Tele Columbus AG

Half-Year Financial Report as of 30 June 2021

Condensed consolidated interim financial statements for the first half of the year as at 30 June 2021

in accordance with the International Financial Reporting Standards as adopted by the European Union

pursuant to Section 37w of the German Securities Trading Act [WpHG]

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 June 30, 2021. Tele Columbus AG operates 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 June 30, 2021, Tele Columbus AG held 42 directly or indirectly held 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.

Please see the comments in Section B "Changes in consolidation scope" in the condensed notes to the consolidated interim financial statements.

Tele Columbus is one of the leading German fibre optic network operators reaching more than three million households in Germany. Under the PŸUR brand, the Group offers high-speed internet access as well as more than 250 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 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 the corporate customer segment, carrier services and corporate solutions are provided on the basis of own fibre optic networks. The Group's companies operate throughout Germany, with an especially strong market position in the eastern part of the country. About 38% of Tele Columbus's holdings are distributed across the remainder of Germany. Overall, the Group supplies nearly 9% of all German households via existing networks.

Tele Columbus offers its customers top-of-the-line high-performance access to TV services, telephone (fixed network) and fast internet. The range of services covers servicing, maintenance, supply of the mentioned products and services, customer care for connected customers and payment collection. In addition to the core business, services also include construction work relating to telephone and internet business as well as individual solutions for major customers.

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

The business model has not changed since December 31, 2020.

1.1.2 Operating segments

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

The "TV" segment generated revenue of KEUR 118,455 in the first half of 2021 (first half of 2020: KEUR 121,752), which represents approx. 50.4% of total revenue in the first half of 2021 (first half of 2020: 51.1%).

The "Internet and Telephony" segment generated revenue of KEUR 84,257 in the first half of 2021 (first half of 2020: KEUR 81,115), which represents approx. 35.8% of total revenue in the first half of 2021 (first half of 2020: 34.0%).

The revenue not directly attributable to the two reported segments amounted to KEUR 32,495 (first half of 2020: KEUR 35,527).

1.2 Objectives and strategies

The goals and strategies of the Tele Columbus Group have not changed since the annual financial statements as at December 31, 2020. Please see the comments in the 2020 combined 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

Spring forecast 2021

In the spring projection presented in April, the German federal government expects GDP to increase by 3.5 % (price-adjusted) in 2021. For 2022, a further increase of 3.6 % is expected in the course of the catching-up process. The German federal government's projection is based on the assumption that the far-reaching measures restricting social contact in public spaces to protect health and life can be gradually relaxed in the course of the second quarter of 2021. Thereafter, a significant recovery of the domestic economy and private consumer consumption is expected. Also, despite the ongoing infection, the industrial economy and the foreign trade environment in particular represent important sources of impulses in the current year.

From the Management Board's point of view, the general consumption trend has only a limited impact on consumer behaviour with regard to the products offered by Tele Columbus. In particular, because the majority of the population living in the areas served by Tele Columbus and whose properties are connected to the network already have Internet access and, in addition, fixed network-based Internet access is typically not a good that is consumed depending on overall economic developments.

Industry environment

With regard to the sector-specific conditions for Tele Columbus Group, please see the comments in the 2020 combined management report. There have been no significant changes in the first half of 2021 compared to the assessment in that report.

2.2 Business performance

After the 2020 focus was on achieving the planned revenues and the planned result even under the framework conditions of the Corona crisis, Tele Columbus was also able to record a continued stable business development in the first half of 2021, which was almost unaffected by the global pandemic, with the exception of the procurement processes. The development in the area of Internet & Phone RGUs was particularly positive. In this area, the sales campaigns launched at the beginning of the year and a significant decrease in terminations helped to exceed the volume plan despite Corona.

In the 2nd quarter, the consequences of the Corona crisis became apparent for the first time. In addition to the delay in the provision of larger infrastructure projects, there were delays in the decision-making process, especially with larger data centre customers, and some orders were postponed to the 3rd and 4th quarters. In a contrast to this, sales with housing industry businesses in the area of Smart Infoscreens could be expanded; here, a well-known customer could be won with the "WGS Glück auf" from Dresden.

Revenue for the first half of the year fell by 1.3% to KEUR 235.207 compared to the prior year, mainly due to the decline in revenue from construction services. Revenue in the "core business" increased slightly (+1.4%) compared to the prior year. The number of residential units connected to their own level 3 network and with return channel capability amounted to approx. 2,361,000 and is thus slightly lower compared to December 31, 2020. (-0.24%)

The number of residential units connected to the Group's own signal feed and equipped with feedback capability as at June 30, 2021 increased to 71.2% (+0.2 percentage points) compared to December 31, 2020.

The number of residential units connected to the cable networks of companies of Tele Columbus Group fell by 0.5% to 3.32 million compared to December 31, 2020.

As at June 30, 2021, the customer basis of the Tele Columbus Group dropped by 27,700 to 2.20 million compared to December 31, 2020.

As at June 30, 2021, the total number of RGUs dropped by 10,800 to 3.71 million compared to December 31, 2020.

RGUs for cable TV decrease by 36,600 to 2.10 million as at June 30, 2021 compared to December 31, 2020, while premium TV services remain slightly up by approximately 3,000 RGUs. The average number of products (RGUs) per customer increases marginally to 1.69 (+0.03pp) as at June 30, 2021.

RGUs for internet services increased in the first half of 2021 compared to December 31, 2020 by 2.3% to approx. 616,000. RGUs for telephone services have climbed 2% to approx. 448,000.

2.3 Assets, liabilities, financial position and financial performance

2.3.1 Financial performance

Income situation in KEUR	1 Jan. bis 30 Jun. 2021	1 Jan. bis 30 Jun. 2020
Revenue	235,207	238,393
Own work capitalized	11,077	10,857
Other income	4,352	3,866
Total operating income	**250,636**	**253,116**
Cost of materials	−71,657	−77,500
Employee benefits	−41,633	−39,686
Other expenses	−37,194	−23,378
EBITDA	**100,152**	**112,552**
Non-recurring expenses (net)	16,343	5,302
Normalised EBITDA	116,495	**117,854**
EBITDA	100,152	**112,552**
Net finance income/costs	−42,809	−36,202
Depreciation and amortisation	−101,902	−99,190
Income tax	6,188	3,213
Net loss	**−38,371**	**−19,627**

Revenue in the first half of 2021 amounted to KEUR 235,207, 1.3% down on the 2020 reporting period. The change resulted mainly from the lower revenue from construction service business, which declined by KEUR 6,396, and from a KEUR 3,675 drop in TV revenue. This decline was partially compensated by higher business customer revenue (KEUR 3,321) and higher Internet and Telephony revenue (KEUR 2,555).

Own work capitalised was KEUR 11,077 in the first half of 2021, an increase of 2.0% compared to the prior year (KEUR 10,857).

Other income increased from KEUR 3,886 to KEUR 4,352. This resulted mainly from one-off effects due to the derecognition of customer liabilities from previous periods.

Total operating income, defined as the sum of revenue, other income and own work capitalised, declined in the reporting period by 1.0% to KEUR 250,636.

Compared with the prior-year period, the cost of materials declined by 7.5% to KEUR 71,657 in the first half of 2021. The decline resulted mainly from lower expenses for construction services, which fell by KEUR 5,419 in line with the decline in revenue from this business area.

In addition, there were positive effects from the capitalisation of costs for network leases in the amount of KEUR 1,925. However, higher direct costs were incurred in the comparable period in the area of business customers for data centre services (+KEUR 934). Reimbursements of administrative costs were also higher by KEUR 338 compared to the same period of the previous year.

Personnel expenses amounted to KEUR 41,633, which was just slightly (4.9%) higher than the prior-year period and are due to an increase in the number of employees.

Other expenses amounted to KEUR 37,194 in the first half of 2021. The increase of KEUR 13,816 is mainly due to higher expenses for legal and consulting fees (KEUR 12,152), which were incurred in the course of the equity transaction. Positive effects of KEUR 429 resulted in the area of general administrative overheads (also due to the ongoing CoVid-19 situation) and rental expenses.

EBITDA amounted to KEUR 100,152 in the first half of 2021, decreasing by KEUR 12,400 compared to the prior year due to the factors described above.

Compared to the first half of the previous year, "Normalised EBITDA" fell slightly from KEUR 117,854 to KEUR 116,495. The operating margin (defined as the ratio of normalised EBITDA to revenue) remained largely stable at 49.5% in the reporting period (first half of 2020: 49.4%). Non-recurring expenses and income amounted to KEUR 16,343 in the 1st half of 2021 (1st half of 2020: KEUR 5,302). The increase in non-recurring expenses mainly results from legal and consulting fees incurred in the reporting period in connection with the equity transaction.

The negative financial result deteriorated to KEUR 42,809 (1st half year 2020: KEUR 36,202). The increase in the negative financial result is mainly due to transaction costs of KEUR 14,005 which were previously deferred and expensed in the course of the (partial) repayment of the term loan facilities, as well as a fee for the waiver of the lenders in connection with change-of-control clauses.

Amortisation and depreciation amounted to KEUR 101,902 in the first half of 2021 (first half of 2020: KEUR 99,190).

Tax income of KEUR 6,188 (first half of 2020: tax expense of KEUR 3,213) comprises current income tax expenses of KEUR 1,868 (first half of 2020: KEUR 3,206) and deferred tax income from valuation differences in the amount of KEUR 8,056 (first half of 2020: deferred tax expenses of KEUR 6,419).

The first half of 2021 closed with a loss of KEUR 38,371 (first half of 2020: loss of KEUR 19,627).

2.3.2 Financial performance by segment

Operating activities are divided into two segments. The following table provides an overview of revenue in the first half of 2021 and the first half of 2021:

Revenue by segment in KEUR	1 Jan. bis 30 Jun. 2021	1 Jan. bis 30 Jun. 2020
Revenue TV segment	118,455	121,752
Revenue Internet and Telephony segment	84,257	81,115
Total revenue (without combined segment "Other")	**202,712**	**202,867**

Revenue from the "TV" segment declined by 2.7% to KEUR 118,455 compared to the prior year. This drop of KEUR 3,297 compared to the prior-year period resulted mainly from the decline in cable TV RGUs.

Revenue in the Internet and Telephony segment increased by 3.9% year-on-year to KEUR 84,257. The rise was mainly due to an increase in IP RGUs and the sale of higher-value products.

Result in KEUR	1 Jan. bis 30 Jun. 2021	1 Jan. bis 30 Jun. 2020
Normalised EBITDA		
TV segment	65,904	67,850
Internet and telephony segment	60,288	59,610
Non-recurring expenses (-) / income (+)		
TV segment	−655	−752
Internet and telephony segment	−702	−697
EBITDA		
TV segment	65,249	67,098
Internet and telephony segment	59,586	58,913

2.3.3 Financial position and liquidity

CASH FLOW

COMPARISON OF FIRST HALF-YEAR AS AT 30 JUNE 2021 WITH FIRST HALF-YEAR ENDED 30 JUNE 2020

The Tele Columbus Group generated a positive operating cash flow of KEUR 76,592 (first half of 2020: KEUR 105,378).

The negative cash flow from investing activities in the amount of KEUR -47,657 (first half of 2020: KEUR -48,181) was more than offset by the positive cash flow from financing activities in the amount of KEUR 52,809 (first half of 2020: KEUR -57,101), so that cash and cash equivalents as of June 30, 2021 increased by a total of KEUR 81,727 (after taking into account the change in restricted cash of KEUR 17) compared with December 31, 2020. The main reason for the increase was the capital increase of KEUR 471,945 (after deduction of transaction costs), which was reduced by the early repayment of borrowings (KEUR 360,289).

While interest payments of KEUR 27,084 were incurred in the comparative period, interest payments increased to KEUR 32,135 in the first half of 2021.

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 half of the 2021 financial year, the repayment of lease liabilities resulted in payments of KEUR 16,391 and lease payments in connection with the operation of the infrastructure network in the district of Plön of KEUR 1.251 (first half of 2020: KEUR 675).

In the first half of 2021, Tele Columbus invested mainly in its own network, the connection of newly acquired properties and the upgrade of existing customers.

The obligations incurred until 30 June 2021 for investments and operating expenses, which will result in cash outflows of about KEUR 83,682 in subsequent reporting periods, will be financed from existing cash held and cash flows from operating activities.

Interest on loans and borrowings was covered through cash.

In the first half of 2021, the companies of the Tele Columbus Group were always able to meet their payment obligations.

Management reviews the Group's liquidity position at least monthly and initiates, if necessary, measures to forestall liquidity shortages in due time (please see the comments in the "Risk report" of the combined management report for financial year 2020).

CAPITAL STRUCTURE AS AT JUNE 30, 2020 COMPARED TO DECEMBER 31, 2020

Lender	Borrower	Total in KEUR as of 30 Jun. 2021	Share	Total in KEUR as of 31 Dec. 2020	Share
Facility A3	TC AG	465,705	41.79%	702,595	48.83%
Senior Secured Notes - Bond	TC AG	646,455	58.01%	645,531	44.95%
Facility 75M	TC AG	–	0.00%	73,236	5.06%
Term Loan 40M	TC AG	–	0.00%	38,469	0.00%
Various	Diverse	2,273	0.20%	–	0.26%
Total		**1,114,433**	**100.00%**	**1,459,831**	**100.00%**

With regard to the maturities of loans, transaction costs and liabilities relating to embedded derivatives, please refer to the notes in Section D.14 "Liabilities to banks and due to the senior secured notes" of the consolidated interim financial statements.

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

2.3.4 Assets and liabilities as at June 30, 2021 compared to december 31, 2020

Property, plant and equipment decreased by KEUR 10,171 to KEUR 702,492 compared to December 31, 2020. Properties and buidlings amount to KEUR 26,793 (December 31, 2020: KEUR 28,458); plant and equipment to KEUR 563,063 (December 31, 2020: KEUR 575,607); other, operating and office equipment to KEUR 20,227 (December 31, 2020: KEUR 21,332).

The decrease is mainly due to depreciation of KEUR 65,308, which is offset by the effect of additions ofKEUR 57,418. The additions come from the capitalisation of property, plant and equipment classified as IFRS 16.

Construction in progress increased by KEUR 5,143 to KEUR 92,409 as a result of commenced investment projects.

Intangible assets with a carrying amount of KEUR 1,092,054 (December 31, 2020: KEUR 1,117,462) comprise goodwill of KEUR 886,160 (December 31, 2020: KEUR 889,660), customer bases of KEUR 75,661 (December 31, 2020: KEUR 91,569), commissions as capitalised expenses for the acquisition of new customers of KEUR 31,031 (December 31, 2020: KEUR 32,753) and other intangible assets of KEUR 99,202 (December 31, 2020: KEUR 103,480).

Intangible assets and goodwill fell by KEUR 25,408 compared to December 31, 2020. The change results on the one hand from the capitalised customer commissions and their associated amortisation and on the other hand from the acquired software such as the "Smart Client" (CRM) and the website conversion and their amortisation. Another significant effect is the amortisation of the customer bases.

In addition, an amount of KEUR 3,500 related to goodwill has been reclassified to "assets held for sale".

Current trade receivables and other receivables increased by KEUR 9,968 to KEUR 62,397, compared to December 31, 2020. The rise in receivables is mainly attributable to the rise in trade receivables from operating activities.

With regard to movements in cash and cash equivalents, please refer to the explanatory notes in Section 2.3.3 “Financial position and liquidity”.

The current prepaid expenses amount to KEUR 8,298 (December 31, 2020: KEUR 5,127) and mainly consist of payments in connection with maintenance contracts and insurance. The increase relative to December 31, 2020 results mainly from advance payments for financial year 2021, which were accordingly subject to interim deferral.

As at June 30, 2021, the Group's consolidated equity amounted to KEUR 563,681 (December 31, 2020: KEUR 131,500). The change results mainly from the capital increase for the first half of 2021. In addition, dividends of KEUR 1,667 were distributed to minority shareholders.

The Group's liabilities from interest-bearing loans and senior secured loans amounted to KEUR 1,114,433 as at June 30, 2021 (December 31, 2020: KEUR 1,462,400). This corresponds to 54.4 % (December 31, 2020: 73.7 %) of total assets. For more details please see the capital structure (Section 2.3.3 “Financial position and liquidity”) and the consolidated interim financial statements (Section D.15 "Liabilities to banks and from the bond issuance").

3. Subsequent events

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

4. Forecast adjustment report

We refer to the comments in Section 5 "Forecast" of the combined management report for the 2020 financial year for a detailed forecast for Tele Columbus Group. From the perspective of the consolidated interim financial statements as at 30 June 2021, the predictions described in this section with regard to the key financial and non-financial indicators for the 2021 financial year were deemed to be accurate.

Regarding the adjustment of the forecast, we refer to the events after the reporting date in the notes to the consolidated financial statements.

5. Risk adjustment report

With regard to the Group risk adjustment report, please refer to the explanations in section 6 "Risk report" of the combined management report for the 2020 financial year.

With the takeover by Kublai GmbH and the subsequent capital increase in the first half of 2021, it was possible to significantly reduce the liquidity risk mentioned in the annual report in the chapter on financial risks. The liquid funds injected with the capital increase habe been already be used in part to repay debt, and the other part is intended for the implementation of the Fiber Champion strategy.

The risks resulting from the CoVid-19 pandemic presented in the Annual Report 2020 have so far had little impact on Tele Columbus' business situation.

6. 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 7 'Opportunities' of the combined management report for financial year 2020.

Content

Consolidated income statement

KEUR	Note	1 Jan. bis 30 Jun. 2021	1 Jan. bis 30 Jun. 2020
Revenue	D.1	235,207	238,393
Own work capitalised	D.2	11,077	10,857
Other income	D.3	4,352	3,866
Total operating income		*250,636*	*253,116*
Cost of materials	D.4	−71,657	−77,500
Employee benefits		−41,633	−39,686
Other expenses	D.5	−37,194	−23,378
EBITDA		**100,152**	**112,552**
Depreciation/amortisation and impairment		−101,902	−99,190
EBIT		**−1,750**	**13,362**
Equity method income (+) / loss (-)		10	−21
Interest income and similar income	D.6	59	76
Interest expense and similar expense	D.6	−54,427	−30,902
Other financial income (+) / loss (-)	D.7	11,549	−5,355
Profit (+) / Loss (-) before tax		*−44,559*	*−22,840*
Income taxes	D.8	6,188	3,213
Net loss		**−38,371**	**−19,627**
attributable to shareholders of Tele Columbus AG		−39,387	−20,782
attributable to non-controlling interests		1,016	1,155
Basic earnings per share in EUR		−0.14	−0.16
Diluted earnings per share in EUR		−0.14	−0.16

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 profit or loss and other comprehensive income

KEUR	1 Jan. bis 30 Jun. 2021	1 Jan. bis 30 Jun. 2020
Net loss	*–38,371*	*–19,627*
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of gains (+)/ losses (-) on defined benefit plans (after deferred of taxes)	–	–
Other comprehensive income	**–**	**–**
Total comprehensive income	**–38,371**	**–19,627**
of which attributable to:		
Shareholders of Tele Columbus AG	*–39,387*	*–20,782*
Non-controlling interests	1,016	1,155

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

Consolidated statement of financial position

KEUR	Note	30 June 2021	31 December 2020
Non-current assets			
Property, plant, and equipment	D.10	702,492	712,663
Intangible assets	D.11	1,092,054	1,117,462
Investments accounted for using the equity method		439	441
Trade and other receivables	D.12	6	6
Other assets	D.12	3	4
Other financial receivables	D.12	3,516	3,517
Accruals and deferrals (non-financial)	D.12	2,106	2,402
Deferred tax assets		–	137
Derivative financial instruments		7,406	5,876
		1,808,022	**1,842,508**
Current assets			
Inventories		4,224	5,451
Trade and other receivables	D.12	62,391	52,423
Receivables from related parties	E.3	270	250
Other financial receivables	D.12	7,233	6,711
Other assets	D.12	6,757	7,882
Current tax assets		2,604	2,674
Cash and cash equivalents		143,617	61,890
Accruals and deferrals (non-financial)	D.12	8,298	5,127
Assets held for sale	D.9	4,106	–
		239,500	**142,408**
Total assets		**2,047,522**	**1,984,916**

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

Consolidated statement of financial position

KEUR	Note	30 June 2021	31 December 2020
Equity			
Share Capital	D.13	273,666	127,556
Capital reserve	D.13	946,674	620,838
Other components of equity		−666,223	−627,109
Equity attributable to shareholders of Tele Columbus AG		*554,117*	*121,285*
Non-controlling interests		9,564	10,215
		563,681	**131,500**
Non-current liabilities			
Pensions and other long-term employee benefits		10,113	10,241
Other provisions	D.14	2,171	2,393
Liabilities to banks and from the bond issuance	D.15	1,103,561	1,447,867
Trade and other payables	D.16	46	46
Other liabilities	D.16	–	681
Other financial liabilities	D.16	44,742	45,493
Lease liabilities	E.2	141,380	139,667
Accruals and deferrals (non-financial)	D.16	3,636	3,874
Deferred tax liabilities		10,227	18,390
Derivative financial instruments		2,698	11,165
		1,318,574	**1,679,818**

Current liabilities			
Other provisions	D.14	14,849	14,077
Liabilities to banks and from the bond issuance	D.15	10,872	14,533
Trade and other payables	D.16	56,995	71,830
Payables due to related parties	E.3	425	818
Other liabilities	D.16	14,917	18,761
Other financial liabilities	D.16	9,460	10,286
Lease liabilities	E.2	30,906	29,469
Income tax liabilities		9,306	9,318
Accruals and deferrals (non-financial)	D.16	17,221	4,506
Liabilities held for sale	D.9	316	–
		165,267	**173,598**
Total equity and liabilities		**2,047,522**	**1,984,916**

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

Consolidated statement of cash flows

KEUR	Note	1 Jan. bis 30 Jun. 2021	1 Jan. bis 30 Jun. 2020
Cash flow from operating activities			
Net loss		*−38,371*	*−19,627*
Net financial income or expense	D.6 / D.7	42,819	36,181
Income taxes	D.8	−6,188	−3,213
Equity method income/loss		−10	21
Earnings before interest and taxes (EBIT)		*−1,750*	*13,362*
Depreciation and amortisation		101,902	99,190
Equity-settled share-based employee benefits		273	125
Loss (+) / gain (-) on sale of property, plant, and equipment		−763	−538
Increase (-) / decrease (+) in:			
Inventories		1,227	−843
Trade and other receivables (including contract assets) and other assets not classified as investing or financing activities	D.12	−8,968	652
Accruals and deferrals (non-financial)	D.12	−2,876	−2,695
Increase (+) / decrease (-) in:			
Trade payables and other liabilities not classified as investing or financing activities	D.16	−23,386	−11,157
Provisions	D.14	420	−1,127
Accruals and deferrals (non-financial) including contract liabilities	D.16	12,488	8,556
Income tax paid		−1,975	−147
Cash flow from operating activities		**76,592**	**105,378**

KEUR	Note	1 Jan. bis 30 Jun. 2021	1 Jan. bis 30 Jun. 2020
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		486	236
Acquisition of property, plant and equipment		−34,996	−29,001
Acquisition of intangible assets		−13,206	−19,492
Interest received		59	76
Cash flow from investing activities		**−47,657**	**−48,181**
Cash flow from financing activities			
Proceeds from the issue of shares and other equity instruments		474,857	–
Transaction costs with regard to the capital increase		−2,912	–
Payment of financial lease liabilities and service concession liabilities		−17,642	−14,323
Dividends paid		−1,666	−1,593
Transaction costs with regard to loans and borrowings		−7,404	−61
Repayment of short or long-term borrowings		−360,289	−14,035
Interest paid		−32,135	−27,084
Acquisition of non-controlling interests		–	−5
Cash flow from financing activities		**52,809**	**−57,101**
Cash and cash equivalents at the end of the period			
Net increase (+) / decrease (-) in cash and cash equivalents		81,744	96
Cash and cash equivalents at the beginning of the period		61,890	10,128
Cash and cash equivalents at the end of the period		**143,634**	**10,224**
Increase (+) / decrease (-) from release of restricted cash and cash equivalents during the period		−17	−106
Free cash and cash equivalents at the end of the period		**143,617**	**10,118**

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

Consolidated statement of changes in equity

For the first six months of 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	**127,556**	**620,838**	**−111,871**	**−513,443**	**−1,795**	**121,285**	**10,215**	**131,500**
Profit (+) / loss (−)	–	–	–	−39,387	–	−39,387	1,016	−38,371
Total comprehensive income	**–**	**–**	**–**	**−39,387**	**–**	**−39,387**	**1,016**	**−38,371**
Dividends	–	–	–	–	–	–	−1,667	−1,667
Capital increase	146,110	325,836	–	–	–	471,946	–	471,946
Equity settled share-based employee benefits	–	–	273	–	–	273	–	273
Balance at 30 June 2021	**273,666**	**946,674**	**−111,598**	**−552,830**	**−1,795**	**554,117**	**9,564**	**563,681**

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Consolidated statement of change in equity

For the first six months of 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	**127,556**	**620,838**	**−112,345**	**−325,275**	**−1,893**	**308,881**	**9,697**	**318,578**
Profit (+) / loss (−)	–	–	–	−20,782	–	−20,782	1,155	−19,627
Other comprehensive income (+)/(−)	–	–	–	–	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**−20,782**	**–**	**−20,782**	**1,155**	**−19,627**
Dividends	–	–	–	–	–	–	−1,593	−1,593
Changes in non-controlling interests	–	–	–	–	–	–	−5	−5
Other changes	–	–	–	–	–	–	3	3
Equity settled share-based employee benefits	–	–	125	–	–	125	–	125
Balance at 30 June 2020	**127,556**	**620,838**	**−112,220**	**−346,057**	**−1,893**	**288,224**	**9,257**	**297,483**

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

Notes to the consolidated financial statements

A. General information

A.1. Introduction

Tele Columbus AG as the ultimate parent company with its registered office at Kaiserin-Augusta-Allee 108, 10553 Berlin, Germany (Commercial Register Berlin-Charlottenburg HRB 161349 B), has been listed on the Frankfurt Stock Exchange (Prime Standard) since 23 January 2015.

A.2. Description of operating activities

The companies of the 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 2021 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 2021 to 30 June 2021 and the comparative period from 1 January 2020 to 30 June 2020. For assets, liabilities and financial position as at 30 June 2021, the comparative reporting date is 31 December 2020.

The condensed consolidated interim financial statements of the companies of Tele Columbus Group as at 30 June 2021 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 2020. Thus, these consolidated interim financial statements are to be considered in relation to the consolidated financial statements as at 31 December 2020. 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.

The condensed consolidated interim financial statements have been prepared under the going concern assumption.

The condensed consolidated interim financial statements were prepared by Tele Columbus AG's Management Board in Berlin on August 25, 2021.

A.4. Correction of erroneous disclosures in the notes

The subsidiaries of Tele Columbus AG listed below have utilised the exemption regulation of Section 264 (3) of the German Commercial Code (HGB) for the financial year 2020 in accordance with the respective shareholder resolutions. As a consequence this information corrects the disclosures in the notes to the consolidated financial statements of Tele Columbus AG as at December 31, 2020 that are lacking this information according to section 264 (3) in combination with section 314 HGB. The correction will be submitted to the German Federal Gazette for publication.

- 1. Kabelfernsehen München ServiCenter GmbH, Unterföhring:
  Utilisation of the exemption provision pursuant to Section 264 (3) of the German Commercial Code (HGB) in accordance with the shareholders' resolution of December 1, 2020.

- 2. Tele Columbus Geschäftskunden Vertriebs GmbH, Berlin:
  Utilisation of the exemption provision pursuant to Section 264 (3) HGB in accordance with the shareholder resolution of December 1, 2020

B. Changes in consolidation scope

There are no significant changes in the scope of consolidation in the six-month period 2021 compared with the reporting as of December 31, 2020.

Mergers

With entry in the commercial register on February 25, 2021, kabel.digital.service Gmbh, Frankfurt (Oder), was merged into Tele Columbus Multimedia GmbH, Berlin, through transfer of its entire assets by dissolution without liquidation.

Tele Columbus Multimedia GmbH, Berlin has been converted into a company limited by shares (Tele Columbus Multimedia GmbH & Co. KG) as of March 31, 2021. In the process, 0.01% of the shareholding in Tele Columbus Multimedia GmbH, Berlin was also sold by Tele Columbus AG to Tele Columbus Betriebs GmbH, Berlin.

C. Accounting policies

C.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 December 31, 2020 regarding any significant judgements and assumptions made by management or in estimation uncertainty.

C.2. Significant accounting policies

The same accounting policies are used in the condensed consolidated interim financial statements as at June 30, 2021 as compared to the consolidated financial statements as at December 31, 2020.

There have been no significant changes to any significant judgements and assumptions made by management or in estimation uncertainty in the half-year period to June 30, 2021 as compared to the consolidated financial statements as at December 31, 2020.

C.3. 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 January 1, 2021.

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

Standard/ Interpretations		Effective as at
Amendments to IFRS 16	CoVid-19-Related Rent Concession	1 January 2020
Amendments IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform	1 January 2021

The afore mentioned accounting standards do not have any impact on the accounting of the Tele Columbus Group.

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 at1)	Publication of endorsement by the EU Commission
Amendments to IAS 1	Classification of Liabilities as current or non-current	1 January 2023	pending
Amendments to IAS 1	Accounting policies	1 January 2023	pending
Amendments to IAS 8	Definition of estimation uncertainties	1 January 2023	pending
Amendments to IFRS 17	Insurance contracts	1 January 2023	pending
Amendments to IAS 16	PP&E: Proceeds before intended use	1 January 2022	pending
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022	pending
Amendments to IAS 37	Onerous contracts - costs of fulfilling a contract	1 January 2022	pending
AIP 2018-2020	IFRS 1, IFRS 9, IFRS 16, IAS 41	1 January 2022	pending
Amendments to IFRS 10/IAS 28	Sale or contribution of assets	pending	pending

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 the companies of the Tele Columbus Group.

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

D.1. Revenue

	1 Jan. bis 30 Jun. 2021				
KEUR	TV	Internet & Telephony	Business Customers	Other	Total
Revenue from contracts with customers	118,455	84,257	30,785	770	234,267
Analogue	89,439	–	–	–	89,439
Internet/telephony	–	74,859	7,183	–	82,042
Receiver[1)]	5,104	3,356	–	–	8,460
Additional digital services	14,559	–	–	–	14,559
Other transmission fees and miscellaneous feed-in charges	7,834	5,199	–	–	13,033
Construction services	–	–	–	628	628
Network capacity	–	–	8,593	–	8,593
Computing centre	–	–	2,132	–	2,132
One-off fees for business customers	–	–	5,207	–	5,207
Antenna/maintenance	460	322	–	137	919
Hardware sales	–	–	7,345	–	7,345
Other	1,059	521	325	5	1,910
Revenue from renting	–	–	940	–	940
Network infrastructure rent	–	–	940	–	940
Revenues according to segment reporting	118,455	84,257	31,725	770	235,207

KEUR	TV	Internet & Telephony	Business Customers	Other	Total
			1 Jan. bis 30 Jun. 2020		
Revenue from contracts with customers	**121,752**	**81,115**	**25,268**	**7,121**	**235,257**
Analogue	93,016	–	–	–	93,016
Internet/telephony	–	72,301	7,282	–	79,583
Receiver[1)]	4,959	3,034	–	–	7,993
Additional digital services	13,831	–	–	–	13,831
Other transmission fees and miscellaneous feed-in charges	7,303	4,804	–	–	12,107
Construction services	–	–	–	7,023	7,023
Network capacity	–	–	6,898	–	6,898
Computing centre	–	–	1,611	–	1,611
One-off fees for business customers	–	–	2,276	–	2,276
Antenna/maintenance	597	298	–	99	994
Hardware sales	41	26	7,084	–	7,151
Other	2,005	652	117	–	2,774
Revenue from renting	**–**	**–**	**3,136**	**–**	**3,136**
Network infrastructure rent	–	–	3,136	–	3,136
Revenues according to segment reporting	**121,752**	**81,115**	**28,404**	**7,121**	**238,393**

1) In the financial year the presentation of revenue was adjusted to industry practice. Accordingly, the position "receiver" is now reported as revenue from contracts with customers and no longer as revenue from renting. The previous year's presentation was adjusted for reasons of comparability.

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 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.

D.2. Own work capitalised

Own work capitalised in the amount of KEUR 11,077 for the first half of 2021 (first half of 2020: KEUR 10,857) mainly comprises expenses for work performed by our own employees in connection with expanding the cable network.

D.3. Other income

KEUR	1 Jan. bis 30 Jun. 2021	1 Jan. bis 30 Jun. 2020
Income from dunning fees	868	599
Gains on disposal of non-current assets	306	374
Income from sale	249	89
Income from marketing subsidies	235	187
Income from the reversal of provisions	5	151
Miscellaneous other income	2,689	2,466
	4,352	**3,866**

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

D.4. Cost of materials

KEUR	1 Jan. bis 30 Jun. 2021	1 Jan. bis 30 Jun. 2020
Cost of raw materials and supplies	−115	−548
Cost of purchased services/goods	−71,542	−76,952
	−71,657	**−77,500**

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.

D.5. Other expenses

KEUR	1 Jan. bis 30 Jun. 2021	1 Jan. bis 30 Jun. 2020
Legal and advisory fees	−16,599	−4,447
Advertising	−5,516	−4,901
IT costs	−4,683	−4,564
Insurance, fees and contributions	−2,698	−1,026
Impairment on receivables	−1,612	−1,811
Occupancy costs	−1,311	−1,363
Vehicle costs	−1,162	−1,303
Communication costs	−835	−854
Incidental bank charges	−473	−408
Maintenance	−457	−461
Office supplies and miscellaneous administrative expenses	−359	−479
Travel expenses	−160	−392
Losses on disposal of non-current assets	−106	−61
Miscellaneous other expenses	−1,223	−1,308
	−37,194	**−23,378**

Other expenses in the first half of 2021 increased by KEUR 13,816 to KEUR -37,194 (first half of 2020: KEUR -23,378). The key value drivers were the sharply rise in legal and advisory fees, which saw a shift of KEUR 12,152 to KEUR -16,599 (first half of 2020: KEUR -4,447).

D.6. Interest income and expenses

KEUR	1 Jan. bis 30 Jun. 2021	1 Jan. bis 30 Jun. 2020
Interest and similar income	59	76
Interest and similar income	**59**	**76**
Interest expenses	−29,244	−27,522
Expenses resulting from early repayment of loans	−22,055	–
Expenses resulting from compounding of loans and bond (Senior Secured Notes) under the effective interest rate method	−3,128	−3,380
Interest and similar expenses	**−54,427**	**−30,902**
	−54,368	**−30,826**

The interest paid mainly relates to liabilities to banks and liabilities arising from the senior secured notes. This increase compared to the previous year is mainly due to Expenses resulting from early repayment of loans in the amount of KEUR 22,055 which were previously deferred and recognised as an expense in the course of the (partial) repayment of the term loan facilities.

More details can be found in Section D.15 "Liabilities to banks and from the bond issuance". For information on the interest rate hedges please see Section E.4.1 "Carrying amounts of financial instruments".

D.7. Other finance income/costs

KEUR	1 Jan. bis 30 Jun. 2021	1 Jan. bis 30 Jun. 2020
Other valuation effects due to loans and bonds	578	285
Value adjustment of embedded derivatives	10,850	−5,640
Income from other financial income/costs	121	–
Total other financial income/costs	**11,549**	**−5,355**

This increase in other financial income/expense is mainly attributable to the fair value adjustment on embedded derivatives.

D.8. Income tax expense

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

D.9. Assets held for sale and liabilities held for sale

In the first quarter of 2021, Tele Columbus Group decided to sell one of its subsidiaries, which is regionally located and in charge of the construction and operation of a broadband cable network, within one year. Accordingly, this subsidiary is classified as a disposal group held for sale and presented separately below. Initial efforts to dispose of the disposal group have already commenced.

As at June 30, 2021, the subsidiary classified as held for sale comprises the following assets and liabilities:

KEUR	30 June 2021
Property, plant and equipment	543
Intangible assets	3,518
Investments accounted for using the equity method	3
Trade and other receivables	42
Assets held for sale	**4,106**

KEUR	30 June 2021
Trade and other payables	123
Other financial liabilities	19
Accruals and deferrals	12
Income tax liabilities	162
Liabilities held for sale	**316**

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The subsidiary to be sold is allocated to the two segments “TV” and “Internet and Telephony”. No impairment losses were recognised due to the revaluation of the assets and liabilities.

D.10. Property, plant and equipment

Property, plant and equipment decreased by KEUR 10,171 to KEUR 702,492 compared to December 31, 2020.

The decrease is mainly due to scheduled depreciation, which is offset by the additions. The additions are mainly due to the capitalisation of property, plant and equipment classified as IFRS 16 and other investments. In connection with leases, TEUR 21,114 are included in additions and TEUR 1,653 in disposals to fixed assets.

D.11. Intangible assets

Intangible assets with a carrying amount of KEUR 1,092,054 (December 31, 2020: KEUR 1,117,462) comprise goodwill of KEUR 886,160 (December 31, 2020: KEUR 889,660), customer bases of KEUR 75,661 (December 31, 2020: KEUR 91,569), commissions as capitalised expenses for the acquisition of new customers of KEUR 31,031 (December 31, 2020:KEUR 32,753) and other intangible assets of KEUR 99,202 (December 31, 2020: KEUR 103,480).

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 the previous year, there were no indications of possible impairment on other intangible assets with finite useful lives.

Intangible assets include contract initiation costs of KEUR 946 (December 31, 2020: KEUR 306) and contract fulfilment costs of KEUR 3,992 (December 31, 2020: KEUR 3,310).

Please see Section 2.3.4 „Assets and liabilities as at June 30, 2021 compared to december 31, 2020” of the group interim management report for further individual matters.

D.12. Trade receivables, 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 2021	31 December 2020
Trade and other receivables – gross	77,585	71,054
thereof contract assets	7,639	6,959
Impairment losses	−15,188	−18,625
Trade and other receivables – net	**62,397**	**52,429**

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 270 (December 31, 2020: KEUR 250).

Short and long-term other financial receivables of KEUR 10,749 (December 31, 2020: KEUR 10,228) consist mainly of claims from reinsurance policies for pensions that do not qualify as plan assets as well as rental deposits and rental guarantees.

Short and long-term other assets in the amount of KEUR 6,760 (December 31, 2020: KEUR 7,886) mostly include prepayments made on account of orders and VAT receivables.

Short and long-term accruals of KEUR 10,404 (December 31, 2020: KEUR 7,529) primarily consist of payments relating to insurance, maintenance agreements, licences, rental payments and marketing costs.

D.13. Equity

Tele Columbus AG has successfully implemented the rights issue resolved on April 17, 2021. The capital increase was entered in the commercial register of the Company on May 12, 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.

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

D.14. Other provisions

The other provisions reported as of March 31, 2021 comprise of current obligations of KEUR 14,849 (December 31, 2020: KEUR 14,077) and non-current obligations of KEUR 2,171 (Dezember 31, 2020: KEUR 2,393). Other provisions mainly include provisions for subsequent claims arising from tax audit risks, asset retirement, litigation risks and other risks.

The companies of Tele Columbus AG have recognized provisions in the amount of KEUR 6,952 for possible additional funding obligations to offset future charges at the level of individual subsidiaries.

Litigation provisions amount to KEUR 941 as of June 30, 2021 and result from various disputed claims.

The provisions for asset retirement obligations in the amount of KEUR 1,386 mainly relate to the Company's headquarters in Berlin.

Miscellaneous other accruals of KEUR 6,356 include the estimated cost of 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 utilized will correspond to the amounts accrued as of the balance sheet date.

D.15. 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 1,112,160 (December 31, 2020: KEUR 1,459,831) and other individual loans and liabilities of subsidiaries in the amount of KEUR 2,419 (December 31, 2020: KEUR 2,569).

D.15.1. LIABILITIES TO BANKS FROM THE SENIOR FACILITIES AGREEMENT

The following credit facility is available to the Group under the senior facilities agreement: KEUR 707,463 (Term Loan Facility A3).

The margin has increased from 3.00% to 3.50% p.a. plus EURIBOR for the Term Loan Facility A3 in the course of the change of control waiver process. 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 Facility 75 m and the Term Loan Facility 40 m were fully prepaid. In addition, an amount of KEUR 245,000 was repaid from the Term Loan Facility A3.

The revolving credit facility of KEUR 10,000 wascancelled 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 floors 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	30 June 2021	31 December 2020
Term Loan Facility A3[1] (term ending on 15 October 2024)	465,705	702,595
Senior Secured Notes (term ending on 2 May 2025)	646,455	645,531
Term Loan Facility 75m[2] (term ending originally on 18 October 2023)	–	73,236
Term Loan Facility 40m[2] (term ending originally on 11 August 2022)	–	38,469
	1,112,160	**1,459,831**

1) Formerly Term Loan Facility A2, was prepaid
2) was prepaid

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

D.15.2. 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 2,273 (December 31, 2020: KEUR 2,569). The term of these loan agreements/liabilities varies between 10 and 52 months. Fixed interest rates between 1.15% p.a. and 2.72% p.a. have been agreed for the loans.

D.16. Trade and other payables, other financial liabilities, other liabilities, accurals and deferrals (non-financial)

Trade and other payable of KEUR 57,041 (December 31, 2020: KEUR 71,876) mainly comprise in connection with signal supply contracts, services and unbilled supplies and services provided up to the balance sheet date.

Other financial liabilities of KEUR 54,202 (December 31, 2020: KEUR 55,779) mainly relate to a service concession agreement.

Other liabilities of KEUR 14,917 (December 31, 2020: KEUR 19,442) mainly relate to personnel-related provisions and tax liabilities.

Accruals and deferrals of KEUR 20,857 (December 31, 2020:KEUR 8,380) mainly comprises advance payments from customers and grants from cities and municipalities for the expansion of fibre optic networks.

Contract liabilities in the amount of KEUR 13,986 are included in liabilities as at June 30, 2021 (December 31, 2020: KEUR 320).

E. Other explanatory information

E.1. Contingent assets, contingent liabilities and other financial obligations

E.1.1. CONTINGENT ASSETS AND LIABILITIES

Apart from the guarantees not recognised in the statement of financial position and described in Section E.1.3 Avals, there were no significant changes for contingent assets or liabilities as compared to December 31, 2020.

E.1.2. PURCHASE COMMITMENTS

Purchase commitments in connection with capital expenditure and operating expenses amounted to KEUR 83.682 as at the reporting date (December 31, 2020: KEUR 99,173).

E.1.3. AVALS

Guarantees amount to KEUR 7.461 (December 31, 2020: KEUR 7,243) as at the reporting date and mainly consist of rent guarantees and guarantees for licence agreements. In accordance with IFRS requirements, KEUR 7.176 (December 31, 2020: KEUR 6,958) of these guarantees are not included in the statement of financial position.

E.2. Leases and other financial obligations

E.2.1. 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).

The maturities of the lease liabilities as of June 30, 2021 are as follows:

KEUR	30 June 2021	31 December 2020
Less than one year	30,906	29,469
Between one and five years	79,884	81,771
More than five years	61,496	57,896
	172,286	**169,136**

Future lease obligations from short-term leases and leases based on low-value assets as of June 30, 2021 are as follows:

30 June 2021	Short-term leases	Leases based on low-value assets	Total
Less than one year	1,402	249	1,651
Between one and five years	–	136	136
More than five years	–	24	24
	1,402	**409**	**1,811**

AMOUNTS RECOGNISED IN THE STATEMENT OF CASH FLOW[1]

KEUR	30 June 2021	31 December 2020
Cash outflows for leases	21,654	42,566
	21,654	**42,566**

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

E.2.2. 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 2021	31 December 2020
Less than one year	22,101	24,119
Between one and five years	5,279	11,115
More than five years	3,961	4,077
	31,341	**39,311**

E.3. Related party disclosures

GENERAL RELATED PARTY DISCLOSURES

With the acquisition 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 companies of Tele Columbus AG, so that these are henceforth to be classified as additional related parties within the meaning of IAS 24.

Notwithstanding the above, there have been no material changes with regard to related party transactions in the first half of 2021 compared to December 31, 2021.

E.4. Financial instruments and risk management

E.4.1. CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts of financial instruments presented under specific items of the statement of financial position in accordance with the categories of IFRS 9:

Financial instruments by category under IFRS 9 in KEUR

Measurement category IFRS 9		30 June 2021	31 December 2020
Financial assets			
At Fair Value through profit or loss	Derivate Financial Instruments	5,876	7,406
Total		**5,876**	**7,406**
Measured at amortised cost	Receivables from related parties	270	250
	Trade receivables and other financial receivables	73,149	62,661
	Cash and cash equivalents	143,617	61,890
Total		**217,036**	**124,801**
Financial liabilities			
At Fair Value through profit or loss	Derivate Financial Instruments	2,698	11,165
Total		**2,698**	**11,165**
Measured at amortised cost	Liabilities to banks and due bond issuance	1,114,433	1,462,400
	Liabilities to associates and related parties	425	818
	Trade payables	57,041	71,876
	Other financial liabilities	54,202	55,779
Total		**1,226,101**	**1,590,873**
No classification	Lease liabilities[1)]	172,286	169,136
Total		**172,286**	**169,136**

For information on the main methods and assumptions used to determine the fair values of financial instruments and classify them in line with the three-level fair value hierarchy, please see the notes to the 2020 consolidated financial statements, Section F.3.1.

Short-term financial instruments, such as trade receivables, other financial receivables and cash, trade payables, and liabilities from related parties are recognised at amortised cost, which, due to the short terms of these instruments, represents a reasonable approximation of fair value.

Long-term financial instruments are recognised at their present value within the statement of financial position.

The amortised cost of loans and senior secured notes are not equal to market value, as the interest rates applicable to these liabilities are not adjusted to the prevailing money market conditions until a later date. In the case of lease liabilities as well, the carrying amount is not equal to the fair value, as interest rates are not adjusted for current money-market rates on a regular basis.

The fair value of Term Loan A3 and of the senior secured notes (measurement level 2) amounts to KEUR 1,117,017 (December 31, 2020: KEUR 1,483,552). For the remaining liabilities to banks, it is assumed that amortised cost approximates fair value.

Term Loan A3 includes termination options with a floor while the senior secured notes include termination options without a floor. Both instruments satisfy the IFRS criteria of embedded derivatives that must be presented separately and are measured at fair value through profit or loss.

E.4.2. 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 six-month period ended June 30, 2021 as compared to the consolidated financial statements as at December 31, 2020.

E.4.3. 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 143,617 as of June 30, 2021 (December 31, 2020: KEUR 61,890). 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 financing agreement for the granting of credit facilities dated April 7, 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 (December 31, 2020: KEUR 1,472,463). 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 the Tele Columbus Group.

Strategic measures have been initiated to ensure compliance with existing covenants and payment obligations in order to secure the liquidity of the 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 June 30, 2021 compared with the interest rate risks presented in the consolidated financial statements as of December 31, 2020.

E.5. Earnings per share

The calculation of earnings per share is derived from the share of earnings attributable to shareholders and the average number of shares outstanding. During the reporting period or the comparative period, there were no dilutive effects such as those triggered by convertible instruments that have to be disclosed separately in the calculation.

E.6. Segment reporting

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

Relationships within individual segments have been eliminated.

Please see the 2020 annual report for a detailed description of the segments.

Business activities as well as transactions, other events or conditions that are not directly related to the Group's reportable segments are reported under "Other" for the first half of 2021.

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

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

in KEUR	1 Jan. bis 30 Jun. 2021	1 Jan. bis 30 Jun. 2020
Revenue B2B customers / construction services	32,495	35,527
Other income	547	484
Own work capitalised	3,221	2,551
Direct costs	−16,297	−19,485
Personnel expenses	−16,901	−16,556
Other expenses	−12,762	−12,127

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

As they also cannot be allocated to the two segments, one-off effects (for a definition please see "Explanation of the measurement variables of the segments" under Section E.5 "Segment reporting" in the notes to the consolidated financial statements 2020) are shown in the reconciliation.

With the exception of the elimination of the "one-off effects", the accounting policies for segment reporting correspond to the principles applied for these condensed consolidated interim financial statements and are to be understood in line with IFRS as adopted by the EU. This applies as long as the valuation methods and the definition of segments do not change.

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

Explanation of the measurement variables of the segments

Please see the 2020 annual report (Section F.6) for explanatory notes on the measurement variables of the segments.

The non-recurring expenses in the first half of 2021 mainly concern costs incurred for strategic projects and personnel expenses.

1 Jan. to 30 Jun. 2021

KEUR	TV	Internet & Telephony	Other	Total
Revenue	118,455	84,257	32,495	235,207
Normalised EBITDA	65,904	60,288	−9,697	116,495
Non-recurring expenses (-) /income (+)	−655	−702	−14,986	−16,343
EBITDA	**65,249**	**59,586**	**−24,683**	**100,152**

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. Events after the reporting date

On July 24, 2021, Kublai GmbH, Frankfurt am Main, published its decision to make the Delisting Offer. On August 4, 2021 Kublai GmbH published a public delisting offer (cash offer) to all shareholders of Tele Columbus AG to acquire all registered no-par value shares in Tele Columbus AG not already held directly by Kublai GmbH against payment of a cash amount of EUR 3.25 per Tele Columbus AG share tendered for acceptance. The acceptance period runs from August 4, 2021 to September 1, 2021.

The offer document and its non-binding English translation are also available on the internet at http://www.faser-angebot.de/delisting.

On June 25, 2021, Tele Columbus declared that it would apply for the revocation of the admission of all Tele Columbus Shares to trading on the Regulated Market of the Frankfurt Stock Exchange and in the sub-segment of the Regulated Market with additional post-admission obligations (Prime Standard). Tele Columbus has promised Kublai GmbH to file the delisting application in such a way that the delisting will not become effective before the expiry of the Acceptance Period.

In the Forecast Report of the Group Management Report 2020, the Management Board forecast revenues between EUR 465 million and EUR 475 million, Reported EBITDA between EUR 215 million and EUR 230 million, and Capex between EUR 145 million and EUR 155 million for the financial year 2021.

On August 25, 2021, the management board presented a revised budget for financial year 2021 to the supervisory board, which was approved by the supervisory board on the same day. This was done on the basis of the improved capitalization of the Company and discussions with the Company's newly elected supervisory board in relation to the launch of the Fibre Champion strategy, As a result, the Company's management board will now accelerate investments into fibre network upgrades and the business starting immediately.

As a result, the management board updates its outlook for the financial year 2021as follows:

- Total revenues of EUR 465 – 475 million
- Reported EBITDA of EUR 190 – 200 million
- Capex of EUR 185 – 195 million

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

G. Responsibility Statement

We hereby confirm that, to the best of our knowledge, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in accordance with applicable accounting policies for interim financial reporting, and that the group interim management report gives a true and fair view of the Group's business development including its performance and position, and also describes significant opportunities and risks relating to the Group's anticipated development in the remaining financial year.

Berlin, 25 August 2021

Management Board

Chief Executive Officer	Chief Financial Officer
– Dr. Daniel Ritz –	– Eike Walters –

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Tele Columbus AG

Kaiserin-Augusta-Allee 108

10553 Berlin

Germany

www.telecolumbus.com

Contacts

Investor Relations

E-Mail: ir@telecolumbus.de

Press

E-Mail: news@telecolumbus.com

Berlin, August 2021

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

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.

Disclaimer