.00 |
| KABELMEDIA GmbH Marketing und Service, Essen | 100.00 | 100.00 |
| KKG Kabelkommunikation Güstrow GmbH, Güstrow[1)] | 100.00 | 100.00 |
| KSP-Kabelservice Prenzlau GmbH, Prenzlau | –[2)] | 90.00 |
| Lehmensiek Kabelnetze & Antennentechnik GmbH, Lübeck[1)] | 100.00 | 100.00 |
| Martens Deutsche Telekabel GmbH, Hamburg[1)] | 100.00 | 100.00 |
| MDCC Magdeburg-City-Com GmbH, Magdeburg | 51.02 | 51.02 |
| MEDIACOM Kabelservice GmbH, Offenbach am Main | 98.96 | 98.96 |
| "Mietho & Bär Kabelkom" Kabelkommunikations-Betriebs GmbH, Cottbus[1)] | 100.00 | 100.00 |
| MKG-Medienkommunikationsgesellschaft mbH, Essen | 100.00 | 100.00 |
| NEFtv GmbH, Nürnberg[1)] | 100.00 | 100.00 |
| pepcom GmbH, Unterföhring[1)] | 100.00 | 100.00 |
| pepcom Projektgesellschaft mbH, Unterföhring[1)] | 100.00 | 100.00 |
| Kabelfernsehen München ServiCenter GmbH, Unterföhring[1)] | 100.00 | 100.00 |
| PrimaCom Berlin GmbH, Leipzig[1)] | 100.00 | 100.00 |
| PrimaCom Holding GmbH, Leipzig[1)] | 100.00 | 100.00 |
| REKA Regionalservice Kabelfernsehen GmbH, Kamenz[1)] | 100.00 | 100.00 |
| RFC Radio-, Fernseh- u. Computertechnik GmbH, Chemnitz[1)] | 100.00 | 100.00 |
| Tele Columbus Betriebs GmbH, Berlin[1)] | 100.00 | 100.00 |
| Tele Columbus Cottbus GmbH, Cottbus[1)] | 100.00 | 100.00 |
| Tele Columbus Geschäftskunden Vertriebs GmbH, Berlin[1)] | 100.00 | 100.00 |
| Tele Columbus Kabel Service GmbH, Berlin[1)] | 100.00 | 100.00 |
| Tele Columbus Multimedia GmbH, Berlin[1)] | 100.00 | 100.00 |
| Tele Columbus NRW GmbH, Berlin | 74.90 | 74.90 |
| Tele Columbus Sachsen-Anhalt GmbH, Berlin[1)] | 100.00 | 100.00 |
| Tele Columbus Sachsen-Thüringen GmbH, Berlin[1)] | 100.00 | 100.00 |
| Tele Columbus Vertriebs GmbH, Berlin[1)] | 100.00 | 100.00 |
| Teleco GmbH Cottbus Telekommunikation, Cottbus[1)] | 100.00 | 100.00 |
| Tele-System Harz GmbH, Blankenburg[1)] | 100.00 | 100.00 |
| TKN Telekabel-Nord GmbH, Unterföhring[1)] | 100.00 | 100.00 |
| WTC Wohnen & TeleCommunication Verwaltung GmbH, Unterföhring[1)] | 100.00 | 100.00 |

1) For the 2021 financial statements, the company used the exemption provision of sections 264 (3) and 264b HGB.
2) The 90% share in KSP-Kabelservice Prenzlau GmbH was sold on 15 December 2021. (Refer to "B.2 Changes in the consolidated group")

Notes to the consolidated financial statements

The following table shows information about subsidiaries with minority interests before group adjustments financial year 2021:

For the 2021 financial year

| KEUR | MDCC Magdeburg City-Com GmbH, Magdeburg | ANTEC Servicepool GmbH | Other minority interests | Total |
|---|---|---|---|---|
| *Non-controlling interests in %* | *49.00* | *24.00* | – | |
| Non-currents assets | 26,281 | 1,094 | 1,590 | |
| Current assets | 1,576 | 515 | 942 | |
| Non-current liabilities | −16,725 | −339 | −407 | |
| Current liabilities | −4,140 | −224 | −558 | |
| *Total of proportionate net assets* | *6,992* | *1,046* | *1,567* | *9,605* |
| Revenue | 27,419 | 4,664 | 2,943 | |
| EBITDA | 13,086 | 1,226 | 1,459 | |
| Expenses and income not considered in EBITDA | −9,513 | −1,219 | −304 | |
| **Total comprehensive income** | **3,573** | **7** | **1,155** | **4,735** |
| Non-controlling interests allocated to EBITDA | 6,409 | 294 | 316 | 7,019 |
| Income and expenses not considered in EBITDA attributable to non-controlling interests | −4,660 | −293 | −175 | −5,128 |
| Cash flow from operating activities | 34,835 | 104 | 2,578 | |
| Cash flow from investing activities | −30,767 | −309 | −473 | |
| Cash flow from financing activities | −2,914 | – | −1,063 | |
| of which dividends to non-controlling interests | −1,666 | – | −212 | −1,878 |
| **Net increase (+) / decrease (-) in cash and cash equivalents** | **1,154** | **−205** | **1,042** | **1,991** |

Notes to the consolidated financial statements

For the 2020 financial year

| KEUR | MDCC Magdeburg City-Com GmbH, Magdeburg | ANTEC Servicepool GmbH | Other minority interests | Total |
|---|---|---|---|---|
| *Non-controlling interests in %* | *49.00* | *24.00* | – | |
| Non-currents assets | 14,788 | 1,251 | 1,008 | |
| Current assets | 1,061 | 359 | 2,390 | |
| Non-current liabilities | −5,287 | −342 | −116 | |
| Current liabilities | −3,655 | −224 | −1,967 | |
| *Total of proportionate net assets* | *6,907* | *1,044* | *1,315* | *9,266* |
| Revenue | 27,384 | 4,951 | 4,812 | |
| EBITDA | 13,563 | 1,401 | 3,328 | |
| Expenses and income not considered in EBITDA | −9,605 | −1,252 | −1,379 | |
| **Total comprehensive income** | **3,958** | **149** | **1,949** | **6,056** |
| Non-controlling interests allocated to EBITDA | 6,643 | 336 | 544 | 7,523 |
| Income and expenses not considered in EBITDA attributable to non-controlling interests | −4,704 | −300 | −260 | −5,264 |
| Cash flow from operating activities | 3,298 | 475 | 1,009 | |
| Cash flow from investing activities | −1,171 | −693 | 24 | |
| Cash flow from financing activities | −4,433 | – | −1,201 | |
| of which dividends to non-controlling interests | −1,592 | – | −219 | −1,811 |
| **Net increase (+) / decrease (-) in cash and cash equivalents** | **−2,306** | **−218** | **−168** | **−2,692** |

Notes to the consolidated financial statements

## B.4. Interests in investments accounted for using the equity method

Investments in associates and joint ventures have only an immaterial effect on the consolidated financial statements, both individually and in aggregate.

| Associates | Capital Share in % | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| AproStyle AG, Dresden | 25.10 | 25.10 |
| Deutsche Netzmarketing GmbH, Köln | 20.00 | 20.00 |
| TV Produktions- und Betriebsgesellschaft GmbH & Co. KG, Jena | 40.00 | 40.00 |
| TV Produktions- und Betriebsverwaltungs GmbH, Jena | 40.00 | 40.00 |

| Joint Ventures | Capital Share in % | |
|---|---|---|
| | 31 December 2021 | 31 December 2020 |
| GlasCom Salzlandkreis GmbH, Staßfurt-Brumby | 50.00 | 50.00 |

The carrying amount of investments in associates as at 31 December 2021 totals KEUR 437 (31 December 2020: KEUR 406) and mainly results from the investment in AproStyle AG, Dresden.

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Carrying amount of investment in associates | 437 | 406 |
| Share of | | |
| Loss from continuing operations | 33 | –8 |
| Other comprehensive income | – | – |
| **Comprehensive income** | **33** | **–8** |

In the previous year, the net income from fianncial assets accounted for unsing the equity method income still included an effect of TEUR 47 from Deutsche Netzmarketing GmbH.

The carrying amount of interests in joint ventures as at 31 December 2021 totalled KEUR 57 (31 December 2020: KEUR 35).

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Carrying amount of joint ventures | 57 | 35 |
| Share of | | |
| Profit from continuing operations | 32 | 35 |
| Other comprehensive income | – | – |
| **Comprehensive income** | **32** | **35** |

Tele Columbus has a residual interest in the net assets of GlasCom Salzlandkreis GmbH, Staßfurt-Brumby, and therefore classified this company as a joint venture.

Notes to the consolidated financial statements

# C. Basis of accounting

## Disclosure and measurement

The entities included in the consolidated financial statements of Tele Columbus AG are presented in accordance with IFRS accounting policies for all reporting periods. The consolidated income statement was prepared in accordance with the nature of expense method. The consolidated financial statements were prepared based on historical or amortised cost except for the net defined benefit liability and derivative financial instruments. The net defined benefit liability recognised is determined as the present value of defined benefit obligations less the fair value of plan assets. Derivative financial instruments were measured at fair value through profit or loss.

# D. Accounting policies

## D.1. Significant estimation uncertainty and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires assessment, estimates and assumptions that have a direct impact on the application of accounting policies. The reported amounts of assets and liabilities, the contingent assets and liabilities presented on the reporting date and the revenue and expenses recognised during the reporting period are also affected. Although management has formulated the estimates to the best of their knowledge as well as taken the most recent results into consideration, the actual results may differ.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

An explanation of the most important forward-looking assumptions and other major sources of estimation uncertainty as at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is provided in the following notes. The carrying amounts are presented in the consolidated statement of financial position or in the additional explanatory notes to the relevant assets and liabilities.

- Impairment testing of the carrying amount of non-financial assets (2021: KEUR 885,026; 2020: KEUR 889,660):
  At the end of each reporting period, the companies of Tele Columbus AG assess whether there is objective evidence of impairment of non-financial assets. Goodwill is not amortised or depreciated, but are impairment-tested annually instead. There are no other assets with an indefinite useful life. For impairment testing of goodwill according to IAS 36 as at 31 December 2021, the fair value less costs to sell for each cash-generating unit was used as the recoverable amount. Fair value less costs to sell was measured pursuant to IFRS 13 based on unobservable inputs (level 3 inputs). The calculations use cash flow forecasts based on financial plans approved by the management. The forecasts contain significant key assumptions on the development of the customer base and the market price on capital expenditures. The discount rate depends on the composition and development of the peer group.

- Definition of measurement parameters for the recognition and subsequent measurement of property, plant and equipment (2021: KEUR 773,618; 2020: KEUR 709,338):
  The companies of Tele Columbus AG use various different measurement parameters for the recognition and subsequent measurement of property, plant and equipment (differentiation between maintenance and investment measures, capitalisation of own work, allocation to asset classes, grouping of utilisation units, delimitation of valuation units, assessment of future decommissioning measures, definition of useful lives and identification of events that lead to the performance of an impairment test). When defining the measurement parameters, management estimates on the basis of technical and economic experience are required.

- Accounting for rights of use (2021: KEUR 224,378; 2020: KEUR 159,192) and lease liabilities (2021: KEUR 233,031; 2020: KEUR 166,224):
  Upon entering into a contractual agreement, the Group must assess whether a contractual agreement constitutes or contains a lease. A lease exists if the fulfilment of the contract requires the use of an identifiable asset and the contractual agreement establishes control over the nature and purpose of the use of the identifiable asset for a certain period of time in exchange for consideration (please refer to section D.2.4 Leases). The lease terms of a lease are negotiated individually and include a variety of

Notes to the consolidated financial statements

conditions, such as termination or renewal options. In determining the term of leases, management considers all facts and circumstances that provide an economic incentive to exercise renewal options or not to exercise termination options. Term changes resulting from the exercise of renewal and termination options are included in the term only if renewal or non-exercise of a termination option is reasonably certain at the provision date. The assessment is reassessed when a significant event or change in circumstances occurs that is within the control of Tele Columbus. Furthermore, lease payments are discounted at the interest rate inherent in lease or, if not readily determinable, at the Group's incremental borrowing rate. The determination of the incremental borrowing rate is subject to assumptions and estimates. The Group uses a credit risk equivalent yield curve based on market data, which is also adjusted for the various asset classes.

- Consideration of the default risk for trade receivables (book value 2021: KEUR 8,235; book value 2020: KEUR 18,625):
  Trade receivables are presented in the balance sheet net of expected credit losses (ECL). In determining the allowance, Tele Columbus incorporates forward-looking macroeconomic factors as well as management estimates, which in turn are based on past experience. In addition, individual characteristics of customers are also taken into account by the Group as part of the default estimate.

- Assessment of provisions (book value 2021: KEUR 21,805; book value 2020: KEUR 16,470):
  When recognizing and measuring provisions, significant assumptions and estimates must be made concerning the probability and extent of the inflow or outflow of benefits. In particular, for asset retirement obligations, which account for the majority of non-current other provisions, it is necessary to estimate the expenses expected to be incurred to restore the assets to their original condition at the end of the lease term.

- Measurement of defined benefit obligations (book value 2021: KEUR 9,515; book value 2020: KEUR 10,241)
  The defined benefit plans are measured on the basis of the projected unit credit method and are subject to various actuarial assumptions and expectations regarding future increases in salaries and pension payments as well as employee turnover and mortality rates.

- Recognition and measurement of uncertain tax positions:
  Income taxes are recognised in the balance sheet at the time they are incurred. The calculation is made taking into account the relevant tax laws and existing legal rulings. The complexity of these regulations, as well as possible differences in interpretation associated with them, leads to uncertainty regarding the tax treatment of individual business transactions. In accordance with IFRIC 23, these uncertain tax positions are measured at the most probable value of a possible claim.

## D.2. Significant accounting policies

### D.2.1. INTANGIBLE ASSETS

Acquired intangible assets are recognised at cost in the statement of financial position. Internally generated intangible assets are carried at cost if they comply with the requirements of IAS 38.

Intangible assets with finite useful lives are generally amortised over their estimated useful life (between 3 and 15 years) using the straight line method from the time of their operational readiness. Acquired customer bases are amortised over a useful life between 7 und 8 years taking account of minimum contract terms.

Development expenses for improving and enhancing internally generated software are capitalised insofar as they fulfil the recognition requirements. Capitalised development expenses are amortised over a period of two years.

Expenses for the acquisition of new customers are capitalized in accordance with IFRS 15 if they are payments that are directly related to the conclusion of the contract. They are amortized over their estimated useful lives. Costs of obtaining contracts include costs of initiating the contract (mainly sales commissions to employees in the direct and indirect sales channel) and contract performance costs. These are capitalized if it can be assumed that the costs will be compensated by future revenues from the contract. Contract initiation costs are additional costs that would not have been incurred if the contract had not been

Notes to the consolidated financial statements

concluded. Contract fulfilment costs are directly attributable costs incurred after the inception of the contract that are incurred for the purpose of fulfilling the contract, but which are incurred prior to the inception of the contract and are not capitalized under a different standard. Tele Columbus exercises the option to generally recognize contract costs whose amortization period would not exceed one year as an expense. Contract acquisition costs and contract performance costs are presented separately under intangible assets.

Contract acquisition costs and contract fulfilment costs have a useful life of 36 and 31 months respectively. Contract acquisition costs and contract fulfilment costs are subject to separate impairment requirements under IFRS 15, which require an impairment loss to be recognised if the carrying amount is greater than the remaining consideration that can be generated from the underlying contracts, less costs associated with the delivery of the performance obligation that have not been expensed.

Goodwill is not amortized but tested annually for impairment. Further tests are performed if there are indications of impairment.

An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The impairment test is performed on the basis of the corresponding cash-generating units (CGUs). There are three CGUs to which goodwill has been allocated and is reviewed by management: TV (relates to the "TV" product segment), Internet and Telephony (relates to the "Internet and Telephony" product segment) and HLkomm (relates in particular to the business customer segment of the "Other" segment). These three CGUs represent the smallest identifiable group of assets that generate cash inflows largey independent of other (groups of) assets since the Group’s central network infrastructure is the core operating asset needed to provide the services of the respective segment. The central network infrastructure cannot be allocated to customer groups or regions within a segment.

The estimated economic useful lives are reviewed at each reporting date and adjusted as necessary.

Amortisation expenses and impairment losses are recognised in the “Amortisation and impairment” item in the income statement.

Gains and losses on disposals are recognised in the “Other income” or “Other expenses” item.

The Group recognises an intangible asset under a service concession arrangement when it has the right to use the infrastructure facility.

An intangible asset received as consideration for the rendering of construction or upgrade services under a service concession arrangement is measured on initial recognition at fair value in accordance with the fair value of the services performed. After initial recognition, the intangible asset is measured at cost including capitalised borrowing costs and less accumulated amortisation and accumulated impairment losses.

### D.2.2. BUSINESS COMBINATIONS

For business combinations, capital is consolidated by applying the acquisition method pursuant to IFRS 3. Assets and liabilities of the newly acquired subsidiaries that are identified when preparing the opening balance are recognised at fair value. These also include identified intangible assets and contingent liabilities. The remaining difference corresponds to goodwill. Non-controlling interests in the acquired company are recognised at fair value.

### D.2.3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any accumulated impairment losses. Impairment losses are reversed when there is any indication that a previously recognised impairment loss no longer exists or has decreased.

The cost of acquisition comprises any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the consolidated financial statements

Property, plant and equipment are generally depreciated straight-line over a period of three to 15 years. The cable network infrastructure comprises technical equipment with an estimated useful life of between eight and 15 years. If there is a licence agreement, then the remaining term of the licence agreement represents the upper limit for the useful life.

Customer Premise Equipment in the form of modems and receivers – provided they are not sold to the customer under a contract – are recognised as part of the network infrastructure under technical equipment and depreciated over their estimated useful life of three years for modems or two years for receivers. If returned before the anticipated end of the contract, the customer terminal is written down to one euro and allocated to inventories.

Estimated useful lives are reassessed at each reporting date. Adjustments are made in accordance with the new basis for assessment.

The impairment test is performed at the level of the three CGUs “TV”, “Internet and Telephony” and “Hlkomm” (for the definition of the CGUs, please refer to D.2.1). If there are indications of impairment for a CGU and if the reconverable amount is below the carrying amount of the CGU, the carrying amount of the goodwill of the CGU is impaired. Any resulting impairment loss reduces the carrying amount of the other assets of the CGU on a proportionate basis. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

Costs for maintenance and repair are recognised in the period in which they are incurred. Costs for property, plant and equipment are recognised as an asset if it is likely that the associated future economic benefits flowing to the company will exceed the benefits that would have been possible without the acquisition.

Straight-line depreciation expenses and impairment losses are recognised as “Depreciation” in the income statement.

Gains and losses on asset disposals are recognised through profit or loss in the “Other income” or “Other expenses” item.

We refer to section D.2.8 Other provisions regarding the asset retirement obligations.

### D.2.4. LEASES

The Group assesses whether a contract constitutes or includes a lease upon contract inception. This is the case if the contract entitles control over the use of an identified asset for a period of time in exchange for consideration. To identify whether the contract includes the right to control an identified asset, the Group uses the definition of a lease according to IFRS 16 as its base.

#### AS LESSEE

At the commencement date or modification of the contract containing lease components, the contractually agreed remuneration based on the stand-alone selling price has to be distributed. The Group has, however, decided to refrain from separation of non-lease components for all asset categories and instead to recognise lease and the non-lease components as one single lease component.

At the commencement date, the Group recognises an asset for the right-of-use asset granted and a lease liability The right-of-use asset is initially measured at cost commensurate with the initial measurement of the lease liability, adjusted by the payments made on or before the commencement date plus any initial direct costs and estimated costs for the dismantling or removal of the underlying assets or the restoration of the underlying assets or site where the asset is located, less any received lease incentives.

Subsequently the right-of-use asset is depreciated straight line from the commencement date to the end of the lease term unless ownership of the underlying asset transfers to the Group at the end of the lease term or the costs of the right-of-use asset take account of the Group exercising a purchase option. In this case, the right-of-use assets is depreciated over the useful life of the underlying assets, which has been determined in line with the rules for property, plant and equipment. In addition, the right-of-use asset is continually tested for impairment where necessary and adjusted by specified remeasurements of the lease liability.

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The lease liability is initially recognised at the present value of the lease payments not yet made at the commencement date, discounted with the interest rate underlying the lease or, if this cannot be readily determined, at the incremental borrowing rate of the Group.

The Group uses a credit-risk appropriate yield curve based on market data to determine its incremental borrowing rate, which was adjusted further for the various asset categories.

The lease payments incorporated in the measurement of the lease liability include:

- fixed payments, including de facto fixed payments
- variable lease payments which are linked to an index or (interest) rate, initially measured using the applicable index or (interest) rate at the commencement date
- amounts, which are expected to be paid based on a residual value guarantee, and
- the exercise price of a purchase option, if the Group is reasonably certain to exercise this, lease payments for an extension option if the Group is reasonably certain to exercise this and penalty payment for early termination of the lease, unless the Group is reasonably certain that the lease will not be terminated early.

The lease liability is measured at net carrying amount using the effective interest method. The lease liability is remeasured if the future lease payments change due to a change in the index or (interest) rate, if the Group adjusts its estimate of the expected payments in the context of a residual value guarantee, if the Group changes its assessment of a purchase, extension or termination option being exercised or a de facto fixed lease payment changes.

In the event of such remeasurement of the lease liability, a commensurate adjustment to the carrying amount of the right-of-use asset is made or is made through profit or loss where the carrying amount of the right-of-use asset has been reduced to zero.

The Group's main leasing arrangements include:
- Fibre leases: with terms between 2 and 20 years, including renewal option
- Office buildings: with terms between 1 and 30 years, including renewal option
- Technical infrastructures in the form of data centres: with terms between 15 and 20 years including renewal option

SHORT-TERM LEASES AND LEASES WHICH ARE BASED ON LOW VALUE ASSETS
The Group has decided not to report right-of-use assets and lease liabilities for leases based on low value assets as well as for short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

AS LESSOR
Where the Group acts as lessor, it classifies each lease either as a finance lease or operating lease at contract inception.

The Group makes an overall assessment to classify each lease based on whether the lease transfers substantially all risks and rewards of ownership of the underlying assets. If this is the case, the lease is classified as a finance lease; if not, it is classified as an operating lease. For the purposes of this assessment, the Group takes account of specific indicators, such as whether the lease includes the major part of the economic life of the asset.

The Group is a lessor primarily in the area of leasing network infrastructure (dark fibre). The corresponding lease payments from dark fibre operating leases are recognised by the Group as income on a straight-line basis over the term of the lease. Assets held under finance leases are presented in the balance sheet as a lease receivable in the amount of the net investment in the lease. Over the term of the lease, interest income is recognized in the financial result on a straight-line basis.

### D.2.5. INVENTORIES
Inventories are recognised at the lower of cost and net realisable value. The cost of inventories is measured on the basis of weighted average cost. Net realisable value is measured on the basis of appropriate reductions in selling price in the ordinary course of business based on marketability.

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## D.2.6. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. As defined in IAS 32 and IFRS 9, financial instruments include both non-derivative financial instruments (such as receivables, liabilities and shares) and derivative financial instruments.

a) Recognition and initial measurement

Financial assets and liabilities are recognised for the first time when an entity becomes party to the contractual provisions of the financial instrument. Regular-way purchases and sales of financial instruments are recognised on the trade date, i.e. the date on which the companies of Tele Columbus AG commit to purchasing the asset. Regular-way purchases or sales are purchases or sales of financial assets under a contract whose terms require delivery of the assets within the time frame established generally by regulation or convention in the marketplace concerned. With the exception of derivative financial instruments, financial assets are recognised as at their settlement date. If there are acquisitions or sales of financial assets in the ordinary course of business, these are accounted for in accordance with settlement date accounting.

On initial recognition, financial instruments are measured at fair value. Financial instruments that are not categorised as “at fair value through profit or loss” in the context of classification are recognised at fair value including the acquisition or issue of directly attributable transaction costs. Trade receivables excluding a significant financing component are measured at their transaction price.

b) Classification and subsequent measurement

On initial recognition of financial assets, Tele Columbus AG makes an allocation to one of the following measurement categories: “at amortised cost”, “at fair value through other comprehensive income – debt”, “at fair value through other comprehensive income – equity” and “at fair value through profit or loss”. With the exception of equity instruments, financial assets are allocated to the measurement categories irrespective of the identified business model under which the assets are held and the characteristics of the contractual cash flows. Financial assets are allocated to the category “at amortised cost” if they are held under a business model whose objective is to hold assets and if the payments are solely interest and principal payments and are made on specified dates.

Financial assets are allocated to the category "at amortised cost" if they are held as part of a business model whose objective is to hold assets and the payments are solely interest and principal and are made on specified dates.

The otherwise possible fair value option is currently not being exercised.

Financial assets are allocated to the category “at fair value through other comprehensive income – debt” if they are held under a business model whose objective is to hold and sell assets and if the payments are solely interest and principal payments and are made on specified dates

All other financial assets that are not classified as “at amortised cost” or “at fair value through other comprehensive income – debt” as described above are measured at fair value through profit or loss.

The business model is assessed at the portfolio level of the individual financial assets and their objectives. The Group has currently identified the “hold” business model for the financial instruments held.

Financial assets under the “hold” business model and thus in the category “at amortised cost” particularly include trade receivables, cash and cash equivalents and other financial receivables and assets.

Equity instruments are generally measured at fair value. On initial recognition of an equity instrument that is not held for trading, Tele Columbus AG can irrevocably decide to present the change in fair value in other comprehensive income (“at fair value through other comprehensive income – equity”). This decision is made for each individual instrument. The option is not currently exercised. There were no corresponding equity instruments or investments in the financial year.

Financial liabilities are generally classified in the category “at amortised cost”, irrespective of other criteria. If certain conditions are met on initial recognition, a different accounting treatment can be used. In addition to recognition at amortised cost, measurement at fair value through profit or loss is also possible. Derivatives must always be measured at fair value through profit or loss, and it is also possible to exercise the option “at fair value through profit or loss”. This option is not currently exercised. For issued loan commitments, the expected credit losses are also determined if certain conditions are met.

Subsequent measurement of financial assets is based on the following measurement categories:

- “Fair value through profit or loss”:
  Gains and losses and any interest income and dividends on financial assets that are measured at fair value through profit or loss are recognised in profit or loss.

- “At amortised cost”:
  Financial assets measured at amortised cost are measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognised in profit or loss. In addition, gains and losses that arise on derecognition are also recognised in profit or loss.

- “At fair value through other comprehensive income – debt”:
  Other debt instruments are measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains or losses, and impairment losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, aggregate gains and losses are reclassified to profit or loss. The described matter is not applicable to Tele Columbus at all.

- “At fair value through other comprehensive income – equity”:
  Other equity instruments are measured at fair value. Dividends that do not clearly compensate for part of the investment costs are recognised through profit or loss in the income statement. Other net gains and losses are recognised in other comprehensive income and cannot be reclassified to the income statement.

Subsequent measurement of financial liabilities is based on the following measurement categories:

- “Fair value through profit or loss”:
  Gains and losses and any interest expenses on financial liabilities that are measured at fair value through profit or loss are recognised in profit or loss.

- “At amortised cost”:
  Financial liabilities measured at amortised cost are measured using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. In addition, gains and losses that arise on derecognition are also recognised in profit or loss.

Embedded derivatives that are required to be separated are separated from the respective host contracts in accordance with IFRS 9 and are accounted for as separate instruments under the category "fair value through profit or loss". The embedded derivatives of the companies of Tele Columbus AG exist in connection with loan agreements and the bond.

Financial assets and liabilities at fair value through profit or loss are derivative financial instruments.

c) Derecognition

Financial assets are derecognised when the contractual rights to cash flows from the financial asset have expired or the rights to receive the contractual cash flows from a transaction in which substantially all the risks and rewards incidental to ownership are transferred to a third party or are neither transferred nor retained and there is no control over the financial asset.

A financial liability is derecognised from the statement of financial position when it is repaid, i.e. when the obligation under the liability is discharged or cancelled, or when the financial liability has expired. When the financial liability is derecognised, the difference between the previous carrying amount and the consideration paid (including non-cash assets or liabilities) is recognised in profit or loss.

When there is a substantial modification of terms for existing financial liabilities, the existing financial liability based on the previous terms is treated as extinguished, and the financial liability is recognised based on the changed terms at fair value.

d) Impairment of financial assets

*Simplified approach*
For trade receivables and contractual assets, a simplified approach is used to determine the impairment in the amount of the lifetime credit loss over the remaining term. The simplified approach is also used for trade receivables and contractual assets that contain a financing component in accordance with IFRS 15, as well as for receivables from leases. The (net) carrying amount of these instruments represents the maximum credit risk in each case.

If, in the case of trade receivables, there is objective evidence that not all amounts due will be received in accordance with the originally agreed invoice terms, an impairment loss is recognized using an allowance account (provision for impairment losses). A derecognition of the receivables takes place when they are classified as uncollectible.

Objective evidence of impairment includes, for example, significant financial difficulties of the debtor, default or delinquency in payments, reduction in creditworthiness, insolvency or other reorganization proceedings of the debtor. The asset is derecognized if legal recovery measures are considered to be largely unsuccessful.

Tele Columbus considers a default event to be when a counterparty is unable to fulfil its contractual obligations in respect of a financial instrument. At this point, there is a probability of default of 100% and the contractual cash flows are no longer expected to be collected. In addition, the portfolio is written down, adjusted for possible collateral. Further information on default events is presented in section F.3.2.3

Credit risk.

In determining expected credit losses and assessing the change in the relative probability of default, Tele Columbus takes into account forward-looking macroeconomic factors as well as debtor-specific and industry-specific characteristics. Further information on the determination of expected credit defaults and the assessment of the relative change in the probability of default is provided in section F.3.2.3

Notes to the consolidated financial statements

Credit risk

The carrying amount of the asset is reduced using an allowance account. The impairment loss is recognized in profit or loss. Where a similar risk structure exists, trade receivables are assessed for uncollectability on a portfolio basis. A portfolio combines receivables with a similar risk structure. Estimated credit losses as well as specific allowances are determined based on the age structure of the receivables as well as past credit loss experience.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. However, this reversal shall not result in a carrying amount of the financial asset at the date of the reversal that exceeds the amortized cost that would have been determined had no impairment loss been recognized. The reversal of the impairment loss is recognized in profit or loss.

*General approach*
All other financial instruments are subject to the general impairment model, which is generally subject to the following three levels:

**Level 1:** All relevant financial instruments are initially allocated to level 1. The present value of the expected losses from possible defaults within the next twelve months after the reporting date (“12-month expected credit losses”) is recognised as an expense. The interest income in connection with the financial instrument is calculated by multiplying its gross carrying amount at the start of the period by the effective interest rate calculated as at the time of its addition. Consequently, the effective interest method is applied on the basis of the carrying amount before taking account of risk provisions.

**Level 2:** Financial instruments that have a significantly increased credit risk in comparison to their addition date are allocated to level 2 of the impairment model. The impairment loss corresponds to the present value of the expected losses from possible defaults over the contractual remaining term of the financial instrument (“lifetime expected credit losses”). Interest income is calculated in the same way as in level 1.

**Level 3:** If objective evidence of impairment of the financial instrument can be observed in addition to significantly increased credit risk, the loss allowance continues to be measured based on the present value of the expected credit losses from possible default events over the remaining term of the financial instrument ('lifetime expected credit losses'). In contrast to levels 1 and 2, however, interest income is collected on the basis of the net carrying amount, i.e. the gross carrying amount less risk provisions, taking account of the original effective interest rate.

The carrying amount of the financial asset is reduced through use of an allowance account (provision for impairment). The impairment loss is recognised in profit or loss. Financial assets with similar risk exposures are checked for recoverability on a portfolio basis. A portfolio combines financial assets with a similar risk structure. Expected credit losses (bucket 2) are determined on the basis of the maturity structure of financial assets and experience with credit losses in the past.

If, in one of the following reporting periods, the amount of the impairment loss decreases and this decrease can be objectively attributed to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. This reversal may not result in the carrying amount of the financial assets exceeding the carrying amount at amortised cost that would have resulted had the impairment not been recognised at the date of reversing the impairment. The amount of the reversal is recognised in profit or loss.

To determine a significantly increased credit risk relative to initial recognition, Tele Columbus takes account of suitable information that is available without requiring excessive costs or effort.

Financial instruments in the general approach are subject to a significantly increased credit risk in the event of a (relative) change in the probability of default of more than 20%, and a significantly increased credit risk is assumed at the latest when the financial instrument is more than 90 days past due. Please refer to section F.3.2.3

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Credit risk for more details on accounts receivable risk.

For cash, the exemption for financial instruments with a low credit risk is utilised where possible as at the reporting date. A low credit risk is judged on the basis of country and debtor ratings and outlooks, among other information. The requirements for financial instruments with a low credit risk are considered to be satisfied for cash with at least one investment-grade rating (AAA to BBB- at Standard & Poor's), meaning that the credit risk does not need to be tracked for financial instruments with a low credit risk. For materiality reasons, Tele Columbus does not recognise impairment on cash.

### D.2.7. EMPLOYEE BENEFITS

Employee benefits include benefits due in the short-term as well as benefits due after employment has been terminated, other long-term benefits and termination benefits.

Post-employment benefits are classified as either defined benefit plans or defined contribution plans, depending on the economic substance of the plan as derived from its principal terms and conditions.

#### SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are recognised as an expense in the period in which the benefit is provided. A liability for the anticipated payable amount is recognised if the companies of Tele Columbus Group currently have a legal or constructive obligation to pay this amount due to work performed by the employee in the past and if the amount of the obligation can be estimated reliably.

#### SHARE-BASED PAYMENT ARRANGEMENTS

The fair value of the equity-settled share-based payment programmes granted to employees at the grant date is generally recognised as an expense over the vesting period with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the number of claims for which the related service conditions and non-market performance conditions are expected to be met, so that the amount ultimately recognised is based on the number of claims that meet the related service conditions and non-market performance conditions at the vesting date. For share-based payments with non-vesting conditions, the fair value of the share-based payment is measured at the date of granting in order to take these conditions into account and no adjustments are made for any differences between the anticipated results and the actual results.

The fair value of the amount payable to employees in respect of stock appreciation rights that are settled in cash is recognised as an expense with a corresponding increase in the liability over the period in which the employees become unconditionally entitled to those payments. The liability is remeasured at each reporting date and at the settlement date based on the fair value of the stock appreciation rights. Any changes in the liability are recognised in profit or loss.

#### DEFINED CONTRIBUTION PLANS

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (e.g. a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The pension insurance represents such a defined contribution plan. The amounts are recognized in personnel expenses.

#### DEFINED BENEFIT PLANS

Defined benefit pension plans are post-employment benefit plans other than defined contribution plans, under which the respective companies are required to provide the agreed benefits to current and former employees.

Defined benefit plans are measured by using the projected unit credit method, which is based on various assumptions and expectations regarding future increases in salaries and pension payments as well as employee turnover and mortality. The obligations are measured by independent qualified actuaries once a year. The accumulated defined benefit obligations are recognised under personnel expenses, interest expenses and other expenses.

Should there be plan assets for defined benefit plans, which are used exclusively to secure retirement benefit obligations, such plan assets are measured at fair value and recognised

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on a net basis at the value of the pension provisions by using the projected unit credit method. Assets that are not netted are reported as other financial receivables.

Gains and losses resulting from changes in actuarial assumptions as well as the difference between standard and actual interest on plan assets are recognised in other comprehensive income.

AGREEMENTS FOR PARTIAL RETIREMENT BENEFITS

In certain cases, employees of some companies are offered agreements for partial retirement benefits. Such provisions are measured at their present value, considering benefit entitlements of employees based on years of service.

ANNIVERSARY OBLIGATIONS

Employees of some companies receive jubilee or other long-service benefits upon having served the company for a certain number of years. Such provisions are measured at their present value, considering benefit entitlements of employees based on years of service.

BENEFITS RESULTING FROM TERMINATION OF EMPLOYMENT

Termination benefits are expensed when the companies of Tele Columbus AG can no longer withdraw the offer of such benefits. They are discounted if they are not expected to be fully settled within twelve months of the reporting date.

### D.2.8. OTHER PROVISIONS

According to IFRS, a provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the companies of Tele Columbus Group expect that some or all of the expenditure required to settle a provision will be reimbursed, then the reimbursement is recognised as a separate asset when it is virtually certain that reimbursement will be received. Where the effect of the time value of money is material, provisions relating to future cash flows are discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability, to the extent applicable.

In some cases, the Group is obliged on the basis of existing lease agreements (e.g. in relation to the headquarters building) to restore the leased assets or premises to their original condition at the end of the respective lease term. A provision has been recorded for the present value of the estimated expenditure required to remove any leasehold improvements or to restore the premises to their original condition. These costs have been capitalized as part of the cost of property, plant and equipment and are being depreciated over the shorter of the lease term and the useful life of the leased assets.

### D.2.9. ACCRUALS AND DEFERRALS (NON-FINANCIAL)

Investment grants and prepayments from customers for services rendered after the reporting date are recognised as deferred income. In some cases, government grants are also awarded (e.g. to compensate for economic efficiency gaps in development areas), which are also taken into account as deferred income and for which there are usually no unfulfilled conditions or other success uncertainties. They are released to sales (customer prepayments) or other income (investment grants) in accordance with the contractually agreed term.

### D.2.10. RECOGNITION OF REVENUE

In the case of multi-component transactions (e.g. Internet, telephony and TV), the total transaction price of the combined contract is allocated to the individual, separate performance obligations on the basis of the pro-rata stand-alone selling prices. The stand-alone selling price of each individual component is stated as a ratio of the sum of the stand-alone selling prices of the contractual performance obligations.

A contract asset is recognised if Tele Columbus has recognised revenue due to the fulfilment of a contractual performance obligation before the customer has made a payment or (regardless of due date) the preconditions for invoicing, and thus the recognition of a receivable, are in place. Typically, this occurs in the course of revenue smoothing due to discounts granted at the start of an end customer contract and for construction work.

A contract liability is recognised if the customer has made a payment or a receivable from the customer is due before Tele Columbus has satisfied a contractual performance obligation and thus recognised revenue. Typically, this occurs by way of paid provision fees and other advance one-off payments of the customer which do not constitute a consideration for a separate performance obligation. Contract liabilities are usually reported in the position "Accruals and deferrals (non-financial)".

For each contract with a customer, contract liabilities are netted with the contract assets.

When a contract is concluded in the B2C segment, Tele Columbus charges the customer a one-off installation fee that is not reimbursed. Installation does not constitute a separate performance obligation. Furthermore, the customer is not granted any material rights with the installation fee. The installation fee is categorised as a non-refundable upfront fee. Pursuant to IFRS 15, these upfront payments are recognised as a liability and – in line with the transfer of the service to the customer – recognised as revenue over the contract term. Companies can choose not to include a financing component at the level of the individual contract for materiality reasons.

The majority of revenue arises from customers which have already terminated the original contract term and have received performance under contract extensions with a maximum term of one year. No information is provided on the remaining performance obligations as at 31 December 2021 that have an original expected duration of one year or less.

The carrying amount of the contract costs included in the statement of financial position as at 31 December 2021 was KEUR 30,132 (2020: KEUR 32,753) and mainly consists of sales commissions to third-party dealers in direct and indirect distribution channels and to employees.

PERFORMANCE OBLIGATIONS AND REVENUE RECOGNITION METHODS

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a good or service to a customer.

The following provides information on the type and point in time at which the performance obligation from contracts with customers is satisfied, including significant payment terms, and the associated revenue recognition principles for the individual products and/or services of the Group.

ANALOGUE, INTERNET / TELEPHONY, ADDITIONAL DIGITAL SERVICES

The customer is provided with the analogue connection, the internet/telephone connection and the additional digital service during the contract period. The provision of customer premise equipment (e.g. modems or receivers) does not constitute a separately identifiable performance obligation, as these are an integral part of the respective TV, telephone or Internet services.

Revenue is recognised pursuant to IFRS 15 over time. Revenue recognition corresponds to the provision of services for the customer (output-based method). If the aforementioned services are performed in different reporting periods under a single agreement, the fee is divided between the services on the basis of the relative stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group offers the services in separate transactions. If no list prices are available, the stand-alone selling prices are estimated in accordance with the requirements of IFRS 15.

OTHER TRANSMISSION FEES AND FEED-IN FEES

Revenue for other transmission fees and various feed-in fees (comprise payments for the feed-in of the broadcaster's programming signals into the cable networks of the TC Group and their onward transmission via the cable networks of the TC Group to the connected residential units. They are recognised over the contract term. The invoicing intervals (monthly, quarterly or annual) depend on the negotiated contractual terms. Revenue is recognised on a monthly basis and is estimated regarding the requirements of IFRS 15, which means that the estimate of variable parts of the transaction price is constrained in line with the requirements in IFRS 15.56-58.

CONSTRUCTION WORK

Construction services include installing fibre-optic networks, connecting residential areas to the Group's own backbone, and expanding or modernising coaxial or glass infrastructure in residential buildings owned by the customer. Construction services are recognised over the performance period. The length of the performance period depends on the scope of the respective construction service. At individual contractually agreed payment dates, Tele Columbus issues an invoice to the customer in line with the stage of completion of the construction service. Advance payments are also contractually agreed with the customer on an individual basis.

Revenue is recognised pursuant to IFRS 15 over time. An input-based method (cost-to-cost method) is used for revenue recognition. Advance payments received are recognised under contract liabilities.

Revenue associated with construction or build-out services under a service concession arrangement is recognized on a time-apportioned basis.

This is done in line with the Group's accounting policy for the recognition of revenue from construction contracts. Revenue from operating or service activities is recognized in the period in which the services are rendered by the Group. If the service concession arrangement includes more than one performance obligation, then the consideration received is allocated based on the relative stand-alone selling prices of the individual services provided.

NETWORK CAPACITY

Major customers are provided with a contractually agreed bandwidth (transfer capacity) for transmitting data via Tele Columbus infrastructure (networks).

Pursuant to IFRS 15 revenue is recognised over time. Revenue recognition corresponds to the provision of services for the customer (output-based method).

ONE-OFF FEES FOR BUSINESS CUSTOMERS

The item includes revenue from the installation of individual facilities at the customer.

Revenue is recognised at the date of service provision in accordance with IFRS 15.

HARDWARE SALES

Revenue from the sale of hardware is recognized when control of the specific hardware has been transferred, i.e. generally upon delivery of the hardware, which represents the date of fulfillment of the performance obligation.

### D.2.11. FAIR VALUE MEASUREMENT ACCORDING TO IFRS 13

The companies of Tele Columbus AG measure their derivative financial instruments at fair value. The measurement model used is based on a calculation of fair value on the basis of different yield curves and assumed decision trees to take account of different scenarios. For detailed explanations, please refer to F.3.2 Risk management in the area of financial instruments.

In addition, the fair value of financial assets and liabilities measured at amortised cost is reported in section F.3.1 Carrying amounts and net income from financial instruments.

The general responsibility for monitoring all significant fair value measurements, including level 3 inputs to measure fair value, lies directly with the finance and accounting department of the company preparing the statements, which reports directly to the Management Board. The management of Tele Columbus regularly reviews the most important inputs and measurement parameters. If information from third parties – such as quoted prices from price information services – is used to determine fair value, the management assesses the evidence obtained from the third parties in terms of the compliance of these measurements with IFRS requirements, including the fair value hierarchy level to which these measurements are assigned.

In determining the fair value of an asset or liability, the companies of Tele Columbus AG use data observable in the market insofar as possible. The inputs used to determine fair value

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are assigned to different levels of the fair value hierarchy in line with the valuation technique applied:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. If there are transfers between individual levels of the fair value, these are assessed as having taken place at the end of the reporting period. Derivatives are generally reported in level 2. In 2021, there were no transfers between level 1 and level 2 of the fair value hierarchy.

## D.2.12. INCOME TAXES

CURRENT INCOME TAXES

Current income tax assets and liabilities are measured at the amount at which a refund from the tax authority or a payment to the tax authority is expected; they are not discounted. The respective amount is calculated based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The Group operates only in Germany and generates its taxable income there.

Current taxes relating to items that are accounted for directly in equity are not recognised in the income statement but rather in equity. The management regularly assesses individual tax issues to determine whether there is scope for interpretation in view of the applicable tax regulations. If necessary, tax provisions are recognised.

DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are recognised using the liability method for all temporary differences between the carrying amount of the assets/liabilities recognised for tax purposes and the carrying amount according to IFRS.

Deferred tax liabilities for temporary differences are recognised for all taxable temporary differences, with the exception of deferred tax liabilities from the initial recognition of goodwill or of an asset or liability in the context of a transaction that was not a business combination and did not impact either the profit for the period under commercial law or the taxable profit at the time of the transaction. In addition, deferred tax liabilities from taxable temporary differences in connection with investments in subsidiaries, associates and interests in joint arrangements also are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recognised only to the extent that it is probable that the respective taxable entity (company or reporting entity) will generate sufficient taxable profit against which the deductible temporary differences and unused tax losses can be utilised. There is an exception to this in the case of deferred tax assets from deductible temporary differences that arise from the initial recognition of an asset or liability in the context of a transaction that is not a business combination and that did not impact either the profit for the period under commercial law or the taxable profit at the time of the transaction. The same applies to deferred tax assets from deductible temporary differences in connection with investments in subsidiaries, associates and interests in joint arrangements if it is probable that the temporary differences will not reverse in the foreseeable future or that sufficient taxable profit will not be available against which the temporary differences can be used.

The value of deferred tax assets is based on future taxable income generated by the taxable entity (company or reporting entity) and is reviewed annually. If it is no longer probable that sufficient taxable income will be generated against which the deferred tax assets can be used at least in part, then the recognition for the deferred tax assets is corrected to the appropriate level.

Notes to the consolidated financial statements

Management regularly reviews the positions in the tax returns with regard to situations where the applicable tax law allows for different interpretations and considers whether it appears probable that the tax authority will accept an uncertain tax treatment. The Group assesses the impact of uncertainty arising from uncertain tax treatments using either the most likely amount or the expected value, whichever is more appropriate for predicting the resolution of the uncertainty.

Deferred tax assets and liabilities are measured using the tax rates expected to be valid for the period in which an asset is realised or a liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are recognised under non-current assets or liabilities. If changes in assets and liabilities are reported in other comprehensive income or directly in equity, the change in the corresponding deferred tax assets or liabilities is also recognised in other comprehensive income or separately in equity.

Deferred tax benefits acquired as part of a business combination that do not satisfy the criteria for separate recognition at the acquisition date are recognised in subsequent periods, provided they result from new information about facts and circumstances that existed at the acquisition date. The adjustment is either treated as a decrease in goodwill (provided it does not exceed goodwill) if it arises during the measurement period or is recognised in profit or loss.

Deferred tax assets and liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority either for the same taxable entity or for different taxable entities that intend either to settle current tax liabilities and assets on a net basis or to recover the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### D.2.13. ASSETS HELD FOR SALE

Assets held for sale are classified as such if their carrying amount will be recovered principally through a highly probable sale transaction within the next twelve months rather than through continuing use. These assets are measured at the lower of their carrying amount and their fair value less costs to sell and are classified as assets held for sale. In this case, depreciation is no longer recognised. Impairment is recognised on these assets if their fair value less costs to sell is lower than their carrying amount. In the event of a subsequent increase in fair value less costs to sell, the previously recognised impairment loss is reversed. The amount of the reversal is limited to that of the impairment loss previously recognised for the assets in question. If the requirements for classification as assets held for sale are no longer met, the assets can no longer be reported as held for sale. In the reporting period, assets held for sale were recognised at the lower of their carrying amount and their fair value less costs to sell at the start of the active search for the buyer. The assets are available for immediate sale on terms that are usual and customary for the sector; a sale is therefore highly probable.

## D.3. Compliance with IFRS

The following accounting standards and interpretations were adopted for the first time in these financial statements:

| Standard/ Interpretations | | **Effective as at** |
|---|---|---|
| Amendments IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark Reform | 1 January 2021 |

The standards and interpretations listed above had no material impact on the consolidated financial statements as at 31 December 2021.

The following table shows the main new or revised standards (IAS/IFRS) and interpretations (IFRIC) that are not required to be applied until subsequent financial years and that the companies of Tele Columbus AG do not intend to apply early. Unless otherwise indicated, their effects on the consolidated financial statements are currently being examined. The overview is divided into provisions that have already been endorsed by the EU and provisions

Notes to the consolidated financial statements

that have not yet received EU endorsement. Unless otherwise stated, the adoption date refers to the effective date as specified in the EU endorsement.

| Standard/ Interpretations | | Effective as at[1)] |
|---|---|---|
| Amendments to IFRS 16 | Covid-19-Related Rent Concessions | 1 April 2023 |
| Amendments to IAS 16 | PP&E: Proceeds before intended use | 1 January 2022 |
| Amendments to IFRS 3 | Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to IAS 37 | Onerous contracts - costs of fulfilling a contract | 1 January 2022 |
| AIP 2018-2020 | IFRS 1, IFRS 9, IFRS 16, IAS 41 | 1 January 2022 |
| Amendments to IAS 1 | Classification of Liabilities as current or non-current | 1 January 2023 |
| Amendments to IAS 1 | Accounting policies | 1 January 2023 |
| Amendments to IAS 8 | Definition of estimation uncertainties | 1 January 2023 |
| Amendments to IFRS 17 | Insurance contracts | 1 January 2023 |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to IFRS 10/IAS 28 | Sale or contribution of assets | pending |

1) Financial years beginning on or after the date indicated.

It is expected that amendments to IFRSs will not have a significant impact on the financial reporting of the companies of Tele Columbus AG.

| Notes to the consolidated financial statements

# E. Explanatory notes to the consolidated income statement and consolidated statement of financial position

## E.1. Revenue

| | 2021 | | | | |
|---|---|---|---|---|---|
| KEUR | TV | Internet & Telephony | Business Customers | Other | Total |
| **Revenue from contracts with customers** | 239,461 - | 170,520 - | 44,851 - | 1,521 - | 456,353 |
| Analogue | 176,566 | – | – | – | 176,566 |
| Internet/telephony | – | 150,860 | 15,325 | – | 166,185 |
| Receiver[1)] | 10,351 | 6,800 | – | – | 17,151 |
| Additional digital services | 29,089 | – | – | – | 29,089 |
| Other transmission fees and miscellaneous feed-in charges | 20,233 | 10,936 | – | – | 31,169 |
| Construction services | – | – | – | 1,215 | 1,215 |
| Network capacity | – | – | 16,530 | – | 16,530 |
| Computing centre | – | – | 4,217 | – | 4,217 |
| One-off fees for business customers | – | – | 2,241 | – | 2,241 |
| Antenna/maintenance | 989 | 692 | – | 297 | 1,978 |
| Hardware sales | – | – | 5,889 | – | 5,889 |
| Other | 2,233 | 1,232 | 649 | 9 | 4,123 |
| **Revenue from renting** | – | – | 6,491 | – | 6,491 |
| Network infrastructure rent | – | – | 6,491 | – | 6,491 |
| **Revenues according to segment reporting** | 239,461 | 170,520 | 51,342 | 1,521 | 462,844 |

Notes to the consolidated financial statements

| KEUR | TV | Internet & Telephony | Business Customers | Other | Total |
|---|---|---|---|---|---|
| | 2020 [1] restated | | | | |
| **Revenue from contracts with customers** | **243,608** | **164,418** | **50,515** | **10,041** | **468,582** |
| Analogue | 185,056 | – | – | – | 185,056 |
| Internet/telephony | – | 146,277 | 14,506 | – | 160,783 |
| Receiver[1] | 10,026 | 6,129 | – | – | 16,155 |
| Additional digital services | 29,254 | – | – | – | 29,254 |
| Other transmission fees and miscellaneous feed-in charges | 15,490 | 9,965 | – | – | 25,455 |
| Construction services | – | – | 750 | 9,833 | 10,583 |
| Network capacity | – | – | 16,784 | – | 16,784 |
| Computing centre | – | – | 3,290 | – | 3,290 |
| One-off fees for business customers | – | – | 2,736 | – | 2,736 |
| Antenna/maintenance | 1,197 | 599 | – | 200 | 1,996 |
| Hardware sales | 87 | 55 | 12,196 | – | 12,338 |
| Other | 2,498 | 1,393 | 253 | 8 | 4,152 |
| **Revenue from renting** | **–** | **–** | **4,686** | **–** | **4,686** |
| Network infrastructure rent | – | – | 4,686 | – | 4,686 |
| **Revenues according to segment reporting** | **243,608** | **164,418** | **55,201** | **10,041** | **473,268** |

1) Further information regarding the adjustments provided in section "**A.4 Correction according to IAS 8.42ff**"

The presentation of other revenue was expanded in 2021 to include business customers. The previous year was presented accordingly.

The revenues of the companies of Tele Columbus AG mainly comprise monthly subscription fees and, to a small extent, one-off installation and connection charges for basic analogue and digital cable television as well as premium ancillary digital services. They also include fees for high-speed internet access and telephony charges. Other revenue includes other transmission fees and feed-in fees paid as consideration for the distribution of programmes to the companies of Tele Columbus AG, as well as construction services.

Network infrastructure rental includes renatal income from operating leases of KEUR 3,605 (2020: KEUR 3,356) and from finance leases of KEUR 2,886 (2020: KEUR 1,330).

Notes to the consolidated financial statements

In the financial year 2021, revenue of KEUR 18 was recognised, which was included in the carrying amount of contract liabilities of KEUR 3,293 as at 31 December 2020.

## E.2. Own work capitalised

Own work capitalised in the amount of KEUR 22,446 in 2021 (2020: KEUR 24,625) mainly comprises expenses for work performed by our own employees in connection with expanding the cable network.

## E.3. Other income

| KEUR | 2021 | 2020 |
|---|---|---|
| Gains on disposal of non-current assets[1] | 4,937 | 1,422 |
| Income from the reversal of accounts receivables with credit accounts | 3,105 | – |
| Income from dunning fees | 637 | 721 |
| Income from the reversal of provisions | 472 | 481 |
| Income from marketing subsidies | 493 | 451 |
| Income from sale | 101 | 154 |
| Miscellaneous other income | 3,807 | 3,881 |
| | **13,552** | **7,110** |

1) Thereof KEUR 2,688 related to the sale of KSP-Kabel Service Prenzlau GmbH (Refer to B.2 Changes in the consolidated group)

Payments and increases in value that are not directly related to the corporate purpose are recognised in other income. Miscellaneous other income consists of various individual items.

## E.4. Cost of materials

| KEUR | 2021 | 2020 [1] restated |
|---|---|---|
| Cost of raw materials and supplies | –678 | –850 |
| Cost of purchased services/goods | –137,188 | –146,477 |
| | **–137,866** | **–147,327** |

1) Further information regarding the adjustmentis provided in section "A.4 Correction according to IAS 8.42ff".

Costs of raw materials, supplies and operating materials were for goods used for doing repair and maintenance work.

The cost of purchased services and goods mainly relates to fees for the reception of signals, construction services, maintenance costs, commissions, electricity and other services as well as changes in inventories of customer terminals.

## E.5. Employee benefits

| KEUR | 2021 | 2020 |
|---|---|---|
| Wages and salaries | –69,675 | –66,610 |
| Social contributions and expenses for pension provisions | –13,314 | –12,016 |
| Other personnel costs | –1,649 | –1,811 |
| | **–84,638** | **–80,437** |

Expenses for German pension insurance plans amounted to KEUR 6,403 in 2021 (2020: KEUR 5,756).

Notes to the consolidated financial statements

## E.6. Other expenses

| KEUR | 2021 | 2020 [1] restated |
|---|---|---|
| Legal and advisory fees | −25,325 | −11,690 |
| Advertising | −13,142 | −10,559 |
| IT costs | −10,334 | −9,270 |
| Impairment on receivables | −6,885 | −2,954 |
| Occupancy costs | −3,095 | −3,488 |
| Vehicle costs | −2,569 | −2,785 |
| Communication costs | −2,416 | −2,826 |
| Insurance, fees and contributions | −1,635 | −1,645 |
| Office supplies and miscellaneous administrative expenses | −1,030 | −1,693 |
| Incidental bank charges | −937 | −954 |
| Maintenance | −738 | −977 |
| Travel expenses | −510 | −850 |
| Losses on disposal of non-current assets | −237 | −368 |
| Miscellaneous other expenses | −5,122 | −4,277 |
| | **−73,975** | **−54,336** |

1) Further information regarding the adjustments provided in section “A.4 Correction according to IAS 8.42ff”

## E.7. Amortisation, depreciation and impairment losses

Depreciation, amortisation and impairment losses of intangible assets, property, plant and equipment and right-of-use asset amounted to KEUR 214,758 (2020: KEUR 354,291), of which KEUR 948 (2020: KEUR 149,937) was attributable to impairments. In the reporting year, impairment losses were recognised exclusively on goodwill.

Amortisation includes an amount of KEUR 21,166 (2020: KEUR 18,675) for costs to obtain and costs to fulfil a contract.

## E.8. Interest income and expenses

| KEUR | 2021 | 2020 |
|---|---|---|
| Interest and similar income | 147 | 83 |
| **Interest and similar income** | **147** | **83** |
| Interest expenses | −62,281 | −57,817 |
| Expenses resulting from revaluation of interest caps | −19,980 | −6,890 |
| **Interest and similar expenses** | **−82,261** | **−64,707** |
| | **−82,114** | **−64,624** |

The interest expenses are mainly related to liabilities to banks and from the bond. The increase in interest expenses in the current reporting year results in particular from the interest expense of KEUR 15,388 incurred in the context of the early redemption of the loans as well as KEUR 5,354 waiver fee for the waiver of the creditors' contractual right to call in the loans, which would have resulted from the takeover by Kublai GmbH.

## E.9. Other finance income / costs

| KEUR | 2021 | 2020 |
|---|---|---|
| Value adjustment due to earn-out liability | 120 | 130 |
| Value adjustment of embedded derivatives | 1,728 | 2,851 |
| **Total other financial income** | **1,848** | **2,981** |

Notes to the consolidated financial statements

## E.10. Income tax expense

| KEUR | 2021 | 2020 [1] restated |
|---|---|---|
| Income from deferred taxes | 10,546 | 1,972 |
| Current tax expenses, current year | −2,846 | −3,154 |
| Current tax results, previous years | −976 | −1,673 |
| **Total tax result** | **6,724** | **−2,855** |

1) Further information regarding the adjustments provided in section "A.4 Correction according to IAS 8.42ff"

The following table shows the reconciliation of annual profit multiplied by the effective tax rate to income taxes:

| KEUR | 2021 | 2020 [1] restated |
|---|---|---|
| Earnings before tax (EBT) | −92,596 | −192,958 |
| Group's tax rate | 30.91% | 30.82% |
| **Expected tax expense (-) / income (+)** | **28,621** | **59,470** |
| Adjustments of temporary differences | 63 | 443 |
| Effects due to changes in tax rates | −70 | – |
| Adjustments for changes in recognition | −18,960 | −12,129 |
| Trade tax additions / subtractions | −1,844 | −2,036 |
| Non-deductible expenses | −288 | −304 |
| Non-taxable income | 847 | – |
| Effect from impairment of goodwill | −253 | −46,500 |
| Taxes for previous years | −976 | −1,673 |
| Other differences | −416 | −126 |
| **Reported income tax expense (-) / income (+)** | **6,724** | **−2,855** |

1) Further information regarding the adjustments provided in section "A.4 Correction according to IAS 8.42ff"

The overall tax rate of 30.91 % (2020: 30.82 %) corresponds to the tax rate of Tele Columbus AG

Because of the potential risk of retrospective tax payments due to a tax audit at subsidiary level, the Tele Columbus AG as the parent company and other tax debtors recorded liabilities for uncertain income tax payments.

"Adjustments for changes in recognition" result particularly from not capitalizing interest carryforwards as well as from corrections of loss carried forwards to lower values.

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In the financial year, amortisation of goodwill was carried out, which had no effect on current and deferred taxes and thus led to a corresponding effect in the reconciliation statement.

Deferred tax assets and liabilities are recognised for the following types of temporary differences and loss carryforwards:

| KEUR | 31 December 2021 | 31 December 2020 [1] restated |
|---|---|---|
| Property, plant, and equipment | 4,693 | 6,853 |
| Financial assets (without derivatives) and other assets | 5,451 | 5,451 |
| Intangible assets | 4,531 | 7,535 |
| Tax loss and interest carry forwards | 9,662 | 13,127 |
| Derivatives | 1,455 | 3,441 |
| Liabilities and provisions | 11,128 | 13,888 |
| Offset | −36,920 | −50,158 |
| **Deferred tax assets** | **–** | **137** |
| Property, plant, and equipment | −4,842 | −6,059 |
| Intangible assets | −27,627 | −39,716 |
| Receivables and other assets | −6,389 | −4,549 |
| Liabilities and provisions | −5,533 | −16,413 |
| Derivatives | −355 | −1,811 |
| Offset | 36,920 | 50,158 |
| **Deferred tax liabilities** | **−7,826** | **−18,390** |
| Change | 10,427 | 1,928 |
| of which through profit or loss | 10,546 | 1,972 |
| thereof recognised by consolidation (current assets) | – | – |
| of which not through profit or loss through consolidation (intangible assets) | – | – |
| of which offset against other comprehensive income (provisions) | −119 | −44 |

1) Further information regarding the adjustments provided in section “A.4 Correction according to IAS 8.42ff”

Notes to the consolidated financial statements

The deferred tax assets and liabilities recognised in other comprehensive income result from measurement differences in pension provisions.

All other changes in deferred tax items were recognised as deferred income tax expense/income.

The Group has construction projects which recognition of income is recognised over time in accordance with IFRS 15, but in contrast to the tax law under IFRS. Accordingly, inventories are capitalised for tax purposes and advance payments received are recognised as liabilities, whereas receivables are recognised under IFRS. In the previous year, there was a corresponding increase in deferred tax items for "financial assets (without derivatives) and other assets" and "liabilities and provisions". In the past financial year, on the other hand, fewer construction projects of this kind were carried out or the ongoing projects from the previous year were completed, which led to a corresponding decrease in deferred taxes.

Deferred tax assets for property, plant and equipment and intangible assets particularly result from higher amounts recognised for these assets in supplementary statements of financial position and from the effects of intercompany profit elimination within the Group. Deferred tax assets in connection with liabilities and provisions result in particular from provisions for impending losses that are not tax deductible and from the recognition of liabilities from lease contracts.

Deferred tax liabilities particularly result from the identification of intangible assets (particularly the customer base) in the context of acquisitions and from the fair value measurement of property, plant and equipment performed in connection with this.

No deferred tax assets were recognised on the following temporary differences, tax loss carryforwards and interest carryforwards because the realisation of future tax profits is subject to a corresponding degree of planning uncertainty and can therefore not be proven with sufficient certainty.

The decrease results from the loss and interest carryforwards before the change in shareholders in the past financial year.

| KEUR | 31 December 2021 | 31 December 2020 [1] restated |
| --- | --- | --- |
| Temporary differences | – | 427 |
| Trade tax loss carry-forwards | 39,564 | 52,430 |
| Corporate tax loss carry-forwards | 79,973 | 143,337 |
| Interest carry-forwards | 195,859 | 224,180 |

1) Further information regarding the adjustments provided in section "A.4 Correction according to IAS 8.42ff"

In the previous year, losses carried forward in the amount of KEUR 219 were recognised. These are not taken into account due to the change in shareholding in 2021.

Not included in the recognition basis for deferred taxes are 5% of the differences between the recognition of the pro-rata equity of the subsidiaries and the lower corresponding investment valuations recognised in the financial statements for tax purposes (outside basis differences) of KEUR 1,505 (2020: KEUR 912). A realisation is currently not planned. On disposal, 5% of the sales proceeds would be subject to taxation.

## E.11. Assets held for sale and liabilitites held for sale

In the fourth quarter of 2021, Tele Columbus Group decided to dispose of several subsidiaries, which are regionally responsible for the construction and operation of a broadband cable network, within one year. Accordingly, these subsidiaries are classified as a disposal group held for sale and are presented separately below.

Notes to the consolidated financial statements

As at 31 December 2021, the disposal group comprises the following assets and liabilities:

| KEUR | 31 December 2021 |
|---|---|
| Property, plant and equipment | 31 |
| Intangible assets | 1,204 |
| Investments in participation | 860 |
| Trade and other receivables | 509 |
| **Assets held for sale** | **2,604** |

| KEUR | 31 December 2021 |
|---|---|
| Other provisions | 65 |
| Trade and other payables | 432 |
| Other financial liabilities | 1,130 |
| Accruals and deferrals | 14 |
| Income tax liabilities | 146 |
| **Liabilities held for sale** | **1,787** |

The subsidiaries to be sold are allocated to the segment "TV". Impairment losses of KEUR 948 were recognised in goodwill.

No cumulative income or expenses related to the disposal group are included in other comprehensive income.

Notes to the consolidated financial statements

## E.12. Property, plant and equipment and intangible assets

The following tables show the movements in carrying amounts of property, plant and equipment and intangible assets in the year from 1 January to 31 December 2021, and for the comparative period from 1 January to 31 December 2020.

Movements in intangible and fixed assets during the financial year 2021

| | Acquisition costs | | | | | | Accumulated depreciation/amortisation and impairment | | | | | | | Net carrying amounts | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| KEUR | 1 Jan 2021 restated | Disposals from changes in consolida-ted entities (+/-) | Additions | Classified as held for sale and other disposals[1] | Reclasses | 31 Dec 2021 | 1 Jan 2021 restated | Disposals from changes in consolida-ted entities (+/-) | Scheduled additions | Impair-ment | Classified as held for sale and other disposals[1] | Reclasses | 31 Dec 2021 | 31 Dec 2021 | 31 Dec 2020 restated |
| **I. Intangible assets** | | | | | | | | | | | | | | | |
| 1. Goodwill | 1,312,116 | −3,475 | – | −1,159 | – | 1,307,482 | 422,456 | – | – | 948 | −948 | – | 422,456 | 885,026 | 889,660 |
| 2. Concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets | 198,517 | −1 | 7,764 | −148 | 14,150 | 220,282 | 107,526 | −1 | 24,273 | – | −129 | – | 131,669 | 88,613 | 90,991 |
| 3. Internally developed software | 2,567 | – | 302 | – | – | 2,869 | 937 | – | 61 | – | – | – | 998 | 1,871 | 1,630 |
| 4. Customer bases | 340,055 | – | – | −1,647 | – | 338,408 | 248,486 | – | 31,776 | – | −655 | – | 279,607 | 58,801 | 91,569 |
| 5. Customer commissions | 142,767 | −119 | 18,560 | −746 | – | 160,462 | 110,014 | −104 | 21,166 | – | −746 | – | 130,330 | 30,132 | 32,753 |
| 6. Advance payments | 10,859 | – | 11,839 | – | −12,502 | 10,196 | – | – | – | – | – | – | – | 10,196 | 10,859 |
| | *2,006,881* | *−3,595* | *38,465* | *−3,700* | *1,648* | *2,039,699* | *889,419* | *−105* | *77,276* | *948* | *−2,478* | – | *965,060* | *1,074,639* | *1,117,462* |
| **II. Property, plant, and equipment** | | | | | | | | | | | | | | | |
| 1. Properties and buildings | 38,157 | – | 2,513 | −813 | 4 | 39,861 | 9,699 | – | 5,849 | – | −633 | – | 14,915 | 24,946 | 28,458 |
| 2. Plant and equipment[2] | 1,494,204 | −2,113 | 128,140 | −13,273 | 81,443 | 1,688,401 | 920,763 | −1,674 | 121,937 | – | −12,412 | 5 | 1,028,619 | 659,782 | 573,441 |
| 3. Other, operating, and office equipment | 52,488 | −20 | 6,774 | −963 | 435 | 58,714 | 31,156 | −10 | 8,748 | – | −883 | 47 | 39,058 | 19,656 | 21,332 |
| 4. Assets under development and advance payments | 86,244 | −2 | 66,726 | −204 | −83,530 | 69,234 | 137 | – | – | – | −85 | −52 | – | 69,234 | 86,107 |
| | *1,671,093* | *−2,135* | *204,153* | *−15,253* | *−1,648* | *1,856,210* | *961,755* | *−1,684* | *136,534* | – | *−14,013* | – | *1,082,592* | *773,618* | *709,338* |
| | **3,677,974** | **−5,730** | **242,618** | **−18,953** | **–** | **3,895,909** | **1,851,174** | **−1,789** | **213,810** | **948** | **−16,491** | **–** | **2,047,652** | **1,848,257** | **1,826,800** |

1) Refer to "E.11 Assets held for sale and liabilitites held for sale"
2) In 2020, capitalised investments in technical equipment in the amount of KEUR 300,000 were recognised directly in expenses. In 2021, the capitalisation was made up for and the adjustment was made in the current account.

Notes to the consolidated financial statements

Movements in intangible and fixed assets during the financial year 2020

| | Acquisition costs | | | | | | | Accumulated depreciation/amortisation and impairment | | | | | | | | Net carrying amounts | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| KEUR | 1 Jan 2020 as previously reported | Adjustments[1] | 1 Jan 2020 as restated | Additions | Disposals | Reclasses | 31 Dec 2020 as restated | 1 Jan 2020 as previously reported | Adjustments[1] | 1 Jan 2020 as restated | Scheduled additions | Impairment | Disposals | Reclasses | 31 Dec 2020 as restated | 31 Dec 2020 as restated | 1 Jan 2020 as restated |
| **I. Intangible assets** | | | | | | | | | | | | | | | | | |
| 1. Goodwill | 1,312,116 | – | 1,312,116 | – | – | – | 1,312,116 | 272,519 | – | 272,519 | – | 149,937 | – | – | 422,456 | 889,660 | 1,039,597 |
| 2. Concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets | 156,318 | – | 156,318 | 33,391 | −516 | 9,324 | 198,517 | 84,543 | – | 84,543 | 23,566 | – | −583 | – | 107,526 | 90,991 | 71,775 |
| 3. Internally developed software | 2,521 | – | 2,521 | – | – | 46 | 2,567 | 874 | – | 874 | 63 | – | – | – | 937 | 1,630 | 1,647 |
| 4. Customer bases | 343,255 | – | 343,255 | – | – | −3,200 | 340,055 | 215,876 | – | 215,876 | 33,182 | – | – | −572 | 248,486 | 91,569 | 127,378 |
| 5. Customer commissions | 118,664 | – | 118,664 | 20,903 | – | 3,200 | 142,767 | 90,767 | – | 90,767 | 18,675 | – | – | 572 | 110,014 | 32,753 | 27,897 |
| 6. Advance payments | 5,645 | – | 5,645 | 15,497 | −1,273 | −9,010 | 10,859 | – | – | – | – | – | – | – | – | 10,859 | 5,645 |
| | *1,938,519* | – | *1,938,519* | *69,791* | *−1,789* | *360* | *2,006,881* | *664,579* | – | *664,579* | *75,486* | *149,937* | *−583* | – | *889,419* | *1,117,462* | *1,273,939* |
| **II. Property, plant, and equipment** | | | | | | | | | | | | | | | | | |
| 1. Properties and buildings | 26,707 | – | 26,707 | 12,497 | −1,047 | – | 38,157 | 4,499 | – | 4,499 | 5,354 | – | −154 | – | 9,699 | 28,458 | 22,209 |
| 2. Plant and equipment[2] | 1,377,210 | −511 | 1,376,699 | 111,066 | −17,162 | 23,601 | 1,494,204 | 809,617 | −56 | 809,561 | 116,995 | – | −5,789 | −4 | 920,763 | 573,441 | 567,138 |
| 3. Other, operating, and office equipment | 50,457 | – | 50,457 | 2,832 | −1,605 | 804 | 52,488 | 26,221 | – | 26,221 | 6,520 | – | −1,589 | 4 | 31,156 | 21,332 | 24,236 |
| 4. Assets under development and advance payments | 55,266 | −376 | 54,890 | 58,031 | −1,912 | −24,765 | 86,244 | 137 | – | 137 | – | – | – | – | 137 | 86,107 | 54,753 |
| | *1,509,640* | *−887* | *1,508,753* | *184,426* | *−21,726* | *−360* | *1,671,093* | *840,474* | *−56* | *840,418* | *128,869* | – | *−7,532* | – | *961,755* | *709,338* | *668,335* |
| | **3,448,159** | **−887** | **3,447,272** | **254,217** | **−23,515** | **–** | **3,677,974** | **1,505,053** | **−56** | **1,504,997** | **204,355** | **149,937** | **−8,115** | **–** | **1,851,174** | **1,826,800** | **1,942,275** |

1) Further information regarding the adjustments provided in section “A.4 Correction according to IAS 8.42ff”
2) In 2020, capitalised investments in technical equipment in the amount of KEUR 300,000 were recognised directly in expenses. In 2021, the capitalisation was made up for and the adjustment was made in the current account.

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## E.13. Impairment testing of intangible assets and goodwill

The annual impairment test on goodwill and on intangible assets under development pursuant to IAS 36 was performed as at 31 December 2021. There are no other intangible assets with an indefinite useful life.

### E.13.1. RESULT OF IMPAIRMENT TESTING OF GOODWILL

CASH-GENERATING UNITS (CGUS)

Goodwill is tested at the smallest identified CGU level identified at the time of acquisition: There are three CGUs to which goodwill has been allocated and which are reviewed by management: TV (relates to the "TV" product segment), Internet and Telephony (relates to the "Internet and Telephony" product segment) and HLkomm (relates in particular to the business customer area of the "Other" segment).

The following table shows the allocation of goodwill to the CGUs:

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| TV | 243,138 | 245,573 |
| Internet and Telephony | 591,820 | 594,019 |
| HLkomm | 50,068 | 50,068 |
| **Total** | **885,026** | **889,660** |

The decrease in goodwill compared to the previous year results with KEUR 3,475 from the sale of KSP-Kabelservice Prenzlau GmbH (refer to B.2 Changes in the consolidated group) and with KEUR 1,159 to the disposal group classified as held for sale (refer to E.11 Assets held for sale and liabilitites held for sale).

If the carrying amount of a CGU including goodwill exceeds the recoverable amount, an impairment loss is recognized in accordance with IAS 36. The recoverable amount is the higher of fair value less costs to sell and value in use. As of December 31, 2021, the recoverable amount was determined as fair value less costs to sell. As the recoverable amount was higher than the carrying amount for all CGUs, there was no impairment of goodwill.

As in the previous year, fair value was determined based on the weighted average cost of capital (WACC) in line with the discounted cash flow (DCF) method. This measurement method is based on the financial planning approved by the management for each segment/CGU over a detailed planning horizon of four years, which is also used for the purposes of managing the segments. The key ratios in this regard are EBITDA (based on revenue and cost development) and investment planning (capex).

Starting with normalised EBITDA and capex – i.e. the key performance indicators – the inputs used for normalisation of EBITDA were again added, and free cash flow after tax was determined (taking account of investment planning and planned changes in working capital, among other things), which is the key variable used for the DCF method during the detailed planning period.

For the period after the detailed planning, a projected sustainable cash flow is derived for each CGU based on the last year of the detailed planning, taking account of planned growth rates of 0.00% (2020: 0.50%) for the CGU TV and 1.00% (2020: 1.00%) for the CGU Internet and Telephony and 1.00% (2020: 1.25%) for the CGU Hlkomm.

The assumptions made were derived from sector comparisons and historical experience.

The discount rate was determined based on a risk-free basic interest rate of -0.10% (2020: 0.16%) and relevant industry parameters. The WACC after taxes is 4.85% (2020: 4.73 %) for both the TV and the Internet and Telephony CGUs, while the WACC before taxes is 6.87% (2020: 6.92%) for the TV CGU and 5.96% (2020: 6.28%) for the CGU Internet and Telephony. With regard to the CGU Hlkomm, a WACC of 7.66% (2020: 7.43%) after taxes and 10.21% (2020: 10.74 %) before taxes was calculated. The difference in the interest rate compared to the TV and the Internet and Telephony CGU reflects the elevated risk of this business, particularly with business customers.

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SENSITIVITY ANALYSIS

The impairment test for goodwill is based on the material assumptions presented in the preceding section. For the sensitivity analysis, the management accordingly defined which changes in these assumptions were possible on the basis of experience and could potentially lead to an impairment loss. In accordance with IAS 36, the calculations were performed on the assumption that these changes did not result in any further changes in parameters (ceteris paribus). In the normal course of business, such changes are correlated with other factors and indicate changes in the way in which the management manages the company.

The following tables show the changes considered possible in relation to the CGUs that could lead to impairment of goodwill (in the case of the CGU Internet and Telephony and the CGU Hlkomm) or could increase impairment of goodwill (in the case of the CGU TV) in this scenario. In addition, the following table shows the maximum level of change in the assumption that would not be expected to result in impairment (threshold).

Sensitivities segment TV

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Assumption: increase in Interest rate by 1% or 3% to 5.85% or 7.85% (Prior year: increase in Interest rate by 1% or 3% to 5.73% or 7.73%) | | |
| possible impairment of carrying amount[1] | −101,697/ −256,523 | −277,000/ −425,774 |
| threshold of change in % points | 0.17 | – |
| Assumption: decrease in long-term EBITDA of 15% (prior year: of 15 %) to an EBITDA margin of 33% (prior year: of 34%) | | |
| possible impairment of carrying amount | −113,916 | −313,226 |
| threshold of change in % points | −2.65 | – |
| Assumption: no long-term growth, i.e. growth-rate of 0% (prior year: 0 %) | | |
| possible impairment of carrying amount | – | −206,956 |
| threshold of change in % points | – | – |

1) exceeds the book value

The estimated recoverable amount of CGU TV exceeds its carrying amount by TEUR 24,453 (2020: KEUR -149,937) and was the starting point for the sensitivity and limit analysis.

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Sensitivities Internet und Telephony

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Assumption: increase in Interest rate by 1% or 3% to 5.85% or 7.85% (prior year: increase in Interest rate by 1% or 3% to 5.73% or 7.73%) | | |
| possible impairment of carrying amount[1)] | −281,539/ −631,319 | −212,450/ −459,941 |
| threshold of change in % points | 0.10 | 0.04 |
| Assumption: decrease in long-term EBITDA of 15% (prior year: of 15 %) to an EBITDA margin of 53% (prior year: of 56 %) | | |
| possible impairment of carrying amount | −384,407 | −292,095 |
| threshold of change in % points | −1.38 | −0.60 |
| Assumption: no long-term growth, i.e. growth-rate of 0% (prior year: 0 %) | | |
| possible impairment of carrying amount | −225,243 | −183,642 |
| threshold of change in % points | −0.12 | −0.05 |

1) exceeds the book value

The estimated recoverable amount of the CGU Internet and Telephony exceeds its carrying amount by KEUR 38,976 (2020: KEUR 12,248) and was the starting point for sensitivity and threshold analysis.

Sensitivities Hlkomm

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Assumption: increase in Interest rate by 1% or 3% to 8.66% or 10.66% (prior year: increase in Interest rate by 1% or 3% to 8.43% or 10.43%) | | |
| possible impairment of carrying amount[1)] | −/ − | −4,058/ −31,438 |
| threshold of change in % points | − | 0.77 |
| Assumption: decrease in long-term EBITDA of 15% (prior year: 15%) to an EBITDA margin of 36% (prior year: 42%) | | |
| possible impairment of carrying amount | − | −64,658 |
| threshold of change in % points | − | −3.00 |

1) exceeds the book value

The estimated recoverable amount of the CGU Hlkomm exceeds its carrying amount by KEUR 77,735 (2020: KEUR 16,188) and was the starting point of sensitivity and limit analysis.

Due to the high surplus cover in 2021, there were no possible scenarios for all parameters at the HLkomm CGU in the reporting year that would have led to an impairment of goodwill in the event of a change in assumptions.

Furthermore, there are no changes of assumptions that management considers to be feasible within a year and which would lead to an impairment of goodwill.

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### E.13.2. RESULT OF IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

In the case of intangible assets (with the exception of goodwill), there were no indicators of impairment and an impairment test was not necessary.

## E.14. Inventories

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Raw materials and supplies | 3,603 | 4,802 |
| Finished services und goods | 1,453 | 649 |
| **Inventories** | **5,056** | **5,451** |

Inventories comprise of network materials, electronic and mechanical components, spare parts for repairs and maintenance, end-customer hardware as well as finished services and goods (mainly info smartscreens).

Impairment losses on inventories are reported in the cost of materials. In financial year 2021, impairment losses amounted to KEUR 1,389 (2020: KEUR 350).

As in the previous year, the majority of the inventories at the beginning of the period were recognised as expenses in the reporting period.

## E.15. Current and non-current assets

Current and non-current assets comprise trade receivables, other financial receivables and other assets, prepaid expenses and derivative financial instruments.

### E.15.1. TRADE RECEIVABLES

| KEUR | 31 December 2021 | 31 December 2020 [1) angepasst |
|---|---|---|
| Trade and other receivables – gross | 52,680 | 53,766 |
| thereof contract assets | 8,222 | 6,959 |
| Impairment losses | −8,235 | −18,625 |
| **Trade and other receivables – net** | **44,445** | **35,141** |
| thereof non-current | 1,162 | 6 |
| thereof current | 43,283 | 35,135 |

1) Further information regarding the adjustments provided in section “A.4 Correction according to IAS 8.42ff”

Trade receivables mainly include receivables from subscription fees and from signal delivery, transmission and feed-in fees.

Impairment on trade receivables decreased significantly by KEUR 10,390 due to improved receivables management.

Trade receivables include contract assets according to IFRS 15 of KEUR 8,222 (31 December 2020: KEUR 6,959). Contract assets are attributable to customer contracts. The decline in the financial year is mainly due to completion and invoicing of a construction phase. The increase is a result of a promotion where customers received 6 months of discounts.

In addition, there are trade receivables from related parties in the amount of KEUR 123 (31 December 2020: KEUR 250).

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### E.15.2. OTHER FINANCIAL ASSETS

Other financial receivables mainly consist of lease receivables, cash deposits for the debit limit, rent deposits, and claims from employer pension liability insurance for pensions that do not quality as plan assets (refer to E.17 Pension plans and other long-term employee benefits). In addition, the other financial assets also include a payment deposit for services already received.

The lease receivables of KEUR 5,338 (2020: KEUR 1,160) are due within one year in the amount of KEUR 3,424 (2020: KEUR 180), between one and five years in the amount of KEUR 511 (2020: KEUR 900), and over five years in the amount of KEUR 1,403 (2020: KEUR 80).

### E.15.3. OTHER NON-FINANCIAL ASSETS AND ACCRUALS AND DEFERRALS

Other assets mainly include advance payments.

Accruals and deferrals mainly consist of payments in connection with insurance policies and maintenance contracts.

### E.15.4. IMPAIRMENT OF CURRENT AND NON-CURRENT FINANCIAL ASSETS

Impairment losses are netted in the item "Other expenses”.

Impairment losses on trade receivables were mostly recognised in line with the dunning level and maturity structure. Movements in the allowances for trade receivables were as follows:

| KEUR | 2021 | 2020 |
|---|---|---|
| **Impairment losses at beginning of the year** | **18,625** | **17,317** |
| Additions | 6,922 | 5,357 |
| Use of allowance | −17,258 | −1,413 |
| Reversal | −47 | −2,636 |
| Change in consolidation scope | −7 | – |
| **Impairment losses at closing balance** | **8,235** | **18,625** |

Impairment losses of KEUR 207 (2020: KEUR 0) were recognised for the contract assets included in trade and other receivables. No impairment was recognised for cash and cash equivalents.

As in the previous year, no impairment losses were recognised on other short- and long-term financial assets.

For further information on value adjustments, please refer to section “F.3.2.3

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Credit risk”

## E.16. Equity

Tele Columbus AG has successfully implemented the rights issue resolved on 17 April 2021. The capital increase was entered in the commercial register of the Company on 12 May 2021. The share capital of the Company was thereby increased by EUR 146,109,887.00 from EUR 127,556,251.00 to EUR 273,666,138.00 through the issuance of 146,109,887 new registered no-par value ordinary shares. As a result of the capital increase, the company received proceeds of KEUR 474,857, of which KEUR 328,747 was transferred to the capital reserve as a premium. Transaction costs in connection with the capital increase reduced the capital reserve by KEUR 2,912 so that KEUR 325,834 was effectively recognised in the capital reserve.

The share capital as at 31 December 2021 consequently includes 273,666,138 registered no-par value shares with a nominal value of one euro per share and is fully paid up.

REVALUATION RESERVE IAS 19

The revaluation reserve consists of the following components:

31 December 2021

| KEUR | Gross value | Deferred taxes | Net value |
|---|---|---|---|
| Revaluation reserve for employee benefits pursuant to IAS 19 | −2,875 | 1,351 | −1,524 |
| | **−2,875** | **1,351** | **−1,524** |

31 December 2020

| KEUR | Gross value | Deferred taxes | Net value |
|---|---|---|---|
| Revaluation reserve for employee benefits pursuant to IAS 19 | −3,264 | 1,469 | −1,795 |
| | **−3,264** | **1,469** | **−1,795** |

OTHER CHANGES IN EQUITY

The equity item "Other changes in equity" mainly comprises effects that historically resulted from the introduction of or changes to the Group structure in preparation for the Company's Initial Public Offering. Since then, only changes in equity resulting from the Group's share-based payment programmes have been recognised in other changes in equity. In the reporting year, an amount of KEUR 438 (2020: KEUR 474) from share-based remuneration was recognised in equity.

Movements in equity and distributions to non-controlling interests are shown in the consolidated statement of changes in equity.

## E.17. Pension plans and other long-term employee benefits

There are pension entitlements for employees of individual companies that were acquired by Tele Columbus Group in previous financial years. Entitled employees or (former) managers can claim their pensions from the age of 60 onwards if they were employed by the same company for at least five years. Pension benefits can first be claimed between the age of 60 and 65. It is possible in some cases to claim a pension earlier against reduced payments.

Pension benefits may consist of fixed pension benefits and/or pension benefits dependent on salary progression for the person entitled to benefits. Pension benefits may also include disability benefits or a survivor's pension.

Some pension benefits are secured by so-called plan assets, which in the event of insolvency may only utilised only to satisfy the claims of the persons eligible for pension benefits.

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The entitled employees do not make separate contributions to the pension plans. The amount of future payments is dependent, in particular, on the increase of pension entitlements when benefits fall due and on interest on plan assets. The defined benefit plans subject the companies of Tele Columbus AG to actuarial risks, such as longevity risk and interest-rate risk. The obligations arising from the plans are financed exclusively by the respective subsidiary.

The date at which pension entitlements are paid out depends on the individual contractual arrangements for the entitled employees. The point in time when payments commence is not pre-determined insofar as the person entitled to benefits has the possibility of influencing commencement within certain margins.

The period assumed for benefit payments is set by the 2018 guideline tables of Dr Klaus Heubeck.

The development of salaries and wages assumed does not have any significant influence on the amount of provisions or payments, as the majority of persons entitled to benefits have already started receiving them.

Long-term employee benefits comprise provisions for employee benefits, and provisions for jubilee or other long-service benefits.

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Pension commitments | 7,411 | 8,129 |
| Commitments for anniversaries | 2,104 | 2,112 |
| | **9,515** | **10,241** |

Post-employment benefits and jubilee or other long-service benefits falling due in the subsequent financial year amount to KEUR 485 (2020: KEUR 547).

The following table shows the reconciliation of the present value of defined benefit obligations (DBO) to their carrying amounts:

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Present value of defined benefit obligations (DBO) | 8,646 | 9,539 |
| Plan assets | −1,235 | −1,410 |
| **Pension commitments** | **7,411** | **8,129** |

The present value of the defined benefit obligations is divided into capital-backed and non-capital-backed pension plans:

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Present value of defined benefit obligations (DBO) – capital-backed plans | 2,494 | 2,907 |
| Present value of defined benefit obligations (DBO) – non-capital-backed plans | 6,152 | 6,632 |
| | **8,646** | **9,539** |

The present value of the pension obligations developed during the reporting period as follows:

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| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Present value of defined benefit obligations as of 1 January | 9,539 | 10,084 |
| Current service cost | 13 | 14 |
| Interest expense | 65 | 81 |
| Actuarial gains for adjustments made due to experience | −282 | −26 |
| Actuarial losses for adjustments made due to demographic changes | – | – |
| Actuarial gains / losses due to the Financial Adjustment | −211 | −50 |
| Benefits paid | −478 | −564 |
| **Present value of defined benefit obligations as of 31 December** | **8,646** | **9,539** |

As in the previous year, the present value is calculated based on a weighted average duration of twelve years. The duration is the weighted average remaining term for which pension benefits are paid to eligible persons.

The following table shows the movements in plan assets:

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Plan assets as of 1 January | 1,410 | 1,433 |
| Interest income from plan assets | 11 | 13 |
| Actuarial gains/losses | −104 | 64 |
| Benefits paid | −82 | −100 |
| **Plan assets as of 31 December** | **1,235** | **1,410** |

Plan assets consist of employer pension liability insurance, the management and capital investment of which are the insurer's sole and exclusive responsibility. Insurance companies predominantly invest in fixed-interest securities and also to some extent in shares and real estate. There is no particular concentration of risk in individual plan asset classes. As in the previous year, no employer contributions are expected in the following year. The following expenses were incurred for post-employment benefits:

| KEUR | 2021 | 2020 |
|---|---|---|
| Current service cost | −13 | −14 |
| Net interest expense | −54 | −68 |
| | **−67** | **−82** |

Current service costs are recognised under employee benefits. The net interest expense is recognised under interest expenses.

The present value of the pension obligations is calculated based on the following significant assumptions (in the form of weighted averages):

| in % | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Interest rate | 0.90 | 0.70 |
| Anticipated increase in salaries and wages | 0.02 | 0.02 |
| Future pension increase | 1.55 | 1.56 |
| Fluctuation | 0.00 | 0.00 |

The salary increase indication (weighted averages) also takes into account a significant portion of non-active employees. For active employees, a salary increase of 3% (2020: 3%) was taken into account.

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The future pension increase indication (weighted averages) takes into account both the assumed inflation rates of 1.75% and the projected increases of 1%.

Under otherwise identical conditions, a potential change in one of the significant actuarial assumptions that could have been reasonably expected by the reporting date would have changed the defined benefit obligation as follows:

| Sensitivity analysis[1] | 31 December 2021 Defined benefit obligation | | 31 December 2020 Defined benefit obligation | |
|---|---|---|---|---|
| KEUR | Increase | Decrease | Increase | Decrease |
| Discount rate (Increase/Decrease of 1%-point) | 925 | −1,075 | 919 | −1,103 |
| Future pension increase (Increase/Decrease of 0.25%-points) | −201 | 409 | −221 | 207 |

1) The sensitivities were determined irrespective of the plan assets.

Fluctuation and expected salary increases are considered to be insignificant estimates of sensitivity. The expected fluctuation and salary increase are not material due to the low proportion of active employees.

In addition to the plan assets, there are reinsurance entitlements of KEUR 1,545 (31 December 2020: KEUR 1,562 ), which do not qualify as plan assets within the meaning of IAS 19 and are thus recognised as other financial receivables.

## E.18. Share-based payment

As at 23 January 2015, two share-based payment programmes for the long-term, sustainable corporate development of Tele Columbus AG came into effect: the Matching Stock Programme (hereinafter referred to as “MSP”) for the Management Board and the Phantom Options Programme (hereinafter referred to as “POP”) for selected managerial staff. The MSP and the POP create a long-term incentive to work towards the success of the company.

As a result of the regular review of the structure and adequacy of the compensation carriut out by the Supervisory Board, a new share-based compensation in the form of the Long Term Incentive Program ("LTIP") was implemented for the members of the Management Board. Accordingly, the "LTIP" was already included in the new contract concluded with the Chairman of the Management Board in 2020. Similarly, a new service agreement was concluded with the Chief Financial Officer, effective January 1, 2021, which also includes the "LTIP" as a share-based compensation component. Accordingly, the MSP is no longer an integral part of Management Board compensation as of January 1, 2021. Nevertheless, all MSP tranches allocated up to December 31, 2020 will continue to apply until expiry of the respective term.

### DESCRIPTION OF THE SHARE-BASED PAYMENT PROGRAMMES

Depending on the development of the share price and other vesting conditions, the MSP and POP grant the option of receiving shares in Tele Columbus AG.

The MSP requires an own investment in shares of the Tele Columbus AG (i.e. MSP shares). Each MSP share acquired entitles the bearer to receive 4.5 virtual shares (MSP phantom stocks) per allocated tranche. The number of subscription rights – in this case, MSP phantom stocks – is determined by the Supervisory Board.

MSP-shares are deposited in a blocked securities account for the entire duration of the programme. There are no further restrictions on disposal. The shares thus have full rights to participate in dividends and subscription rights. MSP Phantom Stocks are, however, subject to restriction of sale.

The payment programme is divided into five MSP tranches. Each tranche of the allocated MSP Phantom Stocks is subject to a vesting period of four years. The first time an MSP tranche was allocated was on 23 January 2015, with the vesting period ending on 22 January 2019. The second MSP tranche was allocated on 23 January 2016 and the vesting period will end on 22 January 2020. The other tranches are each allocated on

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23 January of the subsequent years. However, the fourth tranche was allocated on 28 September 2018. Depending on the exercise conditions being met, an MSP tranche can be converted into taxable compensation. This compensation must be used to acquire shares in Tele Columbus AG. The shares are purchased at the prevailing market price on the exercise date and are subject to an exercise period of two years that begins when the vesting period ends. After the end of the exercise period, subscription rights that have not been exercised expire without substitution. Accordingly, the subscription rights from tranche 2 expired without replacement after the balance sheet date (with the expiry of the exercise period in January 2022). The exercise conditions of each allocated tranche depend on the share price development during the exercise blocking period. This is determined from the basis price, defined as the closing price of the company’s share in XETRA trading or a similar trading system replacing Xetra on the Frankfurt Stock Exchange within the last trading day before the grant date, and the exercise price, defined as the average weighted closing share price (XETRA trading on the Frankfurt Stock Exchange) within the last 30 trading days before the beginning of the respective exercise period. The exercise hurdle is defined by the Supervisory Board when the respective tranche is allocated and amounts to at least 120% of the exercise price. If a dividend payment or another subscription right relates to the MSP Phantom Stocks, this amount is deducted from the respective base price.

Under the new share-based payment program for Management Board members ("LTIP"), half of the long-term variable compensation is paid in cash and half in shares of the Company. The associated compensation is dependent on the increase in the Company's share price and generally accrues after the end of a performance period (3 to 3.5 fiscal years). In the event of a change of control, the Management Board member may request early settlement of the LTIP bonus completely in cash by written declaration. Provided the Management Board member leaves the Company prematurely before the end of the performance period and is not dismissed for cause, the Management Board member has not breached any material obligations to the Company or resigns independently for cause, a pro rata entitlement to the bonus remains. Otherwise the entitlement shall lapse without replacement.

The Phantom Options Programme for selected managers does not require an own investment in shares of Tele Columbus AG. Each participant is allocated a certain number of Phantom Options (i.e. POP-Tranche) by the Management Board after approval of the Supervisory Board. Further conditions of this programme resemble those of the MSP.

MEASUREMENT OF FAIR VALUE

The fair values of the issued subscription rights on the grant date were determined by an independent expert based on the binomial options pricing model (Cox-Ross-Rubinstein).

The inputs used in the measurement of the fair values of the equity-settled share-based payment plans incorporate the assumptions below.

In the financial reporting year 2021 no MSP tranche was allocated due to the new compensation scheme. The same applies to the POP program and no new MOP Tranche was allocated.

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Matching Stock Program (MSP)

| | 2015<br>Tranche 1 | 2016<br>Tranche 2 | 2017<br>Tranche 3 | 2018<br>Tranche 4 | 2019<br>Tranche 5 | 2020<br>Tranche 6 |
|---|---|---|---|---|---|---|
| Fair value of the option | EUR 1.30 | EUR 2.03 | EUR 1.71 | EUR 0.73 | EUR 0.84 | EUR 0.93 |
| Share price at valuation date | EUR 7.01 | EUR 9.20 | EUR 7.90 | EUR 2.49 | EUR 2.82 | EUR 2.99 |
| Exercise price | EUR 7.01 | EUR 8.60 | EUR 7.78 | EUR 2.81 | EUR 3.07 | EUR 3.02 |
| Expected volatility | 25.0% | 36.0% | 31.2% | 42.5% | 45.0% | 49.0% |
| Expected maturity | 5 years | 5 years | 5 years | 5 years | 5 years | 5 years |
| Expected dividends | – | – | – | – | – | – |
| Hurdle | 130% | 130% | 130% | 120% | 120% | 120% |
| Cap | EUR 9.34 | EUR 12.74 | EUR 12.74 | EUR 11.52 | EUR 10.67 | EUR 10.67 |
| **Risk-free interest rate (based on German Government Bonds)** | **-0.100%** | **-0.223%** | **-0.362%** | **-0.186%** | **-0.327%** | **-0.558%** |

Phantom Options Program (POP)

| | 2015<br>Tranche 1 | 2016<br>Tranche 2 | 2016<br>Further | 2017<br>Tranche 3 | 2018<br>Tranche 4 | 2019<br>Tranche 5 | 2020<br>Tranche 6 |
|---|---|---|---|---|---|---|---|
| Fair value of the option | EUR 1.45 | EUR 2.74 | EUR 2.07 | EUR 1.99 | EUR 0.79 | EUR 0.96 | EUR 1.14 |
| Share price at valuation date | EUR 7.01 | EUR 9.20 | EUR 7.75 | EUR 7.90 | EUR 2.49 | EUR 2.82 | EUR 2.99 |
| Exercise price | EUR 7.01 | EUR 8.60 | EUR 8.43 | EUR 7.78 | EUR 2.81 | EUR 3.07 | EUR 3.02 |
| Expected volatility | 25% | 35.6% | 35.6% | 31.2% | 41.5% | 44.8% | 49.0% |
| Expected maturity | 5 years | 5 years | 5 years | 5 years | 5 years | 5 years | 5 years |
| Expected dividends | – | – | – | – | – | – | – |
| Hurdle | 130% | 130% | 130% | 130% | 120% | 120% | 120% |
| Cap | EUR 30.13 | EUR 42.85 | EUR 42.85 | EUR 30.25 | EUR 40.78 | EUR 36.46 | EUR 42.38 |
| **Risk-free interest rate (based on German Government Bonds)** | **-0.100%** | **-0.223%** | **-0.223%** | **-0.362%** | **-0.186%** | **-0.327%** | **-0.558%** |

Notes to the consolidated financial statements

Since half of the LTIP is granted in shares, this part is to be treated as equity-settled share-based payment. Accordingly, the fair value was initially determined and fixed at the grant date. The other half of the LTIP represents a cash-settled share-based payment, so that the fair value must be remeasured at each measurement date in addition to the initial recognition.

Due to the change of control event in the second quarter of 2021, the Management Board members temporally had the opportunity to request an early settlement of the LTIP bonus completely in cash by written declaration. The members of the board did not make use of that opportunity. However, for valuation purposes the change of control event led to a revaluation of the entire LTIP, namely the part settled in shares of the Company as well as the part settled in cash.

The input factors at the time of the revaluation or granting (each April 19th 2021) and at the measurement date of 31 December 2021 are therefore shown below. Hereby, a distinction is made for the Chief Executive Officer as well as the Chief Financial Officer.

Long Term Incentive Program (Chief Executive Officer)

| | **Granted date** | **Valuation date** |
|---|---|---|
| Fair value of the option | EUR 0.03 | EUR 0.01 |
| Share price at valuation date | EUR 3.29 | EUR 3.16 |
| Expected volatility | 11.0% | 11.0% |
| Expected maturity | 1.78 years | 1.1 years |
| Expected dividends | – | – |
| Hurdle | – | – |
| Cap | EUR 6.00 | EUR 6.00 |
| Risk-free interest rate (based on German Government Bonds) | -0.71% | -0.66% |

Long Term Incentive Program (Chief Financial Officer)

| | **Granted date** | **Valuation date** |
|---|---|---|
| Fair value of the option | EUR 0.04 | EUR 0.02 |
| Share price at valuation date | EUR 3.29 | EUR 3.16 |
| Expected volatility | 56.1% | 11.0% |
| Expected maturity | 3.24 years | 2.54 years |
| Expected dividends | – | – |
| Hurdle | – | – |
| Cap | EUR 4.00 | EUR 4.00 |
| Risk-free interest rate (based on German Government Bonds) | -0.71% | -0.59% |

RECONCILIATION OF OUTSTANDING STOCK OPTIONS

The weighted average exercise prices and the number of share subscription rights for the MSP and the POP are as follows:

Notes to the consolidated financial statements

Matching Stock Program (MSP)

| | Tranche 1 | | Tranche 2 | | Tranche 3 | | Tranche 4 | | Tranche 5 | | Tranche 6 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options |
| Outstanding options at 1 January | EUR 7.01 | 255,313 | EUR 8.60 | 182,813 | EUR 7.78 | 177,327 | EUR 2.81 | 337,500 | EUR 3.07 | 337,500 | EUR 3.02 | 112,500 |
| Granted options during the year | – | – | – | – | – | – | – | – | – | – | – | – |
| Forfeited options during the year | – | – | – | – | – | – | – | – | – | – | – | – |
| Exercised options during the year | – | – | – | – | – | – | – | – | – | – | – | – |
| Expired options during the year | – | 255,313 | – | – | – | – | – | – | – | – | – | – |
| Outstanding options as of 31 December | EUR 7.01 | – | EUR 8.60 | 182,813 | EUR 7.78 | 177,327 | EUR 2.81 | 337,500 | EUR 3.07 | 337,500 | EUR 3.02 | 112,500 |
| Exercisable options as of 31 December | – | – | – | 182,813 | – | 177,327 | – | – | – | – | – | – |

Notes to the consolidated financial statements

Phantom Options Program (POP)

| | Tranche 1 | | Tranche 2 | | Further | | Tranche 3 | | Tranche 4 | | Tranche 5 | | Tranche 6 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options |
| Outstanding options at 1 January | EUR 7.01 | 92,744 | EUR 8.60 | 162,500 | EUR 8.43 | 25,000 | EUR 7.78 | 330,000 | EUR 2.81 | 490,000 | EUR 3.07 | 480,000 | EUR 3.02 | 490,000 |
| Granted options during the year | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Forfeited options during the year | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Exercised options during the year | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Expired options during the year | – | – | – | – | – | – | – | 40,000 | – | 40,000 | – | 40,000 | – | 40,000 |
| Outstanding options as of 31 December | EUR 7.01 | 92,744 | EUR 8.60 | 162,500 | EUR 8.43 | 25,000 | EUR 7.78 | 290,000 | EUR 2.81 | 450,000 | EUR 3.07 | 440,000 | EUR 3.02 | 450,000 |
| Exercisable options as of 31 December | – | 92,744 | – | 162,500 | – | 25,000 | – | – | – | – | – | – | – | – |

The subscription rights of the 1st tranche outstanding as at 31 December have a weighted average contractual term of four years, those of the second to sixth tranches of five years.

As a result of the MSP and POP programmes, an amount of KEUR 524 (2020: TEUR 592) was recognised as personnel expenses and in equity, as the programmes are to be settled with equity instruments.

As a result of the LTIP program and due to the change of control and corresponding revaluation, personnel expenses of KEUR -87 (2020: KEUR 97) were reversed and recognized in equity, as the settlement must be made using equity instruments. Together with the MSP and POP program, this results in a total change in equity for the Group from share-based payment of KEUR 438 (2020: KEUR 474).

For the other half of the LTIP program (cash-settled share-based payment), a liability of KEUR 3 (2020: KEUR 81) had to be recognized as of the reporting date. Due to the significantly lower fair value determined, this resulted in the reversal of personnel expenses in the amount of KEUR -78 (2020: EUR 0). The LTIP program thus effectively resulted in a reversal of personnel expenses in the amount of KEUR -165 (2020: KEUR 178) in the reporting year. Including the MSP and POP programs, the Group recorded total personnel expenses of KEUR 359 (2020: KEUR 770) from all share-based payment programs.

Notes to the consolidated financial statements

## E.19. Other provisions

The following table shows the development of other provisions in the current financial year:

| KEUR | 1 January 2021 | Reclassification | Utilisation | Reversal | Additions | 31 December 2021 | of which non-current | of which current |
|---|---|---|---|---|---|---|---|---|
| Additional claim for tax audit risks | 6,930 | – | 56 | – | 1,462 | 8,336 | – | 8,336 |
| Restructuring | 101 | – | 96 | – | 43 | 48 | – | 48 |
| Litigation provisions | 1,001 | −63 | 894 | – | 1,741 | 1,785 | – | 1,785 |
| Asset retirement | 1,608 | – | 228 | – | 15 | 1,395 | 1,395 | – |
| Onerous contracts | 445 | – | 109 | – | 35 | 371 | 284 | 87 |
| Retention requirements | 451 | −1 | – | 39 | – | 411 | 411 | – |
| Termination benefits | – | – | – | – | – | – | – | – |
| Warranty provision | 562 | – | – | – | 41 | 603 | – | 603 |
| Miscellaneous | 5,372 | 1,725 | – | – | 1,759 | 8,856 | – | 8,856 |
| | **16,470** | **1,661** | **1,383** | **39** | **5,096** | **21,805** | **2,090** | **19,715** |

The companies of Tele Columbus AG have recognised provisions for possible obligations to make additional payments for the settlement of future costs from tax audits at the level of individual subsidiaries.

The litigation provisions mainly relate to disputed claims.

The provisions for asset retirement obligations mainly relate to the Company's headquarters in Berlin.

Miscellaneous other provisions also include the estimated costs for services already received for which a payment deposit was made in the reporting year.

Discounting and unwinding of discount was not made due to immateriality.

## E.20. Liabilities to banks and from the bond issuance

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Long-term liabilities to banks and from the bond issuance | 1,107,086 | 1,447,867 |
| Short-term liabilities to banks and from the bond issuance | 5,063 | 14,533 |
| | 1,112,149 | **1,462,400** |

Current and non-current liabilities comprise credit facilities concluded by Tele Columbus AG under the senior facilities agreement and senior secured notes (bond) of KEUR 1,108,690 (2020: KEUR 1,459,831) and other individual loans and liabilities of subsidiaries in the amount of KEUR 3,459 (2020: KEUR 2,569).

Notes to the consolidated financial statements

### E.20.1. LIABILITIES TO BANKS FROM THE SENIOR FACILITIES AGREEMENT

Under the Seniort Facilities Agreement, the volume of the credit facility "Term Loan A3" available to the Group is KEUR 462,463.

The margin has increased from 3.00% to 3.50% p.a. plus EURIBOR for Term Loan Facility A3 in the course of the special termination waiver by the creditors. Furthermore, the loan agreement includes a EURIBOR floor of 0%. For the loan, there is a choice between 1-month, 3-month or 6-month EURIBOR. The term loan was based on the 6-month EURIBOR on the reporting date.

As part of the capital increase, the Term Loan 75m and the Term Loan 40m were repaid in full. In addition, an amount of KEUR 245,000 was repaid from Term Loan Facility A3.

The revolving credit line in the amount of KEUR 10,000 was terminated as at the reporting date.

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

The floor in relation to the EURIBOR and the repayment options are embedded derivatives (hybrids) and are subject to the requirement of separate disclosure and measurement stipulated in IFRS 9.

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

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Term Loan Facility A3 [1)]<br>(term ending on 15 October 2024) | 461,293 | 702,595 |
| Senior Secured Notes<br>(term ending on 2 May 2025) | 647,397 | 645,531 |
| Term Loan Facility 75m [2)]<br>(term ending on 18 October 2023) | 0 | 73,236 |
| Term Loan Facility 40m<br>(term ending on 11 August 2022) | 0 | 38,469 |
| | **1,108,690** | **1,459,831** |

1) Formerly Term Loan Facility A2, was partially repaid
2) Was repaid early

In accordance with the share and interest pledge agreement dated 3 May 2018, interests in affiliated companies are pledged as collateral for liabilities to banks (Term Loan Facility A3) as well as Senior Secured Notes. Pledges on interests in affiliated companies may be enforced if the conditions underlying the pledge were in place and the collateralised financial instruments were also terminated. In addition, loans of the companies of Tele Columbus AG are collateralised with trade receivables. The covenant agreements within the financing contracts were met in 2021.

Notes to the consolidated financial statements

The pre-consolidated value of the loan collateral pledged as at the respective reporting date were as follows:

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Shares in affiliates | 1,658,979 | 1,560,478 |
| Trade receivables | – | 4,852 |
| | **1,658,979** | **1,565,330** |

### E.20.2. OTHER LIABILITIES TO BANKS

There are other individual contractual loan agreements and liabilities between subsidiaries of Tele Columbus AG and banks. As at the reporting date, these result in financial liabilities of KEUR 3,459 (2020: KEUR 2,569). The term of these loan agreements/liabilities varies between 4 and 60 months. Fixed interest rates between 0.68% p.a. and 2.72% p.a. have been agreed for the loans.

## E.21. Trade payables and other liabilities

| KEUR | 31 December 2021 | 31 December 2020 [1] restated |
|---|---|---|
| Trade payables and other payables | 83,909 | 76,944 |

1) Further information regarding the adjustmentis provided in section "A.4 Correction according to IAS 8.42ff"

Trade payables mainly comprise liabilities in connection with signal delivery contracts, services, and supplies and services that had been performed by the reporting date but not invoiced. Please refer to section E.22.1 Contract liabilities for the balance sheet items including contract liabilities.

## E.22. Accruals and deferrals (non-financial)

### E.22.1. CONTRACT LIABILITIES

The total of all contract liabilities as at 31 December 2021 amounts to KEUR 10,447 (2020: KEUR 3,293).

Of this amount, KEUR 2,701 (2020: KEUR 3,275) is included in accruals and deferrals and KEUR 7,746 (2020: KEUR 18) in trade and other payables.

### E.22.2. OTHER ACCRUALS AND DEFERRALS

A significant part of the deferred income (2021: KEUR 8,494; 2020: KEUR 6,422) results from grants from cities and municipalities for the expansion of fibre optic networks. At the end of the year, all conditions associated with the government grants were met.

The position also includes an accrual from a sale and leaseback transaction.

## E.23. Other financial liabilities

Other financial liabilities mainly relate to service concession agreement (refer to F.1.5 Expansion and operation of infrastructure network in the district of Plön). Other non-current financial liabilities amount to KEUR 44,851 (2020: KEUR 45,493) and other current financial liabilities amount to KEUR 10,184 (2020: KEUR 10,511).

## E.24. Other liabilities

Other liabilities mainly relate to personnel-related provisions.

Notes to the consolidated financial statements

# F. Other explanatory information

## F.1. Contingent assets, contingent liabilities, leases and other financial obligations

### F.1.1. PURCHASE COMMITMENTS

Purchase commitments in connection with investments amounted to KEUR 95,795 as at the reporting date (2020: KEUR 99,173).

### F.1.2. AVALS

The guarantees of KEUR 7,916 (2020: KEUR 7,243) mainly consist of rent guarantees and guarantees for licence agreements. In accordance with IFRS requirements, KEUR 7,550 (2020: KEUR 6,958) of these guarantees are not included in the statement of financial position.

### F.1.3. LEASES

AS LESSEE

The Tele Columbus Group has a large number of leases, for which, almost exclusively, acts as lessee. A significant portion of leases account for the leasing of local and regional transmission lines (fibre leases). Furthermore, the Group leases buildings and premises on a large scale. These serve to accommodate offices for administrative staff, retail stores for end customers and in some instances also technical equipment (data centres).

For lease contracts in which the Group is lessee in financial year 2021 the amounts presented hereinafter:

Right-of-use assets from leases are presented as property, plant and equipment in the balance sheet. The values for financial year 2021 have developed as follows:

| KEUR | Carrying amount as of 1 January 2021 as restated | Change in scope of consolidation | Additions to rights-of-use-assets | Disposals to right-of-use-assets | Depreciation | Carrying amount as of 31 December 2021 |
|---|---|---|---|---|---|---|
| Buildings | 26,723 | – | 2,487 | −179 | −5,844 | 23,187 |
| Plant and equipment | | | | | | |
| thereof transmission lines | 111,823 | −18 | 52,446 | −1,902 | −25,947 | 136,402 |
| thereof technical infrastructure | 19,117 | – | 43,596 | −95 | −1,902 | 60,716 |
| Other, operating and office equipment | | | | | | |
| thereof office equipment | 268 | – | 632 | – | −412 | 488 |
| thereof workstation and IT infrastructure | 743 | – | 1,017 | – | −536 | 1,224 |
| thereof vehicles | 518 | – | 2,754 | −132 | −779 | 2,361 |
| **Total** | **159,192** | **−18** | **102,932** | **−2,308** | **−35,420** | **224,378** |

Notes to the consolidated financial statements

The main additions in financial year 2021 relate to the extensions for the Leipzig data centre in the amount of KEUR 23,888 and the Berlin data centre in the amount of KEUR 16,365 as well as the leasing of a large number of additional transmission lines (fibre lease).

| KEUR | Carrying amount as of 1 January 2020 as previously reported | Restatements[1)] | Carrying amount as of 1 January 2020 as restated | Additions to rights-of-use-assets | Disposals to right-of-use-assets | Depreciation resatetd | Carrying amount as of 31 December 2020 restated |
|---|---|---|---|---|---|---|---|
| Buildings | 20,466 | – | 20,466 | 12,581 | −977 | −5,347 | 26,723 |
| Plant and equipment | | | | | | | |
| thereof transmission lines | 76,480 | 300 | 76,780 | 70,378 | −10,351 | −24,984 | 111,823 |
| thereof technical infrastructure | 5,378 | −1,411 | 3,967 | 16,418 | −194 | −1,074 | 19,117 |
| Other, operating and office equipment | | | | | | | |
| thereof office equipment | 674 | – | 674 | 14 | −4 | −416 | 268 |
| thereof workstation and IT infrastructure | 1,314 | – | 1,314 | 137 | – | −708 | 743 |
| thereof vehicles | 232 | – | 232 | 534 | −26 | −222 | 518 |
| **Total** | **104,544** | **−1,111** | **103,433** | **100,062** | **−11,552** | **−32,751** | **159,192** |

1) Further information regarding the adjustments provided in section "A.4 Correction according to IAS 8.42ff"

The maturities of the lease liabilities as of December 31, 2021 are as follows:

| KEUR | 31 December 2021 | 31 December 2020 [1)] restated |
|---|---|---|
| Less than one year | 33,699 | 26,557 |
| Between one and five years | 90,952 | 81,771 |
| More than five years | 108,380 | 57,896 |
| | **233,031** | **166,224** |

Future lease obligations from short-term leases and leases based on low-value assets as of 31 December 2021 are as follows:

31 December 2021

| TEUR | Short-term leases | Leases based on low-value assets | Total |
|---|---|---|---|
| Less than one year | 1,192 | 218 | 1,410 |
| Between one and five years | – | 111 | 111 |
| More than five years | – | 18 | 18 |
| | **1,192** | **347** | **1,539** |

Notes to the consolidated financial statements

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

For short-term leases and leases based on low value assets, lease payments are expensed on a straight-line basis over the lease term

| KEUR | 2021 | 2020[4] |
|---|---|---|
| Depreciation expense for right-of-use-assets[1] | 35,420 | 32,751 |
| Interest expenses for leasing liabilities[2] | 6,677 | 4,031 |
| Short-term lease expenses[3] | 3,545 | 3,684 |
| Expenses for leases based on low-value assets[3] | 367 | 379 |
| Expenses for variable lease payments that were not included in the measurement of lease liabilities[3] | 403 | 632 |
| | **46,412** | **41,477** |

1) Included in "Depreciation",
2) Included in "Interest and similar expenses",
3) Included in "Material costs" and "Other operating expenses")"
4) Further information regarding the adjustmentis provided in section "**A.4 Correction according to IAS 8.42ff**"

AMOUNTS RECOGNISED IN THE STATEMENT OF CASH FLOWS1)

| KEUR | 2021 | 2020 |
|---|---|---|
| Cash outflows for leases | 46,394 | 42,566 |
| | **46,394** | **42,566** |

1) The following was designated by the Group:
- payments for the repayment portion of the lease liability as financing activity
- payments for the interest portion of the lease liability as financing activity
- payments made under short-term leases, payments for leases where the underlying asset is a low-value asset and variable lease payments that have been excluded from the measurement of the lease liability as operating activities.

Leases entered into by the Group as a lessee, but which have not yet commenced, will, as things stand at present, result in future additional cash outflows amounting to KEUR 212 per year for the next 10 years.

Sale-and-leaseback transactions were only insignificant in financial year 2021. Based on the current status, there are also no extensive sale-and-leaseback transactions planned for financial year 2022.

AS LESSOR

In a few cases, the Tele Columbus Group also acts as a lessor. This relates to the leasing of network infrastructure (dark fibre), which is included in the fixed assets under technical equipment. In the financial year 2021, rental income from operate leases of KEUR 3,605 (2020: KEUR 3,356) as well as finance leases of KEUR 2,886 (2020: KEUR 1,330) was generated in connection with the network infrastructure. In this respect, these only make a minor contribution to the Group's total revenue. In line with the actual development of the past years and taking into account the contractual circumstances, the Group expects that the dark fibre operating leases will also lead to lease payments in the respective future periods that correspond approximately to the current level of the financial year 2021.

### F.1.4. OTHER FINANCIAL OBLIGATIONS

In addition to the leases described above, the Group has other financial obligations (mainly from service contracts). Future minimum payments from these contractual relationships have the following maturities:

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Less than one year | 25,325 | 24,119 |
| Between one and five years | 26,840 | 11,115 |
| More than five years | 5,021 | 4,077 |
| | **57,186** | **39,311** |

Notes to the consolidated financial statements

In financial year 2021, expenses from other financial obligations amounted to KEUR 43,403 (2020: KEUR 30,959).

#### F.1.5. EXPANSION AND OPERATION OF INFRASTRUCTURE NETWORK IN THE DISTRICT OF PLÖN

On February 28, 2017, Tele Columbus Group concluded a service concession agreement with the "Zweckverband Breitbandversorgung im Kreis Plön" ("ZBP" - the grantor of the concession) for the construction and operation of an empty pipe and fibre optic network in the area of the Plön district. The Tele Columbus Group has been commissioned with the planning and expansion of the passive broadband network. The agreement runs until December 31, 2041 and the last section was completed and released for use on December 31, 2020. Under the terms of the agreement, ZBP will successively purchase the completed passive broadband network. Tele Columbus Group leases and operates the completed and sold network from the "Zweckverband" and is also responsible for ongoing maintenance. Tele Columbus, as the leaseholder, is responsible for the delivery of multimedia services to the end customers connected to the broadband network.

Tele Columbus pays the "Zweckverband Breitbandversorgung Plön" a rent which is linked to the net investment costs in the network infrastructure (purchase price) made by the lessor and amounts to a certain percentage of the net investments made by the lessor in the respective calendar year. The lease payable under this procedure shall be recalculated taking into account the investment costs incurred for each investment year. No rent shall be charged in the calendar year in which the investments are made. In the first calendar year following the investment, the rent shall be 1.5%, in the second calendar year thereafter 3.0% and for each subsequent calendar year 6.8%.

The service concession agreement contains a five-year renewal option, which must be notified by the lessee (Tele Columbus) at least 25 months before the end of the contract. After expiry of the contract, the licensor has the choice of using the network itself or selling it. In case of sale, the lessee has a right of first refusal. The extraordinary right of termination remains unaffected.

Due to the completion, no revenue from construction services and no profit were recognised in 2021 (2020: revenue from construction services of KEUR 9,833 with a profit of KEUR 2,335).

The Group recognized an intangible asset of KEUR 45,987 with a useful life until December 31, 2041, which represents the present value of future lease payments. The financial liabilities in connection with the intangible asset recognized in the balance sheet amounted to KEUR 48,217 as of December 31, 2021 (2020: KEUR 48,476). Interest expenses amount to KEUR 2,242 (2020: KEUR 1,086) depreciation to KEUR 2,384 (2020: KEUR 1,016).

As of December 31, 2021, Tele Columbus Group has only concluded the service concession agreement described above.

### F.2. Related party disclosures

#### F.2.1. LEGAL RELATIONSHIPS

Related parties as defined in IAS 24 are all subsidiaries, associates and joint ventures of the companies of Tele Columbus AG, as well as companies with a significant influence over the companies of Tele Columbus AG.

With the takeover by Kublai GmbH and the subsequent capital increase in the first half of 2021, the related parties of the Tele Columbus Group have also expanded. Thus, both Kublai GmbH, which now holds a majority interest, and the shareholders with direct and indirect interests in Kublai GmbH (in particular Morgan Stanley Infrastructure Inc. as the ultimate shareholder of Kublai GmbH) can, by definition, exercise significant influence over the entities of Tele Columbus AG, so that these are henceforth to be classified as additional related parties within the meaning of IAS 24.

Kublai GmbH, based in Frankfurt am Main, prepares the consolidated financial statements for the smallest and largest group of companies to which Tele Columbus AG belongs as a subsidiary.

Related parties of the companies of Tele Columbus AG also include the members of the Management Board and the members of the Supervisory Board.

Notes to the consolidated financial statements

### F.2.2. TRANSACTIONS WITH RELATED PARTIES

Transactions by the companies of Tele Columbus AG included in the financial statements with Tele Columbus AG and its subsidiaries are regarded as transactions with related parties.

Kublai GmbH took over all newly issued shares in the capital increase carried out in May 2022. (see more detail in E.16 Equity).

The following overview shows receivables and payables with related parties:

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Entities with significant influence** | | |
| Receivables (current) | 101 | 228 |
| Payables (current) | 185 | 354 |
| **Associates** | | |
| Receivables (current) | – | – |
| Payables (current) | 163 | 161 |
| **Joint ventures** | | |
| Receivables (current) | 22 | 22 |
| Payables (current) | – | – |
| **Related persons** | | |
| Receivables (current) | – | – |
| Payables (current) | 328 | 303 |

Receivables from and payables to related parties pertain to services exchanged in the context of operating activities and primarily relate to AproStyle AG, Dresden, and companies of the United Internet Group.

Current liabilities to related parties comprise the remuneration of the Supervisory Board as well as the renumeration of the Management Board.

### F.2.3. EXPENSES AND INCOME FROM RELATED-PARTY TRANSACTIONS

The following overview shows expenses and income from related-party transactions. The terms and conditions of these transactions were at arm's length.

| KEUR | 2021 | 2020 |
|---|---|---|
| **Entities with significant influence** | | |
| Sale of goods and services | 1,685 | 1,653 |
| Acquisition of goods and services | −2,349 | −4,115 |
| Other income (+) / expenses (-) | – | −2 |
| **Associates** | | |
| Acquisition of goods and services | −2,533 | −3,208 |
| **Joint ventures** | | |
| Sale of goods and services | 245 | 187 |
| Financing income (+) / Financing expense (-) | 10 | – |
| Other income (+) / expenses (-) | 13 | 12 |

Notes to the consolidated financial statements

### F.2.4. INFORMATION ON MANAGEMENT REMUNERATION

In the financial year 2021 the Management Board in key positions at Tele Columbus AG consists of the following individuals:

| Name | Financial year 2021 | Member of management since/ until |
|---|---|---|
| Daniel Ritz | Chief Executive Officer | since 1 February 2020 member of Management Board and Chief Executive Officer |
| Eike Walters | Chief Financial Officer | since 25 June 2018 member of Management Board; since 15 July 2018 Chief Financial Officer |

## Remuneration of the Management Board

The Supervisory Board determines an appropriate compensation for the individual members of the Management Board. The tasks and performance as well as the situation of the Company form the framework conditions for the appropriateness of the compensation.

The members of the Management Board receive a fixed annual base salary, which is paid out in twelve equal monthly installments at the end of each month and represents the fixed compensation component. In addition, the members of the Board of Management are contractually entitled to fringe benefits and benefits in kind, which mainly comprise the use of a company car or a replacement allowance and the payment of premiums for accident and health insurance. These costs have been valued in accordance with tax regulations.

The Management Board members are also entitled to a short-term, performance-related compensation component in the form of an annual bonus. This is paid within one month of approval by the Supervisory Board of the Company's consolidated financial statements for the relevant financial year and relates to various financial and non-financial performance indicators (mainly EBITDA, capex, sales, free cash flow, customer loyalty, strategic alignment, employee satisfaction and leadership quality). The target values of the financial performance measures are derived from the annual Group budget approved by the Supervisory Board. The customer loyalty component is determined in writing by the Supervisory Board in good faith after consultation with the respective Management Board member. Employee satisfaction or leadership behavior is derived on the basis of employee questionnaires or 360° feedback. With regard to strategic alignment, a qualitative assessment is made by the Supervisory Board.

As a result of the regular review of the structure and adequacy of the compensation carriut out by the Supervisory Board, a new share-based compensation in the form of the Long Term Incentive Program ("LTIP") was implemented for the members of the Management Board half of which is settled in shares of the Company and half in cash. Hereby, the "LTIP" was already included in the new contract concluded with the Chairman of the Management Board in 2020. Similarly, a new service agreement was concluded with the Chief Financial Officer, effective January 1, 2021, which also includes the "LTIP" as a share-based compensation component. Accordingly, the previous share-based compensation (Matching Stock Program - MSP) on the one hand and the previous long-term variable compensation component based on the long-term development of EBITDA on the other are no longer an integral part of the Management Board's compensation as of January 1, 2021. Nevertheless, the entitlements of the CFO from the MSP tranches allocated up to December 31, 2020 and the bonus entitlements from the variable incentives granted under the program in previous fiscal years remain unchanged.

In line with the change in Management Board compensation, no new share options were granted under the MSP program in the current reporting year (2020: 337,500 share options with a fair value of KEUR 144 at the grant date).

For the new LTIP bonus, Management Board members temporally had the opportunity to request an early settlement of the LTIP bonus completely in cash by written declaration due to the change of control event in the second quarter of 2021. The members of the board did not make use of that opportunity. However, for valuation purposes the change of control event led to a revaluation of the entire LTIP, namely the part settled in shares of the Company as well as the part settled in cash. At the date of the revaluation or grant (each April 19$^{th}$ 2021), the fair value of the LTIP program totaled KEUR 66 (2020: KEUR 929).

Notes to the consolidated financial statements

In total, the members of the Management Board were granted compensation of KEUR 1,872 (2020: KEUR 3,775). This includes the share-based LTIP bonus with the aforementioned fair value at the grant date of KEUR 66.

Expenses for the remuneration of the Executive Board decreased by KEUR 897 in the reporting year due to the revaluation of the stock option programm. Expenses of KEUR 1.641 (2020: KEUR 2,538) were recognised , broken down as follows:

| KEUR | 2021 | 2020 |
|---|---|---|
| Benefits due in the short term | 1,674 | 2,057 |
| Other benefits due in the long term | 132 | 196 |
| Share based payments | −165 | 285 |
| **Total** | **1,641** | **2,538** |

The obligations to the Management Board include outstanding balances for short-term and long-term variable remuneration (bonuses) payable to Management Board members amounting to a total of KEUR 855 (2020: KEUR 1,014).

For the share-based payments, which are settled in cash, liabilities of KEUR 3 (2020: KEUR 81) were recognised.

There were no other material transactions, such as rendering services or granting loans, between the companies of Tele Columbus AG and the members of the Management Board of Tele Columbus AG and their close family members.

No payments were made for benefits and claims of former members of the Management Board and their surving dependents in either 2021 or 2020.

The Supervisory Board’s remuneration claim in the current year amounts to KEUR 327 (2020: KEUR 289). At the beginning of 2022, so far several members of the Supervisory Board renounced their remuneration entitlement for the financial year 2021 (KEUR 136).

## F.3. Financial instruments and risk management

### F.3.1. CARRYING AMOUNTS AND NET INCOME FROM FINANCIAL INSTRUMENTS

The carrying amounts of the financial instruments, broken down by IFRS 9 category, were as follows as at 31 December 2021:

Notes to the consolidated financial statements

Financial instruments by category under IFRS 9 in KEUR

| Measurement category IFRS 9 | | 31 December 2021 | 31 December 2020[2)] |
|---|---|---|---|
| **Financial assets** | | | |
| At Fair Value through profit or loss | Derivate Financial Instruments | 1,147 | 5,876 |
| **Total** | | **1,147** | **5,876** |
| Measured at amortised cost | Receivables from related parties | 123 | 250 |
| | Trade receivables and other financial receivables | 58,655 | 45,374 |
| | Cash and cash equivalents | 124,284 | 61,890 |
| **Total** | | **183,062** | **107,514** |
| **Financial liabilities** | | | |
| At Fair Value through profit or loss | Derivate Financial Instruments | 4,708 | 11,165 |
| **Total** | | **4,708** | **11,165** |
| Measured at amortised cost | Liabilities to banks and due bond issuance | 1,112,149 | 1,462,400 |
| | Liabilities to associates and related parties | 676 | 818 |
| | Trade payables | 83,909 | 76,944 |
| | Other financial liabilities | 55,035 | 56,004 |
| **Total** | | **1,251,769** | **1,596,166** |
| No classification | Lease liabilities[1)] | 233,031 | 166,224 |
| **Total** | | **233,031** | **166,224** |

1) Taking account of IFRS 9 2.1 (b), lease liabilities are not assigned to any measurement category. Lease liabilities are excluded from the scope of application of IFRS 13 in accordance with IFRS 13.6 (b) and are not allocated to an input hierarchy. They are accounted for in line with the provisions of IFRS 16.
2) Further information regarding the adjustments provided in section "A.4 Correction according to IAS 8.42ff".

The carrying amounts of the financial assets and liabilities, broken down by items of the statement of financial position, and the hierarchical classification of fair values in accordance with IFRS 13 as at 31 December 2021 and as at 31 December 2021 were made in level 2. It does not contain any information on fair value for financial assets and financial liabilities.

Notes to the consolidated financial statements

The fair value measurement is carried out, as far as possible, using prices available on the market for the respective instrument. For instruments for which no direct market price is available, the fair value is calculated on the basis of a DCF model taking into account risk-free market data and the TC-specific credit risk.

Current financial instruments such as trade receivables and payables, cash and cash equivalents and due to related parties are recognised at their respective carrying amount, which is a reasonable estimate of fair value due to the short maturities of these instruments.

The fair value of the Term Loan A3 and the Senior Secured Notes (valuation level 2) amounts to KEUR 1,098,806 (2020: KEUR 1,483,552). The Term Loan A3 contains termination rights with a floor and the Senior Secured Notes contain termination rights without a floor. Both instruments meet the requirements for separable embedded derivatives according to IFRS and are measured at fair value through profit or loss.

For the remaining liabilities to banks, it is assumed that the amortised cost approximates the fair value.

The fair value of the other financial liabilities amounted to KEUR 60,089 as of the reporting date (2020: KEUR 61.454).

The fair values described here exclude embedded derivatives, as these are accounted for and measured separately.

The loan agreements include embedded derivatives with interest rate floors and repayment options. Although they do not have the economic function of a derivative for the entities of Tele Columbus AG, they are required to be separated under IFRS 9 and are therefore classified as separate instruments (at fair value through profit or loss). The instruments are linked to the loan agreements. The model for the valuation of derivatives subject to separation determines the fair value of the entire contracted loan split into a host contract and the embedded derivative. The valuation is based on the "Hull White Two Factor" model using yield curves for risk-free and risky assets. The model was also calibrated to “swaption” volatilities and to the fair value of the underlying liability.

The following table shows the changes in value of liabilities from credit facilities and senior secured notes and the associated derivatives:

| KEUR | |
|---|---|
| **Nominal value of credit facilities and bond as of 31 Dec 2020** | **1,472,463** |
| Provision of Rev. Facility 40m in 2021 | –40,000 |
| Release of existing Re. Facility in 2020 | –75,000 |
| Partially release of Term Loan | –245,000 |
| **Nominal value of credit facilities and bond as of 31 Dec 2021** | **1,112,463** |
| Fair value of embedded derivatives financial debts as of 31 Dec 2020 | –11,165 |
| Fair value of embedded derivatives financial assets as of 31 Dec 2020 | 5,876 |
| Change in other financial result | 1,728 |
| Other changes | – |
| **Fair value of embedded assets financial debts as of 31 Dec 2021** | **–4,708** |
| **Fair value of embedded derivatives financial assets as of 31 Dec 2020** | **1,147** |

As at 31 December 2021, the fair value of the embedded derivatives (measurement level 2) amounted to KEUR -3,561 (2020: KEUR -5,289).

In the event of a 0.5 percentage point increase in credit risk, the fair value of the embedded derivatives would amount to KEUR -4,982 (2020: KEUR 167).

In the event of a 0.5 percentage point decrease in credit risk, the fair value of the embedded derivatives would amount to KEUR 5,116 (2020: KEUR -8,786).

The table below shows the net result in relation to the corresponding financial instrument classification:

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1 Jan to 31 Dec 2021

KEUR

| Disclosed in the income statement | Gains (+) / losses (-) through profit and loss: Interest | Impairment | Gain (+) / loss (-) from valuation | Net income (loss) |
|---|---|---|---|---|
| Financial assets and liabilities at fair value through profit or loss | – | – | 1,728 [1] | 1,728 |
| Financial assets measured at amortised costs | 147 | −6,885 | – | −6,738 |
| Financial liabilities measured at amortised costs | −75,584 | – | – | −75,584 |
| **Total** | **−75,437** | **−6,885** | **1,728** | **−80,594** |

1) Change arising from fair value measurement.

1 Jan to 31 Dec 2020

KEUR

| Disclosed in the income statement | Gains (+) / losses (-) through profit and loss: Interest | Impairment | Gain (+) / loss (-) from valuation | Net income (loss) |
|---|---|---|---|---|
| Financial assets and liabilities at fair value through profit or loss | – | – | 2,850 [2] | 2,850 |
| Financial assets measured at amortised costs | 83 | −2,954 | – | −2,871 |
| Financial liabilities measured at amortised costs | −60,694 | – | – | −60,694 |
| **Total** | **−60,611** | **−2,954** | **2,850** | **−60,715** |

1) Taking account of IFRS 9 2.1 (b), lease liabilities are not assigned to any measurement category. Lease liabilities are excluded from the scope of application of IFRS 13 in accordance with IFRS 13.6 (b) and are not allocated to an input hierarchy. They are accounted for in line with the provisions of IFRS 16.
2) Change arising from fair value measurement.

Notes to the consolidated financial statements

## F.3.2. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

Tele Columbus AG is exposed to the following risks from the use of financial instruments:

- Liquidity risk
- Market risk
- Default risk

Different financial risks arise from the operating activities of the companies of Tele Columbus AG, in particular liquidity risks, interest-rate risks and default risks. The risk management is designed to identify potential risks and to mitigate their negative impact on the Group's financial performance. To this end, the companies of Tele Columbus AG use financial instruments and credit lines.

Risk management is largely conducted through Treasury through continuous monitoring. Financial risks are identified, assessed and hedged in collaboration with the responsible operating units. The companies of Tele Columbus AG are subject to written rules for certain areas, such as interest-rate risk, credit risk, the use of derivatives and other financial instruments, and the use of excess liquidity, which are set out primarily in their facility agreements. Management is regularly informed.

Tele Columbus aims in its capital management to maintain sufficient liquidity and to optimise its capital structure with the objective to reduce costs and to improve its ability to take advantage of opportunistic refinancing opportunities. Under the Senior Facilities Agreement, the volume of the "Term Loan Facility A3" in the portfolio amounts to KEUR 462,463, which is available to the Group as a credit facility under the Senior Facilities Agreement, as well as KEUR 650,000 from a bond (Senior Secured Notes) issued in May 2018.

Within the process of the capital increase, the Term Loan 75m and the Term Loan 40m were repaid in full. In addition, an amount of KEUR 245,000 was repaid from the Term Loan Facility A3. The revolving credit line in the amount of KEUR 10,000 was terminated as of the reporting date.

In the 2021 financial year, the company fulfilled all external minimum capital requirements resulting from the loan agreements. These include the disclosure of a total Group leverage ratio as well as a defined EBITDA amount and the presentation of gross assets, which are reviewed on a quarterly basis.

Non-derivative financial instruments result from both the operative business activities as well as from investment and financing activity. The following table defines such instruments:

| Scope of activities | Material financial instruments |
|---|---|
| Operational | Trade receivables |
| Investing | Long-term receivables |
| Financing | Liquid funds and loans |

### F.3.2.1. 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. Liquidity management at Tele Columbus AG aims to ensure that – as far as possible – sufficient liquid funds are always available for the Company to be able to meet its payment obligations when they fall due, under both normal and strained conditions, without suffering unsustainable losses or damaging the Group's reputation. Liquidity risks from financing activities arise, for example, if cash outflows are required in the short term to settle liabilities but cash from operating activities is insufficient to cover expenses and no other liquid assets are available in sufficient quantity for such repayment.

Cash and cash equivalents amounted to KEUR 124,284 as at 31 December 2021 (2020: KEUR 61,890). The Group also regularly reviews other financing options. Based on the existing financing instruments and the possible financing options, there is no liquidity risk in the short and medium term.

Notes to the consolidated financial statements

The following table shows the contractually agreed maturity dates for liabilities to banks and arising from the senior secured notes; the amounts shown are non-discounted gross amounts.

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Less than one year - repayments | 820 | 589 |
| Less than one year- interests | 41,628 | 52,178 |
| | | |
| Between one and five years - repayments | 1,115,103 | 1,474,448 |
| Between one and five years- interests | 94,469 | 164,117 |

Of the trade payables and other liabilities totalling KEUR 83,909 an amount of KEUR 81,384 (2020: KEUR 76,898) are due within one year.

The non-current other financial liabilities have a maturity of up to five years in the amount of KEUR 14,839 (2020: KEUR 14,594) and over five years in the amount of KEUR 55,645 (2020: KEUR 59,355).

The financing agreement on granting credit facilities dated 7 April 2021 contains various covenants whereby the creditor has the option to call in the loans in the event of non-compliance. The fulfilment of said covenants and the capital risk faced by Tele Columbus AG for being a joint-stock company are regularly monitored by the Management Board.

As at the reporting date, liquidity risk in case of non-compliance with these covenants amounted to KEUR 1,112,463 (31 December 2020: KEUR 1,472,463). The risk of non-compliance with these covenants and associated financial regulations could have a negative impact on the credit availability and going concern assumption for the companies of the Group.

Strategic measures regarding compliance with existing covenants and payment obligations have been initiated in order to ensure the liquidity of the companies of the Group on a long-term basis.

In the context of Group financing the aim is to gradually repay financial liabilities using liquidity generated from their operations.

A concentration of liquidity risks is basically not identifiable.

#### F.3.2.2. MARKET RISK

Tele Columbus AG is exposed to market risks, particularly due to fluctuations in interest rates. These affect the amount of payment obligations from loans agreements with floating-rate interest. The management of Tele Columbus AG meets these by closely monitoring the development of the market price level and an active search for alternative refinancing options, also through equity investors.

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Rise of EURIBOR by 0.5 % | – | – |
| Drop of EURIBOR by 0.5 % | – | – |

This calculation is based on floating-rate liabilities as at the reporting date, taking account of derivative financial instruments (interest-rate caps and floors), multiplied by the adjusted interest rate in each case. Given that the one-, three- and six-month EURIBOR is currently below 0,5% already and the loans have a floor of 0%, a change in the EURIBOR rates of 0.5% would result in neither an increase nor a decrease in interest expenses.

A concentration of market risks is basically not identifiable.

Notes to the consolidated financial statements

### F.3.2.3. CREDIT RISK

Credit risk represents the risk of a financial loss if a debtor is unable to meet its contractual obligations in relation to a financial instrument. In addition to "receivables from related parties", "lease receivables" and "cash and cash equivalents", the credit risk of Tele Columbus AG mainly results from "trade receivables, other receivables". Trade receivables are due on from other companies and from retail customers. The credit risk is therefore based on the individual risk of the contracting party concerned. The associated carrying amounts represent the maximum default risk.

The impairment loss recognized on lease receivables is immaterial and has therefore not been recognized.

To mitigate credit risk, preventive and other measures are taken as well as the use of debt collecting agencies.

Preventive measures include reviewing the credit worthiness of a customer in regard to its solvency, experiences from the past, and the review of other factors before a contractual relationship is entered into.

Impairment losses are recognised for overdue receivables at varying percentages depending on the dunning level or maturity intervals. The percentage rates are considered within the estimations from management with regard to the recoverability of the relevant amounts. These estimations are mostly based on past experience. Only trade receivables were value-adjusted in the respective reporting periods. Therefore, the companies of Tele Columbus AG assume that all receivables for which specific allowances have not been made are recoverable.

Other measures include reminders sent automatically to the customer according to a set procedure. For wholesale customers, reminders are sent on a case-by-case basis. The responsible departments decide, considering special agreements with these customers, whether the reminder will be sent. If a customer then does not settle the outstanding payments, the case is referred to a debt collection agency, and in the case of commercial customers, solicitors are involved and/or services to that customer are discontinued.

All trade receivables are basically managed in two portfolios: (1) day-to-day business, which is divided into B2B and retail business as well as transmission fees and feed- in fees customers, and (2) major projects, which are subject to individual assessment.

Trade receivables from day-to-day business are recognised in the balance sheet using the simplified value adjustment approach. The following table contains information on the estimated default risk (no impaired credit rating) and the expected credit losses for trade receivables in the sense of an individual value adjustment (impaired credit rating) as at 31 December 2021 (portfolio 1). This gross carrying amount and the allowances refer solely to the collected. The gross carrying amounts of the collected receivables amount to KEUR 4,496 (2020: KEUR 21,440). These are offset by impairments in the sense of a specific valuation allowance of KEUR 3,425 (2020: KEUR 12,990).

31 December 2021

| KEUR | Loss ratio (weighted average) | Gross carrying amount | Impairment | Direct affect of creditworthiness |
|---|---|---|---|---|
| not overdue | 0% | 31,430 | 250 | Nein |
| 1 - 60 days overdue | 6% | 2,174 | 104 | Nein |
| 61 - 90 days overdue | 13% | 646 | 71 | Nein |
| 91 - 120 days overdue | 33% | 676 | 190 | Nein |
| 120 - 360 days overdue | 79% | 874 | 581 | Nein |
| more than 360 days overdue | 100% | 3,599 | 3,024 | Ja |
| | | **39,399** | **4,220** | |

Notes to the consolidated financial statements

31 December 2020 (restated)

| KEUR | Loss ratio (weighted average) | Gross carrying amount | Impairment | Direct affect of creditworthiness |
|---|---|---|---|---|
| not overdue | 7% | 14,902 | 834 | No |
| 1 - 60 days overdue | 7% | 2,990 | 184 | No |
| 61 - 90 days overdue | 17% | 608 | 89 | No |
| 91 - 120 days overdue | 30% | 441 | 113 | No |
| 120 - 360 days overdue | 68% | 1,430 | 819 | No |
| more than 360 days overdue | 100% | 4,285 | 3,596 | Yes |
| | | **24,656** | **5,635** | |

Tele Columbus AG has chosen the following method:

1. Definition of a default

IFRS 9 contains a rebuttable presumption that a financial asset is in default at the latest when it is 90 days past due (IFRS 9.B5.5.37). For this reason, Tele Columbus AG has determined on the basis of its own reliable historical information that trade receivables can be regarded as in default if they are past due by 360 days or more.

2. Determining the roll rate at which a receivable progress to the next past-due level

Based on the maturity structure lists for the past twelve months, Tele Columbus AG derives the roll rates at which the respective receivables have progressed from one (past-) due level to the next past-due level. For simplification purposes it is assumed, for example, that receivables not yet due as at 31 January have progressed to the next past-due level – “up to 30 days past due” – in the next month (i.e. as at 28 February). Based on this assumption, the remaining portion of the receivables not yet due as at 31 January has been settled before becoming past due. A roll rate can then be determined on this basis. This represents the probability of a receivable that is not yet due progressing to the next past-due level, “up to 30 days past due”. This process is repeated in the same way for all fields of the maturity structure list, resulting in a matrix for the roll rates.

3. Determining the probability of default for receivables in different (past-) due levels

The next step involves determining the probability that a receivable in the respective (past-) due level will default. This means that it is moving towards a claim that is overdue over 360 days. To do so, the roll rates are – for simplification purposes – multiplied by one another.

4. Determining the average probability of default for receivables in different (past-) due levels

To eliminate any non-recurring effects in individual periods, corresponding average figures for the probabilities of default are recognised in the respective (past-) due levels.

5. Calculation of expected credit losses as at 31 December 2021

In the final step, Tele Columbus AG calculates the expected credit losses as at 31 December 2021.

Receivables from major projects (portfolio 2) are subject to individual consideration and include, in particular, hardware sales and the marketing of Microduct capacities. These special projects are controlled by the management and tracked at the financial accounting level. Due to the nature of the projects, there is no automatic reminder system here; instead, the open items behind the projects are given a separate reminder level and reported at regular intervals (weekly) via Controlling to the management (of HL komm). Here, the management addresses the customers directly. Within the framework of the formation of value adjustments, these items are considered again and subjected to a risk assessment on

Notes to the consolidated financial statements

the basis of empirical values, the customers' commitments and the fact that mutual obligations exist in some cases The portfolio of major projects includes outstanding trade receivables of KEUR 563 as at 31 December 2021 (2020: KEUR 711). These are offset by impairments in accordance to an individual allowance of KEUR 383 (2020: KEUR 0).

The allowance as at 31 December 2021 totals KEUR 8,235 (2020: KEUR 18,625):
- Individual valuation allowances (collected receivables): KEUR 3,425 (2020: KEUR 12,990)
- Individual valuation allowances (portfolio of major projects): KEUR 383 (2020: KEUR 0)
- Expected credit loss: KEUR 4,220 (2020: KEUR 5,635)
- Contract assets: KEUR 207 (2020: KEUR 0).

The change in value compared to the previous period is recognised in profit or loss.

In determining the impairment, Tele Columbus takes into account debtor-specific, geographical and industry-specific characteristics in addition to forward-looking macroeconomic factors. This is done individually in relation to the classification of the respective debtors depending on the market situation - and insofar classified as potentially material. With reference to the Covid 19 pandemic, it was determined in the course of an analysis of the overdue structure and a debtor-specific assessment that there is no significant influence on the payment behaviour of the debtors in this respect.

It is assumed that the value-adjusted carrying amount of trade receivables approximately equals their fair value.

No concentration of credit risks from business relationships with individual debtors or groups of debtors can be identified.

## F.4. Explanatory notes to the consolidated statement of cash flows

Cash and cash equivalents solely comprise cash and bank deposits.

As in the previous year, no cash or cash equivalents were used to collateralise loans or other liabilities.

Notes to the consolidated financial statements

| 2021<br>KEUR | Liabilities<br>Lease liabilities | Liabilities to banks and from the bond issuance | Other financial liabilities |
|---|---|---|---|
| **Statement of financial position as at 1 January 2021** | **166,224** | **1,462,400** | **53,017** |
| Changes in cash flow from financing activities | – | – | – |
| Payments of financial lease liabilities and other permissions | −35,616 | – | −2,502 |
| Payments received from lease incentives | 1,512 | – | – |
| Proceeds from loans, bonds, and short or long-term borrowings from banks | – | 1,500 | – |
| Transaction costs with regard to loans and borrowings | – | −7,414 | – |
| Repayment of short or long-term borrowing | – | −360,612 | – |
| Interest paid | −6,519 | −55,668 | – |
| Acquisition of non-controlling interests | – | – | – |
| **Total change in cash flow from financing activities** | **−40,623** | **−422,194** | **−2,502** |
| **Other changes** | | | |
| *relating to liabilities* | – | – | – |
| New finance lease contracts and other permissions | 100,624 | – | – |
| Reversal of transactions costs | – | 23,953 | – |
| Valuation of derivatives | – | −1,503 | – |
| Interest expenses | 6,677 | 49,492 | – |
| Other changes | 129 | – | −1,550 |
| Total other changes, relating to liabilities | 107,430 | 71,942 | −1,550 |
| Total other changes, relating to equity | – | – | – |
| **Statement of financial position as at 31 December 2021** | **233,031** | **1,112,148** | **48,965** |

Notes to the consolidated financial statements

| 2020 (restated) | Liabilities | | |
|---|---|---|---|
| KEUR | Lease liabilities | Liabilities to banks and from the bond issuance | Other financial liabilities |
| **Statement of financial position as at 1 January 2020 (restated)** | **107,444** | **1,432,175** | **25,285** |
| Changes in cash flow from financing activities | – | – | – |
| Payments of financial lease liabilities and other permissions | −34,100 | – | −1,349 |
| Proceeds from loans, bonds, and short or long-term borrowings from banks | – | 40,000 | – |
| Transaction costs with regard to loans and borrowings | – | −3,305 | – |
| Repayment of short or long-term borrowing | – | −14,379 | – |
| Interest paid | −3,832 | −50,972 | – |
| Acquisition of non-controlling interests | – | – | – |
| **Total change in cash flow from financing activities** | **−37,932** | **−28,656** | **−1,349** |
| **Other changes** | | | |
| *relating to liabilities* | – | – | – |
| New finance lease contracts | 92,681 | – | 27,223 |
| Reversal of transactions costs | – | 7,410 | – |
| Valuation of derivatives | – | −876 | – |
| Interest expenses | 4,031 | 51,347 | – |
| Interest paid | – | 1,000 | 1,858 |
| Payments for the acquisition of companies less cash acquired | 96,712 | 58,881 | 29,081 |
| Other changes | – | – | – |
| **Statement of financial position as at 31 December 2020 (restated)** | **166,224** | **1,462,400** | **53,017** |

Notes to the consolidated financial statements

## F.5. Earnings per share

The calculation of earnings per share is derived from the profit or loss attributable to shareholders and the average number of shares outstanding. The stock option programmes MSP and POP (see **Fehler! Unbekanntes Schalterargument.** Share-based payment) were included in the calculation of diluted earnings per share. Due to the loss situation at Tele Columbus AG, the employee stock options do not have any dilutive effect on earnings per share.

| Determination of weighted average of ordinary shares outstanding<br>KEUR | 1 Jan to 31 Dec 2021 | 1 Jan to 31 Dec 2020 |
|---|---|---|
| Issued ordinary shares as of 1 January | 127,556,251 | 127,556,251 |
| Capital increase 12 Mai | 146,109,887 | |
| Issued ordinary shares as of 31 December | 273,666,138 | 127,556,251 |
| Weighted average of ordinary shares outstanding | 221,226,699 | 127,556,251 |

## F.6. Segment reporting

### DESCRIPTION OF THE SEGMENTS

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 are eliminated.

"TV" SEGMENT

The Group offers basic as well as premium programmes in the “TV” segment. Basic programmes comprise analogue and digital TV and radio broadcasting. The TV packages offered include another 102 digital TV channels, including up to 84 HD-quality stations. This total number of digital stations does not include unencrypted channels.

“INTERNET AND TELEPHONY” SEGMENT

The Group subsumes internet and telephone services in the “Internet and Telephony” segment. In addition to fixed network services, the product portfolio also includes mobile telephony services. Revenue consists of proceeds from the conclusion of new contracts and installation services as well as monthly contract and service fees.

SEGMENT “OTHER”

Business activities as well as transactions, other events or conditions that are not directly related to the Group’s other segments are reported under the segment “Other”. These include in particular the B2B and construction services business.

Expenses and income not allocated to other segments are largely attributable to the central functions of management, the legal department, personnel department, finance, purchasing and IT. Revenue mainly relates to revenue with business customers and construction services for third parties.

When calculating EBITDA for the reporting segments, the following items attributable to central functions were not taken into account:

| in KEUR | 2021 | 2020 1) restated |
|---|---|---|
| Revenue B2B customers / construction services | 52,863 | 65,242 |
| Other income | 4,910 | 582 |
| Own work capitalised | 4,888 | 5,799 |
| Direct costs | −25,517 | −37,440 |
| Personnel expenses | −35,853 | −32,692 |
| Other expenses | −32,325 | −27,640 |

1) Further information regarding the adjustments provided in section “A.4 Correction according to IAS 8.42ff”

Notes to the consolidated financial statements

Expenses and income are allocated to segments either directly or based on appropriate formulae.

As they also cannot be allocated to the two segments, extraordinary effects (more information under 'Segment reporting') are shown in the reconciliation.

With the exception of the elimination of the "extraordinary effects", the accounting principles for segment reporting correspond to the principles applied for the Consolidated Financial Statements and are to be understood analogously to IFRS as they are to be applied in the EU. This applies as long as the valuation methods and the definition of segments do not change.

Therefore, a reconciliation need not be made due to differences between internal measurement and IFRS measurement, but only in respect of items that are not allocated to reportable segments.

## SEGMENT REPORTING

### EXPLANATION OF THE MEASUREMENT VARIABLES OF THE SEGMENTS

For the Tele Columbus Group Management Board, EBITDA is the key performance indicator which is reported separately for each operating segment for the purposes of monthly reporting. Normalised EBITDA constitutes earnings before net finance income/costs (share of profit of equity-accounted investees, interest income, interest expense and other finance income/costs), income taxes, amortisation, depreciation and impairment losses on fixed assets. EBITDA does not contain any so-called "extraordinary effects". These are defined by the Management Board as non-recurring, rare or extraordinary expenditure or income if the event is not likely to re-occur in the next two financial years or did not occur in the past two financial years. In addition to the 'non-recurring items', expenses and income from certain transactions, which by the Management Board's definition are not directly related to the provision of services, are also eliminated. This also includes gains and losses on the sale of property, plant and equipment.

In addition, normalized EBITDA is also presented below, which is adjusted for "special effects" and for expenses and income from certain business transactions that are not directly related to the production of goods or services. Special items are defined by the Board of Management as rare or extraordinary events that are not expected to occur again in the following two financial years and have not already occurred in the previous two financial years. Examples include legal and consulting fees for strategic projects. Expenses and income associated with these events are deducted from normalized EBITDA.

The non-recurring expenses in 2021 mainly relate to costs for consulting in connection with strategic and efficiency-enhancing projects.

The following table contains information on the reportable "TV" and "Internet and Telephony" segments and the "Other" segment:

2021

| KEUR | TV | Internet & Telephony | Other | Total |
|---|---|---|---|---|
| Revenue | 239,461 | 170,520 | 52,863 | 462,844 |
| Normalised EBITDA | 134,528 | 122,961 | −31,036 | 226,453 |
| Non-recurring expenses (-) /income (+) | −2,217 | −1,817 | −20,056 | −24,090 |
| **EBITDA** | **132,311** | **121,144** | **−51,092** | **202,363** |

Notes to the consolidated financial statements

2020 [1] restated

| KEUR | TV | Internet & Telephony | Other | Total |
|---|---|---|---|---|
| Revenue | 243,608 | 164,418 | 65,242 | 473,268 |
| Normalised EBITDA | 140,916 | 120,704 | −26,149 | 235,471 |
| Non-recurring expenses (-) /income (+) | −1,023 | −1,077 | −10,468 | −12,568 |
| **EBITDA** | **139,893** | **119,627** | **−36,617** | **222,903** |

1) Further information regarding the adjustments provided in section “A.4 Correction according to IAS 8.42ff”

The reconciliation of the reportable segments’ total profit or loss to the consolidated profit or loss before taxes and to discontinued operations is shown in the table below:

| KEUR | 2021 | 2020 [1] restated |
|---|---|---|
| EBITDA of reportable segments | 253,455 | 259,520 |
| Depreciation and amortisation | −214,758 | −354,291 |
| Profit/ loss from investments in associates | 65 | 73 |
| Other financial income and expenses | −80,266 | −61,643 |
| Other | −51,092 | −36,617 |
| **Profit before taxes** | **−92,596** | **−192,958** |

1) Further information regarding the adjustments provided in section “A.4 Correction according to IAS 8.42ff”

### OTHER SEGMENT DISCLOSURES

Secondary segmenting based on geographical criteria is not applied, as all revenue is generated exclusively in Germany.

Revenue is generated by a plurality of customers such that no significant portion is attributable to one or a few external customers.

## F.7. Disclosures pursuant to the German Commercial Code [HGB]

### EMPLOYEES

The Group employed an average of 1,313 staff in the financial year (2020: 1,255), of which 1,234 were employees (2020: 1,176), 53 managerial staff (2020: 54) and 26 trainees (2020: 25).

### AUDITOR'S FEE

During the financial year 2021, Tele Columbus was provided with the following services by the appointed auditor, PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft.

| KEUR | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Audit services | 1,485 | 1,100 |
| Other confirmation services | 422 | – |
| Other services | 447 | 30 |
| | **2,354** | **1,130** |

Notes to the consolidated financial statements

## F.8. Events after the reporting period

On 22 February 2022, Tele Columbus AG sold all shares in several subsidiaries, which are regionally responsible for the construction and operation of a broadband cable network. The subsidiaries are the disposal group classified as held for sale as at 31 December 2021 (refer to E.11 Assets held for sale and liabilitites held for sale). The purchase price totalled KEUR 337 and was fully settled in cash.

With the invasion of Ukrainian territories by the Russian army, the Ukraine war broke out on 24 February 2022. The EU, the USA, Great Britain and other states reacted with sanctions against Russia, Belarus as well as the eastern Ukrainian separatist areas. The effects of the war represent a significant event and have no impact on the recognition and measurement of assets and liabilities as at the reporting date. Tele Columbus is not actively involved in the countries affected by the war as part of its business activities. Against this background, Tele Columbus does not expect any material impact on the Group's net assets, financial position and results of operations at the current time. Nevertheless, the economic consequences of the war as well as the imposed sanctions (humanitarian crises, admission of refugees, shortage and increase in price of oil, gas and raw materials) for Tele Columbus itself cannot be concretely assessed today. Other potential impacts on Tele Columbus include inflation affecting the B2C business and, in particular, a significant increase in the cost of construction services.

After the balance sheet date, various members of the Supervisory Board resigned, Ralph Dommermuth and Michael Scheeren with effect from 9 February 2022, Joachim Grendel with effect from 16 February 2022 and Dr Claudia Borgas-Herold with effect from 21 March 2022. In accordance with the Articles of Association, however, this does not affect the quorum of the Supervisory Board.

There are no further significant events after the balance sheet date.

Berlin, 19 April 2022

Management Board

| | |
|---|---|
| **Dr. Daniel Ritz** | **Eike Walters** |
| Chief Executive Officer | Chief Financial Officer |

# "Independant Auditor's report

## To Tele Columbus AG, Berlin

## Audit Opinions

We have audited the consolidated financial statements of Tele Columbus AG, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity, and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Tele Columbus AG for the financial year from January 1 to December 31, 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to [§ [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code]] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, and

– the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

– Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

## Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

## Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and per-form audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

– Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

– Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit."

## GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Thomas Schmid.

Berlin, 19 April 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Dr. Thomas Schmid | Susanne Patommel |
| Wirtschaftsprüfer | Wirtschaftsprüferin |
| [German Public Auditor] | [German Public Auditor] |