

Translation – the German version is authoritative

TELES

Annual Report
and
Combined management report

for the

Fiscal year 2023



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Combined management report

In addition to the TELES Group (hereinafter “TELES Group”, “TELES Group” or “TELES”), the combined management report also includes the parent company, TELES AG, based in Berlin, Germany. It is prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Accounting Standard (DRS) No. 20.

TELES AG prepares the annual financial statements in accordance with the accounting principles of the HGB and the consolidated financial statements in accordance with the accounting principles of the International Financial Reporting Standards (IFRS). The management report and the group management report are summarized. The asset, financial and earnings situation as well as the statements on risk, opportunity and forecast reporting are each presented separately.

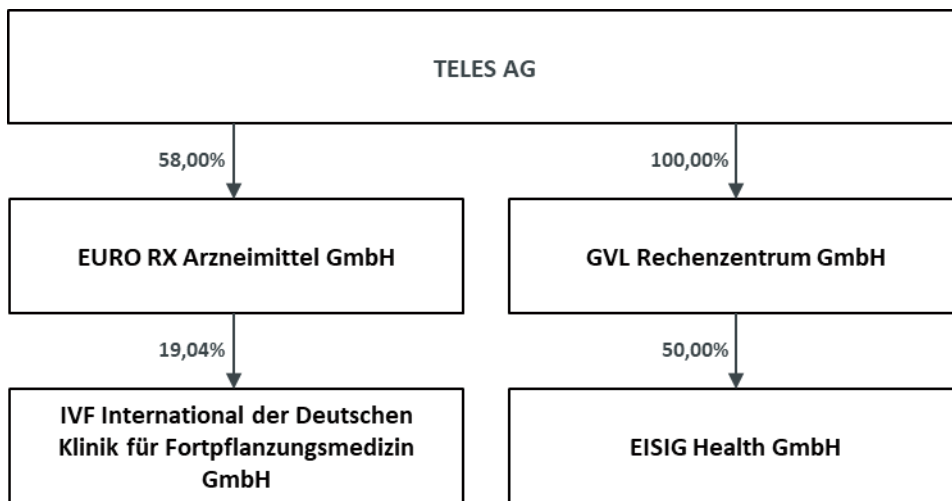
Basic information on the TELES Group

Since October 1, 2023, TELES has only been active in the pharmaceutical segment. The telecommunications segment with the areas of development, service, and order management for existing customers (partial operations) was sold as part of an asset deal on October 1, 2023. The employees in the part of the business have also been transferred to the purchaser. This meant that TELES AG was transformed into a pure financial holding company with responsibility for group accounting and group IT.

In the Pharma segment, TELES focuses on the growth area of Specialty Pharma in Germany and Europe. Specialty Pharma usually includes high-priced drugs for chronic, complex, or rare diseases, such as those sold by TELES. The TELES group focuses on six indication areas: oncology, neurology, autoimmune diseases, ophthalmology, hemophilia, and infectious diseases.

The Pharma segment combines pharmaceutical supply with a focus on digitalization and process optimization along the pharmaceutical value chains and the management of large data volumes in the pharmaceutical industry.

In the telecommunications segment, TELES Carrier Solutions delivered digitalization solutions for the development and maintenance of telecommunications networks to national or international carriers (fixed or mobile network operators). TELES migrated traditional TDM/SDH networks to all-IP networks and offered cloud-based Unified Communication as a Service.



EURO RX Arzneimittel GmbH, Wedemark (EURO RX) is a specialized pharmaceutical supplier that uses a digitalized supply chain to ensure reliable pharmaceutical care for patients across Europe. Due to the elevated level of automation, the EURO RX can deliver medications for cancer, autoimmune deficiencies, and combination therapies for personalized medicine (specialty pharma) quickly and reliably. EURO RX holds a 19.04% stake in IVF International of the German Clinic for Reproductive Medicine GmbH, Bad Münde.

GVL Rechenzentrum GmbH, Berlin (GVL) is a specialized pharmacy computing center that focuses on the implementation of electronic prescriptions (e-prescriptions). This will enable simpler billing options between pharmacies and health insurance companies in the future, which will also support healthcare research for the pharmaceutical industry. GVL holds a 50% stake in EISIG Health GmbH, Berlin. EISIG Health GmbH currently does not conduct any operational business and is therefore only of minor importance for the consolidated financial statements.

Control system

The operational business of the TELES Group and TELES AG is controlled using significant financial performance indicators.

Pharma segment	TELES AG
Sales volume	Sales volume
Gross profit margin	Operating result (EBIT)
Operating result (EBIT)	Order receipt
Order receipt	

The gross profit margin relates the gross profit to the sales achieved.

Order intake in the Pharma segment is the indicator that determines sales with a small-time lag. The order intake of TELES AG or in the telecommunications segment is an important indicator of sales with a small-time lag (project business) or, with a higher time lag (maintenance contracts), for sales in the next 12 months.

Non-financial performance indicators do not play a significant role in the management of the group. The Group Management Board has established an extensive group reporting system for the significant performance indicators of the group companies and conducts regular reviews (corporate planning with plan-actual analyzes) with the group companies.

In addition, liquidity is monitored daily to be able to react early to deviations from the planned cash flows.

Research & Development

Until the telecommunications segment is sold on October 1, 2023, TELES AG has focused its research and development on quickly developing and introducing new marketable products, constantly optimizing development processes, and reducing the costs of developing and producing high-quality new ones and more reliable products. In the 2023 fiscal year, research and development expenses primarily reflect the further development of the soft switch (Carrier Solutions' main product) for mobile network operators and virtual mobile network operators. In the past fiscal year, six employees (previous year: 6) worked

in research and development until September 30, 2023. Expenses in the fiscal year amounted to EUR 330 thousand.

Economic report

Overall economic situation

The global economy slowed significantly again in almost all-important economic areas in 2023. According to the International Monetary Fund (IMF), real gross domestic product (GDP) in industrialized countries grew by only 1.5% in 2023 compared to the previous year and growth will slow to 1.4% in 2024¹. Global GDP growth is estimated at three percent in 2023 and growth of 2.9% is forecast for 2024².

According to the IMF, the economic outlook has changed since the April 2023 update as follows: “Global growth forecasts have remained the same since the April 2023 update. However, global growth is still well below the historical average growth of 3.8 percent (between 2000 and 2019). The war in Ukraine and the immense outbreak of Covid-19 in China in 2020 had a negative impact on growth. The inflation rate was at a long-term high at the end of 2022. Although the IMF expects inflation rates to fall in the current year 2023, inflation will still be well above pre-Corona crisis levels.”³

Industry-related framework conditions for pharma

According to Statista, sales in the pharmacy market in Europe reached a value of around EUR 265.3 billion in 2023. In 2024, sales are expected to be EUR 316.6 billion and there will be an annual growth rate (CAGR 2024-2028) of 3.26% expected, leading to a forecast market volume of EUR 360.0 billion in 2028.⁴

According to the Classic market report from IQVIA, pharmacies in Germany recorded slight sales growth (+1.9%) in the first nine months of 2023 with a moderate decline in sales (-2.7%). These slightly fewer medication packs were delivered to patients compared

¹ Statista 02.01.2024: [IWF Prognose: Wachstum des BIP nach Ländergruppen bis 2024](#)

² Statista 02.01.2024: [IWF Prognose: Wachstum des BIP nach Ländergruppen bis 2024](#)

³ Statista 02.01.2024: [IWF Prognose: Wachstum des BIP nach Ländergruppen bis 2024](#)

⁴ Statista: [Marktprognose Apotheken - Europa](#)

to the same period last year, achieving a value of 35.1 billion euros (at the pharmaceutical company's selling price, including vaccines and test diagnostics).⁵

The market segment for prescription preparations (Rx) will grow cumulatively by 2.4% in terms of sales and +1.9% in terms of sales in the first nine months of 2023. This corresponds to a market volume of around 30.6 billion euros or 587 million packs.⁶

Business development of the TELES Group

As part of the following analysis of business development, it should be noted that the comparative information was adjusted due to the sale of the telecommunications segment on October 1, 2023.

The TELES Group's sales in the reporting year were EUR 59.3 million (previous year: EUR 73.4 million). In the Pharma segment, sales amounted to EUR 59.3 million (previous year: EUR 73.4 million), which consists of the sale of prescription drugs (important are special drugs for cancer, autoimmune deficiencies, and combination therapies for personalized medicine). The decline in sales is due to a significant price increase in purchasing for a cancer drug that will be successful in Germany in 2022. The telecommunications segment was sold on October 1, 2023. No sales are reported for the years 2022 and 2023. Only the result from discontinued operations is shown. In the Pharmaceuticals segment, the cost of materials was EUR 56.0 million (previous year: EUR 70.2 million).

Personnel expenses fell to EUR 2.1 million due to the sale of the telecommunications segment (previous year: EUR 2.7 million). No stock options were issued in 2023. In the previous year, the proportion of share-based payments was EUR 0.5 million. Depreciation was EUR 1.0 million (previous year: 16.5 million), of which EUR 0.4 million was depreciation of the customer base and brand (Previous year EUR 0.7 million) and depreciation of rights of use from leasing contracts EUR 0.4 million (previous year EUR 0.3 million). The decrease in depreciation results from the impairment of goodwill, customer base and brand in the previous year of EUR 15.5 million. A detailed presentation of the depreciation can be found in the notes to the consolidated financial statements. Other operating income was

⁵ IQVIA: [IQVIA Marktbericht Classic – 3. Quartal 2023](#)

⁶ IQVIA: [IQVIA Marktbericht Classic – 3. Quartal 2023](#)

EUR 0.2 million (previous year: EUR 0.1 million). Other operating expenses rose to EUR 2.8 million (previous year: EUR 1.7 million), of which closing and auditing costs amounted to EUR 1.0 million (previous year: EUR 0.3 million), costs of goods delivery amounted to EUR 0.6 million (previous year: EUR 0.5 million), losses on receivables of EUR 0.3 million (previous year: EUR 0), legal and consulting costs of EUR 0.2 million (previous year: EUR 0.2 million), repairs and maintenance EUR 0.1 million (previous year: EUR 0.1 million), Supervisory Board EUR 0.1 million (previous year: EUR 0.1 million). The operating result (EBIT) was EUR -2.4 million (previous year: EUR -17.7).

The financial result of the TELES Group was EUR -0.6 million (previous year: EUR -0.3 million). The tax income was EUR 0.1 million (previous year: EUR 1.0 million). The result after taxes from continuing operations is EUR -2.9 million (previous year: EUR -16.9 million) and the result after taxes from discontinued operations is EUR 0 (previous year: EUR 0, 3 million). In the consolidated financial statements of the TELES Group, the annual loss amounts to EUR 2.9 million (previous year: EUR 16.6 million).

The TELES Group's balance sheet total decreased by EUR 2.5 million compared to the previous year. Non-current assets increased by EUR 0.2 million to EUR 3.4 million. Current assets decreased by EUR 2.7 million to EUR 8.4 million. This is due to the reduction in trade receivables by EUR 2.9 million.

The fully paid-up share capital consists of 6,233,418 no-par value shares with a calculated value of EUR 1.00 each. The consolidated loss carried forward was EUR 21.5 million (previous year: EUR 4.9 million). The group equity amounted to EUR -5.1 million (previous year: EUR -2.2 million).

Long-term liabilities amounted to EUR 2.6 million (previous year: 2.2 million). Of these, long-term loans for the picking system at EURO RX of EUR 0.9 million (previous year: EUR 0.9), long-term leasing liabilities of EUR 1.7 million (previous year: EUR 1.1 million). Current liabilities amounted to EUR 14.3 million (previous year: EUR 14.4 million). Of these, short-term loans for the working capital of EURO RX of EUR 8.5 million (previous year: EUR 8.8 million), other liabilities of EUR 3.4 million (previous year: EUR 3.4 million) and current leasing liabilities of EUR 0.4 million (previous year: EUR 0.3 million). Other liabilities include a purchase price liability for an existing call option to acquire the remaining shares in EURO RX Arzneimittel GmbH of EUR 3.0 million (previous year: EUR 3.0 million).

In the cash flow statement, the operating cash flow amounts to EUR 0.2 million (previous year: EUR 0.3 million), especially considering the decrease in trade payables and other liabilities of EUR 0.2 million (previous year: Increase of EUR - 0.6 million). The TELES Group was able to always meet its financial obligations in the past fiscal year. The financial resources amounted to EUR 0.3 million as of December 31, 2023 (previous year: EUR 1.5 million). Further details can be found in the detailed cash flow statement. As of December 31, 2023, there were no derivative financial instruments at TELES. As part of the realignment of the TE-LES Group, no dividends will be paid out soon. There is a credit line for working capital in the amount of EUR 8.5 million, which was drawn down at 100% as of December 31, 2023.

The telecommunications segment was sold in 2023. In the Pharmaceuticals segment, order intake and thus sales fell short of expectations. However, it was pleasing to see a significant and sustained increase in the gross profit margin. Overall, the past fiscal year was not satisfactory for the TELES Group.

Business development of TELES AG

The telecommunications segment with the areas of development, service, and order management for existing customers (partial operations) was sold on October 1, 2023, as part of an asset deal. At EUR 1.3 million, sales fell by 32% from EUR 1.9 million in the reporting year. In the Carrier Solutions business area, there was a 34% decline in sales due to fewer customer projects with important existing customers than in 2022 (EUR 1.2 million, previous year: EUR 1.8 million). The important maintenance business accounts for 74% of Carrier Solutions sales (EUR 0.9 million, previous year: EUR 1.2 million). The cost of materials ratio rose slightly to 16.5% (previous year: 16.2%). Revenues from subletting and agency agreements amount to EUR 139 thousand (previous year: EUR 157 thousand), a decrease of 11%.

Carrier Solutions	2023	2022
	TEUR	TEUR
DACH	601	1,108
Europe	445	430
Middle East	111	205
Other	11	22
Total	1,168	1,765

Other operating income amounted to EUR 358 thousand (previous year: EUR 240 thousand), of which EUR 270 thousand (previous year: EUR 68 thousand) came from a group levy, non-operating income from onward billing amounting to EUR 58 thousand (previous year: EUR 39 thousand), other income in the amount of EUR 30 thousand (previous year: EUR 95 thousand), income from the reversal of provisions in the amount of EUR 1 thousand (previous year: EUR 6 thousand) and income from written-off receivables in the amount of EUR 0 thousand (previous year: EUR 23 thousand).

Personnel expenses fell by 39% to EUR 1.2 million (previous year: EUR 2.0 million) due to the sale of Carrier Solutions. No stock options were issued in the reporting year and share-based payments are therefore EUR 0 (previous year: EUR 0.5 million).

Other operating expenses rose to EUR 2.0 million (previous year: EUR 1.4 million), of which EUR 864 thousand (previous year: EUR 227 thousand) were in particular for accounting, financial statements and auditing costs, as well as expenses for rent, additional costs and

operating requirements Amount of EUR 266 thousand (previous year: EUR 267 thousand), for a value adjustment on a loan to affiliated companies in the amount of EUR 139 thousand (previous year: EUR 205 thousand), expenses for past periods in the amount of EUR 106 thousand (previous year: EUR 121 thousand). Depreciation amounted to EUR 9 thousand (previous year: EUR 35 thousand).

The operating result (EBIT) amounted to EUR -1.8 million (previous year: EUR -1.5 million) and the financial result amounted to EUR -77 thousand (previous year: EUR -400 thousand). In 2023, depreciation on financial assets amounting to EUR 6 thousand (previous year: EUR 361 thousand) was made. This means that the annual deficit in the annual financial statements of TELES AG amounts to a total of EUR 1.9 million (previous year: EUR 1.7 million).

The balance sheet total of TELES increased by EUR 1.4 million compared to the previous year due to the deficit of EUR 1.5 million that was not covered by equity. The equity ratio will be -46% in 2023 (previous year: 20%). Current assets decreased from EUR 0.3 million to EUR 0.2 million in 2023.

The fully paid-up share capital consists of 6,233,418 no-par value shares with a calculated value of EUR 1.00 each. Due to the annual deficit of EUR 1.9 million (previous year: EUR 1.7 million), equity amounted to EUR -1.5 million (previous year: EUR 0.4 million).

The provisions increased from EUR 575 thousand to EUR 738 thousand. The liabilities are due to the use of loans from EURO RX in the amount of EUR 1.9 million (previous year EUR 0.4 million) and the increase in trade payables of EUR 0.1 million as well as a loan from a related party in the amount of EUR 125 thousand from EUR 785 million to EUR thousand 2,562 increased.

In the cash flow statement, the cash flow from operating activities amounts to EUR -1.3 million (previous year: EUR -0.5 million). The cash flow from investing activities amounts to EUR 7 thousand (previous year: EUR -3 thousand). The cash flow from financing activities amounts to EUR 1.4 million (previous year: EUR 0.2 million). This consists of loans granted by EURO RX Arzneimittel GmbH amounting to EUR 1.5 million, loans issued to GVL Rechenzentrum GmbH amounting to EUR 0.1 million and loans from related parties

amounting to EUR 0.1 million. The company was able to always meet its financial obligations in the past fiscal year. The financial resources amounted to EUR 82 thousand as of December 31, 2023 (previous year: EUR 42 thousand). Further details can be found in the detailed cash flow statement. As of December 31, 2023, there were no derivative financial instruments at TELES. As part of the realignment of TELES AG, no dividends will be paid out soon.

The forecasts made last year in the 2022 annual financial statements, which indicated a significant increase in other operating expenses due to the discontinued activities in the telecommunications segment, the significant fall in sales, the significantly reduced personnel costs due to the transfer of employees, and the sharp increase in audit costs, have not come to pass. A slightly lower result (EBIT) was generated in 2023.

Human Resources

On an annual average, the TELES Group had fifty-two employees at the Berlin and Wedemark locations (previous year: 62). The average number of employees employed at TELES AG (excluding the board of directors and trainees) is 17 (previous year: 20). At the end of 2023, the TELES Group employed thirty-nine people (previous year: 61).

Risk report

Description of the essential features of the internal control and risk management system (Sections 289 Para. 4, 315 Para. 4 HGB, Section 91 Para. 2-3 AktG)

In accordance with Sections 289 Para. 4 HGB, 315 Para. 4 HGB, Section 91 Para. 2-3 AktG, TELES is obliged to describe the essential features of the internal control and risk management system about the accounting process in the management report. The scope and design of the accounting-related internal control and risk management system as well as its adaptation to the specific requirements of the TELES Group are at the discretion and responsibility of the Management Board. TELES has therefore established an internal control and risk management system that is integrated into its operational processes. The board of directors and the management of the group companies were responsible for monitoring and coordinating risk management.

Description of the internal control system

The accounting-related internal control system of the TELES Group includes all principles, procedures, and measures to ensure the effectiveness, efficiency, and correctness of accounting as well as to ensure compliance with the relevant legal regulations.

Internal controls defined based on risk aspects are embedded in the accounting process. The accounting-related internal control system includes both preventative and detective controls, which include IT-supported and manual coordination, plausibility checks, the separation of functions, the four-eyes principle, general IT controls, such as: B. Access authorizations in IT systems.

The internal control system supports the recording, processing, and assessment of company-related facts as well as their appropriate presentation in accounting within the framework of the organizational, control and monitoring structures defined in TELES.

The accounting processes are controlled by the accounting department. Laws, accounting standards and other pronouncements are continually analyzed regarding their relevance and impact on the consolidated financial statements. The accounting-related internal control system described is supplemented by controls at the company level, which are conducted by the highest decision-making bodies.

The preparation of the consolidated financial statements and the group accounting of the individual companies are conducted centrally, which ensures consistent and constant application of accounting in a uniform financial statement preparation process. When preparing the consolidated financial statements, regular reviews were conducted, including with the involvement of external consultants.

However, due to the nature of the matter, personal discretionary decisions, incorrect controls, criminal acts, or other circumstances cannot be ruled out and then lead to limited effectiveness and reliability of the internal control system and risk management system used. Therefore, the application of the systems used cannot guarantee absolute security about the correct, complete, and timely recording of facts in accounting.

Significant changes to the risk management system resulted from the first-time preparation of consolidated financial statements in accordance with IFRS in the 2022 fiscal year. EURO RX, as a key group company, was integrated into the group-wide risk management system of the TELES Group from September 2022. The other group companies are to be considered during the 2024 fiscal year.

Description of the risk management system

The active entrepreneurial use and development of economic opportunities and potential on the market inevitably entails taking risks. For business success, it is crucial to recognize these risks at an early stage and actively counteract them. If damage occurs despite all preventative measures, risk management must ensure that countermeasures are initiated in a timely manner to minimize damage.

The Management Board must take precautions by establishing appropriate measures in accordance with Section 91 Para. 2 AktG to identify, evaluate, control, and monitor developments that threaten the continued existence of the company in a timely manner. To determine the threat to the existence of a risk, a risk aggregation and the risk-bearing capacity for the company must be determined to define the maximum exposure limit.

The TELES Group uses an appropriate risk management system to identify and evaluate business risks and risks that potentially threaten the company's continued existence as well as to deal with them correctly. Group-wide responsibility for the early detection and

countermeasures of risks lies with the Board of Directors. The managing directors of the subsidiaries support him in continuously identifying and counteracting risks within the group.

With the help of a monthly risk report, the Management Board and Supervisory Board monitor the identified risks in relation to the planned development throughout the year. The focus is on identifying the need for action and the status of the measures initiated to systematically control the identified risks.

As part of the risk management system, a distinction is made between other business risks and risks that potentially threaten the continued existence of the company.

Other business risks

The documentation of the identified and assessed other business risks takes place within a risk map, which is a principal component of the risk management system. The individual risks identified are assigned to corresponding risk categories, which are combined into the core risk areas of the TELES Group (“risk inventory”). In addition, the risk map contains the necessary assessments and comments regarding the management board's risk assessment. There are also risk maps for the individual group companies and their functional units, which are used to “inventory” and evaluate the performance and personnel risks (core risk areas) of the functional units. The assessment of the core risk areas required for the risk assessment is conducted monthly by those responsible for risk management and is reported to the Board of Directors. This reporting is part of the monthly information provided to the Supervisory Board.

Overview of the core risk areas of the TELES Group:			Priority
1.	Strategic risks	Business area structure	3
2.	Market risks	Economic sales volumes and sales prices fluctuations	2
		procurement market	2
3.	Legal and political risks	Product liability	1
		Regulatory risks	2
4.	Corporate governance risks	Organizational structure, processes, and competencies	2
		Working atmosphere and motivation	2
		Leadership style	2
5.	Performance risks	Sales	1
		Development	1
		Service	1
6.	Personnel risks	Recruitment	2
		Human resources development	2
		Key people	2
7.	Other risks	Information technology risks	1

The above-mentioned seven core risk areas as well as the risk categories and individual risks of the TELES Group contained therein are prioritized and viewed qualitatively by the Board of Directors and the risk managers. For this purpose, based on the assessment of the Management Board and the risk manager, a qualitative assessment of the probability

of occurrence is made according to “low” (0% - 25%), “medium” (26% - 75%) and “high” (76% - 99%) the qualitative assessment of the extent of risk or risk potential. For this purpose, a clustering is conducted into the categories unproblematic (green, “low”), in need of improvement (amber, “medium”) and critical (red, “high”). The assessment is initially conducted at the level of the group companies and is then consolidated for the assessment at the group level.

Due to the sale of the Telecommunications segment on October 1, 2023, the risk areas identified for the Telecommunications segment are only relevant for the period from January 1, 2023, to September 30, 2023. As a result of this measure, the group will no longer be exposed to the assessed risks from October 1, 2023.

Strategic risks

The costs of treatments and medicines in the healthcare system have been rising rapidly in Germany and other industrialized nations for years. The reasons for this are different: people are getting older, medical progress is making more complex treatment methods possible and risk groups need numerous expensive and new medications⁷. According to Christian Bredl (head of the TK regional representative in Bavaria), “the expenses of the statutory health insurance (GKV) for new and therefore patent-protected drugs have almost doubled within the last five years. While the GKV gross expenditure on patent-protected medicines was 14.6 billion euros in 2018, last year it was around twenty-eight billion euros. This now corresponds to almost half of total drug expenditure, even though the new drugs only account for six percent of total consumption.”⁸

The company's business activities are heavily influenced by government regulation and control. Any fundamental changes to the existing regulatory and other framework conditions as well as other legal changes, particularly in pharmaceutical law, could have a negative impact on the business operations of the TE-LES Group. Likewise, changes in the practice of authorities in enforcing existing legal regulations could have a negative impact.

⁷ (idw) Nachrichten 31.05.2023: [Kostenexplosion im Gesundheitssystem](#)

⁸ TK-Presse 12.12.2023: [Ausgaben für patentgeschützte Arzneimittel innerhalb von fünf Jahren verdoppelt](#)

The Management Board assesses the risk as medium, as regulatory changes that cannot be influenced by the Group could have a negative impact.

Market risks

Market risks for the TELES Group arise from economic conditions and fluctuations in demand (economic sales volume fluctuations), from price changes (economic sales price fluctuations) and from dependence on suppliers and contract manufacturers (procurement market). Our activities in the markets outside the core DACH and European markets limit the impact of loss of demand on earnings but cannot completely shield the risks. This makes it difficult to make reliable forecasts for the further development of the TELES Group. We cannot conclusively estimate the extent to which our customers or our potential new customers are affected by the current Russia-Ukraine crisis and the subsequent energy crisis and whether purchasing decisions may be postponed or changed.

The Management Board assesses the risk for the TELES Group overall as medium. This assessment is based on the pharmaceutical segment's dependence on the availability of products on the procurement market as well as influences on business activities from price and demand fluctuations. In the telecommunications segment, however, the risk can be classified as low, particularly in the procurement market. In 2023, measures were taken to fundamentally avoid the risk by selling the telecommunications segment. This assessment is based on the business model, which is only partially dependent on the procurement market compared to the pharmaceutical segment.

Legal and political risks

Legal regulatory measures throughout the European Union as well as intense pressure on margins in the Specialty Pharma segment can have a negative impact on our sales and earnings situation. The original manufacturers are still trying to set quotas for individual European markets or use single-channel distributors to make exports more difficult. Furthermore, the original manufacturers try to make exports more difficult by maintaining high list prices and concluding subsequent discount agreements. There is also a fundamental risk that sales prices in the various EU countries will gradually align or that export bans will be issued in individual countries or for individual preparations.

The board assesses the risk as medium because EURO RX is not a pharmaceutical manufacturer, but rather acts as a highly automated pharmaceutical logistics company.

Risks from corporate governance – organizational structure, processes, and competencies

The TELES Group relies on four pillars to minimize risks from corporate governance: a) structures and processes through which objectives are to be achieved, b) evaluation of managers to continuously improve corporate management, c) corporate communication to ensure transparency and to gain and consolidate trust and d) to determine the overarching objectives of the company to establish a maxim for action. The risk is that company goals will not be achieved due to a lack of knowledge or communication of the company's overarching objectives.

Based on the experience of the past few years and the organizational structures that have been established, the Management Board assesses the risks from the organizational structure, processes, and competencies as low in terms of their probability of occurrence and as low in their extent.

Performance risks – sales and marketing

New product launches in particular pose challenges for our marketing and sales organization, as assumptions e.g., about the market and its circumstances may not materialize as expected. Based on this, our product launch concepts, and the planning or implementation of the sales strategy could turn out to be inappropriately timed or inefficient. Competitors whose marketing activities - including price competition - or advertised product characteristics exceed our efforts, represent a risk to the sales of our products. We counter these risks with a forward-looking analysis of scenarios and the development of suitable strategies, including for planned new launches products.

The Management Board considers the risk to be low because a regular market analysis is conducted and, in the event of a deviation, the approach to product launch is adjusted.

Personnel risks

The TELES Group, like any other highly specialized and knowledge-intensive company, is subject to special personnel risks that arise from the departure of employees. The knowledge of the employees is an asset of the TELES Group in many functions. The risk is that with the loss of employees, corresponding knowledge and experience can also be lost, causing processes to come to a standstill. The TELES Group therefore pays particular attention to the long-term loyalty of employees to the company. This is also the goal of the 2021 stock option program and the 2022 stock option program. TELES AG also recruits committed young employees through cooperation with universities as part of dual study programs.

In summary, the Management Board assesses the personnel risks as low given the low employee fluctuation. The personnel that were transferred to the buyer as part of the sale of the telecommunications segment on October 1, 2023, represent a planned workforce reduction as part of the transformation of TELES AG from a telecommunications company to a pure financial holding company. As a result, the management board's assessment of personnel risks has not changed.

Other risks - IT risks

The development and quality assurance of products, but also all other processes in the TELES Group, are highly dependent on IT hardware, software and systems, their availability and reliability. Data is also subject to external risks through infiltration, malware, unauthorized access to telecommunications networks and servers and pirated copies. We address this by continually improving the security of our systems, using redundant hardware and access restrictions.

Based on the experiences of the past few years as well as the organizational and technical measures put in place (e.g., raising employee awareness, use of VPN, two-factor authentication), the Management Board assesses the IT risks as low.

Potentially existential risks

All significant risks that could potentially jeopardize the results and existence of the pharmaceuticals segment are listed in a risk matrix. All risk potentials are assessed according to the probability of occurrence and effects on earnings and liquidity. The probabilities of occurrence are classified as “low” (0% - 25%), “medium” (26% - 75%) and “high” (76% - 99%). The following risk relevance classes and impacts are used for the individual risks:

Relevance	Risk relevance classes	Possible impact
Relevance 1	insignificant risk ("low") that causes hardly any noticeable deviations from the operating result.	± 10 %
Relevance 2	medium risk ("medium"), which causes a noticeable positive or negative impact on the operating result.	± 15 %
Relevance 3	significant risk ("medium") that has a strong positive or negative impact on the operating result.	± 20 %
Relevance 4	serious risk ("high"), which in a positive case can more than double the operating result, but in a negative case it can be significantly reduced and lead to an annual loss.	± 35 %
Relevance 5	Risk ("high") that has a significant probability of more than quadrupling the operating result, but in the negative case can endanger the continued existence of the company.	± 50 %

A distinction is made between earnings and liquidity risks. The income risks include the risk categories sales, material costs and personnel costs:

Risk category	Risk	Relevance	Factors	Impact
Sales volume	Export	Relevance 4	Elimination due to Brexit	± 35 %
	Wholesale	Relevance 4	General increase in sales	± 35 %
	Diabetes products	Relevance 5	New business	± 50 %
	Pharmacies	Relevance 3	Special items (e.g., short expiry)	± 20 %
	Other	Relevance 5	Corona specific articles	± 50 %
	Sales volume			Overall risk
Material costs	RX	Relevance 2	Reduced due to loss of sales	± 15 %
	OTC	Relevance 5	Goods for new business	± 50 %
	Free	Relevance 5	Goods for new business	± 50 %
	Material costs			Overall risk
Personnel expenses	Personnel costs	Relevance 1	New hires, fluctuation	± 10 %
Pharma	Earnings risk	Risks for sales, cost of material and personnel costs		± 30 %

Liquidity risk	Bank transfer	Relevance 1	Self-payer	± 10 %
	Payment in advance	Relevance 1	Goods issue after payment	± 10 %
	Bank debit	Relevance 1	Taxable direct debit	± 10 %
	Liquidity risk			Overall risk

The overall risk for sales is made up of the individual risks with their respective relevance and the associated impact (here 20-50%). The assessment of the impact on the overall risk of ± 40% is based on experience from previous years.

The overall risk of material costs is made up of the individual risks with their respective relevance and the associated impact (here 15-50%). The assessment of the impact for the overall risk of $\pm 40\%$ is based on experience from previous years.

The earnings risk is made up of the overall risks of sales, material, and personnel costs with the respective impact (here 10-40%). The assessment of the impact for the overall risk of $\pm 30\%$ is based on experience from previous years.

Payments are made either by bank transfer, advance payment, or direct debit. The overall liquidity risk of $\pm 10\%$ is based on experience from previous years.

In the Pharma segment, the earnings risk was $\pm 30\%$ and the liquidity risk was $\pm 10\%$ for 2023.

Management board's assessment of the overall risk situation

The assessment of the overall risk situation is the result of the consolidated consideration of all significant risk categories or individual risks. The overall risk situation has worsened compared to the previous year due to the ongoing Russia-Ukraine crisis and the resulting consequences for the global economy. The pharmaceutical market in Germany and the European Union (EU) is determined by many legal regulations. Changes in legislation can have a direct impact on the TELES Group's business. Our main challenges are the regulatory framework.

Entrepreneurial activities are fundamentally exposed to risks. For example, geopolitical and strategic conflicts can significantly dampen demand even in regions that are not directly affected. The events on the financial markets and the imbalance in national budgets, especially in some European countries, are weakening the economy and affecting the economic development of companies. New providers can also endanger the competitive position of the TELES Group.

In summary, TELES is convinced that the identified significant risks neither individually nor as a whole pose a concrete threat to the existence of TELES; TELES is building on the stable business model of EURO RX. The group-wide monitoring system is intended to quickly identify risks and make it possible to react to them in a timely manner and initiate countermeasures.

The Management Board considers the internal control systems and the risk management system set up to be appropriate and effective.

Opportunities Report

The healthcare market and especially the pharmacy market is and remains a growth market⁹. Through our specialization in the therapeutic areas of cancer, autoimmune deficiencies, and combination therapies in personalized medicine, we will participate in this growth for Specialty Pharma. On the procurement side, we can rely on a wide range of delivery options. To minimize business risks, we diversify our sources of supply. Due to the elevated level of automation, the EURO RX has a high inventory turnover and therefore a manageable capital commitment without excessive additional capital requirements (working capital)

Financing the continuation of the company

The liquidity of the company and the group is strained: Through the sale of the telecommunications segment on October 1, 2023, TELES AG has been transformed into a pure financial holding company. Sales and earnings (EBIT) in the telecommunications segment did not meet expectations. Against this background, TELES AG, as a pure financial holding company, will not generate any independent income surpluses or liquidity in the future. Rather, TELES AG was dependent on extensive loans from the group subsidiary EURO RX. The loans of EUR 2 million were deferred in December 2023 until June 20, 2026. In addition, TELES AG has received loan commitments of EUR 0.6 million from related parties until December 20, 2025. The Board of Directors considers the financial resources available within the TE-LES Group to be sufficient to cover the expected financial resources needs of TELES by the end of 2025. In doing so, the Management Board also considers the possibility of strengthening the company's earnings and liquidity situation through group contributions, profit distributions and/or loans through the subsidiary EURO RX

⁹ Statista 09.2023: [Marktprognose Apotheken - Europa 2024-2028](#)

Arzneimittel GmbH. The long-term expectations for TELES AG are positive, so that liabilities within the group can also be settled. To finance further growth, the board of directors plans to increase the company's share capital against cash contributions in 2024. These cash contributions, together with the existing Authorized Capital 2021/I and Authorized Capital 2022/I, create the opportunity for the TELES Group to strengthen the Group and reduce its dependence on outside capital through appropriate M&A measures.

The continued existence of the company and thus the group depends on the planned sales of the group subsidiary EURO RX for the coming months not being sustainably undercut and the promised additional financial resources of EUR 0.6 million being sufficient or being increased if necessary. The risks in this context are whether EURO RX will be able to grow with positive margins again in the future, generate positive earnings surpluses and free liquidity and be able to provide the support contributions necessary for TELES AG without its own development to endanger.

Business planning naturally involves risks and uncertainties. It is based on current assumptions, expectations, estimates and projections of TELES, which were made or considered to the best of our knowledge and belief and considering commercial principles. In this respect, deviations from plan cannot be ruled out.

Given the risks presented, there is significant uncertainty regarding the continuation of the company's and the Group's business activities.

Forecast report

The forward-looking statements and information described below are based on the expectations and assessments of the Management Board when preparing the combined management report. They therefore involve a number of risks and uncertainties. Many factors, many of which are beyond the control of the TELES Group, impact the business activities and earnings development of the TELES Group and TELES AG.

The actual business development may differ from the forecasts due to, among other things, the opportunities and risks described above. Development depends on a variety of economic, social, and regulatory factors and can be negatively influenced by increasing

uncertainties, such as the effects of global war situations or a deterioration in the economic and regulatory framework.

According to DRS 20.127, the forecast period is one year from the balance sheet date of December 31, 2023.

Overall economic and industry-related situation

Global growth prospects are expected to deteriorate slightly in 2024 compared to 2023. The IMF expects global growth to moderate to 3.0% in 2023 and 2.9% in 2024 (from 3.5% in 2022).¹⁰ In its economic forecast for December 2023, the Ifo Institute cut its forecast for German economic growth in 2024 from 1.4% to 0.9%.¹¹ The Management Board expects moderate growth for the core markets for the full year 2024.

According to the IQVIA Institute for Data Science, the global pharmaceutical market will expand¹² develop at growth rates until 2024 as before the pandemic. Global spending on pharmaceuticals is expected to be \$497 billion (€456 billion) higher between 2020 and 2027 than before the pandemic¹³.

Forecast

The transformation into a pure pharmaceutical company was completed in 2023. For 2024, we expect a slight increase in incoming orders and thus a slight increase in sales. Given the stable prices and therefore achievable margins, we expect a constant gross profit margin. After the sale of the telecommunications segment, we expect significantly reduced personnel expenses and significantly reduced other operating expenses. The financial result will fall slightly due to the current interest rate situation. Nevertheless, we expect EBIT to rise significantly for the 2024 fiscal year.

¹⁰ BMWK 28.11.2023: [Der Welthandel wächst sehr langsam](#)

¹¹ Ifo-Institut 14.12.2023: [ifo Institut kürzt Prognose fürs Wachstum 2024 auf 0,9 Prozent](#)

¹² IQVIA: [The Global Use of Medicines 2023. Outlook to 2027](#)

¹³ IQVIA: [The Global Use of Medicines 2023. Outlook to 2027](#)

Overall statement about the forecast

Due to developments in connection with the Russia-Ukraine crisis, the plans and forecasts made are subject to uncertainty. Due to the still prominent level of uncertainty that has gripped society, politics, and the economy, it is impossible to estimate to what extent this crisis could lead to a global recession. Against this background, the Management Board cannot foresee to what extent the assumed premises and the forecast derived from them will materialize. Regardless, all findings up to the date of preparation of the management report have been considered in the forecast.

Key figures of the TELES Group (IFRS)

TELES Group in thousand Euro	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022	Change
Sales revenues	59,280	73,372	-19%
Cost of materials	55,953	70,230	-20%
Personnel expenses	2,134	2,721	-22%
Other income	172	141	22%
Other expenses	2,771	1,681	65%
Operating result/EBIT	-2,425	-17,660	86%
EBITDA	-1,405	-1,118	-26%
Financial result	-591	-327	-81%
Result after tax from continued operations	-2,881	-16,942	83%
Result after tax from discontinued operations	0	305	-100%
Group result	-2,880	-16,637	83%

Key figures of TELES AG (HGB)

TELES Aktiengesellschaft, Berlin in thousand EUR	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022	Change
Sales revenues	1,311	1,921	-32%
Other operating income	358	240	49%
Personnel expenditures	1,222	1,987	-39%
Other operating expenses	2,039	1,363	50%
Operating result (EBIT)	-1,816	-1,535	-18%
EBITDA	-1,807	-1,499	-21%
Financial result	-77	-400	81%
Net loss	-1,893	-1,695	-12%

**Information in accordance with Section 289a of the German Commercial Code (HGB),
Section 315a****Composition of the subscribed capital**

The fully paid-up share capital consists of 6,233,418 no-par value shares with a calculated value of EUR 1.00 each. Each share grants one vote. There are no other classes of shares.

Restrictions on voting rights or transfer of shares

The company's management board is not aware of any restrictions affecting voting rights or the transfer of shares.

Direct or indirect shareholdings in the capital that exceed 10% of the voting rights.

Mr. Frank Riemer, Wedemark, Germany, holds 29.90% of the voting rights in TELES AG as of the balance sheet date.

TRONTEC SOLUTIONS GmbH, Berlin, Germany, holds 16.04% of the voting rights of TELES AG as of the balance sheet date and is 100% held by Ms. Wietje Riemer, whereby her voting rights are attributed to her in accordance with Section 22 Paragraph 1 Sentence 1 No. 1 WpHG.

Dirado Vermögensverwaltungs GmbH, Berlin, Germany, holds 14.32% of the voting rights of TELES AG as of the balance sheet date and is 100% held by Mr. Wolfgang Schulz, which means that he is granted their voting rights in accordance with Section 22 Paragraph 1 Sentence 1 No. 1 WpHG. be calculated.

In addition, to the company's knowledge, there are no other direct or indirect investments in the capital that exceed 10% of the voting rights.

Shares with special rights; Control powers

There are no shares with special rights that confer control powers.

Voting rights control

There is no control of voting rights within the meaning of Section 315a Paragraph 1 No. 5 HGB.

Regulations on the appointment and dismissal of members of the board of directors and on changes to the statutes

According to Section 6 of the Articles of Association, the Board of Directors consists of one or more people. The determination of the number within the framework of the regulation as well as the appointment and revocation of the appointment are conducted by the Supervisory Board, as is the appointment of a member of the Executive Board as Chairman of the Executive Board. Otherwise, the appointment and dismissal of members of the Executive Board is governed by Sections 84 and 85 AktG.

Changes to the Articles of Association are based on Sections 179 and 133 AktG, whereby the Supervisory Board is authorized in accordance with Section 14 of the Articles of Association to decide on changes to the Articles of Association that only affect their wording.

Powers of the Board of Directors regarding the possibility of issuing or buying back shares

Authorized capital

By resolution of the Annual General Meeting on December 17, 2021, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital once or several times by up to a total of EUR 2,184,813.00 against cash and/or contributions in kind by December 31, 2025, of up to 2,184,813 new bearer shares (Authorized Capital 2021/I).

By resolution of the Annual General Meeting on May 30, 2022, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital once or several times by up to a total of EUR 931,896.00 against cash and/or contributions in kind by December 31, 2026, of up to 931,896 new bearer shares (Authorized Capital 2022/I).

Conditional capital

By resolution of the Annual General Meeting on December 17, 2021, the Board of Directors is authorized to issue up to 436,962 subscription rights (“stock options”) by December 31, 2025, which in total can be used to subscribe to up to 436,962 no-par value bearer shares of TELES AG with one to issue a pro rata amount of the share capital in the amount of EUR 1.00 each (Conditional Capital 2021/I).

By resolution of the Annual General Meeting on May 30, 2022, the Board of Directors is authorized to issue up to 186,379 subscription rights (“stock options”) by December 31, 2026, which in total can be used to subscribe to up to 186,379 no-par value bearer shares in TELES AG with one to issue a proportionate amount of the share capital in the amount of EUR 1.00 each (Conditional Capital 2022/I).

Significant agreements of the company that are subject to a change of control because of a takeover offer

Such agreements do not exist.

Declaration of compliance with corporate governance and declaration of corporate governance

The Executive Board and Supervisory Board report annually on the company's corporate governance in the Corporate Governance Report in accordance with Principle 22 of the German Corporate Governance Code in the version dated April 28, 2022. Like the declaration of compliance in accordance with Section 161 AktG, this is part of the declaration on corporate governance in accordance with Section 289 f HGB. The German Corporate Governance Code is intended to make the rules for company management and monitoring applicable in Germany transparent for national and international investors.

The term corporate governance stands for responsible management and control of companies aimed at long-term value creation. Efficient cooperation between the board of directors and the supervisory board, respect for shareholder interests, and openness and transparency of corporate communications are essential aspects of good corporate governance. TELES publishes all information on the articles of association, the rules of procedure for the supervisory board and the board of directors, the declaration of the German Corporate Governance Code as well as for the remuneration of the Supervisory Board and Board of Directors on the website under the Corporate Governance section (www.teles.com/investor-relations/corporate-governance).

The Management Board and Supervisory Board of TELES see themselves as having an obligation to ensure the continued existence of the company and sustainable value creation through responsible and long-term corporate management. The recommendations of the German Corporate Governance Code in its current version serve as a guiding principle. After due examination, the Executive Board and Supervisory Board most recently issued the following declaration of compliance in accordance with Section 161 AktG in March 2024:

Declaration by the Executive Board and the Supervisory Board of TELES AG on the German Corporate Governance Code in accordance with Section 161 AktG

TELES complies with all recommendations of the “Government Commission on the German Corporate Governance Code” published by the Federal Ministry of Justice in the official section of the Federal Gazette in the version dated April 28, 2022, and will continue to comply with them in the future, with the following exceptions:

- Recommendation A.4, to provide the opportunity to provide protected information about legal violations in the company in an appropriate manner, is not fully complied with. TELES has set up a system for employees and business partners but has not granted access to third parties.
- Recommendation B.2 that the Supervisory Board and Executive Board ensure long-term succession planning will not be complied with in the 2023 fiscal year. The supervisory board and management board fundamentally agree with the recommendation.
- The recommendations in B.5 and C.2 for setting an age limit for the Executive Board and Supervisory Board are not being complied with. TELES does not set an age limit for the Executive Board and the Supervisory Board, as the company should in principle also have the expertise of experienced Executive Board and Supervisory Board members at its disposal and exclusion based solely on age does not appear appropriate to the Executive Board and Supervisory Board.
- Recommendation C.1 to create a formalized qualification matrix is not complied with. The details that can also be found in the published information on the professional qualifications and experience of its members prove that the Supervisory Board has the skills profile required for its tasks. These include his qualifications and experience in corporate management, auditing, and accounting as well as skills in various legal areas. The business areas in which TELES AG and its subsidiaries operate do not affect any “significant sustainability issues” to which recommendation C.1 refers. Nevertheless, the Supervisory Board also has sufficient sensitivity and competence in matters of diversity and sustainability to ensure that these principles are observed in corporate management.
- Mr. Markus Gernot Schmieta (Deputy Chairman of the Supervisory Board) is a partner at SK Treuhand Dr. Schmieta + Partner mbB, which has a business relationship with TELES subsidiaries. Nevertheless, the Supervisory Board considers Mr. Schmieta to be particularly suitable and independent due to his professional experience (see recommendation C.8).
- The recommendations in D.2 to D.4 are not followed. Accordingly, the company's supervisory board should elect technically qualified committees. The TELES Supervisory Board currently consists of three members and therefore represents a micro-committee. Since the members as a whole - in addition to their other duties - also deal with the committee issues mentioned in the Code, the formation of committees is not considered suitable is considered to increase the efficiency of the supervisory board's

work and is therefore not planned. In this respect, the chairman of the supervisory board also has the chairmanship if the supervisory board is concerned with monitoring the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system as well as the audit of the financial statements, in particular the independence of the auditor and the additional services provided by the auditor.

- Recommendation F.2 is not complied with. Accordingly, the company should publish the consolidated financial statements and group management report within 90 days of the end of the fiscal year. The release is scheduled for April 2024.
- The principle in recommendation G.6 that when remunerating the Executive Board, the variable remuneration resulting from the achievement of long-term goals should exceed the proportion from short-term goals is fundamentally agreed. The Supervisory Board is of the opinion that in the company's current development phase, a greater emphasis on short-term goals serves the sustainable and long-term development of the company.

The declaration of compliance with the German Corporate Governance Code is published on the company's website at <https://www.teles.com/investor-relations/corporate-governance>

Management and corporate structure

The corporate governance of TELES as a listed German stock corporation is determined by the requirements of the Stock Corporation Act and the German Corporate Governance Code in its current version as well as by the provisions of the Articles of Association. In accordance with its legal form, TELES, with its executive board and supervisory board, has a two-tier management structure, which is characterized by a strict separation of personnel between the management and supervisory bodies. The third body is the general meeting, in which the shareholders exercise their rights. All three bodies are committed to the well-being of the company.

In accordance with the statutes, the supervisory board elected by the general meeting consists of three members. The term of office of the supervisory board is usually five years. The Supervisory Board monitors and advises the Board of Directors in the management of business. The Supervisory Board discusses business development, planning, strategy, and its implementation at regular intervals. He discusses the quarterly and semi-annual reports with the Board of Directors before they are published and approves the

annual planning and annual financial statements. In doing so, he considers the auditor's report. The supervisory board's area of responsibility also includes the appointment of board members as well as the determination of board remuneration and its regular review. No separate committees will be formed.

The Board of Directors is the company's management body and currently consists of one person. The Board of Directors manages the company on its own responsibility with the aim of sustainable value creation. The principle of overall responsibility applies, i.e., the members of the Board of Directors share responsibility for the entire management, regardless of departmental responsibility. The Executive Board is bound by the provisions of the rules of procedure approved by the Supervisory Board. This regulates the matters reserved for the entire Executive Board and contains a list of matters of fundamental importance that require the consent of the Supervisory Board. The Management Board develops the corporate strategy and ensures its implementation in coordination with the Supervisory Board. It is also responsible for preparing the quarterly and annual financial statements and for filling key personnel positions in the company.

The general meeting is the organ for forming the will of our shareholders. The annual financial statements are presented to our shareholders at the general meeting. The shareholders decide on the use of the retained earnings and vote on other issues determined by law and the articles of association. Each share has one vote. Those shareholders who register in suitable time and who are shareholders of the company at the beginning of the 21st day before the general meeting (record date) are entitled to participate in the general meeting. Our shareholders can also have their voting rights exercised at the Annual General Meeting by an authorized third party or a voting representative appointed by the company who is bound to instructions. You can also exercise your voting rights by postal vote.

Control systems

The internal control systems support management in monitoring and controlling the company and the business areas. The systems consist of planning, actual and forecast calculations and are based on the company's strategic planning, which is revised annually. Mar-

ket developments, technological developments and trends, their influence on the company's own products and services as well as the financial possibilities of the company are considered.

The reporting includes monthly profit and loss calculations, the monthly order and liquidity situation as well as quarterly reports and presents the asset, financial and earnings situation of the company and the company divisions. The financial reporting is supplemented by further detailed information that is necessary for assessment and control of the operational business are necessary. Another component of the control systems are quarterly reports on the company's key risks. The reports mentioned are discussed in the meetings of the Executive Board and Supervisory Board and represent an essential basis for assessment and decision-making.

The company's operating business is controlled using the metrics incoming orders, sales, and profit for the period.

Women in leadership positions

In accordance with Section 111 (5) AktG, the Supervisory Board has set a target of “zero” by June 30, 2025, for increasing the proportion of women on the Executive Board and Supervisory Board.

In accordance with Section 76 (4) AktG, the Management Board has also set target figures for the two management levels below the Executive Board with a deadline of June 30, 2025. A target of “zero” was set for the first level below the Executive Board. This reflects the status quo.

Due to the small size of the company with currently stagnating to declining numbers of employees, which leads to increased staff union between different management functions across several hierarchical levels, and the current economic situation of TELES, an increase in the proportion of women in the current situation is possible unlikely as of June 30, 2023. Nevertheless, when filling vacant positions, TELES will always endeavor to consider women who have the same professional qualifications.

Declaration by the legal representatives in accordance with Section 289 Paragraph 1 Sentence 5 HGB and Section 315 Paragraph 1 Sentence 6 HGB

I certify to the best of my knowledge that, in accordance with the applicable accounting principles, the annual financial statements and the consolidated financial statements provide a true and fair view of the asset, financial and earnings situation of the company and the group and are included in the combined management report of the companies. business development including the business results and the situation of the company, and the group are presented in such a way that a picture that corresponds to the actual circumstances is conveyed and the main opportunities and risks of the expected development of the company and the group are described.

Berlin, April 8, 2024
TELES AG

Sascha Knoche
Chief Executive Officer

Annual financial statements of TELES Aktiengesellschaft for the 2023 fiscal year

Balance sheet

TELES Aktiengesellschaft, Berlin
Balance sheet as of December 31, 2023

Assets	31.12.2023		31.12.2022
	EUR	EUR	EUR
A. Fixed assets			
I. Tangible assets			
Fixtures, fittings, tools and equipment	25,640.00		33,980.00
II. Financial assets			
Shares in affiliated companies	<u>1,532,988.00</u>		<u>1,532,988.00</u>
	<u>1,558,628.00</u>		<u>1,566,968.00</u>
B. Current assets			
I. Stocks			
Finished goods and goods for resale	<u>0.00</u>		<u>5,044.51</u>
II. Debtors and other assets			
1. Trade debtors	41,898.81		106,809.66
2. Receivables from affiliated companies	0.00		80,966.74
3. Other assets	<u>85,931.79</u>		<u>34,002.74</u>
	<u>127,830.60</u>		<u>221,779.14</u>
III. Cheque, Cash at bank and in hand	<u>82,114.04</u>		<u>41,982.10</u>
	<u>209,944.64</u>		<u>268,805.75</u>
C. Prepayments and accrued income	<u>22,120.46</u>		<u>24,962.81</u>
D. Deficit not covered by equity	<u>1,513,735.15</u>		<u>0.00</u>
	<u>3,304,428.25</u>		<u>1,860,736.56</u>

TELES Aktiengesellschaft, Berlin
Balance sheet as of December 31, 2023

Liabilities	31.12.2023		31.12.2022
	EUR	EUR	EUR
A. Shareholders' equity			
I. Ordinary shares	6,233,418.00		6,233,418.00
(Conditional Capital 2021/I: EUR 436,962)			
II. Capital reserve	814,252.31		814,252.31
III. Revenue reserves			
1. loss carried forward	-6,668,439.54		-4,973,404.50
2. net income/loss for the period	<u>-1,892,965.92</u>		<u>-1,695,035.04</u>
	<u>-8,561,405.46</u>		<u>-6,668,439.54</u>
Deficit not covered by equity	<u>1,513,735.15</u>		<u>0.00</u>
Total equity		<u>0.00</u>	<u>379,230.77</u>
B. Provisions			
1. Tax Other provisions	292,879.40		307,746.00
2. Other provisions	444,860.74		267,383.24
		<u>737,740.14</u>	<u>575,129.24</u>
C. Creditors			
1. Payment received on account	318.27		8,598.32
2. Trade creditors	435,711.73		289,126.50
3. Liabilities to affiliated companies	1,903,071.47		402,230.36
4. Other creditors including taxation and social security	222,668.87		84,803.05
- of which EUR 7,079.59 (py kEUR 16) is for taxes			
- of which EUR 11,738.44 (py kEUR 0) is for social security			
		<u>2,561,770.34</u>	<u>784,758.23</u>
D. Deferred income		<u>4,917.77</u>	<u>121,618.32</u>
		3,304,428.25	1,860,736.56

Statement of comprehensive income

TELES Aktiengesellschaft, Berlin

Profit and Loss Account for January 01 - December 31, 2023

	EUR	31.12.2023 EUR	31.12.2022 kEUR
1. Turnover	1,310,973.06		1,921,407.33
2. Other operating income	358,391.15		240,365.53
thereof sales with affiliated companies EUR 269,577.46 (py kEUR 68)			0.00
of which relates to currency translation EUR 1,394.61 (py kEUR 7)		<u>1,669,364.21</u>	<u>2,161,772.86</u>
3. Cost of materials			
a) Cost of raw materials, consumables and of purchased merchandise	63,274.40		121,687.75
b) Cost of purchased services	152,564.70		189,184.37
	<u>215,839.10</u>		<u>310,872.12</u>
4. Gross profit		1,453,525.11	1,850,900.74
5. Staff costs			0.00
a) Wages and salaries	1,024,234.49		1,762,799.38
b) Social security, pensions and other benefit costs	197,397.02		224,554.06
of which EUR 4,650.00 (py kEUR 6) is for pension costs		<u>1,221,631.51</u>	<u>1,987,353.44</u>
6. Depreciation			0.00
written off tangible and intangible fixed assets	8,864.59		35,451.37
	<u>8,864.59</u>		<u>35,451.37</u>
7. Other operating expenses/charges	2,039,362.92		1,363,034.87
of wich relate to currency translation EUR 7,432.77 (py kEUR 6)		<u>3,269,859.02</u>	<u>3,385,839.68</u>
8. Operating result (EBIT)		-1,816,333.91	-1,534,938.94
9. Other interest receivable and similar income	14,006.57		2,298.15
thereof interest from affiliated companies EUR 14,006.52 (py kEUR 2)			
10. Interest payable and similar charges	84,480.72		41,788.67
thereof interest to affiliated companies EUR 45,924.19 (py kEUR 2)			
of which guarantee commission to related persons EUR 37,500.00 (py kEUR 38)			
11. Depreciation of financial assets	6,200.00		360,804.00
12. Financial result		-76,674.15	-400,294.52
13. Tax on profit	-42.14		-240,266.50
14. Profit or loss after taxes		-1,892,965.92	-1,694,966.96
15. Other taxes	0.00		68.08
16. Profit or loss for the financial year		-1,892,965.92	-1,695,035.04
17. Loss carryforward		-6,668,439.54	-4,973,404.50
17. Balance sheet loss		-8,561,405.46	-6,668,439.54

TELES Aktiengesellschaft, Berlin

Notes to the annual financial statements for the fiscal year from January 1 to December 31, 2023

I. General information

The annual financial statements were prepared in accordance with the commercial law regulations for large corporations within the meaning of Section 267 Paragraph 3 Sentence 2 HGB and in compliance with the special provisions of the Stock Corporation Act. The total cost method in accordance with Section 275 Paragraph 2 of the German Commercial Code (HGB) is used for the profit and loss statement.

The headquarters of TELES Aktiengesellschaft ("TELES AG" or "TELES") is Berlin. The company is registered in the register of the Charlottenburg District Court under number HRB 60781.

If additional information is not included in the balance sheet or profit and loss statement, these will be shown and explained separately in the notes.

The annual financial statements were prepared based on going concern. At this point, reference is made to the statements in the management report. In the chapter "Financing of corporate activities" in the "Opportunities and Risk Report" it is shown that the Management Board is expected to use the available financial resources of the company itself, plus the available financial resources within the TELES Group and those from planned capital measures considers the available financial resources to be sufficient to cover the company's expected financial needs in the forecast period.

II. Accounting and valuation methods

Accounting and valuation are conducted under the assumption that the company's operations will continue.

As before, property, plant and equipment are valued at acquisition cost less scheduled linear depreciation, based on a normal useful life of three to ten years. Assets with a value of EUR 250.00 to EUR 1,000.00 are depreciated in accordance with tax regulations. For

reasons of materiality, this approach is adopted for the annual financial statements under commercial law.

Financial assets are valued at acquisition cost plus incidental acquisition costs. If necessary, in the event of an expected permanent impairment, unscheduled depreciation is made. If the reasons that led to the unscheduled depreciation no longer exist, a corresponding write-down is made to the fair value.

Inventories are valued at acquisition cost. Lower replacement prices and costs were considered in accordance with Section 253 Paragraph 4 Sentence 2 of the German Commercial Code (HGB). In addition, restrictions regarding sale ability were considered through appropriate discounts; Appropriate individual assessments were conducted for this purpose. This considers the risk of future technological developments in the industry. Apart from customary retention of title, the inventories are free of third-party rights.

Receivables and other assets are recognized at their nominal amount. Identifiable default risks have been considered through appropriate individual value adjustments, which were determined based on the known individual default risks. If special individual default risks were not identifiable, general value adjustments were determined in such a way that items that were subject to comparable risks were combined into valuation groups and calculated proportionately based on the age structure at rates between 10% and 90%. In individual cases up to 100% were devalued.

When converting receivables in foreign currencies, the provisions of Section 256a of the German Commercial Code (HGB) are observed.

Cash on hand and credit balances at credit institutions are stated at nominal value.

The balance of the bank account held in USD was valued at the average spot exchange rate on the balance sheet date (€1 = \$1.11).

Only transitory items (Section 250 Para. 1 HGB) are recognized under active prepaid expenses. The deferred item is released as an expense depending on the actual use of the underlying payments in the period.

The equity is stated at nominal value.

Share-based compensation plans settled with equity instruments are measured at fair value at the time of grant. When determining the fair value of compensation agreements at the grant date, service and market-independent performance conditions are not considered. However, the likelihood that the conditions will be met will be assessed using the best estimate of the number of equity instruments that will vest at the end of the vesting period. Terms of service are considered in the fair value at the grant date. All other vesting conditions associated with a compensation agreement, without a related service condition, are considered non-vesting conditions. Non-exercise conditions are considered in the fair value of a remuneration agreement and result in immediate recognition as an expense. The fair value of the options was determined using the following measurement parameters:

Valuation parameters	Issue date April 19, 2022	Issue date December 21, 2022
Risk-free interest rate	0.51 %	2.41 %
Volatility*	118.05 %	107.47 %
Dividend yield	0.00 %	0.00 %
Share price as of the issue date	4.80 EUR	4.22 EUR
Fair value	4.04 EUR	3.40 EUR
Term	4 Jahre	4 Jahre
Exercise price	2.00 EUR	2.00 EUR
Success target	4.00 EUR	4.00 EUR

* Based on historical volatility over the four-year period prior to grant of stock options.

The provisions cover all identifiable risks and uncertain obligations to an appropriate extent. They are valued at the settlement amount necessary according to reasonable commercial judgment.

Liabilities are recognized at settlement amounts. When converting amounts in foreign currencies, the provisions of Section 256a of the German Commercial Code (HGB) are observed. The currency translation notes shown in the income statement include both realized and unrealized exchange rate differences.

Income before the balance sheet date is reported as deferred income if it represents income for a specific period after this date. The deferred income recognized as of December

31, 2022, and 2023 relates to advance payments for deferred revenue from the provision of services.

To determine deferred taxes due to temporary or quasi-permanent differences between the commercial law valuations of assets, liabilities and prepaid expenses and their tax valuations or due to tax loss carryforwards, these are valued at the tax rate at the time the differences are reduced and the amounts the resulting tax inheritance and relief is not discounted. The capitalization of an excess of deferred taxes is not possible if the existing recognition option is exercised.

All revenues that result from the sale of typical company goods or that arise in connection with the provision of typical company services are reported as sales revenue.

III. Individual information on the items on the balance sheet and the profit and loss statement ¹⁴

A. Fixed assets

The development of fixed assets (§ 284 Para. 3 HGB) can be seen from the attached statement of assets. Against the background of an expected permanent impairment of the investment in GVL Rechenzentrum GmbH, Berlin, the existing investment in the amount of EUR 6,200.00 (previous year: EUR 30 thousand) was fully written off within the 2023 fiscal year.

B. Current assets

Receivables and other assets

Trade receivables from third parties were written down by EUR 39 thousand in 2023 (previous year: EUR 41 thousand).

As of December 31, 2023, there are value adjustments totaling EUR 344 thousand (previous year: EUR 205 thousand) for receivables from affiliated companies. The value adjustment relates to receivables from shareholder loans in the amount of EUR 202,500.00

¹⁴ For computational reasons, rounding differences may occur in tables and references compared to the exact mathematical values (monetary units, percentages, etc.).

against GVL Rechenzentrum GmbH, Berlin, and a loan to affiliated companies in the amount of EUR 139 thousand. Other assets also include VAT advance payments in the amount of EUR 44 thousand (previous year EUR 2 thousand).

As in the previous year, all claims have a term of up to one year. The rental deposit in other assets has a term of < 5 years.

Other assets include tax receivables amounting to EUR 2 thousand (previous year: EUR 2 thousand).

Cash and bank balances

All cash in the amount of TEUR 82 is freely available (previous year: TEUR 42).

Cash and bank balances

All cash amounting to EUR 42 thousand is freely available (previous year: TUR 391 thousand).

C. Deferred income

The active prepaid expenses include disbursements, e.g., included for rent and insurance, which only lead to expenses after the reference date.

D. Equity

Subscribed capital

Subscribed capital

The fully paid-up share capital consists of 6,233,418 no-par value shares with a calculated value of EUR 1.00 each.

Authorized capital

By resolution of the Annual General Meeting on December 17, 2021, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital

once or several times by up to a total of EUR 2,184,813.00 against cash and/or contributions in kind by December 31, 2025, of up to 2,184,813 new bearer shares (Authorized Capital 2021/I).

By resolution of the Annual General Meeting on May 30, 2022, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital once or several times by up to a total of EUR 931,896.00 against cash and/or contributions in kind by December 31, 2026, of up to 931,896 new bearer shares (Authorized Capital 2022/I).

Conditional capital

By resolution of the Annual General Meeting on December 17, 2021, the Board of Directors is authorized to issue up to 436,962 subscription rights (“stock options”) by December 31, 2025, which in total can be used to subscribe to up to 436,962 no-par value bearer shares of TELES AG with one to issue a pro rata amount of the share capital in the amount of EUR 1.00 each (Conditional Capital 2021/I).

By resolution of the Annual General Meeting on May 30, 2022, the Board of Directors is authorized to issue up to 186,379 subscription rights (“stock options”) by December 31, 2026, which in total can be used to subscribe to up to 186,379 no-par value bearer shares in TELES AG with one to issue a proportionate amount of the share capital in the amount of EUR 1.00 each (Conditional Capital 2022/I).

E. Provisions

The provisions relate to uncertain liabilities. The provisions of EUR 738 thousand (previous year: EUR 575 thousand) include provisions for financial statements and audit costs of EUR 342 thousand (previous year: EUR 135 thousand), tax provisions of EUR 293 thousand (previous year: EUR 308 thousand), provisions for AR remuneration of EUR 68 thousand (previous year: TEUR 30), personnel costs TEUR 15 (previous year TEUR 69), for invoices not yet received TEUR 15 (previous year TEUR 16), rental and operating costs TEUR 0 (previous year TEUR 12) and various other provisions TEUR 4 (previous year TEUR 5).

F. Liabilities

Remaining terms

Liabilities with remaining terms of up to one year amount to EUR 531 thousand (previous year: EUR 785 thousand). The liabilities with a term of more than one year amount to EUR 2,031 thousand (previous year: EUR 0 thousand). There are no liabilities with a term of more than five years. No liabilities are secured by liens or similar rights.

Liabilities to affiliated companies

Liabilities to affiliated companies amount to EUR 1,903 thousand (previous year: EUR 402) from loans from EURO RX Arzneimittel GmbH.

Other liabilities

The other liabilities, except for loans from related parties amounting to EUR 125 thousand (previous year: EUR 0 thousand), have remaining terms of up to one year. The loan liability to related parties has a remaining term of over one year. In addition, other liabilities essentially include creditors in the amount of TEUR 67 (previous year: TEUR 36), other liabilities in the amount of TEUR 23 (previous year: TEUR 33), payroll tax liabilities in the amount of TEUR 8 (previous year: TEUR 16) and liabilities Wages and salaries amounting to EUR 1 thousand (previous year: EUR 0 thousand). No other liabilities are secured by liens or similar rights.

Deferred income

The deferred income item consists of deferred revenues of EUR 5 thousand (previous year: EUR 110 thousand) and other deferred items of EUR 0 thousand (previous year: EUR 11 thousand).

G. Deferred tax liabilities

There are no deferred tax liabilities to be recognized as of the balance sheet date. The company does not exercise the option in accordance with Section 274 Paragraph 1 of the German Commercial Code (HGB) to recognize any resulting tax relief through the recognition of deferred tax assets. The unrecognized deferred tax assets include corporate and trade tax loss carryforwards¹⁵ underlying. The tax rate applicable to TELES AG is 30.2% (corporation tax including solidarity surcharge 15.8% and trade tax 14.4%).

H. Sales revenue, other operating income

Seventeen percent of sales revenue from the Carrier Solutions area was generated domestically and the remainder in Europe and the Middle East.

The company's sales by sales market are as follows:

Carrier Solutions	2023	2022
	kEUR	kEUR
DACH	601	1,108
Europe	445	430
Middle East	111	205
Other	11	22
Total	1,168	1,765

Sales are allocated according to the customer's country of origin.

Other sales revenue from business errands amounting to EUR 139 thousand (previous year: EUR 157 thousand) relate to income from the subletting of office space.

The other operating income of TEUR 358 (previous year: TEUR 240) is essentially attributable to income from a group levy of TEUR 270 (previous year: TEUR 68) and non-operating income from onward billing of TEUR 58 (previous year: EUR 39 thousand), from proceeds from monetary benefits for motor vehicles in the amount of EUR 23 thousand (previous year: EUR 30 thousand), from previous year's income in the amount of EUR 2 thousand

¹⁵ Trade tax loss carryforward as of December 31, 2022: EUR 76,962,528
Corporate tax loss carryforward as of December 31, 2022: EUR 70,950,284

(previous year: EUR 58 thousand), from income from exchange rate differences in the amount of EUR 5 thousand (previous year: EUR 7 thousand), to income from the reversal of other provisions in the amount of EUR 1 thousand (previous year: EUR 6 thousand) and from income from written-off receivables in the amount of EUR 0 thousand (previous year: EUR 23 thousand).

I. Personnel expenses

Personnel expenses fell by EUR 0.5 million due to the sale of Carrier Solutions on October 1, 2023, with the associated transfer of employees and the consideration of share-based payments in 2022 to EUR 1.2 million (previous year: EUR 2.0 million).

J. Other operating expenses, interest expenses, depreciation on financial assets

Other operating expenses

The other operating expenses amounting to TEUR 2,039 (previous year: TEUR 1,363) are divided into accounting, closing and auditing costs amounting to TEUR 864 (previous year: TEUR 227), expenses for office rental and operation amounting to TEUR 266 (previous year 267), expenses for advertising and travel expenses amounting to EUR 141 thousand (previous year EUR 93 thousand), a value adjustment on a loan to affiliated companies amounting to EUR 139 thousand (previous year EUR 205 thousand), legal and consulting costs of EUR 124 thousand (Previous year EUR 51 thousand), expenses for past periods amounting to EUR 106 thousand (previous year EUR 121 thousand), expenses for the general meeting, stock exchange and publication obligations amounting to EUR 77 thousand (previous year EUR 83 thousand), insurance expenses amounting to EUR thousand 56 (previous year: EUR 57 thousand), consulting services for the software in the amount of EUR 53 thousand (previous year: EUR 37 thousand), vehicle costs in the amount of EUR 47 thousand (previous year: EUR 43 thousand), other operating expenses in the amount of EUR 30 thousand (previous year: EUR thousand). 22), the usage fee for software in the amount of EUR 26 thousand (previous year EUR 26 thousand) and expenses for other services in the amount of EUR 11 thousand (previous year EUR 33 thousand).

The expenses for past periods in 2023 are divided into expenses for accounting, financial statements, and auditing costs for 2022 in the amount of EUR 77 thousand, expenses for

previous group structures of EUR 16 thousand and expenses for rent and additional costs of EUR 13 thousand.

Interest Expenses

The interest expenses of EUR 84 thousand (previous year: EUR 42 thousand) are divided into a guarantee fee for the working capital credit lines for EURO RX Arzneimittel GmbH, to a related party, in the amount of EUR 38 thousand (previous year: EUR 38 thousand), interest for Loans from affiliated companies in the amount of EUR 46 thousand (previous year: EUR 2 thousand) and other interest expenses in the amount of EUR 0 thousand (previous year: EUR 2 thousand).

Depreciation on financial assets

The depreciation on financial assets amounting to EUR 6 thousand (previous year: EUR 361 thousand) relates to GVL Rechenzentrum GmbH (previous year: EUR 30 thousand).

IV. Contingent liabilities and other financial obligations

The other financial obligations that are not shown in the balance sheet are broken down as follows as of the balance sheet date:

Rental obligations for real estate (exercising the option right to non-automatic rental extension for a further 12 months and assuming a future change in the consumer price index for Germany, published by the Federal Statistical Office, Wiesbaden (base year 2010 = 100), are less than the month in which the rental begins as 5 percent up or down)

	kEUR
on the total rental period	620
of which have a term of up to one year	152

Leasing and rental leasing obligations for movables

	kEUR
on the total rental period (up to 36 months)	44
of which have a term of up to one year	18

Furthermore, there are financial obligations amounting to EUR 42 thousand for services or other services to be received in 2024.

V. Information about transactions with related parties and companies in accordance with Section 285 No. 21 HGB

The loans of EUR 1,455 thousand issued by the subsidiary EURO RX Arzneimittel GmbH to TELES AG in the 2023 fiscal year do not correspond to standard market conditions but were granted on terms that were more favorable to TELES AG.

VI. Supplementary information

A. Number of employees

The average number of employees employed in the company (excluding the board of directors and trainees) is 14 (previous year: 20). There are two people in sales, four in development, four in production and four in administration.

B. Management Board

In the past fiscal year, the Management Board included Mr. Oliver Olbrich, Chairman of the Management Board of TELELES AG.

Total remuneration of the Management Board for 2023 (in EUR thousand) and number of subscription rights:

Vorstand	2023 fix*)	2023 variable	2022 fix	2022 variable	Number of all subscrip- tion rights
Oliver Olbrich	200	0	200	0	55,000
Total remuneration	200	0	200	0	0

*) incl. Benefits

C. Supervisory Board

The following persons were members of the company's Supervisory Board in the year under review:

- Joachim Schwarzer, Berlin, graduate economist
Chairman of the Supervisory Board.
Managing Director JKS Consulting Berlin GmbH
- Markus Gernot Schmieta, Hanover, auditor, lawyer, and tax advisor
Deputy Chairman of the Supervisory Board
Managing partner of SK-Treuhand Dr. Schmieta + Partner mbB
Since 2017 member of the supervisory board of the "Gemeinde Wedemark Bau- und
Entwicklungs-GmbH", Wedemark.
- Hartmut Brandt, Munich, lawyer

The expense allowances for the members of the Supervisory Board:

(in EUR)	2023	2022
Joachim Schwarzer	50,000	50,000
Markus Gernot Schmieta	30,000	30,000
Hartmut Brandt	20,000	20,000
Total remuneration	100,000	100,000

There were no performance-related payments in 2022 and 2023.

D. Subsequent events

After the balance sheet date, no events of particular importance occurred that had significant financial implications.

E. Services of the auditing company

The fees of MSW GmbH Wirtschaftsprüfungsgesellschaft/ Steuerberatungsgesellschaft, Berlin, for the 2023 fiscal year are stated in the consolidated financial statements.

F. Declaration of Compliance

The Management Board and Supervisory Board of TELES AG have issued a declaration of compliance in accordance with the German Corporate Governance Code (Section 161 AktG), which was published on the TELES AG homepage in April 2024 (<https://www.teles.com/investor-relations/corporate-governance>).

G. List of shareholdings according to § 285 No. 11 HGB

As of December 31, 2023, there are shareholdings in the following companies:

Company	Domicile	Legal form	Equity* in EUR	Result* in EUR	TELES share in %
GVL Rechenzentrum GmbH	Berlin	GmbH	-338,292	-97,505	100.0
EURO RX Arzneimittel GmbH	Wedemark	GmbH	1,094,282	-1,248,962	58.0

* Information is unaudited

H. Information on the scope of consolidation in accordance with Section 285 Nos. 14/14a/15a HGB

TELES AG prepares the consolidated financial statements for the smallest and largest consolidation group.

Based on the contribution agreement dated November 30, 2021, TELES AG holds a call option on the remaining shares of EURO RX Arzneimittel GmbH with an exercise period until October 31, 2029.

J. Use of results

The Board of Directors proposes to carry forward the annual deficit of EUR 1,893 thousand to the new account.

K. Reports according to AktG and WpHG

By the time the annual financial statements were prepared, we had received the following notifications in accordance with Section 33 (1) of the German Securities Trading Act (WpHG) regarding investments in TELES Aktiengesellschaft, which were still valid at that time.

Mr. Frank Riemer, Germany, informed us in accordance with Section 33 Paragraph 1 Sentence 1 in conjunction with Section 34 Paragraph 2 WpHG on December 14, 2021, that his

share of voting rights in TELES AG, Berlin, Germany, on December 8, 2021, exceeded the thresholds of 3%, 5%, 10%, 15%, 20% and 25% and on that day amounted to 29.90% (which corresponds to 1,863,792 voting rights).

The voting rights of the following shareholders whose share of voting rights in TELES AG, Berlin, Germany, is 3% or more are attributed to Dirado Vermögensverwaltungs GmbH, Germany, TRONTEC SOLUTIONS GmbH and SIMBLION GmbH.

Mr. Christian Schmitz, Germany, informed us in accordance with Section 33 Paragraph 1 Sentence 1 in conjunction with Section 34 Paragraph 2 WpHG on December 14, 2021 that the share of voting rights held by Dirado Vermögensverwaltungs GmbH, Germany, TRONTEC SOLUTIONS GmbH and SIMBLION GmbH in the TELES AG, Berlin, Germany, fell below the 50% threshold on December 8, 2021 and amounted to 38.78% (which corresponds to 2,417,088 voting rights) on that day.

Ms. Wientje Riemer, Germany, informed us in accordance with Section 33 Paragraph 1 Sentence 1 in conjunction with Section 34 Paragraph 2 WpHG on December 14, 2021 that the voting rights share of Dirado Vermögensverwaltungs GmbH, Germany, TRONTEC SOLUTIONS GmbH and SIMBLION GmbH in TELES AG, Berlin, Germany, fell below the threshold of 50% on December 8, 2021 and amounted to 38.78% (which corresponds to 2,417,088 voting rights) on that day.

Mr. Wolfgang Schulz, Germany, informed us in accordance with Section 33 Paragraph 1 Sentence 1 in conjunction with Section 34 Paragraph 2 WpHG on December 14, 2021 that the voting rights share of Dirado Vermögensverwaltungs GmbH, Germany, TRONTEC SOLUTIONS GmbH and SIMBLION GmbH in TELES AG, Berlin, Germany, fell below the threshold of 50% on December 8, 2021 and amounted to 38.78% (which corresponds to 2,417,088 voting rights) on that day.

Mr. Thomas Lüllemann, Germany, informed us in accordance with Section 33 Paragraph 1 Sentence 1 in conjunction with Section 34 Paragraph 2 WpHG on December 15, 2021, that his share of voting rights in TELES AG, Berlin, Germany, reached the threshold of on December 8, 2021, fell below 5% and on that day amounted to 4.41% (which corresponds to 275,119 voting rights).

Translation – the German version is authoritative



Berlin, April 8, 2024
TELES Aktiengesellschaft

Sascha Knoche
Chief Executive Officer

Translation – the German version is authoritative

Asset overview

TELES Aktiengesellschaft, Berlin
Development of Assets 2023

	Acquisition cost				Depreciation				Residual book values	
	31.12.2022	Additions	Disposals	31.12.2023	31.12.2022	Additions	Disposals	31.12.2023	31.12.2022	31.12.2023
I. Tangable Assets										
Fixtures, fittings, tools and equipment	985,689.20	3,083.59	169,798.73	818,974.06	951,709.20	8,864.59	167,239.73	793,334.06	33,980.00	25,640.00
II. Financial Assets										
shares in affiliated companies	1,893,792.00	6,200.00	0.00	1,899,992.00	360,804.00	6,200.00	0.00	367,004.00	1,532,988.00	1,532,988.00
Total financial assets	1,893,792.00	6,200.00	0.00	1,899,992.00	360,804.00	6,200.00	0.00	367,004.00	1,532,988.00	1,532,988.00
Total fixed assets	2,958,475.31	9,283.59	169,798.73	2,797,960.17	1,391,507.31	15,064.59	167,239.73	1,239,332.17	1,566,968.00	1,558,628.00

Independent auditor's report

To TELES Aktiengesellschaft, Berlin

NOTE ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Audit opinions

We have the annual financial statements of TELES Aktiengesellschaft - consisting of the balance sheet as of December 31, 2023, the profit and loss statement for the financial year from January 1, 2023, to December 31, 2023, and the notes, including the presentation of the accounting - and evaluation methods – checked. In addition, we examined the combined management report of TELES Aktiengesellschaft for the financial year from January 1, 2023, to December 31, 2023. In accordance with German legal regulations, we have not examined the content of the parts of the management report mentioned in the “Other information” section.

According to our assessment based on the findings gained during the audit

- the attached annual financial statements comply in all material respects with the German commercial law regulations applicable to corporations and, considering the German principles of proper accounting, provide a true and fair view of the assets and financial position of the company as of December 31, 2023, as well as its earnings situation the financial year from January 1, 2023, to December 31, 2023, and
- the attached combined management report provides an accurate picture of the company's situation overall. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development. Our audit opinion on the management report does not extend to the content of the inventory listed in the “Other information” section parts of the management report.

In accordance with Section 322, Paragraph 3, Sentence 1 of the German Commercial Code (HGB), we declare that our audit did not lead to any objections to the propriety of the annual financial statements and the combined management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the combined management report in accordance with Section 317 of the German Commercial Code (HGB) and the EU Auditor Regulation (No. 537/2014; hereinafter referred to as “EU-APrVO”), taking into account the German ones determined by the Institute of Public Accountants (IDW). Principles of proper auditing carried out. Our responsibility under these regulations and principles is further described in the section “Auditor’s Responsibility for the Audit of the Annual Financial Statements and the Management Report” of our auditor’s report. We are independent of the company in accordance with European law as well as German commercial and professional law and have fulfilled our other German professional obligations in accordance with these requirements. In addition, in accordance with Article 10 Paragraph 2 Letter f) of the EU Audit Regulation, we declare that we have not provided any prohibited non-audit services in accordance with Article 5 Paragraph 1 of the EU Audit Regulation. We are of the opinion that the audit evidence we have obtained is sufficient and suitable to serve as a basis for our audit opinions on the annual financial statements and the management report.

Significant uncertainty in connection with the continuation of the company's operations

We refer to the information in the appendix under section "1 General information" and to the information in the management report under the sections "Potentially jeopardizing risks", "Management board's assessment of the overall risk situation" and "Financing the continuation of the company" in which the Legal representatives describe that the company will continue to rely on additional funds from capital measures in the future. The Board of Directors considers the financial resources available within the TELES Group to be sufficient to meet the expected financial needs of TELES AG by the end of the year 2025. The Management Board also takes into account the possibility of strengthening the company's earnings and liquidity situation through group contributions, profit distributions and/or loans through the subsidiary EURO RX Arzneimittel GmbH.

The management board of TELES AG points out that the continued existence of the company and thus the group depends on the planned sales of the group subsidiary EURO RX for the coming months not being sustainably undercut and the promised additional financial resources of EUR 0.6 million are sufficient or can be increased if necessary. The risks in this context are whether EURO RX will be able to grow with positive margins again in the future, generate positive income surpluses and free liquidity and be able to provide the support contributions necessary for TELES AG without endangering one's own development.

As explained in the section in the appendix under "1 General information" and in the information in the management report under the sections "Potentially threatening risks", "Management board assessment of the overall risk situation" and "Financing the continuation of the company", these events and circumstances indicate the existence a significant uncertainty that may raise significant doubts about the company's ability to continue as a going concern and represents a risk that threatens its continued existence within the meaning of Section 322 Paragraph 2 Sentence 3 of the German Commercial Code (HGB).

Reasons for determining material uncertainty as the most significant assessed risk of material misstatement

The annual financial statements of TELES Aktiengesellschaft were prepared under the assumption of going concern. As explained in the previous section, there are circumstances that could endanger the continued existence of TELES Aktiengesellschaft. Due to its importance for the annual financial statements and the management report as well as due to the existing uncertainty about the occurrence of the assumptions and conditions on which the medium-term corporate planning is based, the assessment of the appropriateness of the assumed going concern assumption was particularly important for us as part of our audit Examination facts.

Audit procedure and conclusions

As part of our audit, we examined whether the preparation of the annual financial statements assuming the company's continued operations and the presentation of the associated information in the notes and management report are appropriate. In addition to interviewing the legal representatives, we particularly examined the legal representatives' liquidity forecasts and plans for future measures to determine whether the assumptions underlying the forecasts were plausible and achievable under the given circumstances. We critically assessed the prospects of success of implementing the planned measures in terms of their plausibility and viewed audit evidence. We also examined the appropriateness of the information in the annual financial statements and the management report.

Based on the audit procedures we have carried out; we consider the assumption of going concern and the premises underlying this assumption to be appropriate.

Our opinions are not modified in relation to this matter.

Particularly important audit matters in the audit of the annual financial statements

Particularly important audit matters are those matters that, in our professional judgment, were most significant in our audit of the annual financial statements for the fiscal year from January 1, 2023, to December 31, 2023. In addition to the matter described in the section "Major uncertainty in connection with the continuation of the company's operations", in our opinion there were no other significant matters.

Other Information

The legal representatives are responsible for the other information. The other information includes the following components of the management report that have not been audited for content:

- the reference to the declaration on corporate governance with the corporate governance report in accordance with Section 289f HGB and the information to which the reference refers,
- the reference to the remuneration report in accordance with Section 162 AktG and the information to which the reference refers,
- Insurance of the legal representatives (Section 264 Paragraph 2 Sentence 3 HGB, Section 289 Paragraph 1 Sentence 5 HGB.)

Our opinions on the annual financial statements and the management report do not cover the other information and accordingly we do not express an opinion or any other form of audit conclusion thereon.

Translation – the German version is authoritative

In connection with our audit, we have a responsibility to read the other information and to assess whether the other information

- have material discrepancies with the annual financial statements, the audited components of the management report or our knowledge gained during the audit or
- otherwise appear to be materially misrepresented.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law regulations applicable to corporations in all material respects, and for ensuring that the annual financial statements present a true and fair view of the assets and finances, considering the German principles of proper accounting - and earnings situation of the company. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with German accounting principles to enable the preparation of annual financial statements that are free from material misstatement due to fraudulent activity (i.e. manipulation of the Accounting and financial loss) or errors.

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. Furthermore, they have the responsibility to disclose matters relating to the continuation of the company's activities, if relevant. In addition, they are responsible for accounting based on the going concern accounting principle, unless actual or legal circumstances conflict with this.

In addition, the legal representatives are responsible for preparing the management report, which provides an accurate picture of the company's situation and is consistent with the annual financial statements in all material respects, complies with German legal regulations and accurately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal regulations and for sufficient appropriate evidence for the statements in the management report to be able to provide.

The Supervisory Board is responsible for monitoring the company's accounting process for the preparation of the annual financial statements and the management report.

Responsibility of the auditor for the audit of the annual financial statements and the management report

Our objective is to obtain sufficient assurance as to whether the annual financial statements as a whole are free from material misstatements due to fraud or errors and whether the management report as a whole conveys a correct view of the company's situation and in all material matters is consistent with the annual financial statements and with the findings obtained during the audit, complies with German legal regulations and accurately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and the management report .

Adequate certainty is a high level of certainty but is not a guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) and the EU-APrVO, considering the German principles of proper auditing established by the Institute of Public Accountants (IDW), is material always uncovers false representations. Misrepresentations can result from fraud or error and are considered material if they could reasonably be expected to influence, individually or collectively, the economic decisions of recipients made based on these annual financial statements and management report.

During the audit, we exercise due discretion and maintain a critical attitude. Over and beyond

- we identify and assess the risks of material misstatements in the annual financial statements and the management report due to fraud or errors, plan and carry out audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions to serve. The risk that material misrepresentations resulting from fraud will not be discovered is higher than the risk that material misstatements resulting from errors will not be discovered, since fraud involves collusive cooperation, falsifications, intentional incompleteness, misleading representations or may involve overriding internal controls;
- we gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report to plan audit procedures that are appropriate under the given circumstances, but not with the aim of: to express an opinion on the effectiveness of the company's systems.
- we assess the appropriateness of the accounting methods used by the legal representatives as well as the justifiability of the estimated values and related information presented by the legal representatives.
- we draw conclusions about the appropriateness of the going concern basis of accounting used by the legal representatives and, based on the audit evidence obtained, whether a material uncertainty exists in connection with events or circumstances that cast significant doubt on the the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are obliged to draw attention to the relevant information in the annual financial statements and the management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our audit report. However, future events or circumstances may result in the company no longer being able to continue as a going concern.
- we assess the overall presentation, structure, and content of the annual financial statements, including the information, as well as whether the annual financial statements present the underlying business transactions and events in such a way that the annual financial statements represent a true and fair view of the situation, considering the German principles of proper accounting the company's asset, financial and earnings situation.

Translation – the German version is authoritative

- we assess the consistency of the management report with the annual financial statements, its legal compliance, and the picture it conveys of the company's situation.
- we carry out audit procedures on the future-oriented information presented by the legal representatives in the management report. Based on sufficient, appropriate audit evidence, we in particular review the significant assumptions on which the legal representatives' future-oriented information is based and assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the forward-looking information or the underlying assumptions. There is a significant, unavoidable risk that future events will differ materially from the forward-looking information.

We discuss with those responsible for monitoring, among other things, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

We will make a statement to those responsible for monitoring that we have complied with the relevant independence requirements and will discuss with them all relationships and other matters that may reasonably be expected to affect our independence and the related matters protective measures taken.

From the matters that we discussed with those responsible for monitoring, we determine those matters that were most significant in the audit of the annual financial statements for the current reporting period and are therefore the particularly important audit matters. We describe these matters in the auditor's report, unless laws or other legal regulations preclude public disclosure of the matter.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS**Note on the audit of the electronic reproductions of the annual financial statements and the management report prepared for disclosure purposes in accordance with Section 317 Paragraph 3a HGB***Audit opinion*

In accordance with Section 317 Paragraph 3a HGB, we have carried out an examination with sufficient certainty as to whether the information contained in the file "JA Teles 2023.zip" (SHA1 5eb64f1ef-cfb9cb626866ffc0390cc5db6347ff9), which was made available electronically to the legal representatives, and for disclosure purposes The reproductions of the annual financial statements and the management report (hereinafter also referred to as "ESEF documents") comply with the requirements of Section 328 Paragraph 1 HGB for the electronic reporting format ("ESEF format") in all material respects. In accordance with German legal regulations, this audit only extends to the conversion of the information in the annual financial statements and the management report into the ESEF format and therefore neither to the information contained in these reproductions nor to other information contained in the above-mentioned file.

In our opinion, the reproductions of the annual financial statements and the management report contained in the above-mentioned attached file and prepared for disclosure purposes comply in all material respects with the requirements of Section 328 Paragraph 1 HGB for the electronic reporting format. We do not give any audit opinion beyond this audit opinion and our audit opinions on the attached annual financial statements and the attached management report for the financial year from January 1, 2023, to December 31, 2023, contained in the above "Report on the audit of the annual financial statements and the management report". to the information contained in these reproductions as well as to the other information contained in the above-mentioned file.

Basis for our audit opinion

We have audited the reproductions of the annual financial statements and the management report contained in the above-mentioned attached file in accordance with Section 317 Paragraph 3a HGB, taking into account the IDW auditing standard: Auditing the electronic reproductions of financial statements and management reports prepared for disclosure purposes carried out in accordance with Section 317 Paragraph 3a HGB (IDW PS 410 (06.2022)).

Our responsibility thereafter is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice has applied the requirements for the quality assurance system of the IDW Quality Assurance Standards: Requirements for Quality Assurance in Auditing Practices (IDW QS 1).

Responsibility of the legal representatives and the supervisory board for the ESEF documents

The legal representatives of the company are responsible for preparing the ESEF documents with the electronic reproductions of the annual financial statements and the management report in accordance with Section 328 Paragraph 1 Sentence 4 No. 1 HGB.

Furthermore, the company's legal representatives are responsible for the internal controls that they consider necessary to enable the creation of ESEF documents that are free from material - intentional or unintentional - violations of the requirements of Section 328 Paragraph 1 HGB to the electronic reporting format.

The Supervisory Board is responsible for monitoring the preparation of ESEF documents as part of the accounting process.

Responsibility of the auditor for the audit of the ESEF documents

Our objective is to obtain sufficient certainty as to whether the ESEF documents are free of material – intentional or unintentional – violations of the requirements of Section 328 Paragraph 1 HGB. During the audit, we exercise due discretion and maintain a critical attitude. Over and beyond

- we identify and assess the risks of material - intentional or unintentional - violations of the requirements of Section 328 Paragraph 1 HGB, plan and carry out audit procedures in response to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis to serve for our audit opinion.
- we gain an understanding of the internal controls relevant to the audit of the ESEF documents to plan audit procedures that are appropriate in the circumstances, but not with the aim of expressing an opinion on the effectiveness of those controls.
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815 in the version applicable as of the reporting date for the technical specification for this file.
- we assess whether the ESEF documents enable an XHTML reproduction of the audited annual financial statements and the audited management report with the same content.

Other information in accordance with Article 10 Eu-APrVO

We were appointed as auditors by the Charlottenburg District Court by order of February 27, 2024. We were commissioned by the Chairman of the Supervisory Board on March 11, 2024. We have been working as auditors of TELES Aktiengesellschaft continuously since the 2023 financial year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Audit Committee in accordance with Article 11 of the EU Audit Regulation (audit report).

OTHER MATTERS – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read in conjunction with the audited consolidated financial statements and the audited group management report as well as the audited ESEF documents. The consolidated financial statements and group management report converted into the ESEF format - including the versions to be published in the Federal Gazette - are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not replace them. In particular, the ESEF note, and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Dr. Mathias Thiere.

Berlin, April 23, 2024

MSW GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Thiere
Wirtschaftsprüfer

Report of the Supervisory Board on the financial year from the 1st of January to the 31st of December 2023

In the 2023 financial year, the Supervisory Board continued to properly perform the tasks assigned to it by law and the Articles of Association and regularly monitored and advised the Executive Board of TELES AG in the management of the company. He received timely written and oral information about the company's situation and business development. He was involved in all decisions of fundamental importance.

Consulting priorities 2023

In nine supervisory board meetings and many informal discussions, the supervisory board discussed the company's economic situation and made decisions on the strategic further development of TELES AG. All members of the Supervisory Board took part in the Supervisory Board meetings. The chairman of the supervisory board maintained regular contact with the chairman of the board. There was an intensive exchange with the auditor for the 2022 financial year, Rödl & Partner, especially in the second half of 2023.

The Supervisory Board agrees with the Management Board that the 2023 financial year was not satisfactory. Against this background, the strategic realignment of the TELES Group was at the center of the discussions: The "Carrier Solutions" business area was sold on October 1, 2023, as part of an asset deal. TELES' focus on the pharmaceutical growth market creates good conditions for a sustainable turnaround.

The Supervisory Board shares the Executive Board's statements in the management report, according to which the continued existence of the company depends primarily on the fact that the planned sales of the subsidiary EURO RX Arzneimittel GmbH are not sustainably undercut and that the promised additional financial resources of EUR 0.6 million are sufficient. are adequate or can be increased if necessary. The planned increase in the share capital against cash contributions not only reduces the debt financing of the operating business, but it also creates opportunities for M&A measures.

Audit results

Due to the late completion of the 2022 audit by Rödl & Partner, MSW GmbH was appointed as auditor for the 2023 annual financial statements at the request of TELES AG in accordance with Section 318 Paragraph 4 of the German Commercial Code (HGB) by the Charlottenburg District Court. The Supervisory Board was convinced of the independence of the auditor.

The auditor concludes that the annual financial statements, the consolidated financial statements, and the combined management report as of December 31, 2023, comply with the legal requirements in all material respects and provide a true and fair view of the asset, financial and earnings situation conveyed. Based on the results of his audit, the auditor considers the assumption that the company will continue to operate as a going concern. As a result of his audit, the auditor of TELES AG issued an unqualified opinion on the annual financial statements and the consolidated financial statements for the 2023 financial year.

Resolution

By resolution of April 23, 2024, the Supervisory Board approved the 2023 annual financial statements prepared by the company and audited by the auditor MSW GmbH. The annual financial statements for the 2023 financial year have now been approved. By resolution of April 23, 2024, the Supervisory Board also approved the consolidated financial statements for the 2023 financial year prepared by the company and audited by the auditor MSW GmbH.

The Supervisory Board would like to thank all employees for their great personal commitment and the work carried out in 2023.

Berlin, April 23, 2024

The Supervisory Board

Joachim Schwarzer

Chairman of the Supervisory Board