Summary Annual Report

2021

LIFE IS FOR SHARING.


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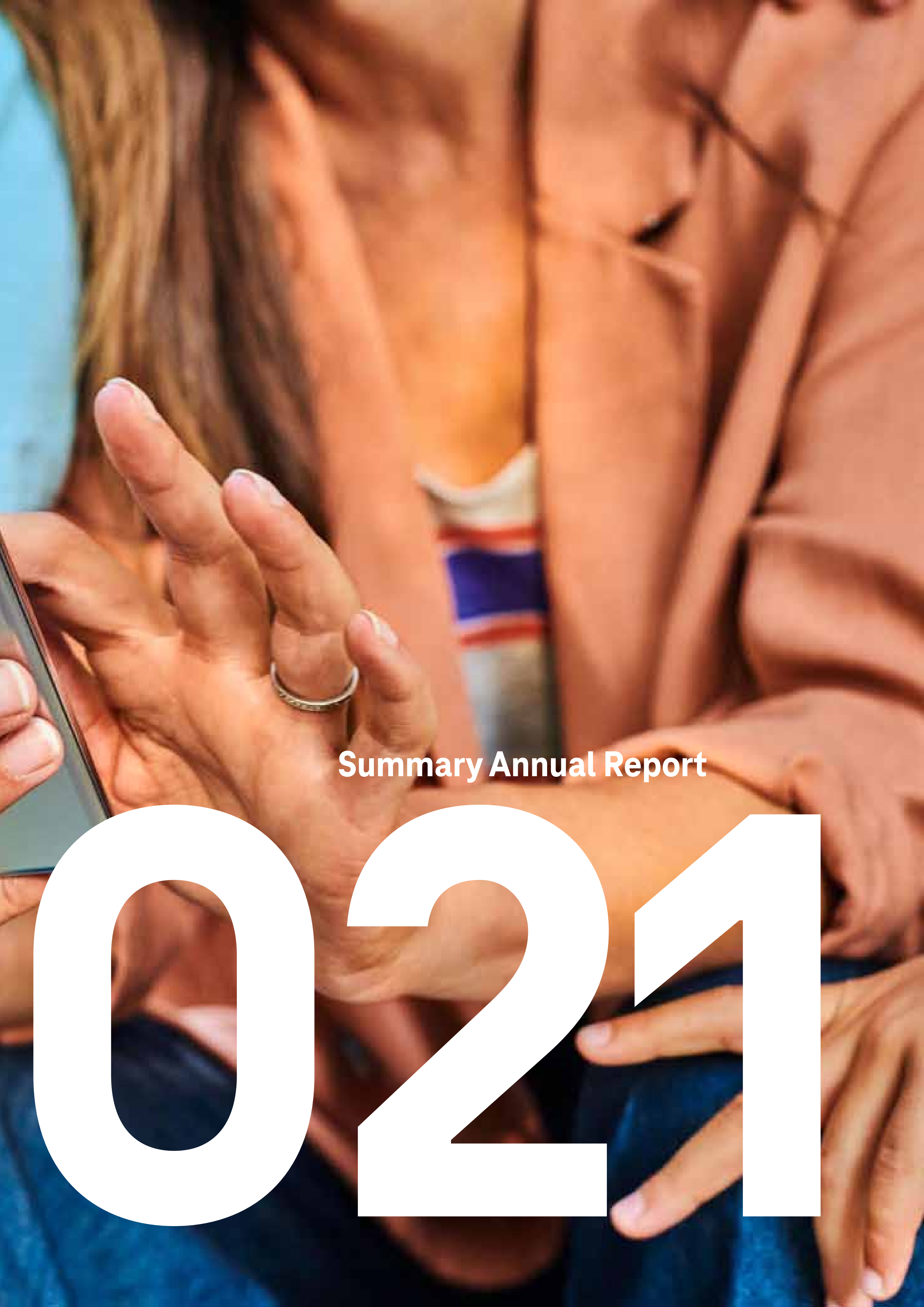


Summary Annual Report

021

Contents

Foreword

The year 2021 was marked by the ongoing covid-19 pandemic and related government measures. Although it was for the second year in a row, we were still getting used to this new way of functioning.

Distance learning, working from home, online meetings or hybrid conferences gradually became the new normal and most of us now already take these things as a regular part of our lives. It was confirmed that in order for us to function to the maximum, we simply cannot do without a high-quality internet connection. And when I say high quality, I mean available everywhere and to everyone, with a stable signal, and fast download and upload speeds. And not only for use at home or school, but also to provide remote access for companies and professionals to operate machines, sensors, applications or even robots.

That's why back in 2020 we at T-Mobile had already embarked on a journey towards a Connected country. Our goal is to connect the Czech Republic with high quality internet, whether mobile via LTE and 5G or fixed via a fiber optic network. In 2021 this vision became our biggest priority which took precedence over most of our other activities.

Despite the difficult situation related to the pandemic, we continued to build our own fiber optic network across the country so that in the future as many customers as possible can connect at gigabyte speeds and benefit from symmetrical upload and download. By the end of 2021 we were able to offer super-fast internet to 284 000 households in 75 cities.

The coverage of the Prague metro with LTE and 5G signals was a great success, which we managed to complete a year earlier than originally planned as part of a consortium of mobile operators and the company CETIN.

In connection with the modernisation of mobile networks, last November we finally said goodbye to the 3rd generation network to make room for the state-of-the-art 5G network. By the end of 2021 our 5G transmitters covered 21% of the population and enabled more than 150,000 of our customers to benefit from a 5G signal. The quality of network is very important to us, as it creates the positive customer experience with our services. And I am very happy that our ongoing strive for the best is acknowledged externally. Our mobile network tested the fastest in in-depth test of CHIP magazine and their partner NET CHECK on all criteria measured all over the Czech Republic.

We have not escaped the trend of moving away from traditional calls and SMS to messaging and chat platforms, streaming and greater use of data. And because our philosophy is to take services and products to the market that respond to the needs of our customers, we have focused on improving customer experience in 2021 with an exciting range of data offerings. At the beginning of the year, we improved our mobile app, where customers can set up their tariff or pay their bills from the comfort of their own homes. In the summer, we launched a sports package with unlimited data, which enabled nearly one million customers to seamlessly use sports apps, platforms for sharing sports achievements and family experiences, and to watch our athletes compete at the Tokyo Olympics. This was followed by the unique Always Online service, with which data for the most basic yet most important applications such as messaging, GPS navigation or public transport timetables never runs out.

We have successfully unified services for our corporate and government customers under the T-Business brand. In the four domains of Store, Protect, Connect and Industry 4.0, we want to be a strong partner for corporate connectivity, including the applications and solutions running on it. The transformation of Czech business to Industry 4.0 and the digitalization of society are key to the future competitiveness of both the Czech Republic and Czech companies. That is why one of our priorities last year was the development of collaboration with academia. We have built private 5G campus networks at leading Czech universities, thanks to which students and professors, as well as startups and companies can develop, test and launch their innovative solutions using the latest technologies. But our commitment goes beyond a simple contribution in the form of high quality connectivity. We also offer companies the benefit of our know-how and mentoring from our extensive team of experts across many fields.

As I have already mentioned, last year was not easy. Apart from the covid-19 pandemic the Czech Republic also had to deal with a natural disaster in the form of a destructive tornado. As we feel it is our moral obligation to help, we sent a financial donation to the affected regions and provided our services free of charge to customers in the those areas. We also continued to help covid-affected businesses, health care facilities and hygiene stations, providing unlimited mobile data free of charge until the end of the spring state of emergency, and we also increased their internet connection capacity to the highest available speed free of charge. We also did not forget about the families of single parents, people with health problems, nor non-profit organizations.

We place a fundamental emphasis on education in all its forms, which is why last year we continued our efforts to integrate retired people into the digital age and we also engaged in debates on changing the education system. A separate chapter in itself is our support for new approaches to teaching in schools and universities. In our newly opened Magenta Experience Centre, we introduce schoolchildren to the world of technology, try to develop their logical thinking and through play present the latest technologies that shape the world around them. Towards the end of the year, we formulated a new ESG strategy. The pillars of which are digital inclusion, effective use of resources and support of digital well-being.

I would also like to take this opportunity to thank our customers, whether they be individuals, business people, small or large organisations – you are the motor that drives us. Thanks to you we can continue to develop better products and services and move forward in leaps and bounds.

Our employees are behind our innovations, new ideas and solutions - the 3276 “pieces” that make up the large puzzle called T-Mobile Czech Republic. We immensely appreciate the effort and work they do in often very challenging conditions and we are glad to have them with us. Thank you to all of you for the successful year that was 2021!

In financial terms, the Company continued its growth in 2021 and increased its revenues by 3.8% compared to the previous year to CZK 29,958 million (CZK 28,865 million in 2020) and net profit by 22.9% to CZK 6,256 million (CZK 5,091 million in 2020). The Company's financial position remains very strong and stable, further supported by the overal background of the Deutsche Telekom Group. The Company's long-term goal remains to build on credibility and develop partnerships with customers and suppliers, and to continue to be a place for employees to work.

The information about our environmental protection activities and legal employment relationships as well as about our research and development activities can be found in the Report from the Board of Directors regarding Business Activity and Assets.

Information about risk management can be found in the Notes to the Consolidated Financial Statements (Note 3). The Company uses selected derivative and non-derivative securing instruments (Note 3.5).

In late February 2022 ongoing political tension between Russia and Ukraine escalated in a conflict with a military invasion of Russian forces in Ukraine. The worldwide reaction to Russia's violation of international law and aggression against Ukraine was the imposition of extensive sanctions and limitations on business activity. We consider these acts as non-adjusting post balance sheet events. Overall effect of the recent development is increased volatility in the financial and commodity markets, as well as consequences on the economy in general. Business risks comprising adverse effects of economic sanctions imposed on Russia, business interruptions (including supply chain), increased occurrences of cyber-attacks, legal and regulatory compliance risk and many other are difficult to assess and the full nature and possible effects of these are unknown. After 31 December 2021, no other events occurred that had any material impact on this Annual Report.

T-Mobile Czech Republic a.s. does not have any foreign establishment, did not acquire any own shares in 2021 and is not a subject to any other obligatory disclosures in its Annual report.

Prague, 25 March 2022

Rodrigo Francisco Diehl
Chairman of the Board of Directors

Olga Nevska
Member of the Board of Directors

REPORT OF THE BOARD OF DIRECTORS ON BUSINESS ACTIVITIES AND ASSETS

A connected country

T-Mobile further continues with its vision of a Connected country. We are the Czech leader in building fiber optic infrastructure and our priority is to offer Czech households high quality 21st century connectivity. By the end of last year, we had brought network fiber to the home (FTTH) or fibre to the building (FTTB), to the doors of 284,000 households (including PlanetA and ViaHome in the number of 80,000 households) in 75 cities. And we're not letting up, we plan to connect up to one million households in the Czech Republic to the benefits of this super-fast and stable internet by 2025.

We are also continuing to expand coverage of the Czech Republic's state-of-the-art 5G mobile network, which already covered 21% of the population by the end of 2021. The 5G network is already being used by more than 150,000 of our customers, and the number of 5G transmitters is gradually growing, with 1,042 in operation by the end of 2021. Closely related to the development of the modern 5G network was the gradual phasing out of the 3G network, which had already become obsolete. The operation of the entire network and all transmitters was terminated in November 2021 and the frequency that this freed up is being used to strengthen and develop the 5G network.

In autumn, CHIP magazine and its partner NET CHECK conducted an in-depth test of the quality of Czech mobile networks. Our mobile network was evaluated as the fastest with an average download speed of over 91 Mbps. A team of technicians with professional equipment collected more than 100,000 data, which they analyzed and evaluated in detail. The main factors determining the quality of the network were uploading and downloading data, calling up test web pages, running a live HD stream from YouTube or uploading a 1MB JPG file to Facebook. Our mobile network won in all tests and scenarios.

In 2021 we covered all Prague metro stations with high speed internet. Passengers can thus use the high-speed 4G/LTE mobile signal anywhere on platforms, in corridors, lobbies, escalators and tunnels regardless of their length or station size. In addition, the vast majority of stations are also covered by 5G signals, with complete coverage expected by April 2022.

We are also speeding up DSL connections. In cooperation with CETIN, which has launched bonding technology, our customers can enjoy internet which is twice as fast. There is great interest in this service amongst our customers. While in 2020 the best-selling internet was 50 Mbit/s and 100 Mbit/s was only in third position, in 2021 the 100 Mbit/s speed moved to second position thanks to bonding.

New products and services

In 2021 we prepared a new, well arranged portfolio of tariffs for our customers, which is based on their needs and better reflects the ever-growing consumption of mobile data. A major innovation is the Always Online service, which means that customers do not have to limit their data consumption due to fear of running out and finding themselves without a connection. The most important apps such as messaging, GPS, public transport timetables and mobile banking will continue to work even after the monthly data limit is exhausted when the Always Online service is activated. The new tariff on offer brings advantageous unlimited data packages and the T-Mobile TV Mini service on mobile and also includes tariffs reflecting the needs of freelancers and business people.

T-Mobile's summer was marked by sports and unlimited data. The successful Unlimited Summer of Sports campaign paid tribute to Czech athletes and actively encouraged individuals and families to spend their free time doing something active. Almost one million customers activated our unlimited data package during the summer and the average data consumption rose to 15.1 GB in August.

Customers using T-Mobile's fiber optic internet were delighted with the new My Fiber Optic Internet tariff range. It brought faster speeds for all internet connection tariffs and symmetrical download and upload for selected speeds – representing a significant increase in the speed at which data is sent. In addition, for the first year, customers can take advantage of a gigabyte fiber-optic connection for just CZK 299 per month.

In October, we launched a system of long-term rewards for topping up prepaid cards. All prepaid customers with a voice tariff can get a top-up reward every time they increase their credit by at least CZK 250. The rewards are tiered according to the amount of top-up and include data or a free call and data package valid for 30 days. At the same time, we have launched two new prepaid cards with 3 and 10 GB of data, which will replace the 2 and 5 GB prepaid cards. They offered customers more data, bonus initial credit and a preloaded data package with a discount on renewals.

As the first and so far only mobile operator in the Czech Republic, we brought our customers the unique Apple Watch Connection service, which, thanks to the eSIM built in the watch, enables full use of Apple Watch Cellular without the proximity of a paired smartphone. Along with that, we've also offered a full portfolio of Apple Watch Series 6 and Apple Watch SE in GPS & Cellular.

The popular T-Mobile TV service reached 214,000 customers at the end of 2021, up more than 13% on last year. It brought its viewers the new feature of broadcast television content in 4K quality and also included new TV channels in its offer. Sports fans can watch five new top football competitions including the UEFA Champions League. In addition, new users could take advantage of a 50% discount for the first two months of using the service. We've made it possible for owners of LG smart TVs to use T-Mobile TV directly in the TV environment without the need for an external set-top box. This puts LG in line with Samsung, Philips and other Android TV brands where we're making it significantly easier to watch T-Mobile TV.

Our virtual operator Kaktus has also come up with new features in its portfolio, offering prepaid tariffs through its Neřešto service, which combines the benefits of a flat rate with the freedom normally offered to users by prepaid cards. The monthly flat rate is charged directly to the paired payment card, and the subscriber can activate it at any time via the Kaktus app or on the web and cancel it at any time as well. The new tariffs are priced significantly better than similar flat-rate packages and offer unlimited data on social networks. Customers only pay for the services they use and unused minutes, SMS and data will be carried forward to the next period.

In the spirit of our motto "You come to us for the phones", we continued to successfully sell phones in 2021, with the sales increasing by 22.9% compared to 2020.

T-Business

T-Mobile has long specialised in private campus networks for universities and industry and just this year has invested tens of millions of crowns in them. In 2021, we signed a Memorandum of Cooperation with the Czech Agricultural University (ČZU), where together with other technology companies we are building a comprehensively digitized campus and other university workplaces on the latest Stand Alone 5G network using the IoT platform. In the next four years, ČZU wants to complete this comprehensive digitalization, consisting in the creation of a digital ecosystem focused on life sciences.

At the beginning of August we launched the 5G campus for the Czech Institute of Informatics, Robotics and Cybernetics (CIIRC), at the Czech Technical University. With data communications built on the fastest 5G technologies, this campus network will allow scientists, companies and students to test and expand concepts for smart factories of the future and digitized manufacturing. The campus network at CIIRC CTU covers laboratory spaces, in particular the Testbed for Industry 4.0 – experimental factories of the future, with a total area of more than 1000 m^2. Thanks to the involvement of the National Centre for Industry 4.0, small and medium-sized enterprises will participate directly in case studies and practical solutions applicable to industrial production, which will support the implementation of these technologies and the digitalization of Czech companies.

CIIRC CTU has been chosen by our parent group Deutsche Telekom as its partner centre for applied research in Industry 4.0. The Memorandum of Cooperation was signed in August on the occasion of the visit of German President Frank-Walter Steinmeier. It brought, among other things, the establishment of a joint laboratory for T-Mobile Czech Republic and CIIRC CTU within the Testbed for Industry 4.0, which will support the development of the research and experimental environment with an emphasis on small and medium-sized businesses and startups. This joint laboratory also became the fourth hub of Hubraum, the Deutsche Telekom Group's technology incubator.

In 2021 T-Mobile was a stable and strong partner for both small and large companies, using our state-of-the-art data centres and advanced solutions for secure and reliable data management. We have successfully unified services for our corporate and government customers under the T-Business brand which combines four domains: Store, Protect, Connect and Industry 4.0. As a result, we want to be a reliable partner for enterprise connectivity solutions as well as applications and solutions running on it. T-Business brings together a team of top experts to address complex business requirements.

Responsibility to society and the environment is an integral part of everything that we do.

“We believe in digitisation and innovation and the positive impact this has on society and the environment. We see the power of connectivity through technology to enable individuals, businesses, communities and indeed the country as a whole to move forward. It is our responsibility to make sure our impact on society and on our planet is as positive as possible and that people can use technology to their advantage.”

During the difficult situation associated with the covid-19 pandemic, our company has continued to be actively involved in helping hospitals, health facilities and hygiene stations. We provided them with free unlimited mobile data until the end of the spring state of emergency, and we also increased their internet capacity to the highest available speed for free.

In May, together with our partner, Unicorn, we made the CovidTestMan application available free of charge, which has significantly simplified the agenda for in company testing of employees.

The situation in relation to the pandemic and its impact on life in the future were reflected in the student journalism contest What covid changes, which we supported Twenty entries from Czech secondary school students made it to the finals, from which we selected and awarded the winners in cooperation with info.cz and the Higher School of Journalism.

Last year was one of the most difficult for many entrepreneurs and domestic companies. The government aid was insufficient, so successful entrepreneurs have joined together in a new project called GoToIt!, to try to restart the Czech economy. The program, in which they actively participated, brought a unique mix of mentoring sessions, expert consultations, workshops and lectures with the aim to get business back on its feet. During the 4 months that the programme ran, 124 Czech companies went through it.

In June, a devastating tornado hit South Moravia and Louny region. T-Mobile responded immediately by making calls, SMS and data available free of charge to people in the affected areas. Volunteers from the ranks of our employees helped directly at the site of the natural disaster and for this they deserve a great deal of thanks and appreciation. We donated nearly CZK 7 million to people affected by the tornado – six million in direct support and nearly one million from our employee fundraising appeal.

We consider mental health to be an extremely important and often overlooked topic. That is why it is one of our strategic priorities in the area of social responsibility. Together with our partner organisation Don’t let your soul go, we prepared a special program for parents, children and students. For the general public we made a series of videos, on how to properly care for your mental health.

We see a responsible and sustainable approach to the environment as a key aspect of our business. That’s why in June we joined Eco Rating, which aims to provide retail customers with consistent and accurate information on the environmental impact of the manufacture, use, transport and disposal of both smart and traditional mobile phones After a detailed assessment, each mobile phone will be given an overall Eco Rating (maximum 100), which indicates the environmental impact of the device throughout its life cycle. The Eco Rating will also highlight five key sustainability criteria for mobile devices and provide additional information on durability, repairability, recyclability, climate efficiency and resource use efficiency.

As part of a responsible approach, activities aimed at mitigating climate change are key for us. We use 100% renewable electricity for our operations and, as part of the Deutsche Telekom Group, we are committed to substantially reducing our carbon footprint. We optimize technological infrastructure, reduce the consumption of materials and promote the efficient use of resources. We prefer sending electronic invoices, we routinely sign contracts in all our stores using biometric signatures and send them by e-mail, and we are gradually introducing electronic price lists. We also take care to eliminate plastic, offering both eSIM and ecoSIM, where the size of the plastic carrier is half the size.

T-Mobile is ISO 14001 (EMS) certified and is audited annually by the accredited certification company TÜV SÜD. We have an Integrated Management System Policy.

In February, we opened the Magenta Experience Center in Prague. It is an innovative space full of inspiration, entertainment, education and a concept that is unique in the Deutsche Telekom Group and in the Czech Republic. On an area of over 800 square metres in the Arkády Pankrác shopping centre, it offers not only a co-working space, a gaming zone, a podcast studio or a smart home show, but also educational and conference areas with a daily programme. Magenta Experience Center emphasizes ecology, recycling, sustainability, but also connecting customers across generations at virtual and physical events.

In its one year of operation, over 75,000 visitors have passed through the centre and more than 350 events have been held. Centrum offers teaching models within the framework of digital inclusion for primary schools, with the participation of experts and professionals from the technology sector. Since last autumn, nearly 500 children have been through these programmes.

In close cooperation with leading Czech universities, we are building the first private campus networks to create an optimal environment for the development of new technologies. Campus networks allow students, startups and established businesses to develop and test their solutions using the latest technology that the 5G network offers.

In May, we successfully extended our cooperation to the Czech University of Life Sciences (ČZU), when a memorandum of long-term cooperation was signed between the university and T-Mobile concerning the construction of a comprehensively digitized campus and other university workplaces on the latest 5G Stand Alone using the IoT platform. The digitalization that ČZU wants to undergo in the coming years was also reflected in the university hackathon, held in November and of which T-Mobile was a partner. The winning projects, working with IoT and 5G technologies, demonstrated the potential for use and improvement of life within university campuses, but also in all areas with a private 5G network, i.e. possibly including city districts and local authorities.

Through the T-Mobile Digital Academy, we bring free digital education to non-profit organizations. Czechitas was a strategic partner in this area in 2021. Together with them, we also organised two summer camps for children and young people at the Magenta Experience Centre.

In 2021, as part of the 5th annual T-DAY conference for high school and university students, we organized 2 days of lectures on Big Data and Artificial Intelligence in Finance. For the first time, we opened the event to business and corporate professionals.

As every year, our internal fundraiser, Let’s Help Stories (Pomáhejme příběhům), was held to help and support the family members and loved ones of our employees who, most often due to illness, injury, or an unfortunate event, find themselves in a difficult life situation. Once again in 2021, the full amount asked for by the nominated stories was raised. A total of CZK 1,022,500, half of which was donated by employees and the other half by T-Mobile, will be divided among 20 stories. For example, the funds will help the children of an employee who recently died in tragic circumstances, or a seven-year-old girl with serious burns who lives with her mother and siblings in a refuge.

We also continued participating in the volunteer project Day for a Good Deed organized by Hestia – The Centre for Volunteering. Employees can dedicate one day a year to work for a selected non-profit organization and can help manually or otherwise, even offering expert skills. Last year, 349 employees got involved and most of the aid went to the tornado-hit area in South Moravia.

#TWeAre

The corporate culture of our company is built on three basic pillars:

Diversity – We recognise diversity such as age, gender, gender identity and its expressions, sexual orientation, nationality, social and ethnic origin, social status, religion, political opinion, health status, etc. We pride ourselves on our society being free from discrimination of any kind.

Equal Opportunities – Constant changes in the world require gradually more flexibility in our company, so we are constantly striving to break down physical or digital barriers. Every employee has a fair chance and opportunity for access and development, regardless of individual ability. We don't make any distinctions.

Inclusion – An unconditional, open and sensitive approach to everyone is a prerequisite for the optimal utilisation of the company's full potential. Therefore, the opinion of every one of us is important. We ask for feedback repeatedly and feedback is then transparently addressed in the teams themselves with managers so that any changes made are quick and immediate.

3,276 employees work for our company, of whom 35.3 % are women and 64.7 % are men. The average age of our employees is 37.

We pride ourselves on a friendly working environment, a healthy work/life balance and support part-time and flexible working hours. We offer our employees benefits in the areas of health, leisure, sports, culture and travel. We promote a healthy lifestyle, which is why we offer a "yoga room" from which online classes were held during lockdown, and we work with employees to devise sports challenges to support charitable projects.

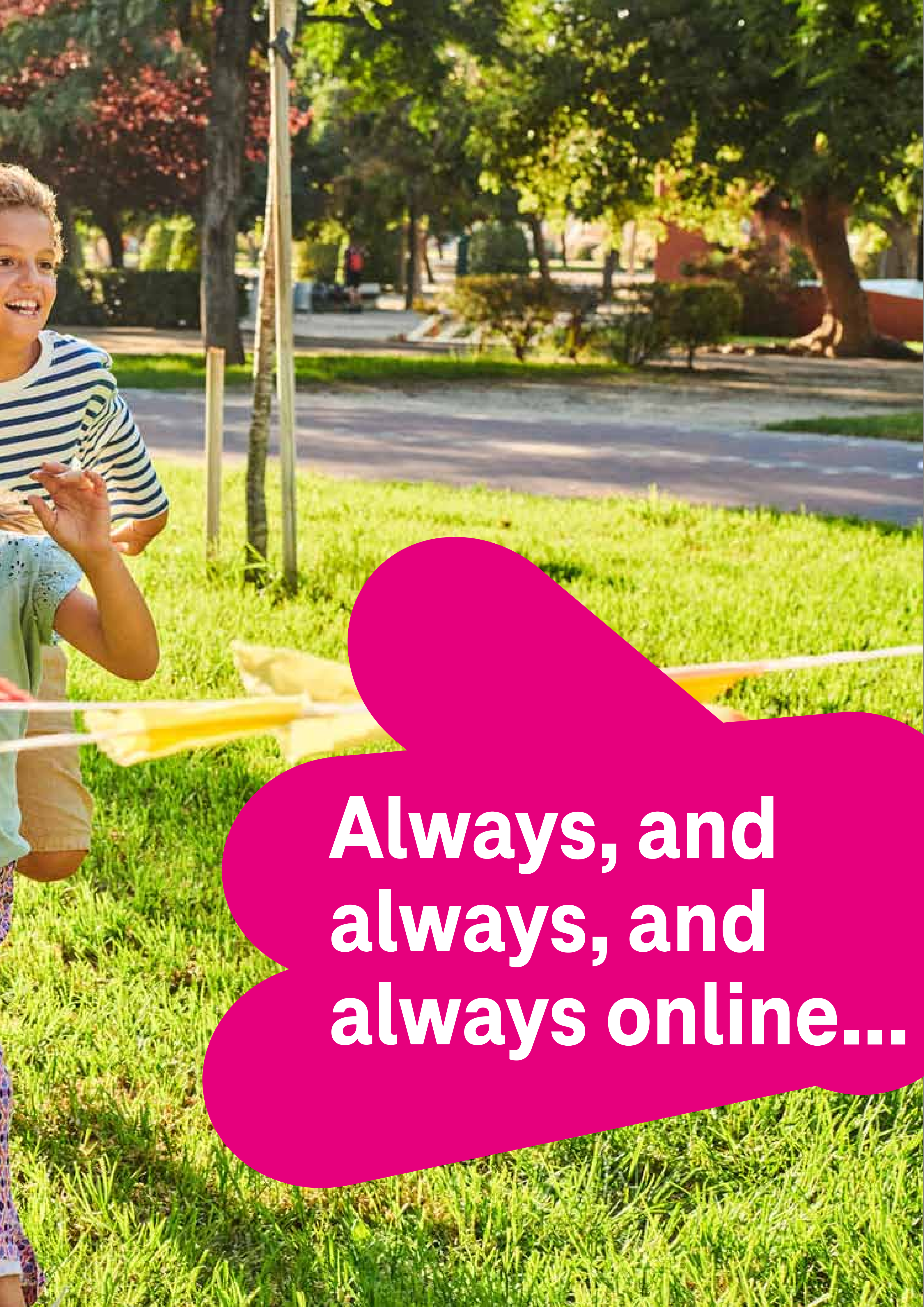
An important role in education is played by our T-University, platform which serves for the voluntary development of personal and professional skills. In 2021, 1,684 students took part, mainly seeking courses aimed at developing digital skills. Most of the activities were conducted online, which allowed employees from all corners of the country to participate. In 2021, we also tested a new microlearning format called Digi School, where we posted one tip (usually a 2–3-minute video) on how to work effectively with applications from the Microsoft 365 suite every day of the working week.

During the year, our employees were able to work from home, including customer service workers from call centres. Most of the employees combined going to the office and working from home as needed. During pandemic times, we also offered psychological counselling to our employees and their family members, which was used by an average of 30 employees per month. Employees could also take advantage of vouchers for vitamins and food supplements.

All employees were able to take advantage of free lateral flow testing and we also supported the vaccination of employees.

We are proud of the fact that we took third place in the contest „Business supporting health". The competition was run by the State Institute of Health under the auspices of the Ministry of Health and was comprised of a total of 9 categories, such as the working environment and working conditions, support for the mental and physical health of employees, support for social health and relationships within the company, opportunities for personal development in the field of health, company CSR activities and now also the area related to coping with the pandemic covid-19 pandemic. T-Mobile has regularly participated in the competition every 3 years since 2009 and we have now been on the podium for the fifth time. In this year's audit we achieved a record score of 99%. We perceive the award as an external confirmation of being on the right path in relation to caring for the health of our employees and building a healthy company culture, which we very much appreciate.

We are also very pleased to receive the Top employers of 2021 award in the field of telecommunications which was voted for by university students.



Always, and always, and always online...

Our aim is to bring people closer together and our services help them to do that. This was the spirit of our Sporty Summer, when we paid tribute to former Czech Olympians – more than 20 stars from various Czech sports starred in a TV spot introducing our free unlimited data summer package. We engaged our customers with offline activities where they had to search for secret locations or sports venues across the country.

For the Always Online campaign, we worked with the Czech beatboxer Endru, who created the music for the TV spot and a 30-minute video loop demonstrating that our customers have data for the most important things always, always, always... The TV spot subsequently placed at the top of the prestigious YouTube Ads Leaderboard for 2021.

At the beginning of the summer, we joined the European-wide Futureproof project, where Generation Z could check what might be the best profession for them in the future. We also had the pleasure of connecting with "technology evangelist" Peter Mara at the launch of Apple Watch Cellular, which allows customers to make calls from their smartwatches even when they don't have their iPhones nearby.

Our Christmas campaign The greatest gift is when you are together, brought a large dose of emotion. The theme of the campaign was to bring back the magic of Christmas, which had begun to fade in the last two years. The campaign thus showed that although people have adopted different ways of keeping in touch digitally, physical connection is what makes Christmas memorable and magical.

The link between our sponsorship activities is our strategic decision to promote an online/offline balance. The sixth edition of the T-Mobile Olympic run, which took place in 89 locations and 71,130 runners participated in reminded us that it is also necessary to live beyond the realms of the digital world.

Due to the pandemic all races in the SkiTour series were switched to an online format last year. The participants could negotiate the course on their own and then send their results to the organizers. Unfortunately, the popular Jizerska 50 race remained closed for recreational racers and was also moved to an individual/virtual form.

Last year T-Mobile was a partner of the Bike for life, series which was being held for the 22nd season. There were 15 races in the series with a total of 16,577 timed competitors. As part of the partnership, we also put emphasis on accompanying events in the form of the T-Mobile Adventure Park, a zone for children and adults with Bike O'clock Academy instructors and other accompanying activities (Rouvy simulators, Bike of Joy with prizes for visitors).

As general partner, we also supported the T-Mobile Czech Enduro Series, the largest MTB Enduro series in Central Europe with 2,982 racers.

Prague, 25 March 2022

Rodrigo Francisco Diehl
Chairman of the Board of Directors

Olga Nevska
Member of the Board of Directors

REPORT ON RELATIONS

of the company T-Mobile Czech Republic a.s.
Pursuant to Section 82 of the Corporations Act
for the accounting period of the calendar year 2021

Translation note
The Report on relations has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of the Report on relations takes precedence over the English version.

The Board of Directors of T-Mobile Czech Republic a.s., having its registered office at Tomíčkova 2144/1, 148 00 Praha 4, company registration number 649 49 681, which is registered in the Commercial Register administered by the Municipal Court in Prague, Section B, File No. 3787 (in this Report also the "**Company**" or "**TMCZ**"), has prepared the following Report on Relationships pursuant to Section 82 of Act No. 90/2012 Coll., the Corporations Act (the **"Corporations Act"**), for the accounting period of the calendar year 2021 ("**the Relevant period**").

1 Relationships structure

According to the available information of the Board of Directors of the Company acting with due managerial care, for the whole of the Relevant period, the Company formed a part of the group in which the controlling party is Deutsche Telekom AG ("**DTAG**") ("**the Concern**"). Information on the entities forming part of the Concern is stated as at 31 December 2021 according to the information available to the statutory body of the Company acting with due managerial care. The structure of relations within the Concern is graphically illustrated in the Annex No. 1.

Controlling party

Deutsche Telekom AG, with its registered office at Friedrich-Ebert-Allee 140, Bonn, Nordrhein-Westfalen, 53113 Germany (in this Report also the "**Controlling party**") indirectly controls the Company through Deutsche Telekom Europe B.V. (the Netherlands) which was the sole shareholder of the Company in the Relevant period.

2 Role of the Company in the Concern

The Company is the integrated operator: in addition to mobile and fix telecommunication services, it provides a wide portfolio of IT services and system integration solutions to business customers. In the long term, the Company focuses on the quality of provided services. Since its establishment, the Company emphasizes an excellent customer care and fair approach to business partners, employees and environment.

3 Methods and means of control

The Controlling party indirectly controls the Company through Deutsche Telekom Europe B.V., which was the sole shareholder of the Company in the Relevant period. The control of the Company occurs, in particular, through the decisions of the sole shareholder acting in its capacity of a General Meeting of the Company.

The Company carries out its activities in line with the globally developed and focused business, financial, investment, and other plans of the DTAG group. Decisions on the day-to-day activities and business of the Company (e.g. budgets, marketing, HR policy, etc.) fall naturally within the autonomous power of the Company while taking into account the DTAG group's global policy.

4 Mutual contracts within the Concern

4.1 Contracts entered into between the Company and the Controlling party that were effective and valid in the Relevant period.

4.1.1 Contracts entered into in 2021:

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom Telekom Deutschland GmbH	SERVICE ARRANGEMENT 2021 under the Framework Cooperation and Service Agreement No. 027516–000–00	027516–229–00
Deutsche Telekom AG	Service Arrangement – Schedule to the Framework cooperation and Service Agreement concluded between	022888–145–00
Deutsche Telekom AG	SERVICE ARRANGEMENT Schedule to the Framework Cooperation and Service Agreement No. 024410–109–00	024410–110–00
Deutsche Telekom AG	Service Agreement	026192–103–00
Deutsche Telekom AG	Service Arrangement 2020 – ACS & OCC & NWI & Test LAB	027516–223–00
Deutsche Telekom AG	Amendment No 1 Agreement	027516–231–00
DEUTSCHE TELEKOM AG	Service Arrangement For Centralized RAN Tools for Planning – Atoll SaaS	027516–233–00
Deutsche Telekom AG (DTAG)	SERVICE ARRANGEMENT Schedule to the Framework Cooperation and Service Agreement concluded between Deutsche Telekom AG and T-Mobile Czech Republic A.S. on 20/02/2018 No 027516–000–00	027516–232–00

Partner	Services / goods – original version	No. of contract of the Company
DEUTSCHE TELEKOM AG, BONN	SLA inbound services 2021 TMCZ_DT	027516–225–00
DEUTSCHE TELEKOM AG, BONN	SERVICE ARRANGEMENT 2021	027516–236–00
DEUTSCHE TELEKOM AG, BONN	Annex SERVICE ARRANGEMENT 2021 International Mobile Device Business Services Schedule to the Framework Cooperation and Service Agreement concluded between Deutsche Telekom AG and T-Mobile Czech Republic a.s.	080475–000–00
DEUTSCHE TELEKOM AG, BONN	DPA – DTAG – Medallia	080512–000–00
Deutsche Telekom AG, PG 1010	Procurement X-Charges 2021 – Annex – Service Arrangement – Group Procurement 2021	027516–235–00
Deutsche Telekom AG, PG 1010	Framework Cooperation and Service Agreement No 027516–000–00	027516–237–00
Deutsche Telekom AG, PG 1010 Friedrich-E	DTAG – guarantee fee agreement	080560–000–00
Deutsche Telekom AG, T&I PG 1034	Service Arrangement Product roadmap 2021 esim DTAG	027516–234–00
Deutsche Telekom Business Solutions GmbH	Amendment No.2 – Management Agreement for International MNC Services between Deutsche Telekom Business Solutions GmbH	022522–103–00
Deutsche Telekom Digital Labs Private Limited	SERVICE ARRANGEMENT	027516–226–00

4.1.2 Contracts that were effective in 2021:

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Non – Disclosure Agreement	0000156/2006–SMnp
Deutsche Telekom AG	International Carrier Interconnection – Deutsche Telekom network through Deutsche Telekom Point of Presence in Prague for International Telecommunications Services viac PSTN/ISDN	0000230/2007–SMws
Deutsche Telekom AG	Agreement on – Circuit Solution EoM	0000289/2011–SMna
Deutsche Telekom AG	Non-Disclosure and Confidentiality Agreement	001070–000–00
Deutsche Telekom AG	Letter of Understanding	010003–000–00
Deutsche Telekom AG	Sublicence agreement (rebranding)	010091–000–00
Deutsche Telekom AG	Amendment No. 1 to the partial contract	010091–201–01
Deutsche Telekom AG	Letter of Understanding	010091–202–00
Deutsche Telekom AG	Amendment no. 8 to Agreement on Global Roaming eXchange (GRX) (No. T-Systems 2002/622)	010109–108–00
Deutsche Telekom AG	Amendment No. 9 to Agreement on Global Roaming eXchange (GRX) (No. T-Systems 2002/622)	010109–109–00
Deutsche Telekom AG	Amendment No. 10 to Agreement on Global Roaming eXchange (GRX)	010109–110–00
Deutsche Telekom AG	Amendment No. 11 to Agreement on Global Roaming eXchange (GRX)	010109–111–00
Deutsche Telekom AG	Amendment No. 12 – GRX Services	010109–112–00
Deutsche Telekom AG	Agreement – agreement on telecommunication network's interconnection	010246–000–00
Deutsche Telekom AG	Amendment No. 5 – roaming signalling	010340–105–00
Deutsche Telekom AG	Amendment No. 6 – Agreement on application of Agreement on Signalling-for-International-Roaming (SPR Services)	010340–106–00
Deutsche Telekom AG	Amendment No. 7 – Signalling for international roaming – Diameter/4G	010340–107–00
Deutsche Telekom AG	Amendment No. 8 – Signalling for international roaming – SS7 based Steering	010340–108–00
Deutsche Telekom AG	Amendment No. 9	010340–109–00
Deutsche Telekom AG	Framework agreement – Inbound	010562–000–00
Deutsche Telekom AG	Service Arrangement – Strategy & Portfolio Management	010562–201–00
Deutsche Telekom AG	Service Arrangement – Management IT Applications	010562–202–00
Deutsche Telekom AG	Service Arrangement – ERP & Corporate Systems	010562–203–00
Deutsche Telekom AG	Service Arrangement – Management IT Operations	010562–204–00
Deutsche Telekom AG	Service Arrangement – End user Marketing	010562–205–00
Deutsche Telekom AG	Service Arrangement – System Engineering	010562–206–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Service Arrangement – System Engineering	010562–207–00
Deutsche Telekom AG	Service Arrangement – Network Deployment & Operations Management	010562–208–00
Deutsche Telekom AG	Service Arrangement – Network Deployment & Operations Management	010562–209–00
Deutsche Telekom AG	Framework Cooperation and Service Agreement – Outbound Direct Charging	010563–000–00
Deutsche Telekom AG	Service Arrangement – ERP & Corporate Systems	010563–201–00
Deutsche Telekom AG	Framework Cooperation and Service Agreement– Outbound	010564–000–00
Deutsche Telekom AG	Side letter to the Framework Cooperation and Service Ag. (Outbound/Allocation)	010564–101–00
Deutsche Telekom AG	Service Arrangement – Global Products	010564–201–00
Deutsche Telekom AG	Service Arrangement – Payment	010564–202–00
Deutsche Telekom AG	Service Arrangement – IT Department	010564–203–00
Deutsche Telekom AG	Service Arrangement – Marketing Department	010564–204–00
Deutsche Telekom AG	Service Arrangement – Network Technology Office	010564–205–00
Deutsche Telekom AG	Service Arrangement – IT Strategy & Portfolio Management	010564–206–00
Deutsche Telekom AG	Service Arrangement – Process Alignment & Quality Management	010564–207–00
Deutsche Telekom AG	Service Arrangement – Management IT Applications	010564–208–00
Deutsche Telekom AG	Service Arrangement – Management IT Operations	010564–209–00
Deutsche Telekom AG	Service Arrangement – Marketing Coordination	010564–210–00
Deutsche Telekom AG	Service Arrangement – Marketing Coordination	010564–211–00
Deutsche Telekom AG	Service Arrangement – Product Management	010564–212–00
Deutsche Telekom AG	Service Arrangement – End User Marketing	010564–213–00
Deutsche Telekom AG	Service Arrangement – End User Marketing	010564–214–00
Deutsche Telekom AG	Service Arrangement – Wholesale Marketing	010564–215–00
Deutsche Telekom AG	Service Arrangement – Wholesale Marketing	010564–216–00
Deutsche Telekom AG	Service Arrangement – European Terminal Management	010564–217–00
Deutsche Telekom AG	Service Arrangement – Systems Engineering	010564–218–00
Deutsche Telekom AG	Service Arrangement – Systems Engineering	010564–219–00
Deutsche Telekom AG	Service Arrangement – Network Deployment and Operations Management	010564–220–00
Deutsche Telekom AG	Service Arrangement – Network Deployment and Operations Management	010564–221–00
Deutsche Telekom AG	Service Arrangement – Technology and Development	010564–222–00
Deutsche Telekom AG	Service Arrangement – Supplier Management	010564–223–00
Deutsche Telekom AG	Service Arrangement – Network Budgeting Performance	010564–224–00
Deutsche Telekom AG	Declaration of consent (consent to access to the TMCZ database)	010817–000–00
Deutsche Telekom AG	Sublicence of TIBCO Software License Agreement	011269–000–00
Deutsche Telekom AG	Agreement – TMO warranty for Siemens AG	012309–000–00
Deutsche Telekom AG	Services Agreement – MBS	012467–000–00
Deutsche Telekom AG	Letter of Affirmation – Licence Cordiant Marketing Director	012761–000–00
Deutsche Telekom AG	T-Zones Agreement	012876–000–00
Deutsche Telekom AG	Amendment No. 1 – Letter of Variation (t-zones)	012876–101–00
Deutsche Telekom AG	Letter of Variation – Addendum No. 2 to T-Zones Agreement – discount for y. 2006	012876–102–00
Deutsche Telekom AG	Addendum No. 3 to T-Zones Agreement – contract update	012876–103–00
Deutsche Telekom AG	Letter of Variation – T-Zones agreement – Addendum No. 4	012876–104–00
Deutsche Telekom AG	Agreement – suretyship (Guarantee) Nortel GPRS	012958–000–00
Deutsche Telekom AG	Framework cooperation and service agreement – Inbound	013243–000–00
Deutsche Telekom AG	Inbound (update of Annex 2 – Service Arrangement 2005)	013243–101–00
Deutsche Telekom AG	Inbound (update of Annex 2 – Service Arrangement 2006)	013243–102–00
Deutsche Telekom AG	Inbound service arrangement 2007	013243–103–00
Deutsche Telekom AG	Service Arrangement 2008 (Inbound (annex 2 valid for 08))	013243–104–00
Deutsche Telekom AG	Service Arrangement 2009	013243–105–00
Deutsche Telekom AG	Service Arrangement 2010 – Annex 2 (Inbound Contract)	013243–106–00
Deutsche Telekom AG	Service Arrangement 2011 – X-charges inbound 2011 under the Framework Cooperation	013243–107–00
Deutsche Telekom AG	Service Arrangement 2013 (Inbound – Annex 2 – Product Development 2013)	013243–108–00
Deutsche Telekom AG	SLA Inbound 2014 TMCZ Service Provider TDG Service Receiver	013243–109–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Service Arrangement – Annex Service Agreement TMCZ EUHQ 2014	013243–110–00
Deutsche Telekom AG	Annex Service Agreement TMCZ EUHQ2013	013243–111–00
Deutsche Telekom AG	Annex Service Agreement – SLA Inbound 2015 TMCZ Service Provider TDG Service Receiver	013243–112–00
Deutsche Telekom AG	Annex 2 – Service Arrangement 2015 – Inbound Service Agreement	013243–115–00
Deutsche Telekom AG	Service Arrangement 2016 –X-Charges TMCZ Inbound under the Framework Cooperation	013243–117–00
Deutsche Telekom AG	Framework Cooperation and Service Agreement (Outbound/Allocation)	013244–000–00
Deutsche Telekom AG	Side letter to the Cooperation and Service Agreement (Outbound/Allocation)	013244–101–00
Deutsche Telekom AG	Outbound (amendment of Annex 2 – Service Arrangement 2005)	013244–102–00
Deutsche Telekom AG	Outbound (Amendment of Annex 2 – Service Arrangement for 2006)	013244–103–00
Deutsche Telekom AG	Outbound Service Arrangement 2007	013244–104–00
Deutsche Telekom AG	Service Arrangement 2008 (Outbound) – amendment of the Annex 2	013244–105–00
Deutsche Telekom AG	Service arrangement 2009	013244–106–00
Deutsche Telekom AG	Service Arrangement 2010 – Annex 2 (Outbound Contract)	013244–107–00
Deutsche Telekom AG	Side letter on Chordiant Project – Terms of use of the CMD software	013956–000–00
Deutsche Telekom AG	Service Agreement concerning the Administration of MTIP in the Deutsche Telekom	014145–000–00
Deutsche Telekom AG	Service Agreement – Interoperator Discount Services (“IOT–services”)	014585–000–00
Deutsche Telekom AG	Amendment No. 1 – new version of Appendix 1 (distribution of discounts)	014585–101–00
Deutsche Telekom AG	Suretyship Agreement (Nortel)	015123–000–00
Deutsche Telekom AG	Agreement on the unification of payment terms – application Inhouse Cash	015941–000–00
Deutsche Telekom AG	Amendment No. 1 to the Agreement on the unification of Payments Terms	015941–101–00
Deutsche Telekom AG	Amendment No. 2 to the Agreement on the unification of Payment Terms	015941–102–00
Deutsche Telekom AG	Variation to Unification of Payment Terms Agreement	015941–103–00
Deutsche Telekom AG	Inhouse Banking Side Agreement (Side Letter to UPT Agreement)	015941–201–00
Deutsche Telekom AG	Service Agreement (auditing services – x-charge)	016189–000–00
Deutsche Telekom AG	Sublicense Agreement (Intel)	016228–000–00
Deutsche Telekom AG	Master Agreement – Hedging Activities	016323–000–00
Deutsche Telekom AG	Agreement on Bilateral MMS eXchange	016451–000–00
Deutsche Telekom AG	Service Agreement for the provision of Marketing Services	016889–000–00
Deutsche Telekom AG	Amendment No. 1 to the Service Agr. – Service Description, Cost Allocation Scheme	016889–101–00
Deutsche Telekom AG	Deed of Adherence (project Munice 2)	017569–000–00
Deutsche Telekom AG	Non-disclosure Agreement (NDA) – exchange ZigBee info on SIM card	017808–000–00
Deutsche Telekom AG	Deed of Adherence-accession of TMCZ to Global Framework Ag. (GFA) no.990030–000–00	018945–000–00
Deutsche Telekom AG	Non-disclosure Agreement (NDA) – Project 2G Modernization	018965–000–00
Deutsche Telekom AG	Non-disclosure Agreement (NDA) – Project 2G Modernization	019043–000–00
Deutsche Telekom AG	Non-disclosure Agreement (NDA) – Project 2G Modernization	019044–000–00
Deutsche Telekom AG	Non-disclosure Agreement (NDA) – Project 2G Modernization	019045–000–00
Deutsche Telekom AG	Non-disclosure Agreement (NDA) – Project 2G Modernization	019046–000–00
Deutsche Telekom AG	Non-disclosure Agreement (NDA) – Project 2G Modernization	019052–000–00
Deutsche Telekom AG	EBS General Service Agreement	019184–000–00
Deutsche Telekom AG	Service Package to the EBS General Service Agreement	019184–201–00
Deutsche Telekom AG	Settlement Agreement – international traffic – settlement	019199–000–00
Deutsche Telekom AG	Deed of Adherence to the Framework Ag. for the Supply of Network Infrastructure	019440–000–00
Deutsche Telekom AG	Project Specific Annex (PSA) GGSN & SGSN – Commercial Conditions to the Frame Agreement	019704–000–00
Deutsche Telekom AG	Master Agreement for Derivates and Investment Contracts	019894–000–00
Deutsche Telekom AG	Side letter	019895–000–00
Deutsche Telekom AG	Amendment to the Side Letter to the Master Agreement for Derivates and Inv. Con.	019895–101–00
Deutsche Telekom AG	Confidentiality Agreement	021267–000–00
Deutsche Telekom AG	License Agreement – Software concerning the predictive modelling	021411–000–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Agreement on the processing of personal data	021442–000–00
Deutsche Telekom AG	Project Specific Annex RU20/OSS5.2	021581–000–00
Deutsche Telekom AG	Project Service Agreement for cIBS – common Interconnect Billing System	021810–000–00
Deutsche Telekom AG	Co-operation Agreement for Joint LTE-TD Evaluation Trial	021821–000–00
Deutsche Telekom AG	Project Service Agreement for RMC (PSA) for the new IT Enabler RMC (T-Rex)	021911–000–00
Deutsche Telekom AG	Agreement on processing of data and information with confidentiality clause	022098–000–00
Deutsche Telekom AG	Contractual Agreement for change of delivery model for ng iBMD (Jellyfish)	022173–000–00
Deutsche Telekom AG	Agreement on Commercial Roaming Broker Services	022191–000–00
Deutsche Telekom AG	Amendment Letter No. 1 to the Agreement on Commercial Roaming Broker Services	022191–101–00
Deutsche Telekom AG	Amendment Letter No. 3 to the Agreement on Commercial Roaming Broker Services	022191–103–00
Deutsche Telekom AG	Amendment Letter No. 4 to the Agreement on Commercial Roaming Broker Services	022191–104–00
Deutsche Telekom AG	Data Privacy Agreement on commissioned processing of personal data, for 022191–104	022191–104–01
Deutsche Telekom AG	Cooperation Agreement	022250–000–00
Deutsche Telekom AG	Delivery of Software and the Performance of Services in Connection with ngCRM	022281–000–00
Deutsche Telekom AG	Supplement No. 1 – Delivery of Software and the Performance of Services in Connection with ngCRM	022281–101–00
Deutsche Telekom AG	Supplement No. 1 to Project Service Agreement (PSA) – ngCRM system	022281–102–00
Deutsche Telekom AG	NG CRM PSA – Supplement No. 3	022281–103–00
Deutsche Telekom AG	SERVICE Agreement Network Technology	022467–000–00
Deutsche Telekom AG	SUBLICENSE AGREEMENT for the Software for IVR Campaigning/Banner	022483–000–00
Deutsche Telekom AG	Management Agreement for international MNC Services	022522–000–00
Deutsche Telekom AG	Amendment No. 1 to Management Agreement for International MNC Services	022522–101–00
Deutsche Telekom AG	Supplementary Agreement to the Sublicence Agreement	022780–000–00
Deutsche Telekom AG	iPad License Acknowledgement of Adherence to Wireless Service License – iPad TMC	022870–000–00
Deutsche Telekom AG	Angry Birds International Campaign	022875–000–00
Deutsche Telekom AG	Framework cooperation and service agreement – X-charges	022888–000–00
Deutsche Telekom AG	Annex No. 022888–104–00 Service arrangement EU HQ	022888–104–00
Deutsche Telekom AG	Annex to FA – Service Arrangement – X-charges 2012 – Products and Innovation annex	022888–105–00
Deutsche Telekom AG	Service Arrangement – Cross Charging 2013	022888–106–00
Deutsche Telekom AG	Annex Service Arrangement – P&I Payment Products	022888–112–00
Deutsche Telekom AG	Annex – Service Arrangement – Group Technology 2014	022888–115–00
Deutsche Telekom AG	Annex Service Arrangement – Board Area Europe	022888–116–00
Deutsche Telekom AG	Annex to the Framework Cooperation and Service Agreement-Service Arrangement Group Procurement	022888–118–00
Deutsche Telekom AG	Service Arrangement – Musketeer Program	022888–120–00
Deutsche Telekom AG	Service Arrangement (Outbound cross charges)	022888–121–00
Deutsche Telekom AG	Service Arrangement 2015 – Group Technology (Outbound cross charges)	022888–123–00
Deutsche Telekom AG	Annex – Service Arrangement – Centralized Capacity Planning Service	022888–127–00
Deutsche Telekom AG	Annex – Service Arrangement Board Area Europe TMCZ EUHQ 2017	022888–130–00
Deutsche Telekom AG	Annex – Service Arrangement – Technology & Innovation 2017	022888–131–00
Deutsche Telekom AG	Appendix 3 to the Service Arrangement Group Procurement (CDP)	022888–132–01
Deutsche Telekom AG	Service Arrangement – Central capacity planning	022888–135–00
Deutsche Telekom AG	Annex 2 – Service Agreement Schedule, Expert development Vendor & Portfolio Management	022888–138–00
Deutsche Telekom AG	Agreement on the Processing of Personal Data – CDP	022888–140–00
Deutsche Telekom AG	Letter of Intent – IT Data Assurance Shared Service Centre (SSC)	022962–000–00
Deutsche Telekom AG	Procurement Joint Venture of Deutsche Telekom AG and France Télécom SA: Interim	022972–000–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Amendment No. 1 – Interim letter – Joint Venture	022972–101–00
Deutsche Telekom AG	Deed of Adherence (Vertragsbeitritt – to Contract 990053–000–00)	023021–000–00
Deutsche Telekom AG	Side Letter to the Framework Cooperation and Service Agreement	023056–000–00
Deutsche Telekom AG	Enrolment to the Frame Agreement for the supply of CCC SAP Services including SAP Licence Management Services	023213–000–00
Deutsche Telekom AG	Tax Indemnity Agreement	023340–000–00
Deutsche Telekom AG	Framework Cooperation and Service agreement	023382–000–00
Deutsche Telekom AG	Annex – Service Agreement TMCZ EUHQ 2017 – DTAG Europe	023382–201–00
Deutsche Telekom AG	Co-operation agreement for joint smart lte evaluation trial	023418–000–00
Deutsche Telekom AG	Confidentiality Obligation for Clean Team Members	023435–000–00
Deutsche Telekom AG	Letter of intent – OSS	023451–000–00
Deutsche Telekom AG	Cooperation Agreement	023481–000–00
Deutsche Telekom AG	Cooperation Agreement – INTRA GROUP COMPLIANCE AGREEMENT	023496–000–00
Deutsche Telekom AG	Letter of Adherence (“LoA”) – Ring back Tones Services	023507–000–00
Deutsche Telekom AG	Global M2M Service cooperation – Joining Agreement	023543–000–00
Deutsche Telekom AG	Frame Agreement for Commissioned Personal Data Processing	023692–000–00
Deutsche Telekom AG	CDP Individual Agreement on commissioned processing of personal data GPBI (BDSG)	023692–201–00
Deutsche Telekom AG	CDP Individual Agreement on commissioned processing of personal data – S2C	023692–202–00
Deutsche Telekom AG	CDP Individual Agreement on commissioned processing of personal data OCP (OneCom)	023692–203–00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of personal data	023727–000–00
Deutsche Telekom AG	Agreement on the purchase of a videoconferencing system	023771–000–00
Deutsche Telekom AG	Letter of Adherence – Caller tunes service Real Networks	023864–000–00
Deutsche Telekom AG	Supplementary Agreement to the Project Service Agreement to the Provision of Next Generation Voice Mail System	024075–000–00
Deutsche Telekom AG	Engagement Form (Czech Republic) – Google Play	024075–101–01
Deutsche Telekom AG	Service Arrangement P&I products core telco products and media 2013	024087–000–00
Deutsche Telekom AG	Agreement For Commissioned Data Processing	024202–000–00
Deutsche Telekom AG	Cooperation and Service agreement – Ring back tones	024204–000–00
Deutsche Telekom AG	Retail and Marketing Funds Agreement	024307–000–00
Deutsche Telekom AG	“m-wall” (POS presentation) Agreement	024308–000–00
Deutsche Telekom AG	Main Contract on IP Transit	024335–000–00
Deutsche Telekom AG	Agreement on the processing of personal data in International SharePoint	024360–000–00
Deutsche Telekom AG	Contract on Deutsche Telekom ICSS Mobile Services – DINr3, Services enabling IP/MPLS platform	024362–000–00
Deutsche Telekom AG	Amendment No. 1 to the Contract on Deutsche Telekom ICSS 024362–000–00	024362–101–00
Deutsche Telekom AG	iPhone Contract of Adherence to the iPhone Agreement between Apple and DT	024364–000–00
Deutsche Telekom AG	Side letter to iPhone Contract of Adherence to the iPhone Agreement between Apple	024364–201–00
Deutsche Telekom AG	Service Arrangement – SLA Outbound Services 2015	024410–102–00
Deutsche Telekom AG	Service Arrangement – SLA Outbound Services 2016, TMCZ Service Receiver, TD Serv.	024410–103–00
Deutsche Telekom AG	Service Level Agreement (SLA) – Handset Capability Server (HCS)	024410–104–00
Deutsche Telekom AG	Trial Agreement for Joint Active Antenna System (ASS) Trial	024515–000–00
Deutsche Telekom AG	Agreement for Provisioning of Integration Services for MyWallet	024546–000–00
Deutsche Telekom AG	Agreement for Commissioned Data Processing	024565–000–00
Deutsche Telekom AG	Agreement on application of Global Intranet GPRS Roaming eXchange (GRX)	024807–000–00
Deutsche Telekom AG	Agreement on the commissioned processing of personal data (Non-compliance list)	024809–000–00
Deutsche Telekom AG	M-Wall & Shop Window Digit (POS presentation) Agreement	024975–000–00
Deutsche Telekom AG	Global Strategic Retail Partnership – Marketing Funds Agreement	025120–000–00
Deutsche Telekom AG	Letter of Intent	025121–000–00
Deutsche Telekom AG	EMIR Agreement for Dealing	025163–000–00
Deutsche Telekom AG	Interim Letter Agreement (ILA) – GPBI access to NatCo procurement data	025332–000–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Non-Disclosure Agreement – NDA – pro DTAG Group Procurement (related to CDP)	025336–000–00
Deutsche Telekom AG	Bilateral SMS + Transit Contract	025440–000–00
Deutsche Telekom AG	Agreement for Commissioned Data Processing in TMPC and ReMaiD	025557–000–00
Deutsche Telekom AG	Supplementary Agreement – MNC Services	025558–000–00
Deutsche Telekom AG	CDP Frame Agreement for CoE Data Transparency – DTAG as controller	025586–000–00
Deutsche Telekom AG	Cooperation Agreement	025746–000–00
Deutsche Telekom AG	Agreement on commissioned processing of personal data protection	025859–000–00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of personal data – Performance M	026070–000–00
Deutsche Telekom AG	Modified Agreement – Annex of Data Fields (Ind. Agreement – pers. data – Performance management)	026070–201–00
Deutsche Telekom AG	Deutsche Telekom HR Suite – Performance Management – Modified Agreement on the Annex of Data Fields concerning the Individual Agreement on the Processing of Personal Data	026070–202–00
Deutsche Telekom AG	Service Agreement CZ – DT regarding Pan IP FTEs	026089–000–00
Deutsche Telekom AG	Service Agreement DT MNC	026192–000–00
Deutsche Telekom AG	Service Agreement – Amendment No. 1	026192–101–00
Deutsche Telekom AG	Service Agreement – Amendment No. 2	026192–102–00
Deutsche Telekom AG	iCN DTAG Security Agreement Corporate Network (SACoN)	026365–000–00
Deutsche Telekom AG	Agreement for Commissioned Data Processing (Application SPPM (ICTO 12147) with its portfolios PFM-Tool and PFM@IT)	026387–000–00
Deutsche Telekom AG	Agreement for Commissioned Data Processing	026562–000–00
Deutsche Telekom AG	Agreement for Internal Payment Services	026832–000–00
Deutsche Telekom AG	Global Master Agreement for Wholesale Voice Services	027071–000–00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of personal data – Deutsche Telekom HR Suite – Performance Management	027168–000–00
Deutsche Telekom AG	Agreement – Provision of DTAG shares to directors and employees of GC	027270–000–00
Deutsche Telekom AG	Agreement on commissioned data processing – Baseline Agreement	027354–000–00
Deutsche Telekom AG	Framework Cooperation and Service Agreement – Inbound and Outbound cross charge	027516–000–00
Deutsche Telekom AG	Service Arrangement 2018, DTAG VTI – TMCZ Inbound	027516–202–00
Deutsche Telekom AG	Service Arrangement – for DRC Cross Border Services	027516–203–00
Deutsche Telekom AG	Service Arrangement – Consumer IoT Hub 2019	027516–204–00
Deutsche Telekom AG	Service Arrangement – Board Area Europe Services	027516–205–00
Deutsche Telekom AG	Annex 2 – Service Arrangement – X-charges Procurement 2018 (1. 1.–31. 12. 2018)	027516–206–00
Deutsche Telekom AG	Service Arrangement SLA Inbound 2019 – TMCZ DTT	027516–207–00
Deutsche Telekom AG	Service Arrangement Europe 2018 – Bus.Dev.Smart City a ICSS Global Voice	027516–208–00
Deutsche Telekom AG	Adherence Agreement to FCSA	027516–209–00
Deutsche Telekom AG	Service Arrangement (Business Development – Smart City / IoT and ICSS Global Voice)	027516–212–00
DEUTSCHE TELEKOM AG	Service Arrangement (Europe – Commercial Roaming, Shops, Winner Circle, TRIM, ICCA, Web-research)	027516–213–00
Deutsche Telekom AG	Service Arrangement Group Technology & Innovation 2019	027516–214–00
DEUTSCHE TELEKOM AG	Service Arrangement SLA 2020 Inbound Services	027516–216–00
DEUTSCHE TELEKOM AG	Service Arrangement Group Technology 2019 (Testlab 2019)	027516–217–00
Deutsche Telekom AG	ADHERENCE AGREEMENT	027516–227–00
Deutsche Telekom AG	Agreement on Commissioned Data Processing – project IFRS 16-leases	027553–000–00
Deutsche Telekom AG	Customer Adherence From to Deutsche Bank SCORE Services	027582–201–00
Deutsche Telekom AG	BNP PARIBAS Cash Concentration Multi Entities Agreement	027582–202–00
Deutsche Telekom AG	Agreement on joining db-transfer in Germany (Cash Concentration Agreement)	027582–203–00
Deutsche Telekom AG	Supplementary agreement to the db-transfer contracts (Cash Concentration Agreement)	027582–204–00
Deutsche Telekom AG	Frame Agreement for Commissioned Data Processing	027655–000–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Individual Agreement on Commissioned Data Processing – CDPA HR Suite Talent module	027655–201–00
Deutsche Telekom AG	Individual Agreement – CDPA CZ HR suite – about the module Executive Onboarding	027655–202–00
Deutsche Telekom AG	Agreement on Assignment of Rights to the Copyrighted Work	027700–000–00
Deutsche Telekom AG	Cash Management Agreement on participation in the Cash-Pooling of Deutsche Telekom	027782–000–00
Deutsche Telekom AG	Agreement on Processing of Personal Data on Behalf of a Controller – Treasury management processes	027920–000–00
Deutsche Telekom AG	Back-to-Back Agreement	028347–000–00
Deutsche Telekom AG	Contract on Processing of Personal Data on Behalf of a Controller	028658–000–00
Deutsche Telekom AG	Individual loan contract	2013/0229
Deutsche Telekom AG	Business Agreement concerning the Telekom Global Net transport-oriented services	2013/0357
Deutsche Telekom AG	Annex to Business Agreement concerning the Telekom Global Net	2013/0637
Deutsche Telekom AG	Commissioned Data Processing	2013/0790
Deutsche Telekom AG	Prolongation Agreement Infrastructure Services for T-Mobile CZ	880052–103–00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of personal data within the EU/EEA	880080–202–00
Deutsche Telekom AG	International Group Framework Agreement for Media Agency Services	990092–000–00
Deutsche Telekom AG	Framework Agreement on a Payment Processing Agreement	990093–000–00
Deutsche Telekom AG	Amendment No. 1 to Framework Agreement on a Payment Processing Agreement	990093–101–00
Deutsche Telekom AG	BNP PARIBAS Cash Concentration Multi Entities Agreement	990094–000–00
Deutsche Telekom AG	Agreement – network technology, IT and IPTV	990098–000–00
Deutsche Telekom AG	International Group Framework Agreement – Walled Garden, Media Buying Services	990099–000–00
Deutsche Telekom AG	Amendment No. 6	990101–106–00
Deutsche Telekom AG, Deutsche Telekom Services Europe GmbH	Affirmation Issued for T-Mobile Czech Republic a.s.	027582–000–00
Deutsche Telekom AG, PG 1010	CONTRACT FOR PHYSICAL POOLING OF THE GROUP'S CASH (SOGECASH INTERNATIONAL POOLING)	028590–000–00
Deutsche Telekom AG, PG 1025	Amendment to the Agreement No. 1on Processing of Personal Data on Behalf of a Controller	027655–101–00
Deutsche Telekom AG, PG 1025	Roaming IntraDT Discount 2018 = FRAMEWORK AGREEMENT ON DISCOUNTS	028732–000–00
Deutsche Telekom AG, PG 1025	Contract of Adherence to the Apple Authorized Reseller Agreement between Apple a	028825–000–00

4.2 Contracts entered into between the Company and the other entities controlled by the Controlling party, which were valid in the Relevant period.

4.2.1 Contracts entered into in 2021:

Partner	Services / goods – original version	No. of contract of the Company
Adastra s.r.o., Slovak Telekom, a.s.	Project Agreement No. 1 Omnichannel Contextual Campaigns and Next Best Actions for Slovak Telekom and T-Mobile Czech Republic	080096–201–00
CE Colo a.s.	TMCZ/CE Colo – Amendment No. 1 to the Agreement on Ensuring Financial Accounting and Billing Processing	660095–101–00
CE Colo Czech s.r.o.	TMCZ/CE Colo – Amendment No. 1 to the Framework Cooperation Agreement	660092–101–00
CE Colo Czech s.r.o.	TMCZ/CE Colo – Agreement on the termination of the Agreement on ensuring the management of the customer balance	660094–401–00
CE Colo Czech s.r.o.	AGREEMENT ON TERMINATION OF THE CONTRACT FOR THE PROVISION OF LEGAL SERVICES	660096–401–00
CE Colo Czech s.r.o.	AGREEMENT ON TERMINATION OF THE CONTRACT FOR THE PROVISION OF HOSTING SERVICES	770026–401–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom (UK) Limited	ENGAGEMENT FORM (CZECH REPUBLIC)	025345–201–00
Deutsche Telekom Business Solutions GmbH	Amendment No.2 – Management Agreement for International MNC Services between Deutsche Telekom Business Solutions GmbH	022522–103–00
Deutsche Telekom Business Solutions GmbH	Service Agreement	026192–103–00
Deutsche Telekom IoT GmbH PG 6204 Deutsc	SERVICE ARRANGEMENT – Schedule to the Framework cooperation and Service Agreement concluded between	022888–145–00
Deutsche Telekom IT GmbH	Project Term Sheet of One-Time-Services for OneERP Line Demands 2020	024100–243–00
Deutsche Telekom IT GmbH	Common Price List 2021 regarding to IT XCH Services – Shared Enablers, Network Services, OneERP & Group Systems, IFRS, CIAM, HREVOPortal	024100–245–00
Deutsche Telekom IT GmbH, PG 8111	Project Term Sheet/License Agreement regarding services / license for One. ERP (Program) – Release 20c	024100–244–00
Deutsche Telekom IT GmbH, PG 8111	Amendment No. 1 to the Individual Contract on Processing of Personal Data on Behalf of a Controller No. 028121–000–00, No.028268–000–00 and No.028715–000–00	028715–101–00
Deutsche Telekom Pan-Net Croatia d.o.o.	Purchase and Transfer Agreement regarding the purchase and use of the related hardware	080610–000–00
Deutsche Telekom Pan-Net Czech Republic	TERMINATION AGREEMENT BY MUTUAL CONSENT	026481–402–00
Deutsche Telekom Pan-Net Czech Republic	Termination Agreement by Mutual Consent	027673–401–00
Deutsche Telekom Pan-Net Czech Republic	Purchase and Transfer Agreement regarding the purchase and use of the related hardware	080544–000–00
Deutsche Telekom Pan-Net s.r.o.	SERVICE ARRANGEMENT concerning the provision of iOSS Trouble Ticketing Management and Configuration Management Operational Support In 2021	027213–105–00
Deutsche Telekom Pan-Net s.r.o.	SERVICE ARRANGEMENT concerning the implementation of Change Requests for iOSS PAN-IP Trouble Ticket Micro Focus Service Manager application and universal Configuration Management Database in year 2021	027213–106–00
Deutsche Telekom Pan-Net s.r.o.	SA of Pan-Net support. Written form of this Service Arrangement outlines what was orally agreed between both parties in January 2020 and it shall therefore retroactively cover the period as of 01.01.2020until 31.12.2020.	080452–000–00
Deutsche Telekom Security GmbH PG 6200	Framework Contract on Processing of Personal Data on Behalf of a Controller	027216–101–00
Deutsche Telekom Services Europe SE	Amendment No. 5	027665–104–00
Deutsche Telekom Services Europe SE	Amendment No. 6 to the Agreement on Intercompany Provision of Products and Services within the framework of Shared Services dated09.03.2018 (TMCZ No. 027665–000–00)	027665–105–00
Deutsche Telekom Technik GmbH	Amendment No 1 to the SERVICE ARRANGEMENT concluded on 12th January 2021 between T-Mobile Czech Republic a.s.as Service Receiver and Deutsche Telekom Technik GmbH as Service Receiver (hereinafter SA)	027516–231–00
Elisa Oyj,Slovak Telekom, a.s.	Contract on Processing of Personal Data on Behalf of a Controller	080259–000–00
GTS Telecom S.R.L.	GTS DEDICATED HELPDESK SERVICES	080365–000–00
GTS Telecom S.R.L.	Amendment to the Agreement FE from GTS-RO for DTSE-RO	080365–101–00
MAGYAR TELEKOM	Service Agreement for OneERP PSL Services 2021	080112–201–00
Planet A, a.s.	Loan Agreement Planet A 26,7M refinancing existing loan028870–000–00	080272–000–00
Planet A, a.s.	Planet A – Loan Agreement 40,3M CZK investment financing	080273–000–00
Planet A, a.s.	Framework contract for the supply of material INS – Planet A, a.s.	080310–000–00
PosAm spol. s r.o.	Public contract cooperation agreement	CZ000008–000–00
Slovak Telekom, a.s.	Service Arrangement – CEMT part ZabbiX 2021	027009–139–00
Slovak Telekom, a.s.	Service Arrangement – CSMT JIRA FTE _ Common Service Management Tool – 2021	027009–140–00
Slovak Telekom, a.s.	Service Arrangement – FaMa – Facility Management 021	027009–141–00
Slovak Telekom, a.s.	Service Arrangement – Identity and Access Management 2020–2021	027009–142–00
Slovak Telekom, a.s.	Service Arrangement – Identity and Access Management FTE 2020–2021	027009–143–00
Slovak Telekom, a.s.	Service Arrangement – Common Interconnect Billing Systems 2021	027009–144–00

Partner	Services / goods – original version	No. of contract of the Company
Slovak Telekom, a.s.	Service Arrangement – OCN (Omnichannel Contextual Campaign Management System) 2020–2021	027009–145–00
Slovak Telekom, a.s.	Service Arrangement – RARE 2020–2021	027009–146–00
Slovak Telekom, a.s.	Service Arrangement – Common visualization platform Tableau 2021	027009–147–00
Slovak Telekom, a.s.	Service Arrangement – CSMT JIRA 2021 (Common Service Management tool)	027009–231–00
Slovak Telekom, a.s.	Service arrangements Procurement	080405–000–00
Slovak Telekom, a.s., PG 485	SERVICE ARRANGEMENT Operation & Maintenance of Mediaroom TV platform	027009–221–00
Slovak Telekom, a.s., PG 485	Service Arrangement Support and Maintenance of the FMS Application	027009–223–00
Slovak Telekom, a.s., PG 485	FMS – Amendment No. 1 to the Service Arrangement to the Service Arrangement no. 027009–223–00 (in T-Mobile Czech Republic, a.s. evidence) and no. 0120170456–220–00 (in Slovak Telekom, a.s. evidence)	027009–223–01
Slovak Telekom, a.s., PG 485	Service Arrangement DTAG DC Consolidation	027009–224–00
Slovak Telekom, a.s., PG 485	Service Arrangement FEST Services	027009–225–00
Slovak Telekom, a.s., PG 485	Service Arrangement – CEMT „Common Event Management Tool“	027009–226–00
Slovak Telekom, a.s., PG 485	Service Arrangement – CEMT „Common Event Management Tool – part ZabbiX“	027009–227–00
Slovak Telekom, a.s., PG 485	SA_Contract and Lic. Mng Services	027009–229–00
Slovak Telekom, a.s., PG 485	SA_Contract and Lic. Mng Services	027009–230–00
Slovak Telekom, a.s., PG 485	Tibco Settlement Arrangement – for the period from 25.11.2020 to 24.11.2021	080286–000–00
TELEKOM DEUTSCHLAND GMBH	FRAMEWORK COOPERATION AND SERVICE AGREEMENT	024410–109–00
TELEKOM DEUTSCHLAND GMBH	SERVICE ARRANGEMENT – RTSP Support IN System RTSP v 8.1	024410–110–00
Telekom Deutschland GmbH	SERVICE ARRANGEMENT 2021	027516–229–00
T-Mobile Austria GmbH	Addendum to International Roaming Agreement – Annex C14 S8 Home Routed Architecture	025626–102–00
T-Mobile Polska S.A	TMPL to TMCZ SERVICE ARRANGEMENT for 2021	026487–207–00
T-Mobile Polska S.A	TMCZ to TMPL SERVICE ARRANGEMENT for 2021	026488–207–00
T-Systems International GmbH (6205) TS P	Commissioning Microsoft Azure International	080614–000–00
T-Systems International GmbH (8450) Hahn	LOI for 5G VR/AR safety test – associated with the NDA commissioned in December 2020	080274–000–00
T-Systems IT Eta GmbH c/o T-Systems Inte	NDA s T-Systems International GmbH for testing 5G AR/VR	080245–000–00

4.2.2 Contracts that were effective in 2021:

Partner	Services / goods – original version	No. of contract of the Company
Antel Germany GmbH	General terms and conditions VIX	0000002/2010–SmNAD
Antel Germany GmbH	LOAN FACILITY AGREEMENT	0000009/2005–SMfd
Antel Germany GmbH	Purchase of materials	0000013/2011–SMfd
BUYIN S.A.	Amendment No. 2 to Participation Agreement	023174–102–00
BUYIN SA	Participation agreement – Joint Venture	023174–000–00
BUYIN SA	Amendment No. 1 to Participation Agreement – Joint Venture	023174–101–00
CARDUELIS B.V.	Carduelis B.V. – Agreement on the transfer of duties and responsibilities	0000045/2005–SMws
CARDUELIS B.V.	Individual Service Agreement	0000065/2007–SMws
CE Colo Czech s.r.o.	Purchase contract for a “Škoda” vehicle	0000001/2013–SMfa
CE Colo Czech s.r.o.	Purchase contract for a vehicle	0000002/2013–SMfa
CE Colo Czech s.r.o.	Purchase contract Volkswagen Passat Variant	0000008/2012–SMfa

Partner	Services / goods – original version	No. of contract of the Company
CE Colo Czech s.r.o.	Amendment No.6 – Housing Services provision Agreement No. C-TH/144/08/S	0000463/2008–SMna
CE Colo Czech s.r.o.	Amendment No.7 – Housing Services provision Agreement No. C-TH/144/08/S	0000463/2008–SMna
CE Colo Czech s.r.o.	Amendment No.8 – Housing Services provision Agreement No. C-TH/144/08/S	0000463/2008–SMna
CE Colo Czech s.r.o.	Amendment No.9 – Housing Services provision Agreement No. C-TH/144/08/S	0000463/2008–SMna
CE Colo Czech s.r.o.	Amendment No.10 – Housing Services provision Agreement No. C-TH/144/08/S	0000463/2008–SMna
CE Colo Czech s.r.o.	Contract on contact persons for all transactions and acts and arrangements	025159–000–00
Ce Colo Czech s.r.o.	Contract for the provision of occupational health services and above-standard health care	025210–000–00
CE Colo Czech s.r.o.	Agreement on the assignment of rights and obligations under RWE contracts	025324–000–00
Ce Colo Czech s.r.o.	Confidentiality agreement – NDA	025382–000–00
Ce Colo Czech s.r.o.	Personal data processing agreement	025383–000–00
CE Colo Czech s.r.o.	Special current account agreement	025452–000–00
CE Colo Czech s.r.o.	Framework agreement on the purchase, sale and use of vouchers (between CE Colo and Endered)	025830–000–00
CE Colo Czech s.r.o.	Framework agreement on sublease of non-residential premises and payment for services related to their use	027728–000–00
CE Colo Czech s.r.o.	Managed Services Agreement – Data Center Maintenance (DC7)	027883–000–00
CE Colo Czech s.r.o.	Personal data processing agreement (CE Colo as an administrator)	027911–000–00
CE Colo Czech s.r.o., Carduelis B.V., GTS Central European Holding B.V.	Share Purchase Agreement – Neptune (sale of GTS)	025202–000–00
CE Colo Czech s.r.o., GTS Central European Holding B.V., Carduelis B.V.	First Amendment Agreement to Share Purchase Agreement – Neptune	025202–101–00
CE Colo Czech s.r.o.,GTS Czech s.r.o.	Agreement on ensuring financial accounting and billing processing	660095–101–00
COSMOTE Mobile Telecommunications S.A.	International Telecommunication Services Agreement	0000192/2007–SMws
COSMOTE Mobile Telecommunications S.A.	Non-Disclosure Agreement (NDA)	023943–000–00
COSMOTE Mobile Telecommunications S.A.	Confidentiality and Privacy Agreement	024265–000–00
Crnogorski Telekom a.d. Podgorica	International Roaming Agreement – Montenegro	026007–000–00
Deutsche Telekom (UK) Limited	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	000338–201–00
Deutsche Telekom (UK) Limited	Content Reseller Agreement	001406–000–00
Deutsche Telekom (UK) Limited	Engagement Form no. 6 – MTV	001406–106–00
Deutsche Telekom (UK) Limited	Engagement Form no. 7 – Universal Content	001406–107–00
Deutsche Telekom (UK) Limited	Engagement Form no. 10 (Trigenix Screen Styles)	001406–110–00
Deutsche Telekom (UK) Limited	Engagement Form – Annex No. 13 – CONTENT	001406–113–00
Deutsche Telekom (UK) Limited	Engagement Form – Universal – Melody	001406–116–00
Deutsche Telekom (UK) Limited	Engagement Form – Universal – Mono and Poly Marketing	001406–117–00
Deutsche Telekom (UK) Limited	Engagement Form – Sony Content (Annex No. 22)	001406–122–00
Deutsche Telekom (UK) Limited	Engagement Form no. 23 – Fox Studios Content – MMS content	001406–123–00
Deutsche Telekom (UK) Limited	Engagement Form no. 24 – Disney Content – MMS content	001406–124–00
Deutsche Telekom (UK) Limited	Engagement Form no. 25 – Java from co. Turner – CONTENT	001406–125–00
Deutsche Telekom (UK) Limited	Engagement Form – Chipandales – CONTENT	001406–126–00
Deutsche Telekom (UK) Limited	Engagement Form – Penthouse – CONTENT	001406–127–00
Deutsche Telekom (UK) Limited	Engagement Form no. 28 – Warner Music Content	001406–128–00
Deutsche Telekom (UK) Limited	Engagement Form no. 29 – iFone Content	001406–129–00
Deutsche Telekom (UK) Limited	Engagement Form no. 30 – Arvato Content	001406–130–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom (UK) Limited	Engagement Form no. 31 – Blue Sphere Content	001406–131–00
Deutsche Telekom (UK) Limited	Engagement Form no. 32 – mForma Content	001406–132–00
Deutsche Telekom (UK) Limited	Engagement Form no. 33 – Jamdat Content	001406–133–00
Deutsche Telekom (UK) Limited	Engagement Form no. 34 – Gameloft Content	001406–134–00
Deutsche Telekom (UK) Limited	Engagement Form no. 35 – Living Mobile Content	001406–135–00
Deutsche Telekom (UK) Limited	Engagement Form no. 36 – Mobile Scope Content	001406–136–00
Deutsche Telekom (UK) Limited	Engagement Form no. 37 – Sumea Content	001406–137–00
Deutsche Telekom (UK) Limited	Engagement Form no. 38 – HandyGames Content	001406–138–00
Deutsche Telekom (UK) Limited	Engagement Form no. 39 – Digital Bridges Content	001406–139–00
Deutsche Telekom (UK) Limited	Engagement Form no. 40 – India Games Content	001406–140–00
Deutsche Telekom (UK) Limited	Engagement Form no. 41 – Advanced Mobile Applications	001406–141–00
Deutsche Telekom (UK) Limited	Engagement form No. 42 – Eurofun (Madagascar) Content	001406–142–00
Deutsche Telekom (UK) Limited	Engagement Form 43 – I-play/Digital Bridges – Non-EA Titles (content)	001406–143–00
Deutsche Telekom (UK) Limited	Engagement Form – Eurofun (Madagascar) Content	001406–144–00
Deutsche Telekom (UK) Limited	Engagement Form – wait4u (amendment 45)	001406–145–00
Deutsche Telekom (UK) Limited	Engagement Form No. 46 – Sony Pictures	001406–146–00
Deutsche Telekom (UK) Limited	Engagement Form – Glu Mobile Content	001406–147–00
Deutsche Telekom (UK) Limited	Engagement Form – Player-X Content	001406–149–00
Deutsche Telekom (UK) Limited	Engagement Form – Rockpool Games Content	001406–150–00
Deutsche Telekom (UK) Limited	Engagement Form – THQ Wireless International Games Content	001406–151–00
Deutsche Telekom (UK) Limited	Engagement Form – OJOM Content	001406–152–00
Deutsche Telekom (UK) Limited	Engagement form No. 53 – (video download – Mobix Content)	001406–153–00
Deutsche Telekom (UK) Limited	Engagement Form – Infospace (Elkware GmbH) – Infospace Content	001406–154–00
Deutsche Telekom (UK) Limited	Engagement Form – Electronic Arts Games (EA Content)	001406–155–00
Deutsche Telekom (UK) Limited	Engagement Form (C2M) – Transactional Content	001406–156–00
Deutsche Telekom (UK) Limited	International Download Centre Access and Managed Services Ag.	001407–000–00
Deutsche Telekom (UK) Limited	MCS Service Agreement	012075–000–00
Deutsche Telekom (UK) Limited	Framework Contract of Sale – selloff of service cards SAU	012533–000–00
Deutsche Telekom (UK) Limited	Sub-licence Agreement (Rolling Stones concert)	014442–000–00
Deutsche Telekom (UK) Limited	Service Agreement for Provision of Interim Solution for Caller Tunes (Melody)	016903–000–00
Deutsche Telekom (UK) Limited	Project Service Agreement for International eSales Solution (IneSS) in TMCZ	019713–000–00
Deutsche Telekom (UK) Limited	Content Resale and Partner Services Agreement	020475–000–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Android Services	020475–101–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic); Blackberry Services	020475–102–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic); Microsoft Services	020475–103–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Facebook Services	020475–104–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Boku longlist	020475–105–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Gameloft	020475–106–00
Deutsche Telekom (UK) Limited	Engagement form – MindMatics	020475–107–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Samsung	020475–108–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – provided by PayPal (Europe) SARL ET CIE S.C.A	020475–109–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Fortumo	020475–110–00
Deutsche Telekom (UK) Limited	Amendment Letter to Engagement Form (Czech Republic) – Fortumo	020475–110–01
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Dimoco	020475–111–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – AIRBNB	020475–112–00
Deutsche Telekom (UK) Limited	Engagement Form – Microsoft Services Microsoft Store/X-Box Store	020475–113–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Apple iTunes	020475–114–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Android Services	020475–115–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – MOBIYO	020475–116–00
Deutsche Telekom (UK) Limited	Cross Charging Services Agreement	020909–000–00
Deutsche Telekom (UK) Limited	Addendum No. 1 – Cross charging agreement for additional services – SDP Partner	020909–101–00
Deutsche Telekom (UK) Limited	Licence agreement	020996–000–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom (UK) Limited	Project Service Agreement (operation of International Transmission Network)	021147–000–00
Deutsche Telekom (UK) Limited	Amendment No. 1 to the project service agreement for personal touchpoints and stores	023392–101–00
Deutsche Telekom (UK) Limited	Engagement Form Google Play – Czech Republic	024075–101–01
Deutsche Telekom (UK) Limited	Mutual Long Form Non-Disclosure Agreement	024251–000–00
Deutsche Telekom (UK) Limited	International Roaming Agreement	024352–000–00
Deutsche Telekom (UK) Limited	Project Service Agreement for the Provision of DTUK Services	024682–000–00
DEUTSCHE TELEKOM DIGITAL LABS PRIVA Priv	Service Arrangement to the Framework Cooperation and Service Agreement č. 027516–000–00 concluded on 20. 2. 2018 between Deutsche Telekom AG and T-Mobile Czech Republic a.s.	027516–226–00
Deutsche Telekom Europe B.V.	Pan-Net Master Frame Agreement TMCZ	026623–000–00
Deutsche Telekom Europe B.V., Netherlands	Amendment No. 1 – Clarification to Loan Agreement	015106–101–00
Deutsche Telekom Europe Holding B.V	Pan-Net mVAS Framework Agreement	025941–000–00
Deutsche Telekom Europe Holding Gmb	Service change agreement – MiFID; Upgrade with Dual Storage for SFTP Push	026623–201–01
Deutsche Telekom Europe Holding Gmb	Service change agreement – MiFID; New Script for Billing	026623–201–02
Deutsche Telekom Europe Holding GmbH	Pan-Net MiFID Recorder Customer Facing Service Arrangement	026623–201–00
Deutsche Telekom Europe Holding GmbH	Service agreement PAN IP	027461–000–00
Deutsche Telekom IT GmbH	Project Term Sheet (2019) – IFRS 15	024100–224–00
Deutsche Telekom IT GmbH	Project Term Sheet (2019) – iCN, INA, INS a IACP	024100–225–00
Deutsche Telekom IT GmbH	Project Term Sheet (2019) – ShareEnablers	024100–227–00
Deutsche Telekom IT GmbH	Project Term Sheet (2019) – Time-Services According to the Project Service Agree	024100–228–00
Deutsche Telekom IT GmbH	Project TerProject Term Sheet (2019) – ITS (Eco Finance) Integrated Treasury S	024100–229–00
Deutsche Telekom IT GmbH	Project Term Sheet (2019) – HR EVO Portal	024100–230–00
Deutsche Telekom IT GmbH	Individual Contract on Processing of Personal Data	026982–202–00
Deutsche Telekom IT GmbH	Individual Contract on Processing of Personal Data-One.ERP 19C (024100–218, 0241	028268–000–00
Deutsche Telekom IT GmbH	Individual Contract on Processing of Personal Data on Behalf of a Controller	028711–000–00
Deutsche Telekom Pan-Net Czech Republic	Colocation & Smart Hands Services Agreement – hosting HW and services for MiFID	027673–000–00
Deutsche Telekom Pan-Net Czech Republic s.r.o.	Pan-Net Service Agreement	026481–000–00
Deutsche Telekom Pan-Net Czech Republic s.r.o.	Annex 2 to Pan-Net – Service Arrangement Concerning the Provision of Financial Services	026481–201–00
Deutsche Telekom Pan-Net Czech Republic s.r.o.	Sublease Agreement – office n. 3307	027477–000–00
Deutsche Telekom Pan-Net s.r.o	Service Agreement – DRSSC Services for Pan-Net	026754–000–00
Deutsche Telekom Pan-Net s.r.o.	Confirmation of Request for Transfer of Legacy Internet Resources – DTPanNET SK	026491–000–00
Deutsche Telekom Pan-Net s.r.o.	Framework Cooperation and Service Agreement – iOSS Trouble Ticketing Management	027213–000–00
Deutsche Telekom Pan-Net s.r.o.	Annex 10 – implementation of Change Requests for iOSS PAN-IP Trouble Ticket HP Service Manager platform and universal Configuration Management in year 2020	027213–104–00
Deutsche Telekom Services Europe AG	Amendment No. 1 – služby GAC, P2P, HR a One Banking (Annex 2a + Annex 9, Annex 4	027665–101–00
Deutsche Telekom Services Europe AG	Amendment No. 2 to the Agreement on Intercompany Provision of Products and Services	027665–102–00
Deutsche Telekom Services Europe AG	Side letter to the Agreement on Intercompany Provision of Products and Services	027665–201–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom Services Europe AG	Agreement for Commissioned Data Processing (concluded as an Appendix to agreement) 027665–000	027665–202–00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Frame Service Agreement	026784–000–00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Frame Service Agreement with TMCZ Annex 1 Service Arrangement for corporate governance services	026784–201–00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Frame Service Agreement with TMCZ Annex 2 Service Arrangement – Recruitment Services, Consultancy in the HR area.	026784–202–00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Agreement on commissioned processing of personal data	026996–000–00
Deutsche Telekom Services Europe Romania S.R.L.	Frame Agreement for Commissioned Data Processing – project ARAMIS	024890–000–00
Deutsche Telekom Services Europe Romania S.R.L.	Individual Agreement on the commissioned processing of personal data (Aramis)	024891–000–00
Deutsche Telekom Services Europe Romania S.R.L.	Framework Agreement DTBS Shared Services Centrum for HR processes in Bucharest	025175–000–00
Deutsche Telekom Services Europe Romania S.R.L.	Amendment No. 1 – Termination of contract	025175–101–00
Deutsche Telekom Services Europe SE	Amendment No. 3 to the Agreement on Intercompany Provision of Products and Services within the framework of SharedServices dated 09. 03. 2018	027665–103–00
Deutsche Telekom Services Europe Slovakia s.r.o	Amendment No. 2 – change of price	024259–102–00
Deutsche Telekom Services Europe Slovakia s.r.o	Amendment No. 3 – change in scope and price of purchasing services for 2016	024259–103–00
Deutsche Telekom Services Europe Slovakia s.r.o	Amendment No. 4 to the Business Management Contract on Provision of Services	024259–104–00
Deutsche Telekom Services Europe Slovakia s.r.o	Amendment No. 5 to the Business Management Contract on Provision of Services	024259–105–00
Deutsche Telekom Services Europe Slovakia s.r.o	Agreement for Commissioned Data Processing – SAP access	024430–000–00
Deutsche Telekom Services Europe Slovakia s.r.o	Commissioned Data Processing, as of 8. 3. 2013	2013/0166
Deutsche Telekom Services Europe Slovakia s.r.o.	Amendment No. 6 – Termination of the contract	024259–106–00
Deutsche Telekom Services Europe Slovakia s.r.o.	Agreement on Intercompany Provision of Products and Services within the Framework agreement	027665–000–00
Deutsche Telekom Services Europe Slovakia s.r.o.	Side letter to the Agreement on Intercompany Provision of Products and Services	027665–201–00
Deutsche Telekom Services Europe Slovakia s.r.o.	Agreement for Commissioned Data Processing (concluded as an attachment of 027665–000)	027665–202–00
GTS Central European Holding B.V.	Individual contract – interconnection services	0000016/2006–SMws
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	0000019/2012–SMfd
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	0000020/2012–SMfd
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	0000022/2012–SMfd
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	0000027/2012–SMfd
GTS Poland Sp. z o.o.	Contract of subdelivery	0000018/2008–SmCSC
GTS Poland Sp. z o.o.	Agreement on the Assignment of Rights and Obligations	0000029/2011–SMws
GTS Poland Sp. z o.o.	Agreement on the Assignment of Rights and Obligations	0000030/2011–SMws
GTS Poland Sp. z o.o.	Shared Cost and Free Phone Pricelist	0000036/2011–SMws

Partner	Services / goods – original version	No. of contract of the Company
GTS Poland Sp. z o.o.	Service Agreement	0000044/2011–SMws
GTS Poland Sp. z o.o.	Agreement on the assignment of rights and obligations	0000056/2014–SMna
GTS Poland Sp. z o.o.	Shared Cost and Free Pricelist	0000060/2011–SMws
GTS Poland Sp. z o.o.	Reciprocal Telecommunications Services Agreement	0000064/2007–SMws
GTS Poland Sp. z o.o.	AGREEMENT ON THE ASSIGNMENT OF RIGHTS AND OBLIGATIONS	0000098/2012–SMna
GTS Poland Sp. z o.o.	Agreement on the assignment of rights and obligations	0000207/2011–SMna
GTS Poland Sp. z o.o.	Agreement on the assignment of rights and obligations	0000208/2011–SMna
GTS Telecom S.R.L.	RCTIO Framework Cooperation and Service Agreement	025471–000–00
GTS Telecom S.R.L.	Intercompany Master Service Agreement	026040–000–00
GTS Telecom S.R.L.	Addendum No. 1 – Anti-DDoS Protection Service	026040–101–00
GTS Telecom SRL	AGREEMENT between GTS Czech and GTS Telecom	0000001/2013–SMfd
GTS Telecom SRL	International Telecommunication Service	0000008/2010–SMws
GTS Telecom SRL	Contract of subdelivery	0000020/2008–SmCSC
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	0000032/2011–SMws
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	0000033/2011–SMws
GTS Telecom SRL	Annex 1 to the Agreement for the provision and operation of international freephone service and international shared cost services	0000035/2011–SMws
GTS Telecom SRL	Service Agreement	0000043/2011–SMws
GTS Telecom SRL	Voice Reseller Master Agreement Romania	0000055/2011–SMws
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	0000209/2011–SMna
HELLENIC TELECOMMUNICATIONS ORGANIZ	Framework cooperation and services agreement – OneMail contract	028207–000–00
HELLENIC TELECOMMUNICATIONS ORGANIZ	Addendum No. 1 – on Email	028207–101–00
HELLENIC TELECOMMUNICATIONS ORGANIZ	Agreement on the Processing of Personal Data – OneMail	028208–201–00
Hrvatski Telekom d.d.	Non-Disclosure Statement	024770–000–00
Hrvatski Telekom d.d.	Service Agreement No. ICT-03/2015	025538–000–00
Hrvatski Telekom d.d. (Croatian Telecom Inc.)	International Roaming Agreement - Croatia	021841–000–00

Partner	Services / goods – original version	No. of contract of the Company
Hrvatski Telekom d.d., Deutsche Telekom Pan-Net s.r.o., Telekom Albania Sh.A., T-Mobile Polska, T-Mobile Netherlands, Deutsche Telekom AG, Cosmote Mobile Telecommunications, Crnogorski Telekom A.D., Hellenic Telecommunication, Magyar Telecom, Slovak Telekom a.s., Makedonski Telekom, Telekom Romania Communications, Telekom Romania Mobile, T-Mobile Austria	Cooperation Agreement – Exchange of information	026289–000–00
HT – Hrvatski Telekom d.d.	Agreement on interconnection of telecommunication networks	0000031/2008–SMws
HT – Hrvatski Telekom d.d.	Confidentiality Agreement	0000288/2007–SMws
Iskon Internet d.d.	AGREEMENT ON THE ASSIGNMENT OF RIGHTS AND OBLIGATIONS	0000163/2011–SMna
IT Services Hungary Szolgáltató Kft (Deutsche Telekom IT Solutions)	Frame contract for Security services delivery from ITSH to DRCCBS	028724–000–00
Magyar Telekom Nyrt. (PG 0092), T-Systems Magyarország ZRt.	TRANSFER OF AGREEMENT	028956–000–00
Magyar Telekom Plc, GTS Hungary Ltd..	Intercompany Master Service Agreement	026196–000–00
Magyar Telekom Telecommunications Public Limited Company	Telecommunications Services Agreement – Matáv Hungarian Telecommunications Company Ltd.	0000146/2007–SMws
Magyar Telekom Telecommunications Public Limited Company	Order to International Telecommunication Service Master Agreement (Scania)	660077–201–00
Magyar Telekom Telecommunications Public Limited Company	Order (Hopi Hungária, Direct Parcel, CETELEM, Accenture)	660077–202–00
Magyar Telekom Telecommunications Public Limited Company	Order (DHL) to International Telecommunication Service Master Agreement	660077–203–00
Magyar Telekom Telecommunications Public Limited Company	Order – transfer of circuits from GTS HU to Magyar Telecom – SAMSUNG	660077–204–00
Makedonski Telekom AD – Skopje	Project Service Agreement – SSL Certificate Service	024384–000–00
Makedonski Telekom AD – Skopje	Agreement on Processing of Personal Data	027915–000–00
Makedonski Telekom AD – Skopje	International Roaming Agreement	000362–000–00
Makedonski Telekom AD Skopje	Project Service Agreement – DRSSC SSL Certification Service	024383–000–00
Makedonski Telekom AD(MKDMM)	Agreement on the Processing of Personal Data (SBC testing)	028860–000–00
NOVATEL EOOD	Intercompany Master Service Agreement – Intercompany	028170–000–00
NOVATEL EOOD	Customize Network Access – Subcontract of MSA	028170–201–00
OTE INTERNATIONAL SOLUTIONS S.A.	Mutual Non-Disclosure Agreement – OTE	0000129/2007–SMws
Planet A, a.s.	Lease agreement – lease of one optical pair and one microtube	028047–000–00
Planet A, a.s.	Confidentiality agreement – NDA	028242–000–00
Planet A, a.s.	Individual Intercompany Loan Contract PlanetA	028870–000–00

Partner	Services / goods – original version	No. of contract of the Company
Planet A, a.s.	INTERCOMPANY MASTER SERVICE AGREEMENT Telco services	028918–000–00
Planet A, a.s.	FRAMEWORK PURCHASE AND LEASE CONTRACT	028920–000–00
Planet A, a.s.	Personal data processing agreement _Planet A	028958–000–00
Planet A, a.s.	Agency agreement Planet A	028959–000–00
Planet A, a.s.	AMENDMENT NO. 1 to the Agency Agreement No. 028959–000–00 („Active sale“)	028959–101–00
Planet A, a.s.	FRAMEWORK COOPERATION AND SERVICE AGREEMENT	028970–000–00
Planet A, a.s.	Confidentiality agreement – NDA	024153–000–00
PosAm, spol. s r.o.	Confidentiality agreement (NDA)	026689–000–00
PosAm, spol. s r.o.	Framework Agreement B2B ICT	027500–000–00
Slovak Telekom, a. s.	Agreement on Termination – Slovak Telekom	0000031/2010–SMws
Slovak Telekom, a. s.	Addendum no 1 _IP addresses – Agreement on Termination – Slovak Telekom	0000031/2010–SMws
Slovak Telekom, a. s.	Agreement on cooperation in the provision of telecommunications services	0000035/2007–SMws
Slovak Telekom, a. s.	Interconnection Agreement between T-Mobile Slovakia and GTS NOVERA a.s.	0000046/2007–SMws
Slovak Telekom, a. s.	Local peering agreement	0000049/2006–SMin
Slovak Telekom, a. s.	Peering agreement	0000079/2006–SMin
Slovak Telekom, a. s.	International Telecommunication Services Agreement	0000170/2006–SMnp
Slovak Telekom, a.s	Service Arrangement – Sales Transactions Reporting Services	027009–203–00
Slovak Telekom, a.s.	License Agreement	010428–000–00
Slovak Telekom, a.s.	Interconnection Agreement	016452–000–00
Slovak Telekom, a.s.	Addendum Letter to Acquisition Due Diligence Contract – Project Poletucha	022795–101–00
Slovak Telekom, a.s.	NDA – project Vltava – potential outsourcing of planning, built and maintenance	023268–000–00
Slovak Telekom, a.s.	Memorandum of Understanding	024591–000–00
Slovak Telekom, a.s.	International Roaming Agreement	026001–000–00
Slovak Telekom, a.s.	Framework hiring out of labour agreement	026183–000–00
Slovak Telekom, a.s.	Confidentiality agreement – NDA	026197–000–00
Slovak Telekom, a.s.	Personal data processing agreement	026198–000–00
Slovak Telekom, a.s.	Amendment No. 1 to the Personal data processing agreement	026198–101–00
Slovak Telekom, a.s.	Framework hiring out of labour agreement	026475–000–00
Slovak Telekom, a.s.	Agreement on Provision of the Discount	026778–000–00
Slovak Telekom, a.s.	Framework Cooperation and Service Agreement	027009–000–00
Slovak Telekom, a.s.	Service Arrangement – Service Monitoring Center (SMC) Services	027009–201–00
Slovak Telekom, a.s.	Amendment No. 1 to Service Arrangement for Service Monitoring Center (SMC) Services	027009–201–01
Slovak Telekom, a.s.	Service Arrangement – Service Monitoring Center (SMC) Services – TMCZ receiver	027009–202–00
Slovak Telekom, a.s.	Amendment No. 1 – Service Monitoring Center (SMC) Services – TMCZ receiver	027009–202–01
Slovak Telekom, a.s.	Service Arrangement – Cybersecurity Services	027009–204–00
Slovak Telekom, a.s.	Service Agreement – PMO JIRA	027009–205–00
Slovak Telekom, a.s.	Service Arrangement – FEST Services	027009–206–00
Slovak Telekom, a.s.	Service Arrangement – FAMA	027009–207–00
Slovak Telekom, a.s.	Service Arrangement – Robotics (Orchestrator/Database Maintenance)	027009–208–00
Slovak Telekom, a.s.	Service Arrangement – Robotics (Robots – VDI and ShareDIR)	027009–209–00
Slovak Telekom, a.s.	Service Arrangement – Mediaroom	027009–210–00
Slovak Telekom, a.s.	Service Arrangement – PMO JIRA	027009–213–00
Slovak Telekom, a.s.	SERVICE ARRANGEMENT FAMA (Facility Management)	027009–214–00
Slovak Telekom, a.s.	SERVICE ARRANGEMENT Cybersecurity Services	027009–215–00
Slovak Telekom, a.s.	SERVICE ARRANGEMENT INTERNALAUDIT & ICS	027009–216–00

Partner	Services / goods – original version	No. of contract of the Company
Slovak Telekom, a.s.	Service Arrangement – Human Resources Services	027009–217–00
Slovak Telekom, a.s.	Service Arrangement – CSMT JIRA – „Common Service Management tool“	027009–218–00
Slovak Telekom, a.s.	Service Arrangement Common Service Management Tool	027009–219–00
Slovak Telekom, a.s.	Confidentiality Agreement (NDA)	027014–000–00
Slovak Telekom, a.s.	Confidentiality Agreement – NDA	027068–000–00
Slovak Telekom, a.s.	Lease agreement – contract for lease / sublease of motor vehicles	027204–000–00
Slovak Telekom, a.s.	Lease agreement – contract for the lease of technical equipment and accessories	027210–000–00
Slovak Telekom, a.s.	Contract on Succession into the Contractual Rights and Duties	027233–201–51
Slovak Telekom, a.s.	Licence – Sublicensing Agreement	027397–000–00
Slovak Telekom, a.s.	Framework Agreement – Common HR Platform	027572–000–00
Slovak Telekom, a.s.	Partial Agreement No. 1 – Common HR Platform	027572–201–00
Slovak Telekom, a.s.	Settlement Arrangement – Tibco	028353–000–00
Slovak Telekom, a.s.	Memorandum of Understanding for Cooperation (Premier Sport)	028751–000–00
Slovak Telekom, a.s.	Project Specific Annex [10]: Common IP Multimedia Sub-system (Common IMS) for TMCZ and ST	028828–000–00
Slovak Telekom, a.s.	Settlement Arrangement Tibco Reposting Agreement for the period from 24. 11. 2019 to 23. 11. 2020	080011–000–00
Slovak Telekom, a.s.	DT Group NatCo Purchasing Agreement	080096–000–00
Slovak Telekom, a.s.	Framework agreement	080578–000–00
Slovak Telekom, a.s., UNIQA pojišťovna, a.s.	Data processing contract	027506–000–00
Telekom Deutschland GmbH	Annex 2 – Service Arrangement – Product Development 2018	013243–119–00
TELEKOM ROMANIA (ROMTELECOM SA)	International Telecommunication Services Agreement – ROMTELECOM S.A.	0000254/2007–SMws
TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A.	Addendum to International Roaming Agreement (Romania)	014876–101–00
T-Mobile (UK) Limited	Project Term Sheet	019833–000–00
T-Mobile Austria GmbH	Interconnection Agreement	013609–000–00
T-Mobile Austria GmbH	Announcement of price decrease for termination into the network of tele.ring	013609–501–00
T-Mobile Austria GmbH	Service Level Agreement (SLA) – Alcatel SDH Equipment (ITN))	017111–000–00
T-Mobile Austria GMBH	Project Service Agreement (for operation of International Transmission Network)	021148–000–00
T-Mobile Austria GmbH	Service provider agreement – M2M platform	025577–000–00
T-Mobile Austria GmbH	Project Specific Offer Document – Project Agreement – Jablotron Security Service	025577–202–00
T-Mobile Austria GmbH	Service Level Agreement (SLA) – M2M Cross Border	026948–000–00
T-Mobile Austria GmbH, O2 Czech Republic a.s., Vodafone Czech Republic a.s., A1Telekom Austria AG	Planning Arrangement for Coordination of LTE cells in the border area of CR – Cross-Border	025612–000–00
T-Mobile Netherlands B.V.	Project Service Agreement for operation of International Transmission Network	021146–000–00
T-Mobile Netherlands B.V.	International Roaming Agreement	025209–000–00
T-Mobile Polska S.A.	Framework Service and Consultancy Agreement	000909–000–00
T-Mobile Polska S.A.	Addendum No. 1 to International GSM Roaming Agreement	011455–101–00
T-Mobile Polska S.A.	RCTIO Framework Cooperation and Service Agreement	025182–000–00
T-Mobile Polska S.A.	Service Agreement –TMPL Provider-Intercompany IT services recharging	025182–202–00
T-Mobile Polska S.A.	Framework Purchase Contract – regional agreement on resale of HW between countries in the region	025678–000–00
T-Mobile Polska S.A.	Accession Deed to the International Telecommunication Services Master Agreement (No. exGTS 0000016/2)	025716–000–00
T-Mobile Polska S.A.	Intercompany Master Service Agreement	025785–000–00
T-Mobile Polska S.A.	ANNEX NO. 5 MADE 09.10.2020 TO THE TELECOMMUNICATION SERVICE MASTER AGREEMENT_ adjustment of mutual price lists with TMPL	025785–101–00
T-Mobile Polska S.A.	Telecommunications Services Agreement No. TA18119	026242–000–00

Partner	Services / goods – original version	No. of contract of the Company
T-Mobile Polska S.A.	Annex No. 1 – changes to the service order Virtual Hosting Environment	026242–101–00
T-Mobile Polska S.A.	Annex No. 2 – public cloud, expanding power resources	026242–102–00
T-Mobile Polska S.A.	Frame contract for Security services delivery from DRSSC to TMPL	026487–000–00
T-Mobile Polska S.A.	Service Arrangement – Internal audit & ICS Services	026487–205–00
T-Mobile USA, Inc.	International Roaming Agreement	016180–000–00
T-Systems Austria GesmbH	Frame Cooperation and Service Agreement	028675–000–00
T-Systems do Brasil Ltda.	Non-Disclosure Agreement – NDA	028184–000–00
T-Systems do Brasil Ltda.	Framework Cooperation and Service Agreement	028659–000–00
T-Systems International GmbH	One Stop Shopping Agreement	0000039/2007–SMws
T-Systems International GmbH	Licensing of products Microsoft	010423–000–00
T-Systems International GmbH	Non-Disclosure Agreement on the Project „Due diligence for outsourcing TMCZ IT operations“	012307–000–00
T-Systems International GmbH	Supplement No. 3 to the Project Service Agreement No. 022281–000–00 NG CRM	022281–103–00
T-Systems International GmbH	Supplement No. 4 to the Project Service Agreement No. 022281–000–00 NG CRM	022281–104–00
T-Systems International GmbH	Personal Data Processing Contract	022692–000–00
T-Systems International GmbH	Agreement on the Processing of Personal Data – T-Mobile Service portal	022888–140–00
T-Systems International GmbH	Supplementary Agreement to the Service Arrangement for T-Mobiles Service Portal	022888–142–01
T-Systems International GmbH	Enrolment to the Frame Agreement for the supply of CCC SAP Services including SAP Licence Management Services	023213–000–00
T-Systems International GmbH	Declaration of User Accession to the Agreement on Telepresence@DTAG/SEE Services	023403–000–00
T-Systems International GmbH	Agreement for Commissioned Data Processing – Telekom Social Network Data Process	023492–000–00
T-Systems International GmbH	Amendment No. 1 to Agreement For Commissioned Data Processing in Telekom Social Network	023492–101–00
T-Systems International GmbH	Letter of Intent for Tibco Enterprise Licence Agreement 2012–2015	023824–000–00
T-Systems International GmbH	Software Delivery Agreement – subcontract for finalisation of NG CRM R1 Siebel	023954–000–00
T-Systems International GmbH	Supplement No. 1 to the Software Delivery Agreement	023954–101–00
T-Systems International GmbH	Project Service Agreement (PSA) – Provision of Services in connection with Shared Platforms and Services	024100–000–00
T-Systems International GmbH	Term Sheet 2014 – International Billing & Mediation Device (iBMD)	024100–201–00
T-Systems International GmbH	Term Sheet 2014 – Risk Management Center (RMC)	024100–202–00
T-Systems International GmbH	Term Sheet 2014 – Content Administration Portal (CAP)	024100–204–00
T-Systems International GmbH	Term Sheet 2014 – Harmonized Payment Converter (HPC)	024100–205–00
T-Systems International GmbH	Declaration of Compliance for the Processing of Data in SharePoint for V ET	024361–000–00
T-Systems International GmbH	Adherence Agreement (to the agreement 990072–000–00)	024737–000–00
T-Systems International GmbH	Agreement for Commissioned Data Processing	024757–000–00
T-Systems International GmbH	Sublicensing and Cross charging Agreement – Aspera license	025060–000–00
T-Systems International GmbH	Adherence Agreement to the Contract 71009540 – Citrix contract 2015	025139–000–00
T-Systems International GmbH	Frame Agreement for Commissioned Data Processing	025166–000–00
T-Systems International GmbH	Amendment No. 1 to Frame Agreement for Commissioned Data Processing	025166–101–00
T-Systems International GmbH	Agreement about International Internal Services	025415–000–00
T-Systems International GmbH	Service Agreement about International Internal Services – Service Delivery Platform	025692–000–00
T-Systems International GmbH	Agreement Concerning the Transfer of Assets	026718–000–00
T-Systems International GmbH	Agreement about International Internal Services – Umbrella	026800–000–00
T-Systems International GmbH	Agreement about International Internal Services – Umbrella – AD/AM/AO Business I	026801–000–00
T-Systems International GmbH	Individual Agreement on Commissioned Data Processing	026827–000–00
T-Systems International GmbH	Service Agreement	027237–000–00

Partner	Services / goods – original version	No. of contract of the Company
T-Systems International GmbH	Service Agreement	027469–000–00
T-Systems International GmbH	Frame Agreement for the provision of „Cloud of things service“ – enabler pro IoT	028305–000–00
T-Systems International GMbH	ICPS Individual Contract	880024–000–00
T-Systems International GmbH	Framework Agreement regarding the provision of IT Services	880052–000–00
T-Systems International GmbH	Product Delivery Agreement No. 2011/0087	880108–000–00
T-Systems International GmbH	License Agreement No. USLSA_5162 (related to contract 028106–000–00)	990095–000–00
T-Systems International GmbH, PG620	Service Agreement Amendment No. 2	026192–102–00
T-Systems Magyarország ZRt	Non-Disclosure Agreement – NDA	025975–000–00
T-Systems Magyarország ZRt	Personal Data Processing Contract	026067–000–00
T-Systems Magyarország ZRt.	International Telecommunication Service	0000007/2010–SMws
T-Systems Magyarország ZRt.	Contract of subdelivery	0000019/2008–SmCSC
T-Systems Magyarország ZRt.	Fourth Amendment to the Master Services Agreement	0000022/2011–SMws
T-Systems Magyarország ZRt.	Service Agreement	0000045/2011–SMws
T-Systems Magyarország ZRt.	Outsourcing Service Agreement	0000051/2011–SMws
T-Systems Magyarország ZRt.	Contract IFS ISCS 04 2008	0000059/2011–SMws
T-Systems Magyarország ZRt.	Service Agreement for GTS NET a.s and GTS Magyarország Távkozlési Kft.	0000063/2007–SMws
T-Systems Magyarország ZRt.	Amendment Nr.1 to the Service Agreement for GTS NET a.s and GTS Magyarország Távkozlési Kft.	0000063/2007–SMws
T-Systems Magyarország ZRt.	RCTIO Framework Cooperation and Service Agreement	025427–000–00
T-Systems Magyarország Zrt.	Settlement Arrangement – Mutual settlement of liabilities	025427–101–00
T-Systems Magyarország ZRt., GTS Poland sp. z o.o., GTS Telecom S.R.L.	Cooperation Agreement	025746–000–00
T-Systems Polska Sp. z o.o.	Cooperation agreement	0000243/2011–Smna

5 Legal acts made at the instigation of or in the interest of the Controlling party or other parties controlled by the Controlling party

During the Relevant period the Company made the following legal acts in the interest, or at the instigation of the Controlling party or other parties controlled by the Controlling party, which would involve assets exceeding in value CZK 3,338 million, which represents 10% of the Company’s equity reported in the latest Financial Statements as at 31 December 2021:

The Company paid a dividend of CZK 5,091 million;

During the Relevant period the Company purchased from DTAG Group foreign currency at market value in total amount of CZK 3,352 million;

The Company provided intercompany loan to DTAG in the amount of CZK 5,806 million as at 31 December 2021.

6 Assessment of a detriment and its compensation

No detriment occurred to the Company on the basis of the agreements valid in the Relevant period between the Company and other entities from the Concern, or on the basis of other acts which were implemented in the interest, or at the instigation of, of such entities by the Company in the Relevant period.

7 Evaluation of relations and risks within the Concern

7.1 Evaluation of advantages and disadvantages of relations within the Concern

The Company benefits notably from the participation in the Concern. The Concern is a provider of top-class telecommunication services, has a strong brand and strong financial background, from which the Company benefits especially when closing deals with its suppliers.

No disadvantages have arisen to the Company from the participation within the Concern.

7.2 No risks have arisen to the Company from the relations within the Concern.

In Prague, 25 March 2022

Rodrigo Francisco Diehl
Chairman of the Board of Directors

Olga Nevska
Member of the Board of Directors

Report On The Relationships Between The Related Parties For The Year 2020

Overview of the related parties

The overview contains the entities controlled by DTAG with which TMCZ had business relationships during the Relevant period, as well as some entities which stand, in the structure of the Concern either above or below the aforementioned entities.

DTAG

100% T-Mobile Global Zwischenholding GmbH (Germany)
- 100% T-Mobile Global Holding GmbH (Germany)
  - 100% Deutsche Telekom Holding B.V. (Netherlands)
    - 43.2% T-Mobile US, Inc. (USA)
      - 100% Huron Merger Sub LLC (USA)
      - 100% T-Mobile USA, Inc. (USA)
        - 100% Sprint Corporation (USA)
          - 100% Sprint Communication, Inc. (USA)
            - 100% Sprint International Holding, Inc. (USA)
              - 100% S print International Czech Republic s.r.o. (Czech Republic)

100% Deutsche Telekom (UK) Limited (United Kingdom)
- 100% T-Mobile International UK Pension Trustee Limited (United Kingdom)
- 100% One 2 One Limited (United Kingdom)
- 100% T-Mobile (UK) Limited (United Kingdom)
- 100% T-Mobile (UK) Retail Limited (United Kingdom)
- 100% T-Mobile Limited (United Kingdom)
- 100% One 2 One Personal Communications Limited (United Kingdom)
- 100% T-Mobile International Limited (United Kingdom)
- 100% T-Mobile No. 1 Limited (United Kingdom)
- 100% T-Mobile No. 5 Limited (United Kingdom)
- 100% T-Mobile UK Properties Inc. (USA)

100% Deutsche Telekom Europe Holding GmbH (Germany)
- 99% Deutsche Telekom Pan-Net s.r.o. (Slovakia)
- 99% Deutsche Telekom Digital Labs Private Limited (India)
- 99.88% Deutsche Telekom Pan-Net Greece EPE (Greece)
- 100% Deutsche Telekom Pan-Net Poland Sp. Z o.o. (Poland)
- 100% Deutsche Telekom Pan-Net Croatia d.o.o. (Croatia)
- 100% Deutsche Telekom Pan-Net Hungary Kft. (Hungary)
- 100% Deutsche Telekom Pan-Net Czech Republic s.r.o. (Czech Republic)
- 100% Deutsche Telekom Pan-Net GmbH (Austria)
- 100% Deutsche Telekom Pan-Net Macedonia DOOEL Skopje (Macedonia)
- 100% Deutsche Telekom Pan-Net Montenegro d.o.o. (Montenegro)
- 100% Deutsche Telekom Pan-Net Romania S.R.L. (Romania)
- 100% Deutsche Telekom Europe Holding B.V. (Netherlands)
  - 100% Deutsche Telekom Europe B.V. (Netherlands)
    - 100% GTS Poland Sp. z o. o. (Poland)
    - 100% SPV HOLDINGS Sp. z o. o. (Poland)
    - 100% T-Mobile Infra B. V. (Netherlands)
    - 100% Magenta Telekom Infra GmbH (Austria)
    - 75% T-Mobile Netherlands Holding B.V. (Netherlands)
      - 100% T-Mobile Netherlands Finance B.V. (Netherlands)
      - 100% T-Mobile Netherlands B.V. (Netherlands)
        - 100% T-Mobile Netherlands Retail B.V. (Netherlands)
        - 100% Complex Bidco B.V (Netherlands)
          - 100% Simpel.nl B.V. (Netherlands)

- 100% T-Mobile Thuis B.V. (Netherlands)
- 100% T-Mobile Austria Holding GmbH (Austria)
  - 99% T-Mobile Austria GmbH (Austria)
    - 100% T-Mobile International Austria GmbH (Austria)
- 51.4% Hrvatski Telekom d.d. (Croatia)
  - 100% HT holding d.o.o. (Croatia)
    - 17.41% OT-Optima Telekom d.d. (Croatia)
      - 100% OT-Optima Telekom d.o.o. (Slovenia)
      - 100% Optima Telekom za upravljanje nekretninama i savjetovanje d.o.o. (Croatia)
      - 100% Optima direct d.o.o. (Croatia)
    - 100% Kabelsko distributivni sustav d.o.o. (Croatia)
    - 100% Iskon Internet d.d. (Croatia)
    - 100% Combis, usluge integracija informatickih tehnologija, d.o.o.(Croatia)
      - 100% COMBIS IT usluge d.o.o. (Serbia)
      - 100% COMBIS d.o.o. Sarajevo (Bosnia and Herzegovina)
    - 76.53% Crnogorski Telekom A.D. Podgorica (Montenegro)
  - 39.1% Hrvatske telekomunikacije d.d. Mostar (Bosnia and
  - 100% HT produkcija d. o. o. (Croatia)
- 100% T-Mobile Czech Republic a.s. (Czech Republic)
  - 100% CE Colo Czech s.r.o. (Czech Republic)
  - 100% Planet A, a.s. (Czech Republic)
- 100% Slovak Telekom, a.s. (Slovakia)
  - 100% DIGI SLOVAKIA s.r.o. (Slovakia)
  - 100% Telekom Sec, s.r.o. (Slovakia)
  - 51% PosAm, s.r.o. (Slovakia)
    - 100% Commander Services s.r.o. (Slovakia)
- 59.21% Magyar Telekom Nyrt. (Hungary)
  - 100% Combridge SRL. (Romania)
  - 50% E2 Hungary Zrt. (Hungary)
  - 100% Stonebridge Communications A.D.(Macedonia)
    - 51% Makedonski Telekom AD Skopje (Macedonia)
  - 100% T-Systems Magyarország Zrt (Hungary)
  - 100% Novatel EOOD (Bulgaria)
- 100% T-Mobile Polska S.A. (Poland)
  - 100% Tele Haus Polska Sp.z.o.o. (Poland)
  - 100% Tele Haus Serwis Sp. z o.o. (Poland)
  - 50% NetWorkS! Sp.z.o.o. (Poland)
  - 100% T-Systems Polska Sp.z.o.o. (Poland)
- 100% Consorcium 1 S.à.r.l. (Luxemburg)
- 100% GTS Central European Holding B.V. (Netherlands)
  - 100% GTS Ukraine L.L.C. (Ukraine)
  - 100% Antel Germany GmbH (Germany)
  - 47.44% GTS Telecom S.R.L. (Romania)
  - 100% Carduelis B.V. (Netherlands)
    - 52.56% GTS Telecom S.R.L. (Romania)

100% Deutsche Telekom Asia Pte Ltd (Singapore)
48.29% Hellenic Telecommunications Organization S.A. (OTE) (Greece)
85.54% Cosmote Technical Services S.A. (Greece)
100% OTE International Investments Ltd. (Cyprus)
54.01% Telekom Romania Communications S.A. (Romania)
100% Telekom Romania Mobile Communications S.A. (Romania)
4.39% Germanos S.A. (Greece)
85.17% Cosmote E-Value Contact Center S.A. (Greece)
1% Cosmoholding International B.V. (Netherlands)
100% Cosmote Mobile Telecommunications S.A. (Greece)
95.61% Germanos S.A. (Greece)
1% Cosmoholding International B.V. (Netherlands)
85.17% Cosmote E-Value Contact Center S.A. (Greece)
99% Cosmoholding International B.V. (Netherlands)
14.46% Cosmote Technical Services S.A. (Řecko)
7.66% Cosmote E-Value Contact Center S.A. (Greece)
100% OTE Estate S.A. (Greece)
100% OTE International Solutions S.A. (OTE Globe) (Greece)
7.17% Cosmote E-Value Contact Center S.A. (Greece)
100% Deutsche Telekom Europe Beteiligungsverwaltungsgesellschaft mbH (Germany)
1% Deutsche Telekom Pan-Net s.r.o. (Slovakia)
0.12% Deutsche Telekom Pan-Net Greece EPE (Greece)
1% Deutsche Telekom Digital Labs Private Limited (India)
50% BuyIn S.A. (Belgium)
100% BuyIn S.A.S. (France)
100% BuyIn GmbH (Germany)
100% Corporation BuyIn Canada Inc. (Canada)
100% T-Systems International GmbH (Germany)
100% T-Systems do Brasil Ltda.
100% Deutsche Telekom Systems Solutions Hungary Kft.
100% T-Systems Beteiligungsverwaltungsgesellschaft mbH (Germany)
0.01% Deutsche Telekom Services Europe Slovakia s.r.o. (Slovakia)
100% Deutsche Telekom Services Europe GmbH (Germany)
99.99% Deutsche Telekom Services Europe Slovakia s.r.o. (Slovakia)
100% Deutsche Telekom Services Europe Czech Republic s.r.o. (Czech Republic)
96.67% Deutsche Telekom Services Europe Romania S.R.L. (Romania)
3.33% Deutsche Telekom Services Europe Romania S.R.L. (Romania)
100% Telekom Deutschland GmbH
100% Deutsche Telekom IT GmbH

SEPARATE FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ADOPTED BY THE EU AND INDEPENDENT AUDITOR'S REPORT

for the year ended 31 December 2021

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December

	Notes	2021	2020
Revenue from contracts with customers	4	**29,958**	**28,865**
Other operating income	5	152	158
Staff costs	6	(3,827)	(3,816)
Material and equipment	7	(2,630)	(2,175)
Depreciation, amortisation and impairment losses	13,14,15	(5,184)	(5,548)
Interconnection fees and other telecommunication services	8	(4,901)	(5,073)
Impairment losses on financial and contract assets		(266)	(397)
Own work capitalised	6	305	356
Dividends from subsidiaries	32	121	117
Other operating costs	9	(5,683)	(6,012)
Operating profit		**8,045**	**6,475**
Financial income	10	70	93
Financial expense	11	(291)	(241)
Net financial result		**(221)**	**(148)**
Profit before tax		**7,824**	**6,327**
Income tax expense	12	(1,568)	(1,236)
Profit for the year		**6,256**	**5,091**
Other comprehensive income		–	–
Total comprehensive income for the year		**6,256**	**5,091**

The financial statements on pages 64 to105 were authorised for issue on behalf of the Board of Directors of the Company on 25 March 2022 and signed on their behalf by:

Rodrigo Francisco Diehl
Chairman of the Board of Directors

Olga Nevska
Member of the Board of Directors

The accompanying Notes form an integral part of these Separate Financial Statements

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

STATEMENT OF FINANCIAL POSITION

as at 31 December

	Notes	2021	2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	13	8,866	7,739
Property and equipment	14	14,225	14,066
Right-of-use assets	15	7,239	7,482
Investments in subsidiaries	17	2,605	2,605
Other receivables	18	270	269
Contract assets	19	48	31
Contract costs	19	192	176
Prepaid expenses and other assets	20	610	692
		34,055	**33,060**
CURRENT ASSETS			
Inventories	21	511	600
Loans	22	5,874	4,526
Trade and other receivables	18	5,916	5,900
Contract assets	19	857	579
Contract costs	19	529	513
Prepaid expenses and other assets	20	740	2,702
Cash and cash equivalents	23	291	613
		14,718	**15,433**
TOTAL ASSETS		**48,773**	**48,493**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Issued capital	24	520	520
Share premium	24	397	397
Other reserves	24	106	105
Retained earnings		32,352	31,187
Total equity		**33,375**	**32,209**
NON-CURRENT LIABILITIES			
Deferred tax liability	12	492	592
Lease liabilities	27	5,689	6,212
Provisions	25	852	862
Other payables	26	24	50
Contract liabilities	19	600	483
		7,657	**8,199**
CURRENT LIABILITIES			
Provisions	25	804	800
Trade and other payables	26	4,222	4,778
Contract liabilities	19	820	718
Other liabilities	29	1,054	894
Lease liabilities	27	735	854
Current income tax liability		106	41
		7,741	**8,085**
Total liabilities		**15,398**	**16,284**
TOTAL EQUITY AND LIABILITIES		**48,773**	**48,493**

The accompanying Notes form an integral part of these Separate Financial Statements

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

mil. Kč	Notes	Issued capital	Share premium	Other reserves	Retained earnings	Total equity
Year ended 31 December 2020						
At 1 January 2020		520	397	102	31,567	32,586
Profit for the year		–	–	–	5,091	5,091
Other comprehensive income		–	–	–	–	–
Total comprehensive income		–	–	–	5,091	5,091
Transactions with shareholder:						
Other changes in equity		–	–	3	–	3
Dividends	24	–	–	–	(5,471)	(5,471)
At 31 December 2020		**520**	**397**	**105**	**31,187**	**32,209**
Year ended 31 December 2021						
At 1 January 2021		520	397	105	31,187	32,209
Profit for the year		–	–	–	6,256	6,256
Other comprehensive expense		–	–	–	–	–
Total comprehensive income		–	–	–	6,256	6,256
Transactions with shareholder:						
Other changes in equity		–	–	1	–	1
Dividends	24	–	–	–	(5,091)	(5,091)
At 31 December 2021		**520**	**397**	**106**	**32,352**	**33,375**

The accompanying Notes form an integral part of these Separate Financial Statements

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

STATEMENT OF CASH FLOWS

for the year ended 31 December

	Notes	2021	2020
Operating activities			
Profit before tax		*7,824*	*6,327*
Depreciation, amortisation and impairment losses	13, 14, 15	5,184	5,548
Interest expense, net		196	187
(Gain) / Loss from disposal of intangible assets and property and equipment	5, 9	16	(28)
Other non-cash items		(74)	(178)
Change in provisions	25	470	998
Change in trade receivables and other assets	18	(155)	(27)
Change in inventories	21	90	(10)
Change in trade payables and other liabilities	26	(179)	100
Cash from operating activities		*13,372*	*12,917*
Income taxes paid	12	(1,602)	(1,699)
Dividends received		121	117
Net cash from operating activities		**11,891**	**11,335**
Investing activities			
Purchase of intangible assets and property and equipment	13, 14	(3,492)	(5,828)
Proceeds from disposal of intangible assets and property and equipment		28	68
Disbursement of loans	22	(71,041)	(146,826)
Repayment of provided loans	22	69,700	148,215
Net cash from cash pooling	18	(363)	(752)
Interest received		31	57
Net cash from derivatives		(111)	15
Net cash from/ (used in) investing activities		**(5,248)**	**(5,051)**
Financing activities			
Dividends paid	24	(5,092)	(5,471)
Repayment of financial liabilities	30	(160)	(199)
Repayment of principal portion of lease liabilities	30	(1,484)	(930)
Interest paid	30	(233)	(241)
Proceeds from bank overdraft		–	287
Repayment of bank overdraft		–	(287)
Net cash used in financing activities		**(6,969)**	**(6,841)**
Effect of exchange rate changes on cash and cash equivalents		4	(2)
Net decrease in cash and cash equivalents		(322)	(559)
Cash and cash equivalents at 1 January	23	613	1,172
Cash and cash equivalents at 31 December	**23**	**291**	**613**

The accompanying Notes form an integral part of these Separate Financial Statements

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Index to the notes to the financial statements

1. General information

T-Mobile Czech Republic a.s. ("the Company") is a joint-stock company incorporated on 15 February 1996 in the Czech Republic. The Company's registered office is located at Tomíčkova 2144/1, 148 00 Prague 4. The business registration number (IČ) of the Company is 64949681 and the tax identification number (DIČ) is CZ64949681. For shareholders overview of the Company refer to Note 24.

The Company operates public mobile communications networks, public fixed telecommunication networks and provides mobile communication services, fixed communication services and IPTV under conditions of Czech Telecommunication Office ("CTO") certificate, No. 310, authorizing to operate in electronic communication sector, respectively to carry out communication activities comprising provision of the public mobile networks, provision of public fixed networks and provision of electronic communication services. The Company's customers receive roaming services in mobile operator networks in destinations all over the world. The Company is considered the leader in the provision of telecommunication services to the most demanding segment of business customers, both in terms of the respective range of services as well as in terms of quality.

The Company provides services via authorisations for strong portfolio of radio frequencies: 3.4–3.6 GHz frequency band valid until 2032, 700 MHz frequency band valid until 2036, bands 800 MHz, 1800 MHz and 2600 MHz valid until 2029, authorisation for the provision of mobile services on 900 MHz and 1800 MHz frequency bands, which is valid until 2024, and 2.1 GHz and 28 GHz frequency band, which is valid until 2024.

Members of the Statutory Boards at 31 December 2021

Board of Directors

Chairman:
Rodrigo Francisco Diehl (member since 5. 8. 2021, chairman of the Board of Directors since 7. 10. 2021)

Members:
Jose Severino Perdomo Lorenzo (member since 1. 7. 2021)
Olga Nevska (member since 5. 8. 2021)

Supervisory Board

Chairman:
Stefan Lemmen (member and chairman of the Supervisory Board since 2. 6. 2021)

Members:
Antonius Joseph Zijlstra (member since 30. 6. 2020)
Jan Lédl (member since 2. 1. 2021)

Deutsche Telekom Europe B.V. with registered office at Stationsplein 8 K, Maastricht, the Netherlands is the parent of the Company.

Deutsche Telekom AG ("Deutsche Telekom" or "DTAG"), with its registered office at Friedrich Ebert Allee 140, Bonn, Germany, is the ultimate parent of the group of which the Company is a member and for which the group financial statements are drawn up. The ultimate parent's consolidated financial statements are available at their registered office or at the District Court of Bonn HRB 6794, Germany.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, except where disclosed otherwise.

The Company's functional currency is Czech crowns ("CZK"), the financial statements are presented in Czech crowns and all values are rounded to the nearest million, except where otherwise indicated. The financial statements were prepared using the going concern assumption that the Company will continue its operations for the foreseeable future.

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 2.20.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

Statement of compliance

These financial statements are the ordinary separate financial statements of the Company and have been prepared in accordance with IFRS as adopted by the European Union. These financial statements should be read together with the consolidated financial statements in order to obtain full information on the financial position, results of operations and changes in financial position of the Company and its subsidiaries.

The consolidated financial statements for the year ended 31 December 2021 have been prepared in compliance with International Financial Reporting Standards and IFRIC interpretations as adopted by the European Union. The consolidated financial statements are available at the Company's registered office, on the internet page of the Company and in the public administration information system (the Register) administered by the Ministry of Justice of the Czech Republic.

2.2 Property and equipment

Property and equipment is initially measured at acquisition cost, excluding the costs of day-to-day servicing. Following initial recognition, property and equipment is carried at cost less any accumulated depreciation and provision for impairment, where required. The initial estimate of costs of dismantling and removing the item of property and equipment and restoring the site on which it is located is also included in costs, if the obligation has to be recognised as a provision according to IAS 37.

Acquisition cost includes all costs directly attributable to bringing the asset into working condition for its use as intended by management. In case of network, costs comprise all expenditures, including internal costs directly attributable to network construction, and include contractors' fees, materials and direct labour. Costs of subsequent enhancement are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other maintenance, repairs and minor renewals are charged to profit or loss as incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included within other operating income or costs in profit or loss in the period in which the asset is derecognised. Net disposal proceeds consist of both cash consideration and the fair value of non-cash consideration received.

Depreciation is calculated on a straight-line basis from the time the assets are available for use over their estimated useful lives. Depreciation charge is identified separately for each significant part of an item of property and equipment.

The useful lives assigned to the various categories of property and equipment are:

Buildings, constructions and leasehold improvements	10 to 50 years or in accordance with the lease period
Tower, masts	30
Operating equipment:	
Network technology equipment	3 to 10
Transport vehicles, hardware and office equipment	3 to 13

No depreciation is provided on freehold land or capital work in progress.

Residual values and useful lives of property and equipment are reviewed and adjusted in accordance with IAS 8, where appropriate, at each financial year-end.

Property and equipment are reviewed for impairment whenever events or circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Impairment losses are reversed if the reasons for recognizing the original impairment loss no longer apply.

2.3 Intangible assets

Intangible assets acquired separately are recognised when control over them is assumed and are initially measured at acquisition cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and provision for impairment, where required. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. With the exception of goodwill, intangible assets have a finite useful life and are amortised using the straight-line method over their estimated useful lives. The assets' useful lives are reviewed and adjusted in accordance with IAS 8, as appropriate, at each financial year-end. For further details on assets influenced by the most recent useful life revisions refer to Note 2.20.

The useful lives assigned to the various categories of intangible assets are as follows:

Software	3 to 8 years
Telecommunications licences	8 to 28 years
Content licences	1 to 3 years
Customer relationships	7 to 15 years

Any gain or loss on derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is included within other operating income or costs in profit or loss in the period in which the asset is derecognised.

Software and licences

Development costs directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:
a) it is technically feasible to complete the software product so that it will be available for use;
b) management intends to complete the software product and use or sell it;
c) there is an ability to use or sell the software product;
d) it can be demonstrated how the software product will generate probable future economic benefits;
e) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
f) the expenditures attributable to the software product during its development can be reliably measured.

Directly attributable costs capitalised as part of a software product include software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet recognition criteria and costs associated with maintaining computer software programs are recognised as an expense as incurred.

Acquired software licences are capitalised based on the costs incurred to acquire and bring to use specific software. Costs comprise all directly attributable costs necessary to create, produce and prepare the software to be capable of operating in a manner intended by management, including enhancements of applications in use.

Costs associated with the acquisition of long-term frequency licences are capitalised. Useful lives of concessions and licences are based on the underlying agreements and are amortised on a straight-line basis over the period from availability of the frequency for commercial use until the end of the initial concession or licence term. No renewal periods are considered in the determination of useful life. Recurring licence fees paid for key telecommunications licences do not have legally enforceable periods and are recognised as other operating costs in the period they relate to. Recurring licence fees are paid during whole period of granted licence.

The Company recognizes the content licences as intangible assets if it is highly probable that the content will be delivered, contract duration is longer than one year and the costs are reliably determined or determinable. Acquired content licences are recognised at acquisition cost. If there is no fixed price defined in the contract, the Company uses best estimate to assess the fee during the contracted period. The useful lives of content licences are based on the underlying agreements and are amortised on a straight-line basis over the period from availability for commercial use until the end of the licence term which is granted to the Company. Content contracts which do not meet the criteria for capitalization are expensed and presented in 'other operating costs' in the statement of profit or loss and comprehensive income.

Goodwill

Following initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill is not amortised, but it is tested for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (Note 16). Carrying value of the cash generating unit ("CGU") to which goodwill belongs to is compared to its recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Fair values less costs to sell of CGU's with allocated goodwill tested for impairment are in Level 3 of the fair value hierarchy.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

2.4 Leases

2.4.1 Right-of-use assets

Right-of-use assets represent property and equipment which is leased based on a contract containing a lease according to IFRS 16. The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Assessment of the lease term for evergreen leases (i.e. leases with no specified contract maturity, no silent prolongation etc.) is mostly affected by the nature and useful live of underlying assets, relocation costs, or the Company's past practice regarding the period over which it has typically used particular types of assets.

The expected lease term for evergreen leases assigned to the various categories of right-of-use assets are:

Space on telecommunication infrastructure of third parties	5 years
Rooftops	10 years
Land to install own telecommunication equipment	30 years
Exclusive easements	20 years
Shops	5–10 years
Ducts and Pipes	20 years
Leased lines	2.5 years

2.4.2 Lease liabilities

At the commencement date of a lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date and amounts expected to be paid under residual value guaranties. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments, change in the assessment to purchase the underlying asset or a change in an index or a rate when the adjustment to the lease payments takes effect.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has an option, under some of its leases, to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Extension options in shops have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption. As at 31 December 2021, potential future cash outflows of CZK 133 million (undiscounted) (31 December 2020: CZK 241 million) have not been included in the lease liability because it is not reasonably certain that the leases will be extended. Decrease is caused by contracts' prolongation, mainly with contract amendments. The lease term is reassessed if an option is actually exercised (or not exercised), or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within control of the lessee.

For contracts where no maturity is specified in the contractual agreement (so called evergreen contracts), the assessment of lease term is done for the portfolio as a whole. An estimate is required for the initial lease term as well as any further renewal. Factors, which are considered in determining the lease term for evergreen contracts are: costs associated with an obligation to return the leased asset in a specified condition or to a specified location, existence of significant leasehold improvements that would be lost if the lease were terminated or not extended, non-contractual relocation costs, costs associated with lost service to existing customers, cost associated with sourcing an alternative item etc.

2.4.3 IFRS 16 recognition exemptions

IFRS 16 includes recognition exemptions available to lessees and specifies alternative requirements.

Separation of non-lease components
In accordance with IFRS 16.12 an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

The Company has applied practical expedient and does not separate lease from non-lease components (IFRS 16.15), except for data center contracts, therefore non-lease components which are fixed, e.g. utilities, maintenance costs, etc. are not separated but instead capitalized.

Short-term leases
There is a practical expedient for lessees not to apply the recognition, measurement and presentation requirements of IFRS 16 for short-term leases (IFRS 16.5).

The Company has made the decision not to apply the short-term recognition exemptions to lease contracts, except for some minor and insignificant lease arrangements with a lease term of one month or less. Hence, short-term leases have to be recognised, measured and presented as lease arrangements in the scope of IFRS 16.

Low-value leases
There is a practical expedient for lessees not to apply the recognition, measurement and presentation requirements of IFRS 16 for leases of which the underlying asset is of low value ("low-value leases"; IFRS 16.5). The practical expedient can be taken on a lease-by-lease basis. For leases of low-value items to which this exemption is applied, lease payments are recognised as an expense over the lease term.

The Company has made the decision not to apply this practical expedient. Hence, all low-value leases have to be recognised, measured and presented as lease arrangements in the scope of IFRS 16.

Leases of intangible assets
The Company elected in accordance with IFRS 16.4 for lessees not to apply IFRS 16 to leases of intangible assets or similar resources. To the extent that these transactions and its related assets fulfil the recognition criteria in IAS 38 Intangible Assets, they should be accounted as such. As a consequence, lessees are not required to perform lease identification procedures for any right to use intangible assets such as mobile radio spectrum, microwave frequencies, software, patents as well as content or data rights.

Separate presentation on the face of the balance sheet
The Company decided to present the right-of-use assets as well the lease liabilities as separate line items on the face of the statement of financial position (see IFRS 16.47). As a result, the right-of-use asset and the lease liability is presented (separately from other assets) in the statement of financial position.

2.4.4 Subleases

In classifying a sublease, the Company, as the intermediate lessor, should classify the sublease as a finance lease or an operating lease in the same manner as any other lease using the criteria discussed in IFRS 16.61 et seq. with reference to the right-of-use asset (not the underlying asset itself) arising from the head lease. That is, the intermediate lessor treats the right-of-use asset as the underlying asset in the sublease, not the item of property, plant or equipment that it leases from the head lessor. The intermediate lessor only has a right to use the underlying asset for a period of time. If the sublease is for all of the remaining term of the head lease, the intermediate lessor has in effect transferred that right to another party and the sublease is classified as finance lease. Otherwise, the sublease is an operating lease.

2.4.5 Lease accounting – the Company as a lessor

Leased out property and equipment where all the substantial benefits and risks usually connected with the ownership were transferred from the Company to lessee is classified as a finance lease. The underlying asset is derecognised and the respective short term and long-term lease payments, net of finance charges are recognised as current and non-current financial assets.

Payments received under operating leases are recorded in profit or loss on a straight- line basis over the period of the lease.

2.5 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. Cost of an investment in a subsidiary is based on cost attributed to the acquisition of the investment, representing fair value of the consideration given. Dividends received from subsidiaries are recognised as income when the right to receive dividend is established.

2.6 Impairment of non-financial assets

An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit ("CGU") exceeds its recoverable amount. Assets that are subject to depreciation or amortisation are reviewed for impairment, whenever events or circumstances indicate that their carrying amount may not be recoverable. Assets with indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested for impairment annually. Impairment losses for each class of assets are presented within depreciation, amortisation and impairment losses in profit or loss. Reversals of impairment losses are presented within other operating income in profit or loss.

For the purpose of assessing impairment, assets are grouped into CGU's, representing the smallest groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company determines the recoverable amount of a CGU on the basis of value in use. The calculation is determined by reference to discounted cash flows calculations. These discounted cash flows calculations are based on financial budgets approved by management, usually covering a four-year period. Cash flows beyond the detailed planning periods are extrapolated using appropriate growth rates. Key assumptions on which management bases the determination of value in use include average revenue per user, customer acquisition and retention costs, churn rates, capital expenditures, market share, growth rates and discount rates. Discount rates used reflect risks specific to the CGU. Cash flows reflect management assumptions and are supported by external sources of information. This is highly judgmental, which carries the inherent risk of arriving at materially different recoverable amounts if estimates used in the calculations proved to be inappropriate.

If the carrying amount of a CGU to which the goodwill is allocated exceeds its recoverable amount, the goodwill allocated to this CGU is reduced by the amount of the difference. If an impairment loss recognized for the CGU exceeds the carrying amount of the allocated goodwill, the additional amount of the impairment loss is recognized through pro rata reduction of the carrying amounts of assets allocated to the CGU. Impairment losses on goodwill are not reversed.

Investments in subsidiaries are tested for impairment if impairment indicators exist. The Company considers, as minimum, the following indicators of impairment: the carrying amount of the investment in the separate financial statements exceeds the carrying amounts of the investee's net assets in the consolidated financial statements, including associated goodwill or the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared for.

In addition to the general impairment testing of CGU's, the Company also tests individual assets if their purpose changes from being held and used to being sold or otherwise disposed of. In such circumstances the recoverable amount is determined by reference to fair value less costs to sell.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to all CGUs that are expected to benefit from synergies of combination, irrespective of whether other assets or liabilities of the Company are assigned to those CGUs or groups of CGUs. Each CGU or a group of CGU, to which the goodwill is allocated, represents the lowest level within the Company at which the goodwill is monitored for internal purposes.

Impairment is determined by assessing the recoverable amount of a CGU to which the goodwill relates. For more details on impairment of goodwill refer to Note 16.

2.7 Inventories

Cost of inventories comprises all the costs of purchase and other costs incurred in bringing the inventories to their present location and condition, including customs, transportation and similar costs. Inventories are stated at the lower of cost and net realizable value. Cost of inventory is determined on the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses. An allowance is created against slow-moving and obsolete inventories.

Phone set inventory write-down allowances are recognized immediately when the phone sets are no longer marketable to secure subscriber contractual commitment or if the resale value on a standalone basis (without the subscriber commitment) is lower than cost.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with original maturity of three months or less from the date of acquisition.

For the purpose of the statement of cash flows, cash and cash equivalents are net of bank overdrafts. In the statement of financial position, bank overdrafts (if they are relevant) are included in borrowings in current liabilities.

From 2019 the Company takes part in the cash pooling system of Deutsche Telekom group. Balances of selected bank accounts of the Company are at the end of the business day transferred to bank accounts of the parent company. These balances are not part of cash equivalents, and they are presented as receivable from cash pooling in current receivables and within investing activities in the statement of cash flows.

2.9 Financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Trade receivables and debt securities issued by a debtor to the Company are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price determined under IFRS 15.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has all financial assets classified and measured at amortised cost except for investments in subsidiaries and currency forward contracts.

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets at amortised cost include Trade and other receivables, Cash and cash equivalents, Term deposits, Loans and Cash pooling in the statement of financial position.

These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Financial assets at fair value through profit or loss

The Company uses currency forward contracts to economically hedge its estimated cash flows. Financial assets at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value. Unrealised gains and losses arising from revaluation of financial assets to the fair value as well as realised gains and losses are recognised in profit or loss. The information on accounting for financial derivatives and hedging operations is provided in Note 3.5.

2.10 Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. For lease receivables, contract assets and trade receivables with a significant financing component, an entity can choose as an accounting policy either to apply the general model for measuring loss allowance or always to measure the loss allowance at an amount equal to the lifetime ECL. The Company has chosen the latter policy.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. Indicators used for analysing forward looking estimates, were chosen based on best practice relevant for the telecommunication industry.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease is related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

2.11 Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are initially measured at fair value. After initial recognition trade and other payables are measured at amortised cost using the effective interest rate method.

2.12 Prepaid expenses

The Company has various contracts where the expenses are paid in advance, e.g. quarterly or yearly. Contracts relate to various services, e.g. maintenance.

2.13 Provisions and contingent liabilities

Provisions for asset retirement obligations, restructuring costs and legal and regulatory claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

If the effect of the time-value of money is material, provisions are discounted using a risk-adjusted, pre-tax discount rate. Where discounting is used, the increase in the provision due to the passage of time is recognised as a financial expense.

No provision is recognised for contingent liabilities. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but that is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Asset retirement obligations

Asset retirement obligations relate to future costs associated with the retirement (dismantling and removal from use) of non-current assets. The obligation is recognised in the period in which it has been incurred and it is considered to be an element of cost of the related non-current asset in accordance with IAS 16. The obligation is measured at present value, and the corresponding increase in the carrying amount of the related non-current asset is depreciated over the estimated useful life of that asset. The value of the liability is recalculated to its present value as at the end of the reporting period and changes in the liability are recognised in the value of the assets or through charges to profit or loss (finance expenses). Upon settlement of the liability, the Company either settles the obligation for its recorded amount or incurs a gain or loss upon settlement.

2.14 Employee benefit obligations

Retirement employee benefits

The Company provides retirement benefits under defined contribution plan.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into separate publicly or privately administered entities on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Company has no further payment obligations. The contribution is based on gross salary payments. The cost of these payments is charged to profit or loss in the same period as the related salary cost.

Termination benefits

Employee termination benefits are recognised in the period in which is the Company demonstrably committed to a termination without possibility of withdrawal, i.e. management defines and authorises a detailed plan listing the number and structure of employees to be discharged and announces it to the trade unions. Expenses related to termination benefits are presented within staff costs in profit or loss.

2.15 Revenue recognition

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to a customer, who obtains control of that asset that means upon the delivery of services and products and customer's acceptance. Revenue from rendering of services and from sales of equipment is shown net of value added tax and discounts. Revenue is measured at the amount of transaction price that is allocated to the performance obligation.

The Company recognises revenue as follows:

The Company provides customers with narrow and broadband access to its fixed, mobile and TV distribution networks. Service revenue is recognised when the services are provided in accordance with contractual terms and conditions. Airtime revenue is recognised based upon minutes of use and contracted fees less credits and adjustments for discounts, while subscription and flat rate revenue is recognised in the period they relate to.

Revenue from prepaid cards is recognised when credit is used by a customer or after a period of limitation when unused credit elapsed.

Interconnect revenue generated from calls and other traffic that originates in other operators' networks is recognised as revenue at the time when the call is received in the Company's network. The Company pays a proportion of the revenue it collects from its customers to other operators for calls and other traffic that originate in the Company's network but use other operators' networks. Revenue from interconnect is recognised gross.

Content revenue is recognised gross or net of the amount due to a content provider. Depending on the nature of the relationship with the content provider, gross presentation is used when the Company acts as a principal in the transaction with a final customer. Content revenue is recognised net if the Company acts as an agent, i.e. the content provider is responsible for service content and the Company does not assume risks and rewards of ownership.

In the case of multiple-element arrangements (e.g. mobile contract plus handset) with subsidised products delivered in advance, the transaction price is allocated to the performance obligations in the contract by reference to their relative standalone selling prices. Standalone selling prices of hardware are estimated using price list prices adjusted by margin haircut resulting from comparison of internal price list with external market prices. Standalone selling prices of service are estimated using average transaction prices adjusted by margin haircut. As a result, a larger portion of the total consideration is attributable to the component delivered in advance (mobile handset), requiring earlier recognition of revenue. This leads to the recognition of what is known as a contract asset – a receivable arising from a customer contract that has not yet legally come into existence – in the statement of financial position.

Customer's credit risk is taken into account when accounting for contract assets by applying the expected credit loss model of IFRS 9. Impairments as well as reversals of impairments on contract assets are accounted for in accordance with IFRS 9.

Some one-time fees (mainly activation fees which are generally paid at contract inception) do not fulfill the definition of a separate performance obligation but represent a prepayment on future services. Such one-time fees and advanced payments for post-paid services lead to recognition of contract liability which is recognised as revenue appropriately to the minimum contract term. When discounts on service fees are granted unevenly for specific months of a contract while monthly service is provided evenly to the customer, service revenues are recognised on a straight-line basis.

In accordance with IFRS 15, constant monthly revenue amounts shall be recognized in a contract where performance over the months is constant. One or more discounts on service may be given for one or multiple periods. The discount period can start at the beginning or at a later point in time of the contract term. Additionally, discounts may also be granted in stages, meaning that the discount size varies over the minimum contract term. Discounts are straightlined during minimum contract term by recognizing a contract asset, which is to be set up over the period with smaller payments and amortized over the remaining contract term.

The customer can be granted budgets for purchasing future goods and services either at contract inception or in the future by signing a frame contract which guarantees monthly minimum payment to the entity. The budget can be redeemed for hardware purchases and/or new services within the redemption period of the frame contract. A contract liability is created on a monthly basis until the budget is used. At the point of redemption revenue is realised in the amount of the relative standalone selling price of the material right.

Commission costs are assessed as incremental costs of obtaining a contract and are recognised as Contract costs. Contract costs are amortised during estimated customer retention period within dealer's commission under other operating costs (related to indirect sales channel) and within wages and salaries under staff costs (related to direct sales channel).

The Company considers the effects of variable consideration and the financing component as insignificant.

The Company typically satisfied its performance obligations at the point in time (mainly sales of equipment) and over time (services). The Company is not aware of any unusual payment terms. Payments are typically due within 14 days.

Revenue from sales of equipment is recognised when control of that equipment is transferred to a customer and when the equipment delivery and installation is completed. Completion of an installation is a prerequisite for transfer of control on such equipment where installation is not simple in nature and functionally constitutes a significant component of the sale.

Revenue from lease contracts (rent of buildings, technical spaces, cirquits, dark fiber, etc.) is recognised based on the lease classification, either as one-off revenue, i.e. finance lease or on a straight-line basis over lease period, i.e. operating lease.

System solutions / IT revenue

Contracts on network services, which consist of installations and operations of communication networks for customers, have an average duration of 2 to 3 years. Revenue from voice and data services is recognised under such contracts when voice and data are used by a customer. Revenue from system integration contracts comprising delivery of customised products and/or services is recognised when the control of that customised complex solution is transferred to a customer (solution is delivered to and accepted by a customer). Contracts are usually separated into distinct milestones which indicate completion, delivery and acceptance of a defined project phase. Upon completion of a milestone the Company is entitled to issue an invoice and to a payment.

Revenue from maintenance services (generally a fixed fee per month) is recognised over time (during contractual period) or at point in time (when the services are completed). Revenue from repairs, which are not part of the maintenance contract but are billed on a basis of time and material used, is recognised when the services are rendered.

Revenue from sale of hardware (including terminal equipment) and software is recognised when the control of that asset is transferred to a customer, provided there are no unfulfilled obligations that affect customer's final acceptance of the arrangement.

Interest and dividends

Interest income is recognised using the effective interest rate method. When a loan or receivable is impaired, the Company reduces it's carrying amount to a recoverable amount. The recoverable amount is determined as an estimate of future cash flows discounted at the original effective interest rate of the instrument. Dividend income is recognised when the right to receive payment is established.

2.16 Operating profit

Operating profit is defined as a result before income taxes and financial income and expenses. For financial income and expenses refer to Notes 10 and 11 respectively.

2.17 Foreign currency translation

Transactions denominated in foreign currencies are translated into functional currency using exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the exchange rates prevailing at the statement of financial position date. All foreign exchange differences are recognised within financial income or expense in the period in which they arise.

2.18 Taxes

Tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted as of the statement of financial position date.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities.

Deferred tax

Deferred tax is calculated at the statement of financial position date using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts.

Deferred taxes are recognised for all taxable and deductible temporary differences, except for the deferred tax arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting, nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.19 Joint arrangements

Joint arrangements according to IFRS 11 may have either a joint operation or a joint venture form.

The classification depends on contractual rights and obligations of each investor, rather than the legal structure of a joint arrangement.

According to participation in joint operations, the Company recognises assets controlled and liabilities incurred and its share on all jointly held assets and jointly incurred liabilities and its share on revenue and costs generated by the joint operations according to valid terms of relevant contracts.

2.20 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities reported at the end of the period and the reported amounts of revenue and expenses for that period. Actual results may differ from these estimates.

In the process of applying the Company's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements:

Useful lives of non-current assets

The estimation of the useful lives of non-current assets is a matter of judgement based on the Company's experience with similar assets. Management reviews the estimated remaining useful lives of non-current assets annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the depreciation or amortisation period, as appropriate, and are treated as changes in accounting estimates. Management's estimates and judgements are inherently prone to inaccuracy, in particular for those assets for which no previous experience exists.

Assessment of impairment of goodwill

Goodwill is tested annually for impairment as further described in Note 2.6 using estimates detailed in Note 16.

Content rights

The Company recognizes the content licences as intangible assets if it is highly probable that the content will be delivered, contract duration is longer than one year and the cost are determined or determinable. Acquired content licences are recognised at acquisition cost. If there is no fixed price defined in the contract, the Company uses the best estimate to assess the fee during the contracted period. The useful lives of content licences are based on the underlying agreements and are amortised on a straight-line basis over the period from availability for commercial use until the end of the licence term which is granted to the Company. Content contracts which do not meet the criteria for capitalization are expensed and presented in 'other operating costs' in the statement of profit or loss and other comprehensive income.

Asset retirement obligation

The Company enters into lease contracts for land and premises on which mobile communication network technologies and buildings are sited. The Company is committed by these contracts to dismantle the network technologies and buildings and restore the land and premises to their original condition. Management anticipates the probable settlement date of the obligation to equal useful life of leased assets, which is estimated to be from 5 to 30 years depending on leased asset.

Management's determination of the amount of the asset retirement obligation (Note 25) involves the following estimates (in addition to the estimated timing of crystallisation of the obligation):
a) an appropriate risk-adjusted, pre-tax discount rate commensurate with the Company's credit standing;
b) the amounts necessary to settle future obligations;
c) inflation rate.

Provisions and contingent liabilities

The Company is a participant in several lawsuits and regulatory proceedings. When considering the recognition of a provision, management judges the probability of future outflows of economic resources and its ability to reliably estimate such future outflows. If these recognition criteria are met a provision is recorded in the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Such judgments and estimates are continually reassessed taking into consideration the developments of the legal cases and proceedings and opinion of lawyers and other subject matter experts involved in resolution of the cases and proceedings. The factors considered for individual cases are described in Notes 25 and 33.

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2.21 Comparatives

Changes in naming of lines in the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of cash flows and the notes to the separate financial statements have been made to provide their better specification and understanding.

The following reclassifications, in accordance with IAS 1.38, have been made for the purpose of comparability of data in reported periods in the statement of profit or loss and other comprehensive income:

Financial statements for 2020			Financial statements for 2021 – comparatives	
Financial statement line	**Amount**	**Reclassification**	**Financial statement line**	**Amount**
Revenue from contracts with customers	28,769	96	Revenue from contracts with customers	28,865
Other operating income	415	(257)	Other operating income	158
		117	Dividends from subsidiaries	117
Cost of goods, raw materials and telecommunication services	(9,122)	9,122		–
		(5,073)	Interconnection fees and other telecommunication services	(5,073)
		(2,175)	Material and equipment	(2,175)
Employee benefits	(3,600)	(216)	Staff costs	(3,816)
Impairment losses on financial and contract assets	(408)	11	Impairment losses on financial and contract assets	(397)
Other operating expenses	(4,031)	(1,981)	Other operating costs	(6,012)
		356	Own work capitalised	356
Finance income	333	(240)	Financial income	93
Finance expense	(481)	240	Financial expense	(241)

The following reclassifications, in accordance with IAS 1.38, have been made for the purpose of comparability of data in reported periods in the statement of financial position:

Financial statements for 2020			Financial statements for 2021 – comparatives	
Financial statement line	**Amount**	**Reclassification**	**Financial statement line**	**Amount**
Current assets			**Current assets**	
Trade and other receivables	6,163	(263)	Trade and other receivables	5,900
Other financial assets	4,532	(6)	Loans	4,526
Non-current assets			**Non-current assets**	
Intangible assets	6,437	1,302	Intangible assets	7,739
Goodwill	1,302	(1,302)		–
		269	Other receivables	269
Current liabilities			**Current liabilities**	
Trade and other payables	5,556	(778)	Trade and other payables	4,778
Other financial liabilities	126	(126)		–
		894	Other liabilities	894
Provisions	790	10	Provisions	800
Non-current liabilities			**Non-current liabilities**	
Other financial liabilities	50		Other payables	50
Equity			**Equity**	
Capital funds	105		Other reserves	105

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The following reclassifications, in accordance with IAS 1.38, has been made for purpose of comparability of data in reported periods in the statement of cash flows:

Financial statements for 2020			Financial statements for 2021 – comparatives	
Financial statement line	**Amount**	**Reclassification**	**Financial statement line**	**Amount**
Cash flows from operating activities			**Cash flows from operating activities**	
Changes in trade receivables and other operating assets	(779)	752	Change in trade receivables and other assets	(27)
Interest paid	(241)	241		–
Interest received	57	(57)		–
Cash flows from investing activities			**Cash flows from investing activities**	
Intercompany loan received	1,389	(1,389)		
		(146,826)	Disbursement of loans	(146,826)
		148,215	Repayment of loans	148,215
		(752)	Net cash from cash pooling	(752)
		57	Interest received	57
Cash flows from derivatives	32	(17)	Net cash from derivatives	15
Cash flows from financing activities			**Cash flows from financing activities**	
Repayment of short-term financing	(216)	17	Repayment of financial liabilities	(199)
		(241)	Interest paid	(241)

2.22 Adoption of IFRS during the year

Standards, interpretations and amendments to published standards effective for the Company's accounting period beginning on 1 January 2021

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:
a) Covid-19-Related Rent Concessions beyond 30 June 2021– amendments to IFRS 16
b) Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

The new standards, amendments to the standards and interpretations endorsed by EU which are not yet effective and have not been early adopted are not expected to have a significant impact on the Company's financial statements.

2.23 Impact of Covid-19 on financial statements at 31 December 2021

The coronavirus pandemic has developed into a global economic crisis. Due to higher demand for certain telecommunications services, the impact of the crisis is being felt less severely by the telecommunications industry and the Company than by other industries. Business activities and thus the results of operations and financial position of the Company were impacted by the coronavirus pandemic in various business areas, affecting revenue and earnings, although not to any significant extent. At this time, we can report only minor impact with respect to payment defaults and customer numbers, but no material specific impairment allowance to the Company's receivables was recorded as of 31 December 2021.

Impairment reviews are ordinarily performed on an annual basis. As at 31 December 2021, the Company reviewed whether there are any new impairment indicators present due to the uncertainty caused by Covid-19. No significant adjustment to Company's accounting estimates has been deemed necessary. There is no reason to believe that additional impairment would be required.

Possible future effects on the measurement of individual assets and liabilities are being analyzed on an ongoing basis.

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3. Financial risk management

The Company is exposed to a variety of financial risks. The Company's risk management policy addresses the unpredictability of financial markets and seeks to minimize potential adverse effects on the performance of the Company.

Based on its risk assessment, the Company uses selected derivative and non-derivative hedging instruments to manage exposures. The derivatives are used solely for hedging purposes, not for trading or speculating. In order to manage credit risk, the hedging transactions are generally entered into with institutions that meet the requirements of the Company's hedging strategy for required rating.

The Company's financial instruments include cash and cash equivalents, intra-group loans, short-term deposits and intra-group funding measures (i.e. cash pooling or additional financing facilities). The main purpose of these instruments is to manage the liquidity of the Company.

The Company also holds financial assets which represent its investment in subsidiaries. These financial assets are deemed to be long-term.

The Company has various other financial assets and liabilities such as trade and other receivables and trade and other payables which arise from its operations.

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The Treasury is responsible for financial risk management (except for credit risk arising from sales activities which is managed by the Credit Risk Department), in accordance with guidelines approved by the Board of Directors and the Deutsche Telekom Group Treasury. The Treasury works in association with the Company's operating units and with the Deutsche Telekom Group Treasury. There are policies in place to cover specific areas, such as market risk, credit risk, liquidity risk and the investment of excess funds.

3.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

3.1.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates.

The Company is exposed to transactional foreign currency risk arising from international interconnectivity. In addition, the Company is exposed to risks arising from capital and operational expenditures denominated in foreign currencies.

For all planned, but not yet determined, foreign currency denominated cash flows (uncommitted net exposure) of the following 12 months (rolling 12-month approach) a hedging ratio of at least 50% of net foreign-exchange exposure is applied. The Company uses foreign exchange spot and foreign exchange fixed-term financial contracts to hedge these uncommitted net exposures.

Short-term cash flow forecasts are prepared on a rolling basis to quantify the Company's expected exposure. The Company's risk management policy requires the hedging of every cash flow denominated in foreign currency exceeding the equivalent of EUR 250 thousand.

The Company's foreign currency risk relates mainly to the changes in EUR foreign exchange rate, with immaterial risk related to financial assets and financial liabilities denominated in other foreign currencies (SDR, USD, CHF, GBP, AUD).

The following table details the sensitivity of the Company's profit after tax to a 10% increase/decrease in EUR against CZK, with all other variables held as constant. The 10% change represents management's assessment of the reasonably possible change in foreign exchange rate and is used when reporting foreign currency risk internally in line with treasury policies.

Profit after tax	2021	2020
Depreciation of EUR by 10%	(34)	(67)
Appreciation of EUR by 10%	34	67

3.1.2 Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company entered into a Master agreement for derivatives and investment contracts with DT AG in June 2008 as further amended based on which the Company can provide loans to DT AG. Currently, there is an outstanding loan in the amount of CZK 5,806 million (2020: CZK 4,500 million) at fixed interest rate (Note 22). The Company has no material financial instruments with variable interest rates as at 31 December 2021 and 31 December 2020.

3.1.3 Other price risk

Other price risk arises on financial instruments because of changes in commodity prices or equity prices. However, there are no such financial instruments that would have been materially impacted from changes in commodity of equity prices.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

3.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is exposed to credit risk from its operating activities and certain investing activities. The Company's credit risk policy defines products, maturities of products and limits for financial counterparties. The Company limits credit exposure to individual financial institutions on the basis of the credit ratings assigned to these institutions by reputable rating agencies and these limits are reviewed on a regular basis. The Company makes only short-term cash deposits. The Company deposits free cash into financial instruments such as financial investments in the form of loans to DTAG. The Company is exposed to full concentration of credit risk from holding loan receivable in the amount of CZK 5,806 million (2020: CZK 4,500 million) and CZK 68 million (2020: CZK 26 million) provided to DTAG (Germany) and Planet A (Czech Republic) respectively, as well as from cash pool receivable from DTAG of CZK 1,378 million (2020: CZK 1,015 million). Concentration from trade receivables from DTAG, subsidiaries and other entities in DT group is 11.9 % (2020: 14.4%) and is in amount of CZK 533 million (2020: CZK 681 million).

The Company's cash and cash equivalents are held with major regulated financial institutions; the three largest ones hold approximately 61%, 19% and 7% respectively (2020: 45%, 27% and 21% respectively).

For credit ratings see the following tables:

Loans (Note 22)	31. 12. 2021	31. 12. 2020
BBB- to BBB+	5,806	4,500
Not rated	68	26
	5,874	**4,526**

Cash and cash equivalents (Note 23)	31. 12. 2021	31. 12. 2020
A-to A+	260	613
Not rated	31	–
	291	**613**

Further, counterparty credit limits and maximum maturity can be decreased based on recommendation by Deutsche Telekom Group Treasury in order to manage bulk risk steering of Deutsche Telekom Group. Group credit risk steering takes into account various risk indicators including, but not limited to CDS (Credit Default Swap) level and rating.

The Company establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade, other receivables and contract assets. Cash and cash equivalents and intercompany receivables are also subject to the impairment requirements of IFRS 9, however, the identified impairment loss determined based on probability of default would be immaterial. The receivables from the DTAG group do not give rise to a significant credit risk. The Company has considered the financial performance, external debt and future cash flows of the related parties and concluded that the credit risk relating to these receivables is limited and consequently the probability of default relating to these balances is low.

Impairment losses are recognised to cover both individually significant credit risk exposures and a collective loss component for assets that are assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables includes the Company's past experience of collecting payments, changes in the internal and external ratings of customers, current conditions and the Company's view of economic conditions over the expected lives of receivables.

In respect of financial assets, which comprise cash and cash equivalents, intra-group loans, term deposits, trade and other receivables, the Company's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. The Company considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before contractual payments are 90 days past due.

The Company assesses its financial investments at each reporting date to determine whether there is any objective evidence that they are impaired. A financial investment is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that investment. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal of the impairment loss is recognised in profit or loss.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

The table summarises the ageing structure of receivables based on IFRS 9:

At 31 December 2021	Not past due	Past due					Total
		< 30 days	31–90 days	91–180 days	181–365 days	> 365 days	
Trade and other receivables (brutto)	5,713	374	178	122	154	1,848	8,389
Allowance for ECL	(175)	(35)	(50)	(63)	(109)	(1,771)	(2,203)
Trade and other receivables (net)	**5,538**	**339**	**128**	**59**	**45**	**77**	**6,186**

At 31 December 2020	Not past due	Past due					Total
		< 30 days	31–90 days	91–180 days	181–365 days	> 365 days	
Trade and other receivables (brutto)	5,204	578	120	167	151	2,004	8,224
Allowance for ECL	(36)	(9)	(20)	(66)	(71)	(1,853)	(2,055)
Trade and other receivables (net)	**5,168**	**569**	**100**	**101**	**80**	**151**	**6,169**

The probabilities of default for individual ageing bands for Core receivables (which represents majority of receivables) are as follows:

	Not past due	Past due					
		< 30 days	31–90 days	91–180 days	181–365 days	> 365 days	> 3600 days
At 31 December 2021	1–2%	3–14%	21–33%	40–54%	58–73%	74–95%	97–100%
At 31 December 2020	1–2%	3–14%	21–33%	40–54%	58–73%	74–95%	97–100%

For aging structure of contract assets refer to Note 19.

No significant individually impaired trade receivables were included in the allowance for impairment losses in 2021 and 2020.

Trade receivables that are past due as at 31 December 2021, but not individually impaired, are from creditworthy customers who have a good track record with the Company and, based on historical default rates, management believes that no additional impairment allowance is necessary. Management also believes that currently no additional impairment allowance is necessary to trade receivables that are neither past due nor impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 18, 22 and 23.

The gross carrying amount of Trade and other receivables, reflecting the maximum exposure to credit risk as at 31 December 2021 was CZK 8,389 million (31 December 2020: CZK 8,224 million)

For sensitivity of impairment charge of uncollectible receivables refer to Note 18.

3.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash or another financial asset.

The Company's liquidity risk mitigation principles define the level of cash and cash equivalents, marketable securities, short-term financial assets and intragroup financing measures in line with DT Group Centralized funding approach available to the Company to allow it to meet its obligations on time and in full. Liquidity needs are to be covered by intragroup funding measures of DT Group, i.e. cash pooling or additional financing facilities, then also cash, cash equivalents and liquid short term financial assets with the objective of holding predetermined minimum amounts of cash and cash equivalents and credit facilities available on demand.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

The table summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

At 31 December 2021	On demand	Less than 3 monthse	3 to 12 months	Over 1 year	Total
Trade and other payables	1,945	2,167	110	24	4,246
Currency forward contracts with negative fair value	–	611	949	–	1,560
Currency forward contracts with positive fair value	–	49	31	–	80
Total forward contracts[a]	**–**	**660**	**980**	**–**	**1,640**
Total financial liabilities	**1,945**	**2,826**	**1,090**	**24**	**5,886**

At 31 December 2020	On demand	Less than 3 monthse	3 to 12 months	Over 1 year	Total
Trade and other payables	1,346	3,246	181	55	4,828
Currency forward contracts with negative fair value	–	522	661	–	1,183
Currency forward contracts with positive fair value	–	209	596	–	805
Total forward contracts[a]	**–**	**731**	**1,257**	**–**	**1,988**
Total financial liabilities	**1,346**	**3,977**	**1,438**	**55**	**6,816**

[a] Contracted nominal value. Under the contracts the Company will pay the nominal amounts in CZK and receive amounts in foreign currencies stated based on the agreed forward exchange rates.

The total undiscounted lease liabilities are as follows:

	31. 12. 2021	31. 12. 2020
Up to 1 year	910	1,060
1 to 5 years	2,952	3,310
Over 5 years	3,766	3,579
Total undiscounted cash flows (lease liability)	**7,628**	**7,949**

3.3.1 Offsetting financial assets and liabilities

The following financial assets and liabilities are subject to offsetting:

	Gross amounts	Offsetting	Other (exchange rate revaluation)	Net amounts
At 31 December 2021				
Current financial assets – Trade receivables	730	(692)	(2)	36
Current financial liabilities – Trade payables	717	(694)	–	23
At 31 December 2020				
Current financial assets – Trade receivables	1,048	(951)	(2)	95
Current financial liabilities – Trade payables	969	(953)	–	16

For the Company's accounting policy on offsetting refer to Note 2.9. Balances of Trade receivables and Trade payables are presented on a net basis in the statement of financial position.

3.4 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Company's management proposes to the owner of the Company (through the Board of Directors) to approve dividend payments or adopt other changes in the Company's equity capital in order to optimize the capital structure of the Company. This can be achieved primarily by adjusting the amount of dividends paid to the shareholder, or alternatively, by returning capital to the shareholder by capital reductions, issue new shares or sell assets to reduce debt. The Company also takes into consideration any applicable guidelines of the ultimate parent company. No changes were made to the objectives, policies or processes in 2021.

The capital structure of the Company consists of equity attributable to shareholder, comprising issued capital, share premium, statutory reserve fund, retained earnings and other components of equity (Note 24). Management of the Company manages capital measured in terms of shareholder's equity amounting to CZK 33,379 million at 31 December 2021 (2020: CZK 32,209 million).

3.5 Fair values

Fair value measurement is analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Financial instruments measured at fair value through profit or loss (for trading) at level 2 are represented by currency forward contracts (please, refer to Note 3.6). Fair values of financial instruments at level 2 are based on monetary yield curves determined at the balance sheet date which are based on the market prices valid as at the end of the reporting period. The Company does not have any financial assets and liabilities that are measured at fair value at level 1 and 3.

3.5.1 Recurring fair value measurement

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting year. There were no recurring fair value measurements in 2021 and 2020, except for currency forward contracts.

3.5.2 Non-recurring fair value measurement

There were no non-recurring fair value measurements in 2021 and 2020.

3.5.3 Financial assets and financial liabilities not measured at fair value

The fair value of other financial assets and financial liabilities approximate their carrying amounts at the statement of financial position date. The loans are short-term. For further details on loans refer to Notes 3.2 and 22. Financial assets and financial liabilities are discounted unless the effect of discounting was inconsiderable.

3.5.4 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the statement of financial position at fair value. In assessing the fair value of derivatives, the Company uses a variety of methods including techniques such as the present value of estimated future cash flows under assumptions based on market conditions existing as at statement of financial position date and other valuation techniques.

The Company uses currency forward contracts to hedge estimated cash flows. The Company decided to account for these contracts as "held for trading derivatives" even though the requirements defined in IFRS 9 for hedge accounting could be met. As such, the Company did not apply hedge accounting in 2021 and 2020 and all currency forward contracts are recognised as held for trading derivatives with changes in fair value being reflected in profit or loss.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

As at the end of 2021, the Company had open currency forward contracts with a total nominal value of CZK 1,640 million (as at 31 December 2020: CZK 1,988 million). These transactions focus on managing currency risks associated with the settlement of the Company's future liabilities resulting from the customer-supplier relations and denominated in EUR and USD. All currency forward contracts as at 31 December 2021 were initiated during 2021 with maturity by the end of 2022. During 2021, currency forward contracts in the total nominal value of CZK 2,507 million were settled (in 2020: CZK 2,895 million).

3.6 Presentation of financial instruments by measurement category

	31. 12. 2021	31. 12. 2020
ASSETS		
Financial assets at amortised cost		
Trade and other receivables (Note 18) – other than those at fair value through profit or loss	6,183	6,163
Loans (Note 22)	5,874	4,526
Cash and cash equivalents (Note 23)	291	613
Financial assets at fair value through profit or loss (for trading)		
Trade and other receivables (Note 18) – Currency forward contracts with positive fair value	3	6
LIABILITIES		
Financial liabilities at amortised cost		
Trade and other payables (Note 26) – other than those at fair value through profit or loss	4,211	4,774
Lease liabilities (Note 27)	6,424	7,066
Financial liabilities at fair value through profit or loss (for trading)		
Trade and other payables (Note 26) –Currency forward contracts with negative fair value	35	51

4. Revenue from contract with customers

	2021	2020[a]
Fixed network revenue	5,283	5,203
Mobile network revenue	18,929	18,645
Terminal equipment	2,595	2,125
System solutions / IT	2,959	2,736
Other	192	156
	29,958	**28,865**

[a] To improve true and fair presentation of its financial statements the Company changed presentation of categories within Revenue from contracts with customers line in 2021. 2020 comparatives were reclassified for better comparability as follows: Terminal equipment of 103 million CZK was reclassified from Fixed network revenue, System solutions/IT of 108 million.CZK was reclassified from Terminal equipment and System solution/IT of 96 million CZK was reclassified from Other operating income. In 2021 the category System solutions/IT includes all revenues related to ICT business, including associated sales of terminal equipment.

For assets and liabilities related to contracts with customers or cost to obtain a contract with customers refer to Note 19.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

5. Other operating income

	2021	2020[a]
Gain on disposal of property and equipment and intangible assets, net	–	28
Income from re-invoicing of services	79	93
Other	73	37
	152	**158**

[a] Reclassifications in comparatives were described in Note 2.21.

6. Staff costs

	2021	2020[a]
Wages and salaries	2,936	2,923
Defined contribution pension costs	590	590
Other social security contributions	301	303
	3,827	**3,816**

[a] Reclassifications in comparatives were described in Note 2.21.

	2021	2020
Number of employees at year end	3,276	3,303
Average number of employees during the year[b]	3,196	3,237

[b] The average number of employees during the year is based on an average recalculated number of full-time employees.

Majority of own work capitalized in the amount of CZK 305 million (2020: CZK 356 million) represents capitalization of wages and salaries of internal employees.

7. Material and equipment

The increase of the balance of Material and equipment in 2021 is mainly caused by the increase of sale of telecommunication equipment, particularly handsets, driven by successful marketing campaigns in 2021.

8. Interconnection fees and other telecommunication services

Interconnection fees and other telecommunication services balances include cost of leased capacity of telecommunication lines at the amount of CZK 513 million in 2021 (2020: CZK 602 million). To improve true and fair presentation of its financial statements the Company changed presentation of these expenses in 2021 including comparatives. In financial statements for 2020 these expenses were presented in Other operating costs.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

9. Other operating costs

	2021	2020[a]
Repairs and maintenance	1,222	884
Loss on disposal of property and equipment and intangible assets, net	16	-
Marketing costs	539	631
Energy	372	352
Printing and postage	10	14
Logistics	108	97
Rentals and leases (not in scope of IFRS 16)	42	32
IT services	400	348
Dealer commissions	912	956
Frequency fees	326	302
Content fees	372	236
Legal and regulatory claims (Note 25)	(33)	655
Consultancy	108	178
Customer solutions	686	729
Fees paid to group companies	268	298
Other	335	300
	5,683	**6,012**

[a] To improve true and fair presentation of its financial statements the Company changed presentation of IT services from Repairs and maintenance to the separate category in 2021. 2020 comparatives of CZK 348 million were reclassified for better comparability. Other reclassifications in comparatives were described in Note 2.21.

The decrease in Legal and regulatory claims is mainly attributable to the provision for the regulatory case dealt with by the European Commission created in 2020. For further details of the provision refer to Note 25.

10. Financial income

	2021	2020[a]
Interest income	69	54
Foreign exchange gains, net	–	32
Other financial income	1	7
	70	**93**

[a] Reclassifications in comparatives were described in Note 2.21.

11. Financial expense

	2021	2020[a]
Interest expense from lease	233	241
Foreign exchange losses, net	58	–
	291	**241**

[a] Reclassifications in comparatives were described in Note 2.21.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

12. Taxation

The major components of income tax expense for the years ended 31 December are:

	2021	2020
Current tax expense	1,592	1,438
Current tax expense of prior years	76	36
Deferred tax income	(100)	(238)
Total income tax expense	**1,568**	**1,236**

Reconciliation between the reported income tax expense and the theoretical amount that would arise using the statutory tax rate is as follows:

	2021	2020
Profit before income tax	**7,824**	**6,327**
Income tax calculated at the statutory rate of 19% (2020: 19%)	1,487	1,202
Effect of non-taxable income and tax non-deductible expenses:		
Non-tax deductible expenses	46	143
Non-taxable income	(40)	(57)
Tax charge in respect of prior years	76	36
Other	(1)	(88)
Income tax at the effective tax rate of 20% (2020: 20%)	**1,568**	**1,236**

Deferred tax assets (liabilities) calculated at the statutory rate of 19% which is the rate valid for 2022 and subsequent years (2020: 19%) and for the year ended 31 December are attributable to the following items:

	1 January 2021	Recognized through profit or loss	31 December 2021
Difference between carrying and tax value of fixed assets	(784)	76	(708)
Lease liabilities	1,339	(118)	1,221
Right-of-use assets	(1,271)	123	(1,148)
Provisions and Liabilities to employees	309	6	315
Contract assets and Contract Costs	(227)	(42)	(269)
Other	42	55	97
Net deferred tax liability	**(592)**	**100**	**(492)**

	1 January 2020	Recognized through profit or loss	31 December 2020
Difference between carrying and tax value of fixed assets	(845)	61	(784)
Lease liabilities	1,436	(97)	1,339
Right-of-use assets	(1,544)	273	(1,271)
Provisions and Liabilities to employees	274	35	309
Contract assets and Contract Costs	(246)	19	(227)
Other	95	(53)	42
Net deferred tax liability	**(830)**	**238**	**(592)**

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

	31.12.2021	31.12.2020
Deferred tax asset to be settled within 12 months	390	354
Deferred tax asset to be settled after more than 12 months	1,243	1,356
Deferred tax liability to be settled within 12 months	(153)	(109)
Deferred tax liability to be settled after more than 12 months	(1,972)	(2,193)
Net deferred tax liability	**(492)**	**(592)**

13. Intangible assets

	Customer relationships	Software	Telco licences	Other licences and rights	Internally developed intangible assets	Goodwill	Intangibles under construction	Total
At 1 January 2021								
Cost	2,153	13,004	7,619	1,289	508	1,302	1,719	27,594
Accumulated amortisation	(1,917)	(11,505)	(5,163)	(767)	(503)	–	–	(19,855)
Net book value	**236**	**1,499**	**2,456**	**522**	**5**	**1,302**	**1,719**	**7,739**
Additions	–	657	1,407	179	4	–	545	2,792
Amortisation charge	(182)	(660)	(468)	(339)	(10)	–	–	(1,659)
Disposals	–	(1)	–	(2)	–	–	(3)	(6)
Transfers	–	454	67	(182)	10	–	(349)	–
At 31 December 2021								
Cost	2,049	13,774	9,123	1,093	467	1,302	1,912	29,720
Accumulated amortisation	(1,995)	(11,825)	(5,661)	(915)	(458)	–	–	(20,854)
Net book value	**54**	**1,949**	**3,462**	**178**	**9**	**1,302**	**1,912**	**8,866**

The Company received a spectrum assignment in 700 MHz and 3.X GHz band in the amount of CZK 1,890 million in 2021 which has been partly activated in Telco licences in the amount of CZK 1,407 million. The rest remains in Intangibles under construction. The remaining additions comprise new softwares, T-Mobile TV licences and applications and improvements of other currently used IT systems and applications.

Goodwill was recognised at the merger of T-Mobile CZ with T-Systems Czech Republic, GTS Czech, LEMO Internet and RegioNET Morava.

	Customer relationships	Software[a]	Telco Licences	Other licences and rights[a]	Internally developed intangible assets	Goodwill	Intangibles under construction	Total
At 1 January 2020								
Cost	2,153	12,640	7,618	1,421	508	1,302	1,125	26,767
Accumulated amortisation	(1,641)	(10,515)	(4,738)	(865)	(490)	–	–	(18,249)
Net book value	**512**	**2,125**	**2,880**	**556**	**18**	**1,302**	**1,125**	**8,518**
Additions		296		200		–	907	1,403
Amortisation charge	(276)	(1,186)	(424)	(278)	(13)	–		(2,177)
Disposals	–	–	–	(4)	–	–	(1)	(5)
Transfers	–	265	–	48	–	–	(312)	–
At 31 December 2020								
Cost	2,153	13,004	7,619	1,289	508	1,302	1,719	27,594
Accumulated amortisation	(1,917)	(11,505)	(5,163)	(767)	(503)	–	–	(19,855)
Net book value	**236**	**1,499**	**2,456**	**522**	**5**	**1,302**	**1,719**	**7,739**

[a] To improve true and fair presentation of its financial statements the Company changed presentation of categories within Intangible assets line in 2021. 2020 comparatives were reclassified for better comparability as follows: Software of CZK 120 million and Other licences and rights of CZK 522 million were reclassified from Other intangible assets.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

The additions of intangible assets in 2020 comprise mainly new software, T-Mobile TV licences and applications and improvements of other currently used IT systems and applications.

Significant individual intangible assets

Telco licences

The carrying values and remaining amortization periods of the telco licences are stated in the table below. For further information on these assets, please see Note 1.

	31. 12. 2021		31. 12. 2020	
	Carrying amount	Remaining amortization period in years	Carrying amount	Remaining amortization period in years
"GSM" licence	172	3	158	4
"UMTS" licence	549	3	748	4
"LTE" licence	1,367	8	1,550	9
"5G" licence	1,374	15	–	–
	3,462		**2,456**	

In 2021 the Company received a spectrum assignment in 700 MHz and 3.X GHz band to be used for "5G" services for the period of 15 and 11 years for the total consideration in the amount of CZK 1,890 million. As at 31 December 2021 the right to use a frequency band is ready to use in the carrying amount of CZK 1,374 million. The residual part of the right to use this frequency band is not ready to use yet as the Company has not asked for granting of the Individual right authorization yet. Without this authorization the broadcasting cannot be provided to customers. As at 31 December 2021 the right to use this frequency band presented as asset in the course of construction is at amount of CZK 483 million.

In 2016 the Company purchased a right to use frequency band for the provision of public communications network in 2600 MHz for the period of 13 years for total consideration in the amount of CZK 730 million. As at 31 December 2021 the right to use frequency band is presented as asset in the course of construction. The right to use frequency band is not ready to use yet as the Company has not asked for granting of the Individual right authorization yet. Only part of it in the amount of CZK 115 million is already used for broadcasting and therefore was put in use during 2018.

Software

The significant part of software balance comprises NG CRM, a new platform for client relationship management (CRM) system. The carrying value of NG CRM as at 31 December 2021 is CZK 999 million plus CZK 5 million under construction (31 December 2020: CZK 797 million plus CZK 96 million under construction).

The other significant portion of software balance is made by new enterprise information system One.ERP. The carrying value of One.ERP as at 31 December 2021 is CZK 324 million plus CZK 5 million under construction (31 December 2020: CZK 276 million plus CZK 34 million under construction).

The systems are being implemented in stages and the last modules are still under construction. The migrations to new systems affected a number of existing software and systems of which the modification was needed. The amount of these capital expenditures is not included in the carrying amount of NG CRM and One.ERP but in the carrying value of existing software and systems.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

14. Property and equipment

	Land and buildings	Telecommu-nications line network	Transmission and switching equipment	Other	Construction in progress including advances	Total
At 1 January 2021						
Cost	4,568	4,601	17,442	4,858	2,596	34,065
Accumulated depreciation	(2,555)	(2,170)	(12,252)	(3,022)	–	(19,999)
Net book value	**2,013**	**2,431**	**5,190**	**1,836**	**2,596**	**14,066**
Additions	37	189	370	175	1,890	2,661
Depreciation charge	(214)	(197)	(1,559)	(401)	–	(2,371)
Impairment charge	–	–	(1)	(5)	(54)	(60)
Disposals	(7)	–	(18)	(33)	(13)	(71)
Transfers	78	190	864	95	(1,227)	–
At 31 December 2021						
Cost	4,688	4,986	17,160	5,207	3,238	35,279
Accumulated depreciation	(2,781)	(2,373)	(12,314)	(3,540)	(46)	(21,054)
Net book value	**1,907**	**2,613**	**4,846**	**1,667**	**3,192**	**14,225**

The additions of tangible fixed assets in 2021 comprise mainly the construction of own optical network and purchase of technology equipment, especially customer premises equipment.

	Land and buildings	Telecommu-nications line network[a]	Transmission and switching equipment[a]	Other[a]	Construction in progress including advances[a]	Total
At 1 January 2020						
Cost	4,624	4,367	17,255	4,874	1,760	32,880
Accumulated depreciation	(2,461)	(1,993)	(11,876)	(2,913)	(1)	(19,244)
Net book value	**2,163**	**2,374**	**5,379**	**1,961**	**1,759**	**13,636**
Additions	11	88	762	250	1,631	2,742
Depreciation charge	(253)	(194)	(1,418)	(415)	–	(2,280)
Impairment charge	–	–	–	–	–	–
Reversal of impairment	–	–	–	–	–	–
Disposals	(3)	–	(8)	(10)	(11)	(32)
Transfers	95	163	475	50	(783)	–
At 31 December 2020						
Cost	4,568	4,601	17,442	4,858	2,596	34,065
Accumulated depreciation	(2,555)	(2,170)	(12,252)	(3,022)	–	(19,999)
Net book value	**2,013**	**2,431**	**5,190**	**1,836**	**2,596**	**14,066**

[a] To improve true and fair presentation of its financial statements the Company changed presentation of categories within Property and equipment line in 2021. This change relates to the introduction of new separate categories: Telecommunications line network, Transmission and switching equipment and Other. 2020 comparatives were reclassified for better comparability as follows: Telecommunications line network NBV of CZK 2,431 million, Transmission and switching equipment NBV of CZK 5,190 million and Other NBV of CZK 1,836 million were reclassified from Equipment and other assets.

The additions of tangible fixed assets in 2020 comprise mainly the network technology and optical fibres.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

15. Right-of-use assets

The Company has lease contracts for various items:

a) space on telecommunication infrastructure of third parties, rooftops and land to install own telecommunications equipment – the Company uses the space/area on third party landlord's land to construct its own masts or transmission towers. These masts and towers are used for telecommunications equipment (e.g. antennas) of the Company,

b) exclusive easements – an easement is a legal right to use, access, or cross another's property (such as land or common area in a building) for a specific limited purpose. Easements are granted mainly for the reasons to pass a cable over, under, or through an existing area of land.

c) shops – a retail space in a building or a mall,

d) operations buildings (less frequently in residential buildings) to place and operate technical equipment, e.g. servers, network equipment, etc.

e) office space – office space serves the Company's employees with space where they can execute their work,

f) leased lines – optical fiber leases.

The carrying amounts of right-of-use assets held by the Company are presented below:

	Leased land	Leased buildings	Leased technical equipment	Total
At 1 January 2021				
Cost	2,019	5,465	2,055	9,539
Accumulated depreciation	(255)	(1,410)	(392)	(2,057)
Net book value	**1,764**	**4,055**	**1,663**	**7,482**
Additions	109	717	181	1,007
Depreciation charge	(167)	(676)	(218)	(1,061)
Impairment charge	–	(33)	–	(33)
Reversal of impairment	–	9	–	9
Disposals	(54)	(108)	(3)	(165)
Transfers	103	(103)	–	–
At 31 December 2021				
Cost	2,129	5,870	2,196	10,195
Accumulated depreciation	(374)	(2,008)	(574)	(2,956)
Net book value	**1,755**	**3,862**	**1,622**	**7,239**

Additions comprise of newly concluded leased contracts of CZK 83 million and contract prolongations of CZK 924 million.

Disposals arose due to early contract terminations (over 300 terminated contracts in 2021) or modifications, mainly shortening of lease term.

	Leased land	Leased buildings	Leased technical equipment	Total
At 1 January 2020				
Cost	2,255	4,961	2,017	9,233
Accumulated depreciation	(149)	(754)	(213)	(1,116)
Net book value	**2,106**	**4,207**	**1,804**	**8,117**
Additions	135	744	105	984
Depreciation charge	(141)	(742)	(211)	(1,094)
Reversal of impairment	–	3	–	3
Disposals	(336)	(157)	(35)	(528)
At 31 December 2020				
Cost	2,019	5,465	2,055	9,539
Accumulated depreciation	(255)	(1,410)	(392)	(2,057)
Net book value	**1,764**	**4,055**	**1,663**	**7,482**

Additions consist mainly of contract prolongations and indexation by inflation rate. Newly concluded contracts in 2020 amounted to CZK 123 million.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

Disposals represent mainly early contract terminations. Disposal in category Leased land was mainly caused by contract modification amounting to CZK 292 million – electricity changed from fixed to variable payments thus IFRS 16 criteria had not been met anymore.

16. Impairment of goodwill

Goodwill was recognised as a result of mergers. Overview of merged companies with the Company and resulting goodwill are presented in the table below:

	31. 12. 2021	31. 12. 2020
T-Systems Czech Republic, a.s.	131	131
GTS Czech s.r.o.	1,144	1,144
LEMO Internet a.s.	11	11
RegioNET Morava, a.s.	16	16
	1,302	**1,302**

Goodwill was tested for impairment as of 31 December 2021. The Company is considered as one cash-generating unit ("CGU"). The recoverable amount of CGU is measured at the value in use. The calculations use cash flow projections based on financial budgets approved by management of the Company covering a ten-year period. Ten-year period reflects the assumptions for short- to mid-term market developments and is selected to achieve a steady state in the business outlook that is necessary for calculating the perpetual annuity. This steady state is only reached based on the planning horizon selected, in particular, due to sometimes long investment cycles in the telecommunications industry and the investments planned and expected in the long run to acquire and extend the rights of spectrum use. Cash flows beyond the ten-year period are extrapolated using the estimated long-term growth rate stated in the table below. This growth rate is consistent with forecasts included in industry reports specific to the industry in which the Company operates (telecommunications).

The calculation of expected future cash flows is based on an estimate of service revenue, operating expenditure (direct and indirect costs) and capital expenditure for the period 2022 – 2031.

Service revenue is projected separately for each main area (mobile, fixed, IT). Mobile revenues are projected based on the estimated number of subscribers in each year and the expected average revenue per user ("ARPU") in each year. Revenues from the fixed and IT businesses are estimated based on expected sales and sales prices.

The estimated number of customers/subscribers is based on past performance and management's expectations of market development. ARPU or sales prices are based on current industry trends and take into account the competition and other market factors.

Operating expenditure is based on the current structure of the business, adjusted for expected future developments, restructurings and cost saving measures. Capital expenditure is based on the historical experience of management and the planned development of the fixed and mobile network.

In general, the projections of the above-mentioned components of expected future cash flows take into account the expected economic development, the competition and other market factors, regulation, as well as the Company's strategy.

The weighted average cost of capital ("WACC") used in the calculation of a discount rate to discount the cash flow projections was determined based on CAPM (capital asset pricing model) using the average betas of the peer group, a risk free rate using the Svensson methodology for Germany and adjusted for country specific risks, a debt ratio in line with the usual indebtedness of listed peer telecommunications companies and an additional debt risk premium considering average peer Company specific debt risks. The estimated long-term growth rate ("LTGR") takes into account the expected economic growth of the country.

The fair value measurement is categorised within level 3 of the fair value hierarchy as per IFRS 13.

The analysis performed as at 31 December 2021 confirmed that the recoverable amount of the cash generating unit exceeds its carrying amount.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

The table below shows the discount rate and LTGR used in the fair value calculation for the goodwill impairment tests conducted as of 31 December 2021 and as of 31 December 2020. The table also includes an analysis that shows how much impairment would have been recognized if we changed the sensitive parameters in the calculations.

	31. 12. 2021	31. 12. 2020
Discount rate		
Used in the calculation	5.24%	5.06%-5.13%
If changed to	9.24%	9.13%
Impairment would be (CZK million)	–	–
LTGR		
Used in the calculation	1%	2%
If changed to	(1%)	(2%)
Impairment would be (CZK million)	–	–
Nominal expected future cash flows		
If changed by	(30%)	(30%)
Impairment would be (CZK million)	–	–

If the nominal expected future cash flows, discount rates, or long-term growth rate used for impairment testing had been changed as described in the table above for the projection period, this would not have resulted in any impairment.

17. Investments in subsidiaries

Company holds the following investments in fully consolidated direct subsidiaries:

Name and registered office	Activity	Share and voting rights 2021	Share and voting rights 2020
CE Colo Czech s.r.o. Nad Elektrárnou 1428/47, Prague 10	Lease of space in data centres	100%	100%
Planet A, a.s. U Hellady 697/4, Prague 4	Operation of public fixed telecommunications network and provision of telecommunications services	100%	100%

All subsidiaries are incorporated in the Czech Republic. Shares in the subsidiaries are not traded on any public market.

	Cost of investment 31. 12. 2021	Cost of investment 31. 12. 2020	Profit / (loss) 2021	Profit / (loss) 2020	Net assets 31. 12. 2021	Net assets 31. 12. 2020
CE Colo Czech s.r.o. (mil CZK)	2,133	2,133	122	121	834	833
Planet A, a.s. (mil. CZK)	472	472	1	19	159	158
	2,605	**2,605**				

Financial data for subsidiaries are based on their approved separate financial statements for the year ended 31 December 2021.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

18. Trade and other receivables

	31. 12. 2021	31. 12. 2020[a]
Non-current		
Receivables from instalment sale	256	269
Finance lease receivables	14	–
	270	**269**
Current		
Trade receivables	4,480	4,716
Cash pooling receivable	1,377	1,015
Other receivables	57	169
Finance lease receivables	2	–
	5,916	**5,900**

[a] To improve true and fair presentation of its financial statements the Company changed presentation of categories within Trade and other receivables line in 2021. 2020 comparatives were reclassified for better comparability as follows: Cash-pooling receivable of CZK 1,015 million was reclassified from Other receivables, Receivables from instalment sale of CZK 269 million were reclassified from Trade receivables, Allowance for the expected credit loss of CZK 2,055 million was offset with Trade receivables while in 2020 financial statements it was presented on the separate line.

Trade receivables are net of an allowance of CZK 2,203 million (2020: CZK 2,055 million). If the allowance percentage increases by 1% in each relevant ageing group (except where there is 100% allowance created), the charge for the period would be CZK 43 million higher (2020: CZK 41 million).

Movements in the allowance for impaired receivables from third parties were as follows:

	2021	2020
At 1 January	2,055	2,507
Charge for the year, net	308	337
Utilised	(160)	(789)
At 31 December	**2,203**	**2,055**

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

19. Assets and liabilities related to contracts with customers

Contract asset is recognised mainly in case of multiple element arrangements (e.g. mobile contract plus handset), when a larger portion of the total consideration is attributable to the component delivered in advance (mobile handset), requiring earlier recognition of revenue.

Contract costs are assessed as incremental cost of obtaining a contract and consists of Dealers commission.

Contract liability is related mainly to one-time fees and advanced payments for post-paid services.

The Company has recognised the following assets and liabilities related to contracts with customers:

	31. 12. 2021	31. 12. 2020
Non-current assets		
Contract assets	54	31
Loss allowance	(6)	–
	48	**31**
Contract costs	192	176
Current assets		
Contract assets	864	585
Loss allowance	(7)	(6)
	857	**579**
Contract costs	529	513
Non-current liabilities		
Contract liabilities	600	483
Current liabilities		
Contract liabilities	820	718

Revenue recognised in the reporting year that was included in the contract liability balance at the beginning of the year amounted to CZK 626 million (2020: CZK 521 million). The transaction price allocated to the performance obligations that are unsatisfied as of the end of reporting year amounted to CZK 6,011 million (2020: CZK 4,771 million). Management expects that the transaction price allocated to the unsatisfied contracts as of 31 December 2021 will be recognised as revenue as follows: CZK 4,225 million during first year; CZK 1,682 million during second year and CZK 104 million during third-tenth year (2020: CZK 3,417 million during first year; CZK 1,265 million during second year and CZK 89 million during third-tenth year).

Wages and salaries include also amortisation of costs to obtain contracts with customers in the amount of CZK 98 million (2020: CZK 102 million) (Note 6).

Dealers commission includes also amortisation of costs to obtain contracts with customers in the amount of CZK 602 million (2020: CZK 659 million) (Note 9).

The increase of contract assets in 2021 is driven by the increase of mobile handsets sales in 2021 (Note 7).

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

20. Prepaid expenses and other assets

	31. 12. 2021	31. 12. 2020
Non-current		
Other prepaid expenses	610	692
Current		
Other prepaid expenses	344	323
Advance payments	390	486
Other assets	6	1,893
	740	**2,702**

As at 31 December 2020 other assets comprised mainly a guarantee against the Czech Telecommunication Office for participation in the 5G frequency auction in the amount of CZK 1,890 million. The Company received a spectrum assignment in 2021 and recognized the amount of CZK 1,890 million in Intangible assets (Note 13).

21. Inventories

	31. 12. 2020	31. 12. 2021
Materials	260	261
Goods	251	339
	511	**600**

Inventories are net of an allowance of CZK 60 million (2020: CZK 28 million). The reversal of write-down of inventories in the amount of CZK 44 million (2020 write-down: CZK 6 million) was recognised in cost of material and equipment.

22. Loans

	31. 12. 2021	31. 12. 2020
Loans to Deutsche Telekom AG	5,806	4,500
Loans to Planet A	68	26
	5,874	**4,526**

The loans provided to Deutsche Telekom AG were not secured. The short-term loan to DTAG consists of two individual receivables in CZK with original maturities 4 and 6 weeks while individual interest rates had been determined on an arm's length basis. For credit ratings see Note 3.2.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

23. Cash and cash equivalents

As at 31 December 2020 cash and cash equivalents included CZK 190 million of short-term bank deposits.

Cash at banks outside cashpooling earns interest at rates based on daily bank deposit rates. Short-term investments are made for varying periods between one day and three months and earn interest at the respective rates. For credit ratings see Note 3.2.

24. Shareholders' equity

On 25 February 2014 CMobil B.V. became the sole shareholder of T-Mobile Czech Republic a.s. and as of 1st of March 2015 the sole shareholder changed its name to Deutsche Telekom Europe B.V.

As at 31 December 2021, T-Mobile Czech Republic a.s. had authorised and issued 520,000 ordinary shares (2020: 520,000) with a par value of CZK 1,000 per share (2020: CZK 1,000 per share). All the shares issued were fully subscribed. All the shares represent the rights of shareholder to participate in the managing of T-Mobile Czech Republic a.s., on the profit and liquidation balance upon the winding-up of T-Mobile Czech Republic a.s. with liquidation.

The share premium was recognized on 25 March 1996. There are no special rights related to share premium and no special purpose of its use is determined.

The other reserves comprise reserve fund which is set up in accordance with the Statutes of the Company. The statutory reserve fund may be distributed based on the sole shareholder resolution.

The Financial statements of the Company for the year ended 31 December 2020 were authorised for issue on behalf of the Board of Directors of T-Mobile Czech Republic a.s. on 23 March 2021.

On 23 April 2021 Deutsche Telekom Europe B.V. while performing competences of the General meeting of T-Mobile Czech Republic a.s. approved distribution of the prior year profit in the form of dividends. Total dividends of CZK 5,091 million (2020: CZK 5,471 million.) were paid in May 2021, which amounted to CZK 9,791 per share (2020: CZK 10,521 per share).

Approval of the 2021 profit distribution will take place at the Annual General Meeting scheduled for April 2022.

25. Provisions

	Asset retirement obligation	Other	Total
At 1 January 2021	**777**	**885**	**1,662**
Arising during the year	8	344	352
Utilised	–	(180)	(180)
Reversals	(29)	(117)	(146)
Transfer to current liabilities	–	–	–
Interest impact	(32)	–	(32)
At 31 December 2021	**724**	**932**	**1,656**
Non-current	724	128	852
Current	–	804	804
	724	**932**	**1,656**

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

	31. 12. 2021	31. 12. 2020
Non-current	852	862
Current	804	800
	1,656	**1,662**

Asset retirement obligation

The Company is subject to obligations for dismantlement, removal and restoration of assets associated with its cell site operating leases (Note 2.20). Cell site lease agreements may contain clauses requiring restoration of the leased site at the end of the lease term, creating an asset retirement obligation.

Other

Other provisions comprise mainly provisions for the regulatory case, litigations and executive management incentive plans obligations. The majority of balance of Other provisions is attributable to the provision for the regulatory case dealt with by the European Commission. In 2015 the European Commission initiated formal proceedings against the Company for the potential breach of Art 101 of the Treaty on the Functioning of the European Union in relation to the reduction of infrastructure competition, namely: concerns in relation to the reduction of innovation; concerns in relation to the reduction of investment and concerns in relation to the exchange of information.

The Company's management made an assessment of a provision for the regulatory case, including the probable outcome, which is based on a number of estimates and assumptions and therefore is inherently subject to substantial uncertainty. Based on the estimated amount of revenues to which the infringement relates and opinion of external advisers regarding the estimated percentage range to be applied to the respective revenues, a provision has been recorded in the financial statements to cover the estimated costs to settle the fine for infringement and related legal costs. The provision recognised in this way constitutes the management's best estimate of the liability.

At 31 December 2021, and through to the date of these financial statements, no final decision has been received from the European Commission, although it reserves the right to issue such a decision on completion of its investigation. It has not been proven that the Company breached Art 101 of the TFEU. It is Company' intention to vigorously defend itself in this matter, including using all available appeal routes should they be required.

Sensitivity analysis

The actual cost to settle the fine could differ from the Company's estimates and the assumptions underpinning them. In accordance with EU legislation, when determining the amount of the fines for an infringement of the competition rules, the basic amount of the fine is related to a proportion of the value of sales at a level of up to 30%, depending on the degree of gravity of the infringement, however, shall not, in any event, exceed 10 % of the total turnover in the preceding business year. Should the percentage applied by the Company to the respective revenues be by 1% lower (higher), the provision for the regulatory case would decrease (increase) by CZK 83 million. It is impracticable to calculate the extent of the possible effect of different methods to estimate revenues to which the infringement relates. It is reasonably possible, on the basis of our existing knowledge, that outcomes within the next financial year that are different from the assumptions used by management could require a material adjustment to the amount of the provision for the regulatory case.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

26. Trade and other payables

	31. 12. 2021	31. 12. 2020
Non-current		
Financial liabilities for capitalised content licences	–	44
Other payables	24	6
	24	**50**
Current		
Trade payables	1,859	2,065
Uninvoiced deliveries	2,220	2,531
Financial liabilities for capitalised content licences	107	126
Other payables	36	56
	4,222	**4,778**

27. Lease liabilities

	31. 12. 2021	31. 12. 2020
Up to 1 year	735	854
1 to 5 years	2,402	2,690
Over 5 years	3,287	3,522
Total lease liabilities	**6,424**	**7,066**

Total undiscounted cash flows are stated in Note 3.3.

Pursuant to IFRS 16 single lessee accounting model, the Company recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments (Note 15).

28. Impact from leasing contracts

The following are the amounts recognised from leasing contracts in profit or loss:

	2021	2020
Depreciation expense of right-of-use assets (Note 15)	1,094	1,091
Disposals of right-of-use assets	(9)	(15)
Interest cost on lease liabilities (Note 11)	233	241
For the year ended 31 December	**1,318**	**1,317**

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

29. Other liabilities

	31. 12. 2021	31. 12. 2020
Current		
Amounts due to employees	770	650
Other tax liabilities	201	149
Other liabilities	83	95
	1,054	**894**

30. Cash flow disclosures

The reconciliation of cash used in financing activities is as follows:

	Lease liabilities (Note 27)	Other interest-bearing liabilities (Note 26)	Loans and bank overdraft
At 1 January 2020	**7,558**	**206**	**–**
Additions	983	196	306
Non-cash movements	(545)	–	–
Cash used in financing activities	(1,171)	(232)	(306)
Accretion of interest	241	–	–
At 31 December 2020	**7,066**	**170**	**–**
At 1 January 2021	**7,066**	**170**	**–**
Additions	1,007	97	–
Non-cash movements	(165)	–	–
Cash used in financing activities	(1,717)	(160)	–
Accretion of interest	233	–	–
At 31 December 2021	**6,424**	**107**	**–**

Non-cash movements include non-cash release of liabilities from changes in contracts terms or early termination of contracts.

31. Commitments

The Company's purchase commitments were as follows:

	31. 12. 2021	31. 12. 2020
Acquisition of property and equipment	2,105	1,382
Acquisition of intangible assets	183	59
Purchase of services and inventory	2,735	1,870
	5,023	**3,311**

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

32. Related party transactions

	Receivables		Payables		Commitments	
	2021	2020	2021	2020	2021	2020
DTAG	7,226	5,566	90	126	8	2
Subsidiaries	72	27	11	16	–	–
Other entities in DTAG group	489	635	556	779	75	57
	7,787	**6,228**	**657**	**921**	**83**	**59**

The Company conducts business with its subsidiaries (Planet A, CE Colo) as well as with its ultimate parent, Deutsche Telekom AG and its subsidiaries, associates and joint ventures. Business transactions relate mainly to telephone calls and other traffic in the related parties' networks.

	DTAG		Subsidiaries		Other entities in DTAG group	
	2021	2020	2021	2020	2021	2020
Sales and income						
Interconnect / roaming revenues	–	–	4	3	603	704
System solutions / IT revenues	197	84	5	2	596	601
Income from reinvoicing of services	–	–	–	–	188	183
Other revenue / income	45	27	13	2	126	104
	242	**111**	**22**	**7**	**1,513**	**1,592**
Purchases						
Interconnect / roaming costs	–	–	8	11	772	769
Expenses from reinvoicing of services	153	134	–	–	208	282
Leased lines			6	6	178	226
Other purchases	102	3	58	47	88	109
	255	**137**	**72**	**64**	**1,246**	**1,386**

Other transactions include data services, management, consultancy, other services and purchases of fixed assets.

The Company purchased foreign currencies from Deutsche Telekom AG in amount of CZK 3,352 million (2020: CZK 2,417 million), which comprised mainly forwards and swaps. The price was set at the best level of all market offers.

The Company provided a short-term loan to DTAG in the amount of CZK 5,806 million as at 31 December 2021 (31 December 2020: CZK 4,500 million) and to Planet A in the amount of CZK 68 million as at 31 December 2021 (31 December 2020: CZK 26 million). For maturities see Note 22.

In March 2021 the General meeting of CE Colo declared a dividend of CZK 121 million (2020: CZK 117 million), which was paid in April 2021.

In 2021 and 2020 the Company did not have any transactions related to its direct parent company Deutsche Telekom Europe B.V.

All transactions with related parties are performed at an arm's length basis.

T-Mobile Czech Republic a.s. SEPARATE FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

Compensation of key management personnel

The key management personnel as at 31 December 2021, 13 in number (2020: 12), include members of the Management Board, Board of Directors and Supervisory Board. To improve true and fair presentation of its financial statements the Company changed presentation of key management personnel in 2021. The key management personnel also include other executive managers in 2020.

Since 1 July 2016 the companies Slovak Telekom and T-Mobile Czech Republic a.s. have the joint Management Board. All management members are responsible for business and managerial activities of companies on both Slovak and Czech markets. The number of key management personnel includes all members of the Management Board, irrespective if they are employed by Slovak Telekom or T-Mobile Czech Republic a.s. Tables below include only benefits earned by the key management personnel in T-Mobile.

	2021	2020
Short-term employee benefits	66	42
Defined contribution pension costs	1	–
Share based compensations	4	–
	71	**42**

The Company offers several long-term incentive plans to its executive management members with a new package being launched each year and with each tranche lasting for 4 years. A total provision of CZK 77 million has been recognised as at 31 December 2021 (31 December 2020: CZK 58 million). In 2021 the Company recognised an expense resulting from these long-term incentive plans in amount of CZK 17 million (2020: CZK 25 million) in Staff costs.

33. Contingencies

The Company's management is not aware of any circumstances which may in the future give rise to a potential material liability.

34. Events after the reporting year

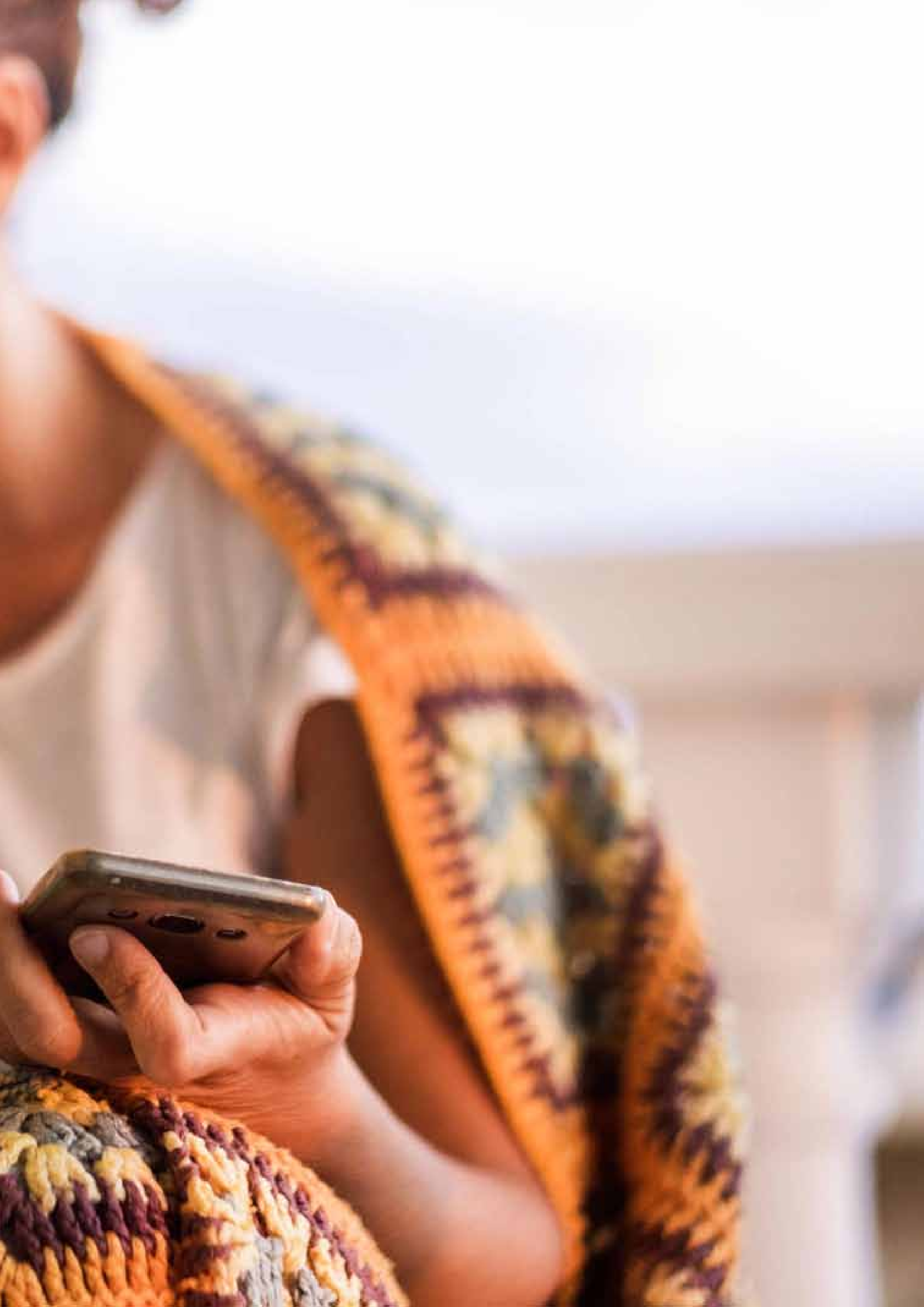
In late February 2022 ongoing political tension between Russia and Ukraine escalated in a conflict with a military invasion of Russian forces in Ukraine. The worldwide reaction to Russia's violation of international law and aggression against Ukraine was the imposition of extensive sanctions and limitations on business activity. We consider these acts as non-adjusting post balance sheet events. Overall effect of the recent development is increased volatility in the financial and commodity markets, as well as consequences on the economy in general. Business risks comprising adverse effects of economic sanctions imposed on Russia, business interruptions (including supply chain), increased occurrences of cyber-attacks, legal and regulatory compliance risk and many other are difficult to assess and the full nature and possible effects of these are unknown.

There were no other events, which have occurred subsequent to the year-end, which would have a material impact on the financial statements as at 31 December 2021.

CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ADOPTED BY THE EU AND INDEPENDENT AUDITOR'S REPORT

for the year ended 31 December 2021



T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December

	Notes	2021	2020
Revenue from contract with customers	4	**30,358**	**29,269**
Other operating income	5	151	158
Staff costs	6	(3,869)	(3,859)
Material and equipment	7	(2,633)	(2,180)
Depreciation, amortisation and impairment losses	13, 14, 15	(5,294)	(5,675)
Interconnection fees and other telecommunication services	8	(4,904)	(5,078)
Impairment losses on financial and contract assets		(266)	(399)
Own work capitalised	6	310	361
Other operating costs	9	(5,777)	(6,091)
Operating profit		**8,076**	**6,506**
Financial income	10	70	97
Financial expense	11	(295)	(242)
Net financial result		**(225)**	**(145)**
Profit before tax		**7,851**	**6,361**
Income tax expense	12	(1,600)	(1,264)
Profit for the year		**6,251**	**5,097**
Other comprehensive income		–	–
Total comprehensive income for the year		**6,251**	**5,097**

The financial statements on pages 108 to 147 were authorised for issue on behalf of the Board of Directors of the Company on 18 March 2022 and signed on their behalf by:

Rodrigo Francisco Diehl
Chairman of the Board of Directors

Olga Nevska
Member of the Board of Directors

The accompanying Notes form an integral part of these Separate Financial Statements

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December

	Notes	2021	2020
ASSETS			
Non-current assets			
Property and equipment	14	14,832	14,676
Intangible assets	13	9,293	8,220
Right-of-use assets	15	7,246	7,490
Other receivables	17	270	269
Contract assets	18	48	31
Contract costs	18	192	176
Prepaid expenses and other assets	19	610	699
		32,491	31,561
Current assets			
Inventories	20	513	603
Loans	21	5,806	4,500
Trade and other receivables	17	5,934	5,923
Contract assets	18	857	579
Contract costs	18	529	513
Prepaid expenses and other assets	19	744	2,699
Cash and cash equivalents	22	724	975
		15,107	**15,792**
TOTAL ASSETS		**47,598**	**47,353**
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	23	520	520
Share premium	23	397	397
Other reserves	23	107	105
Retained earnings		**31,067**	**29,907**
Total equity		**32,091**	**30,929**
Non-current liabilities			
Deferred tax liability	12	558	669
Lease liabilities	26	5,689	6,212
Provisions	24	853	862
Other payables	25	24	50
Contract liabilities	18	600	483
		7,724	**8,276**
Current liabilities			
Provisions	24	805	803
Trade and other payables	25	4,234	4,807
Contract liabilities	18	820	722
Other liabilities	25	1,067	904
Lease liabilities	26	735	854
Current income tax liabilities		122	58
		7,783	**8,148**
Total liabilities		**15,507**	**16,424**
TOTAL EQUITY AND LIABILITIES		**47,598**	**47,353**

The accompanying Notes form an integral part of these Separate Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

	Notes	Issued capital	Share premium	Other reserves	Retained earnings	Total equity
Year ended 31 December 2020						
At 1 January 2020		520	397	102	30,281	31,300
Profit for the year		–	–	–	5,097	5,097
Other comprehensive income		–	–	–	–	–
Total comprehensive income		–	–	–	5,097	5,097
Transactions with shareholder						
Other changes in equity		–	–	3	–	3
Dividends	23	–	–	–	(5,471)	(5,471)
At 31 December 2020		**520**	**397**	**105**	**29,907**	**30,929**
Year ended 31 December 2021						
At 1 January 2021		520	397	105	29,907	30,929
Profit for the year		–	–	–	6,251	6,251
Other comprehensive expense		–	–	–	–	–
Total comprehensive income		–	–		6,251	6,251
Transactions with shareholder						
Other changes in equity		–	–	2	–	2
Dividends	23	–	–	–	(5,091)	(5,091)
At 31 December 2021		**520**	**397**	**107**	**31,067**	**32,091**

The accompanying Notes form an integral part of these Separate Financial Statements

T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December

	Notes	2021	2020
Operating activities			
Profit/ (Loss) before tax		**7,851**	**6,361**
Depreciation, amortisation and impairment losses	13,14,15	5,294	5,675
Interest expense, net		195	186
(Gain) / Loss from disposal of intangible assets and property and equipment	5,9	35	(27)
Other non-cash items		49	(66)
Change in provisions	24	471	998
Change in trade receivables and other assets	17	(149)	(26)
Change in inventories	20	90	(10)
Change in trade payables and other liabilities	25	(174)	95
Cash from operating activities		**13,662**	**13,186**
Income taxes paid	12	(1,646)	(1,737)
Net cash from operating activities		**12,016**	**11,449**
Investing activities			
Purchase of intangible assets and property and equipment	13,14	(3,587)	(5,920)
Proceeds from disposal of intangible assets and property and equipment		28	68
Disbursement of loans	21	(71,000)	(146,800)
Repayment of provided loans	21	69,700	148,215
Net cash from cash pooling	17	(363)	(752)
Interest received		31	59
Net cash from derivatives		(111)	15
Net cash used in investing activities		**(5,302)**	**(5,115)**
Financing activities			
Dividends paid	23	(5,092)	(5,471)
Repayment of financial liabilities	29	(160)	(199)
Repayment of principal portion of lease liabilities	29	(1,484)	(930)
Interest paid	29	(233)	(241)
Proceeds from bank overdraft		–	287
Repayment of bank overdraft		–	(287)
Net cash used in in financing activities		**(6,969)**	**(6,841)**
Effect of exchange rate changes on cash and cash equivalents		4	(2)
Net (decrease) / increase in cash and cash equivalents		(251)	(509)
Cash and cash equivalents at 1 January	22	975	1,484
Cash and cash equivalents at 31 December	**22**	**724**	**975**

The accompanying Notes form an integral part of these Separate Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Index to the notes to the consolidated financial statements

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

1. General information

These consolidated financial statements have been prepared for T-Mobile Czech Republic a. s. ("the Company") and its subsidiaries CE Colo Czech, s.r.o. ("CE Colo Czech") and Planet A, a.s. ("Planet A") (together "the Group").

T-Mobile Czech Republic a.s. is a joint-stock company incorporated on 15 February 1996 in the Czech Republic. The Company's registered office is located at Tomíčkova 2144/1, 148 00 Prague 4. The business registration number (IČ) of the Company is 64949681 and the tax identification number (DIČ) is CZ64949681. For shareholders overview of the Company refer to Note 23.

The Group operates public mobile communications networks, public fixed telecommunication networks and provides mobile communication services, fixed communication services and IPTV under conditions of Czech Telecommunication Office ("CTO") certificate No. 310, authorizing to operate in electronic communication sector, respectively to carry out communication activities comprising provision of the public mobile networks, provision of public fixed networks and provision of electronic communication services. The Group's customers receive roaming services in mobile operator networks in destinations all over the world. The Group is considered the leader in the provision of telecommunication services and data centers services to the most demanding segment of business customers, both in terms of the respective range of services as well as in terms of quality.

The Group provides services via authorisations for strong portfolio of radio frequencies: 3.4 – 3.6 GHz frequency band valid until 2032, 700 MHz frequency band valid until 2036, bands 800 MHz, 1800 MHz and 2600 MHz valid until 2029, authorisation for the provision of mobile services on 900 MHz and 1800 MHz frequency bands, which is valid until 2024, and 2.1 GHz and 28 GHz frequency band, which is valid until 2024.

The Company holds the following investments in fully consolidated direct subsidiaries:

Name and registered office	Activity	Share and voting rights 31. 12. 2021	Share and voting rights 31. 12. 2020
CE Colo Czech, s.r.o. („CE Colo Czech") Nad Elektrárnou 1428/47, 106 00 Praha 10	Data center services	100%	100%
Planet A, a.s. ("Planet A") Tomíčkova 2144/1, 148 00 Praha 4	Public fixed network services, TV services, broadband services	100%	100%

All subsidiaries are incorporated in the Czech Republic. Shares in the subsidiaries are not traded on any public market.
On 31 October 2019 the Group acquired 100% share capital and voting rights in Planet A, a.s. ("Planet A") with registered office at Tomíčkova 2144/1, 148 00 Praha 4.

On 31 December 2018 the Group acquired 100% share capital and voting rights in LEMO Internet a.s. ("LEMO"). On 31 December 2018 the Group also acquired 100% share capital and voting rights in RegioNET Morava, a. s. ("RegioNET"). As at 1 January 2019, the merger between T-Mobile Czech Republic, a.s. and RegioNET and LEMO proceeded.

On 1 January 2015 the Group acquired 100% share capital and voting rights in CE Colo Czech s.r.o. ("CE Colo Czech") with registered office at Nad Elektrárnou 1428/47, 106 00 Praha 10.

Members of the Statutory Boards at 31 December 2021

Board of Directors

Chairman:
Rodrigo Francisco Diehl (member since 5.8.2021, chairman of the Board of Directors since 7. 10. 2021)

Members:
Jose Severino Perdomo Lorenzo (member since 1. 7. 2021)
Olga Nevska (member since 5. 8. 2021)

Supervisory Board

Chairman:
Stefan Lemmen (member and chairman of the Supervisory Board since 2. 6. 2021)

Members:
Antonius Joseph Zijlstra (member since 30. 6. 2020)
Jan Lédl (member since 2. 1.2 021)

Deutsche Telekom Europe B.V. with registered office at Stationsplein 8 K, Maastricht, the Netherlands is the parent of the Company.

Deutsche Telekom AG ("Deutsche Telekom" or "DTAG"), with its registered office at Friedrich Ebert Allee 140, Bonn, Germany, is the ultimate parent of the group of which the Company is a member and for which the group financial statements are drawn up. The ultimate parent's consolidated financial statements are available at their registered office or at the District Court of Bonn HRB 6794, Germany.

2. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except where disclosed otherwise.

The Group companies' functional currency is Czech crowns ("CZK"), the financial statements are presented in Czech crowns and all values are rounded to the nearest million, except where otherwise indicated.

The consolidated financial statements were prepared using the going concern assumption that the Group will continue its operations for the foreseeable future.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards as adopted by EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.19.

Statement of compliance

These consolidated financial statements are the ordinary consolidated financial statements of the Group and have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as adopted by the European Union ("IFRS"). The consolidated financial statements are available at the Company's registered office, on the internet page of the Company and in the public administration information system (the Register) administered by the Ministry of Justice of the Czech Republic.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December for each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using uniform accounting policies.

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when it has power over the investee defined as existing rights that give it the ability to direct the relevant activities; is exposed or has rights to variable returns from its involvement with the investee; and has the ability to affect those returns through its power over the investee. In most cases, control involves the Company owning a majority of the ordinary shares in the subsidiary (to which normal voting rights are attached). The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

All subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that control ceases.

Business combinations are accounted for using the acquisition method. The consideration paid on an acquisition is measured as the fair value of the assets transferred, shares issued, or liabilities undertaken at the date of acquisition. The excess of the consideration paid on an acquisition over the fair value of the net assets and contingent liabilities of the subsidiary acquired is recorded as goodwill. The consideration payable includes the fair value of any asset or liability resulting from a contingent consideration arrangement. If the amount of contingent consideration (a liability) changes as a result of a post-acquisition event (such as meeting an earnings target), the change is recognised in accordance with IFRS 9 in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Costs directly attributable to the acquisition are expensed.

All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

2.2 Property and equipment

Property and equipment is initially measured at acquisition cost, excluding the costs of day-to-day servicing. The cost of property and equipment acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, property and equipment is carried at cost less any accumulated depreciation and provision for impairment, where required. The initial estimate of costs of dismantling and removing the item of property and equipment and restoring the site on which it is located is also included in costs, if the obligation has to be recognised as a provision according to IAS 37.

Acquisition cost includes all costs directly attributable to bringing the asset into working condition for its use as intended by management. In case of network, costs comprise all expenditures, including internal costs directly attributable to network construction, and include contractors' fees, materials and direct labour. Costs of subsequent enhancement are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Maintenance, repairs and minor renewals are charged to profit or loss as incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included within other operating income or expense in profit or loss in the period in which the asset is derecognised. Net disposal proceeds consist of both cash consideration and the fair value of non-cash consideration received.

Depreciation is calculated on a straight-line basis from the time the assets are available for use over their estimated useful lives. Depreciation charge is identified separately for each significant part of an item of property and equipment.

The useful lives assigned to the various categories of property and equipment are:

Buildings, constructions and leasehold improvements	10 to 50 years or in accordance with the lease period
Towers, masts	30
Operating equipment:	
Network technology equipment	3 to 10
Transport vehicles, hardware and office equipment	3 to 13

No depreciation is provided on freehold land or capital work in progress.

Residual values and useful lives of property and equipment are reviewed and adjusted in accordance with IAS 8, where appropriate, at each financial year-end.

Property and equipment are reviewed for impairment whenever events or circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Impairment losses are reversed if the reasons for recognizing the original impairment loss no longer apply.

2.3 Intangible assets

Intangible assets acquired separately are recognised when control over them is assumed and are initially measured at acquisition cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and provision for impairment, where required. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. With the exception of goodwill, intangible assets have a finite useful life and are amortised using the straight-line method over their estimated useful lives. The assets' useful lives are reviewed and adjusted in accordance with IAS 8, as appropriate, at each financial year-end. For further details on the groups of assets influenced by the most recent useful life revisions refer to Note 2.19.

The useful lives assigned to the various categories of intangible assets are as follows:

Software	3 to 8 years
Telecommunications licences	8 to 28 years
Content licences	1 to 3 years
Customer relationships	7 to 15 years

Any gain or loss on derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is included within other operating income or costs in profit or loss in the period in which the asset is derecognised.

Software and licences

Development costs directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:
a) it is technically feasible to complete the software product so that it will be available for use;
b) management intends to complete the software product and use or sell it;
c) there is an ability to use or sell the software product;
d) it can be demonstrated how the software product will generate probable future economic benefits;
e) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
f) the expenditures attributable to the software product during its development can be reliably measured.

T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

Directly attributable costs capitalised as part of a software product include software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet recognition criteria and costs associated with maintaining computer software programs are recognised as an expense as incurred.

Acquired software licences are capitalised based on the costs incurred to acquire and bring to use specific software. Costs comprise all directly attributable costs necessary to create, produce and prepare the software to be capable of operating in a manner intended by the management, including enhancements of applications in use.

Costs associated with the acquisition of long term frequency licences are capitalised. Useful lives of concessions and licences are based on the underlying agreements and are amortised on a straight-line basis over the period from availability of the frequency for commercial use until the end of the initial concession or licence term. No renewal periods are considered in the determination of useful life. Recurring licence fees paid for key telecommunications licences do not have legally enforceable periods and are recognised as other operating costs in the period they relate to. Recurring licence fees are paid during whole period of granted licence.

The Group recognizes the content licences as intangible assets if it is highly probable that the content will be delivered, contract duration is longer than one year and the cost are determined or determinable. Acquired content licences are recognised at acquisition cost. If there is no fixed price defined in the contract, the Group uses best estimate to assess the fee during the contracted period. The useful lives of content licences are based on the underlying agreements and are amortised on a straight-line basis over the period from availability for commercial use until the end of the licence term which is granted to the Group. Content contracts which do not meet the criteria for capitalization are expensed and presented in ‘other operating costs' in the statement of profit and loss and other comprehensive income.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents an excess of the consideration transferred and the fair value of non-controlling interest in the acquiree over the net fair value of net identifiable assets acquired, liabilities and contingent liabilities of the acquiree. Following initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill is not amortised, but it is tested for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (Note 16). Carrying value of the cash generating unit ("CGU") to which goodwill belongs to is compared to its recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Fair values less costs to sell of CGU's with allocated goodwill tested for impairment are in Level 3 of the fair value hierarchy.

2.4 Leases

2.4.1 Right-of-use assets

Right-of-use assets represent property and equipment which is leased based on a contract containing a lease according to IFRS 16. The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Assessment of the lease term for evergreen leases (i.e. leases with no specified contract maturity, no silent prolongation etc.) is mostly affected by the nature and useful live of underlying assets, relocation costs, or the Group's past practice regarding the period over which it has typically used particular types of assets.

The expected lease term for evergreen leases assigned to the various categories of Right-of-use assets are:

Space on telecommunication infrastructure of third parties	5 years
Rooftops	10 years
Land to install own telecommunication equipment	30 years
Exclusive easements	20 years
Shops	5–10 years
Ducts and Pipes	20 years
Leased lines	2.5 years

2.4.2 Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date and amounts expected to be paid under residual value guaranties. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments, change in the assessment to purchase the underlying asset or a change in an index or a rate when the adjustment to the lease payments takes effect.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has an option, under some of its leases, to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Extension options in shops have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption. As at 31 December 2021, potential future cash outflows of CZK 133 million (undiscounted) (31 December 2020: CZK 241 million) have not been included in the lease liability because it is not reasonably certain that the leases will be extended. Decrease is caused by contracts' prolongation, mainly with contract amendments. The lease term is reassessed if an option is actually exercised (or not exercised), or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within control of the lessee.

For contracts where no maturity is specified in the contractual agreement (so called evergreen contracts), the assessment of lease term is done for the portfolio as a whole. An estimate is required for the initial lease term as well as any further renewal. Factors, which are considered in determining the lease term for evergreen contracts are: costs associated with an obligation to return the leased asset in a specified condition or to a specified location, existence of significant leasehold improvements that would be lost if the lease were terminated or not extended, non-contractual relocation costs, costs associated with lost service to existing customers, cost associated with sourcing an alternative item etc.

2.4.3 IFRS 16 recognition exemptions

IFRS 16 includes recognition exemptions available to lessees and specifies alternative requirements.

Separation of non-lease components

In accordance with IFRS 16.12 an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

The Group has applied practical expedient and does not separate lease from non-lease components (IFRS 16.15), except for data center contracts, therefore non-lease components which are fixed, e.g. utilities, maintenance costs, etc. are not separated but instead capitalized.

Short-term leases

There is a practical expedient for lessees not to apply the recognition, measurement and presentation requirements of IFRS 16 for short-term leases (IFRS 16.5).

The Group has made the decision not to apply the short-term recognition exemptions to lease contracts, except for some minor and insignificant lease arrangements with a lease term of one month or less. Hence, short-term leases have to be recognised, measured and presented as lease arrangements in the scope of IFRS 16.

Low-value leases

There is a practical expedient for lessees not to apply the recognition, measurement and presentation requirements of IFRS 16 for leases of which the underlying asset is of low value ("low-value leases"; IFRS 16.5). The practical expedient can be taken on a lease-by-lease basis. For leases of low-value items to which this exemption is applied, lease payments are recognised as an expense over the lease term.

The Group has made the decision not to apply this practical expedient. Hence, all low-value leases have to be recognised, measured and presented as lease arrangements in the scope of IFRS 16.

Leases of intangible assets
The Group elected in accordance with IFRS 16.4 for lessees not to apply IFRS 16 to leases of intangible assets or similar resources. To the extent that these transactions and its related assets fulfil the recognition criteria in IAS 38 Intangible Assets, they should be accounted as such. As a consequence, lessees are not required to perform lease identification procedures for any right to use intangible assets such as mobile radio spectrum, microwave frequencies, software, patents as well as content or data rights.

Separate presentation on the face of the balance sheet
The Group decided to present the right-of-use assets as well the lease liabilities as separate line items on the face of the statement of financial position (see IFRS 16.47). As a result, the right-of-use asset and the lease liability is presented (separately from other assets) in the statement of financial position.

2.4.4 Subleases

In classifying a sublease, the Group, as the intermediate lessor, should classify the sublease as a finance lease or an operating lease in the same manner as any other lease using the criteria discussed in IFRS 16.61 et seq. with reference to the right-of-use asset (not the underlying asset itself) arising from the head lease. That is, the intermediate lessor treats the right-of-use asset as the underlying asset in the sublease, not the item of property, plant or equipment that it leases from the head lessor. The intermediate lessor only has a right to use the underlying asset for a period of time. If the sublease is for all of the remaining term of the head lease, the intermediate lessor has in effect transferred that right to another party and the sublease is classified as finance lease. Otherwise, the sublease is an operating lease.

2.4.5 Lease accounting – the Group as a lessor

Leased out property and equipment where all the substantial benefits and risks usually connected with the ownership were transferred from the Group to lessee is classified as finance lease. The underlying asset is derecognised and the respective short term and long-term lease payments, net of finance charges are recognised as current and non-current financial assets.

Payments received under operating leases are recorded in profit or loss on a straight-line basis over the period of the lease.

2.5 Impairment of non-financial assets

An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit ("CGU") exceeds its recoverable amount. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or circumstances indicate that their carrying amount may not be recoverable. Assets with indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested for impairment annually. Impairment losses for each class of assets are presented within depreciation, amortisation and impairment losses in profit or loss. Reversals of impairment losses are presented within other operating income in the profit or loss.

For the purpose of assessing impairment, assets are grouped into CGU's, representing the smallest groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group determines the recoverable amount of a CGU on the basis of value in use. The calculation is determined by reference to discounted cash flows calculations. These discounted cash flows calculations are based on financial budgets approved by management, usually covering a four-year period. Cash flows beyond the detailed planning periods are extrapolated using appropriate growth rates. Key assumptions on which management bases the determination of value in use include average revenue per user, customer acquisition and retention costs, churn rates, capital expenditures, market share, growth rates and discount rates. Discount rates reflect risks specific to the CGU. Cash flows reflect management assumptions and are supported by external sources of information. This is highly judgmental, which carries the inherent risk of arriving at materially different recoverable amounts if estimates used in the calculations proved to be inappropriate.

If the carrying amount of a CGU to which the goodwill is allocated exceeds its recoverable amount, the goodwill allocated to this CGU is reduced by the amount of the difference. If an impairment loss recognised for the CGU exceeds the carrying amount of the allocated goodwill, the additional amount of the impairment loss is recognised through pro rata reduction of the carrying amounts of assets allocated to the CGU. Impairment losses on goodwill are not reversed.

In addition to the general impairment testing of CGU, the Group also tests individual assets if their purpose changes from being held and used to being sold or otherwise disposed of. In such circumstances the recoverable amount is determined by reference to fair value less costs to sell.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to all CGUs that are expected to benefit from synergies of combination, irrespective of whether other assets or liabilities of the Group are assigned to those CGUs or groups of CGUs. Each CGU or group of CGUs, to which the goodwill is allocated, represents the lowest level within the Group at which the goodwill is monitored for internal purposes.

Impairment is determined by assessing the recoverable amount of CGU to which the goodwill relates. For more details on impairment of goodwill refer to Note 16.

2.6 Inventories

Cost of inventories comprises all the costs of purchase and other costs incurred in bringing the inventories to their present location and condition, including customs, transportation and similar costs. Inventories are stated at the lower of cost and net realizable value. Cost of inventory is determined on the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses. An allowance is created against slow-moving and obsolete inventories.

Phone set inventory write-down allowances are recognised immediately when the phone sets are no longer marketable to secure subscriber contractual commitment or if the resale value on a standalone basis (without the subscriber commitment) is lower than cost.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with original maturity of three months or less from the date of acquisition.

For the purpose of the statement of cash flows, cash and cash equivalents are net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

From 2019 the Group takes part in the cash pooling system of Deutsche Telekom group. Balances of selected bank accounts of the Group are at the end of the business day transferred to bank accounts of the parent company. These balances are not part of cash equivalents, and they are presented as receivable from cash pooling in current receivables and within investing activities in the statement of cash flows.

2.8 Financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Trade receivables and debt securities issued by a debtor to the Group are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price determined under IFRS 15.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group has all financial assets classified and measured at amortised cost except for currency forward contracts.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets at amortised cost include Trade and other receivables, Cash and cash equivalents, Term deposits, Loans and Cash pooling in the statement of financial position.

These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Financial assets at fair value through profit or loss

The Group uses currency forward contracts to economically hedge its estimated cash flows. Financial assets at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value. Unrealised gains and losses arising from revaluation of financial assets to the fair value as well as realised gains and losses are recognised in profit or loss. The information on accounting for financial derivatives and hedging operations is provided in Note 3.5.

2.9 Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. For lease receivables, contract assets and trade receivables with a significant financing component, an entity can choose as an accounting policy either to apply the general model for measuring loss allowance or always to measure the loss allowance at an amount equal to the lifetime ECL. The Group has chosen the latter policy.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. Indicators used for analysing forward looking estimates, were chosen based on best practice relevant for the telecommunication industry.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease is related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

2.10 Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are initially measured at fair value. After initial recognition trade and other payables are measured at amortised cost using the effective interest rate method.

2.11 Prepaid expenses

The Group has various contracts where the expenses are paid in advance e.g., quarterly or yearly. Contracts relate to various services e.g., maintenance.

2.12 Provisions and contingent liabilities

Provisions for asset retirement obligations, restructuring costs and legal and regulatory claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

If the effect of the time-value of money is material, provisions are discounted using a risk-adjusted, pre-tax discount rate. Where discounting is used, the increase in the provision due to the passage of time is recognised as a financial expense.

No provision is recognised for contingent liabilities. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but that is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Asset retirement obligations

Asset retirement obligations relate to future costs associated with the retirement (dismantling and removal from use) of non-current assets. The obligation is recognised in the period in which it has been incurred and it is considered to be an element of cost of the related non-current asset in accordance with IAS 16. The obligation is measured at present value, and the corresponding increase in the carrying amount of the related non-current asset is depreciated over the estimated useful life of that asset. The value of the liability is recalculated to its present value as at the end of the reporting period and changes in the liability are recognised in the value of the assets or through charges to profit or loss (finance expenses). Upon settlement of the liability, the Group either settles the obligation for its recorded amount or incurs a gain or loss upon settlement.

2.13 Employee benefit obligations

Retirement employee benefits

The Group provides retirement benefits under defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into separate publicly or privately administered entities on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations. The contribution is based on gross salary payments. The cost of these payments is charged to profit or loss in the same period as the related salary cost.

Termination benefits

Employee termination benefits are recognised in the period in which is the Group demonstrably committed to a termination without possibility of withdrawal, i.e. the management defines and authorises a detailed plan listing the number and structure of employees to be discharged and announces it to the trade unions. Expenses related to termination benefits are presented within staff costs in profit or loss.

2.14 Revenue recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to a customer, who obtains control of that asset that means upon the delivery of services and products and customer's acceptance. Revenue from rendering of services and from sales of equipment is shown net of value added tax and discounts. Revenue is measured at the amount of transaction price that is allocated to the performance obligation.

The Group recognises revenue as follows:
The Group provides customers with narrow and broadband access to its fixed, mobile and TV distribution networks. Service revenue is recognised when the services are provided in accordance with contractual terms and conditions. Airtime revenue is recognised based upon minutes of use and contracted fees less credits and adjustments for discounts, while subscription and flat rate revenue is recognised in the period they relate to.

Revenue from prepaid cards is recognised when credit is used by a customer or after a period of limitation when unused credit elapsed.

Interconnect revenue generated from calls and other traffic that originates in other operators' networks is recognised as revenue at the time when the call is received in the Group's network. The Group pays a proportion of the revenue it collects from its customers to other operators for calls and other traffic that originate in the Group's network but use other operators' networks. Revenue from interconnect is recognised gross.

Content revenue is recognised gross or net of the amount due to a content provider. Depending on the nature of the relationship with the content provider, gross presentation is used when the Group acts as a principal in the transaction with a final customer. Content revenue is recognised net, if the Group acts as an agent, i.e. the content provider is responsible for service content and the Group does not assume risks and rewards of ownership.

In the case of multiple-element arrangements (e.g. mobile contract plus handset) with subsidised products delivered in advance, the transaction price is allocated to the performance obligations in the contract by reference to their relative standalone selling prices. Standalone selling prices of hardware are estimated using price list prices adjusted by margin haircut resulting from comparison of internal price list with external market prices. Standalone selling prices of service are estimated using average transaction prices adjusted by margin haircut. As a result, a larger portion of the total consideration is attributable to the component delivered in advance (mobile handset), requiring earlier recognition of revenue. This leads to the recognition of what is known as a contract asset – a receivable arising from a customer contract that has not yet legally come into existence – in the consolidated statement of financial position.

Customer's credit risk is taken into account when accounting for contract assets by applying the expected credit loss model of IFRS 9. Impairments as well as reversals of impairments on contract assets are accounted for in accordance with IFRS 9.

Some one-time fees (mainly activation fees which are generally paid at contract inception) do not fulfill the definition of a separate performance obligation but represent a prepayment on future services. Such one-time fees and advanced payments for post-paid services lead to recognition of contract liability which is recognised as revenue appropriately to the minimum contract term. When discounts on service fees are granted unevenly for specific months of a contract while monthly service is provided evenly to the customer, service revenues are recognised on a straight-line basis.

In accordance with IFRS 15, constant monthly revenue amounts shall be recognized in a contract where performance over the months is constant. One or more discounts on service may be given for one or multiple periods. The discount period can start at the beginning or at a later point in time of the contract term. Additionally, discounts may also be granted in stages, meaning that the discount size varies over the minimum contract term. In order to guarantee continuity, straightlining of the discount during minimum contract term is required. This takes place by recognizing a contract asset, which is to be set up over the period with smaller payments and amortized over the remaining contract term.

The customer can be granted budgets for purchasing future goods and services either at contract inception or in the future by signing a frame contract which guarantees monthly minimum payment to the entity. The budget can be redeemed for hardware purchases and/or new services within the redemption period of the frame contract. A contract liability is created on a monthly basis until the budget is used. At the point of redemption revenue is realised in the amount of the relative standalone selling price of the material right.

Commission costs are assessed as incremental costs of obtaining a contract and are recognised as Contract costs. Contract costs are amortised during estimated customer retention period within dealer's commission under other operating costs (related to indirect sales channel) and within wages and salaries under staff costs (related to direct sales channel).

The Group considers the effects of variable consideration and the financing component as insignificant.

The Group typically satisfied its performance obligations at the point in time (mainly sales of equipment) and over time (services). The Group is not aware of any unusual payment terms. Payments are typically due within 14 days.

Revenue from sales of equipment is recognised when control of that equipment is transferred to a customer and when the equipment delivery and installation is completed. Completion of an installation is a prerequisite for transfer of control on such equipment where installation is not simple in nature and functionally constitutes a significant component of the sale.

Revenue from lease contracts (rent of buildings, technical spaces, cirquits, dark fiber etc.) is recognised based on the lease classification, either as one-off revenue, i.e. finance lease or on a straight-line basis over lease period, i.e. operating lease.

System solutions / IT revenue

Contracts on network services, which consist of installations and operations of communication networks for customers, have an average duration of 2 to 3 years. Revenue from voice and data services is recognised under such contracts when voice and data are used by a customer. Revenue from system integration contracts comprising delivery of customised products and/or services is recognised when the control of that customised complex solution is transferred to a customer (solution is delivered to and accepted by a customer). Contracts are usually separated into distinct milestones which indicate completion, delivery and acceptance of a defined project phase. Upon completion of a milestone the Group is entitled to issue an invoice and to a payment.

Revenue from maintenance services (generally a fixed fee per month) is recognised over time (during contractual period) or at point in time (when the services are completed). Revenue from repairs, which are not part of the maintenance contract but are billed on a basis of time and material used, is recognised when the services are rendered.

Revenue from sale of hardware (including terminal equipment) and software is recognised when the control of that asset is transferred to a customer, provided there are no unfulfilled obligations that affect customer's final acceptance of the arrangement.

Interest and dividends

Interest income is recognised using the effective interest rate method. When a loan or receivable is impaired, the Group reduces it's carrying amount to a recoverable amount. Recoverable amount is determined as an estimate of future cash flows discounted at the original effective interest rate of the instrument. Dividend income is recognised when the right to receive payment is established.

2.15 Operating profit

Operating profit is defined as a result before income taxes and financial income and expenses. For financial income and expenses refer to Notes 10 and 11 respectively.

2.16 Foreign currency translation

Transactions denominated in foreign currencies are translated into functional currency using exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the exchange rates prevailing at the statement of financial position date. All foreign exchange differences are recognised within financial income or expense in the period in which they arise.

2.17 Taxes

Tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted as of the statement of financial position date.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities.

Deferred tax

Deferred tax is calculated at the statement of financial position date using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts.

Deferred taxes are recognised for all taxable and deductible temporary differences, except for the deferred tax arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.18 Joint arrangements

Joint arrangements according to IFRS 11 may have either a joint operation or a joint venture form.

The classification depends on contractual rights and obligations of each investor, rather than the legal structure of a joint arrangement.

According to participation in joint operations, the Group recognises assets controlled and liabilities incurred and its share on all jointly held assets and jointly incurred liabilities and its share on revenue and costs generated by the joint operations according to valid terms of relevant contracts.

2.19 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities reported at the end of the period and the reported amounts of revenue and expenses for that period. Actual results may differ from these estimates.

In the process of applying the Group's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the consolidated financial statements:

Useful lives of non-current assets

The estimation of the useful lives of non-current assets is a matter of judgement based on the Group's experience with similar assets. Management reviews the estimated remaining useful lives of non-current assets annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation or amortisation period, as appropriate, and are treated as changes in accounting estimates. Management's estimates and judgements are inherently prone to inaccuracy, in particular for those assets for which no previous experience exists.

Assessment of impairment of goodwill

Goodwill is tested annually for impairment as further described in Note 2.3 using estimates detailed in Note 16.

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Content rights

The Group recognizes the content licences as intangible asset if it is highly probable that the content will be delivered, contract duration is longer than one year, and the cost are determined or determinable. Acquired content licences are recognised at acquisition cost. If there is no fixed price defined in the contract, the Group uses the best estimate to assess the fee during the contracted period. The useful lives of content licences are based on the underlying agreements and are amortised on a straight-line basis over the period from availability for commercial use until the end of the licence term which is granted to the Group. Content contracts which do not meet the criteria for capitalization are expensed and presented in 'other operating costs' in the statement of profit or loss and other comprehensive income.

Asset retirement obligation

The Group enters into lease contracts for land and premises on which mobile communication network technologies and buildings are sited. The Group is committed by these contracts to dismantle the network technologies and buildings and restore the land and premises to their original condition. Management anticipates the probable settlement date of the obligation to equal useful life of leased assets, which is estimated to be from 5 to 30 years depending on leased asset.

Management's determination of the amount of the asset retirement obligation (Note 24) involves the following estimates (in addition to the estimated timing of crystallisation of the obligation):
a) an appropriate risk-adjusted, pre-tax discount rate commensurate with the Group's credit standing;
b) the amounts necessary to settle future obligations;
c) inflation rate.

Provisions and contingent liabilities

The Group is a participant in several lawsuits and regulatory proceedings. When considering the recognition of a provision, management judges the probability of future outflows of economic resources and its ability to reliably estimate such future outflows. If these recognition criteria are met a provision is recorded in the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Such judgments and estimates are continually reassessed taking into consideration the developments of the legal cases and proceedings and opinion of lawyers and other subject matter experts involved in resolution of the cases and proceedings. The factors considered for individual cases are described in Notes 24 and 32.

2.20 Comparatives

Changes in naming of lines in the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows and the notes to the consolidated financial statements have been made to provide their better specification and understanding.

The following reclassifications, in accordance with IAS 1.38, have been made for the purpose of comparability of data in reported periods in the consolidated statement of profit or loss and other comprehensive income:

Financial statements for 2020			**Financial statements for 2021 – comparatives**	
Financial statement line	**Amount**	**Reclassification**	**Financial statement line**	**Amount**
Revenue from contracts with customers	29,173	96	Revenue from contracts with customers	29,269
Other operating income	300	(142)	Other operating income	158
Cost of goods, raw materials and telecommunication services	(9,209)	9,209		–
		(5,078)	Interconnection fees and other telecommunication services	(5,078)
		(2,180)	Material and equipment	(2,180)
Employee benefits	(3,642)	(217)	Staff costs	(3,859)
Impairment losses on financial and contract assets	(410)	11	Impairment losses on financial and contract assets	(399)
Other operating expenses	(4,031)	(2,060)	Other operating costs	(6,091)
		361	Own work capitalised	361
Finance income	340	(243)	Financial income	97
Finance expense	(485)	243	Financial expense	(242)

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The following reclassifications, in accordance with IAS 1.38, has been made for the purpose of comparability of data in reported periods in the consolidated statement of financial position:

Financial statements for 2020			Financial statements for 2021 – comparatives	
Financial statement line	**Amount**	**Reclassification**	**Financial statement line**	**Amount**
Current assets			**Current assets**	
Trade and other receivables	6,186	(263)	Trade and other receivables	5,923
Other financial assets	4,506	(6)	Loans	4,500
Non-current assets			**Non-current assets**	
Intangible assets	6,628	1,592	Intangible assets	8,220
Goodwill	1,592	(1,592)		–
		269	Other receivables	269
Current liabilities			**Current liabilities**	
Trade and other payables	5,597	(790)	Trade and other payables	4,807
Other financial liabilities	126	(126)		–
		904	Other liabilities	904
Income tax liability	46	12	Current income tax liabilities	58
Non-current liabilities			**Non-current liabilities**	
Other financial liabilities	50		Other payables	50
Equity			**Equity**	
Capital funds	105		Other reserves	105

The following reclassifications, in accordance with IAS 1.38, has been made for purpose of comparability of data in reported periods in the statement of cash flows:

Financial statements for 2020			Financial statements for 2021 – comparatives	
Financial statement line	**Amount**	**Reclassification**	**Financial statement line**	**Amount**
Cash flows from operating activities			**Cash flows from operating activities**	
Changes in trade receivables and other operating assets	(778)	752	Change in trade receivables and other assets	(26)
Interest paid	(241)	241		–
Interest received	59	(59)		–
Cash flows from investing activities			**Cash flows from investing activities**	
Intercompany loan received	1,415	(1,415)		
		(146,800)	Disbursement of loans	(146,800)
		148,215	Repayment of loans	148,215
		(752)	Net cash from cash pooling	(752)
		59	Interest received	59
Cash flows from derivatives	32	(17)	Net cash from derivatives	15
Cash flows from financing activities			**Cash flows from financing activities**	
Repayment of short-term financing	(216)	17	Repayment of financial liabilities	(199)
		(241)	Interest paid	(241)

2.21 Adoption of IFRS during the year

Standards, interpretations and amendments to published standards effective for the Group's accounting period beginning on 1 January 2021

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:
a) Covid-19-Related Rent Concessions beyond 30 June 2021– amendments to IFRS 16
b) Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

The new standards, amendments to the standards and interpretations endorsed by EU which are not yet effective and have not been early adopted are not expected to have a significant impact on the Group's financial statements.

2.22 Impact of Covid-19 on financial statements as at 31 December 2021

The coronavirus pandemic has developed into a global economic crisis. Due to higher demand for certain telecommunications services, the impact of the crisis is being felt less severely by the telecommunications industry and the Group than by other industries. Business activities and thus the results of operations and financial position of the Group were impacted by the coronavirus pandemic in various business areas, affecting revenue and earnings, although not to any significant extent. At this time, we can report only minor impact with respect to payment defaults and customer numbers, but no material specific impairment allowance to the Group's receivables was recorded as of 31 December 2021.

Impairment reviews are ordinarily performed on an annual basis. As at 31 December 2021, the Group reviewed whether there are any new impairment indicators present due to the uncertainty caused by Covid-19. No significant adjustment to Group's accounting estimates has been deemed necessary. There is no reason to believe that additional impairment would be required.

Possible future effects on the measurement of individual assets and liabilities are being analyzed on an ongoing basis.

3. Financial risk management

The Group is exposed to a variety of financial risks. The Group's risk management policy addresses the unpredictability of financial markets and seeks to minimize potential adverse effects on the performance of the Group.

Based on its risk assessment, the Group uses selected derivative and non-derivative hedging instruments to manage exposures. The derivatives are used solely for hedging purposes, not for trading or speculating. In order to manage credit risk, the hedging transactions are generally entered into with institutions that meet the requirements of the Group's hedging strategy for required rating.

The Group's financial instruments include cash and cash equivalents, intra-group loans, short-term deposits and intra-group funding measures (i.e. cash pooling or additional financing facilities). The main purpose of these instruments is to manage the liquidity of the Group.

The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables which arise from its operations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Treasury is responsible for financial risk management (except for credit risk arising from sales activities which is managed by the Credit Risk Department), in accordance with guidelines approved by the Board of Directors and the Deutsche Telekom Group Treasury. The Treasury works in association with the Group's operating units and with the Deutsche Telekom Group Treasury. There are policies in place to cover specific areas, such as market risk, credit risk, liquidity risk and the investment of excess funds.

3.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

3.1.1 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates.

The Group is exposed to transactional foreign currency risk arising from international interconnectivity. In addition, the Group is exposed to risks arising from capital and operational expenditures denominated in foreign currencies.

For all planned, but not yet determined, foreign currency denominated cash flows (uncommitted net exposure) of the following 12 months (rolling 12month approach) a hedging ratio of at least 50% of net foreign-exchange exposure is applied. The Group uses foreign exchange spot and foreign exchange fixed-term financial contracts to hedge these uncommitted net exposures.

Short-term cash flow forecasts are prepared on a rolling basis to quantify the Group's expected exposure. The Group's risk management policy requires the hedging of every cash flow denominated in foreign currency exceeding the equivalent of EUR 250 thousand.

The Group's foreign currency risk relates mainly to the changes in EUR foreign exchange rates, with immaterial risk related to financial assets and financial liabilities denominated in other foreign currencies (SDR, USD, CHF, GBP, AUD).

The following table details the sensitivity of the Group's profit before tax to a 10% increase/decrease in EUR against CZK, with all other variables held as constant. The 10% change represents management's assessment of the reasonably possible change in foreign exchange rate and is used when reporting foreign currency risk internally in line with treasury policies.

Profit after tax	2021	2020
Depreciation of EUR by 10%	(41)	(72)
Appreciation of EUR by 10%	41	72

3.1.2 Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group entered into a Master agreement for derivatives and investment contracts with DT AG in June 2008 as further amended based on which the Group can provide loans to DT AG. Currently, there is an outstanding loan in amount of CZK 5,806 million (2020: CZK 4,500 million) at fixed interest rate (Note 21). The Group has no material financial instruments with variable interest rates as at 31 December 2021 and 31 December 2020.

3.1.3 Other price risk

Other price risk arises on financial instruments because of changes in commodity prices or equity prices. However, there are no such financial instruments that would have been materially impacted from changes in commodity or equity prices.

3.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group is exposed to credit risk from its operating activities and certain investing activities. The Group's credit risk policy defines products, maturities of products and limits for financial counterparties. The Group limits credit exposure to individual financial institutions on the basis of the credit ratings assigned to these institutions by reputable rating agencies and these limits are reviewed on a regular basis. The Group makes only short-term cash deposits. The Group deposits free cash into financial instruments such as financial investments in the form of loans to DTAG. The Group is exposed to full concentration of credit risk from holding loan receivable in the amount of CZK 5,806 million (2020: CZK 4,500 million) provided to DTAG (Germany), as well as from cash pool receivable from DTAG of CZK 1,378 million (2020: CZK 1,015 million). Concentration from trade receivables from DTAG, and other entities in DT group is 11.7 % (2020: 14.3%) and is in amount of CZK 528 million (2020: CZK 680 million).

The Group's cash and cash equivalents are held with major regulated financial institutions; the four largest ones hold approximately 50%, 25%, 12% and 7% respectively (2020: 34%, 29%, 17% and 13% respectively).

For credit ratings see the following tables:

	31. 12. 2021	31. 12. 2020
Loans (Note 21)	5,806	4,500
BBB- to BBB+	5,806	4,500

	31. 12. 2021	31. 12. 2020
Cash and cash equivalents (Note 22)	693	975
A-to A+	31	–
Not rated	724	975

T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

Further, counterparty credit limits and maximum maturity can be decreased based on recommendation by Deutsche Telekom Group Treasury in order to manage bulk risk steering of Deutsche Telekom Group. Group credit risk steering takes into account various risk indicators including, but not limited to CDS (Credit Default Swap) level and rating.

The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade, other receivables and contract assets. Cash and cash equivalents and intercompany receivables are also subject to the impairment requirements of IFRS 9, however, the identified impairment loss determined based on probability of default would be immaterial. The receivables from the DTAG group do not give rise to a significant credit risk. The Company has considered the financial performance, external debt and future cash flows of the related parties and concluded that the credit risk relating to these receivables is limited and consequently the probability of default relating to these balances is low.

Impairment losses are recognised to cover both individually significant credit risk exposures and a collective loss component for assets that are assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables includes the Group's past experience of collecting payments, changes in the internal and external ratings of customers, current conditions and the Group's view of economic conditions over the expected lives of receivables.

In respect of financial assets, which comprise cash and cash equivalents, intra-group loans, term deposits, trade and other receivables and cash pooling, the Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before contractual payments are 90 days past due.

The Group assesses its financial investments at each reporting date to determine whether there is any objective evidence that they are impaired. A financial investment is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that investment. Significant financial investments are tested for impairment on an individual basis. The remaining financial investments are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal of the impairment loss is recognised in profit or loss.

The table summarises the ageing structure of receivables based on IFRS 9:

At 31 December 2021	**Not past due**			**Past due**			**Total**
		< 30 days	**31–90 days**	**91–180 days**	**181–365 days**	**> 365 days**	
Trade and other receivables (brutto)	5,722	378	181	123	155	1,851	8,410
Allowance for ECL	(175)	(35)	(50)	(63)	(110)	(1,773)	(2,206)
Trade and other receivables (net)	**5,547**	**343**	**131**	**60**	**45**	**78**	**6,204**

At 31 December 2020	**Not past due**			**Past due**			**Total**
		< 30 days	**31–90 days**	**91–180 days**	**181–365 days**	**> 365 days**	
Trade and other receivables (brutto)	5,213	691	122	148	144	1,933	8,251
Allowance for ECL	(36)	(9)	(21)	(67)	(71)	(1,855)	(2,059)
Trade and other receivables (net)	**5,177**	**682**	**101**	**81**	**73**	**78**	**6,192**

The probabilities of default for individual ageing bands for Core receivables (which represents majority of receivables) are as follows:

	Not past due				**Past due**		
		< 30 days	**31–90 days**	**91–180 days**	**181–365 days**	**> 365 days**	**> 3600 days**
At 31 December 2021	1–2%	3–14%	21–33%	40–54%	58–73%	74–95%	97–100%
At 31 December 2020	1–2%	3–14%	21–33%	40–54%	58–73%	74–95%	97–100%

For aging structure of contract assets refer to Note 18.

No significant individually impaired trade receivables were included in the allowance for impairment losses in 2021 and 2020.

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

Trade receivables that are past due as at 31 December 2021, but not individually impaired, are from creditworthy customers who have a good track record with the Group and, based on historical default rates, management believes that no additional impairment allowance is necessary. Management also believes that currently no additional impairment allowance is necessary to trade receivables that are neither past due nor impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 17, 21 and 22.

The gross carrying amount of Trade and other receivables, reflecting the maximum exposure to credit risk, as at 31 December 2021 was CZK 8,411 million (31 December 2020: CZK 8,251 million)

For sensitivity of impairment charge of uncollectible receivables refer to Note 17.

3.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group's liquidity risk mitigation principles define the level of cash and cash equivalents, marketable securities, short-term financial assets and intragroup financing measures in line with DT Group Centralized funding approach available to the Group to allow it to meet its obligations on time and in full. Liquidity needs are to be covered by intragroup funding measures of DT Group, i.e. cash pooling or additional financing facilities, then also cash, cash equivalents and liquid short term financial assets, with the objective of holding predetermined minimum amounts of cash and cash equivalents and credit facilities available on demand.

The table summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
At 31 December 2021					
Trade and other payables	1,950	2,174	110	24	4,258
Currency forward contracts with negative fair value	–	611	949	–	1,560
Currency forward contracts with positive fair value	–	49	31	–	80
Total forward contracts[a]	**–**	**660**	**980**	**–**	**1,640**
Total financial liabilities	**1,950**	**2,834**	**1,090**	**24**	**5,898**
At 31 December 2020					
Trade and other payables	1,346	3,284	181	46	4,857
Currency forward contracts with negative fair value	–	522	661	–	1,183
Currency forward contracts with positive fair value	–	209	596	–	805
Total forward contractsa	**–**	**731**	**1,257**	**–**	**1,988**
Total financial liabilities	**1,346**	**4,015**	**1,438**	**46**	**6,845**

[a] Contracted nominal value. Under the contracts the Group will pay the nominal amounts in CZK and receive amounts in foreign currencies stated based on the agreed forward exchange rates.

The total undiscounted lease liabilities are as follows:

	31. 12. 2021	31. 12. 2020
Up to 1 year	910	1,060
1 to 5 years	2,952	3,310
Over 5 years	3,766	3,579
Total undiscounted cash flows (lease liability)	**7,628**	**7,949**

T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

3.3.1 Offsetting financial assets and liabilities

The following financial assets and liabilities are subject to offsetting:

	Gross amounts	Offsetting	Other (exchange rate revaluation)	Net amounts
At 31 December 2021				
Current financial assets – Trade receivables	730	(692)	(2)	36
Current financial liabilities – Trade payables	717	(694)	–	23
At 31 December 2020				
Current financial assets – Trade receivables	1,048	(951)	(2)	95
Current financial liabilities – Trade payables	969	(953)	–	16

For the Group's accounting policy on offsetting refer to Note 2.8. Balances of Trade receivables and Trade payables are presented on a net basis in the consolidated statement of financial position.

3.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Group's management proposes to the owner of the Group (through the Board of Directors) to approve dividend payments or adopt other changes in the Group's equity capital in order to optimize the capital structure of the Group. This can be achieved primarily by adjusting the amount of dividends paid to the shareholder, or alternatively, by returning capital to the shareholder by capital reductions, issue new shares or sell assets to reduce debt. The Group also takes into consideration any applicable guidelines of the ultimate parent company. No changes were made to the objectives, policies or processes in 2021.

The capital structure of the Group consists of equity attributable to shareholder, comprising issued capital, share premium, statutory reserve fund, retained earnings and other components of equity (Note 23). Management of the Group manages capital measured in terms of shareholder's equity amounting to CZK 32,091 million at 31 December 2021 (2020: CZK 30,929 million).

3.5 Fair values

Fair value measurement is analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Financial instruments measured at fair value through profit or loss (for trading) at level 2 are presented by currency forward contracts (please, refer to Note 3.6). Fair values of financial instruments at level 2 are based on monetary yield curves determined at the balance sheet date which are based on the market prices valid as at the end of the reporting period. The Group does not have any financial assets and liabilities that are measured at fair value at level 1 and 3.

3.5.1 Recurring fair value measurement

Recurring fair value measurements are those that the accounting standards require or permit in the consolidated statement of financial position at the end of each reporting year. There were no recurring fair value measurements in 2021 and 2020, except for currency forward contracts.

3.5.2 Non-recurring fair value measurement

There were no non-recurring fair value measurements in 2021 and 2020.

3.5.3 Financial assets and financial liabilities not measured at fair value

The fair value of other financial assets and financial liabilities approximate their carrying amounts at the statement of financial position date. The loans are short-term. For further details on loans refer to Notes 3.2 and 21. Financial assets and financial liabilities are discounted unless the effect of discounting was inconsiderable.

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

3.5.4 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the statement of financial position at fair value. In assessing the fair value of derivatives, the Group uses a variety of methods including techniques such as the present value of estimated future cash flows under assumptions based on market conditions existing as at statement of financial position date and other valuation techniques.

The Group uses currency forward contracts to hedge estimated cash flows. The Group decided to account for these contracts as “held for trading derivatives” even though the requirements defined in IFRS 9 for hedge accounting could be met. As such, the Group did not apply hedge accounting in 2021 and 2020 and all currency forward contracts are recognised as held for trading derivatives with changes in fair value being reflected in profit or loss.

As at the end of 2021 the Group had open currency forward contracts with a total nominal value of CZK 1,640 million (as at 31 December 2020: CZK 1,988 million). These transactions focus on managing currency risks associated with the settlement of the Group’s future liabilities resulting from the customer-supplier relations and denominated in EUR and USD. All currency forward contracts as at 31 December 2021 were initiated during 2021 with maturity by the end of 2022. During 2021, currency forward contracts in the total nominal value of CZK 2,507 million were settled (in 2020: CZK 2,895 million).

3.6 Presentation of financial instruments by measurement category

	31. 12. 2021	31. 12. 2020
ASSETS		
Financial assets at amortised cost		
Trade and other receivables (Note 17) – other than those at fair value through profit or loss	6,201	6,186
Loans (Note 21)	5,806	4,500
Cash and cash equivalents (Note 22)	724	975
Financial assets at fair value through profit or loss (for trading)		
Trade and other receivables (Note 17) – Currency forward contracts with positive fair value	3	6
LIABILITIES		
Financial liabilities at amortised cost		
Trade and other payables (Note 25) – other than those at fair value through profit or loss	4,224	4,806
Lease liabilities (Note 26)	6,424	7,066
Financial liabilities at fair value through profit or loss (for trading)		
Trade and other payables (Note 25) – Currency forward contracts with negative fair value	35	51

4. Revenue from contract with customers

	2021	2020[a]
Fixed network revenue	5,391	5,327
Mobile network revenue	18,929	18,644
Terminal equipment	2,596	2,127
System solutions / IT	3,252	3,016
Other	190	155
	30,358	**29,269**

[a] To improve true and fair presentation of its financial statements the Group changed presentation of categories within Revenue from contracts with customers line in 2021. 2020 comparatives were reclassified for better comparability as follows: Terminal equipment of 103 million CZK was reclassified from Fixed network revenue, System solutions/IT of 108 million.CZK was reclassified from Terminal equipment and System solution/IT of 96 million CZK was reclassified from Other operating income. In 2021 the category System solutions/IT includes all revenues related to ICT business, including associated sales of terminal equipment.

For assets and liabilities related to contracts with customers or cost to obtain a contract with customers refer to Note 18.

T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

5. Other operating income

	2021	2020 [a]
Gain on disposal of property and equipment and intangible assets, net	–	27
Income from re-invoicing of services	79	96
Other	72	35
	151	**158**

[a] Reclassifications in comparatives were described in Note 2.20.

6. Staff costs

	2021	2020 [a]
Wages and salaries	2,968	2,956
Defined contribution pension costs	590	590
Other social security contributions	311	313
	3,869	**3,859**

[a] Reclassifications in comparatives were described in Note 2.20.

	2021	2020
Number of employees at year end	3,330	3,372
Average number of employees during the year[b]	3,240	3,289

[b] The average number of employees during the year is based on an average recalculated number of full-time employees.

Majority of own work capitalized in the amount of CZK 310 million (2020: CZK 361 million) represents capitalization of wages and salaries of internal employees.

7. Material and equipment

The increase of the balance of Material and equipment in 2021 is mainly caused by the increase of sale of telecommunication equipment, particularly handsets, driven by successful marketing campaigns in 2021.

8. Interconnection fees and other telecommunication services

Interconnection fees and other telecommunication services balances include cost of leased capacity of telecommunication lines at the amount of CZK 507 million in 2021 (2020: CZK 595 million). To improve true and fair presentation of its financial statements the Group changed presentation of these expenses in 2021 including comparatives. In financial statements for 2020 these expenses were presented in Other operating costs.

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

9. Other operating costs

	2021[a]	2020[a]
Repairs and maintenance	1,215	879
Loss on disposal of property and equipment and intangible assets, net	35	–
Marketing costs	539	633
Energy	410	393
Printing and postage	11	14
Logistics	108	97
Rentals and leases (not in scope of IFRS 16)	8	8
IT services	410	357
Dealer commissions	913	957
Frequency fees	326	302
Content fees	410	266
Legal and regulatory claims (Note 24)	(32)	658
Consultancy	109	178
Customer solutions	683	728
Fees paid to group companies	268	298
Other	364	323
	5,777	**6,091**

[a] To improve true and fair presentation of its financial statements the Group changed presentation of IT services from Repairs and maintenance to the separate category in 2021. 2020 comparatives of CZK 357 million were reclassified for better comparability. Other reclassifications in comparatives were described in Note 2.20.

The decrease in Legal and regulatory claims is mainly attributable to the provision for the regulatory case dealt with by the European Commission created in 2020. For further details of the provision refer to Note 24.

10. Financial income

	2021	2020[a]
Interest income	70	55
Foreign exchange gains/losses, net	–	36
Other financial income	–	6
	70	**97**

[a] Reclassifications in comparatives were described in Note 2.20.

11. Financial expense

	2021	2020[a]
Interest expense from lease	233	242
Foreign exchange gains/losses, net	62	–
	295	**242**

[a] Reclassifications in comparatives were described in Note 2.20.

T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

12. Taxation

The major components of income tax expense for the years ended 31 December are:

	2021	2020
Current tax expense	1,635	1,480
Current tax expense of prior periods	76	36
Deferred tax income	(111)	(252)
Total income tax expense	**1,600**	**1,264**

Reconciliation between the reported income tax expense and the theoretical amount that would arise using the statutory tax rate is as follows:

	2021	2020
Profit before income tax	7,851	6,361
Income tax calculated at the statutory rate of 19% (2019: 19%)	1,492	1,209
Effect of non-taxable income and tax non-deductible expenses:		
Non-tax deductible expenses	55	153
Non-taxable income	(17)	(34)
Tax charge in respect of prior years	76	36
Other	(6)	(100)
Income tax at the effective tax rate of 20% (2020: 20%)	**1,600**	**1,264**

Deferred tax assets (liabilities) calculated at the statutory rate of 19% which is the rate valid for 2022 and subsequent years (2020: 19%) and for the year ended 31 December are attributable to the following items:

	1 January 2021	Recognized through profit or loss	31 December 2021
Difference between carrying and tax value of fixed assets	(862)	87	(775)
Lease liabilities	1,339	(118)	1,221
Right-of-use assets	(1,271)	123	(1,148)
Provisions and Liabilities to employees	310	6	316
Contract assets and Contract Costs	(227)	(42)	(269)
Other	42	55	97
Net deferred tax liability	**(669)**	**111**	**(558)**

	1 January 2020	Recognized through profit or loss	31 December 2020
Difference between carrying and tax value of fixed assets	(902)	40	(862)
Lease liabilities	1,436	(97)	1,339
Right-of-use assets	(1,544)	273	(1,271)
Provisions and Liabilities to employees	275	35	310
Contract assets and Contract Costs	(246)	19	(227)
Other	96	(54)	42
Net deferred tax liability	**(885)**	**216**	**(669)**

	31. 12. 2021	31. 12. 2020
Deferred tax asset to be settled within 12 months	391	347
Deferred tax asset to be settled after more than 12 months	1,243	1,365
Deferred tax liability to be settled within 12 months	(153)	(109)
Deferred tax liability to be settled after more than 12 months	(2,039)	(2,272)
Net deferred tax liability	**(558)**	**(669)**

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

13. Intangible assets

	Customer relation-ships	Software	Telco licences	Other licences and rights	Internally developed intangible assets	Goodwill	Intangi-bles under construc-tion	Total
At 1 January 2021								
Cost	2,654	13,044	7,618	1,292	508	1,592	1,719	28,427
Accumulated amortisation	(2,245)	(11,527)	(5,162)	(770)	(503)	–	–	(20,207)
Net book value	**409**	**1,517**	**2,456**	**522**	**5**	**1,592**	**1,719**	**8,220**
Additions	–	660	1,407	179	4	–	545	2,795
Amortisation charge	(228)	(664)	(468)	(339)	(10)	–	–	(1,709)
Disposals	–	(28)	–	(2)	–	–	(2)	(32)
Transfers	**–**	**475**	**66**	**(203)**	**12**	**–**	**(350)**	**–**
At 31 December 2021								
Cost	2,549	13,803	9,123	1,096	467	1,592	1,912	30,542
Accumulated amortisation	(2,368)	(11,843)	(5,661)	(919)	(458)	–	–	(21,249)
Net book value	**181**	**1,960**	**3,462**	**177**	**9**	**1,592**	**1,912**	**9,293**

The Group received a spectrum assignment in 700 MHz and 3.X GHz band in the amount of CZK 1,890 million in 2021 which has been partly activated in Telco licences in the amount of CZK 1,407 million. The rest remains in Intangibles under construction. The remaining additions comprise new softwares, T-Mobile TV licences and applications and improvements of other currently used IT systems and applications.

Goodwill was recognised at the merger of T-Mobile CZ with T-Systems Czech Republic, GTS Czech, LEMO Internet and RegioNET Morava and at the acquisition of CE Colo Czech s.r.o. and Planet A, a.s. (Note 16).

	Customer relation-ships	Software[a]	Telco Licences	Other licences and rights[a]	Internally developed intangible assets	Goodwill	Intangi-bles under construc-tion	Total
At 1 January 2020								
Cost	2,489	12,675	7,618	1,425	508	1,734	1,125	27,574
Accumulated amortisation	(1,908)	(10,531)	(4,738)	(868)	(490)	–	–	(18,535)
Net book value	**581**	**2,144**	**2,880**	**557**	**18**	**1,734**	**1,125**	**9,039**
Acquisition of subsidiary	165	2	–	–	–	(142)	–	25
Additions	–	297	–	200	–	–	908	1,405
Amortisation charge	(337)	(1,192)	(424)	(277)	(13)	–	–	(2,243)
Disposals	–	–	–	(4)	–	–	(2)	(6)
Transfers	–	266	–	46	–	–	(312)	–
At 31 December 2020								
Cost	2,654	13,044	7,618	1,292	508	1,592	1,719	28,427
Accumulated amortisation	(2,245)	(11,527)	(5,162)	(770)	(503)	–	–	(20,207)
Net book value	**409**	**1,517**	**2,456**	**522**	**5**	**1,592**	**1,719**	**8,220**

[a] To improve true and fair presentation of its financial statements the Group changed presentation of categories within Intangible assets line in 2021. 2020 comparatives were reclassified for better comparability as follows: Software of CZK 120 million and Other licences and rights of CZK 522 million were reclassified from Other intangible assets.

The additions of intangible fixed assets in 2020 comprise mainly new software, T-Mobile TV licences and applications and improvements of other currently used IT systems and applications.

T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

Significant individual intangible assets

Telco licences

The carrying values and remaining amortization periods of the telco licences are stated in the table below. For further information on these assets, please see Note 1.

	31. 12. 2021		31. 12. 2020	
	Carrying amount	Remaining amortization period in years	Carrying amount	Remaining amortization period in years
"GSM" licence	172	3	158	4
"UMTS" licence	549	3	748	4
"LTE" licence	1,367	8	1,550	9
"5G" licence	1,374	15	–	–
	3,462		**2,456**	

In 2021 the Group received a spectrum assignment in 700 MHz and 3.X GHz band to be used for "5G" services for the period of 15 and 11 years for the total consideration in the amount of CZK 1,890 million. As at 31 December 2021 the right to use a frequency band is ready to use in the carrying amount of CZK 1,374 million. The residual part of the right to use this frequency band is not ready to use yet as the Group has not asked for granting of the Individual right authorization yet. Without this authorization the broadcasting cannot be provided to customers. As at 31 December 2021 the right to use this frequency band presented as asset in the course of construction is at amount of CZK 483 million.

In 2016 the Group purchased a right to use frequency band for the provision of public communications network in 2600 MHz for the period of 13 years for total consideration in the amount of CZK 730 million. As at 31 December 2021 the right to use frequency band is presented as asset in the course of construction. The right to use frequency band is not ready to use yet as the Group has not asked for granting of the Individual right authorization yet. Only part of it in the amount of CZK 115 million is already used for broadcasting and therefore was put in use during 2018.

Software

The significant part of software balance comprises NG CRM, a new platform for client relationship management (CRM) system. The carrying value of NG CRM as at 31 December 2021 is CZK 999 million plus CZK 5 million under construction (31 December 2020: CZK 797 million plus CZK 96 million under construction).

The other significant portion of software balance is made by new enterprise information system One.ERP. The carrying value of One.ERP as at 31 December 2021 is CZK 324 million plus CZK 5 million under construction (31 December 2020: CZK 276 million plus CZK 34 million under construction).

The systems are being implemented in stages and the last modules are still under construction. The migrations to new systems affected a number of existing software and systems of which the modification was needed. The amount of these capital expenditures is not included in the carrying amount of NG CRM and One.ERP but in the carrying value of existing software and systems.

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

14. Property and equipment

	Land and buildings	Telecommunications line network	Transmission and switching equipment	Other	Construction in progress including advances	Total
At 1 January 2021						
Cost	4,943	4,784	17,434	5,139	2,656	34,956
Accumulated depreciation	(2,633)	(2,224)	(12,244)	(3,179)	–	(20,280)
Net book value	2,310	2,560	5,190	1,960	2,656	14,676
Additions	38	189	369	190	1,935	2,721
Depreciation charge	(225)	(208)	(1,559)	(437)	–	(2,429)
Impairment charge	–	–	(1)	(5)	(54)	(60)
Reversal of impairment	–	–	–	–	8	8
Disposals	(7)	(1)	(18)	(34)	(22)	(82)
Transfers	79	202	865	108	(1,254)	–
At 31 December 2021						
Cost	5,064	5,171	17,165	5,494	3,315	36,209
Accumulated depreciation	(2,871)	(2,429)	(12,319)	(3,712)	(46)	(21,377)
Net book value	**2,193**	**2,742**	**4,846**	**1,782**	**3,269**	**14,832**

The additions of tangible fixed assets in 2021 comprise mainly the construction of own optical network and purchase of technology equipment, especially customer premises equipment.

	Land and buildings	Telecommunications line network[a]	Transmission and switching equipment[a]	Other[a]	Construction in progress including advances[a]	Total
At 1 January 2020						
Cost	4,999	4,516	17,255	5,119	1,769	33,658
Accumulated depreciation	(2,527)	(2,029)	(11,876)	(3,034)	(1)	(19,467)
Net book value	2,472	2,487	5,379	2,085	1,768	14,191
Acquisition of subsidiary	–	16	–	5	–	21
Additions	12	87	762	270	1,701	2,833
Depreciation charge	(264)	(205)	(1,419)	(451)	–	(2,339)
Impairment charge	–	–	–	–	–	–
Reversal of impairment	–	–	–	–	–	–
Disposals	–	–	(9)	(11)	(10)	(30)
Transfers	90	175	476	62	(803)	–
At 31 December 2020						
Cost	4,943	4,784	17,434	5,139	2,656	34,956
Accumulated depreciation	(2,633)	(2,224)	(12,244)	(3,179)	–	(20,280)
Net book value	**2,310**	**2,560**	**5,190**	**1,960**	**2,656**	**14,676**

[a] To improve true and fair presentation of its financial statements the Group changed presentation of categories within Property and equipment line in 2021. This change relates to the introduction of new separate categories: Telecommunications line network, Transmission and switching equipment and Other. 2020 comparatives were reclassified for better comparability as follows: Telecommunications line network NBV of CZK 2,560 million, Transmission and switching equipment NBV of CZK 5,190 million and Other NBV of CZK 1,960 million were reclassified from Equipment and other assets.

The additions of tangible fixed assets in 2020 comprise mainly the network technology and optical fibres.

T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

15. Right-of-use assets

The Group has lease contracts for various items:

a) space on telecommunication infrastructure of third parties, rooftops and land to install own telecommunication equipment – the Group uses the space/area on third party landlord's land to construct its own masts or transmission tower. These masts and towers are used for telecommunication equipment (e.g. antennas) of the Group,
b) exclusive easements – an easement is a legal right to use, access, or cross another's property (such as land or common area in a building) for a specific limited purpose. Easements are granted mainly for the reasons to pass a cable over, under, or through an existing area of land.
c) shops – a retail space in a building or a mall,
d) operations buildings (less frequently in residential buildings) to place and operate technical equipment, e.g. servers, network equipment, etc.
e) office space – office space serves the Group's employees with space where they can execute their work,
f) leased lines – optical fiber leases.

Set out below, are the carrying amounts of the Group's right-of-use assets as at 31 December 2020 and at 31 December 2021.

	Leased land	Leased buildings	Leased technical equipment	Total
At 1 January 2021				
Cost	2,019	5,465	2,074	9,558
Accumulated depreciation	(255)	(1,410)	(403)	(2,068)
Net book value	**1,764**	**4,055**	**1,671**	**7,490**
Additions	109	717	181	1,007
Depreciation charge	(167)	(676)	(220)	(1,063)
Impairment charge	–	(33)	–	(33)
Reversal of impairment	–	9	–	9
Disposals	(54)	(107)	(3)	(163)
Transfers	103	(103)	–	–
At 31 December 2021				
Cost	2,129	5,870	2,216	10,215
Accumulated depreciation	(374)	(2,008)	(587)	(2,969)
Net book value	**1,755**	**3,862**	**1,629**	**7,246**

Additions comprise of newly concluded leased contracts CZK 83 million, and contract prolongations of CZK 924 million.

Disposals arose due to early contract terminations (over 300 terminated contracts in 2021) or modifications, mainly shortening of lease term.

	Leased land	Leased buildings	Leased technical equipment	Total
At 1 January 2020				
Cost	2,255	4,961	2,036	9,252
Accumulated depreciation	(150)	(755)	(221)	(1,126)
Net book value	**2,105**	**4,206**	**1,815**	**8,126**
Additions	135	744	105	984
Depreciation charge	(141)	(742)	(213)	(1,096)
Reversal of impairment	–	3	–	3
Disposals	(335)	(156)	(36)	(527)
At 31 December 2020				
Cost	2,019	5,465	2,074	9,558
Accumulated depreciation	(255)	(1,410)	(403)	(2,068)
Net book value	**1,764**	**4,055**	**1,671**	**7,490**

Additions consist mainly of contract prolongations and indexation by inflation rate. Newly concluded contracts in 2020 amounted to CZK 123 million

Disposals represent mainly early contract terminations. Disposal in category Leased land was mainly caused by contract modification amounting to CZK 292 million. – electricity changed from fixed to variable payments thus IFRS 16 criteria had not been met anymore.

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

16. Impairment of goodwill

Goodwill recognised as a result of mergers and acquisitions. Overview of merged and acquired companies with the Group and resulting goodwill are presented in the table below:

	31. 12. 2021	31. 12. 2020
T-Systems Czech Republic, a.s.	131	131
GTS Czech s.r.o.	1,144	1,144
CE Colo Czech s.r.o.	100	100
LEMO Internet a.s.	11	11
RegioNET Morava, a.s.	16	16
Planet A, a.s.	190	190
	1,592	**1,592**

Goodwill was tested for impairment as of 31 December 2021. The recoverable amount of CGU's were measured at the value in use. The calculations use cash flow projections based on financial budgets approved by the management of the Group covering a ten-year period. Ten-year period reflects the assumptions for short- to mid-term market developments and is selected to achieve a steady state in the business outlook that is necessary for calculating the perpetual annuity. This steady state is only reached based on the planning horizon selected, in particular, due to sometimes long investment cycles in the telecommunications industry and the investments planned and expected in the long run to acquire and extend the rights of spectrum use. Cash flows beyond the ten-year period are extrapolated using the estimated long-term growth rate stated in the table below. This growth rate is consistent with forecasts included in industry reports specific to the industry in which the Group operates (telecommunications).

The calculation of expected future cash flows is based on an estimate of service revenue, operating expenditure (direct and indirect costs) and capital expenditure for the period 2022–2031.

Service revenue is projected separately for each main area (mobile, fixed, IT). Mobile revenues are projected based on the estimated number of subscribers in each year and the expected average revenue per user ("ARPU") in each year. Revenues from the fixed and IT businesses are estimated based on expected sales and sales prices.

The estimated number of customers/subscribers is based on past performance and management's expectations of market development. ARPU or sales prices are based on current industry trends and take into account the competition and other market factors.

Operating expenditure is based on the current structure of the business, adjusted for expected future developments, restructurings and cost saving measures. Capital expenditure is based on the historical experience of management and the planned development of the fixed and mobile network.

In general, the projections of the above-mentioned components of expected future cash flows take into account the expected economic development, the competition and other market factors, regulation, as well as the Group's strategy.

The weighted average cost of capital ("WACC") used in the calculation of discount rate to a discount the cash flow projections was determined based on CAPM (Capital Asset Pricing Model) using the average betas of the peer group, a risk free rate using the Svensson methodology for Germany and adjusted for country specific risks, a debt ratio in line with the usual indebtedness of listed peer telecommunications companies and an additional debt risk premium considering average peer Group specific debt risks. The estimated long-term growth rate ("LTGR") takes into account the expected economic growth of the country.

The fair value measurement is categorised within level 3 of the fair value hierarchy as per IFRS 13.

The analysis performed as at 31 December 2021 confirmed that the recoverable amount of the cash generating unit exceeds its carrying amount.

The table below shows the discount rate and LTGR used in the fair value calculation for the goodwill impairment tests conducted as of 31 December 2021 and as of 31 December 2020. The table also includes an analysis that shows how much impairment would have been recognized if we changed the sensitive parameters in the calculations.

T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

	31. 12. 2021	31. 12. 2020
Discount rate		
Used in the calculation	5.24%	5.06%–5.13%
If changed to	9.24%	9.13%
Impairment would be (CZK million)	–	–
LTGR		
Used in the calculation	1%	2%
If changed to	(1%)	(2%)
Impairment would be (CZK million)	–	–
Nominal expected future cash flows		
If changed by	(30%)	(30%)
Impairment would be (CZK million)	–	–

If the nominal expected future cash flows, discount rates, or long-term growth rate used for impairment testing had been changed as described in the table above for the projection period, this would not have resulted in any impairment.

17. Trade and other receivables

	31. 12. 2021	31.1 2. 2020[a]
Non-current		
Receivables from instalment sale	256	269
Finance lease receivables	14	–
	270	269
Current		
Trade receivables	4,497	4,740
Cash pooling receivable	1,378	1,015
Other receivables	57	168
Finance lease receivables	2	–
	5,934	5,923

[a] To improve true and fair presentation of its financial statements the Group changed presentation of categories within Trade and other receivables line in 2021. 2020 comparatives were reclassified for better comparability as follows: Cash-pooling receivable of CZK 1,015 million was reclassified from Other receivables, Receivables from instalment sale of CZK 269 million were reclassified from Trade receivables, Allowance for the expected credit loss of CZK 2,059 million was offset with Trade receivables while in 2020 financial statements it was presented on the separate line.

Trade receivables are net of an allowance of CZK 2,207 million (2020: CZK 2,059 million). If the allowance percentage increases by 1% in each relevant ageing group (except where there is 100% allowance created), the charge for the year would be CZK 43 million higher (2020: CZK 41 million).

Movements in the allowance for impaired receivables from third parties were as follows:

	2021	2020
At 1 January	2,059	2,511
Charge for the year, net	308	340
Utilised	(160)	(792)
At 31 December	**2,207**	**2,059**

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

18. Assets and liabilities related to contracts with customers

Contract asset is recognised mainly in case of multiple element arrangements (e.g. mobile contract plus handset), when a larger portion of the total consideration is attributable to the component delivered in advance (mobile handset), requiring earlier recognition of revenue.

Contract costs are assessed as incremental cost of obtaining a contract and consists of Dealer commission.

Contract liability is related mainly to one-time fees and advanced payments for post-paid services.

The Group has recognised the following assets and liabilities related to contracts with customers:

	31. 12. 2021	31. 12. 2020
Non-current assets		
Contract assets	54	31
Loss allowance	(6)	–
	48	**31**
Contract costs	**192**	**176**
Current assets		
Contract assets	864	585
Loss allowance	(7)	(6)
	857	**579**
Contract costs	**529**	**513**
Non-current liabilities		
Contract liabilities	600	483
Current liabilities		
Contract liabilities	820	722

Revenue recognised in the reporting year that was included in the contract liability balance at the beginning of the year amounted to CZK 626 million (2020: CZK 521 million). The transaction price allocated to the performance obligations that are unsatisfied as of the end of reporting year amounted to CZK 6,011 million (2020: CZK 4,771 million). Management expects that the transaction price allocated to the unsatisfied contracts as of 31 December 2021 will be recognised as revenue as follows: CZK 4,225 million during first year; CZK 1,682 million during second year and CZK 104 million during third-tenth year (2020: CZK 3,417 million during first year; CZK 1,265 million during second year and CZK 89 million during third-tenth year).

Wages and salaries include also amortisation of costs to obtain contracts with customers in the amount of CZK 98 million (2020: CZK 102 million) (Note 6).

Dealers commission includes also amortisation of costs to obtain contracts with customers in the amount of CZK 602 million (2020: CZK 658 million) (Note 9).

The increase of contract assets in 2021 is driven by the increase of mobile handsets sales in 2021 (Note 7).

19. Prepaid expenses and other assets

	31. 12. 2021	31. 12. 2020
Non-current		
Other prepaid expenses	610	699
	610	**699**
Current		
Other prepaid expenses	348	2,209
Advance payments	390	486
Other assets	6	4
	744	**2,699**

As at 31 December 2020 other assets comprise mainly a guarantee against the Czech Telecommunication Office for participation in the 5G frequency auction in the amount of CZK 1,890 million. The Group received a spectrum assignment in 2021 and recognized the amount of CZK 1,890 million in Intangible assets (Note 13).

T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

20. Inventories

	31. 12. 2021	31. 12. 2020
Materials	260	261
Goods	253	342
	513	**603**

Inventories are net of an allowance of CZK 60 million (2020: CZK 28 million). The reversal of write-down of inventories in the amount of CZK 44 million (2020 write-down: CZK 5 million) was recognised in cost of material and equipment.

21. Loans

	31. 12. 2021	31. 12. 2020
Loans to Deutsche Telekom AG	5,806	4,500
	5,806	**4,500**

The loans provided to Deutsche Telekom AG were not secured. The short-term loan to DTAG consists of two individual receivables in CZK with original maturities 4 and 6 weeks while individual interest rates had been determined on an arm's length basis. For credit ratings see Note 3.2.

22. Cash and cash equivalents

As at 31 December 2021 cash and cash equivalents included CZK 320 million (31 December 2020: CZK 190 million) of short-term bank deposits.

Cash at banks outside cashpooling earns interest at rates based on daily bank deposit rates. Short-term investments are made for varying periods between one day and three months and earn interest at the respective rates. For credit ratings see Note 3.2.

23. Shareholders' equity

On 25 February 2014 CMobil B.V. became the sole shareholder of T-Mobile Czech Republic a.s. and as of 1st of March 2015 the sole shareholder changed its name to Deutsche Telekom Europe B.V.

As at 31 December 2021, T-Mobile Czech Republic a.s. had authorised and issued 520,000 ordinary shares (2020: 520,000) with a par value of CZK 1,000 per share (2020: CZK 1,000 per share). All the shares issued were fully subscribed. All the shares represent the rights of shareholder to participate in the managing of T-Mobile Czech Republic a.s., on the profit and liquidation balance upon the winding-up of T-Mobile Czech Republic a.s. with liquidation.

The share premium was recognized on 25 March 1996. There are no special rights related to share premium and no special purpose of its use is determined.

The other reserves comprise reserve fund which is set up in accordance with the Statutes of the Company. The statutory reserve fund may be distributed based on the sole shareholder resolution.

The Financial statements of the Group for the year ended 31 December 2020 were authorised for issue on behalf of the Board of Directors of T-Mobile Czech Republic a.s. on 23 March 2021.

On 23 April 2021 Deutsche Telekom Europe B.V. while performing competences of the General meeting of T-Mobile Czech Republic a.s. approved distribution of the prior year profit in the form of dividends. Total dividends of CZK 5,091 million (2020: CZK 5,471 million.) were paid in May 2021, which amounted to CZK 9,791 per share (2020: CZK 10,521 per share).

Approval of the 2021 profit distribution will take place at the Annual General Meeting scheduled for April 2022.

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

24. Provisions

	Asset retirement obligation	Other	Total
At 1 January 2021	777	888	1,665
Arising during the year	8	346	354
Utilised	–	(182)	(182)
Reversals	(29)	(118)	(147)
Transfer to current liabilities		–	–
Interest impact	(32)	–	(32)
At 31 December 2021	724	934	1,658
Non-current	724	129	853
Current		805	805
	724	934	1,658

	2021	2020
Non-current	853	862
Current	805	803
	1,658	**1,665**

Asset retirement obligation

The Group is subject to obligations for dismantlement, removal and restoration of assets associated with its cell site lease agreements (Note 2.19). Cell site lease agreements may contain clauses requiring restoration of the leased site at the end of the lease term, creating an asset retirement obligation.

Other

Other provisions comprise mainly provisions for the regulatory case, litigations and executive management incentive plans obligations. The majority of balance of Other provisions is attributable to the provision for the regulatory case dealt with by the European Commission. In 2015 the European Commission initiated formal proceedings against the Group for the potential breach of Art 101 of the Treaty on the Functioning of the European Union in relation to the reduction of infrastructure competition, namely: concerns in relation to the reduction of innovation; concerns in relation to the reduction of investment and concerns in relation to the exchange of information.

The Group's management made an assessment of a provision for the regulatory case, including the probable outcome, which is based on a number of estimates and assumptions and therefore is inherently subject to substantial uncertainty. Based on the estimated amount of revenues to which the infringement relates and opinion of external advisers regarding the estimated percentage range to be applied to the respective revenues, a provision has been recorded in the financial statements to cover the estimated costs to settle the fine for infringement and related legal costs. The provision recognised in this way constitutes the management's best estimate of the liability.

At 31 December 2021, and through to the date of these financial statements, no final decision has been received from the European Commission, although it reserves the right to issue such a decision on completion of its investigation. It has not been proven that the Group breached Art 101 of the TFEU. It is Group' intention to vigorously defend itself in this matter, including using all available appeal routes should they be required.

T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

Sensitivity analysis

The actual cost to settle the fine could differ from the Group's estimates and the assumptions underpinning them. In accordance with EU legislation, when determining the amount of the fines for an infringement of the competition rules, the basic amount of the fine is related to a proportion of the value of sales at a level of up to 30%, depending on the degree of gravity of the infringement, however, shall not, in any event, exceed 10 % of the total turnover in the preceding business year. Should the percentage applied by the Group to the respective revenues be by 1% lower (higher), the provision for the regulatory case would decrease (increase) by CZK 83 million. It is impracticable to calculate the extent of the possible effect of different methods to estimate revenues to which the infringement relates. It is reasonably possible, on the basis of our existing knowledge, that outcomes within the next financial year that are different from the assumptions used by management could require a material adjustment to the amount of the provision for the regulatory case.

25. Trade and other payables

	31. 12. 2021	31. 12. 2020
Non-current		
Financial liabilities for capitalised content licences	–	44
Other payables	24	6
	24	**50**
Current		
Trade payables	1,867	2,093
Uninvoiced deliveries	2,224	2,535
Financial liabilities for capitalised content licences	107	126
Other payables	36	53
	4,234	**4,807**

26. Lease liabilities

	31. 12. 2021	31. 12. 2020
Up to 1 year	735	854
1 to 5 years	2,402	2,690
Over 5 years	3,287	3,522
Total lease liabilities	**6,424**	**7,066**

Total undiscounted cash flows are stated in Note 3.3.

Pursuant to IFRS 16 single lessee accounting model, the Group recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments (Note 15).

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

27. Impact from leasing contracts

The following are the amounts recognised from leasing contracts in profit or loss:

	2021	2020
Depreciation expense of right-of-use assets (Note 15)	1,096	1,093
Disposals of right-of-use assets	(9)	(15)
Interest expense on lease liabilities (Note 11)	233	241
For the year ended 31 December	**1,320**	**1,319**

28. Other liabilities

	31. 12. 2021	31. 12. 2020
Current		
Amounts due to employees	776	655
Other tax liabilities	201	147
Other liabilities	90	102
	1,067	**904**

29. Cash flow disclosures

The reconciliation of cash used in financing activities is as follows:

	Lease liabilities (Note 26)	Other interest-bearing liabilities (Note 25)	Loans and bank overdraft
At 1 January 2020	**7,558**	**206**	**–**
Additions	983	196	306
Non-cash movements	(545)	–	–
Cash used in financing activities	(1,171)	(232)	(306)
Accretion of interest	241	–	–
At 31 December 2020	**7,066**	**170**	**–**
At 1 January 2021	**7,066**	**170**	**–**
Additions	1,007	97	–
Non-cash movements	(165)	–	–
Cash used in financing activities	(1,717)	(160)	–
Accretion of interest	233	–	–
At 31 December 2021	**6,424**	**107**	**–**

Non-cash movements include non-cash release of liabilities from changes in contracts terms or early termination of contracts.

T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

30. Commitments

The Group's purchase commitments were as follows:

	31. 12. 2021	31. 12. 2020
Acquisition of property and equipment	2,105	1,382
Acquisition of intangible assets	183	59
Purchase of services and inventory	2,735	1,870
	5,023	**3,311**

31. Related party transactions

	Receivables		Payables		Commitments	
	2021	2020	2021	2020	2021	2020
DTAG	7,226	5,566	90	126	8	2
Other entities in DTAG group	489	635	556	779	75	57
	7,715	**6,201**	**646**	**905**	**83**	**59**

The Group conducts business with its ultimate parent, Deutsche Telekom AG and its subsidiaries, associates and joint ventures. Business transactions relate mainly to telephone calls and other traffic in the related parties' networks.

	DTAG		Other entities in DTAG group	
	2021	2020	2021	2020
Sales and income				
Interconnect / roaming revenues	–	–	603	704
System solutions / IT revenues	197	84	596	601
Income from reinvoicing of services	–	–	188	183
Other revenue / income	45	76	126	104
	242	**160**	**1,513**	**1,592**
Purchases				
Interconnect / roaming costs	–	–	772	769
Expenses from reinvoicing of services	153	134	208	282
Leased lines	–	–	178	226
Other purchases	102	3	88	109
	255	**137**	**1,246**	**1,386**

Other transactions include data services, management, consultancy, other services and purchases of fixed assets.

The Group purchased foreign currencies from Deutsche Telekom AG in amount of CZK 3,352 million (2020: CZK 2,417 million), which comprised mainly forwards and swaps. The price was set at the best level of all market offers.

The Group provided a short-term loan to DTAG in the amount of CZK 5,806 million as at 31 December 2021 (31 December 2020: CZK 4,500 million). For maturities see Note 21.

In 2021 and 2020 the Group did not have any transactions related to its direct parent company Deutsche Telekom Europe B.V.

All transactions with related parties are performed at an arm's length basis.

T-Mobile Czech Republic a.s. T-Mobile Czech Republic a.s. CONSOLIDATED FINANCIAL STATEMENTS / ALL AMOUNTS ARE IN MILLIONS OF CZK, UNLESS OTHERWISE STATED

Compensation of key management personnel

The key management personnel as at 31 December 2021, 19 in number (2020: 17) include members of the Management Board, Board of Directors and Supervisory Board. To improve true and fair presentation of its financial statements the Group changed presentation of key management personnel in 2021. The key management personnel also include other executive managers in 2020.

Since 1 July 2016 the companies Slovak Telekom and T-Mobile Czech Republic a.s. have the joint Management Board. All management members are responsible for business and managerial activities of companies on both Slovak and Czech markets. The number of key management personnel include all members of the Management Board, irrespective if they are employed by Slovak Telekom or T-Mobile Czech Republic a.s. Tables below include only benefits earned by the key management personnel in T-Mobile.

	2021	2020
Short term employee benefits	74	50
Defined contribution pension costs	1	–
Share based compensations	4	–
	79	50

The Group offers several long-term incentive plans to its executive management members with a new package being launched each year and with each tranche lasting for 4 years. A total provision of CZK 78 million has been recognised as at 31 December 2021 (31 December 2020: CZK 58 million). In 2021 the Group recognised an expense resulting from these long-term incentive plans in amount of CZK 17 million (2020: CZK 25 million) in Staff costs.

32. Contingencies

The Group's management is not aware of any circumstances which may in the future give rise to a potential material liability.

33. Events after reporting year

In late February 2022 ongoing political tension between Russia and Ukraine escalated in a conflict with a military invasion of Russian forces in Ukraine. The worldwide reaction to Russia's violation of international law and aggression against Ukraine was the imposition of extensive sanctions and limitations on business activity. We consider these acts as non-adjusting post balance sheet events. Overall effect of the recent development is increased volatility in the financial and commodity markets, as well as consequences on the economy in general. Business risks comprising adverse effects of economic sanctions imposed on Russia, business interruptions (including supply chain), increased occurrences of cyber-attacks, legal and regulatory compliance risk and many other are difficult to assess and the full nature and possible effects of these are unknown.

There were no other events, which have occurred subsequent to the year-end, which would have a material impact on the financial statements as at 31 December 2021.

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

to the shareholder of T-Mobile Czech Republic a.s.

Our opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the consolidated financial position of T-Mobile Czech Republic a.s., with its registered office at Tomíčkova 2144/1, Prague 4 (the "Company") and its subsidiaries (together the "Group") as at 31 December 2021, of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the European Union, and
- the separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2021, of the Company's separate financial performance and separate cash flows for the year ended 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Group´s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021,
- the consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2021,
- the consolidated statement of changes in equity for the year ended 31 December 2021,
- the consolidated statement of cash flows for the year ended 31 December 2021, and
- the notes to the consolidated financial statements including significant accounting policies and other explanatory information.

The separate financial statements of the Company comprise:

- the separate statement of financial position as at 31 December 2021,
- the separate statement of profit and loss and other comprehensive income for the year ended 31 December 2021,
- the separate statement of changes in equity for the year ended 31 December 2021,
- the separate statement of cash flows for the year ended 31 December 2021, and
- the notes to the separate financial statements including significant accounting policies and other explanatory information.

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Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and Act on Auditors.

Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the consolidated and separate financial statements (together the "financial statements") and auditor's report thereon.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Group and the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the board of directors, supervisory board and audit committee of the Company for the financial statements

The board of directors is responsible for the preparation of the financial statements that give true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The supervisory board of the Company is responsible for overseeing the financial reporting process. The audit committee of the Company is responsible for monitoring the financial statements' preparation process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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We communicate with the board of directors, supervisory board and audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

25 March 2022

PricewaterhouseCoopers Audit, s.r.o.
represented by Director

Petra Jirkovà Bočáková
Statutory Auditor, Licence No. 2253