Quarterly financial report for the 2nd quarter as of 30 June 2023

telecolumbus

Condensed consolidated interim financial statements for the second quarter as at 30 June 2023

for

Tele Columbus AG, Berlin

Content

Introduction

Tele Columbus AG, registered at Kaiserin-Augusta-Allee 108, 10553 Berlin, Germany (Berlin-Charlottenburg commercial register HRB 161349 B), together with its consolidated subsidiaries, forms the Tele Columbus Group (hereinafter also referred to as "Tele Columbus", or the "Group") as at 30 June 2023. Tele Columbus AG as a group holding company and is the Group’s management and holding company, and therefore responsible for control of the entire Group. Consequently, Tele Columbus AG is responsible for the Group’s strategic growth and the provision of services and financing to its affiliated companies.

1. Group profile

1.1 Group business model

1.1.1 General information

As at 30 June 2023, Tele Columbus AG holds 35 direct or indirect subsidiaries, which are fully consolidated in the consolidated interim 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 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 36 % 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.

The "Fiber Champion" strategy, that was already launched in financial year 2021 is still being implemented. In total, investments of over 2 billion euros are planned to be made in the network infrastructure over a period of ten years.

The Group has its main sites in Berlin and Leipzig. Other locations are in Hamburg, Chemnitz, Ratingen und Unterföhring.

The business model has not changed since 31 December 2022.

1.1.2 Modification in segment structure

In the context of realigning the Group strategy, the reporting system of Tele Columbus was adjusted with effect from 1 May 2023 in accordance with the changed internal management of the Group and thus also the responsibility for results. The previous reporting segments "TV", "Internet and Telephony" and "B2B and Other" will be condensed into one reporting segment. Accordingly, assets and liabilities were allocated to one reporting segment. To improve comparability, the previous year's figures were adjusted retrospectively in line with the new reporting structure.

1.2 Objectives and strategies

Goals and strategies of Tele Columbus Group have not changed since the annual financial statements as at 31 December 2022. Please see the comments in the 2022 management report for more information.

Please see the comments in Section 2.2 “Business performance” for information on the key financial and non-financial indicators.

2. Economic report

2.1 General economic conditions and industry environment

Economic development in June 2023

Economic output in Germany is set to decline in 2023. The Kiel Institute for the World Economy (IfW) expects a decline of 0.3 % compared to the previous year and thus revises its spring forecast (+0.5 %) significantly downwards. The main reason is the weak winter half-year. However, moderate expansion is expected for the rest of the year. For 2024, the Kiel Institute now expects growth of 1.8% (previously +1.4%). Inflation has also passed its peak. After a rate of 6.9 % last year, the federal government is forecasting 5.9 % this year and 2.7 % next year.

Energy prices, and with them the inflation rate, are declining over the course of the year; next year energy prices are expected to fall by over 6 %. The Kiel Institute for the World Economy now expects inflation of 5.8 % (2023) and 2.1 % (2024). However, so-called core inflation - i.e. excluding energy - remains historically high. It will be 2.9 % next year, compared to a long-term average of 1.4 %.

On the labour market, the effects of the energy crisis remain manageable. The unemployment rate is expected to rise slightly from 5.3 % (2022) to 5.6 % (2023) and then fall again to 5.3 % (2024). Due to the ageing of the population, employment is expected to peak at a good 45.9 million in the current year and then decline.

The deficits in public budgets are declining. The main factors are the elimination of crisis-related expenditures and rising social security revenues. The government deficit falls from 2.7% (2022) to 1.7% (2023) and 0.9% (2024). The debt-to-GDP ratio will then be 63 %.

2.2 Business performance

After the focus in 2022 was completely on the transformation of the business and on the implementation of the growth strategy called "Fiber Champion", Tele Columbus was able to keep the customer base stable in the first half year of 2023. The development in the Internet & Telephony revenues continued to be positive and also B2B revenues increased from January to June 2023 compared to 2022.

Revenue for the first six months fell by 1.2% to KEUR 221,260 compared to the previous year and are primarily due to the decline in revenues from TV business. Sales from the Internet & Telephony business, on the other hand, increased.

The number of residential units connected to their own level 3 network and with return channel capability amounted to approx. 2,291,000 residential units, slightly decrease compared to 31 December 2022.

The proportion of these residential units upgraded to be back-channel capable in the total stock also remained constant at 72.8 % as at 30 June 2023 compared to 31 December 2022

However, the number of residential units connected to the cable networks of the companies of Tele Columbus Group decreased by approx. 15,000 (0.5%) to 3.15 million residential units compared to 31 December 2022.

As at 30 June 2023, the customer basis of Tele Columbus Group decreased by 9,000 to 2.04 million compared to 31 December 2022.

As at 30 June 2023, the total number of RGUs increased by 17,000 to 3.55 as at 30 June 2023 compared to 31 December 2022.

RGUs for cable TV remained stable at 1.90 million as at 30 June 2023 compared to 31 December 2022, with premium TV services keep stable. The average number of products (RGUs) per customer remains constant at 1.74 as at 30 June 2023.

RGUs for internet services increased by 3,6 % to approximately 683,000 as at 30 June 2023 compared to 31 December 2022. RGUs for telephone services increased by 3,5 % to approximately 492,000.

2.3 Financial performance, liquidity and financial position

2.3.1 Financial performance

Income situation in KEUR	1 Jan. to 30 Jun. 2023	1 Jan. to 30 Jun. 2022
Revenue	221,260	224,033
Own work capitalised	10,733	11,583
Other income	6,557	3,041
Total operating income	**238,550**	**238,657**
Cost of materials	−65,264	−66,721
Employee benefits	−50,295	−44,258
Other expenses	−36,214	−33,922
EBITDA	**86,777**	**93,756**
Non-recurring expenses (net)	6,053	3,781
Normalised EBITDA	92,830	97,537
EBITDA	86,777	**93,756**
Net finance income/costs	−33,387	−25,436
Depreciation and amortisation	−103,734	−108,258
Income tax	613	−828
Net loss	**−49,731**	**−40,766**

Revenue of KEUR 221,260 in the first six months of 2023 decreased by 1.2% compared to the same period in 2022. The change is mainly due to the 7.9% lower revenues from the TV segment. This decrease was partially compensated by higher Internet & Telephony revenues (+KEUR 3,776) as well as increased revenues in the B2B segment (KEUR +1,184).

Own work capitalised was KEUR 10,733 in the first six months of 2023, an decrease of 7.3 % compared to the previous year (KEUR 11,583).

Other income decreased significantly from KEUR 3,041 to KEUR 6,557.

Total operating income, defined as the sum of revenue, other income and own work capitalised, remained almost stable in the reporting period at KEUR 238,550.

The cost of materials rose by -2.2 % to KEUR 65,264 in the period from January to June 2023 compared to the same period of the previous year. This is mainly the result of higher energy costs anddue to a different interpretation of accounting guidelines related to capitalisaton of maintenance cost. The signal supply costs in the TV area decreased by KEUR 5,930 in the first half year in 2023 due to price reductions resulting from renegotiations of signal supply contracts. Higher direct costs were also incurred in the comparable period in the area of () and outsourced expenses (KEUR 350).

Personnel expenses of KEUR 50,295 are 13.6% higher than in the same period of the previous year and are due to the increase in the number of employees, higher severance payment and the expansion of the Management Board

Other expenses amounted to KEUR 36,214 in the first six months of 2023. The increase of KEUR 2,292 is mainly due to the guidelines on the capitalisation of IT and consulting costs, as well as higher travel expenses (KEUR +266).

EBITDA amounted KEUR 86,777 in the period from January to June 2023 and decreased by KEUR 6,979 compared to the previous year due to the influencing factors described above.

Normalised EBITDA decreased from KEUR 97,537 to KEUR 92,830 in the first six months of 2023 compared to the same period of the previous year. The operating margin (defined as the ratio of normalised EBITDA to revenue) decreased significantly in the reporting period to 42% (first three months of 2022: 43.5%). Non-recurring expenses and income amounted to TEUR 6,053 in the reporting period (first three months 2022: TEUR 3,781). The increase in non-recurring expenses compared to the same period of the previous year is mainly due to increased consulting expenses and higher personnel costs incurred in connection with the expansion of the management.

The negative financial result declined slightly to KEUR 33,387 (first six months of 2022: KEUR 25,436).

Tax income of KEUR 613 (first six months of 2022: tax expenses of KEUR 828) comprise current income tax income of KEUR 202 (first six months of 2022 tax expense KEUR 989) and deferred tax expenses from valuation differences in the amount of KEUR 815 (first six months of 2022: deferred tax expenses of KEUR 161). The first six months of 2023 closed with a loss of KEUR 49,731 (first six months of 2022: loss of KEUR 40,766).

2.3.2 Financial position and liquidity

CASH FLOWS

COMPARISON OF FIRST SIX MONTHS AS AT 30 JUNE 2023 WITH FIRST SIX MONTHS AS AT 30 JUNE 2022

Positive operating cash flows of KEUR 76,471 (first six months of 2022: KEUR 84,130) failed to cover the negative cash flows from investing activities of KEUR -86,935 (first six months of 2022: KEUR -71,162) and negative cash flows from financing activities in the amount of KEUR -59,761 (first six months of 2022: KEUR -42,912), resulting in a decline of KEUR 70,255 in cash and cash equivalents as at 30 June 2023 compared to 31 December 2022.

While interest payments of KEUR 26,133 were incurred in the comparative period, interest payments decreased to KEUR 38,038 in the first six months of 2023, which is due to a change in the payment frequency of interest expenses for the Facility A3.

The Group has concluded various lease agreements for the rental of local and regional transmission lines (fiber leases), buildings and premises to serve customers. These have been classified as "Leases" in accordance with IFRS 16. In the first six months of financial year 2023, the repayment of lease liabilities resulted in payments of KEUR 19,895(first six months of 2022: KEUR 17,619) and lease payments connected with the operation of the infrastructure network in the district of Plön of KEUR 1,055 (first six months of 2022: TEUR 551).

In the first six months of 2023, Tele Columbus invested mainly in its own network, the connection of newly acquired properties and the upgrade of existing customers.

Interest on loans and borrowings was covered through cash

CAPITAL STRUCTURE AS AT 30 JUNE 2023 COMPARED TO 31 DECEMBER 2022

Lender	Borrower	Total in KEUR as of 30 Jun. 2023	Share	Total in KEUR as of 31 Dec. 2022	Share
Facility A3	TC AG	461,876	41.31%	467,995	41.64%
Senior Secured Notes - Bond	TC AG	650,343	58.17%	649,341	57.77%
Various	Diverse	5,843	0.52%	6,690	0.60%
Total		**1,118,062**	**100.00%**	**1,124,026**	**100.00%**

With regard to the maturities of loans, transaction costs and liabilities relating to embedded derivatives, please refer to the notes in Section C.14 Liabilities to banks and from the bond issuance of the consolidated interim financial statements.

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

2.3.3 Assets and liabilities as at 30 June 2023 compared to 31 December 2022

Intangible assets comprise goodwill of KEUR 881,955 (31 December 2022: KEUR 881,955), customer bases of KEUR 20,719 (31 December 2022: KEUR 24,694), and contract cost of KEUR 34,148 (31 December 2022: KEUR 33,765).

The decrease in intangible assets results from amortisation of assets with finite useful lives, which could not be fully compensated by additions.

Property, plant and equipment decreased by KEUR 1,998 to KEUR 763,079 compared to 31 December 2022. Properties and buidlings amount to KEUR 21,444 (31 December 2022: KEUR 23,890); plant and equipment to KEUR 603,554 (31 December 2022: KEUR 627,873); other, operating and office equipment to KEUR 15,631 (31 December 2022: KEUR 16,720).

The decrease is mainly due to depreciation of KEUR 70,419. The depreciation effect could not be offset by the effect of additions of KEUR 68,318, completely. The additions result mainly from own investments and also from the capitalisation of property, plant and equipment classified as right-of-use assets in accordance with IFRS 16.

Construction in progress increased by KEUR 25,857 to KEUR 122,451 as a result of commenced investment projects.

Current trade receivables and other receivables increased compared to 31 December 2022 and amounts to KEUR 37,550 as at 30 June 2023. The receivables comprise mainly trade receivables from signal delivery, transmission and feed-in fees.

With regard to movements in cash and cash equivalents, please refer to the explanatory notes in Section ”2.3.2 Financial position and liquidity”.

The current capitalised accruals and deferrals amount to KEUR 10,938 (31 December 2022: KEUR 5,344) and mainly consist of payments in connection with maintenance contracts and insurance. The increase relative to 31 December 2022 results mainly from advance payments for financial year 2023, which were accordingly subject to interim deferral.

As at 30 June 2023, the Group's consolidated equity amounted to KEUR 388,699 (31 December 2022: KEUR 438,430).

The Group's liabilities from interest-bearing loans and senior secured loans amounted to KEUR 1,118,062 as at 30 June 2023 (31 December 2022: KEUR 1,124,027). This corresponds to 56.7 % (31 December 2022: 55.6 %) of total assets. For more details please see the capital structure (Section “2.3.2 Financial position and liquidity”) and the consolidated interim financial statements (Section “C.14 Liabilities to banks and from the bond issuance").

3. Forecast adjustment report

With regard to the forecast adjustment report of Tele Columbus Group, reference is made to the comments in Section “Forecast Report” of the combined management report of financial year 2022.

The forecasts described there regarding the key financial and non-financial performance indicators for the financial year 2023 are believed to still be accurate from the perspective of the quarterly report as at 30 June 2023.

4. Risk adjustment report

With regard to the Group risk adjustment report, please refer to the explanations in section "Risk report" of the combined management report of financial year 2022.

5. Opportunities adjustment report

Tele Columbus has a number of opportunities in future, especially due to the Group's strong competitive position. We refer in this regard to the comments in Section "Opportunities" of the combined management report of financial year 2022.

Content

Consolidated income statement

KEUR	Note	1 Jan. to 30 Jun. 2023	1 Jan. to 30 Jun. 2022
Revenue	C.1	221,260	224,033
Own work capitalised	C.2	10,733	11,583
Other income	C.3	6,557	3,041
Total operating income		*238,550*	*238,657*
Cost of materials	C.4	−65,264	−66,721
Employee benefits		−50,295	−44,258
Other expenses	C.5	−36,214	−33,922
EBITDA		**86,777**	**93,756**
Depreciation/amortisation and impairment		−103,734	−108,258
EBIT		**−16,957**	**−14,502**
Equity method income (+) / loss (-)		23	–
Interest income and similar income	C.6	417	56
Interest expense and similar expense	C.6	−33,827	−28,562
Other financial income (+) / loss (-)	C.7	–	3,070
Profit (+) / Loss (-) before tax		*−50,344*	*−39,938*
Income taxes	C.8	613	−828
Net loss		**−49,731**	**−40,766**
attributable to shareholders of Tele Columbus AG		−50,522	−41,546
attributable to non-controlling interests		791	780

The following notes are an integral component of the condensed interim consolidated financial statements.
EBITDA and EBIT stand for earnings before interests, taxes, depreciation and amortisation and EBIT stand for earnings before interests and taxes.

Consolidated statement of comprehensive income

KEUR	1 Jan. to 30 Jun. 2023	1 Jan. to 30 Jun. 2022
Net loss	*−49,731*	*−40,766*
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of gains (+)/ losses (-) on defined benefit plans (after deferred of taxes)	–	–
Change in the fair value of financial investments in equity instruments measured at fair value through other comprehensive income	–	–
Items that may be reclassified to net income		
Other comprehensive income	**–**	**–**
Total comprehensive income	**−49,731**	**−40,766**
of which attributable to:		
Shareholders of Tele Columbus AG	*−50,522*	*−41,546*
Non-controlling interests	791	780

The following notes are an integral component of the condensed interim consolidated financial statements

Consolidated statement of financial position

KEUR	Note	30 June 2023	31 December 2022
Non-current assets			
Intangible assets		1,035,522	1,045,795
Property, plant, and equipment	C.9	763,079	765,077
Investments in other entities	C.10	587	587
Investments accounted for using the equity method		517	517
Trade and other receivables		229	229
Other financial receivables	D.12	18,080	16,243
Accruals and deferrals (non-financial)	C.11	2,839	1,978
		1,820,853	**1,830,426**
Current assets			
Inventories		36,041	24,565
Trade and other receivables	C.11	37,550	30,701
Receivables from related parties	D.2	197	317
Contract assets	C.11	11,314	9,085
Other financial receivables	C.11	9,957	8,550
Other assets	C.11	7,138	3,868
Current tax assets		4,599	5,148
Cash and cash equivalents		34,285	104,540
Accruals and deferrals (non-financial)	C.11	10,938	5,344
		152,019	**192,118**
Total assets		**1,972,872**	**2,022,544**

The following notes are an integral component of the condensed interim consolidated financial statements

KEUR	Anhang	30 June 2023	31 December 2022
Equity			
Share Capital	C.12	296,617	296,617
Capital reserve	C.12	997,489	997,489
Other components of equity		−914,218	−863,696
Equity attributable to shareholders of Tele Columbus AG		*379,887*	*430,409*
Non-controlling interests		8,812	8,021
		388,699	**438,430**
Non-current liabilities			
Pensions and other long-term employee benefits		6,639	6,549
Other provisions	C.13	2,539	1,999
Liabilities to banks and from the bond issuance	C.14	1,112,168	1,111,801
Trade and other payables	C.15	2,528	2,529
Contract liabilities	C.15	98	41
Other financial liabilities	C.15	44,164	43,384
Lease liabilities	D.1	185,536	186,676
Accruals and deferrals (non-financial)	C.15	12,936	13,307
Deferred tax liabilities		6,955	7,771
		1,373,563	**1,374,057**

Current liabilities			
Other provisions	C.13	19,746	18,895
Liabilities to banks and from the bond issuance	C.14	5,894	12,226
Trade and other payables	C.15	76,833	106,014
Payables due to related parties	D.2	742	930
Contract liabilities	C.15	46,243	8,072
Other liabilities	C.15	15,835	12,194
Other financial liabilities	C.15	7,509	9,533
Lease liabilities	D.1	33,283	37,314
Income tax liabilities		1,311	1,368
Accruals and deferrals (non-financial)	C.15	3,214	3,511
		210,610	**210,057**
Total equity and liabilities		**1,972,872**	**2,022,544**

The following notes are an integral component of the condensed interim consolidated financial statements

Consolidated statement of cash flows

KEUR	1 Jan. to 30 Jun. 2023	1 Jan. to 30 Jun. 2022
Cash flow from operating activities		
Net loss	*−49,731*	*−40,766*
Net financial income or expense	33,410	25,436
Income taxes	−613	828
Equity method income/loss	−23	–
Earnings before interest and taxes (EBIT)	*−16,957*	*−14,502*
Depreciation and amortisation	103,734	108,258
Equity-settled share-based employee benefits	–	270
Loss (+) / gain (-) on sale of property, plant, and equipment	−824	−835
Increase (-) / decrease (+) in:		
Inventories	−11,476	−9,928
Trade and other receivables, contract assets and other assets not classified as investing or financing activities	−14,892	8,860
Accruals and deferrals (non-financial)	−6,455	−3,489
Increase (+) / decrease (-) in:		
Trade payables, contract liabilities and other liabilities not classified as investing or financing activities	21,908	−17,684
Provisions	1,481	353
Accruals and deferrals (non-financial) including contract liabilities	−668	17,103
Income tax received / paid	620	−4,276
Cash flow from operating activities	**76,471**	**84,130**

KEUR	1 Jan. bis 30 Jun. 2023	1 Jan. bis 30 Jun. 2022
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	679	690
Acquisition of property, plant and equipment	−58,978	−50,045
Acquisition of intangible assets	−29,053	−21,674
Interest received	417	56
Proceeds from the disposal of subsidiaries less cash	–	−189
Cash flow from investing activities	**−86,935**	**−71,162**
Cash flow from financing activities		
Payment of financial lease liabilities and service concession liabilities	−20,951	−18,171
Dividends paid	–	−2,685
Proceeds from loans, bonds and short or long-term borrowings from banks	–	4,500
Repayment of short or long-term borrowings	−772	−423
Interest paid	−38,038	−26,133
Cash flow from financing activities	**−59,761**	**−42,912**
Cash and cash equivalents at the end of the period		
Net increase (+) / decrease (-) in cash and cash equivalents	−70,225	−29,944
Cash and cash equivalents at the beginning of the period	104,540	124,284
Cash and cash equivalents at the end of the period	**34,315**	**94,340**
Increase (+) / decrease (-) from release of restricted cash and cash equivalents during the period	−30	–
Free cash and cash equivalents at the end of the period	**34,285**	**94,340**

Consolidated statement of changes in equity

For the first six months 2023

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 2023	**296,617**	**997,489**	**−111,364**	**−752,535**	**202**	**430,409**	**8,021**	**438,430**
Profit (+) / loss (−)	–	–	–	−50,522	–	−50,522	791	−49,731
Other comprehensive income (+)/(−)	–	–	–	–	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**−50,522**	**–**	**−50,522**	**791**	**−49,731**
Dividends	–	–	–	–	–	–	–	–
Changes in non-controlling interests	–	–	–	–	–	–	–	–
Capital increase	–	–	–	–	–	–	–	–
Equity settled share-based employee benefits	–	–	–	–	–	–	–	–
Stand 30 June 2023	**296,617**	**997,489**	**−111,364**	**−803,057**	**202**	**379,887**	**8,812**	**388,699**

Consolidated statement of change in equity

For the first six months 2022

KEUR	Share capital	Capital reserve	Other changes in equity	Retained earnings	Accumulated capital	Equity attributable to share-holders of Tele Columbus AG	Non-controlling interests	Total equity
Balance at 1 January 2022	**273,666**	**946,672**	**−111,433**	**−626,142**	**−1,524**	**481,239**	**10,273**	**491,512**
Profit (+) / loss (−)	–	–	–	−41,546	–	−41,546	780	−40,766
Restated total comprehensive income	**–**	**–**	**–**	**−41,546**	**–**	**−41,546**	**780**	**−40,766**
Dividends	–	–	–	–	–	–	–	–
Changes in non-controlling interests	–	–	–	–	–	–	–	–
Other changes	–	–	–	–	–	–	–	–
Equity settled share-based employee benefits	–	–	135	–	–	135	–	135
Stand 30 June 2022	**273,666**	**946,672**	**−111,298**	**−667,688**	**−1,524**	**439,828**	**11,053**	**450,881**

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), is listed in free float on the Hamburg Exchange.

A.2. Description of operating activities

The companies of Tele Columbus Group are fibre-optic network operators operating primarily in the Eastern German federal states. 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 Group 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 accounting for the consolidated interim financial statements

The condensed consolidated interim financial statements of Tele Columbus Group as at 30 June 2023 present the assets, liabilities, financial position and financial performance of Tele Columbus AG and its consolidated entities. Gains and losses are presented for the period from 1 January 2023 to 30 June 2023 and the comparative period from 1 January 2022 to 30 June 2022. For assets, liabilities and financial position as at 30 June 2023, the comparative reporting date is 31 December 2022.

The condensed consolidated interim financial statements of the companies of Tele Columbus Group as at 30 June 2023 have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 on a condensed basis as compared to year-end reporting as at 31 December 2022. Thus, these consolidated interim financial statements are to be considered in relation to the consolidated financial statements as at 31 December 2022. The International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) have been applied.

The condensed consolidated interim financial statements comprise the consolidated income statement, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and the condensed notes to the consolidated financial statements.

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

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

A.4. Disclosures on the going concern assumption

The condensed consolidated financial statements were prepared under the going concern assumption. Based on the current liquidity planning, the Management Board assumes that a liquidity gap will arise in the fourth quarter of 2023, which will increase in the following months. This liquidity gap is expected to be closed by the shareholders or third parties by means of liquid funds in the form of equity or debt capital. In this regard, the Management Board is in constant dialogue with the Supervisory Board and the main shareholders. Therefore, the Group's ability to meet its financial obligations and commitments as they fall due and to continue as a going concern are dependent on the ability to attract future debt or equity for refinancing within the next twelve months. This is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.The Management Board assumes the Group will be able to meet all financial obligations. The Management Board is convinced the current negotiations with equity and debt investors will be successful and that liquid funds can be raised.

B. Accounting policies

B.1. Significant estimation uncertainty

The preparation of the consolidated interim financial statements in accordance with IFRS requires assessments, estimates and assumptions that have a direct effect on the application of accounting policies and 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. 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to estimates are recognised in the period in which they occur, and prospectively in future relevant periods.

There have been no significant changes as compared to the consolidated financial statements as at 31 December 2022 regarding any significant judgements and assumptions made by management or in estimation uncertainty.

B.2. Significant accounting policies

The same accounting policies are used in the condensed consolidated interim financial statements as at 30 June 2023 as compared to the consolidated financial statements as at 31 December 2022.

Significant judgements and assumptions as well as estimation uncertainties for the period ending 30 June 2023 are generally consistent with the consolidated financial statements as at 31 December 2022. Changes to the internal reporting structure are described below.

B.3. Change in segment reporting

In the context of realigning the Group strategy with effect from 1 May 2023, the reporting system of Tele Columbus was adjusted in line with the changed internal management of the Group and thus also the responsibility for results. The previous reporting segments "TV", "Internet and Telephony" and "B2B and Other" were condensed into one reporting segment. Accordingly, the assets and liabilities were allocated to one reporting segment. For better comparability, the previous year's figures were adjusted retrospectively in line with the new reporting structure.

The business forecast is based on a business case for the cash-generating unit with a fixed planning period of 20 years.

B.4. Compliance with IFRS

In the condensed consolidated interim financial statements, the Tele Columbus Group has applied all IFRSs and IFRIC interpretations adopted by the EU that are effective for financial years commencing on or after 1 January 2023.

The following table shows the main new or revised standards (IAS/IFRS) or interpretations (IFRIC) that are not yet mandatory, and their effects on the Group. The effective date refers to the effective date as specified in the EU endorsement – unless otherwise stated:

Standard/ Interpretations		Effective as at[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

1) Financial years which begin on or after the specified date.

The new standards described are not expected to have a significant impact on the financial reporting of Tele Columbus.

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

C.1. Revenue

KEUR	1 Jan. to 30 Jun. 2023	1 Jan. to 30 Jun. 2022
Revenue from contracts with customers	220,368	**223,065**
Basic TV	76,767	83,834
Internet/telephony	90,599	85,545
Receiver	8,929	9,223
Premium TV	11,655	12,701
Other transmission fees and miscellaneous feed-in charges	13,472	13,653
Construction services	1,047	1,191
Network capacity	9,609	8,429
Computing centre	2,121	2,258
One-off fees for business customers	814	1,360
Antenna/maintenance	841	1,072
Hardware sales	2,670	1,318
Other	1,844	2,481
Revenue from renting	892	**968**
Network infrastructure rent	892	968
Revenue by product category	221,260	**224,033**

The revenues of the companies of Tele Columbus Group mainly comprise monthly subscription fees and, to a small extent, one-off installation and connection charges for basic digital cable television as well as premium ancillary digital services. They also include fees for high-speed internet access and telephony charges. In addition we offer individual products for business customers. 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.

C.2. Own work capitalised

Own work capitalised in the amount of KEUR 10,733 for the first six months of 2023 (first six months of 2022: KEUR 11,583) mainly comprises expenses for work performed by our own employees in connection with expanding the cable network.

C.3. Other income

KEUR	1 Jan. to 30 Jun. 2023	1 Jan. to 30 Jun. 2022
Income from customer credit notes	1,908	–
Income from the reversal of provisions ans accruals	1,129	365
Gains on disposal of non-current assets	851	845
Income from dunning fees	362	323
Income from marketing subsidies	195	294
Income from sale	21	44
Miscellaneous other income	2,091	1,170
	6,557	**3,041**

Other income includes services and gains in relation to items not directly related to the corporate purpose. Miscellaneous other income consists of various individual items.

C.4. Cost of materials

KEUR	1 Jan. to 30 Jun. 2023	1 Jan. to 30 Jun. 2022
Cost of raw materials and supplies	−797	−268
Cost of purchased services/goods	−64,467	−66,453
	−65,264	**−66,721**

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

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

C.5. Other expenses

KEUR	1 Jan. to 30 Jun. 2023	1 Jan. to 30 Jun. 2022
IT costs	−10,784	−7,515
Legal and advisory fees	−8,932	−8,677
Advertising	−7,291	−8,398
Impairment on receivables	−1,774	−1,752
Vehicle costs	−1,402	−1,185
Occupancy costs	−1,385	−1,279
Insurance, fees and contributions	−1,244	−2,315
Communication costs	−769	−822
Travel expenses	−658	−398
Incidental bank charges	−362	−432
Office supplies and miscellaneous administrative expenses	−301	−323
Maintenance	−153	−403
Losses on disposal of non-current assets	−27	−10
Miscellaneous other expenses	−1,132	−413
	−36,214	**−33,922**

C.6. Interest income and expenses

KEUR	1 Jan. to 30 Jun. 2023	1 Jan. to 30 Jun. 2022
Interest and similar income	417	56
Interest and similar income	**417**	**56**
Interest expenses	−32,599	−27,323
Expenses resulting from compounding of loans and bond (Senior Secured Notes) under the effective interest rate method	−1,228	−1,239
Interest and similar expenses	**−33,827**	**−28,562**
	−33,410	**−28,506**

Interest expenses mainly refer to liabilities to banks and liabilities arising from the senior secured notes.

More details can be found in Section C.14 "Liabilities to banks and from the bond issuance".

C.7. Other finance income/costs

KEUR	1 Jan. to 30 Jun. 2023	1 Jan. to 30 Jun. 2022
Value adjustment of embedded derivatives	–	3,070
Total other financial income/costs	**–**	**3,070**

This decrease in other financial income/expense is mainly attributable to the fair value adjustment on embedded derivatives due to early loan repayment in May 2021.

C.8. Income tax expense

Please refer to Section 2.3.1 Financial performance of the group interim management report.

C.9. Intangible assets

Intangible assets comprise goodwill of KEUR 881,955 (31 December 2022: KEUR 881,955), customer bases of KEUR 16,744 (31 December 2022: KEUR 24,694) and contract cost of KEUR 36,830 (31 December 2022: KEUR 33,765).

The other intangible assets mainly comprise recognised rights, assets and software licences. As these are intangible assets with a finite useful life, they are only impairment-tested if there is any indication of impairment. As in prior year, there were no indications of possible impairment on other intangible assets with finite useful lives.

In the course of realigning the Group strategy as of 1 May 2023, all assets and liabilities were condensed to one cash-generating unit in accordance with the new reporting structure. The new reporting structure was used as an opportunity to perform an impairment test for the operating segments existing until 30 April 2023 with current discount rates on the reporting date 30 April 2023. The WACC after taxes is 5.95 % (31 December 2022: 5.96 %) for both the TV and the Internet and Telephony CGUs. With regard to the CGU HLkomm, a WACC of 8.27 % (31 December 2022: 8.11 %) after taxes was calculated. As the recoverable amount was higher than the carrying amount, there was no need to recognise an impairment loss on the recognised goodwill. For the further parameters of the impairment test and the sensitivity analysis, please refer to the consolidated financial statements as of December 31, 2022.

Please see Section 2.3.3 „Assets and liabilities as at 30 June 2023 compared to 31 December " of the group interim management report for further individual matters.

C.10. Property, plant and equipment

Property, plant and equipment decreased by KEUR 1,997 to KEUR 763,079 compared to 31 December 2022.

The decrease is mainly due to scheduled depreciation, which could not be offset by additions. The additions contain of the capitalisation of right-of-use assets from leases.

C.11. Trade receivables, contract assets, other financial receivables, other assets, accruals and deferrals (non-financial)

The following table shows the development of impairments for trade receivables at Group level:

KEUR	30 June 2023	31 December 2022
Trade and other receivables – gross	50,097	43,276
Impairment losses	−12,318	−12,346
Trade and other receivables – net	**37,779**	**30,930**

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

In addition, there are trade receivables from related parties in the amount of KEUR 197 (31 December 2022: KEUR 317).

Contract assets are related to customer contracts and amount to KEUR 11,314 (31 December 2021: TEUR 9,085).

Other financial receivables of KEUR 28,037 (31 December 2022: KEUR 24,793) 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. In addition, the other financial assets also include a payment deposit for services already received.

Other assets in the amount of KEUR 7,138 (31 December 2022: KEUR 3,868) mostly include prepayments made on account of orders and VAT receivables.

Accruals and deferrals of KEUR 13,777 (31 December 2022: KEUR 7,322) primarily consist of payments relating to insurance, maintenance agreements, licences, rental payments and marketing costs.

C.12. Equity

The share capital of KEUR 296,617 includes 296,617,494 registered shares and was fully paid up. No treasury shares were held as of the balance sheet date.

For other changes in equity and distributions to non-controlling interests, please see section “Consolidated statement of changes in equity”.

C.13. Other provisions

The other provisions reported as of 30 June 2023 comprise of current obligations of KEUR 19,746 (31 December 2022: KEUR 18,895) and non-current obligations of KEUR 2,539 (31 Dezember 2022: KEUR 1,999).

Tele Columbus accrued provisions in the amount of KEUR 6,916 for possible additional funding obligations to compensate for future charges at the level of former subsidiaries.

Litigation provisions amount to KEUR 1,495 as of 30 June 2023 mainly relate to disputed claims.

Provisions for dismantling obligations in the amount of KEUR 1,843 are mainly related to the lease contract of 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.

The current provisions are expected to be utilized within one year. It is considered probable that the amount actually utilised will correspond to the amounts accrued as of the balance sheet date.

C.14. Liabilities to banks and from the bond issuance

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 1,112,219 (31 December 2022: KEUR 1,117,336) and other individual loans and liabilities of subsidiaries in the amount of KEUR 5,843 (31 December 2022: KEUR 6,690).

C.14.1. LIABILITIES TO BANKS FROM THE SENIOR FACILITIES AGREEMENT

The following credit facility is available to the Group under the senior facilities agreement: KEUR 462,463 (“Term Loan Facility A3”).

The margin amounts to 3.50% p.a. plus EURIBOR for the Term Loan Facility A3. 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.

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.

In addition, 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.

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

KEUR	30 June 2023	31 December 2022
Term Loan Facility A3 (term ending on 15 October 2024)	461,876	467,995
Senior Secured Notes (term ending on 2 May 2025)	650,343	649,341
	1,112,219	**1,117,336**

In accordance with the share and interest pledge agreement dated 13 July 2021, 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.

C.14.2. 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 5,843 (31 December 2022: KEUR 6,690). The term of these loan agreements/liabilities varies between 28 and 48 months. Fixed interest rates between 0.68% p.a. and 2.18% p.a. have been agreed for the loans.

C.15. Trade and other payables, contract assets, other financial liabilities, other liabilities, accurals and deferrals (non-financial)

Trade and other payable of KEUR 79,361 (31 December 2022: KEUR 108,543) mainly comprise in connection with signal supply contracts, services and unbilled supplies and services provided up to the balance sheet date.

Contract liabilities amount to TEUR 46,341(31 December 2022: TEUR 8,113) as at 30 June 2023.

Other financial liabilities of KEUR 51,673 (31 December 2022: KEUR 52,917) mainly relate to a service concession agreement.

Other liabilities of KEUR 15,933 (31 December 2022: KEUR 12,194) mainly relate to personnel-related provisions and tax liabilities.

Accruals and deferrals of KEUR 16,150 (31 December 2022:KEUR 16,818) mainly comprises advance payments from customers and grants from cities and municipalities for the expansion of fibre optic networks.

A significant part of other accruals and deferrals (30 June 2023: TEUR 16,150; 31 December 2022: TEUR 16,818) results from grants from cities and municipalities for the expansion of fibre optic networks.

D. Other explanatory information

D.1. Leases and other financial obligations

D.1.1. LEASES

AS LESSEE

Tele Columbus has a large number of leases, for which, almost exclusively, acts as lessee. A significant portion of leases account for the leases 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).

The maturities of the lease liabilities as of 30 June 2023 are as follows:

KEUR	30 June 2023	31 December 2022
Less than one year	33,283	37,314
Between one and five years	90,415	87,465
More than five years	95,121	99,211
	218,819	**223,990**

Future lease obligations from short-term leases and leases based on low-value assets as of 30 June 2023 are as follows:

30 June 2023	Short-term leases	Leases based on low-value assets	Total
Less than one year	827	140	967
Between one and five years	–	106	106
More than five years	–	26	26
	827	272	1,099

...

D.1.2. 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	30 June 2023	31 December 2022
Less than one year	40,031	23,595
Between one and five years	31,406	28,964
More than five years	4,370	5,032
	75,807	57,591

D.2. Related party disclosures

GENERAL RELATED PARTY DISCLOSURES

There have been no material changes with regard to related party transactions in the reporting period compared to 31 December 2022.

D.3. Risk management

D.3.1. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

There have been no significant changes in the Company's risk management objectives and methods or in the nature and scope of risks arising from financial instruments for the nine-months period ended 30 June 2023 as compared to the consolidated financial statements as at 31 December 2022.

D.3.2. LIQUIDITY RISK

Liquidity risk represents the risk that existing liquidity reserves will be insufficient to meet financial obligations in a timely manner. Liquidity risks can also arise if cash outflows become necessary due to operating activities or investment activities. The management of liquidity in Tele Columbus AG is intended to ensure that - as far as possible - sufficient liquid funds are always available to meet payment obligations when due under both normal and strained conditions without incurring unacceptable losses or damaging the Group's reputation. Liquidity risks from financing activities arise, for example, when short-term cash outflows are required to repay liabilities but sufficient cash inflows cannot be generated from operating activities and, at the same time, sufficient liquid funds are not available for repayment.

Cash and cash equivalents amounted to KEUR 34,285 as of 30 June 2023 (31 December 2022: KEUR 104,540). Furthermore, the Tele Columbus Group regularly reviews further financing options. Based on the existing financing instruments and the possible financing options, there is no liquidity risk in the short and medium term.

The finance agreement for the granting of credit facilities dated 7 April 2021 contains various covenants, non-compliance with which gives the lender the option to call in the loans. Compliance with these covenants as well as the capital risk to which Tele Columbus is subject as a stock corporation are continuously monitored by the Management Board.

The liquidity risk in case of non-compliance with these covenants amounts to KEUR 1,112,463 as of the balance sheet date (31 December 2022: KEUR 1,112,463). The risk of non-compliance with the covenants and the related financing regulations may have a negative impact on the credit availability and the going concern assumption of the companies of Tele Columbus Group.

Strategic measures have been initiated to ensure compliance with existing covenants and payment obligations in order to secure the liquidity of Tele Columbus Group in the long term.

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

A concentration of liquidity risks is generally not discernible.

There were no relevant changes in interest rate risk for the six-months period ending 30 June 2023 compared with the interest rate risks presented in the consolidated financial statements as of 31 December 2022.

D.4. Segment reporting

With effect from 1 May 2023, the reporting system of Tele Columbus was adjusted according to the profit responsibility. The previous reporting segments "TV", "Internet and Telephony" and "B2B and Other" were condensed into one reporting segment.

For further information we refer to B.3 Change in segment reporting.

Segment reporting until 2022:

1 Jan. to 30 Jun. 2022

KEUR	TV	Internet & Telephony	Other	Total
Revenue	112,178	88,370	23,485	224,033
Normalised EBITDA	60,644	59,987	−23,094	97,537
Non-recurring expenses (-) /income (+)	−189	−121	−3,471	−3,781
EBITDA	**60,455**	**59,866**	**−26,565**	**93,756**

Segment reporting from May 1, 2023 with one segment:

in KEUR	1. Jan. to 30. Jun. 2023	1. Jan. to 30. Jun. 2022
Total Net Sales	221.260	224.033
Total Output	**238.550**	**238.765**
Total Direct Costs	−65.264	−66.721
Total OPEX	−80.407	−74.510
EBITDA normalized	**92.830**	**97.537**
in % of Total net sales	42,0%	43,5%
Non-Recurrings	−6.053	-3.781
EBITDA reported	**86.777**	**93.756**
in % of Total net sales	39,2%	41,8%

Segmenting based on geographical criteria is not applied, as all revenue is generated exclusively in Germany.

Revenue is generated by a large number of customers such that no significant portion is attributable to one or a few external customers.

E. Events after the reporting date

With effect from 1 July 2023, Jochen Busch was appointed to the Management Board of Tele Columbus AG as Chief Consumer Officer. Thus the Management board was expanded from four to five members.

During the revision of a customer contract, indications have arisen that contractual excess quantity surcharges and shortfall quantity discounts need to be re-analysed. The review has not yet been completed. The management expects the results of the investigation may have an impact on the valuation of sales revenues and trade receivables.

In order to strengthen the liquidity position, a loan agreement for a revolving credit line of 15 MEUR was signed with Hilbert Management GmbH, Frankfurt am Main, an affiliated company of Tele Columbus, on 25 July 2023. The loan can be drawn for general corporate purposes.

There are no other significant events after the balance sheet date.

Berlin, 21 August 2023
Tele Columbus AG, Berlin

Management Board

Markus Oswald	**Dr. Jeannette von Ratibor**	**Christian Biechteler**	**Michael Fränkle**	**Jochen Busch**
Chief Executive Officer	Chief Financial Officer	Chief Sales Officer Housing Industry & Infrastructure	Chief Technology Officer	Chief Consumer Officer

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Berlin, August 2023

Management Board: Markus Oswald, Dr. Jeannette von Ratibor, Christian Biechteler, Michael Fränkle, Jochen Busch

Chairman of the Supervisory Board: Marc van't Noordende

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

District Court of Berlin-Charlottenburg HRB 161349 B

Note

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

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