Tele Columbus AG

Half-Year Financial Report as of 30 June 2020

Condensed consolidated interim financial statements
for the first half of the year as at 30 June 2020

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

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

for

Tele Columbus AG

TELE COLUMBUS AG, BERLIN
GROUP INTERIM MANAGEMENT REPORT
AS AT 30 JUNE 2020

Introduction

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

1. Group profile

1.1 Group business model

1.1.1 General information

As at 30 June 2020, Tele Columbus AG held 51 directly or indirectly held subsidiaries, which are fully consolidated in the consolidated interim financial statements, as well as four other associates and one joint venture, which are accounted for using the equity method in the consolidated financial statements.

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

Tele Columbus is one of the leading German fibre optic network operators reaching more than three million households in Germany. Under the PŸUR brand, the Group offers high-speed internet access as well as more than 250 TV channels on a digital entertainment platform which combines conventional television with video entertainment on demand. With its partners in the housing sector, the Group creates customised cooperation models and advanced value added digital network services such as telemetry and tenant portals. As full service partner for municipal and regional providers, Tele Columbus is a driving force in the expansion of fibre optic infrastructure and broadband networks. In the corporate customer segment, carrier services and corporate solutions are provided on the basis of own fibre optic networks. The Group’s companies operate throughout Germany, with an especially strong market position in the eastern part of the country. About 38% of Tele Columbus's holdings are distributed across the remainder of Germany. Overall, the Group supplies nearly 9% of all German households via existing networks.

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

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

The business model has not changed since 31 December 2019.

1.1.2 Operating segments

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

The "TV" segment generated revenue of KEUR 121,752 in the first half of 2020 (first half of 2019: KEUR 127,796), which represents approx. 51.1% of total revenue in the first half of 2020 (first half of 2019: 51.8%).

The "Internet and Telephony" segment generated revenue of KEUR 81,115 in the first half of 2020 (first half of 2019: KEUR 79,387), which represents approx. 34.0% of total revenue in the first half of 2020 (first half of 2019: 32.2%).

The revenue not directly attributable to the two reported segments amounted to KEUR 35,527 (first half of 2019: KEUR 39,294).

1.2 Objectives and strategies

The medium-term goals and strategies of the Tele Columbus Group have not changed since the annual financial statements as at 31 December 2019. Please see the comments in the 2019 combined management report for more information.

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

2. Economic report

2.1 General economic conditions and industry environment

Spring forecast 2020

The coronavirus pandemic has plunged the global economy – and with it Germany – into recession.

The German federal government, which forecasts Germany's macroeconomic development three times a year under the auspices of the German Federal Ministry for Economic Affairs and Energy, projects in its 2020 spring forecast a decline in real GDP of 6.3% in 2020. For 2021, the catch-up process is expected to bring growth of 5.2%.

The government also expects a 7.4% fall in private households' consumer spending in 2020 and a 6.5% increase in 2021, with a 4.5% decline in domestic demand in 2020 and a 4.6% rise in 2021.

The overall consumer trend also affects consumer behaviour relating to the products offered by Tele Columbus.

Industry environment

With regard to the sector-specific conditions for Tele Columbus Group, please see the comments in the 2019 combined management report. There have been no significant changes in the first half of 2020 compared to the assessment in that report.

2.2 Business performance

After great progress was made in 2019 to stabilise the group-wide systems and company processes, Tele Columbus again delivered stable business performance in the first half of 2020, almost unaffected by the Covid-19 pandemic. One particularly positive point was customer satisfaction measured by NPS (Net Promoter Score) in the first half of 2020. The main drivers of this development are the digital service channels for customers and the continual improvement of service levels at the respective touchpoints.

In the business customers segment, the effects of the coronavirus crisis were negligible in the second quarter and came in the form of project postponements. The delayed revenue was compensated by a significant rise in hardware sales, but only at the expense of the profit margin. Additionally, large infrastructure projects were acquired in the second quarter, the "Breitbandausbau Wirtschaftlichkeitslücke" [broadband expansion profitability gap] in Halle and Leipzig.

Revenue for the first half of the year fell by 3.3% to KEUR 238,393 compared to the prior year, mainly due to the decline in revenue from construction services. Revenue in the "core business" is almost stable compared to the prior year. The number of residential units connected to their own level 3 network and with return channel capability amounted to approx. 2,369,000 and is thus stable compared to 31 December 2019.

The number of residential units connected to the Group's own signal feed and equipped with feedback capability as at 30 June 2020 increased to 70.7% (+1.1 percentage points) compared to 31 December 2019.

The number of residential units connected to the cable networks of companies of Tele Columbus Group fell by 0.9% to 3.35 million compared to 31 December 2019.

As at 30 June 2020, the customer basis of the Tele Columbus Group dropped by 19,000 to 2.25 million compared to 31 December 2019.

As at 30 June 2020, the total number of RGUs dropped by 39,000 to 3.74 million compared to 31 December 2019.

The RGUs for cable TV fell by 47,000 to 2.17 million as at 30 June 2020 compared to 31 December 2019, while premium TV services remained stable at approx. 0.54 million. The average number of products (RGUs) per customer in the first half of 2020 was unchanged at 1.66 as at 30 June 2020.

RGUs for internet services increased in the first half of 2020 compared to 31 December 2019 by 1.5% to approx. 593,000. RGUs for telephone services have climbed 0.7% to approx. 435,000.

2.3 Assets, liabilities, financial position and financial performance

2.3.1 Financial performance

KEUR	1 Jan to 30 Jun 2020	1 Jan to 30 Jun 2019
Revenue	**238,393**	***246,477***
Own work capitalised	10,857	9,552
Other income	3,866	5,004
Total operating income	***253,116***	***261,033***
Cost of materials	-77,500	-86,788
Employee benefits	-39,686	-39,482
Other expenses	-23,378	-36,879
EBITDA	***112,552***	***97,884***
Non-recurring expenses (net)	5,302	17,282
Normalised EBITDA	***117,854***	***115,166***
EBITDA	***112,552***	***97,884***
Net financial income/expenses	-36,202	-34,091
Depreciation and amortisation	-99,190	-83,196
Income taxes	3,213	-9,567
Net loss for the period	***-19,627***	***-28,970***

Revenue in the first half of 2020 amounted to KEUR 238,393, 3.3% down on the 2019 reporting period. The change resulted mainly from the lower revenue from construction service business, which declined by KEUR 7,393, and from a KEUR 6,570 drop in TV revenue. This decline was partially compensated by higher business customer revenue (KEUR 3,811) and higher Internet and Telephony revenue (KEUR 1,905).

Own work capitalised was KEUR 10,857 in the first half of 2020, an increase of 13.7% compared to the prior year (KEUR 9,552).

Other income was down from KEUR 5,004 to KEUR 3,866. This was largely the result of lower income from the reversal of provisions (KEUR -502).

Total operating income, defined as the sum of revenue, other income and own work capitalised, declined in the reporting period by 3.0% to KEUR 253,116.

Compared with the prior-year period, the cost of materials declined by KEUR 9,288 to KEUR 77,500 in the first half of 2020. The decline resulted mainly from lower expenses for construction services, which fell by KEUR 6,049 in line with the decline in revenue from this business area. There was also a decline in expenses for administrative cost reimbursements in the housing industry business (KEUR -977) and for maintenance (KEUR -455). Expenses for signal procurement charges for TV and internet services were KEUR 37,662, thus 4.6% lower than the prior-year period. However, direct costs for business customers rose by 22.1% compared to the prior year, increasing to KEUR 11,615.

Personnel expenses amounted to KEUR 39,686, which was just slightly (0.52%) higher than the prior-year period.

Other expenses amounted to KEUR 23,878 in the first half of 2020. The decline of KEUR 13,501 results from lower legal and advisory fees (KEUR -8,046), lower allowances for receivables (KEUR -2,736) and lower marketing expenses (KEUR -2,475). This is set against higher expenses for IT (KEUR +759).

EBITDA amounted to KEUR 112,552 in the first half of 2020, increasing by KEUR 14,668 compared to the prior year due to the factors described above.

Compared with the prior half-year, "normalised EBITDA" rose slightly from KEUR 115,166 to KEUR 117,854. In the reporting period, the operating margin (defined as the ratio of normalised EBITDA to revenue), increased to 49.4% (first half of 2019: 46.7%). Non-recurring expenses and income amounted to KEUR 5,302 in the first half of 2020 (first half of 2019: KEUR 17,282). The decline in non-recurring expenses results mainly from costs not incurred in the 2019 reporting period related to strategic projects and optimisation measures.

Net finance costs deteriorated, amounting to KEUR 36,202 (first half of 2019: KEUR 34,091). The increase in finance costs results mainly from the fair value adjustment in the value of embedded derivatives.

Amortisation and depreciation amounted to KEUR 99,190 in the first half of 2020 (first half of 2019: KEUR 83,196).

Tax income of KEUR 3,213 (first half of 2019: tax expense of KEUR 9,567) comprises current income tax expenses of KEUR 3,206 (first half of 2019: KEUR 5,534) and deferred tax income from valuation differences in the amount of KEUR 6,419 (first half of 2019: deferred tax expenses of KEUR 4,033).

The first half of 2020 closed with a loss of KEUR 19,627 (first half of 2019: loss of KEUR 28,970).

2.3.2 Financial performance by segment

Operating activities are divided into two segments. The following table provides an overview of revenue in the first half of 2020 and the first half of 2019:

Revenue by segment (in KEUR)	**1 Jan. to 30 Jun. 2020**	**1 Jan. to 30 Jun. 2019**
Revenue TV segment	121,752	127,796
Revenue Internet and Telephony segment	81,115	79,387
Total revenue (excluding "Other" segment)	**202,867**	**207,183**

Revenue from the "TV" segment declined by 4.7% to KEUR 121,752 compared to the prior year. This drop of KEUR 6,044 compared to the prior-year period resulted mainly from the decline in cable TV RGUs.

Revenue in the Internet and Telephony segment increased by 2.2% year-on-year to KEUR 81,115. The rise was mainly due to an increase in IP RGUs and the sale of higher-value products.

Earnings target in KEUR	1 Jan. to 30 Jun. 2020	1 Jan. to 30 Jun. 2019
Normalised EBITDA		
TV segment	67,850	68,697
Internet and Telephony segment	59,610	57,964
Non-recurring expenses (-)/income (+)		
TV segment	-752	-337
Internet and Telephony segment	-697	-93
EBITDA		
TV segment	67,098	68,360
Internet and Telephony segment	58,913	57,871

2.3.3 Financial position and liquidity

Cash flow

Comparison of first half-year as at 30 June 2020 with first half-year ended 30 June 2019

Positive operating cash flows of KEUR 105,378 (first half of 2019: KEUR 90,958) were practically offset by negative cash flows from investing activities of KEUR 48,181 (first half of 2019: KEUR 61,201) and negative cash flows from financing activities of KEUR 57,101 (first half of 2019: KEUR -41,206), resulting in a drop of KEUR 10 in cash and cash equivalents as at 30 June 2020 (including the change in restricted cash and cash equivalents of KEUR 106) compared to 31 December 2019.

While interest payments of KEUR 26,932 were incurred in the comparative period, this figure rose slightly to KEUR 27,084 in the first half of 2020. EUR 13.3 million of the revolver was paid back in the first half of 2020.

The Group has concluded various leases for infrastructure facilities to supply customers. These have been classified as leases under IFRS 16. In the first half of financial year 2019, repayment of the lease liabilities resulted in payments of KEUR 13,648 and rental payments related to operation of the infrastructure network in the Plön district of KEUR 675 (first half of 2019: KEUR 11,194).

In the first half of 2020, Tele Columbus mainly invested in the Group's own network, in connecting newly acquired properties and equipping existing customers.

The obligations incurred until 30 June 2020 for investments and operating expenses, which will result in cash outflows of about KEUR 55,519 in subsequent reporting periods, will be financed from existing cash held and cash flows from operating activities.

Interest on loans and borrowings was covered through cash. The revolving credit facility of KEUR 50,000 had not been used as at the reporting date of 30 June 2020.

In the first half of 2020, the companies of the Tele Columbus Group were always able to meet their payment obligations.

Management reviews the Group's liquidity position at least monthly and initiates, if necessary, measures to forestall liquidity shortages in due time (please see the comments in the "Risk report" of the combined management report for financial year 2019).

Capital structure
As at 30 June 2020 compared to 31 December 2019

Financing structure

Lender	Borrower	Total in KEUR as of 30 Jun 2020	Share	Total in KEUR as of 31 Dec 2019	Share
New Facility A	TC AG	700,802	49.3%	699,276	48.8%
Senior Secured Notes - Bond	TC AG	644,626	45.4%	643,740	44.9%
Facility 75m	TC AG	72,852	5.1%	72,502	5.1%
Other	Various	2,800	0.2%	3,686	0.3%
Revolving Facility	TC AG	-	0.0%	12,972	0.9%
Total		**1,421,081**	**100.0%**	**1,432,175**	**100.0%**

The revolving facility in the amount of KEUR 50,000 according to the Senior Facilities Agreement was not utilised during the reporting period.

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

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

2.3.4 Assets and liabilities

As at 30 June 2020 compared to 31 December 2019

Property, plant and equipment rose by KEUR 7,324 to KEUR 676,490 compared to 31 December 2019. This is mainly due to significant increases of KEUR 5,945 to KEUR 573,537 in technical equipment and machinery and of KEUR 3,184 to KEUR 25,393 in land and buildings. The rises were especially due to capitalization of property, plant and equipment following classification into leases according to IFRS 16.

Construction in progress increased by KEUR 474 to KEUR 55,603 as a result of commenced investment projects. The increase was offset by depreciation of operating and office equipment amounting to KEUR 3,151 (decline of KEUR 2,280 compared to 31 December 2019).

Intangible assets and goodwill fell by KEUR 16,540 to KEUR 1,257,399 compared to 31 December 2019.

Intangible assets with a carrying amount of KEUR 1,257,399 (31 December 2019: KEUR 1,273,939) comprise goodwill of KEUR 1,039,597 (31 December 2019: KEUR 1,039,597), customer bases of KEUR 111,213 (31 December 2019: KEUR 127,378), commissions as capitalised expenses for the acquisition of new customers of KEUR 27,781 (31 December 2019: KEUR 27,897) and other intangible assets of KEUR 78,807 (31 December 2019: KEUR 79.067).

The change resulted partly from expenses capitalised in the prior year for customer commissions and the associated amortisation. Another significant effect is the amortisation of the customer bases. This is set against the increase in advance payments, which mainly include the recognition of purchased software such as "Smart-Client" (CRM) and the website reconstruction.

Current trade receivables and other receivables increased by KEUR 7,123 to KEUR 68,919, compared to 31 December 2019. The rise in receivables is mainly attributable to the rise in trade receivables from operating activities.

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

The current prepaid expenses amount to KEUR 6,526 (31 December 2019: KEUR 3,549) and mainly consist of payments in connection with maintenance contracts and insurance. The increase relative to 31 December 2019 results mainly from advance payments for financial year 2020, which were accordingly subject to interim deferral.

As at 30 June 2020, the Group's consolidated equity amounted to KEUR 297,483 (31 December 2019: KEUR 318,579). The change was mainly the result of the net loss for the first half of 2020. Additionally, dividends of KEUR 1,593 were distributed to non-controlling interests.

The Group's liabilities from interest-bearing loans and senior secured loans amounted to KEUR 1,421,088 as at 30 June 2020 (31 December 2019: KEUR 1,432,175). This corresponds to 69.2% (2019: 69.6%) of total assets. For more details please see the capital structure (Section 2.3.3 "Financial position and liquidity") and the consolidated interim financial statements (Section D.14 "Liabilities to banks and due to the senior secured notes").

Other non-current and current financial liabilities mainly include lease liabilities amounting to KEUR 154,295 (31 December 2019: KEUR 108,956).

3. Subsequent events

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

4. Forecast adjustment report

We refer to the comments in Section 5 "Forecast" of the combined management report for the 2019 financial year for a detailed forecast for Tele Columbus Group. From the perspective of the consolidated interim financial statements as at 30 June 2020, the predictions described in this section with regard to the key financial and non-financial indicators for the 2020 financial year continue to be considered accurate.

5. Risk adjustment report

We refer to the comments in Section 6, "Risk report" of the combined management report for the 2019 financial year for the Group's risk report.

The risk relating to the legal dispute with the BIG former shareholders has increased. This is now a material risk ("moderate" in the prior year).

There is now also the following new material risk: The European Court of Justice declared in the "Schrems II" proceedings (judgment dated 16 July 2020, Case C-311/18) that the Privacy Shield agreed on between the EU and the USA is invalid. This has major consequences for all companies that intend on transferring data from the EU to third countries or, on account of contractual agreements with corresponding service providers (e.g. Microsoft) already do. This is because without another permission mechanism in the place of the Privacy Shield, it would be illegal to transfer personal data to the US. In the worst case, European companies could be facing fines of up to EUR 20 million or up to 4% of the affected company's (or – if applicable – the group's) annual revenue. Our group-wide contractual relationships mean we see a high risk here, which can be reduced only in the future by appropriate contract negotiations with the affected service providers.

The risks presented in the annual report 2019 resulting from the CoVid-19 pandemic have thus far had only a minor impact on the business situation of Tele Columbus.

Even though there were country-wide closures of the PYUR shops starting mid-March, which led to a decrease in direct sales, sales in the digital distribution channels rose and terminations declined. Easing up the restrictions means all shops are now once again open. However, footfall is not at the same level as in the prior year.

The network also proved capable of handling an increased burden as a result of the rise in usage driven by CoVid-19.

The easing up of restrictions now means we see less of a risk as regards the CoVid-19 pandemic over the next few months. However, a long-term risk assessment is fraught with uncertainty. This is because an exact estimate of the length and effects of the CoVid-19 crisis is currently not possible.

6. Opportunities adjustment report

Tele Columbus has a number of opportunities in future, especially due to the Group's strong competitive position. We refer in this regard to the comments in Section 7 'Opportunities' of the combined management report for financial year 2019.

TELE COLUMBUS AG, BERLIN
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT 30 JUNE 2020

I. Consolidated income statement

KEUR	Notes	1 Jan to 30 Jun 2020	1 Jan to 30 Jun 2019
Revenue	D.1	238,393	246,477
Own work capitalised	D.2	10,857	9,552
Other income	D.3	3,866	5,004
Total operating income		*253,116*	*261,033*
Cost of materials	D.4	-77,500	-86,788
Employee benefits		-39,686	-39,482
Other expenses	D.5	-23,378	-36,879
EBITDA		**112,552**	**97,884**
Depreciation and amortisation	D.9	-99,190	-83,196
EBIT		**13,362**	**14,688**
Equity method income (+) / loss (-)		-21	-
Interest and similar income	D.6	76	68
Interest and similar expense	D.6	-30,902	-30,753
Other financial income (+) / loss (-)	D.7	-5,355	-3,406
Profit (+) / Loss (-) before tax		*-22,840*	*-19,403*
Income taxes	D.8	3,213	-9,567
Net loss		**-19,627**	**-28,970**
attributable to shareholders of Tele Columbus AG		-20,782	-30,190
attributable to non-controlling interests		1,155	1,220
Basic earnings per share in EUR		-0.16	-0.24
Diluted earnings per share in EUR		-0.16	-0.24

EBITDA and EBIT stand for earnings before interests, taxes, depreciation and amortisation and earnings before interests and taxes.

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

II. Consolidated statement of profit or loss and other comprehensive income

KEUR	1 Jan to 30 Jun 2020	1 Jan to 30 Jun 2019
Net loss	*-19,627*	*-28,970*
Other comprehensive income		
Remeasurement of gains (+)/ losses (-) on defined benefit plans (after deferred of taxes)	-	-1,021
Total comprehensive income	**-19,627**	**-29,991**
of which attributable to:		
Shareholders of Tele Columbus AG	-20,782	-31,211
Non-controlling interests	1,155	1,220

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

III. Consolidated statement of financial position

Assets

KEUR	Notes	30 June 2020	31 December 2019
Non-current assets			
Property, plant, and equipment	D.9	676,490	669,166
Intangible assets	D.10	1,257,399	1,273,939
Investments accounted for using the equity method		393	414
Trade and other receivables	D.11	10	11
Other assets	D.11	6	6
Other financial receivables	D.11	820	688
Accruals and deferrals	D.11	1,656	1,937
Deferred tax assets	D.8	2,970	4,096
Derivative financial instruments		2,560	3,262
		1,942,304	**1,953,520**
Current assets			
Inventories		6,429	5,586
Trade and other receivables	D.11	68,910	61,785
Receivables due from related parties		291	11
Other financial receivables	D.11	1,929	1,976
Other assets	D.11	13,623	17,197
Current tax assets	D.8	2,576	4,672
Cash and cash equivalents	E.3.3	10,118	10,128
Accruals and deferrals	D.11	6,526	3,549
Assets held for sale		-	2
		110,402	**104,906**
Total assets		**2,052,706**	**2,058,428**

Equity and liabilities

KEUR	Notes	30 June 2020	31 December 2019
Equity			
Share Capital	D.12	127,556	127,556
Capital reserve		620,838	620,838
Other components of equity		-460,168	-439,512
Equity attributable to shareholders of Tele Columbus AG		*288,226*	*308,882*
Non-controlling interests		9,257	9,697
		297,483	**318,579**
Non-current liabilities			
Pensions and other long-term employee benefits		10,510	10,531
Other provisions	D.13	2,070	2,070
Liabilities to banks and from the bond issuance	D.14	1,407,021	1,404,430
Trade and other payables	D.15	46	46
Other financial liabilities	D.15	124,748	106,984
Deferred revenue	D.15	4,037	4,270
Deferred tax liabilities	D.8	19,998	27,544
Derivative financial instruments		15,982	11,045
		1,584,412	**1,566,920**
Current liabilities			
Other provisions	D.13	7,886	8,992
Liabilities to banks and from the bond issuance	D.14	14,060	27,745
Trade and other payables	D.15	77,684	75,878
Payables due to related parties		664	580
Other liabilities	D.15	17,402	23,824
Other financial liabilities	D.15	33,191	27,257
Income tax liabilities	D.8	9,377	6,895
Deferred revenue	D.15	10,547	1,759
		170,811	**172,929**
Total equity and liabilities		**2,052,706**	**2,058,428**

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

IV. Consolidated statement of cash flows

KEUR	Notes	1 Jan to 30 Jun 2020	1 Jan to 30 Jun 2019
Cash flow from operating activities			
Net loss		*-19,627*	*-28,970*
Net financial income or expense		36,181	34,091
Income taxes		-3,213	9,567
Income(-)/ loss (+) from investments carried at equity		21	-
Earnings before interest and taxes (EBIT)		*13,362*	*14,687*
Depreciation and amortisation		99,190	83,196
Equity-settled, share-based employee benefits		125	287
Loss (+) / gain (-) on sale of property, plant, and equipment		-538	-525
Increase (-) / decrease (+) in:			
Inventories		-843	1,003
Trade and other receivables and other assets not classified as investing or financing activities	**D.11**	652	-12,899
Accruals and deferrals	**D.11**	-2,695	-2,008
Increase (+) / decrease (-) in:			
Trade payables and other liabilities not classified as investing or financing activities	**D.15**	-11,157	2,470
Provisions	**D.13**	-1,127	-1,466
Deferred revenue	**D.15**	8,556	8,349
Income tax paid		-147	-2,136
Cash flow from operating activities		**105,378**	**90,958**
Cashflow from investing activities			
Proceeds from sale of property, plant, equipment, and intangible assets		236	676
Acquisition of property, plant and equipment		-29,001	-47,412
Acquisition of intangible assets		-19,492	-15,364
Interest received		76	43
Acquisition of subsidiaries, net of cash acquired		-	856
Cashflow from investing activities		**-48,181**	**-61,201**

KEUR	Notes	1 Jan to 30 Jun 2020	1 Jan to 30 Jun 2019
Cash flow from financing activities			
Payment of financial lease liabilities		-14,323	-11,194
Dividends paid		-1,593	-1,666
Transaction costs with regard to loans and borrowings 1)		-61	-437
Repayment of borrowings		-14,035	-977
Interest paid		-27,084	-26,932
Acquisition of non-controlling interests		-5	-
Cash flow from financing activities		**-57,101**	**-41,206**
Cash and cash equivalents for the period			
Net increase (+) / decrease (-) in cash and cash equivalents		96	-11,450
Cash and cash equivalents at the beginning of the period		10,128	26,288
Cash and cash equivalents at the end of the period		*10,224*	*14,838*
Increase (+) / decrease (-) from release of restricted cash and cash equivalents during the period		-106	-58
Free cash and cash equivalents at end of period		**10,118**	**14,780**

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

V. Consolidated statement of changes in equity

For the first six months of 2020 in KEUR

KEUR	Notes	Share capital	Capital reserve	Other changes in equity	Retained earnings	Revaluation reserve IAS 19	Equity attributable to shareholders of Tele Columbus AG	Non-controlling interests	Total equity
Balance at 1 January 2020	**D.12**	**127,556**	**620,838**	**-112,345**	**-325,275**	**-1,893**	**308,881**	**9,697**	**318,578**
Profit (+) / loss (-)					-20,782		-20,782	1,155	-19,627
Other comprehensive income						-	-		-
Total comprehensive income		**-**	**-**	**-**	**-20,782**	**-**	**-20,782**	**1,155**	**-19,627**
Dividends							-	-1,593	-1,593
Change in non-controlling interests							-	-5	-5
Other changes	**D.12**						-	3	3
Equity settled share-based payments	**D.12**			125			125		125
Balance at 30 June 2020	**D.12**	**127,556**	**620,838**	**-112,220**	**-346,057**	**-1,893**	**288,224**	**9,257**	**297,483**

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

VI. Condensed notes to the consolidated interim financial statements

A. General information

Introduction

Tele Columbus AG, registered at Kaiserin-Augusta-Allee 108, 10553 Berlin, has been listed on the Frankfurt Stock Exchange (Prime Standard) since 23 January 2015.

Description of operating activities

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

Basis of accounting for the consolidated interim financial statements

The condensed consolidated interim financial statements of Tele Columbus Group as at 30 June 2020 present the assets, liabilities, financial position and financial performance of Tele Columbus AG and its consolidated entities. Gains and losses are presented for the period from 1 January 2020 to 30 June 2020 and the comparative period from 1 January 2019 to 30 June 2019. For assets, liabilities and financial position as at 30 June 2020, the comparative reporting date is 31 December 2019.

The condensed consolidated interim financial statements of the companies of Tele Columbus Group as at 30 June 2020 have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 on a condensed basis as compared to year-end reporting as at 31 December 2019. Thus, these consolidated interim financial statements are to be considered in relation to the consolidated financial statements as at 31 December 2019. The International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) have been applied.

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

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

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

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

The condensed consolidated interim financial statements were prepared by Tele Columbus AG's Management Board in Berlin on 14 August 2020.

B. Changes in the consolidated group

There have been no significant changes to the consolidated group of the consolidated interim financial statements as at 31 December 2019.

B.1 Mergers

By entry in the commercial register as at 30 June 2020, Tele Columbus Hessen and WWcon were merged into Tele Columbus Multimedia.

The investment in Kabelcom Rhein-Ruhr GmbH, Unterföhring, was increased from a 90% share to 100%. From 1 January 2020 on, Kabelmedia GmbH Marketing und Service, Essen, was merged to Tele Columbus Kabel Service GmbH, Berlin.

By entry in the commercial register as at 30 June 2020, Tele Columbus Hessen, Berlin, and WWcon Wärme-Wohnen-Contracting GmbH, Berlin, were merged into Tele Columbus Multimedia GmbH, Berlin, by transferring their entire assets by dissolution without liquidation.

By entry in the commercial register as at 10 August 2020, Tele Columbus Verwaltungs GmbH, Berlin, were merged into Tele Columbus Ost GmbH, Berlin, by transferring their entire assets by dissolution without liquidation.

By entry in the commercial register as at 11 August 2020, Tele Columbus Netze Berlin GmbH, Berlin, were merged into Tele Columbus Multimedia GmbH, Berlin, by transferring their entire assets by dissolution without liquidation.

C. Accounting policies

C.1 Significant estimation uncertainty

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

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

There have been no significant changes as compared to the consolidated financial statements as at 31 December 2019 regarding any significant judgements and assumptions made by management or in estimation uncertainty.

C.2 Significant accounting policies

The same accounting policies are used in the condensed consolidated interim financial statements as at 30 June 2020 as compared to the consolidated financial statements as at 31 December 2019.

There have been no significant changes to any significant judgements and assumptions made by management or in estimation uncertainty in the half-year period to 30 June 2020 as compared to the consolidated financial statements as at 31 December 2019.

C.3 Compliance with IFRS

In the condensed consolidated interim financial statements, the Tele Columbus Group has applied all IFRSs and IFRIC interpretations adopted by the EU that are effective for financial years commencing on or after 1 January 2020.

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

Standard/ Interpretation		**Effectice as at**	**Publication of endorsement by the EU Comission**
Amendments to IFRS 3	Business combinations: Definition of a Business	1 January 2020	22 April 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate benchmark reform	1 January 2020	16 January 2020
Amendments to IAS 1 und IAS 8	Amendments to IAS 1 und IAS 8: Definition of Materiality	1 January 2020	10 December 2019
Amendments to Framework	Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020	6 December 2019

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

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

Standard/ Interpretation		**Effective as at 1)**	**Publication of endorsement by the EU Comission**
EU Endorsement pending			
Amendments to IFRS 16	Durch Covid 19 betroffene Mietkonzessionen	1 June 2020	30 April 2020
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2020	open
IFRS 17	Insurance Contracts	1 January 2023	open
Amendments of several IFRS Standards	IFRS 3: Business Combinations IAS 16: Property, plant and equipment IAS 37: Provisions, contingent liabilities and contingent assets Annual improvements 2018-2020	open	open

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

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

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

D.1 Revenues

KEUR					1 Jan to 30 Jun 2020	1 Jan to 30 Jun 2019
	TV	Internet / telephony	Business customers	Internet & Telephony	Total	Total
Revenue from contracts with customers	**116,793**	**78,081**	**25,268**	**7,122**	**227,264**	**235,443**
Analogue	93,016	-	-	-	93,016	99,382
Internet / telephony	-	72,301	7,282	-	79,583	77,568
Additional digital services	13,831	-	-	-	13,831	14,861
Other transmission fees and miscellaneous feed-in charges	7,303	4,804	-	-	12,107	12,325
Construction services	-	-	-	7,023	7,023	14,416
Network capacity	-	-	6,898	-	6,898	6,433
Computing centre	-	-	1,611	-	1,611	1,788
One-off fees for B2B customers	-	-	2,276	-	2,276	4,550
Antenna / maintenance	597	298	-	99	994	1,139
Hardware sales	41	26	7,084	-	7,151	1,352
Other	2,005	652	117	-	2,774	1,629
Revenue from renting	**4,959**	**3,034**	**3,136**	**-**	**11,129**	**11,034**
Receiver rent	4,959	3,034	-	-	7,993	7,856
Network infrastructure rent	-	-	3,136	-	3,136	3,177
	121,752	**81,115**	**28,404**	**7,122**	**238,393**	**246,477**

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

D.2 Own work capitalised

Own work capitalised in the amount of KEUR 10,857 for the first half of 2020 (first half of 2019: KEUR 9,552) mainly comprises expenses for work performed by our own employees in connection with expanding the cable network.

D.3 Other income

KEUR	1 Jan to 30 Jun 2020	1 Jan to 30 Jun 2019
Gains on disposal of non-current assets	599	681
Income from dunning fees	374	608
Income from marketing subsidies	187	193
Income from sale	151	301
Income from the de-recognition of liabilities and reversal of provisions	89	591
Other income from bad debt (IFRS 9)	-	393
Miscellaneous other income	2,466	2,237
	3,866	**5,004**

Activities and increases in value that are not directly related to the corporate purpose are recognised in other income.

D.4 Cost of materials

KEUR	1 Jan to 30 Jun 2020	1 Jan to 30 Jun 2019
Cost of raw materials and supplies	-548	-929
Cost of purchased services / goods	-76,952	-85,859
	-77,500	**-86,788**

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

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

D.5 Other expenses

KEUR	1 Jan to 30 Jun 2020	1 Jan to 30 Jun 2019
Advertising	-4,901	-7,375
IT costs	-4,564	-3,805
Legal and advisory fees	-4,447	-12,493
Occupancy costs	-1,811	-2,448
Vehicle costs	-1,363	-1,409
Communication costs	-1,303	-1,633
Impairment on receivables	-1,026	-3,761
Insurance, fees and contributions	-854	-1,053
Maintenance	-479	-428
Office supplies and miscellaneous administrative expenses	-461	-432
Incidental bank charges	-408	-482
Travel expenses	-392	-919
Losses on disposal of non-current assets	-61	-156
Miscellaneous other expenses	-1,308	-485
	-23,378	**-25,699**

Other expenses in the first half of 2020 decreased by KEUR 13,501 to KEUR -23,378 (first half of 2019: KEUR -36,879). The key value drivers were the sharply declined legal and advisory fees, which saw a shift of KEUR 8,046 to KEUR -4,447 (first half of 2019: KEUR -12,493).

D.6 Interest income and expenses

KEUR	1 Jan to 30 Jun 2020	1 Jan to 30 Jun 2019
Interest income from third parties and similar income	76	68
Income resulting from compounding of interest caps	-	-
Interest and similar income	**76**	**68**
Interest paid to third parties	-27,522	-27,497
Expenses resulting from compounding of loans and bond under the effective interest rate method	-3,380	-3,179
Expenses resulting from revaluation of interest caps	-0	-77
Interest and similar expenses	**-30,902**	**-30,753**
	-30,826	**-30,685**

The interest paid to third parties mainly relates to liabilities to banks (loans and borrowings) and bond issued.

More details can be found in Section D.14 "Liabilities to banks and from the bond issuance". For information on the interest rate hedges please see Section E.3.1 "Carrying amounts of financial instruments".

D.7 Other finance result

The increase in other finance result is mainly due to the adjustment in the value of embedded derivatives of KEUR -5,640 (first half of 2019: KEUR -3,883).

D.8 Income tax expense

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

D.9 Fixed assets

Additions to fixed assets include an amount of KEUR 38,000 relating to leases.

Please see Section 2.3.4 of the group interim management report for further individual matters.

With regard to the purchase commitments for property, plant and equipment, we refer to the explanatory notes in Section E.1.2, "Purchase commitments".

D.10 Intangible assets

Intangible assets with a carrying amount of KEUR 1,257,399 (31 December 2019: KEUR 1,273,939) comprise goodwill of KEUR 1,039,597 (31 December 2019: KEUR 1,039,597), customer bases of KEUR 111,213 (31 December 2019: KEUR 127,378), commissions as capitalised expenses for the acquisition of new customers of KEUR 27,781 (31 December 2019: KEUR 27,897) and other intangible assets of KEUR 78,807 (31 December 2019: KEUR 79,067).

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

Intangible assets include contract initiation costs of KEUR 695 and contract fulfilment costs of KEUR 2,560.

Please see Section 2.3.4 of the group interim management report for further individual matters.

D.11 Trade receivables, other financial receivables and other assets, prepaid expenses

The following table shows movements in the allowances for trade receivables at group level:

KEUR	30 June 2020	31 December 2019
Trade and other receivables - gross	86,364	79,113
Impairment losses	-17,444	-17,317
Trade and other receivables - net	**68,920**	**61,796**

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

Other assets amount to KEUR 13,629 (31 December 2019: KEUR 17,203) and mainly include advance payments on account of orders and VAT receivables.

Prepaid expenses amount to KEUR 8,182 (31 December 2019: KEUR 5,486) and mainly consist of payments in connection with maintenance contracts, insurance policies, rents and marketing expenses.

D.12 Equity

The share capital of KEUR 127,556 consists of 127,556,251 no-par-value registered shares and has been fully paid. No treasury shares were held as at the reporting date.

For the first half of 2020, an additional sum of KEUR 125 from share-based payment transactions was recognised in equity (first half of 2019: KEUR 287).

Other movements in equity as well as distributions to non-controlling interests are shown in Section V "Consolidated statement of changes in equity".

D.13 Other provisions

The other provisions reported as at 30 June 2020 can be divided into non-current obligations of KEUR 2,070 (31 December 2019: KEUR 2,070) and current obligations of KEUR 7,886 (31 December 2019: KEUR 8,992). Other provisions primarily include subsequent claims arising from tax audit risks, asset retirement obligations and litigation risks.

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

The provisions for asset retirement obligations were mainly recognised in relation to the main registered office of the Company in Berlin.

The litigation provisions mainly relate to disputed claims from the enforcement of an obligation to extend business premises.

Current provisions are expected to be used within one year. It is considered likely that provisions will actually be used in the amount made as at the reporting date.

D.14 Liabilities to banks and from the bond issuance

KEUR	30 June 2020	31 December 2019
Liabilities to banks and due bond - nominal values	1,434,737	1,435,028
Transaction costs	-43,044	-43,044
Accrued interest	12,727	9,560
Liabilities in connection with embedded derivatives	2,601	2,886
Long-term liabilities to banks and due bond	**1,407,021**	**1,404,430**
Liabilities to banks and due bond - nominal values	14,316	28,213
Accrued interest	889	676
Transaction costs	-1,144	-1,144
Short-term liabilities to banks and due bond	**14,060**	**27,745**
	1,421,081	**1,432,175**

Current and non-current liabilities comprise credit facilities concluded by Tele Columbus AG under the Senior Facilities Agreement and senior secured notes (bond) of KEUR 1,418,158 (31 December 2019: KEUR 1,428,489) and other individual loans and liabilities of subsidiaries in the amount of KEUR 2,923 (31 December 2019: KEUR 3,686).

D.14.1 *Liabilities to banks arising from the Senior Facilities Agreement and the senior secured notes*

The following credit facilities are available to the Tele Columbus Group under the Senior Facilities Agreement: KEUR 707,463 (Term Loan Facility A2), KEUR 75,000 (Term Loan 75m) and a facility of KEUR 50,000 for working capital financing (revolving facility).

The margin is 3.00% p.a. plus EURIBOR for the A2 facility, 4.25% p.a. for the 75m term loan and 3.75% p.a. for the revolving facility. In addition, the loan agreement includes a EURIBOR floor of 0% for all facilities. For the unused parts of the revolving facility, a commitment fee amounting to 35% of the applicable margin is calculated, which is payable on a quarterly basis.

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

For the loans, there is a choice between a one-month, three-month or six-month EURIBOR. As at the reporting date, the A2 term loan facility was based on the six-month EURIBOR while the 75m term loan was based on the three-month EURIBOR.

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

The floors in relation to the EURIBOR and the repayment options are embedded derivatives (hybrid) and are subject to the requirement of separate disclosure and measurement stipulated in IFRS 9. For further information, please refer to section E.3.1 “Carrying amounts and net income from financial instruments”.

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

KEUR	30 June 2020	31 December 2019
Term Loan Facility A2 (term ending on 15 October 2024) 1)	700.802	699.276
Senior Secured Notes - Bond (term ending on 2 May 2025) 2)	644.626	643.740
Term Loan Facility 75m (term ending on 18 October 2023) 3)	72.730	72.502
Senior Revolving Facility (term ending on 2 January 2021) 4)	-	12.972
	1.418.158	**1.428.489**

1) Contains transaction costs not compounded yet for the term loans in the amount of KEUR -16,944 (2019: KEUR -18,737) and embedded derivatives in the amount of KEUR 1,382 (2019: KEUR 1,530) that result from agreed floors and repayment options in the term loans.
2) Contains any transaction costs not compounded yet for the Bonds in the amount of KEUR -10,287 (2019: KEUR -11,241) and embedded derivatives in the amount of KEUR 716 (2019: KEUR 782), which result due repayment options in bond terms.
3) Contains any transaction costs not compounded yet for the Term Loan 75m in the amount of KEUR -3,085 (2019: KEUR -3,506) and embedded derivatives in the amount of KEUR 503 (2019: KEUR 573), which result from agreed floors and repayment options in the term loans.
4) Contains any transaction costs not compounded yet for the Revolving Facility in the amount of KEUR -0 (2019: KEUR -468).

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

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

D.14.2 *Other liabilities to banks*

There are other individual contractual loan agreements and liabilities between subsidiaries of Tele Columbus Group and banks. As at the reporting date, these result in financial liabilities of KEUR 2,923 (31 December 2019: KEUR 3,686). The remaining term of these loan agreements and liabilities varies between 1 and 65 months. Fixed interest rates between 1.15% p.a. and 4.22% p.a. have been agreed for the loans.

D.15 Trade payables and other liabilities, other financial liabilities and other liabilities, deferred income

Trade payables and other liabilities amount to KEUR 77,730 (31 December 2019: KEUR 75,924) and mainly comprise liabilities in connection with supplies and services that had been performed by the reporting date but not invoiced, as well as signal delivery contracts and advance payments.

Other financial liabilities mainly include lease liabilities in the amount of KEUR 132,982 (31 December 2019: KEUR 108,956). Long-term lease liabilities amounted to KEUR 104,719 while short-term lease liabilities amounted to KEUR 28,263.

Other liabilities amount to KEUR 17,402 (31 December 2019: KEUR 23,824) mainly relate to customer credit balances, personnel-related liabilities and provisions with the nature of liabilities.

Deferred income amounts to KEUR 14,584 (31 December 2019: KEUR 6,029) and mainly includes advance payments from customers and investment grants.

Contract liabilities in the amount of KEUR 9,483 are included in liabilities as at 30 June 2020 (31 December 2019: KEUR 1,082).

E. Other disclosures

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

E.1.1 *Contingent assets and liabilities*

Apart from the guarantees not recognised in the statement of financial position and described in Section E.1.3 "Avals", there were no significant changes for contingent assets or liabilities as compared to 31 December 2019.

E.1.2 *Purchase commitments*

Purchase commitments in connection with capital expenditure and operating expenses amounted to KEUR 55,519 as at the reporting date (31 December 2019: KEUR 86,320).

E.1.3 *Avals*

Guarantees amount to KEUR 7,504 (2019: KEUR 6,146) as at the reporting date and mainly consist of rent guarantees and guarantees for licence agreements. In accordance with IFRS requirements, KEUR 7,220 (31 December 2019: KEUR 5,861) of these guarantees are not included in the statement of financial position.

E.1.4 *Leases*

Leases for which the Tele Columbus Group is the lessee resulted in the following amounts in the first half of 2020.

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

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

KEUR	30 Jun 2020	31 Dec 2019
Less than one year	23.520	22.179
Between one and five years	65.147	59.159
More than five years	44.315	27.618
	132.982	**108.956**

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

KEUR	short-term leases	leases based on low-value assets	Total
Less than one year	1,506	192	1,698
Between one and five years	-	95	95
More than five years	-	15	15
	1,506	**302**	**1,808**

Amounts recognised in the statement of cash flows[1]

KEUR	30 Jun 2020
Payments for lease liabilities	17,387
	17,387

[1] The Group has:

- classified the repayment portion of the lease liability as financing activity
- classified the interest portion of the lease liability as financing activity
- classified payments made under short-term leases, payments for leases where the underlying asset is a low-value asset and variable lease payments that have been excluded from the measurement of the lease liability as operating activities.

E.1.5 *Other financial obligations*

In addition to the leases described above, the Group has other financial obligations (mainly from service contracts).

Future minimum payments from these contractual relationships have the following maturities:

KEUR	30 June 2020
Less than one year	24,675
Between one and five years	13,612
More than five years	3,987
	42,275

E.2 Related party disclosures

E.2.1 *General related party disclosures*

There were no significant changes to related parties in the reporting period as compared to 31 December 2019.

E.3 Financial instruments and risk management

E.3.1 *Carrying amounts of financial instruments*

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

Financial Instruments by category under IFRS 9

KEUR	Measurement category IFRS 9	30 June 2020	31 December 2019
Financial assets			
Financial assets and liabilities at fair value through profit (-) or loss (+)	Derivative Financial Assets	2,560	3,262
Total		**2,560**	**3,262**
Measured at amortised cost	Receivables from related parties	291	11
	Trade receivables and other financial receivables	71,675	64,467
	Cash and cash equivalents	10,118	10,128
Total		**82,084**	**74,606**
Financial liabilities			
At Fair Value through profit or loss	Derivative Financial Liabilities	15,982	11,045
Total		**15,982**	**11,045**
Measured at amortised cost	Liabilities to banks and due bond	1,421,081	1,432,175
	Liabilities to associates and related parties	664	580
	Trade payables	77,731	75,924
	Other financial liabilities	24,956	25,286
Total		**1,524,432**	**1,533,965**

For information on the main methods and assumptions used to determine the fair values of financial instruments and classify them in line with the three-level fair value hierarchy, please see the notes to the 2019 consolidated financial statements, Section F.3.1.

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

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

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

The fair value of Senior Term Loan A and of the senior secured note (measurement level 2) amounts to KEUR 1,242,134 (31 December 2019: KEUR 1,253,436). For the remaining liabilities to banks, it is assumed that amortised cost approximates fair value.

The carrying amount of derivative financial assets in the category "at fair value through profit or loss" includes two interest-rate caps of Tele Columbus AG. The fair value of the instruments is determined on the basis of an options pricing model (market comparison method), taking account of inputs and parameters that can be observed directly or indirectly on an active market (level 2).

Interest caps 1 and 2 are recognised at fair value through profit or loss in accordance with IFRS 9 and reduce the risk of increased interest payments due to floating-rate financial instruments. These financial instruments cover the Tele Columbus Group’s main interest-rate risks from interest-bearing liabilities but are not classified as hedges for the purposes of hedge accounting in accordance with IFRS.

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

E.3.2 *Risk management of financial instruments*

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

E.3.3 *Liquidity risk*

Liquidity risk is the risk that existing liquidity reserves are not sufficient to meet financial obligations in a timely manner. Liquidity risks can also arise if outflows of cash should become necessary in light of business operations or investment activity. Liquidity management in the Tele Columbus Group aims to ensure that – as far as possible – sufficient liquid funds are always available for the Company to be able to meet its payment obligations when they fall due, under both normal and strained conditions, without suffering unsustainable losses or damaging the Group's reputation. Liquidity risks from financing activities arise, for example, if cash outflows are required in the short term to settle liabilities but cash from operating activities is insufficient to cover expenses and no other liquid assets are available in sufficient quantity for such repayment.

Liquidity projections for a specific planning horizon and the credit facility of KEUR 50,000 available to the Tele Columbus companies for general costs (with a term until 2 January 2021) are designed to ensure a continuous supply of liquidity for operating activities.

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

Cash and cash equivalents amounted to KEUR 10,118 as at 30 June 2020 (31 December 2019: KEUR 10,128).

The financing agreement on granting credit facilities (most recently amended on 3 May 2018) and the documentation for the senior secured notes from 4 May 2018 contain various covenants whereby the creditor/bond creditor has the option to call in the loans/senior secured loans in the event of non-compliance. The fulfilment of said covenants and the capital risk faced by Tele Columbus AG for being a joint-stock company are regularly monitored by the Management Board.

As at the reporting date, liquidity risk in case of non-compliance with these covenants amounted to KEUR 1,446,129 (31 December 2019: KEUR 1,459,555). The risk of non-compliance with these covenants and associated financial regulations could have a negative impact on the credit availability and going concern assumption for the companies of the Tele Columbus Group.

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

In the context of group financing, furthermore, the aim is to gradually repay financial liabilities using liquidity generated from the operations of the Tele Columbus Group.

There were no relevant changes to the interest rate risk for the six-month period ended 30 June 2020 as compared to the interest rate risks shown in the consolidated financial statements as at 31 December 2019.

E.4 Earnings per share

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

E.5 Segment reporting

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

Relationships within individual segments have been eliminated.

Please see the 2019 annual report for a detailed description of the segments.

Business activities as well as transactions, other events or conditions that are not directly related to the Group's reportable segments are reported under "Other" for the first half of 2020.

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

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

in KEUR	1 Jan to 30 Jun 2020	1 Jan to 30 Jun 2019
Revenue B2B customers / construction services	35,527	39,294
Other income	484	1,066
Own work capitalised	2,551	1,418
Direct costs	-19,485	-25,009
Personnel expenses	-16,556	-16,715
Other expenses	-12,127	-11,550

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

As they also cannot be allocated to the two segments, one-off effects (for a definition please see "Explanation of the measurement variables of the segments" under Section E.5 "Segment reporting" in the notes to the consolidated financial statements 2019) are shown in the reconciliation.

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

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

Explanation of the measurement variables of the segments

Please see the 2019 annual report (Section F.6) for explanatory notes on the measurement variables of the segments.

The non-recurring expenses in the first half of 2020 mainly concern costs incurred for strategic projects and personnel expenses.

1 Jan to 30 Jun 2020

KEUR	TV	Internet & Telephony	Other	Total
Revenue	121,752	81,115	35,527	238,393
Normalised EBITDA	67,850	59,610	-9,606	117,854
Non-recurring expenses (-) /income (+)	-752	-697	-3,853	-5,302
EBITDA	**67,098**	**58,913**	**-13,459**	**112,552**

Other segment disclosures

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

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

E.6 Subsequent events

Tele Columbus has concluded a new financing agreement funding KEUR 50,000. This agreement comprise term loan and revolving credit facility (RCF) with a maturity of two years and will supersede the existing KEUR 50,000 RCF.

Furthermore, there were no other significant events after the balance sheet date.

Responsibility Statement

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

Berlin, 14 August 2020

Management Board

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

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Berlin, August 2020

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

Chairman of the Supervisory Board: Dr. Volker Ruloff

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

District Court of Berlin-Charlottenburg HRB 161349 B

Note

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

Disclaimer

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