2019

SUMMARY ANNUAL REPORT

T-MOBILE CZECH REPUBLIC A.S.

CONTENTS

INTRO-DUCTION

BUILIDING FULLY DIGITAL CZECHIA

Digitisation is one of the main challenges that the Czech Republic is facing. I am very honoured that T-Mobile Czech Republic has played a very important role in this transformation process and that we can take part in the transformation into a truly digital society. With its expertise, technologies, services and investments, T-Mobile has contributed and can continue to contribute to the building of a fully digital Czech Republic. I am aware of the great responsibility that comes with this, but we are prepared to further increase our participation in the digital transformation of the entire Czech Republic in the coming years.

The task that lies before us could not be achieved without massive investments in the development of the existing technologies, rollout of the fibre-optic network, introduction of new services and making modern communication tools available to the entire population. In 2019, the total volume of our investments exceeded CZK 5 billion, with nearly CZK 3 billion being invested in the development of our networks.

However, the financial perspective is not enough in this case: the funds invested are returned in the form of happy customers, the excellent quality of our network and ever-growing interest in the most advanced forms of communication. At the end of 2019, we had nearly 6.3 million customers, which is 77,000 more than in the previous year. The volume of transmitted data has been growing much faster – in mobile networks alone, we saw a year-on-year increase by 81% to 100,000 terabytes.

We were able to deal with the growing data traffic also during the Unlimited Summer, an utterly unique campaign during which we offered unlimited mobile internet access to our customers free of charge. I am very proud that for the third time in a row, the quality of our network was recognised with the “Best in Test” award presented by umlaut (formerly P3). In an independent test of all three Czech mobile networks, we achieved the best results in the voice and data categories and ranked second in the crowdsourcing category.

We are very well aware that building a gigabit society will not be possible without a high-quality and accessible fibre-optic network for households and companies. Last year, we therefore focused very intensively on rolling out our own fibre-optic network. In fulfilling our ambitious goal to cover one million Czech households with fibre-optic access by 2025, we achieved the first important milestone: at the end of 2019, fibre-optic access was available to the first 120,000 households. The necessity of digital services and high-speed internet access is illustrated by the overall growth in the number of users of fixed-line internet access, which increased by nearly 30% to almost 320,000 as compared with the previous year.

Cooperation with our sister company, Slovak Telekom, helps us immensely in our efforts. In 2019, we reaped the synergy benefits of our work together much more intensively. One example of this that I could mention is the new TV platform that is common for both countries and that was introduced to customers in the Czech Republic under the name of T-Mobile TV GO. It is a single application for all devices on which viewers can watch our TV services. At the end of the year, the number of viewers passed the 149,000 mark, which is 63,000 more year-on-year.

Fulfilling the needs and wishes of our customers drives all our actions. I am therefore very pleased by our continued success in the segment of business customers. We have also been strengthening our expertise in the area of comprehensive solutions that include M2M solutions, cloud services and software-defined access to branch and wide area networks. Thanks to our partnership with Microsoft, we offer highly standardised cloud services and provide connectivity for the FlixBus transportation company, and we have become the primary worldwide operator for Jablotron, for example. I am very proud of our common campus network project with VŠB – Technical University of Ostrava, which began at the end of 2019 and will make it possible to test a wide range of campus networks, including the upcoming 5G technology.

The trust of our customers and their interest in our services also give us sufficient financial stability and possibilities to fully adapt the volume of planned investments to the needs and growth potential of the Czech economy.

I am very pleased that the past year has been a success for us, and we have achieved growth in all key financial indicators compared to 2018. Therefore, we are prepared to contribute significantly to the modernisation of the Czech Republic. This is also helping us achieve one of the strategic goals of not only the Czech Republic, but also our parent company, Deutsche Telekom Group, and therefore for T-Mobile Czech Republic – liberalisation of the internet.

We would have been unable to achieve all our successes last year and set ambitious goals for the coming years without our most valuable asset – our employees. Our T-Mobile family consists of 3,437 employees who, with their everyday efforts, commitment, ideas and enthusiasm, are the face of the T-Mobile brand and are a fundamental building block for its success on the Czech market. I would also like to extend my thanks to our business partners for their cooperation and assistance throughout the entire year. We all very much appreciate the trust our customers have placed in us, which is a major commitment for us. We will therefore continue working to remain the best choice for our customers.

I would like to assure each of you that we will continue our efforts towards modernisation and digitisation of the Czech Republic not only in 2020. It is a challenging task, but we are happy to be in on the ground floor. We will not hesitate to provide our expertise, skills, services and necessary investments on a much larger scale to ensure that the Czech Republic is among the digital leaders in Europe and beyond.

T-Mobile Czech Republic a.s. has no branches abroad.

The Company did not acquire its own shares in 2019.

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 18).

After 31 December 2019, no events occurred that had any material impact on this Annual Report.

There is no other information to be disclosed in connection to specific legislation.

JOSÉ SEVERINO PERDOMO LORENZO
General Director of T-Mobile Czech Republic a.s.

REPORT
OF THE BOARD OF DIRECTORS ON BUSINESS ACTIVITIES AND ASSETS

WE ARE SOCIALLY **RESPONSIBLE**

For the ninth consecutive time, we have supported starting entrepreneurs in the T Mobile Rozjezdy project.

In the T Mobile Pomáhame grant project, CZK 2,133,500 was distributed among 13 organisations.

Once again, we participated in Giving Tuesday, a worldwide day of volunteering and donation.

Taking a responsible approach towards our surroundings and towards the community is an integral part of everything that we do. We are fulfilling sustainable development goals (SDG). We follow fair rules of business, we help bring about beneficial applications and services, and we support non-profit organisations, small businesses and individuals. We volunteer throughout the country, we share our experience and knowledge, and we help during emergencies. Ever since our founding, we have emphasised the importance of excellent customer care and correct treatment of business partners, employees and the environment. We have received several awards, having been named Employee of the Year and Decade, Healthy Company, Company of the Year: Equal Opportunities as well as Via Bona for involving employees in donation and volunteering.

Each year we regularly undergo independent audits conducted by renowned firms. By earning and defending these international certificates, we prove to our customers, suppliers, employees and state institutions our systematic approach, the aim of which is continuous improvement of how our company functions.

We follow fair rules of business, we exceed the requirements laid down by law, and we recognise and place importance on ethical rules and moral principles. The fundamental principles that define our approach are enshrined in the Deutsche Telekom Group Social Charter. We understand support for and protection of human rights as a long-term process. Queries or information about violations can be submitted via Deutsche Telekom's whistleblowing system.

At T-Mobile, we emphasise the importance of all our staff acting in accordance with ethical rules and complying with all laws, standards and internal regulations. The aim of compliance is to achieve as much transparency, openness, moral integrity and ethical behaviour of employees as possible. The Ethical Code of Conduct, which applies to all Deutsche Telekom Group's employees, encourages fulfilment of company values in day-to-day practice and links them to standards defined within existing legislative and internal rules.

We have an Integrated Management System policy. T-Mobile's approach to environmental protection is based on the EMS (ISO 14001), and every three years we undergo an audit by accredited certification firm DEKRA. From base stations of our mobile network to telephone exchanges and data centres to administrative premises, we are optimising our technological infrastructure and minimising electric power consumption. We also focus on the consumption of office supplies, both internally and in our dealings with customers. Last year, for example, 82% of all our issued invoices were electronic. We are also reducing waste volume and systematically recycling waste.

In 2019 we continued with our long-term programmes. The 9th annual T-Mobile Rozjezdů programme to support starting entrepreneurs again offered free seminars and a competition for the best realisation of a business idea. In the past year, a record 579 projects were entered into the competition, and we supported the best of them with approximately CZK 3.5 million. The T-Mobile Pomáháme grant project focuses on improving IT and media literacy among the public, mainly children, seniors and underserved communities, who have difficulty navigating the flood of information flows and often become easy targets of internet and social media scams. In 2019 we supported 13 non-profit projects with CZK 2,133,500.

We also are motivating our employees to be socially responsible. One of our traditional volunteer activities is the Good Deed Day, when employees can use one workday in the year to help out at non-profit organisations. Last year, 538 of our staff participated in it. Expert volunteering is the main pillar of the T Mobile Academy education programme, which seven non-profit organisations completed in 2019. We have also continued to hold regular seminars for non-profit organisations. They have been focused, for example, on website creation, internet security and marketing. We have also realised a series of seminars for seniors, where we taught them how to use mobile technology effectively and securely. Once again, we also held a discussion meeting for CSR managers, owners and directors of companies, representatives of the non-profit sector and members of the public. We included several of our activities in the worldwide giving day known as Giving Tuesday. At the end of the year, we held the internal fundraising campaign Pomáhejme příběhům. This 7th annual fundraising campaign enabled us to help people in our employees' surroundings who had found themselves in a difficult living situation, by donating a total of CZK 1,002,600.

WE CARE **ABOUT PEOPLE**

By 31 December 2019, our company had 3,437 employees with an average age of 37.1 years, of which 65% were men and 35% were women.

We are creating an ideal work environment for our employees, and we are supporting their development, education and balancing of work and family life, for example by offering flexible work scheduling. Whenever work duties allow for it, our employees, thanks to new technology and digitisation, can work from anywhere at any time, and approximately half of them have made use of this opportunity. In 2019 a total of 94 employees took maternity or parental leave.

During that year, care for our employees' health was also one of our company's priorities. In 2019 we held several Health Days for our employees in cities and towns such as Prague–Roztyly, Brno, České Budějovice, Louny, Hradec Králové, Mladá Boleslav and Liberec. Although there were fewer of them compared to in 2018, they included new features and trends focused on healthy lifestyle and care for physical and mental health. During the "Let a masseur massage your neck" programme, blind masseurs massaged our employees' muscles during the Health Days. We not only supported our employees' health but we also indirectly supported employment opportunities for people from underserved groups with health disabilities.

As has become tradition, T-Mobile offers its employees the opportunity to get the preventive flu shot each autumn. In 2019, a total of 515 employees, nearly double the number of employees compared to the previous year, used this opportunity. We attribute the increased interest in getting the vaccine to employees' increasing interest in caring for their own health, and last, but not least, this year's vaccinations occurred in large areas directly in an ambulance in front of the company's buildings.

Under the auspices of the Healthy Company programme, we also had the opportunity in 2019 to organise a major health promotion event. One of the noteworthy presentations was given by Dr Jan Vojáček with the theme THE ART OF BEING HEALTHY AND HAPPY, STARTING WITH OURSELVES, which was followed up by practical workshops aimed at reinforcing awareness (new and for some surprising) about one's own health.

The fact that T-Mobile has managed to fulfil the significance of the Healthy Company programme is also evidenced by the company's having earned the title Company Supporting Health 2018, issued by the Czech Ministry of Health and always valid for two years. Our company has managed to maintain this award, confirming the high standard of care for our employees, successfully ever since 2009.

Development of employees is very important for us, which is also reflected in our offer of career development opportunities. Within the company, we share our knowledge and skills, based on the principles for measuring development: 70% in the workplace, 20% networking/coaching/mentoring, 10% outside of the workplace. Besides the individual plans for professional development for specific positions, we offer our employees the T-University development platform. It includes a wide range of programmes from various types of training to workshops, presentations, e-learning and videos. In 2019, a few internal presentations were also held with guest speakers as part of the platform. All these activities are free of charge for employees. Within T University, employees, who want to invest time and energy in their personal growth beyond the scope of their work, have the opportunity to develop their skills voluntarily. Our employees have acted as coaches as well and have shared their know-how and experience with others. In 2019, the T-University programmes attracted more than 2,000 participants. Nearly 6,000 in total participated in all the development activities in 2019.

We also share our knowledge with students. Last year, secondary school students completed required practical training at the IT security, service testing automation and HR departments. We offer a training programme to university students, which they can easily combine with study while working from home. In our company, we have room for 15 students, and we fill positions continuously throughout the year. In November at our headquarters in Roztyly, we held the 3rd annual T-Mobile conference "T Day" for students, where we familiarised the young generation with the world of new technology and innovations. University students can look forward to this activity in future years as well. In 2019 in the Top Employers survey, in which students vote, we again defended our first-place position in the telecommunications sector.

WE ENJOY **COMMUNICATION**

We introduced a new concept for advertising campaigns.

We defended the title of Most Trusted Brand in the Telecommunications Services category.

We are the mobile carrier with the largest number of followers on Facebook.

The year 2019 was focused on the creation of a new brand strategy, which was based on the “Be Part of Now” global positioning. During its localisation, the situation in the Czech telecommunications market was reflected, as was mainly also Czech consumers’ experience, which was greatly influenced by the ongoing public discussion about prices of telecommunications services and their accessibility.

The new brand strategy works, among other things, with a new symbol, a mosaic. It is formed by individual human stories, which together create a large magnetic heart representing T-Mobile. This strategy and its subsequent creative preparation were an important part of our key marketing campaigns, beginning with the Unlimited Summer campaign from July 2019. It was followed up by the Čupřina campaign supporting unlimited phone plans and at the end of the year the Kalamita campaign, which again supported unlimited phone plans with much more data.

In the extensive nationwide survey “Trusted Brands of 2019” which evaluated consumer trust in the Czech Republic, we defended our first-place title for services, which consumers trust the most. Once again, we are proud to have earned the title of Most Trusted Brand in the Telecommunications Services category, which we earned for the third consecutive year.

We are also proud that among Czech mobile carriers we have the largest number of followers on Facebook. At the end of the year, more than 214,000 people were following our Facebook profile. There is plenty of interest in our content on other social media sites as well. The T-Mobile YouTube channel has nearly 120,000 followers and is the largest commercial channel in the Czech Republic. We have more than 15,000 followers on Instagram, and in 2019 our profile had the unprecedented highest increase in followers among Czech telecommunications carriers.

WE CONTINUE TO DEVELOP AND IMPROVE OUR OFFERINGS

Unlimited Summer kicked off a data revolution in the Czech Republic.

Můj svobodný tarif new generation of mobile phone plans.

Magenta 1 now with shared data.

We launched the new T-Mobile TV GO app.

The best football from the British Isles in T-Mobile TV.

T-Mobile shook up the domestic mobile market in 2019. We are the first and only mobile carrier who during the summer season offered unlimited mobile data free of charge, including roaming in other EU member states for subscribers. The main goal was to eliminate customers' concerns about using up their data limits. Users can easily switch on the summer package in the Můj T-Mobile app, which has significantly helped to increase its use among the subscriber base. For example, the number of services added to the app has tripled year-to-year to 1.5 million.

Nearly 800,000 customers got involved in the largest data analysis in history of the Czech Republic, and regular consumption was more than 6 GB per month. The results of the Unlimited Summer campaign were the basic building block for the preparation of the new generation of mobile plans, which we introduced into the market on 1 September 2019. They offered maximum flexibility. A customer was able to customise their voice and data plan, and compared to the previous generation of mobile plans, we offered three times more data, including unlimited data options. By the end of 2019, 1/3 of residential subscribers with a post-paid plan switched to new plans.

The liberation of mobile data was the main goal of T-Mobile throughout 2019. In June for our post-paid and pre-paid customers, we revised the system for a one-time top-up of data, enabling users to add up to 10 GB of data. The benefit of one-time top-ups of data is not only their affordable price but also validity for 3 days from activation regardless of the validity of the data package that they have topped up. In November, users of student plans also received more data, since T-Mobile increased their data limits to as high as 6 GB. In December we offered the option of free internet on board the selected airlines.

In 2019 we also improved the Magenta 1 system, which brings residential customers more affordable prices based on a combination of two or more mobile and fixed-line services under a single contract. We are newly enabling customers with four or more services to begin sharing their data with other members of their households and thus keep their data consumption under control. Our Magenta 1 plan offers either 10 GB of data (for four services) or 15 GB of extra data (for five or more services). In just under two years of the Magenta 1 plan being operated, more than 230,000 customers have begun utilising its advantages and have combined more than 840,000 services so far.

Last year we boosted our position in the TV services market. In July we celebrated the customer number 111,111, and at the end of the year, the number of TV service users had grown to 150,000. Interest in T-Mobile TV has been boosted by the expansion of our content offer to include the new channel Premier Sport HD, which exclusively offers broadcasts of the English Premier League matches, the Skybet Championship second league and the Scottish Premiership. In November, we introduced the new T-Mobile TV GO app, which is the same app used for all of T-Mobile's TV services. It is now newly also available on Philips and Samsung smart TVs, and this year the number of supported manufacturers and operating systems is expected to increase.

One of T-Mobile's priorities is the expansion of fibre optic network coverage in the Czech Republic. In 2019 we achieved several important milestones in this area. We connected more than 100,000 households to the fibre optic network, not only thanks to our own development of it throughout the country but also thanks to our acquisition of several providers in selected localities. The most important of these acquisitions was provider Planet A. On 31 October 2019, it became a T-Mobile subsidiary. Planet A is a successful telecommunications carrier, and under the A1M brand it provides its services in Prague, and its acquisition by T-Mobile boosts our company's position on this important market. We are gradually fulfilling our plan to cover one million domestic households with our fibre optic network by the end of 2025. During 2019, there was also a merger of two other companies purchased in 2018, specifically LEMO Internet in Olomouc and Regionet in Český Těšín.

The increasing number of new customers confirms that we are building our fibre optic network in the correct locations. We currently have several thousand internet and TV users among our subscribers. Times are changing, and the speed of internet connections is becoming increasingly important, in view of equipping households and the growing number of connected devices. This is also being reflected in the selection of phone plans. Our customers currently enjoy an average speed of 245 Mb/s of T-Mobile fibre optic internet, and there is growing interest in our paid TV service T-Mobile Optic TV.

In January 2019, we also added equipment rental for our DSL internet and T-Mobile TV, bringing this option to our entire portfolio of equipment for fixed-line services (rental of equipment for our wireless internet, fixed-line internet and T-Mobile SAT TV from July 2018). This gave customers the opportunity to exchange their equipment free of charge and immediately when switching to premium equipment, in the event of a malfunction or when migrating to different technology. The advantages of this include low costs for rental compared to the basic price.

THE BEST **FOR US**

With love, more data for Twist users.

We have continued our partnership with the Czech Olympic Team, the Czech Football Representation and the Czech Floorball Association.

Kaktus has celebrated six years on the market with more than 110,000 customers.

In the spring, we introduced a new Twist SIM card as part of the “pay only for data that you want” campaign. It is intended as a service for occasional data users, which we launched at the end of 2018. A customer has a base amount of 100 MB per day, for which he pays a maximum of CZK 10. The first 10 MB are billed based on consumption at a price of CZK 1 per MB. The rest of the data is free up to the 100 MB limit. If on that day the customer does not use any data, he pays nothing. And if he needs more data, they can simply add another 100 MB at any time. Again, under the same conditions.

As of June, we also began offering a long-term promo campaign for a package of data for a year (6 GB for 12 months, 0.5 GB per month), which again customers were able to purchase for the attractive price of CZK 499. We further sweetened this deal in our Christmas offer. Twist users also had the opportunity to take advantage of our Unlimited Summer campaign.

In the summer, we also revised our portfolio of data packages for customers who need more data. We have added 5 GB and 10 GB packages to our offering for affordable prices. The package with the 5 GB limit can also be purchased on a separate SIM card that we introduced onto the market in August.

The Christmas offer for Twist was also focused on mobile data. We have made the 10 GB package more appealing, and during the Christmas campaign customers were able to purchase it for the price of the 5 GB package. For the yearly data package, we also increased the volume of data (12 GB) while maintaining the price of CZK 499. We did so not only for new customers but also for those who had already activated it previously with a volume of 0.5 GB per month. Throughout December, Twist customers were able to redeem 100 MB free every day in the Můj T-Mobile app (the first package 100 MB per day) or gifts in the advent calendar.

In October, our MVNO Kaktus celebrated its sixth birthday. At the end of the year, it acquired just under 110,000 customers. Kaktus built a clear profile, which enables it to distinguish itself from other MVNOs. It is mainly intended for young people and differs with a simple and fair offering of services without a commitment, mainly advantageous billing in seconds, a data offer, the option of choosing a phone number and topping up small amounts. The largest share of Kaktus customers are young people between the ages of 18 and 24, who make up 37% of its customer base.

In December, the Smart Car in Czechia project began its fourth year. The Smart Car service can now be used by customers in the Czech Republic, Germany, Austria and Poland. With its support, Czech drivers take 6,000 trips throughout the country daily. They mostly appreciate the simplicity of the entire solution and feel more secure in their vehicles. They have several things under control, and they have a clear view of their driving style and all routes. Appreciated functions include approximate diagnosis of breakdowns and alerts when the vehicle is towed, when there are tremors, when equipment is removed or when the car is driven off lanes of traffic. All of this is in a new and fresh app, which we launched in the autumn. We have also introduced a new generation of WiFi equipment onto the market, which a customer can buy from us for only CZK 1. The service enables drivers who have encountered problems with their vehicle to use roadside assistance services free of charge. Roadside assistance is provided by ÚAMK.

In our sponsoring activities, we have also focused on those activities that bring unique experiences to our customers. Our continuing cooperation with the Czech Olympic Team in 2019 was particularly focused on the T-Mobile Olympic Run. Nearly 75,000 people took part in 81 races throughout the Czech Republic, which compared to the first year of the event, 2015, was 64,000 more runners. We produced 3,799 medals for runners, and the starting fees raised just under CZK 385,000 for the Czech Olympic Foundation.

As a general sponsor of the Czech Football Representation, we and our fans celebrated the seventh advance in a series at the European Football Championship games. More than six hundred of our customers received free admission tickets both to qualifying home matches and away matches, including a sold-out match at London's Wembley Stadium. We also launched cooperation with the Football Representation Fan Club.

In addition, we are supporting Czech floorball. We have recently got involved in the Street Floorball League project. In six cities in the Czech Republic, nearly 300 matches took place during the summer season. Players and spectators alike were able to get involved in our accompanying activities, such as a shooting accuracy competition and a special play area for children.

WE ARE EXPANDING COVERAGE
INCREASING SPEED AND INTRODUCING NEW TECHNOLOGY

Our 3,611 transmitter towers enable us theoretically to provide a maximum download speed of 300 Mbit/s or greater.

For the third consecutive time, we received the prestigious seal of quality Best in Test in an independent survey by the firm umlaut, which measured network performance.

We introduced a network of ground-based transmitters into commercial operation to cover planes within the European project in cooperation with Inmarsat and the selected airlines.

The first campus network in the Czech Republic in cooperation with VŠB-TU Ostrava.

We want to offer our customers the best quality services, and therefore at T-Mobile, we constantly strive to improve our network and implement the newest technology. In 2019 we continued the expansion and improvement of our LTE network. At the end of last year, our fastest mobile internet covered 99.2% of the Czech Republic‘s population. Coverage by our 3G and/or LTE networks has reached 99.28% of the population.

We also continued the expansion of LTE Advanced (LTE-A) technology by combining two or three frequency bands using the Carrier Aggregation function. At the end of last year, our network included 3,611 LTE A transmitters (2,305 with a combination of two, 1,220 with a combination of three and 86 with a combination of four frequency bands), which represents a 14% increase in an international comparison. LTE-A technology is now installed in 58% of our LTE transmitters. At the end of 2018, our network included a total of 1,513 transmitters, which supported LTE-A and download speed of up to 300 Mbit/s. Another 843 transmitter towers enable a download speed of up to 450 Mbit/s, 1,242 transmitter towers enable up to 650 Mbit/s and 13 towers support downloads speeds of up to 900 Mbit/s.

The quality and reliability of our network has been confirmed by an October independent measurement of networks by the firm umlaut (formerly known as P3), in which we again achieved the highest score (945 points out of 1,000, while competing carriers received 940 and 894 points). T Mobile won in the voice and data category and came in the second place in the crowdsourcing category.

From July to September, we continued with our current supplier RAN technology with tests of Massive MIMO (mMIMO) for LTE in Rakovník. We also followed up from mMIMO tests for LTE in Petrovice in 2018, which gave us a better picture of the functioning and benefit of this new technology. Its benefit is the improvement of data permeability, increasing of capacity and as a result also improvement of customer satisfaction with mobile data services. These experiences from the testing of mMIMO technology are valuable for future use during planning and development of 5G networks, of which mMIMO technology is one of the basic building blocks.

In March we launched the commercial operation of a network of ground-based transmitters to provide coverage to aircrafts. The project was realised in cooperation with the selected airlines and within the international European project, which our company is participating in. The European Aviation Network (EAN) combines the ground-based and satellite networks with the aim of providing stable high-speed internet connection during the flight. Passengers on board the planes get an access to the internet from their devices via the onboard WiFi network. EAN is a joint venture of Inmarsat and Deutsche Telekom.

In 2019 we continued to fulfil our ambition to become a relevant fibre optic operator in the Czech Republic (1 million covered households by 2025) by expanding our fibre optic coverage by more than 50,000 FTTH (FibreToTheHome) connections, by which we increased our overall FTTH coverage to more than 60,000 households (total coverage including FTTB (FibreToTheBuilding in 120,000 households). We have both laid our fibre optics in-ground ditches and continued to use urban collectors (in Brno, Ostrava and Prague) and heat lines for speeding up the laying of fibre optic cables. The first half of 2019 was marked by great legislative efforts (which normally take more than 500 days) and project work, and in the second half of the year, we made great strides in the development and activation of our fibre optic network throughout the country. A great obstacle to natural growth is still the lengthy duration of planning approval processes, which are prolonged by bureaucracy and unsatisfactory legislation.

We expanded our coverage in 2019 also thanks to our acquisition of Planet A with 60,000 connections, which in years to come we will gradually modernise and migrate to our fibre optic network. In 2020 as well, we will seek cooperation with suitable providers of fixed-line internet, who will help us increase our overall coverage by another 100,000 connections.

Our plans in 2020 are to provide fibre optic coverage reaching all the way to residential units (FTTH), such as in other parts of Benešov, which in the future is to become the first" gigabit" city in the Czech Republic with more than 5,500 connections per 20,000 inhabitants. We will also continue with other projects, for example in Ústí nad Labem, Pelhřimov, Lanškroun, Bechyně, Přeštice, Louny and selected parts of Brno and Benátky nad Jizerou and elsewhere. Of course, we are also continuing our project work and construction licence processes throughout the Czech Republic, so that we have enough prepared projects for the years to come.

FTTH based on 10GPON is the fastest and most modern technology on the market, which enables a speed of up to 10 Gb/s for end users.

In 2019, we also continued testing of the Internet of Things network (NB-IoT). The pilot operation of this network is being conducted among selected customers in the Czech Republic. The LTE NB IoT (Narrowband-Internet of Things) standard is a subset of LTE technology and is mainly intended for equipment with low consumption and limited transmission bands, typical for IoT. The LTE NB-IoT network is currently available in Prague and its surroundings, in Beroun, in Mladá Boleslav and in Brno, and it uses 222 base stations. T-Mobile Czech Republic is fulfilling its plan to become the leader in providing network, technological and application solutions for Internet of Thins. We are gradually planning to achieve nationwide coverage with the NB-IoT network.

In September our company improved the coverage and quality of services in additional Prague metro stations. The LTE high-speed mobile network can also be used by passengers on Prague metro's C line between stations Muzeum and Nádraží Holešovice. Customers also have the latest generation mobile services available in a total of 16 stations and adjacent tunnels along Prague metro lines A and C. In 2020 the network will be expanded to another 16 stations and adjacent tunnels on lines A and B. This will cover stations in the wider centre of the capital city, which are among the most difficult to cover from a work point of view. The complete coverage of the metro with the LTE network is expected to be completed at the end of 2021.

Last year, for the entire Deutsche Telekom Group, we conducted tests of LTE-V (LTE for Vehicles) technology, which enable direct communication between vehicles and between a vehicle and smart traffic infrastructure. The pilot operation in cooperation with Škoda Auto, with the technology partner Qualcomm and with assistance from the Traffic and Transport Faculty of Czech Technical University in Prague and VŠB-TU in Ostrava was the first of its kind in Europe. The testing was part of the C-Roads project, during which radio parameters are verified, along with LTE-V capabilities in comparison with similar technology. We also became a supplier of two unique comprehensive solutions for traffic optimisation. The first improves the functioning of smart traffic systems and contributes to traffic safety and the gradual reduction of traffic accidents and injuries. The second solution comprises of a mobile app to display current traffic information.

T-Mobile has long been involved in cooperation with universities in research and development. In 2019 we launched a unique project, the first campus network in the Czech Republic, in cooperation with VŠU – Technical University of Ostrava. The private campus network will consist of dedicated mobile and core parts. One of the advantages of this solution is that customer data does not leave the campus. The network will cover part of the university campus and will be part of the testbed platform, focused on the digitised production and demonstration of Industry 4.0 principles. The testbed will provide opportunities for testing various uses of campus networks. During the following years, the expansion of the private campus network to include 5G technology is expected. The subject of cooperation mainly consists of the mutual exchange of information, analyses of campus network behaviour, the realisation of scientific research and commercial pilot projects. The campus network enables the use of modern digital technology in a wide range of industrial sectors, robotics, logistics and healthcare.

Another area in which we are focusing on the use of new technology is Robotics Process Automation (RPA). RPA helps us automate internal processes.

As part of the innovation and social responsibility of T-Mobile, we also do not forget customers with disabilities. Thanks to our cooperation with the Faculty of Electrical Technology at Czech Technical University in Prague, we are continuing long-term support of research and development of navigation tools for the blind and visually impaired. T-Mobile operates services such as an information line for seniors and hearing-impaired persons. The service enables clients to monitor written communication from an operator in real-time via the T-Mobile website. This enables a deaf or hearing-impaired customer to have certainty that he or she will understand 100% of what the operator is saying.

In Prague, dated 23 March 2020.

JOSE SEVERINO PERDOMO LORENZO
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 2019

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 2019 ("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 Group "). Informationon the entities forming part of the Group is stated as at 31 December 2019 according to the information available to the statutory body of the Company acting with due managerial care. The overview contains the entities controlled by DTAG, which the Company had business relationships with, during the Relevant period, as well as some entities which stand in the structure of the Group either above or below the aforementioned entities. The structure of relations within the Group 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 controlsthe 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 GROUP

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 GROUP

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 2019:

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom AG	Service Arrangement – Consumer IoT Hub 2019	Service Arrangement – Consumer IoT Hub 2019	027516-204-00
Deutsche Telekom AG	Service Arrangement – Board Area Europe Services	Service Arrangement – Board Area Europe Services	027516-205-00
Deutsche Telekom AG	Service Arrangement SLA Inboud 2019 – TMCZ DTT	Service Arrangement SLA Inboud 2019 – TMCZ DTT	027516-207-00
Deutsche Telekom AG	Service Arangement Europe 2018 – Bus. Dev. Smart City a ICSS Global Voice	Service Arangement Europe 2018 – Bus. Dev. Smart City a ICSS Global Voice	027516-208-00
Deutsche Telekom AG	Adherence Agreement to FCSA	Adherence Agreement to FCSA	027516-209-00
Deutsche Telekom AG	Service Arrangement (Business Development - Smart City / IoT and ICSS Global Voi	Service Arrangement (Business Development – Smart City / IoT and ICSS Global Voi	027516-212-00
Deutsche Telekom AG	Back to Back Agreement	Back to Back Agreement	028347-000-00
Deutsche Telekom AG	Contract on Processing of Personal Data on Behalf of a Controller	Contract on Processing of Personal Data on Behalf of a Controller	028658-000-00
Deutsche Telekom AG	Agreement – network technology, IT and IPTV	Agreement - network technology, IT and IPTV	990098-000-00
Deutsche Telekom AG	International Group Framework Agreement – Walled Garden, Media Buying Services	International Group Framework Agreement – Walled Garden, Media Buying Services	990099-000-00
Deutsche Telekom AG	Amendment No. 6	Amendment No. 6	990101-106-00
Deutsche Telekom AG, PG 1025	Amendment to the Agreement No. 1on Processing of Personal Data on Behalf of a Co	Amendment to the Agreement No. 1on Processing of Personal Data on Behalf of a Co	027655-101-00
Deutsche Telekom AG, PG 1025	Contract of Adherence to the Apple Authorized Reseller Agreement between Apple a	Contract of Adherence to the Apple Authorized Reseller Agreement between Apple a	028825-000-00
Deutsche Telekom AG, PG 1025	Roaming IntraDT Discount 2018 = FRAMEWORK AGREEMENT ON DISCOUNTS	Roaming IntraDT Discount 2018 = FRAMEWORK AGREEMENT ON DISCOUNTS	028732-000-00

4.1.2 CONTRACTS THAT WERE EFFECTIVE IN 2019:

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom AG	Non – Disclosure Agreement	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	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	Agreement on – Circuit Solution EoM	0000289/2011-SMna
Deutsche Telekom AG	Non-Disclosure and Confidentiality Agreement	Non-Disclosure and Confidentiality Agreement	001070-000-00
Deutsche Telekom AG	Letter of Understanding	Letter of Understanding	010003-000-00
Deutsche Telekom AG	Sublicence agreement (rebranding)	Sublicence agreement (rebranding)	010091-000-00
Deutsche Telekom AG	Amendment No. 1 to the partial contract	Amendment No. 1 to the partial contract	010091-201-01
Deutsche Telekom AG	Letter of Understanding	Letter of Understanding	010091-202-00
Deutsche Telekom AG	Amendment no. 8 to Agreement on Global Roaming eXchange (GRX) (No. T-Systems 2002/622)	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)	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)	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)	Amendment No. 11 to Agreement on Global Roaming eXchange (GRX)	010109-111-00
Deutsche Telekom AG	Amendment No. 12 – GRX Services	Amendment No. 12 – GRX Services	010109-112-00
Deutsche Telekom AG	Agreement – agreement on telecommunication network's interconnection	Agreement – agreement on telecommunication network's interconnection	010246-000-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom AG	UMTS Frame Agreement	UMTS Frame Agreement	010322-000-00
Deutsche Telekom AG	Amendment No. 5 – roaming signalling	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)	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	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	Amendment No. 8 – Signalling for international roaming – SS7 based Steering	010340-108-00
Deutsche Telekom AG	Amendment No. 9	Amendment No. 9	010340-109-00
Deutsche Telekom AG	Framework agreement – Inbound	Framework agreement – Inbound	010562-000-00
Deutsche Telekom AG	Service Arrangement – Strategy & Portfolio Management	Service Arrangement – Strategy & Portfolio Management	010562-201-00
Deutsche Telekom AG	Service Arrangement – Management IT Applications	Service Arrangement – Management IT Applications	010562-202-00
Deutsche Telekom AG	Service Arrangement – ERP & Corporate Systems	Service Arrangement – ERP & Corporate Systems	010562-203-00
Deutsche Telekom AG	Service Arrangement – Managemnt IT Operations	Service Arrangement – Managemnt IT Operations	010562-204-00
Deutsche Telekom AG	Service Arrangement – End user Marketing	Service Arrangement – End user Marketing	010562-205-00
Deutsche Telekom AG	Service Arrangement – System Engineering	Service Arrangement – System Engineering	010562-206-00
Deutsche Telekom AG	Service Arrangement – System Engineering	Service Arrangement – System Engineering	010562-207-00
Deutsche Telekom AG	Service Arrangement – Network Deployment & Operations Management	Service Arrangement – Network Deployment & Operations Management	010562-208-00
Deutsche Telekom AG	Service Arrangement – Network Deployment & Operations Management	Service Arrangement – Network Deployment & Operations Management	010562-209-00
Deutsche Telekom AG	Framework Cooperation and Service Agreement – Outbound Direct Charging	Framework Cooperation and Service Agreement – Outbound Direct Charging	010563-000-00
Deutsche Telekom AG	Service Arrangement – ERP & Corporate Systems	Service Arrangement – ERP & Corporate Systems	010563-201-00
Deutsche Telekom AG	Framework Cooperation and Service Agreement – Outbound	Framework Cooperation and Service Agreement – Outbound	010564-000-00
Deutsche Telekom AG	Sideletter to the Framework Cooperation and Service Ag. (Outbound/Allocation)	Sideletter to the Framework Cooperation and Service Ag. (Outbound/Allocation)	010564-101-00
Deutsche Telekom AG	Service Arrangement – Global Products	Service Arrangement – Global Products	010564-201-00
Deutsche Telekom AG	Service Arrangement – Payment	Service Arrangement – Payment	010564-202-00
Deutsche Telekom AG	Service Arrangement – IT Department	Service Arrangement – IT Department	010564-203-00
Deutsche Telekom AG	Service Arrangement – Marketing Department	Service Arrangement – Marketing Department	010564-204-00
Deutsche Telekom AG	Service Arrangement – Network Technology Office	Service Arrangement – Network Technology Office	010564-205-00
Deutsche Telekom AG	Service Arrangement – IT Strategy & Portfolio Management	Service Arrangement – IT Strategy & Portfolio Management	010564-206-00
Deutsche Telekom AG	Service Arrangement – Process Alignment & Quality Management	Service Arrangement – Process Alignment & Quality Management	010564-207-00
Deutsche Telekom AG	Service Arrangement – Management IT Applications	Service Arrangement – Management IT Applications	010564-208-00
Deutsche Telekom AG	Service Arrangement – Management IT Operations	Service Arrangement – Management IT Operations	010564-209-00
Deutsche Telekom AG	Service Arrangement – Marketing Coordination	Service Arrangement – Marketing Coordination	010564-210-00
Deutsche Telekom AG	Service Arrangement – Marketing Coordination	Service Arrangement – Marketing Coordination	010564-211-00
Deutsche Telekom AG	Service Arrangement – Product Management	Service Arrangement – Product Management	010564-212-00
Deutsche Telekom AG	Service Arrangement – End User Marketing	Service Arrangement – End User Marketing	010564-213-00
Deutsche Telekom AG	Service Arrangement – End User Marketing	Service Arrangement – End User Marketing	010564-214-00
Deutsche Telekom AG	Service Arrangement – Wholesale Marketing	Service Arrangement – Wholesale Marketing	010564-215-00
Deutsche Telekom AG	Service Arrangement – Wholesale Marketing	Service Arrangement – Wholesale Marketing	010564-216-00
Deutsche Telekom AG	Service Arrangement – European Terminal Management	Service Arrangement – European Terminal Management	010564-217-00
Deutsche Telekom AG	Service Arrangement – Systems Engineering	Service Arrangement – Systems Engineering	010564-218-00
Deutsche Telekom AG	Service Arrangement – Systems Engineering	Service Arrangement – Systems Engineering	010564-219-00
Deutsche Telekom AG	Service Arrangement – Network Deployment and Operations Management	Service Arrangement – Network Deployment and Operations Management	010564-220-00
Deutsche Telekom AG	Service Arrangement – Network Deployment and Operations Management	Service Arrangement – Network Deployment and Operations Management	010564-221-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom AG	Service Arrangement – Technology and Development	Service Arrangement – Technology and Development	010564-222-00
Deutsche Telekom AG	Service Arrangement – Supplier Management	Service Arrangement – Supplier Management	010564-223-00
Deutsche Telekom AG	Service Arrangement – Network Budgeting Performance	Service Arrangement – Network Budgeting Performance	010564-224-00
Deutsche Telekom AG	Declaration of consent (consent to access to the TMCZ database)	Declaration of consent (consent to access to the TMCZ database)	010817-000-00
Deutsche Telekom AG	Sublicence of TIBCO Software License Agreement	Sublicence of TIBCO Software License Agreement	011269-000-00
Deutsche Telekom AG	Loan Agreement	Loan Agreement	012236-000-00
Deutsche Telekom AG	Agreement – TMO warranty for Siemens AG	Agreement – TMO warranty for Siemens AG	012309-000-00
Deutsche Telekom AG	Services Agreement – MBS	Services Agreement – MBS	012467-000-00
Deutsche Telekom AG	Letter of Affirmation – Licence Chordiant Marketing Director	Letter of Affirmation – Licence Chordiant Marketing Director	012761-000-00
Deutsche Telekom AG	T-Zones Agreement	T-Zones Agreement	012876-000-00
Deutsche Telekom AG	Amendment No. 1 – Letter of Variation (t-zones)	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	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	Addendum No. 3 to T-Zones Agreement – contract update	012876-103-00
Deutsche Telekom AG	Letter of Variation – T-Zones agreement – Addendum No. 4	Letter of Variation - T-Zones agreement – Addendum No. 4	012876-104-00
Deutsche Telekom AG	Agreement – suretyship (Bürgschaft) Nortel GPRS	Agreement – suretyship (Bürgschaft) Nortel GPRS	012958-000-00
Deutsche Telekom AG	Framework cooperation and service agreement – Inbound	Framework cooperation and service agreement – Inbound	013243-000-00
Deutsche Telekom AG	Inbound (update of Annex 2 – Service Arrangement 2005)	Inbound (update of Annex 2 – Service Arrangement 2005)	013243-101-00
Deutsche Telekom AG	Inbound (update of Annex 2 – Service Arrangement 2006)	Inbound (update of Annex 2– Service Arrangement 2006)	013243-102-00
Deutsche Telekom AG	Inbound service arrangement 2007	Inbound service arrangement 2007	013243-103-00
Deutsche Telekom AG	Service Arrangement 2008 (Inbound (annex 2 valid for 08))	Service Arrangement 2008 (Inbound (annex 2 valid for 08))	013243-104-00
Deutsche Telekom AG	Service Arrangement 2009	Service Arrangement 2009	013243-105-00
Deutsche Telekom AG	Service Arrangement 2010 – Annex 2 (Inbound Contract)	Service Arrangement 2010 – Annex 2 (Inbound Contract)	013243-106-00
Deutsche Telekom AG	Service Arrangement 2011 – X-charges inbound 2011 under the Framework Cooperation	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)	Service Arrangement 2013 (Inbound – Annex 2 – Product Development 2013)	013243-108-00
Deutsche Telekom AG	SLA Inbound 2014 TMCZ Service Provider TDG Service Receiver	SLA Inbound 2014 TMCZ Service Provider TDG Service Receiver	013243-109-00
Deutsche Telekom AG	Service Arrangement – Annex Service Agreement TMCZ EUHQ 2014	Service Arrangement – Annex Service Agreement TMCZ EUHQ 2014	013243-110-00
Deutsche Telekom AG	Annex Service Agreement TMCZ EUHQ2013	Annex Service Agreement TMCZ EUHQ2013	013243-111-00
Deutsche Telekom AG	Annex Service Agreement– SLA Inbound 2015 TMCZ Service Provider TDG Service Receiver	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	Annex 2 – Service Arrangement 2015 – Inbound Service Agreement	013243-115-00
Deutsche Telekom AG	Annex 2 – Service Agreement – SLA Inbound 2016 TMCZ Service Provider TDG Service	Annex 2 – Service Agreement – SLA Inbound 2016 TMCZ Service Provider TDG Service	013243-116-00
Deutsche Telekom AG	Service Arrangement 2016 -X-Charges TMCZ Inbound under the Framework Cooperation	Service Arrangement 2016 -X-Charges TMCZ Inbound under the Framework Cooperation	013243-117-00
Deutsche Telekom AG	Framework Cooperation and Service Agreement (Outbound/Allocation)	Framework Cooperation and Service Agreement (Outbound/Allocation)	013244-000-00
Deutsche Telekom AG	Sideletter to the Cooperation and Service Agreement (Outbound/Allocation)	Sideletter to the Cooperation and Service Agreement (Outbound/Allocation)	013244-101-00
Deutsche Telekom AG	Outbound (amendment of Annex 2 – Service Arrangement 2005)	Outbound (amendment of Annex 2 – Service Arrangement 2005)	013244-102-00
Deutsche Telekom AG	Outbound (Amendment of Annex 2 – Service Arrangement for 2006)	Outbound (Amendment of Annex 2 – Service Arrangement for 2006)	013244-103-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom AG	Outbound Service Arrangement 2007	Outbound Service Arrangement 2007	013244-104-00
Deutsche Telekom AG	Service Arrangement 2008 (Outbound) – amendment of the Annex 2	Service Arrangement 2008 (Outbound) – amendment of the Annex 2	013244-105-00
Deutsche Telekom AG	Service arrangement 2009	Service arrangement 2009	013244-106-00
Deutsche Telekom AG	Service Arrangement 2010 – Annex 2 (Outbound Contract)	Service Arrangement 2010 – Annex 2 (Outbound Contract)	013244-107-00
Deutsche Telekom AG	Sideletter on Chordiant Project – Terms of use of the CMD software	Sideletter 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	Service Agreement concerning the Administration of MTIP in the Deutsche Telekom	014145-000-00
Deutsche Telekom AG	Service Agreement – Interoperator Discount Services (“IOT-services”)	Service Agreement – Interoperator Discount Services (“IOT-services”)	014585-000-00
Deutsche Telekom AG	Amendment No. 1 – new version of Appendix 1 (distribution of discounts)	Amendment No. 1 – new version of Appendix 1 (distribution of discounts)	014585-101-00
Deutsche Telekom AG	Suretyship Agreement (Nortel)	Suretyship Agreement (Nortel)	015123-000-00
Deutsche Telekom AG	Agreement on the unification of payment terms - application Inhouse Cash	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	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	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	Variation to Unification of Payment Terms Agreement	015941-103-00
Deutsche Telekom AG	Inhouse Banking Side Agreement (Side Letter to UPT Agreement)	Inhouse Banking Side Agreement (Side Letter to UPT Agreement)	015941-201-00
Deutsche Telekom AG	Service Agreement (auditing services - x-charge)	Service Agreement (auditing services - x-charge)	016189-000-00
Deutsche Telekom AG	Sublicense Agreement (Intel)	Sublicense Agreement (Intel)	016228-000-00
Deutsche Telekom AG	Master Agreement – Hedging Activities	Master Agreement – Hedging Activities	016323-000-00
Deutsche Telekom AG	Agreement on Bilateral MMS eXchange	Agreement on Bilateral MMS eXchange	016451-000-00
Deutsche Telekom AG	Service Agreement for the provision of Marketing Services	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	Amendment No. 1 to the Service Agr. – Service Description, Cost Allocation Scheme	016889-101-00
Deutsche Telekom AG	Deed of Adherence (project Munice 2)	Deed of Adherence (project Munice 2)	017569-000-00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – exchange ZigBee info on SIM card	Non disclosure Agreement (NDA) – exchange ZigBee info on SIM card	017808-000-00
Deutsche Telekom AG	Roaming Agreement for Public Wireless Lan Services (Germany)	Roaming Agreement for Public Wireless Lan Services (Germany)	017982-000-00
Deutsche Telekom AG	Deed of Adherence-accession of TMCZ to Global Framework Ag. (GFA) no.990030-000-00	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	Non disclosure Agreement (NDA) – Project 2G Modernization	018965-000-00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	Non disclosure Agreement (NDA) – Project 2G Modernization	019043-000-00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	Non disclosure Agreement (NDA) – Project 2G Modernization	019044-000-00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	Non disclosure Agreement (NDA) – Project 2G Modernization	019045-000-00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	Non disclosure Agreement (NDA) – Project 2G Modernization	019046-000-00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	Non disclosure Agreement (NDA) – Project 2G Modernization	019052-000-00
Deutsche Telekom AG	EBS General Service Agreement	EBS General Service Agreement	019184-000-00
Deutsche Telekom AG	Service Package to the EBS General Service Agreement	Service Package to the EBS General Service Agreement	019184-201-00
Deutsche Telekom AG	Settlement Agreement – international traffic – settlement	Settlement Agreement – international traffic – settlement	019199-000-00
Deutsche Telekom AG	Deed of Adherence to the Framework Ag. for the Supply of Network Infrastructure	Deed of Adherence to the Framework Ag. for the Supply of Network Infrastructure	019440-000-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom AG	Project Specific Annex (PSA) GGSN & SGSN – Commercial Conditions to the Frame Agreement	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	Master Agreement for Derivates and Investment Contracts	019894-000-00
Deutsche Telekom AG	Sideletter	Sideletter	019895-000-00
Deutsche Telekom AG	Amendment to the Side Letter to the Master Agreement for Derivates and Inv. Con.	Amendment to the Side Letter to the Master Agreement for Derivates and Inv. Con.	019895-101-00
Deutsche Telekom AG	WiFi Roaming Solution Agreement	WiFi Roaming Solution Agreement	020075-000-00
Deutsche Telekom AG	Amendment No. 1 to the WiFi Roaming Solution Agreement	Amendment No. 1 to the WiFi Roaming Solution Agreement	020075-101-00
Deutsche Telekom AG	Service Agreement – Interoperator Discount Contracts	Service Agreement – Interoperator Discount Contracts	021094-000-00
Deutsche Telekom AG	Confidentiality Agreement	Confidentiality Agreement	021267-000-00
Deutsche Telekom AG	License Agreement – Software concerning the predictive modeling	License Agreement – Software concerning the predictive modeling	021411-000-00
Deutsche Telekom AG	Agreement on the processing of personal data	Agreement on the processing of personal data	021442-000-00
Deutsche Telekom AG	Project Specific Annex RU20/OSS5.2	Project Specific Annex RU20/OSS5.2	021581-000-00
Deutsche Telekom AG	Project Service Agreement for cIBS – common Interconnect Billing System	Project Service Agreement for cIBS – common Interconnect Billing System	021810-000-00
Deutsche Telekom AG	Co-operation Agreement for Joint LTE-TD Evaluation Trial	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)	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 condidentiality clause	Agreement on processing of data and information with condidentiality clause	022098-000-00
Deutsche Telekom AG	Contractual Agreement for change of delivery model for ng iBMD (Jellyfish)	Contractual Agreement for change of delivery model for ng iBMD (Jellyfish)	022173-000-00
Deutsche Telekom AG	Agreement on Commercial Roaming Broker Services	Agreement on Commercial Roaming Broker Services	022191-000-00
Deutsche Telekom AG	Amendment Letter No. 1 to the Agreement on Commercial Roaming Broker Services	Amendment Letter No. 1 to the Agreement on Commercial Roaming Broker Services	022191-101-00
Deutsche Telekom AG	Amendment No. 2 to the Agreement on Commercial Roaming Broker Services	Amendment No. 2 to the Agreement on Commercial Roaming Broker Services	022191-102-00
Deutsche Telekom AG	Amendment Letter No. 3 to the Agreement on Commercial Roaming Broker Services	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	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	Data Privacy Agreement on commissioned processing of personal data, for 022191-104	022191-104-01
Deutsche Telekom AG	Cooperation Agreement	Cooperation Agreement	022250-000-00
Deutsche Telekom AG	Delivery of Software and the Performance of Services in Connection with ngCRM	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	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	Supplement No. 1 to Project Service Agreement (PSA) – ngCRM system	022281-102-00
Deutsche Telekom AG	SERVICE Agreement Network Technology	SERVICE Agreement Network Technology	022467-000-00
Deutsche Telekom AG	SUBLICENSE AGREEMENT for the Software for IVR Campaigning/Banner	SUBLICENSE AGREEMENT for the Software for IVR Campaigning/Banner	022483-000-00
Deutsche Telekom AG	Management Agreement for international MNC Services	Management Agreement for international MNC Services	022522-000-00
Deutsche Telekom AG	Amendment No. 1 to Management Agreement for International MNC Services	Amendment No. 1 to Management Agreement for International MNC Services	022522-101-00
Deutsche Telekom AG	Agreement for the Provision of Capacity	Agreement for the Provision of Capacity	022696-000-00
Deutsche Telekom AG	Supplementary Agreement to the Sublicence Agreement	Supplementary Agreement to the Sublicence Agreement	022780-000-00
Deutsche Telekom AG	iPad License Acknowledgement of Adherence to Wireless Service License – iPad TMC	iPad License Acknowledgement of Adherence to Wireless Service License – iPad TMC	022870-000-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom AG	Angry Birds International Campaign	Angry Birds International Campaign	022875-000-00
Deutsche Telekom AG	Framework cooperation and service agreement – X-charges	Framework cooperation and service agreement – X-charges	022888-000-00
Deutsche Telekom AG	Annex No. 022888-104-00 Service arrangement EU HQ	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	Annex to FA – Service Arrangement – X- charges 2012 – Products and Innovation annex	022888-105-00
Deutsche Telekom AG	Service Arrangement – Cross Charging 2013	Service Arrangement – Cross Charging 2013	022888-106-00
Deutsche Telekom AG	Annex Service Arrangement – P&I Payment Products	Annex Service Arrangement – P&I Payment Products	022888-112-00
Deutsche Telekom AG	Annex – Service Arrangement – Group Technology 2014	Annex – Service Arrangement – Group Technology 2014	022888-115-00
Deutsche Telekom AG	Annex Service Arrangement – Board Area Europe	Annex Service Arrangement – Board Area Europe	022888-116-00
Deutsche Telekom AG	Annex to the Framework Cooperation and Service Agreement-Service Arrangement Group Procurement	Annex to the Framework Cooperation and Service Agreement-Service Arrangement Group Procurement	022888-118-00
Deutsche Telekom AG	Service Arrangement – Musketeer Program	Service Arrangement – Musketeer Program	022888-120-00
Deutsche Telekom AG	Service Arrangement (Outbound cross charges)	Service Arrangement (Outbound cross charges)	022888-121-00
Deutsche Telekom AG	Service Arrangement 2015 – Group Technology (Outbound cross charges)	Service Arrangement 2015 – Group Technology (Outbound cross charges)	022888-123-00
Deutsche Telekom AG	Annex – Service Arrangement – Centralized Capacity Planning Service	Annex – Service Arrangement – Centralized Capacity Planning Service	022888-127-00
Deutsche Telekom AG	Annex – Service Arrangement Board Area Europe TMCZ EUHQ 2017	Annex – Service Arrangement Board Area Europe TMCZ EUHQ 2017	022888-130-00
Deutsche Telekom AG	Annex – Service Arrangement – Technology & Innovation 2017	Annex – Service Arrangement – Technology & Innovation 2017	022888-131-00
Deutsche Telekom AG	Annex – Service Arrangement – Group Procurement 2017	Annex – Service Arrangement – Group Procurement 2017	022888-132-00
Deutsche Telekom AG	Appendix 3 to the Service Arrangement Group Procurement (CDP)	Appendix 3 to the Service Arrangement Group Procurement (CDP)	022888-132-01
Deutsche Telekom AG	Service Arrangement – Central capacity planning	Service Arrangement – Central capacity planning	022888-135-00
Deutsche Telekom AG	Annex – Service Arrangement – International Mobile Device Business Services – x-	Annex – Service Arrangement – International Mobile Device Business Services – x-	022888-136-00
Deutsche Telekom AG	Annex 2 – Service Agrement Schedule, Expert development Vendor & Portfolio Management	Annex 2 – Service Agrement Schedule, Expert development Vendor & Portfolio Management	022888-138-00
Deutsche Telekom AG	Termination of the part of Service Arrangement 2015 Amendment No. 1	Termination of the part of Service Arrangement 2015 Amendment No. 1	022888-401-00
Deutsche Telekom AG	Letter of Intent – IT Data Assurance Shared Service Centre (SSC)	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	Procurement Joint Venture of Deutsche Telekom AG and France Télécom SA: Interim	022972-000-00
Deutsche Telekom AG	Amendment No. 1 – Interim letter – Joint Venture	Amendment No. 1 – Interim letter – Joint Venture	022972-101-00
Deutsche Telekom AG	Deed of Adherence (Vertragsbeitritt – to Contract 990053-000-00)	Deed of Adherence (Vertragsbeitritt – to Contract 990053-000-00)	023021-000-00
Deutsche Telekom AG	Side Letter to the Framework Cooperation and Service Agreement	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	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	Tax Indemnity Agreement	023340-000-00
Deutsche Telekom AG	Framework Cooperation and Service agreement	Framework Cooperation and Service agreement	023382-000-00
Deutsche Telekom AG	Annex – Service Agreement TMCZ EUHQ 2017 – DTAG Europe	Annex – Service Agreement TMCZ EUHQ 2017 – DTAG Europe	023382-201-00
Deutsche Telekom AG, VTI	Service Arrangement 2017, VTI – TMCZ Inbound_DTAG_2017_VTI_GS	Service Arrangement 2017, VTI – TMCZ Inbound_DTAG_2017_VTI_GS	023382-202-00
Deutsche Telekom AG	Co-operation agreement for joint smart lte evaluation trial	Co-operation agreement for joint smart lte evaluation trial	023418-000-00
Deutsche Telekom AG	Confidentiality Obligation for Clean Team Members	Confidentiality Obligation for Clean Team Members	023435-000-00
Deutsche Telekom AG	Letter of intent – OSS	Letter of intent – OSS	023451-000-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom AG	Cooperation Agreement	Cooperation Agreement	023481-000-00
Deutsche Telekom AG	Cooperation Agreement – INTRA GROUP COMPLIANCE AGREEMENT	Cooperation Agreement – INTRA GROUP COMPLIANCE AGREEMENT	023496-000-00
Deutsche Telekom AG	Letter of Adherence (“LoA”) – Ringback Tones Services	Letter of Adherence (“LoA”) – Ringback Tones Services	023507-000-00
Deutsche Telekom AG	Global M2M Service cooperation – Joining Agreement	Global M2M Service cooperation – Joining Agreement	023543-000-00
Deutsche Telekom AG	Frame Agreement for Commissioned Personal Data Processing	Frame Agreement for Commissioned Personal Data Processing	023692-000-00
Deutsche Telekom AG	CDP Individual Agreeement on commissioned processing of personal data GPBI (BDSG)	CDP Individual Agreeement on commissioned processing of personal data GPBI (BDSG)	023692-201-00
Deutsche Telekom AG	CDP Individual Agreement on commissioned processing of personal data – S2C	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)	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	Individual Agreement on the commissioned processing of personal data	023727-000-00
Deutsche Telekom AG	Agreement on the purchase of a videoconferencing system	Agreement on the purchase of a videoconferencing system	023771-000-00
Deutsche Telekom AG	Letter of Adherence – Callertunes service Real Networks	Letter of Adherence – Callertunes 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	Supplementary Agreement to the Project Service Agreement to the Provision of Next Generation Voice Mail System	024075-000-00
Deutsche Telekom AG	Service Arrangement P&I products core telco products and media 2013	Service Arrangement P&I products core telco products and media 2013	024087-000-00
Deutsche Telekom AG	Agreement For Commissioned Data Processing	Agreement For Commissioned Data Processing	024202-000-00
Deutsche Telekom AG	Cooperation and Service agreement – Ring back tones	Cooperation and Service agreement – Ring back tones	024204-000-00
Deutsche Telekom AG	Retail and Marketing Funds Agreement	Retail and Marketing Funds Agreement	024307-000-00
Deutsche Telekom AG	“m-wall” (POS presentation) Agreement	“m-wall” (POS presentation) Agreement	024308-000-00
Deutsche Telekom AG	Annex 1 to Service Arrangement – Product Roadmap 2015	Annex 1 to Service Arrangement – Product Roadmap 2015	024334-101-00
Deutsche Telekom AG	Annex – Service Arranagement – Compensation in the area of M2M for 2015	Annex – Service Arranagement – Compensation in the area of M2M for 2015	024334-102-00
Deutsche Telekom AG	Main Contract on IP Transit	Main Contract on IP Transit	024335-000-00
Deutsche Telekom AG	Agreement on the processing of personal data in International Sharepoint	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	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	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	iPhone Contract of Adherence to the iPhone Agreement between Apple and DT	024364-000-00
Deutsche Telekom AG	Sideletter to iPhone Contract of Adherence to the iPhone Agreement between Apple	Sideletter to iPhone Contract of Adherence to the iPhone Agreement between Apple	024364-201-00
Deutsche Telekom AG	Service Arrangement – SLA Outbound Services 2015	Service Arrangement – SLA Outbound Services 2015	024410-102-00
Deutsche Telekom AG	Service Arrangement – SLA Outbound Services 2016, TMCZ Service Receiver, TD Serv	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)	Service Level Agreement (SLA) – Handset Capability Server (HCS)	024410-104-00
Deutsche Telekom AG	Trial Agreement for Joint Active Antenna System (ASS) Trial	Trial Agreement for Joint Active Antenna System (ASS) Trial	024515-000-00
Deutsche Telekom AG	Agreement for Provisioning of Integration Services for MyWallet	Agreement for Provisioning of Integration Services for MyWallet	024546-000-00
Deutsche Telekom AG	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	024565-000-00
Deutsche Telekom AG	Agreement on application of Global Intranet GPRS Roaming eXchange (GRX)	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)	Agreement on the commissioned processing of personal data (Non-compliance list)	024809-000-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom AG	M-Wall & Shop Window Digit (POS presentation) Agreement	M-Wall & Shop Window Digit (POS presentation) Agreement	024975-000-00
Deutsche Telekom AG	Global Strategic Retail Partnership – Marketing Funds Agreement	Global Strategic Retail Partnership – Marketing Funds Agreement	025120-000-00
Deutsche Telekom AG	Letter of Intent	Letter of Intent	025121-000-00
Deutsche Telekom AG	EMIR Agreement for Dealing	EMIR Agreement for Dealing	025163-000-00
Deutsche Telekom AG	Interim Letter Agreement (ILA) – GPBI access to NatCo procurement data	Interim Letter Agreement (ILA) – GPBI access to NatCo procurement data	025332-000-00
Deutsche Telekom AG	Non-Disclosure Agreement – NDA – pro DTAG Group Procurement (related to CDP)	Non-Disclosure Agreement – NDA – pro DTAG Group Procurement (related to CDP)	025336-000-00
Deutsche Telekom AG	Bilateral SMS + Transit Contract	Bilateral SMS + Transit Contract	025440-000-00
Deutsche Telekom AG	Agreement for Commissioned Data Processing in TMPC and ReMaiD	Agreement for Commissioned Data Processing in TMPC and ReMaiD	025557-000-00
Deutsche Telekom AG	Supplementary Agreement – MNC Services	Supplementary Agreement – MNC Services	025558-000-00
Deutsche Telekom AG	CDP Frame Agreement for CoE Data Transparency – DTAG as controller	CDP Frame Agreement for CoE Data Transparency – DTAG as controller	025586-000-00
Deutsche Telekom AG	Cooperation Agreement	Cooperation Agreement	025746-000-00
Deutsche Telekom AG	Purchase Agreement – purchase of HW	Purchase Agreement – purchase of HW	025837-000-00
Deutsche Telekom AG	Agreement on commissioned processing of personal data protection	Agreement on commissioned processing of personal data protection	025859-000-00
Deutsche Telekom AG	Software Cost Allocation Agreement – PR0028752 – TIBCO ELA (2012 and thereafter)	Software Cost Allocation Agreement – PR0028752 – TIBCO ELA (2012 and thereafter)	026063-000-00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of pers. data – Performance M	Individual Agreement on the commissioned processing of pers. data – Performance M	026070-000-00
Deutsche Telekom AG	Modified Agreement – Annex of Data Fields (Ind. Agreement – pers. data – Performance management)	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	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 Level Agreement (SLA) – T-Parking: UQBATE – Funding transfer	Service Level Agreement (SLA) – T-Parking: UQBATE – Funding transfer	026079-000-00
Deutsche Telekom AG	Service Agreement CZ – DT regarding Pan IP FTEs	Service Agreement CZ – DT regarding Pan IP FTEs	026089-000-00
Deutsche Telekom AG	Service Agreement CZ – DT regarding Pan IP FTEs	Service Agreement CZ – DT regarding Pan IP FTEs	026089-000-00
Deutsche Telekom AG	Service Agreement DT MNC	Service Agreement DT MNC	026192-000-00
Deutsche Telekom AG	Service Agreement – Amendment No. 1	Service Agreement – Amendment No. 1	026192-101-00
Deutsche Telekom AG	iCN DTAG Security Agreement Corporate Network (SACoN)	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)	Agreement for Commissioned Data Processing (Application SPPM (ICTO 12147) with its portfolios PFM-Tool and PFM@IT)	026387-000-00
Deutsche Telekom AG	Agreement on Regional ACGC Services – projekt EAN	Agreement on Regional ACGC Services – projekt EAN	026469-000-00
Deutsche Telekom AG	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	026562-000-00
Deutsche Telekom AG	Agreement for Internal Payment Services	Agreement for Internal Payment Services	026832-000-00
Deutsche Telekom AG	Global Master Agreement for Wholesale Voice Services	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	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	Agreement – Provision of DTAG shares to directors and employees of GC	027270-000-00
Deutsche Telekom AG	Agreement on commisioned data processing – Baseline Agreement	Agreement on commisioned data processing – Baseline Agreement	027354-000-00
Deutsche Telekom AG	Framework Cooperation and Service Agreement – Inbound and Outbound cross charge	Framework Cooperation and Service Agreement – Inbound and Outbound cross charge	027516-000-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom AG	Service Arrangement 2018, DTAG VTI – TMCZ Inbound	Service Arrangement 2018, DTAG VTI – TMCZ Inbound	027516-202-00
Deutsche Telekom AG	Service Arrangement – for DRC Cross Border Services	Service Arrangement – for DRC Cross Border Services	027516-203-00
Deutsche Telekom AG	Agreement on Commisioned Data Processing – project IFRS 16-leases	Agreement on Commisioned Data Processing – project IFRS 16-leases	027553-000-00
Deutsche Telekom AG, Deutsche Telekom Services Europe GmbH	Affirmation Issued for T-Mobile Czech Republic a.s.	Affirmation Issued for T-Mobile Czech Republic a.s.	027582-000-00
Deutsche Telekom AG	Customer Adherence From to Deutsche Bank SCORE Services	Customer Adherence From to Deutsche Bank SCORE Services	027582-201-00
Deutsche Telekom AG	BNP PARIBAS Cash Concentration Multi Entities Agreement	BNP PARIBAS Cash Concentration Multi Entities Agreement	027582-202-00
Deutsche Telekom AG	Vertrag uber den Beitritt zu db-transfer in Deutschland (Cash Concentration Agreement)	Vertrag uber den Beitritt zu db-transfer in Deutschland (Cash Concentration Agreement)	027582-203-00
Deutsche Telekom AG	Erganzungsvereinbarung zu den Vertragen db-transfer (Cash Concentration Agreement)	Erganzungsvereinbarung zu den Vertragen db-transfer (Cash Concentration Agreement)	027582-204-00
Deutsche Telekom AG	Frame Agreement for Commissioned Data Processing	Frame Agreement for Commissioned Data Processing	027655-000-00
Deutsche Telekom AG	Individual Agreement on Commissioned Data Processing – CDPA HR Suite Talent module	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	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	Agreement on Assignment of Rights to the Copyrighted Work	027700-000-00
Deutsche Telekom AG	Framework agreement – Concerning the Provision of internal Infrastructure Service	Framework agreement – Concerning the Provision of internal Infrastructure Service	027711-000-00
Deutsche Telekom AG	Cash Management Agreement on participation in the Cash-Pooling of Deutsche Telekom	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	Agreement on Processing of Personal Data on Behalf of a Controller – Treasury management processes	027920-000-00
Deutsche Telekom AG	Clima Frame Agreement	Clima Frame Agreement	2013/0080
Deutsche Telekom AG	Individual loan contract	Individual loan contract	2013/0229
Deutsche Telekom AG	Business Agreement concerning the Telekom Global Net transport oriented services	Business Agreement concerning the Telekom Global Net transport oriented services	2013/0357
Deutsche Telekom AG	Annex to Business Agreement concerning the Telekom Global Net	Annex to Business Agreement concerning the Telekom Global Net	2013/0637
Deutsche Telekom AG	Commissioned Data Processing	Commissioned Data Processing	2013/0790
Deutsche Telekom AG	Prolongation Agreement Infrastructure Services for T-Mobile CZ	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	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	International Group Framework Agreement for Media Agency Services	990092-000-00
Deutsche Telekom AG	Framework Agreement on a Payment Processing Agreement	Framework Agreement on a Payment Processing Agreement	990093-000-00
Deutsche Telekom AG	Amendment No. 1 to Framework Agreement on a Payment Processing Agreement	Amendment No. 1 to Framework Agreement on a Payment Processing Agreement	990093-101-00
Deutsche Telekom AG	BNP PARIBAS Cash Concentration Multi Entities Agreement	BNP PARIBAS Cash Concentration Multi Entities Agreement	990094-000-00

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 2019:

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
CE Colo Czech s.r.o.	Personal Data Processing Agreement (CE Colo as Administrator)	Personal Data Processing Agreement (CE Colo as Administrator)	027911-000-00
CE Colo Czech s.r.o.	Pojistná smlouva č. 2737003055 – odpovědnostní	Insurance Contract No. 2737003055 – Liability Insurance	028235-000-00
Deutsche Telekom Europe Holding Gmb	Service change agreement – MiFID; Upgrade with Dual Storage for SFTP Push	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	Service change agreement – MiFID; New Script for Billing	026623-201-02
Deutsche Telekom IT GmbH	Project Term Sheet (2019) – ShareEnablers	Project Term Sheet (2019) – ShareEnablers	024100-227-00
Deutsche Telekom IT GmbH	Individual Contract on Processing of Personal Data	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)	Individual Contract on Processing of Personal Data – One.ERP 19C (024100-218, 0241)	028268-000-00
Deutsche Telekom IT GmbH, PG 8111	Project Term Sheet (2019) – OneERP18 – IFRS15	Project Term Sheet (2019) – OneERP18 – IFRS15	024100-223-00
Deutsche Telekom IT GmbH, PG 8111	Project Term Sheet (2019) – IFRS 15	Project Term Sheet (2019) – IFRS 15	024100-224-00
Deutsche Telekom IT GmbH, PG 8111	Project Term Sheet (2019) – iCN, INA, INS a IACP	Project Term Sheet (2019) – iCN, INA, INS a IACP	024100-225-00
Deutsche Telekom IT GmbH, PG 8111	Project Term Sheet 2019 – Identity and Account Management (CIAM)	Project Term Sheet 2019 – Identity and Account Management (CIAM)	024100-226-00
Deutsche Telekom IT GmbH, PG 8111	Project Term Sheet (2019) – Time-Services According to the Project Service Agree	Project Term Sheet (2019) – Time-Services According to the Project Service Agree	024100-228-00
Deutsche Telekom IT GmbH, PG 8111	Project TerProject Term Sheet (2019) – ITS (Eco Finance) Integrated Treasaury S	Project TerProject Term Sheet (2019) – ITS (Eco Finance) Integrated Treasaury S	024100-229-00
Deutsche Telekom IT GmbH, PG 8111	Project Term Sheet (2019) – HR EVO Portal	Project Term Sheet (2019) – HR EVO Portal	024100-230-00
Deutsche Telekom IT GmbH, PG 8111	Individual Contract on Processing of Personal Data on Behalf of a Controller	Individual Contract on Processing of Personal Data on Behalf of a Controller	028711-000-00
Deutsche Telekom Pan-Net Czech Repu	Notice of Termination of Annec 1 to PAN – NET Service Agreement	Notice of Termination of Annec 1 to PAN – NET Service Agreement	026481-401-00
Deutsche Telekom Services Europe AG	Amendment No. 1 – služby GAC, P2P, HR a One Banking (Annex 2a + Annex 9, Annex 4	Amendment No. 1 – services GAC, P2P, HR a One Banking (Annex 2a + Annex 9, Annex 4	027665-101-00
HELLENIC TELECOMMUNICATIONS ORGANIZ	Framework cooperation and services agreeement – OneMail contract	Framework cooperation and services agreeement – OneMail contract	028207-000-00
HELLENIC TELECOMMUNICATIONS ORGANIZ	Addendum No. 1 – onEmail	Addendum No. 1 – onEmail	028207-101-00
HELLENIC TELECOMMUNICATIONS ORGANIZ	Agreement on the Processing of Personal Data – OneMail	Agreement on the Processing of Personal Data – OneMail	028208-201-00
IT Services Hungary Szolgáltató Kft	Frame contract for Security services delivery from ITSH to DRCCBS	Frame contract for Security services delivery from ITSH to DRCCBS	028724-000-00
LEMO Internet a.s.	Agreement on Processing of Personal – TMCZ processor	Agreement on Processing of Personal – TMCZ processor	028563-000-00
Magyar Telekom Plc.	Order – Order of voice services for customer Accenture Services	Order – Order of voice services for customer Accenture Services	026196-201-00
NOVATEL EOOD	Intercompany Master Service Agreement – Intercompany	Intercompany Master Service Agreement – Intercompany	028170-000-00
NOVATEL EOOD	Customize Network Access – Subcontract of MSA	Customize Network Access – Subcontract of MSA	028170-201-00
Slovak Telekom, a.s.	Amendment No. 1 to Service Arrangement for Service Monitoring Center (SMC) Servi	Amendment No. 1 to Service Arrangement for Service Monitoring Center (SMC) Servi	027009-201-01
Slovak Telekom, a.s.	Amendment No. 1 – Service Monitoring Center (SMC) Services – TMCZ reciever	Amendment No. 1 – Service Monitoring Center (SMC) Services – TMCZ reciever	027009-202-01
Slovak Telekom, a.s.	Service Arrangement – Cybersecurity Services	Service Arrangement – Cybersecurity Services	027009-204-00
Slovak Telekom, a.s.	Service Agreement – PMO JIRA	Service Agreement – PMO JIRA	027009-205-00
Slovak Telekom, a.s.	Service Arrangement – FEST Services	Service Arrangement – FEST Services	027009-206-00
Slovak Telekom, a.s.	Service Arrangement – FAMA	Service Arrangement – FAMA	027009-207-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Slovak Telekom, a.s.	Service Arrangement – Robotics (Orchestrator/Database Maintenance)	Service Arrangement – Robotics (Orchestrator/Database Maintenance)	027009-208-00
Slovak Telekom, a.s.	Service Arrangement – Robotics (Robots – VDI and ShareDIR)	Service Arrangement – Robotics (Robots – VDI and ShareDIR)	027009-209-00
Slovak Telekom, a.s.	Service Arrangement – Mediaroom	Service Arrangement – Mediaroom	027009-210-00
Slovak Telekom, a.s.	Settlement Arrangement – Tibco	Settlement Arrangement – Tibco	028353-000-00
Slovak Telekom, a.s.	Smlouva o vytvoření marketingové strategie	Contract for creating a marketing strategy	028637-000-00
Slovak Telekom, a.s.	Memorandum of Understanding for Cooperation (Premier Sport)	Memorandum of Understanding for Cooperation (Premier Sport)	028751-000-00
Telekom Deutschland GmbH	Amendment No. 2 – MMSC hosted platform	Amendment No. 2 – MMSC hosted platform	020176-401-02
Telekom Deutschland GmbH	Amendment No. 3 – MMSC hosted platform	Amendment No. 3 – MMSC hosted platform	020176-401-03
Telekom Deutschland GmbH	Amendment No. 2 – VMS hosted platform	Amendment No. 2 – VMS hosted platform	022097-401-02
Telekom Deutschland GmbH	Termination of Project Service Agreement for BlackBerry Download Server	Termination of Project Service Agreement for BlackBerry Download Server	023438-401-00
Telekom Deutschland GmbH	Termination of Project Service Agreement for BlackBerry Services	Termination of Project Service Agreement for BlackBerry Services	023676-401-00
Telekom Deutschland GmbH	Service Arrangement – Product Development 2019	Service Arrangement – Product Development 2019	024410-108-00
Telekom Deutschland GmbH	Amendment 2 – SMSC hosted platform	Amendment 2 – SMSC hosted platform	024846-401-02
T-Mobile Polska S.A.	Agreement on Termination of IMS SSC	Agreement on Termination of IMS SSC	025011-401-00
T-Mobile Polska S.A.	Service Arrangement – Security services – DDoS Protection	Service Arrangement – Security services – DDoS Protection	026487-204-00
T-Mobile Polska S.A.	Service Arrangement for security services delivery from TMPL to DRSSC 2019	Service Arrangement for security services delivery from TMPL to DRSSC 2019	026488-204-00
T-Mobile Polska S.A.	Service Arrangement for security services delivery from DRSSC to TMPL 2019	Service Arrangement for security services delivery from DRSSC to TMPL 2019	026488-205-00
T-Systems Austria GesmbH	Frame Cooperation and Service Agreement	Frame Cooperation and Service Agreement	028675-000-00
T-Systems do Brasil Ltda.	Non-Disclosure Agreement – NDA	Non-Disclosure Agreement – NDA	028184-000-00
T-Systems do Brasil Ltda.	Framework Cooperation and Service Agreement	Framework Cooperation and Service Agreement	028659-000-00
T-Systems Enterprise Services GmbH	Frame Agreement for the provision of "Cloud of things service" – enabler pro IoT	Frame Agreement for the provision of "Cloud of things service" – enabler pro IoT	028305-000-00
T-Systems International GmbH	Agreement on the Processing of Personal Data – T-Mobile Service portal	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	Supplementary Agreement to the Service Arrangement for T-Mobiles Service Portal	022888-142-01
T-Systems International GmbH, PG620	Service Agreement Amendment No. 2	Service Agreement Amendment No. 2	026192-102-00

4.2.2 CONTRACTS THAT WERE EFFECTIVE IN 2019:

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Antel Germany GmbH	General terms and conditions_VIX	General terms and conditions_VIX	0000002/2010-SmNAD
Antel Germany GmbH	LOAN FACILITY AGREEMENT	LOAN FACILITY AGREEMENT	0000009/2005-SMfd
Antel Germany GmbH	Purchase of materials	Purchase of materials	0000013/2011-SMfd
BUYIN SA	Amendment No. 1 to Participation Agreement – Joint Venture	Amendment No. 1 to Participation Agreement – Joint Venture	023174-101-00
BUYIN SA	Service Agreement x-charging	Service Agreement x-charging	024643-000-00
CARDUELIS B.V.	Carduelis B.V. – Agreement on the trasfer of duties and responsibilities	Carduelis B.V. – Agreement on the trasfer of duties and responsibilities	0000045/2005-SMws
CARDUELIS B.V.	Individual Service Agreement	Individual Service Agreement	0000065/2007-SMws
CE Colo Czech s.r.o.	Kupní smlouna na vozidlo Škoda	Purchase agreement for Škoda vehicle	0000001/2013-SMfa
CE Colo Czech s.r.o.	Kupní smlouva na vozidlo	Purchase agreement for the vehicle	0000002/2013-SMfa
CE Colo Czech s.r.o.	Kupní smlouva Volkswagen Passat Variant	Purchase agreement Volkswagen Passat Variant	0000008/2012-SMfa
CE Colo Czech s.r.o.	Dodatek č. 6 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Supplement No. 6 – Housing Service Agreement No. C-TH/144/08/S	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č. 7 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Annex 7 – Housing Service Agreement No. C-TH/144/08/S	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č. 8 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Supplement No. 8 – Housing Service Agreement No. C-TH/144/08/S	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č. 9 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Supplement No. 9 – Housing Service Agreement No. C-TH/144/08/S	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č. 10 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Supplement No. 10 – Housing Service Agreement No. C-TH/144/08/S	0000463/2008-SMna

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
CE Colo Czech s.r.o.	Smlouva o kontaktních osobách pro veškeré transakce a úkony a uspořádání	Contact person contractfor all transactions and operations and arrangements	025159-000-00
Ce Colo Czech s.r.o.	Smlouva o poskytování pracovnělékařských služeb a nadstandardní zdravotní péče	Contract on provision of occupational health services and above-standard health care	025210-000-00
CE Colo Czech s.r.o.	Smlouva o postoupení práv a povinností ze smluv RWE	Contract for assignment of rights and obligations under RWE contracts	025324-000-00
CE Colo Czech s.r.o.	Smlouva o zachování důvěrnosti informací – NDA	Non Disclosure Agreement – NDA	025382-000-00
Ce Colo Czech s.r.o.	Smlouva o zpracování osobních údajů	Agreement on processingof personal data	025383-000-00
CE Colo Czech s.r.o.	Smlouva o zvláštním běžném účtu	Special current account contract	025452-000-00
CE Colo Czech s.r.o.	Rámcová smlouva o koupi, prodeji a užití poukázek (mezi CE Colo a Endered)	Framework agreement on the purchase, sale and use of vouchers (between CE Colo and Endered)	025830-000-00
CE Colo Czech s.r.o., Carduelis B.V., GTS Central European Holding B.V.	Share Purchase Agreement – Neptune (sale of GTS)	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	First Amendment Agreement to Share Purchase Agreement – Neptune	025202-101-00
CE Colo Czech s.r.o.	Pojistná smlouva č. 2738002802 – odpovědnostní	Insurance Contract No. 2738002802 – Responsibility	027705-000-00
CE Colo Czech s.r.o.	Rámcová smlouva o podnájmu nebytových prostor a úhradě služeb spojených s jejich užíváním	Framework agreementon the sublease of non-residential premises and the paymentof services related to their usage	027728-000-00
CE Colo Czech s.r.o.	Smlouva o řízených službách – údržba Datového Centra (DC7)	Managed Services Agreement – Data Center Maintenance (DC7)	027883-000-00
COSMOTE Mobile Telecommunications S.A.	International Telecommunication Services Agreement	International Telecommunication Services Agreement	0000192/2007-SMws
COSMOTE Mobile Telecommunications S.A.	International Roaming Agreement – Croatia	International Roaming Agreement – Croatia	021841-000-00
COSMOTE Mobile Telecommunications S.A.	Non-Disclosure Agreement (NDA)	Non-Disclosure Agreement (NDA)	023943-000-00
COSMOTE Mobile Telecommunications S.A.	Confidentiality and Privacy Agreement	Confidentiality and Privacy Agreement	024265-000-00
Crnogorski Telekom a.d. Podgorica	International Roaming Agreement – Montenegro	International Roaming Agreement – Montenegro	026007-000-00
Deutsche Telekom (UK) Limited	International GSM Roaming Agreement	International GSM Roaming Agreement	000338-000-00
Deutsche Telekom (UK) Limited	Addendum to the International GSM Roaming Agreement – Inter Operator Discounts	Addendum to the International GSM Roaming Agreement – Inter Operator Discounts	000338-101-00
Deutsche Telekom (UK) Limited	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	000338-201-00
Deutsche Telekom (UK) Limited	Content Reseller Agreement	Content Reseller Agreement	001406-000-00
Deutsche Telekom (UK) Limited	Engagement Form no. 6 - MTV	Engagement Form no. 6 - MTV	001406-106-00
Deutsche Telekom (UK) Limited	Engagement Form no. 7 – Universal Content	Engagement Form no. 7 – Universal Content	001406-107-00
Deutsche Telekom (UK) Limited	Engagement Form no. 10 (Trigenix Screen Styles)	Engagement Form no. 10 (Trigenix Screen Styles)	001406-110-00
Deutsche Telekom (UK) Limited	Engagement Form – Annex No. 13 – CONTENT	Engagement Form – Annex No. 13 – CONTENT	001406-113-00
Deutsche Telekom (UK) Limited	Engagement Form – Universal – Melody	Engagement Form – Universal – Melody	001406-116-00
Deutsche Telekom (UK) Limited	Engagement Form – Universal – Mono and Poly Marketing	Engagement Form – Universal – Mono and Poly Marketing	001406-117-00
Deutsche Telekom (UK) Limited	Engagement Form – Sony Content (Annex No. 22)	Engagement Form – Sony Content (Annex No. 22)	001406-122-00
Deutsche Telekom (UK) Limited	Engagement Form no. 23 – Fox Studios Content – MMS content	Engagement Form no. 23 – Fox Studios Content – MMS content	001406-123-00
Deutsche Telekom (UK) Limited	Engagement Form no. 24 – Disney Content – MMS content	Engagement Form no. 24 – Disney Content – MMS content	001406-124-00
Deutsche Telekom (UK) Limited	Engagement Form no. 25 – Java from co. Turner – CONTENT	Engagement Form no. 25 – Java from co. Turner – CONTENT	001406-125-00
Deutsche Telekom (UK) Limited	Engagement Form -– Chipandales– CONTENT	Engagement Form – Chipandales – CONTENT	001406-126-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom (UK) Limited	Engagement Form – Penthouse – CONTENT	Engagement Form – Penthouse – CONTENT	001406-127-00
Deutsche Telekom (UK) Limited	Engagement Form no. 28 – Warner Music Content	Engagement Form no. 28 – Warner Music Content	001406-128-00
Deutsche Telekom (UK) Limited	Engagement Form no. 29 – iFone Content	Engagement Form no. 29 – iFone Content	001406-129-00
Deutsche Telekom (UK) Limited	Engagement Form no. 30 – Arvato Content	Engagement Form no. 30 – Arvato Content	001406-130-00
Deutsche Telekom (UK) Limited	Engagement Form no. 31 – Blue Sphere Content	Engagement Form no. 31 – Blue Sphere Content	001406-131-00
Deutsche Telekom (UK) Limited	Engagement Form no. 32 – mForma Content	Engagement Form no. 32 – mForma Content	001406-132-00
Deutsche Telekom (UK) Limited	Engagement Form no. 33 – Jamdat Content	Engagement Form no. 33 – Jamdat Content	001406-133-00
Deutsche Telekom (UK) Limited	Engagement Form no. 34 – Gameloft Content	Engagement Form no. 34 – Gameloft Content	001406-134-00
Deutsche Telekom (UK) Limited	Engagement Form no. 35 – Living Mobile Content	Engagement Form no. 35 – Living Mobile Content	001406-135-00
Deutsche Telekom (UK) Limited	Engagement Form no. 36 – Mobile Scope Content	Engagement Form no. 36 – Mobile Scope Content	001406-136-00
Deutsche Telekom (UK) Limited	Engagement Form no. 37 – Sumea Content	Engagement Form no. 37 – Sumea Content	001406-137-00
Deutsche Telekom (UK) Limited	Engagement Form no. 38 – HandyGames Content	Engagement Form no. 38 – HandyGames Content	001406-138-00
Deutsche Telekom (UK) Limited	Engagement Form no. 39 – Digital Bridges Content	Engagement Form no. 39 – Digital Bridges Content	001406-139-00
Deutsche Telekom (UK) Limited	Engagement Form no. 40 – India Games Content	Engagement Form no. 40 – India Games Content	001406-140-00
Deutsche Telekom (UK) Limited	Engagement Form no. 41 – Advanced Mobile Applications	Engagement Form no. 41 – Advanced Mobile Applications	001406-141-00
Deutsche Telekom (UK) Limited	Engagement form No. 42 – Eurofun (Madagascar) Content	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)	Engagement Form 43 – I-play/Digital Bridges – Non-EA Titles (content)	001406-143-00
Deutsche Telekom (UK) Limited	Engagement Form – Eurofun (Madagascar) Content	Engagement Form – Eurofun (Madagascar) Content	001406-144-00
Deutsche Telekom (UK) Limited	Engagement Form – wait4u (amendment 45)	Engagement Form – wait4u (amendment 45)	001406-145-00
Deutsche Telekom (UK) Limited	Engagement Form No. 46 – Sony Pictures	Engagement Form No. 46 – Sony Pictures	001406-146-00
Deutsche Telekom (UK) Limited	Engagement Form – Glu Mobile Content	Engagement Form – Glu Mobile Content	001406-147-00
Deutsche Telekom (UK) Limited	Engagement Form – Player-X Content	Engagement Form – Player-X Content	001406-149-00
Deutsche Telekom (UK) Limited	Engagement Form – Rockpool Games Content	Engagement Form – Rockpool Games Content	001406-150-00
Deutsche Telekom (UK) Limited	Engagement Form – THQ Wireless International Games Content	Engagement Form – THQ Wireless International Games Content	001406-151-00
Deutsche Telekom (UK) Limited	Engagement Form – OJOM Content	Engagement Form – OJOM Content	001406-152-00
Deutsche Telekom (UK) Limited	Engagement form No. 53 – (video download – Mobix Content)	Engagement form No. 53 – (video download – Mobix Content)	001406-153-00
Deutsche Telekom (UK) Limited	Engagement Form – Infospace (Elkware GmbH) – Infospace Content	Engagement Form – Infospace (Elkware GmbH) – Infospace Content	001406-154-00
Deutsche Telekom (UK) Limited	Engagement Form – Electronic Arts Games (EA Content)	Engagement Form – Electronic Arts Games (EA Content)	001406-155-00
Deutsche Telekom (UK) Limited	Engagement Form (C2M) – Transactional Content	Engagement Form (C2M) – Transactional Content	001406-156-00
Deutsche Telekom (UK) Limited	International Download Centre Access and Managed Services Ag.	International Download Centre Access and Managed Services Ag.	001407-000-00
Deutsche Telekom (UK) Limited	MCS Service Agreement	MCS Service Agreement	012075-000-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom (UK) Limited	Framework Contract of Sale – selloff of service cards SAU	Framework Contract of Sale – selloff of service cards SAU	012533-000-00
Deutsche Telekom (UK) Limited	Sub-licence Agreement (Rolling Stones concert)	Sub-licence Agreement (Rolling Stones concert)	014442-000-00
Deutsche Telekom (UK) Limited	Roaming Agreement for Public Wireless LAN Services (WLAN)	Roaming Agreement for Public Wireless LAN Services (WLAN)	016881-000-00
Deutsche Telekom (UK) Limited	Service Agreement for Provision of Interim Solution for Caller Tunes (Melody)	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	Project Service Agreement for International eSales Solution (IneSS) in TMCZ	019713-000-00
Deutsche Telekom (UK) Limited	Amendment 1 to Project service agreement for International eSales Solution (IneSS)	Amendment 1 to Project service agreement for International eSales Solution (IneSS)	019713-101-00
Deutsche Telekom (UK) Limited	Content Resale and Partner Services Agreement	Content Resale and Partner Services Agreement	020475-000-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Android Services	Engagement Form (Czech Republic) – Android Services	020475-101-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic); Blackberry Services	Engagement Form (Czech Republic); Blackberry Services	020475-102-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic); Microsoft Services	Engagement Form (Czech Republic); Microsoft Services	020475-103-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Facebook Services	Engagement Form (Czech Republic) – Facebook Services	020475-104-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Boku longlist	Engagement Form (Czech Republic) – Boku longlist	020475-105-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Gameloft	Engagement Form (Czech Republic) – Gameloft	020475-106-00
Deutsche Telekom (UK) Limited	Engagement form – MindMatics	Engagement form – MindMatics	020475-107-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Samsung	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	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	Engagement Form (Czech Republic) – Fortumo	020475-110-00
Deutsche Telekom (UK) Limited	Amendment Letter to Engagement Form (Czech Republic) – Fortumo	Amendment Letter to Engagement Form (Czech Republic) – Fortumo	020475-110-01
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Dimoco	Engagement Form (Czech Republic) – Dimoco	020475-111-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – AIRBNB	Engagement Form (Czech Republic) – AIRBNB	020475-112-00
Deutsche Telekom (UK) Limited	Engagement Form – Microsoft Services Microsoft Store/X-Box Store	Engagement Form – Microsoft Services Microsoft Store/X-Box Store	020475-113-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Apple iTunes	Engagement Form (Czech Republic) – Apple iTunes	020475-114-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Android Services	Engagement Form (Czech Republic) – Android Services	020475-115-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – MOBIYO	Engagement Form (Czech Republic) – MOBIYO	020475-116-00
Deutsche Telekom (UK) Limited	Cross Charging Services Agreement	Cross Charging Services Agreement	020909-000-00
Deutsche Telekom (UK) Limited	Addendum No. 1 – Cross charging agreement for additional services – SDP Partner	Addendum No. 1 – Cross charging agreement for additional services – SDP Partner	020909-101-00
Deutsche Telekom (UK) Limited	Licence agreement	Licence agreement	020996-000-00
Deutsche Telekom (UK) Limited	Project Service Agreement (operation of International Transmission Network)	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	Amendment No. 1 to the project service agreement for personal touchpoints and stores	023392-101-00
Deutsche Telekom (UK) Limited	Mutual Long Form Non-Disclosure Agreement	Mutual Long Form Non-Disclosure Agreement	024251-000-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom (UK) Limited	International Roaming Agreement	International Roaming Agreement	024352-000-00
Deutsche Telekom (UK) Limited	Project Service Agreement for the Provision of DTUK Services	Project Service Agreement for the Provision of DTUK Services	024682-000-00
Deutsche Telekom Europe B.V.	Pan-Net Master Frame Agreement TMCZ	Pan-Net Master Frame Agreement TMCZ	026623-000-00
Deutsche Telekom Europe B.V., Netherlands	Amendment No. 1 – Clarification to Loan Agreement	Amendment No. 1 – Clarification to Loan Agreement	015106-101-00
Deutsche Telekom Europe Holding B.V	Pan-Net mVAS Framework Agreement	Pan-Net mVAS Framework Agreement	025941-000-00
Deutsche Telekom Europe Holding GmbH	Pan-Net MiFID Recorder Customer Facing Service Arrangement	Pan-Net MiFID Recorder Customer Facing Service Arrangement	026623-201-00
Deutsche Telekom Europe Holding GmbH	Service agreement PAN IP	Service agreement PAN IP	027461-000-00
Deutsche Telekom Pan-Net Czech Republic s.r.o.	Pan-Net Service Agreement	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	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.	Smlouva o podnájmu / Sublease Agreement – kancelář č. 3307	Smlouva o podnájmu / Sublease Agreement – kancelář č. 3307	027477-000-00
Deutsche Telekom Pan-Net Czech Republic	Colocation & Smart Hands Services Agreement – hosting HW and services for MiFID	Colocation & Smart Hands Services Agreement – hosting HW and services for MiFID	027673-000-00
Deutsche Telekom Pan-Net s.r.o	Service Agreement – DRSSC Services for Pan-Net	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	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	Framework Cooperation and Service Agreement – iOSS Trouble Ticketing Management	027213-000-00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Frame Service Agreement	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	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 area of HR.	Frame Service Agreement with TMCZ Annex 2 Service Arrangement – Recruitment Services, Consultancy in the area of HR.	026784-202-00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Agreement on commissioned processing of personal data	Agreement on commissioned processing of personal data	026996-000-00
Deutsche Telekom Services Europe Romania S.R.L.	Frame Agreement for Commisioned Data Processing – project ARAMIS	Frame Agreement for Commisioned 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)	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	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	Amendment No. 1 – Termination of contract	025175-101-00
Deutsche Telekom Services Europe Slovakia s.r.o	Amendment No. 2 – change of price	Amendment No. 2 – change of price	024259-102-00
Deutsche Telekom Services Europe Slovakia s.r.o	Amendment No. 4 to the Business Management Contract on Provision of Services	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	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	Agreement for Commissioned Data Processing – SAP access	024430-000-00
Deutsche Telekom Services Europe Slovakia s.r.o.	Agreement on Intercompany Provision of Products and Services within the Framework agreement	Agreement on Intercompany Provision of Products and Services within the Framework agreement	027665-000-00
Deutsche Telekom Services Europe Slovakia s.r.o.	Sideletter to the Agreement on Intercompany Provision of Products and Services	Sideletter to the Agreement on Intercompany Provision of Products and Services	027665-201-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom Services Europe Slovakia s.r.o.	Agreement for Commisioned Data Processing (concluded as an attachment of 027665-000)	Agreement for Commisioned Data Processing (concluded as an attachment of 027665-000)	027665-202-00
Deutsche Telekom Services Europe Slovakia s.r.o	Commissioned Data Processing, as of 8. 3. 2013	Commissioned Data Processing, as of 8. 3. 2013	2013/0166
GTS Central European Holding B.V.	Individual contract – interconnection services	Individual contract – interconnection services	0000016/2006-SMws
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	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	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	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	Agreement in Relation to Repayment of Intra-Group Loan	0000027/2012-SMfd
GTS Poland Sp. z o.o.	Contract of subdelivery	Contract of subdelivery	0000018/2008-SmCSC
GTS Poland Sp. z o.o.	Agreement on the Assignment of Rights and Obligations	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	Agreement on the Assignment of Rights and Obligations	0000030/2011-SMws
GTS Poland Sp. z o.o.	Shared Cost and Free Phone Pricelist	Shared Cost and Free Phone Pricelist	0000036/2011-SMws
GTS Poland Sp. z o.o.	Service Agreement	Service Agreement	0000044/2011-SMws
GTS Poland Sp. z o.o.	Agreement on the assignment of rights and obligations	Agreement on the assignment of rights and obligations	0000056/2014-SMna
GTS Poland Sp. z o.o.	Shared Cost and Free Pricelist	Shared Cost and Free Pricelist	0000060/2011-SMws
GTS Poland Sp. z o.o.	Reciprocal Telecommunications Services Agreement	Reciprocal Telecommunications Services Agreement	0000064/2007-SMws
GTS Poland Sp. z o.o.	AGREEMENT ON THE ASSIGNMENT OF RIGHTS AND OBLIGATIONS	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	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	Agreement on the assignment of rights and obligations	0000208/2011-SMna
GTS Telecom S.R.L.	RCTIO Framework Cooperation and Service Agreement	RCTIO Framework Cooperation and Service Agreement	025471-000-00
GTS Telecom S.R.L.	Service Arrangement – Intercompany IT services recharging	Service Arrangement – Intercompany IT services recharging	025471-201-00
GTS Telecom S.R.L.	Intercompany Master Service Agreement	Intercompany Master Service Agreement	026040-000-00
GTS Telecom S.R.L.	Addendum No. 1 – Anti-DDoS Protection Service	Addendum No. 1 – Anti-DDoS Protection Service	026040-101-00
GTS Telecom SRL	AGREEMENT between GTS Czech and GTS Telecom	AGREEMENT between GTS Czech and GTS Telecom	0000001/2013-SMfd
GTS Telecom SRL	International Telecommunication Service	International Telecommunication Service	0000008/2010-SMws
GTS Telecom SRL	Contract of subdelivery	Contract of subdelivery	0000020/2008-SmCSC
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	Agreement on the Assignment of Rights and Obligations	0000032/2011-SMws
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	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	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	Service Agreement	0000043/2011-SMws
GTS Telecom SRL	Voice Reseller Master Agreement Romania	Voice Reseller Master Agreement Romania	0000055/2011-SMws
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	Agreement on the Assignment of Rights and Obligations	0000209/2011-SMna
Hrvatski Telekom d.d.	Non-Disclosure Statement	Non-Disclosure Statement	024770-000-00
Hrvatski Telekom d.d.	Service Agreement No. ICT-03/2015	Service Agreement No. ICT-03/2015	025538-000-00
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	Cooperation Agreement – Exchange of information	026289-000-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
HT - Hrvatski Telekom d.d.	Agreement on interconnection of telecommunication networks	Agreement on interconnection of telecommunication networks	0000031/2008-SMws
HT - Hrvatski Telekom d.d.	Confidentiality Agreement	Confidentiality Agreement	0000288/2007-SMws
Iskon Internet d.d.	AGREEMENT ON THE ASSIGNMENT OF RIGHTS AND OBLIGATIONS	AGREEMENT ON THE ASSIGNMENT OF RIGHTS AND OBLIGATIONS	0000163/2011-SMna
Magyar Telekom Telecommunications Public Limited Company, Slovak Telekom, a.s.	Agreement for the TWAMP Measurement System	Agreement for the TWAMP Measurement System	028014-000-00
Magyar Telekom Plc, GTS Hungary Ltd.	Intercompany Master Service Agreement	Intercompany Master Service Agreement	026196-000-00
Magyar Telekom Telecommunications Public Limited Company	Telecommunications Services Agreement – Matáv Hungarian Telecommunications Company Ltd.	Telecommunications Services Agreement – Matáv Hungarian Telecommunications Company Ltd.	0000146/2007-SMws
Magyar Telekom Telecommunications Public Limited Company	International GSM Roaming Agreement – Hungary	International GSM Roaming Agreement – Hungary	011437-000-00
Magyar Telekom Telecommunications Public Limited Company	Addendum 2 to the International GSM Roaming Agreement Inter Operator Discounts	Addendum 2 to the International GSM Roaming Agreement Inter Operator Discounts	011437-102-00
Magyar Telekom Telecommunications Public Limited Company	Supplementary Discount Agreement for Bilateral discount on the Inter Operator Tariff (IOT)	Supplementary Discount Agreement for Bilateral discount on the Inter Operator Tariff (IOT)	011437-201-00
Magyar Telekom Telecommunications Public Limited Company	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	011437-202-00
Magyar Telekom Telecommunications Public Limited Company	Roaming Agreement for Public Wireless Lan Services (Hungary)	Roaming Agreement for Public Wireless Lan Services (Hungary)	018026-000-00
Magyar Telekom Telecommunications Public Limited Company	Amendment No.1 to the Roaming Agreement for Public Wireless Lan Services	Amendment No.1 to the Roaming Agreement for Public Wireless Lan Services	018026-101-00
Magyar Telekom Telecommunications Public Limited Company	Order to International Telecommunication Service Master Agreement (Scania)	Order to International Telecommunication Service Master Agreement (Scania)	660077-201-00
Magyar Telekom Telecommunications Public Limited Company	Order (Hopi Hungária, Direct Parcel, CETELEM, Accenture)	Order (Hopi Hungária, Direct Parcel, CETELEM, Accenture)	660077-202-00
Magyar Telekom Telecommunications Public Limited Company	Order (DHL) to International Telecommunication Service Master Agreement	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	Order – transfer of circuits from GTS HU to Magyar Telecom – SAMSUNG	660077-204-00
Makedonski Telekom AD Skopje	Project Service Agreement – DRSSC SSL Certification Service	Project Service Agreement – DRSSC SSL Certification Service	024383-000-00
Makedonski Telekom AD – Skopje	Project Service Agreement – SSL Certificate Service	Project Service Agreement – SSL Certificate Service	024384-000-00
Makedonski Telekom AD – Skopje	Agreement on Processing of Personal Data	Agreement on Processing of Personal Data	027915-000-00
Makedonski Telekom AD – Skopje	International Roaming Agreement	International Roaming Agreement	000362-000-00
OTE INTERNATIONAL SOLUTIONS S.A.	Mutual Non-Disclosure Agreemnet – OTE	Mutual Non-Disclosure Agreemnet – OTE	0000129/2007-SMws
PosAm, spol. s r.o.	Smlouva o zachování důvěrnosti informací (NDA)	Non disclosure agreement (NDA)	026689-000-00
PosAm, spol. s r.o.	Rámcová smlouva B2B ICT	Framework agreement B2B ICT	027500-000-00
Slovak Telekom, a.s.	Agreement on Termination – Slovak Telekom	Agreement on Termination – Slovak Telekom	0000031/2010-SMws
Slovak Telekom, a.s.	Addendum no 1 _IP addresses – Agreement on Termination – Slovak Telekom	Addendum no 1 _IP addresses – Agreement on Termination – Slovak Telekom	0000031/2010-SMws
Slovak Telekom, a.s.	Smlouva o spolupraci při poskytování telekomunikačních služeb	Contract for cooperation in the provision of telecommunication services	0000035/2007-SMws
Slovak Telekom, a.s.	Interconnection Agreement between T-Mobile Slovakia and GTS NOVERA a.s.	Interconnection Agreement between T-Mobile Slovakia and GTS NOVERA a.s.	0000046/2007-SMws

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
Slovak Telekom, a.s.	Smlouva o lokálním peeringu	Local peering agreement	0000049/2006-SMin
Slovak Telekom, a.s.	Smlouva o peeringu	Peering agreement	0000079/2006-SMin
Slovak Telekom, a.s.	International Telecommunication Services Agreement	International Telecommunication Services Agreement	0000170/2006-SMnp
Slovak Telekom, a.s.	International GSM Roaming Agreement – Slovensko	International GSM Roaming Agreement – Slovensko	000178-000-00
Slovak Telekom, a.s.	Supplementary IOT Agreement	Supplementary IOT Agreement	000178-201-00
Slovak Telekom, a.s.	Licenční smlouva	License agreement	010428-000-00
Slovak Telekom, a.s.	Interconnection Agreement	Interconnection Agreement	016452-000-00
Slovak Telekom, a.s.	Roaming Agreement for Public Wireless Lan Services	Roaming Agreement for Public Wireless Lan Services	017447-000-00
Slovak Telekom, a.s.	Addendum Letter to Acquistion Due Diligence Contract – Project Poletucha	Addendum Letter to Acquistion Due Diligence Contract – Project Poletucha	022795-101-00
Slovak Telekom, a.s.	NDA – project Vltava – potential outsourcing of planning, built and maintenance	NDA – project Vltava – potential outsourcing of planning, built and maintenance	023268-000-00
Slovak Telekom, a.s.	Kupní smlouva – nábytek pro vybavení prodejen	Purchase agreement – Furniture for shop equipment	023489-000-00
Slovak Telekom, a.s.	Kupní smlouva – nákup nábytku pro refreshe Partnerských prodejen T-Mobile	Purchase agreement – purchase of furniture for the refreshing of T-Mobile Partner stores	023718-000-00
Slovak Telekom, a.s.	Kupní smlouva – nákup nábytku pro partnerské prodejny TMCZ	Purchase agreement – purchase of furniture for TMCZ partner stores	023814-000-00
Slovak Telekom, a.s.	Kupní smlouva na použitý nábytek z SK pro PP	Purchase agreement for used furniture from SK for PP	024574-000-00
Slovak Telekom, a.s.	Memorandum of Understanding	Memorandum of Understanding	024591-000-00
Slovak Telekom, a.s.	International Roaming Agreement	International Roaming Agreement	026001-000-00
Slovak Telekom, a.s.	Framework hiring out of labour agreement	Framework hiring out of labour agreement	026183-000-00
Slovak Telekom, a.s.	Dohoda o ochraně důvěrných informací - NDA	Non disclosure agreement (NDA)	026197-000-00
Slovak Telekom, a.s.	Smlouva o zpracování osobních údajů	Agreement on processing of personal data	026198-000-00
Slovak Telekom, a.s.	Dodatek č. 1 ke Smlouvě o zpracování osobních údajů	Amendment No. 1 to the Personal Data Processing Agreement	026198-101-00
Slovak Telekom, a.s.	Framework hiring out of labour agreement	Framework hiring out of labour agreement	026475-000-00
Slovak Telekom, a.s.	Kupní smlouva – prodej vozidla do ST 2AR 8700	Purchase agreement – sale of vehicle to ST 2AR 8700	026494-000-00
Slovak Telekom, a.s.	Kupní smlouva – odprodej vozidla do ST 3AM 0522	Purchase agreement – sale of vehicle to ST 3AM 0522	026495-000-00
Slovak Telekom, a.s.	Agreement on Provision of the Discount	Agreement on Provision of the Discount	026778-000-00
Slovak Telekom, a.s.	Framework Cooperation and Service Agreement	Framework Cooperation and Service Agreement	027009-000-00
Slovak Telekom, a.s.	Service Arrangement – Service Monitoring Center (SMC) Services	Service Arrangement – Service Monitoring Center (SMC) Services	027009-201-00
Slovak Telekom, a.s.	Service Arrangement – Service Monitoring Center (SMC) Services – TMCZ reciever	Service Arrangement – Service Monitoring Center (SMC) Services – TMCZ reciever	027009-202-00
Slovak Telekom, a.s	Service Arrangement – Sales Transactions Reporting Services	Service Arrangement – Sales Transactions Reporting Services	027009-203-00
Slovak Telekom, a.s.	Smlouva o zachování důvěrnosti informací (NDA)	Non Disclosure Agreement (NDA)	027014-000-00
Slovak Telekom, a.s.	Dohoda o zachování důvěrnosti informací – NDA	Non Disclosure Agreement (NDA)	027068-000-00
Slovak Telekom, a.s.	Nájemní smlouva – zmluva o nájme/podnájme motorových vozidiel	Lease agreement – Lease / rental agreement for motor vehicles	027204-000-00
Slovak Telekom, a.s.	Nájemní smlouva – zmluva o prenájme technického vybavenia a príslušenstva	Lease agreement – lease of technical equipment and accessories	027210-000-00
Slovak Telekom, a.s.	Contract on Succession into the Contractual Rights and Duties	Contract on Succession into the Contractual Rights and Duties	027233-201-51
Slovak Telekom, a.s.	Licence - Smlouva o sublicencování	License - Sublicense agreement	027397-000-00
Slovak Telekom, a.s.	Framework Agreement – Common HR Platform	Framework Agreement – Common HR Platform	027572-000-00
Slovak Telekom, a.s.	Partial Agreement No. 1 – Common HR Platform	Partial Agreement No. 1 – Common HR Platform	027572-201-00
Slovak Telekom, a.s., Česká spořitelna a.s.	Smlouva o zpracování dat	Data Processing Agreement	027947-000-00
Slovak Telekom, a.s., UNIQA pojišťovna, a.s.	Smlouva o zpracování dat	Data Processing Agreement	027506-000-00
TELEKOM ROMANIA (ROMTELECOM SA)	International Telecommunication Services Agreement – ROMTELECOM S.A.	International Telecommunication Services Agreement – ROMTELECOM S.A.	0000254/2007-SMws
TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A.	Addendum to International Roaming Agreement (Romania)	Addendum to International Roaming Agreement (Romania)	014876-101-00
T-Mobile (UK) Limited	Project Term Sheet	Project Term Sheet	019833-000-00
T-Mobile Austria GmbH	International GSM Roaming Agreement – Austria	International GSM Roaming Agreement – Austria	011417-000-00
T-Mobile Austria GmbH	Supplementary Discount Agreement for Bilateral disc. on the Inter Operator Tariff (IOT)	Supplementary Discount Agreement for Bilateral disc. on the Inter Operator Tariff (IOT)	011417-201-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
T-Mobile Austria GmbH	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	011417-202-00
T-Mobile Austria GmbH	Interconnection Agreement	Interconnection Agreement	013609-000-00
T-Mobile Austria GmbH	Announcement of price decrease for termination into the network of tele.ring	Announcement of price decrease for termination into the network of tele.ring	013609-501-00
T-Mobile Austria GmbH	Roaming Agreement for Public Wireless Lan Services (WLAN)	Roaming Agreement for Public Wireless Lan Services (WLAN)	016604-000-00
T-Mobile Austria GmbH	Service Level Agreement (SLA) – Alcatel SDH Equipment (ITN)	Service Level Agreement (SLA) – Alcatel SDH Equipment (ITN)	017111-000-00
T-Mobile Austria GMBH	Project Service Agreement (for operation of International Transmission Network)	Project Service Agreement (for operation of International Transmission Network)	021148-000-00
T-Mobile Austria GmbH	Service provider agreement – M2M platform	Service provider agreement – M2M platform	025577-000-00
T-Mobile Austria GmbH	Project specific offer – Bellpro – M2M service platform	Project specific offer – Bellpro – M2M service platform	025577-201-00
T-Mobile Austria GmbH	Project Specific Offer Document – Project Agreement – Jablotron Security Service	Project Specific Offer Document – Project Agreement – Jablotron Security Service	025577-202-00
T-Mobile Austria GmbH	Service Level Agreement (SLA) – M2M Cross Border	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	Planning Arrangement for Coordination of LTE cells i n the border area of CR – Cross-Border	025612-000-00
T-Mobile Netherlands B.V.	International GSM Roaming Agreement	International GSM Roaming Agreement	000537-000-00
T-Mobile Netherlands B.V.	Supplementary discount agreement on Bilateral discounts on the Inter Operator tariff (IOT) for GPRS-services in International Roaming	Supplementary discount agreement on Bilateral discounts on the Inter Operator tariff (IOT) for GPRS-services in International Roaming	000537-201-00
T-Mobile Netherlands B.V.	Supplementary IOT agreement for Bilateral agreement on the Inter Operator Tariff (IOT) for GPRS Always On Services (here Blackberry) in International Roaming	Supplementary IOT agreement for Bilateral agreement on the Inter Operator Tariff (IOT) for GPRS Always On Services (here Blackberry) in International Roaming	000537-202-00
T-Mobile Netherlands B.V.	Variation Agreement of GPRS Initial Frame Indents	Variation Agreement of GPRS Initial Frame Indents	011292-201-00
T-Mobile Netherlands B.V.	Roaming Agreement for Public Wireless LAN Services	Roaming Agreement for Public Wireless LAN Services	016486-000-00
T-Mobile Netherlands B.V.	Project Service Agreement for operation of International Transmission Network	Project Service Agreement for operation of International Transmission Network	021146-000-00
T-Mobile Netherlands B.V.	International Roaming Agreement	International Roaming Agreement	025209-000-00
T-Mobile Polska S.A.	Framework Service and Consultancy Agreement	Framework Service and Consultancy Agreement	000909-000-00
T-Mobile Polska S.A.	International GSM Roaming Agreement	International GSM Roaming Agreement	011455-000-00
T-Mobile Polska S.A.	Addendum No. 1 to International GSM Roaming Agreement	Addendum No. 1 to International GSM Roaming Agreement	011455-101-00
T-Mobile Polska S.A.	Supplementary IOT Discount Agreement for Bilateral Agreement on the Inter Operator Tariff (IOT) for GPRS Always on Services (here Blackberry) in International Roaming	Supplementary IOT Discount Agreement for Bilateral Agreement on the Inter Operator Tariff (IOT) for GPRS Always on Services (here Blackberry) in International Roaming	011455-201-00
T-Mobile Polska S.A.	Roaming Agreement for Public Wireless Lan Services	Roaming Agreement for Public Wireless Lan Services	017796-000-00
T-Mobile Polska S.A.	ONE IMS Mavenir Centralized TestBed and services – Supply LOI	ONE IMS Mavenir Centralized TestBed and services – Supply LOI	024188-000-00
T-Mobile Polska S.A.	Framework Cooperation and Service Agreement Concerning the Provision of IMS SSC	Framework Cooperation and Service Agreement Concerning the Provision of IMS SSC	025011-000-00
T-Mobile Polska S.A.	Service Arrangement – in Connection with an International IMS Service Centre-Voic	Service Arrangement – in Connection with an International IMS Service Centre-Voic	025011-201-00
T-Mobile Polska S.A.	Service Arrangement – professional services for integration of SBC Huawei	Service Arrangement – professional services for integration of SBC Huawei	025011-202-00
T-Mobile Polska S.A.	Service Arrangement – Concerning the Provision of Services in Connection with an International IMS Service Centre (hereinafter IMS SSC)	Service Arrangement – Concerning the Provision of Services in Connection with an International IMS Service Centre (hereinafter IMS SSC)	025011-203-00
T-Mobile Polska S.A.	RCTIO Framework Cooperation and Service Agreement	RCTIO Framework Cooperation and Service Agreement	025182-000-00
T-Mobile Polska S.A.	Appendix No. 1 – Service Arrangement – TMCZ provider – IT services recharging	Appendix No. 1 – Service Arrangement – TMCZ provider – IT services recharging	025182-201-00
T-Mobile Polska S.A.	Service Agreement – TMPL Provider – Intercompany IT services recharging	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 contries in the region	Framework Purchase Contract – regional agreement on resale of HW between contries in the region	025678-000-00
T-Mobile Polska S.A.	Accession Deed to the International Telecommunication Services Master Agreement (No. exGTS 0000016/2)	Accession Deed to the International Telecommunication Services Master Agreement (No. exGTS 0000016/2)	025716-000-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
T-Mobile Polska S.A.	Intercompany Master Service Agreement	Intercompany Master Service Agreement	025785-000-00
T-Mobile Polska S.A.	Agreement on the provision of rental vehicles – rent of vehicle	Agreement on the provision of rental vehicles – rent of vehicle	025880-000-00
T-Mobile Polska S.A.	Telecommunications Services Agreement No. TA18119	Telecommunications Services Agreement No. TA18119	026242-000-00
T-Mobile Polska S.A.	Annex No. 1 – changes to the service order Virtual Hosting Environment	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	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	Frame contract for Security services delivery from DRSSC to TMPL	026487-000-00
T-Mobile Polska S.A.	Service Arrangement for security services delivery from DRSSC to TMPL 2017	Service Arrangement for security services delivery from DRSSC to TMPL 2017	026487-202-00
T-Mobile Polska S.A.	Frame contract for Security services delivery from TMPL to DRSSC	Frame contract for Security services delivery from TMPL to DRSSC	026488-000-00
T-Mobile Polska S.A.	Service Arrangement for security services delivery from TMPL to DRSSC 2017	Service Arrangement for security services delivery from TMPL to DRSSC 2017	026488-202-00
T-Mobile Polska S.A.	Agreement on Commissioned Data Processing – annex to Service Arrangement Trinity	Agreement on Commissioned Data Processing – annex to Service Arrangement Trinity	027341-000-00
T-Mobile Polska S.A.	Amendment No. 2 to 0000006/2011-Smno	Amendment No. 2 to 0000006/2011-Smno	660064-102-00
T-Mobile Polska S.A.	Amendment No. 3 to 0000006/2011-Smno -NG IN platform	Amendment No. 3 to 0000006/2011-Smno -NG IN platform	660064-103-00
T-Mobile USA, Inc.	Multilateral International GSM Roaming Agreement	Multilateral International GSM Roaming Agreement	000323-000-00
T-Mobile USA, Inc.	Addendum to Multilateral International GSM/PCS Roaming Agreement	Addendum to Multilateral International GSM/PCS Roaming Agreement	000323-101-00
T-Mobile USA, Inc.	International Roaming Agreement	International Roaming Agreement	016180-000-00
T-Mobile USA, Inc.	Roaming Agreement for Public Wirelless LAN Services	Roaming Agreement for Public Wirelless LAN Services	017191-000-00
T-Systems International GmbH	One Stop Shopping Agreement	One Stop Shopping Agreement	0000039/2007-SMws
T-Systems International GmbH	Licensing of Microsoft products	Licensing of Microsoft products	010423-000-00
T-Systems International GmbH	Non-Disclosure Agreement on the Project “Due diligence for outsourcing TMCZ IT operations”	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	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	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	Personal Data Processing Contract	022692-000-00
T-Systems International GmbH	Confidentiality Agreement	Confidentiality Agreement	023158-000-00
T-Systems International GmbH	Enrolment to the Frame Agreement for the supply of CCC SAP Services including SAP Licence Management Services	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	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	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	Amendment No. 1 to Agreement For Commissioned Data Processing in Telekom Social Network	023492-101-00
T-Systems International GmbH	Letter of Intent 2013 – EU Prio products implementation	Letter of Intent 2013 – EU Prio products implementation	023803-000-00
T-Systems International GmbH	Software Delivery Agreement – subcontract for finalisation of NG CRM R1 Siebel	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	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	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)	Term Sheet 2014 – International Billing & Mediation Device (iBMD)	024100-201-00
T-Systems International GmbH	Term Sheet 2014 – Risk Management Center (RMC)	Term Sheet 2014 – Risk Management Center (RMC)	024100-202-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
T-Systems International GmbH	Term Sheet 2014 – Content Administration Portal (CAP)	Term Sheet 2014 – Content Administration Portal (CAP)	024100-204-00
T-Systems International GmbH	Term Sheet 2014 – Harmonized Payment Converter (HPC)	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	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)	Adherence Agreement (to the agreement 990072-000-00)	024737-000-00
T-Systems International GmbH	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	024757-000-00
T-Systems International GmbH	Sublicensing and Crosscharging Agreement – Aspera license	Sublicensing and Crosscharging Agreement – Aspera license	025060-000-00
T-Systems International GmbH	Adherence Agreement to the Contract 71009540 – Citrix contract 2015	Adherence Agreement to the Contract 71009540 – Citrix contract 2015	025139-000-00
T-Systems International GmbH	Frame Agreement for Commisioned Data Processing	Frame Agreement for Commisioned Data Processing	025166-000-00
T-Systems International GmbH	Amendment No. 1 to Frame Agreement for Commisioned Data Processing	Amendment No. 1 to Frame Agreement for Commisioned Data Processing	025166-101-00
T-Systems International GmbH	Agreement about International Internal Services	Agreement about International Internal Services	025415-000-00
T-Systems International GmbH	Service Agreement about International Internal Services – Service Delivery Platform	Service Agreement about International Internal Services – Service Delivery Platform	025692-000-00
T-Systems International GmbH	Agreement Concerning the Transfer of Assets	Agreement Concerning the Transfer of Assets	026718-000-00
T-Systems International GmbH	Agreement about International Internal Services – Umbrella	Agreement about International Internal Services – Umbrella	026800-000-00
T-Systems International GmbH	Agreement about International Internal Services – Umbrella – AD/AM/AO Business I	Agreement about International Internal Services – Umbrella – AD/AM/AO Business I	026801-000-00
T-Systems International GmbH	Individual Agreement on Commissioned Data Processing	Individual Agreement on Commissioned Data Processing	026827-000-00
T-Systems International GmbH	Service Agreement	Service Agreement	027237-000-00
T-Systems International GmbH	Service Agreement	Service Agreement	027469-000-00
T-Systems International GMbH	ICPS Individual Contract	ICPS Individual Contract	880024-000-00
T-Systems International GmbH	Framework Agreement regarding the provision of IT Services	Framework Agreement regarding the provision of IT Services	880052-000-00
T-Systems International GmbH	Prolongation Agreement Infrastructure Services	Prolongation Agreement Infrastructure Services	880052-102-00
T-Systems International GmbH	Amendment No. 4 – Prolongation Agreement "Infrastructure Services for T-Mobile CZ"	Amendment No. 4 – Prolongation Agreement "Infrastructure Services for T-Mobile CZ"	880052-104-00
T-Systems International GmbH	Prolongation Agreement – Infrastructure Services for T-Mobile CZ	Prolongation Agreement – Infrastructure Services for T-Mobile CZ	880052-105-00
T-Systems International GmbH	Service Agreement for Program Management services for program Sonar	Service Agreement for Program Management services for program Sonar	880052-201-00
T-Systems International GmbH	Product Delivery Agreement No. 2011/0087	Product Delivery Agreement No. 2011/0087	880108-000-00
T-Systems International GmbH	License Agreement No. USLSA_5162 (related to contract 028106-000-00)	License Agreement No. USLSA_5162 (related to contract 028106-000-00)	990095-000-00
T-Systems Magyarország ZRt	Term Sheet – Seamless Communication Platform Hungary (SCPH) – SCP-Webex	Term Sheet – Seamless Communication Platform Hungary (SCPH) – SCP-Webex	025801-000-00
T-Systems Magyarország ZRt	Non-Disclosure Agreement – NDA	Non-Disclosure Agreement – NDA	025975-000-00
T-Systems Magyarország ZRt	Personal Data Processing Contract	Personal Data Processing Contract	026067-000-00
T-Systems Magyarország ZRt.	International Telecommunication Service	International Telecommunication Service	0000007/2010-SMws
T-Systems Magyarország ZRt.	Contract of subdelivery	Contract of subdelivery	0000019/2008-SmCSC
T-Systems Magyarország ZRt.	Fourth Amendment to the Master Services Agreement	Fourth Amendment to the Master Services Agreement	0000022/2011-SMws
T-Systems Magyarország ZRt.	Service Agreement	Service Agreement	0000045/2011-SMws
T-Systems Magyarország ZRt.	Outsourcing Service Agreement	Outsourcing Service Agreement	0000051/2011-SMws
T-Systems Magyarország ZRt.	Smlouva IFS ISCS 04 2008	Agreement IFS ISCS 04 2008	0000059/2011-SMws

Partner	Services / goods – original version	Services / goods – translation	No. of contract of the Company
T-Systems Magyarország ZRt.	Service Agreement for GTS NET a.s and GTS Magyarország Távkozlési Kft.	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.	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	RCTIO Framework Cooperation and Service Agreement	025427-000-00
T-Systems Magyarország Zrt.	Settlement Arrangement – Mutual settlement of liabilities	Settlement Arrangement – Mutual settlement of liabilities	025427-101-00
T-Systems Magyarország ZRt.	Service Arrangement – RCTIO Framework Cooperation and Service Agreement	Service Arrangement – RCTIO Framework Cooperation and Service Agreement	025427-201-00
T-Systems Magyarország ZRt.	Agreement – PwC service fee	Agreement – PwC service fee	026656-000-00
T-Systems Magyarország ZRt., GTS Poland sp. z o.o., GTS Telecom S.R.L.	Cooperation Agreement	Cooperation Agreement	025746-000-00
T-Systems Polska Sp. z o.o.	Cooperation agreement	Cooperation agreement	0000243/2011-Smna
Zoznam Mobile, s.r.o.	Smlouva o zajištění poskytování obsahu	Content provision agreement	021136-000-00
Zoznam, s.r.o.	Smlouva o zachování důvěrnosti informací – NDA	Non Disclosure Agreement (NDA)	027266-000-00

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 3,130 million, which represents 10% of the Company's equity reported in the latest consolidated Financial Statements as at 31 December 2019:

– The Company paid a dividend of CZK 5,596 million;

– During the Accounting period the Company purchased from DTAG Group foreign currency at market value in total amount of CZK 2,585 million;

– The Company provided intercompany loan to DTAG in the amount of CZK 5,919 million as at 31 December 2019.

On 31 October 2019 the Company purchased 100% share in Planet A a.s., having its registered office at Praha 4 – Michle, U Hellady 697/4, 140 00, company registration number: 005 37 012, registered in the Commercial Register administered by the Municipal Court in Prague, Section B, File No. 118.

On 31 December 2019 the Company became a successor (acquiring) company in a merger with companies RegioNET Morava, a.s. and LEMO Internet, a.s. which were dissolving companies (companies being acquired).

6 ASSESMENT 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 Group, 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 GROUP

7.1 EVALUATION OF ADVANTAGES AND DISADVANTAGES OF RELATIONS WITHIN THE GROUP

The Company benefits notably from the participation in the Group. The Group 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 Group.

7.2 NO RISKS HAVE ARISEN TO THE COMPANY FROM THE RELATIONS WITHIN THE GROUP.

In Prague, 23 March 2020

JOSE SEVERINO PERDOMO LORENZO
Member of the Board of Directors

REPORT ON THE RELATIONSHIPS BETWEEN THE RELATED PARTIES FOR THE YEAR 2019

OVERVIEW OF THE RELATED PARTIES

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

DTAG

- **100% T-Mobile Global Zwischenholding GmbH (Germany)**
  - 100% T-Mobile Global Holding GmbH (Germany)
    - 100% Deusche Telekom Holding B.V. (Netherlands)
      - 62.85% T-Mobile US, Inc. (USA)
        - 100% T-Mobile USA, Inc. (USA)
          - 100% T-Mobile USA Tower LLC (USA)
          - 100% T-Mobile Ventures LLC (USA)
          - 100% T-Mobile License, LLC (USA)
          - 100% T-Mobile South LLC (USA)
          - 100% IBSV LLC (USA)
          - 100% T-Mobile Subsidiary IV Corporation (USA)
          - 100% TMUS Assurance Corporation (USA)
          - 100% T-Mobile PCS Holdings LLC (USA)
          - 100% T-Mobile West LLC (USA)
          - 100% T-Mobile Northeast LLC (USA)
          - 100% T-Mobile Central LLC (USA)
          - 100% T-Mobile Resources Corporation (USA)
          - 100% Metro PCS California, LLC (USA)
          - 100% T-Mobile Financial, LLC (USA)
          - 100% T-Mobile Leasing, LLC (USA)
          - 100% Metro PCS Networks California, LLC (USA)
          - 100% Layer 3 TV, Inc. (USA)
          - 100% T-Mobile Global Care Corporation (USA)
          - 100% SLMA LLC (USA)
          - 100% T-Mobile Puerto Rico Holdings LLC (USA)
          - 4.75% 3G Americas, LLC (USA)
          - 12.7% North American Portability Management LLC (USA)
          - 100% PushSpring, Inc. (USA)
        - 100% Huron Merger Sub LLC (USA)
          - 100% Superior Merger Sub Corporation (USA)
- **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)

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)

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% T-Mobile Thuis B.V. (Netherlands)

100% Tele2 Nederland B.V. (Netherlands)

100% Tele2 Finance B.V. (Netherlands)

100% T-Mobile Austria Holding GmbH (Austria)

99% T-Mobile Austria GmbH (Austria)

100% T-Mobile International Austria GmbH (Austria)

100% T-Infrastruktur Holding GmbH (Austria)

95% UPC Telekabel-Fernsehnetz Region Baden Betriebsges.m.b.H (Austria)

51% 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)

    - 39.10% Hrvatske telekomunikacije d.d. Mostar (Bosnia and Herzegovina)
      - 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)
  - 100% Zoznam Mobile, s.r.o. (Slovakia)
  - 100% Zoznam 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)
  - 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% Consortium 2 S.à.r.l. (Luxemburg)
    - 100% GTS Central European Holdings Limited (Cyprus)
      - 100% Carduelis B.V. (Netherlands)
      - 99.46% 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)
      - 52.56% GTS Telecom S.R.L. (Romania)
  - 0.54% 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)

99% Deutsche Telekom Pan-Net s.r.o. (Slovakia)
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 Asia Pte Ltd (Singapore)

45.96% Hellenic Telecommunications Organization S.A. (OTE) (Greece)

100% OTE International Investments Ltd. (Cyprus)
54.01% Telekom Romania Communications S.A. (Romania)
30% Telekom Romania Mobile Communications S.A. (Romania)
70% Telekom Romania Mobile Communications S.A. (Romania)
100% Cosmote Mobile Telecommunications S.A. (Greece)
100% Germanos S.A. (Greece)
1% Cosmoholding International B.V. (Netherlands)
99% Cosmoholding International B.V. (Netherlands)
100% OTE Estate S.A. (Greece)
100% OTE International Solutions S.A. (OTE Globe) (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)

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 Beteiligungsverwaltungsgesellschaft mbH (Germany)
0.01% Deutsche Telekom Services Europe Slovakia s.r.o. (Slovakia)

100% Deutsche Telekom Services Europe SE (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)

SEPARATE FINANCIAL STATEMENTS

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

31 December 2019

Translation note

This version of the separate financial statements is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over this translation.

STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2019

CZK million	Note	31. 12.2 019	31. 12. 2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,172	2,637
Trade and other receivables	5	5,800	6,292
Other financial assets	6	5,919	3,634
Inventories	7	591	868
Prepaid expenses and other current assets		665	489
Contract assets	8	572	606
Contract costs	8	572	588
Total current assets		**15,291**	**15,114**
NON-CURRENT ASSETS			
Intangible assets	9	7,216	7,936
Goodwill	10	1,302	1,275
Property and equipment	11	13,636	15,778
Right-of-use asset	12	8,117	–
Investment in subsidiary	13	2,605	2,227
Contract assets	8	24	22
Contract costs	8	173	201
Prepaid expenses and other non-current assets		739	277
Total non-current assets		**33,812**	**27,716**
TOTAL ASSETS		**49,103**	**42,830**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	15	5,564	5,361
Other financial liabilities	16	974	234
Provisions	17	211	338
Contract liabilities	8	715	636
Deferred revenue		–	78
Income tax liability		268	291
Total current liabilities		**7,732**	**6,938**
NON-CURRENT LIABILITIES			
Other financial liabilities	16	6,796	1,264
Provisions	17	839	830
Contract liabilities	8	320	199
Deferred tax liability	18	830	888
Total non-current liabilities		**8,785**	**3,181**
TOTAL LIABILITIES		**16,517**	**10,119**
EQUITY			
Share capital	20	520	520
Share premium	20	397	397
Capital funds	20	102	104
Retained earnings		31,567	31,690
Total equity		**32,586**	**32,711**
TOTAL LIABILITIES AND EQUITY		**49,103**	**42,830**

The notes on pages 58 to 91 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

CZK million	Note	2019	2018
Revenue from contracts with customers	22	28,193	26,976
Other operating income	23	542	1,384
Cost of goods, raw materials and telecommunication services	24	(9,488)	(9,135)
Employee benefits	25	(3,573)	(3,567)
Depreciation and amortisation	26	(5,242)	(4,276)
Impairment losses on financial and contract assets		(272)	–
Other operating expenses	27	(3,042)	(4,432)
Profit from operations		**7,118**	**6,950**
Finance income	28	196	220
Finance expense	28	(423)	(196)
Profit before tax		**6,891**	**6,974**
Income tax expense	29	(1,420)	(1,378)
Net profit for the current period		**5,471**	**5,596**
Other comprehensive income		0	0
Total comprehensive income for the period		**5,471**	**5,596**

The notes on pages 58 to 91 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

CZK million	Note	Share Capital	Share Premium	Capital Funds	Retained Earnings	Total
Balance as at 1. 1. 2018		**520**	**397**	**105**	**30,483**	**31,505**
Total comprehensive income		**–**	**–**	**–**	**5,596**	**5,596**
Profit for the period		–	–	–	5,596	5,596
Transactions with shareholders		**–**	**–**	**–**	**(4,389)**	**(4,389)**
Dividends paid	30	–	–	–	(4,389)	(4,389)
Executive management share schemes		–	–	(1)	–	(1)
Balance as at 31. 12. 2018		**520**	**397**	**104**	**31,690**	**32,711**
Impact of IFRS 16 adoption as at 1. 1. 2019		**0**	**0**	**0**	**2**	**2**
Restated balance as at 1. 1. 2019		**520**	**397**	**104**	**31,692**	**32,713**
Total comprehensive income		**–**	**–**	**–**	**5,471**	**5,471**
Profit for the period		–	–	–	5,471	5,471
Transactions with shareholders		**–**	**–**	**–**	**(5,596)**	**(5,596)**
Dividends paid	30	–	–	–	(5,596)	(5,596)
Executive management share schemes		**–**	**–**	**(2)**	**–**	**(2)**
Balance as at 31. 12. 2019		**520**	**397**	**102**	**31,567**	**32,586**

The notes on pages 58 to 91 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

CZK million	Note	2019	2018
Cash flows from operating activities			
Profit before tax for the current period		6,891	6,974
Adjustments for non-cash movements:			
Depreciation and amortisation	26	5,242	4,276
Interest expense net	28	155	24
Gain on sale of fixed assets net		4	(31)
Changes in provisions		248	84
Other non-cash expense / (income) net		(50)	(111)
Cash flow from operating activities before changes in working capital		12,490	11,216
Changes in trade and other receivables		(39)	(1,313)
Changes in inventories		(202)	(137)
Changes in trade and other payables		387	629
Cash flow generated from operating activities		13,040	10,395
Income tax paid		(1,502)	(925)
Interest paid		(255)	(67)
Interest received		96	40
Dividends received		112	111
Net cash flow from operating activities		**11,491**	**9,554**
Cash flows from investing activities			
Purchases of property and equipment and intangible assets	9, 11	(3,408)	(3,971)
Payment for acquisition of subsidiary	13	(472)	(92)
Proceeds from the sale of property and equipment and intangible assets		47	70
Losses from the sale of securities		(88)	(49)
Intercompany loan issued		(2,286)	(3,500)
Net cash flow from investing activities		**(6,207)**	**(7,542)**
Cash flows from financing activities			
Issuance of loan		–	–
Issuance of bank overdraft		72	44
Repayment of short-term financing		(174)	(89)
Repayment of loan		–	–
Repayment of bank overdraft		(72)	(44)
Dividends paid	30	(5,596)	(4,389)
Payments of lease liabilities	16	(979)	(151)
Net cash flow from financing activities		**(6,749)**	**(4,629)**
Net decrease in cash and cash equivalents		**(1,465)**	**(2,617)**
Cash and cash equivalents as at the beginning of the period	**4**	**2,637**	**5,254**
Cash and cash equivalents as at the end of the period	**4**	**1,172**	**2,637**

The notes on pages 58 to 91 form an integral part of these financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

1 GENERAL INFORMATION

1.1 INFORMATION ABOUT THE COMPANY

T-Mobile Czech Republic a.s. ("the Company") is a Czech legal entity, joint-stock company with registered office in Prague 4, Tomíčkova 2144/1, Czech Republic, and was incorporated on 15 February 1996, reg. no 64949681.

The Company operates public mobile communications network, public fixed telecommunications network and provides mobile communications 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 communications services.

1.2 THE COMPANY'S OWNERSHIP STRUCTURE

As at 31 December 2019 and 31 December 2018, the ownership structure of the Company was as follows:

Shareholder	No. of shares (thousands)	Paid in share capital	
		CZK million	%
Deutsche Telekom Europe B.V.	520	520	100
Total	**520**	**520**	**100**

The ultimate parent company of the Company during the accounting periods ended 31 December 2019 and 31 December 2018 was Deutsche Telekom AG ("DTAG") which controls Deutsche Telekom Europe B.V., the direct parent of the Company. Deutsche Telekom Europe B.V. is consolidated by Deutsche Telekom AG Group and its results are presented in group consolidated financial statements on website www.telekom.de/investor-relations.

1.3 LICENCES AND TRADEMARKS

As at 31 December 2019, the Company had the right to use the following frequency bands:

– Allocation of frequency bands for the provision of public mobile network in 900 MHz and 1800 MHz frequency bands for the period of 20 years (expires in 2024);

– Allocation of frequency bands for the provision of public mobile network of electronic communication in 2.1 GHz and 28 GHz frequency bands for the period of 20 years (expires in 2024);

– Allocation of frequency bands for the provision of public mobile network in 800 MHz, 1800 MHz and 2600 MHz frequency bands for the period of 15 years (expires in 2029);

– Allocation of frequency bands for the provision of public mobile network in 26 GHz frequency, which expires in 2020;

– Allocation of frequency band for the provision of public communications network in 2600 MHz frequency band for the period of 13 years (expires in 2029).

The allocations of the frequency bands are referred to as "licences" in these financial statements. Licences do not fall within the scope of IFRIC 12, Service Concession Arrangements, and therefore the Company does not use concession accounting.

The Company owns 117 registered trademarks registered in the Industrial Property Office Register of the Czech Republic.

Based on a sub-licence agreement between the Company and Deutsche Telekom AG (legal successor of T-Mobile International AG), the Company is also entitled to use relevant trademarks registered by DTAG in the Czech Republic.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The separate financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards as endorsed by European Union ("IFRS") under the historical cost convention, with the exception of derivative instruments, which are stated at fair values.

These financial statements relate to consolidated financial statements of T-Mobile Czech Republic a.s. and its subsidiaries CE Colo Czech s.r.o. and Planet A, a.s. (together the "Group") for the year ended 31 December 2019. These separate financial statement should be read in conjunction with the consolidated financial statements to obtain a complete understanding of the Group's results and financial position.

Financial amounts in these financial statements are presented, unless otherwise stated, in millions of Czech crowns (CZK million).

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

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

2.2 NEW/REVISED STANDARDS (INCLUDING AMENDMENTS OF EXISTING STANDARDS)

In 2019, the Company adopted the following standards and amendments to the standards.

a. Adopted during the year:

- FRS 16, Leases (issued in January 2016, effective for annual periods beginning on or after 1 January 2019), which supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Leases, SIC 15 Operating Leases – Incentives and SIC- 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.
- The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.
- The new standard resulted in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.
- Leases with a lease term up to 12 months and low-value leases are treated in the same way, even though the standard permits exceptions for short-term and low-value leases. In compliance with the DTAG group accounting policy this exemption was not applied and the Company has a unified approach for all leases.
- IFRS 16 provides also practical expedient that permits lessees to make an accounting policy election, by class of underlying asset, to account for each separate lease component of a contract and any associated non-lease components as a single lease component. The Company applies this practical expedient (accounting policy election), and therefore non-lease components which are fixed and paid to lessor, e.g. utilities, maintenance costs, insurance services, etc. are not separated, but are capitalised.
- IFRS 16 allows to choose a practical expedient as an alternative to performing an impairment review. A company may rely on its IAS 37 onerous contract assessment and deduct the onerous contract provision recognized as of 31 December 2018 from the right of use asset initially recognized as of 1 January 2019. In compliance with the DTAG group accounting policy the Company applied this exemption.
- The Company has reviewed all of the Company's leasing arrangements in light of the new lease accounting rules in IFRS 16. The Company leases various properties, technical infrastructure, equipment and cars. The standard affects primarily the accounting for the Company's operating leases.
- Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see Note 2.21 for details. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard. The Company does not have material leases where it is a lessor.

The other adopted amendments and interpretations do not have a material impact on the Company's financial statements.

b. 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.

2.3 ACCOUNTING ESTIMATES

The preparation of the Company's financial statements requires the use of accounting estimates and assumptions in respect of the carrying amount of assets and liabilities not clearly evident from other sources. The estimates and relevant assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the known circumstances. The actual results may differ from these estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in these financial statements. The estimates and relevant assumptions are continually evaluated. Corrections of accounting estimates are recognised in the period in which the correction occurred (if the correction has an impact only on the current period) and in the following periods (if the correction has an impact on the current and the following period).

Among estimates belong mainly:

- Estimate of recoverable amount of the cash-generating unit, to which goodwill is allocated for the purposes of impairment testing (see Note 10);
- Provision for doubtful debt (see Note 5);
- Useful lives of customer relationships and other intangible assets (see Note 9).

2.4 BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for acquisition of subsidiaries from parties that are not under common control. Consideration paid f or acquisition of a subsidiary is equal to fair value of the assets transferred and the liabilities incurred.

Consideration paid includes fair value of whatever assets and liabilities, which resulting from contingent consideration agreement. Acquired identifiable assets, liabilities and contingent liabilities incurred in business combination are initially recognised at fair value at the date of acquisition. Acquisition related costs are expensed as incurred.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the Company shall account for the incomplete items using those provisional values. During the measurement period, the Company shall recognise any adjustments to those provisional values or any additional assets and liabilities in order for the adjusted values to reflect new information obtained by the Company about facts and circumstances that existed as at the date of acquisition and which if had been known as at the date of acquisition would have influenced values recognised.

The measurement period is a period from the date of acquisition to the date when the Company obtains complete information about facts and circumstances that existed as at the date of acquisition, however, no later than one year from the acquisition date.

Business combinations under common control are accounted for using predecessor amounts approach (similar to pooling of interest). Under this method the Company does not revaluate assets and liabilities to their fair values but takes over the valuation of subsidiary's assets and liabilities from the consolidated financial statements of the ultimate parent company, i.e. from the consolidated financial statements of DTAG.

2.5 SUBSIDIARIES

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct activities of the entity. Subsidiaries are recorded at historical costs less cumulative impairment loss.

2.6 GOODWILL

Goodwill arising on the acquisition of a business represents the excess of the:

– Consideration transferred;

– Amount of any non-controlling interest in the acquired entity; and

– Acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments. The Company is considered as one cash-generating unit.

2.7 FOREIGN CURRENCY TRANSLATION

The functional and presentation currency is Czech crown. Foreign currency transactions are translated and recorded at the exchange rate published by the Czech National Bank as at the date of the transaction. Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the end of the reporting period. All exchange gains or losses on cash, receivables and liabilities balances are recorded in profit or loss.

2.8 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. Other information related to joint arrangements is stated in Note 11.

2.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash in hand, bank deposits and other highly liquid financial instruments exchangeable for a predetermined amount of cash and due date lower than 3 months from purchase date (mainly depository bill of exchange and short-term deposits).

2.10 INVENTORIES

Purchased inventories are stated at the lower of acquisition cost or net realisable amount. The acquisition cost primarily includes the purchase price and other costs incurred related to delivery of inventories to the storage place. These costs include mainly customs, storage during transportation and freight. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

Provisions are recorded for obsolete, slow-moving and damaged inventories and are deducted from the related inventory balances.

All disposals of purchased inventories are valued using the weighted-average cost method.

2.11 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company classifies its financial assets according to IFRS 9 in the following categories:

– Financial assets at amortised cost (debt instruments),

– Financial assets at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Finanční aktiva v naběhlé hodnotě (dluhové nástroje)

This category is the most relevant to the Company. 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes Trade and other receivables, Cash and cash equivalents and Other financial assets in the statement of financial position.

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment (e.g. expected GDP growth and expected changes in unemployment rate).

The Company has adopted the general ECL model for other financial assets, e.g. intercompany loans. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.

Impairment loss is recognised in profit or loss. The irrecoverable trade receivables are written off against the provision for impairment. The Company performs the receivables write off against provisions after all legal steps for enforcement were taken. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

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 of financial derivatives and hedging operations is provided in Note 3.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements. Financial liabilities include mainly trade payables, short-term bank financing, lease liabilities, bank overdrafts, loans from the parent company DTAG and other payables.

Current trade payables and other financial liabilities, except for liabilities at fair value through profit or loss, are initially recognised at fair value and subsequently measured at the amortised cost using the effective interest method.

At the commencement date of the 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, and amounts expected to be paid under residual value guarantees. 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 expense in the period in 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. The accretion of interest is recognized as finance costs to profit or loss over the lease period using the effective interest method. 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 or a change in the assessment to purchase the underlying asset.

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. These options are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of shops, office space, leased lines and technical premises the following factors are normally the most relevant:

– If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).

– If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).

– Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in shops and office space 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 2019, potential future cash outflows of CZK 1,176 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended. 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 the control of the lessee.

The Company has the 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).

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. Examples of evergreen contracts are contracts with an indefinite term due to silent prolongation or an unlimited number of rights to renew the lease. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. 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.

The overview of financial assets and liabilities according to categories is stated in Note 21.

2.12 PROPERTY AND EQUIPMENT

Property and equipment except for land are recorded at acquisition cost less accumulated depreciation and accumulated impairment losses. The acquisition cost comprises the purchase price, transportation costs, customs, installation costs, borrowing costs, estimated costs of dismantling and removing the asset and restoring the base station sites to their original condition and other relevant direct costs.

Depreciation is calculated using the straight-line method over the assets' estimated useful lives, as follows:

Asset category	Useful life (years)
Buildings, constructions and leasehold improvements	10 to 50 years or in accordance with the lease period
Operating equipment:	
Network technology equipment (GSM, UMTS)	3 to 10
Transport vehicles, hardware and office equipment	3 to 13

Land recognised at acquisition cost is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, as at each end of the reporting period.

Repair and maintenance expenditures relating to property and equipment are charged to profit or loss as incurred.

If the carrying amount of an asset is higher than its recoverable amount, the carrying amount is reduced to reflect the recoverable amount. The recoverable amount of assets is calculated as the higher of the fair value less cost to sell and value in use, which is the present value of expected future cash flows generated by the asset or the cash-generating unit.

The gain or loss arising from the liquidation, sale or disposal of an asset is determined by comparing the proceeds with the carrying amount of the asset and is recognised in profit or loss.

2.13 INTANGIBLE ASSETS

Intangible assets comprise especially the following:

i. UMTS licence

The UMTS licence represents the right to operate mobile communication networks in the Czech Republic under the UMTS standard. The licence is recorded at cost less accumulated amortisation. The licence was put into commercial use in October 2005. The licence is being amortised over its useful life using the straight-line method. The useful life of the UMTS licence is considered to be the period from when the licence is ready for commercial use, through to the licence expiration date in 2024.

ii. GSM licence

The GSM licence which represents the right to provide communication services in the Czech Republic and to establish and operate GSM communication equipment is recorded at cost less accumulated amortisation. The licence is being amortised over its useful life using the straight-line method. The useful life of the licence is considered to be the period from when the licence is ready for commercial use, through to the licence expiration date in 2024.

iii. LTE licence

The LTE licence which represents the right to provide communication services in the Czech Republic and to establish and operate LTE communication equipment is recorded at cost less accumulated amortisation. The licence is being amortised over its useful life using the straight-line method. The useful life of the licence is considered to be the period from when the licence is ready for commercial use, through to the licence expiration date in 2029.

iv. Software

Capitalised software costs include the licence fees for the use of software, costs of consulting services related to software implementation and internal labour costs directly related to the integration of the purchased software. Software costs are amortised over the expected period of the useful life, which is two to six years or over the length of the contract. Costs of consulting services, which are incurred after the relevant subsystem of the software is put into routine operation and as such do not fulfil the criteria for capitalisation, are expensed as incurred.

v. Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives in the range of 7 to 15 years.

The useful lives of customer relationships were estimated on the basis of average useful life of customers in each customer base, local customer relationship and multinational customer relationship. The appropriateness of the amortisation period is reviewed annually. Any change in the expected useful life of the asset shall be accounted for prospectively as a change in the accounting estimate.

If the carrying amount of the intangible asset is higher than its expected recoverable amount, the carrying amount is reduced to reflect the recoverable amount. The recoverable amount of assets is calculated as the higher of the fair value less cost to sell and value in use, which is the present value of future cash flows generated by the asset or the cash generating unit.

vi. Content rights

The Company accounts for content licences as intangible assets if there is unavoidable obligation to pay for the content rights, there are no doubts that the content will be delivered and the cost can be reliably estimated. Acquired content licences are shown at historical 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.

2.14 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. The 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.

Payments made under service contracts, that do not contain a lease according to IFRS 16, are charged to profit or loss on accrual basis over the period of the contract.

2.15 LEASE CONTRACTS – 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 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 made under operating leases are recorded in profit or loss in equal instalments over the period of the lease.

2.16 PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provisions due to the passage of time is recognised as finance cost.

The Company recognised an asset retirement obligation, which represents the costs of restoring its leased sites in accordance with the terms and conditions of the lease contracts. The estimated value of the liability is added to the carrying amount of the associated non-current tangible asset and is depreciated over the assets' useful life. 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 costs). If the obligation is settled for anything other than the carrying amount of the liability, a gain or loss on the settlement is recognised in profit or loss.

2.17 REVENUE RECOGNITION

The Company recognises revenue when the performance obligation is satisfied 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.

Revenue comprises primarily revenue from the provision of telecommunication network services to final customers, wholesale customers and to other operators, revenue from the sale of goods and revenues from System Solutions (IT services).

Revenues from voice services constitute the principal part of total revenues, consisting primarily of domestic and foreign (roaming) airtime revenues and interconnection revenues from termination of traffic originating from the other operators networks.

Revenues from non-voice services such as SMS, data transmissions and MMS and revenues from the sale of handsets, accessories and revenues from operations of optical networks represent another significant revenue streams.

In the case of multiple-element arrangements (e.g. mobile contract plus handset) with subsidised products delivered at contract inception, 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 and services are estimated on the basis of the retail prices.

As a result, a larger portion of the total consideration is attributable to the component delivered in advance (mobile handset) and requiring earlier recognition of revenue. This leads to the recognition of what is known as a contract asset – a receivable arising from the contract with customer that it not legally enforceable yet – in the statement of financial position.

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

Some one-time fees (mainly activation fees which are generally paid at a contract inception) do not fulfil 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 a recognition of a contract liability which is derecognised appropriately over the 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-lined basis.

In accordance with IFRS 15, revenue should be recognised evenly based on a contract where performance obligations are satisfied evenly. 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 a discount size may vary over the minimum contract team. When a discount is granted, a contract asset is recognised and amortized on a straight-line basis over the remaining contract term.

A customer can be granted an option to acquire additional goods or services for free either at a contract inception or in the future by signing a frame contract which guarantees monthly minimum payment to the Company. An option can be exercised within a redemption period of a frame contract. In case a customer exercises an option at a contact inception, a contract asset is recognized and amortized on a straight-line basis over the contract duration. Otherwise a contract liability is created on a monthly basis until an option is exercised. Revenue allocated to an option shall be recognised in the amount of the relative standalone selling price of a material right when a customer exercises an option.

A receivable is recognised when the consideration is unconditional because only the passage of time is required before the payment is due. Payments are typically due within 14 days.

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

Contract costs

Commission costs are assessed as incremental costs of obtaining a contract and are recognised as contract costs. Contract costs are amortised over the estimated customer retention period. The amortisation charge is presented 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).

Cost of goods, raw materials and services

Cost of goods, raw materials and services includes costs of handsets and accessories sold, roaming costs and interconnection fees for delivering calls that terminate outside the Company's network. The costs of goods and services are charged to the period in which they are incurred.

2.18 EMPLOYEE BENEFITS

Regular contributions are made by the Company to the state to fund the national pension plan that is operated on the basis of the defined contributions. Under this plan, the Company has no obligations beyond the payment of the contributions defined by the law. The Company also provides its employees with contributions for a pension contribution plan under which the Company pays to a separate entity under so-called joint plan of defined contributions. These contributions are recognised in profit or loss as incurred during the employment period.

The Company has entered into several incentive programs, both share-based and non-share based and cash and non-cash settled managed by DTAG. The Company recognizes the costs of services received from its members of executive management in a share-based and non-share-based payment transaction when services are received. If these services are received in a cash-settled share-based payment transaction, the Company recognizes the expense against the provision, re-measured at each reporting date. In case of equity-settled share based payment transaction, the Company recognizes the expense against the equity capital fund, measured at fair value at the grant date.

2.19 INCOME TAX

Income tax expense consists of the current tax charge and the change in deferred income tax, except when the change in deferred income tax relates to the items credited or charged directly to equity, in this case the deferred income tax is also recorded in equity.

Deferred income tax is determined based on temporary differences between the carrying amount of assets and liabilities and their tax bases, using the statutory tax rates that are expected to apply when the relevant deferred income tax asset is realised or the relevant deferred income tax liability is settled. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not recognised.

Deferred income tax charged or credited to profit or loss is measured as the change in the net deferred tax asset or liability during the year except when the deferred income tax relates to temporary differences from the items credited or charged directly to equity. The principal temporary differences arise from accounting and tax depreciation of property and equipment, changes in tax non-deductible adjustments and tax non-deductible provisions and revaluation of other assets and liabilities. A deferred income tax asset is recognised to the extent that it is probable that taxable profit will be available, against which deductible temporary differences can be utilised.

2.20 CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue in its business in order to provide return on investment to its shareholders and benefit other stakeholders as well as to meet all relevant legal requirements. The dividend policy of the Company is aligned with this objective.

Equity, represented by share capital, share premium, legal reserve fund and retained earnings, is considered by the Company as a source of financing of the Company's activities.

The Company creates other capital fund according to long term incentive program for top management based on remuneration in shares.

2.21 COMPARATIVES

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The new accounting policies are disclosed in the Note 2.11 and 2.14.

Leases previously classified as finance leases

Until 31 December 2018, leases of property, plant and equipment where the Company, as a lessee, had substantially all the risks and rewards of ownership, were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Due to adoption of IFRS 16 standard, Backhaul Transmission Agreements (BTA) classified as finance lease under IAS 17 were assessed as contracts not containing a lease according to IFRS 16.9, which resulted in derecognition of property and equipment in the amount of CZK 503 million, of which CZK 419 million was charged to prepaid expenses and CZK 84 million was posted against lease liability in accordance with IFRS 16. The remaining leased property, plant and equipment in the amount of CZK 1,959 million were re-classified to Right-of-use assets.

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17), except for contracts with fixed non lease components, for which these components were capitalised under IFRS 16 as practical expedient.

Leases previously accounted for as operating leases

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

On adoption of IFRS 16, the Company recognised lease liabilities in the amount of CZK 6,280 million for those leases previously classified as operating leases. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

CZK million	IAS 17 Carrying amount 31. 12. 2018	Impact of adoption of IFRS 16	IFRS 16 Carrying amount 1. 1. 2019
ASSETS			
CURRENT ASSETS			
Prepaid expenses and other current asset	489	(10)	479
Total current assets	**15,114**	**(10)**	**15,104**
NON-CURRENT ASSETS			
Right-of-use assets	–	8,287	8,287
Property and equipment	15,778	(2,462)	13,316
Intangible assets	7,936	(10)	7,926
Prepaid expenses and other non-current assets	277	391	668
Total non-current assets	**27,716**	**6,206**	**33,922**
TOTAL ASSETS	**42,830**	**6,196**	**49,026**

CZK million	IAS 17 Carrying amount 31. 12. 2018	Impact of adoption of IFRS 16	IFRS 16 Carrying amount 1. 1. 2019
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Other financial liabilities	234	943	1,177
Trade and other payables	5,361	(32)	5,329
Total current liabilities	**6,938**	**911**	**7,849**
NON-CURRENT LIABILITIES			
Other financial liabilities	1,264	5,337	6,601
Provisions	830	(54)	776
Deferred tax liability	888	–	888
Total non-current liabilities	**3,181**	**5,283**	**8,464**
EQUITY			
Retained earnings	31,690	2	31,692
Total equity	**32,711**	**2**	**32,713**
TOTAL LIABILITIES AND EQUITY	**42,830**	**6,196**	**49,026**

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

CZK million	
Operating lease commitments as at 31 December 2018	2,508
Commitments relating to leases previously classified as finance leases under IAS 17	1,883
Commitments relating to leases previously classified as finance leases under IAS 17 which are not leases according to IFRS 16	(84)
Payments related to evergreen contracts* for periods beyond noncancellable term as at 31 December 2018	5,337
Total undiscounted lease commitments as at 1 January 2019	9,644
Weighted average incremental borrowing rate at 1 January 2019	3.41%
Discounted lease liabilities as at 1 January 2019	**7,615**

* Contracts where no maturity is specified in the contractual agreement or contracts with silent prolongations

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK MANAGEMENT PRINCIPLES

The Company's activities expose it to a variety of financial risks, primarily credit risk, liquidity risk, currency risk, and interest rate risk. The Company's overall risk management strategy focuses on the unpredictability of financial markets. The Company seeks to minimise potentially adverse effects on the Company's financial performance through its operating and financial procedures. 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.

Financial risk management is carried out by the Company's Treasury Department under policies and directions set by the Board of Directors of the Company, except for credit risk arising from sales activities which is managed by the Credit Risk Department.

3.2 MARKET RISKS

Currency risk

The Company operates internationally and is exposed to currency risk, primarily with respect to EUR. Currency risk arises from future commercial transactions, assets and liabilities denominated in foreign currencies.

The Company uses financial instruments, primarily currency forward contracts, in its management of the currency risk associated with its foreign currency denominated sales and purchases. In line with the hedging strategy, the Company hedges 100% of committed future foreign exchange exposures and 50 to 90% of uncommitted expected foreign exchange exposures.

Sensitivity analysis

The Company performed a sensitivity analysis for the following items of the statement of financial position denominated in EUR:
- Cash and cash equivalents;
- Trade and other receivables;
- Other financial assets;
- Trade and other payables;
- Other financial liabilities.

The effects of other currency fluctuations (SDR, USD, CHF, GBP, AUD) are not deemed material to the Company's financial statements.

EUR exchange rate change by 100 basic points*	Profit after-tax impact in CZK million	
	31. 12. 2019	31. 12. 2018
Depreciation	(6)	(47)
Appreciation	6	47

* Assuming all other variables holding constant.

Interest rate risk

The Company invests in financial assets with short-term maturity and fixed interest rate. Such instruments are not exposed to the risk of interest rate fluctuation. Therefore the Company does not actively manage the interest rate risk. Once the current instruments matured, should the Company reinvest the free cash in equivalent financial instruments, it would be exposed to following potential effects:

Interest rate change by 100 basic points*	Profit after-tax impact in CZK million	
	31. 12. 2019	31. 12. 2018
Decrease	(54)	(47)
Increase	54	47

* Assuming all other variables holding constant.

3.3 CREDIT RISK

The counterparties for transactions of the Company's financial instruments are limited to institutions with high credit quality as defined in the policies and directions set in investment strategy approved by the General Meeting of the Company. The Company carries out only such financial transactions whose originator's or guarantor's credit rating from an independent global rating agency lies safely within investment grade (i.e. at least BBB+/Baa1) and, at the same time, the originator's or guarantor's credit quality indicators can be continuously monitored through the financial market.

The Company manages the credit risk associated with its trading operations by using various instruments such as insurance, bank guarantees, credit limits, differentiated debt collecting process, etc.

In case of Cash and cash equivalents concentrations of credit risk are limited as the Company places its cash with a number of substantial credit institutions. Concentrations of credit risks relating to Trade and other receivables and Other financial assets are limited due to credit risk management tools, debt collection process and following policies and directions set in investment strategy approved by the General Meeting of the Company.

Trade and other receivables

IFRS 9 introduced a new, expected-loss impairment model that requires more timely recognition of expected credit losses. The Company establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables and contract assets. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, however, the identified impairment loss was immaterial.

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 the receivables.

In respect of financial assets, which comprise cash and cash equivalents, 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 assesses its financial assets at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset. 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.

Trade receivables from customers of electronic communication services with increased credit risk are to a certain extent secured by collateral in the form of cash deposits that are refundable after the contract termination or credited against unsettled receivables.

The receivables from the DTAG group do not give rise to a significant credit risk. These receivables are settled through the group inter-company clearing centre and therefore classified to category BBB+.

The Company establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and 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 was immaterial.

The table summarises the ageing structure of receivables and maximum exposure to credit risk:

31. 12. 2019 CZK million	Not yet due	Past due					Total
		Up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more	
Trade receivables and unbilled receivables							
– trade receivables from DTAG group companies	678	49	11	2	–	–	740
– trade receivables from third parties	4,133	356	83	137	189	2,267	7,165
Other receivables							
– other receivables from DTAG group companies	264	–	–	–	–	–	264
– other receivables from third parties	0	81	9	14	4	30	138
Provisions							
– for trade and other receivables from third parties	(129)	(27)	(25)	(54)	(193)	(2,079)	(2,507)
Trade and other receivables (net)	**4,946**	**459**	**78**	**99**	**–**	**218**	**5,800**

31. 12. 2018 CZK million	Not yet due	Past due					Total
		Up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more	
Trade receivables and unbilled receivables							
– trade receivables from DTAG group companies	617	131	7	43	2	–	800
– trade receivables from third parties	4,441	613	119	128	244	2,364	7,909
Other receivables							
– other receivables from DTAG group companies	71	–	–	–	–	–	71
– other receivables from third parties	2	–	–	–	–	–	2
Provisions							
– for trade and other receivables from third parties	(78)	(36)	(30)	(63)	(152)	(2,131)	(2,490)
Trade and other receivables (net)	**5,053**	**708**	**96**	**108**	**94**	**233**	**6,292**

The gross carrying amount of trade and other receivables, reflecting the maximum exposure to credit risk, as at 31 December 2019 was CZK 8,307 million (31 December 2018: CZK 8,782 million).

When the Company considers that there are no reasonable expectation of recovery of the asset, the relevant amounts are written off. Indicators that there is no reasonable expectation of recovery include, amongst others, immaterial amounts which are not economically efficient to be recovered, the failure of a debtor to make contractual payments or to engage in a repayment plan due to insolvency or bankruptcy.

Cash and cash equivalents and other financial assets

The Company makes only short-term cash deposits (cash, depository bills of exchange, term deposits, REPO transactions). The Company deposits free cash into financial instruments such as mortgage-backed securities or financial investments in the form of loans to DTAG. The counterparties for financial transactions of the Company's cash are limited to institutions with high credit quality as defined in the policies and directions set in investment strategy approved by the General Meeting of the Company.

The Company carries out only such financial transactions whose originator's or guarantor's credit rating from an independent global rating agency lies safely within investment grade (i.e. at least BBB+/Baa1) and, at the same time, the originator's or guarantor's credit quality indicators can be continuously monitored through the financial market.

The Company has a concentration of credit risk mainly towards banks regulated by the Czech National Bank, see below.

31. 12. 2019 CZK million	Standard & Poor's Long-term rating				
	BBB- to BBB+	A-to A+	AA-	Not assigned	Total
Cash in hand	–	–	–	23	23
Bank accounts	45	336	–	–	381
Cash equivalents	–	768	–	–	768
Total cash and cash equivalents and other financial assets exposure	**45**	**1,104**	**–**	**23**	**1,172**

31. 12. 2018 CZK million	Standard & Poor's Long-term rating				
	BBB- to BBB+	A-to A+	AA-	Not assigned	Total
Cash in hand	–	–	–	14	14
Bank accounts	12	409	–	1	422
Cash equivalents	–	2,201	–	–	2,201
Total cash and cash equivalents and other financial assets exposure	**12**	**2,610**	**–**	**15**	**2,637**

The Company has also significant concentration of credit risk towards DTAG resulting from financial investments in the form of loans and derivatives. The gross carrying amount of other financial assets, reflecting the maximum exposure to credit risk, as at 31 December 2019 was CZK 5,919 million (31 December 2018: CZK 3,634 million), see Note 6.

3.4 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and held for sale securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The aim of the Treasury Department is to maintain flexibility in funding by maintaining availability under these committed facilities.

The Company maintains a liquidity reserve in the form of a bank overdraft and flexible credit line to support its ability to meet its liabilities and to provide financial flexibility. Historically, the Company generated sufficient cash to ensure its solvency and financial flexibility. The Company does not consider itself significantly exposed to liquidity risk.

The residual maturities of financial liabilities are analysed in Note 15 and Note 16.

3.5 FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities measured at fair value are classified into three levels according to the method of fair value determination:

– Level 1– quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

– Level 3 – inputs for the asset or liability that are not based on observable market data.

The following table presents the Company's assets and liabilities that are measured at fair value as at 31 December 2019 and 2018. The Company does not have any financial assets and liabilities that are measured at fair value at level 1 and 3.

CZK million	Level 2	
	31. 12. 2019	31. 12. 2018
Assets		
Currency forward contract with positive fair value	–	5
Total assets	**0**	**5**
Payables		
Currency forward contract with negative fair value	34	11
Total liabilities	**34**	**11**

The 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 carrying amounts of other categories of financial assets and liabilities both at 31 December 2019 and 31 December 2018 approximate their fair values.

The classification of financial assets and liabilities into categories in accordance with IFRS 9 is stated in Note 21.

3.6 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. All transactions below the equivalent of EUR 15 million (CZK 381 million), are recognised as held for trading derivatives with changes in fair value being reflected in profit or loss. In 2019 and 2018, the Company did not apply hedge accounting.

4 CASH AND CASH EQUIVALENTS

CZK million	31. 12. 2019	31. 12. 2018
Cash at banks and in hand	404	436
Cash equivalents	768	2,201
Total	**1,172**	**2,637**

Cash equivalents as at 31 December 2019 and 31 December 2018 consist mainly of short-term bank deposits, depository bills of exchange and REPO transactions.

5 TRADE AND OTHER RECEIVABLES

CZK million	31. 12. 2019	31. 12. 2018
Trade receivables	7,905	8,709
Less: Provision for impairment	(2,507)	(2,490)
Trade receivables (net)	**5,398**	**6,219**
Other receivables	402	73
Total	**5,800**	**6,292**

Trade receivables comprise mainly receivables from the communication network users, receivables from other communication services providers, receivables from partners for electronic recharging of pre-paid cards and receivables from independent dealers.

Due dates of financial assets did not change during 2019 or 2018.

Movements of the provision for impairment of Trade and Other Receivables can be analysed as follows:

CZK million	2019	2018
Opening balance as at 1. 1.	**2,490**	**2,675**
Net increase for the year	294	118
Utilisation of provision for write-off	(277)	(303)
Closing balance as at 31.12.	**2,507**	**2,490**

6 OTHER FINANCIAL ASSETS

CZK million	31. 12. 2019	31. 12. 2018
Currency forward contracts with positive fair value	–	5
Intercompany loan	5,919	3,629
Total	**5,919**	**3,634**

The Company provided a short-term loan to DTAG in the amount of CZK 5,919 million as at 31 December 2019 (31 December 2018: CZK 3,629 million). The loan consists of three individual obligations with maturity not exceeding one month and individual interest rates determined on an arm's length basis. The most of the allocated liquidity was a systematic re-allocation of the Company's excess cash in domestic currency in the amount of CZK 5,800 million and exceptional excess cash in foreign currency in the amount of CZK 119 million (EUR 4.5 million).

7 INVENTORIES

mil. Kč	31. 12. 2019	31. 12. 2018
Handsets and accessories	267	493
Other inventories	324	375
Total	**591**	**868**

8 ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

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

CZK million	2019	2018
Non-current assets		
Contract assets	25	25
Loss allowance	(1)	(3)
Contract costs	173	201
Non-current assets related to contract with customers	**197**	**223**
Current assets		
Contract assets	578	624
Loss allowance	(6)	(18)
Contract costs	572	588
Current assets related to contract with customers	**1,144**	**1,194**
Non-current liabilities		
Contract liabilities	320	199
Non-current liabilities related to contract with customers	320	199
Current liabilities		
Contract liabilities	715	636
Current liabilities related to contract with customers	**715**	**636**

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. All contract assets as at 31 December 2019 and 2018 are undue.

Contract costs are assessed as incremental cost of obtaining a contract and consist mainly of dealer commission.

Contract liabilities relate mainly to one-time fees and advanced payments for post-paid services.

Movements of the provision for impairment of contract assets can be analysed as follows:

CZK million	2019	2018
Opening balance as at 1.1.	**21**	**–**
Opening balance adjustment related to IFRS 15 adoption	–	16
Increase for the year	34	5
Utilisation for the year	(48)	–
Closing balance as at 31. 12.	**7**	**21**

9 INTANGIBLE ASSETS

CZK million	Customer relationships	Software	GSM/UMTS/LTE licences	Other intangible fixed assets	Assets in the course of construction and advances paid	Total
Cost						
1. 1. 2018	**2,144**	**10,894**	**7,556**	**792**	**1,731**	**23,117**
Additions	–	–	–	95	1,476	1,571
Disposals	–	(388)	–	(33)	(22)	(443)
Transfers*	–	1,131	62	150	(1,343)	–
31. 12. 2018	**2,144**	**11,637**	**7,618**	**1,004**	**1,842**	**24,245**
Impact of IFRS 16 adoption as at 1. 1. 2019	–	–	–	(45)	–	(45)
Impact of the merger as at 1. 1. 2019	9	–	–	–	–	9
1.1.2019 (restated)	**2,153**	**11,637**	**7,618**	**959**	**1,842**	**24,209**
Additions	–	20	–	252	1,121	1,393
Disposals	–	(92)	–	(37)	(8)	(137)
Transfers*	–	1,479	–	351	(1,830)	–
31. 12. 2019	**2,153**	**13,044**	**7,618**	**1,525**	**1,125**	**25,465**
Accumulated amortisation/Impairment						
1. 1. 2018	**1,089**	**9,250**	**3,929**	**594**	**–**	**14,862**
Amortisation	275	1,020	385	188	–	1,868
Disposals	–	(388)	–	(33)	–	(421)
31. 12. 2018	**1,364**	**9,882**	**4,314**	**749**	**–**	**16,309**
Impact of IFRS 16 adoption as at 1. 1. 2019	–	–	–	(35)	–	(35)
1. 1. 2019 (restated)	**1,364**	**9,882**	**4,314**	**714**	**–**	**16,274**
Amortisation	277	1,215	424	188	–	2,104
Disposals	–	(92)	–	(37)	–	(129)
31. 12. 2019	**1,641**	**11,005**	**4,738**	**865**	**–**	**18,249**
Net book value						
1. 1. 2018	**1,055**	**1,644**	**3,627**	**198**	**1,731**	**8,255**
31. 12. 2018	**780**	**1,755**	**3,304**	**255**	**1,842**	**7,936**
1. 1. 2019 (restated)	**789**	**1,755**	**3,304**	**245**	**1,842**	**7,935**
31. 12. 2019	**512**	**2,039**	**2,880**	**660**	**1,125**	**7,216**

* Transfers include transfers of intangible fixed assets in the course of construction and advances to assets in use.

The additions of intangible fixed assets in 2019 comprise mainly new software, particularly One.ERP system (new enterprise information system) and NG CRM as described below, T-Mobile TV licences and applications and improvements of other currently used IT systems and applications.

SIGNIFICANT INDIVIDUAL INTANGIBLE ASSETS

Licences

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

CZK million	31. 12. 2019		31. 12. 2018	
	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
GSM licence	200	5	243	6
UMTS licence	948	5	1,147	6
LTE licence	1,732	10	1,914	11
Total GSM/UMTS/LTE licences	**2,880**		**3,304**	

During 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 2019 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 is waiting for Individual right authorization. Without this authorization the broadcasting cannot be provided to customers. 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 is made by NG CRM, a new platform for client relationship management (CRM) system. The carrying value of NG CRM as of 31 December 2019 is CZK 1,019 million plus CZK 76 million under construction (31 December 2018: CZK 999 million plus CZK 24 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 of 31 December 2019 is CZK 284 million plus CZK 172 million under construction (31 December 2018: CZK 66 million plus CZK 196 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 are not included in the carrying amount of NG CRM and One.ERP but in the carrying value of existing software and systems.

Customer Relationships

The balance consists mainly of customer relationships acquired in a business combination with GTS Czech s.r.o., LEMO Internet a.s. and RegioNET Morava, a.s.

The carrying values and remaining amortization periods of customer relationships are listed in the table below.

CZK million	31. 12. 2019		31. 12. 2018	
	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
Local customer relationship	227	2	389	3
Multinational customer relationship	277	3	391	4
Other customer relationships	8	14	–	–
Total customer relationships	**512**		**780**	

Other customer relationships comprise of customer relationships for fixed services acquired in business combination in 2019 (see Note 14).

The table below shows the churn rate used in useful life calculation as of 31 December 2019 and as of 31 December 2018. The table also includes an analysis that shows how net book value would be affected if the sensitive parameter in the calculation was changed.

	31. 12. 2019	31. 12. 2018
Churn rate – Local customer relationship		
Used in the calculation of useful life	14.29%	14.29%
If increased by 20%, i.e. to	17.14%	17.14%
Change in the net book value (CZK million)	(150)	(123)
Churn rate – Multinational customer relationship		
Used in the calculation of useful life	12.03%	12.03%
If increased by 20%, i.e. to	14.43%	14.43%
Change in the net book value (CZK million)	(91)	(75)

The other customer relationships are deemed insignificant and therefore no sensitivity analysis was performed as at 31 December 2019.

10 GOODWILL

CZK million	31. 12. 2019	31. 12. 2018
Cost		
T-Systems Czech Republic, a.s.	131	131
GTS Czech s.r.o.	1,144	1,144
LEMO Internet a.s.	11	–
RegioNET Morava, a.s.	16	–
Total	**1,302**	**1,275**

Goodwill was tested for impairment as of 31 December 2019. The Company is considered as one cash-generating unit ("CGU"). The Company establishes the recoverable amount by determining the CGU's value in use. The calculations use cash flow projections based on financial budgets approved by the management of the Company covering a ten-year period. 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 2020–2029.

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 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 fair value hierarchy as per IFRS 13.

The analysis performed as at 31 December 2019 confirmed that the recoverable amount of the cash generating unit exceeds its carrying amount.

The table below shows the WACC and LTGR used in the fair value calculation for the goodwill impairment tests conducted as of 31 December 2019 and as of 31 December 2018. 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. 2019	31. 12. 2018
WACC		
Used in the calculation	5.54%–5.61%	6.11%
If changed to	9.73%	10.11%
Impairment would be (CZK million)	–	–
LTGR		
Used in the calculation	2%	2%
If changed to	(2%)	(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.

11 PROPERTY AND EQUIPMENT

CZK million	Buildings and land	Equipment and other fixed assets	Assets in the course of construction, advances and network spare parts	Total
Acquisition cost				
1. 1. 2018	**8,474**	**24,678**	**950**	**34,102**
Additions	18	146	2,477	2,641
Disposals	(441)	(2,149)	(34)	(2,624)
Transfers*	399	1,838	(2,237)	–
31. 12. 2018	**8,450**	**24,513**	**1,156**	**34,119**
Merge of Lemo and RegioNet as at 1. 1. 2019	–	68	2	70
Impact of IFRS 16 adoption as at 1. 1. 2019	(253)	(2,980)	–	(3,233)
1. 1. 2019 (restated)	**8,197**	**21,601**	**1,158**	**30,956**
Additions	–	319	2,064	2,383
Disposals	(72)	(319)	(68)	(459)
Transfers*	(3,501)	4,895	(1,394)	–
31. 12. 2019	**4,624**	**26,496**	**1,760**	**32,880**
Accumulated depreciation / Impairment				
1. 1. 2018	**3,817**	**14,629**	**1**	**18,447**
Depreciation	372	2,035	–	2,407
Disposals	(426)	(2,087)	–	(2,513)
31. 12. 2018	**3,763**	**14,577**	**1**	**18,341**
Merge of Lemo and RegioNet as at 1. 1. 2019	–	4	–	4
Impact of IFRS 16 adoption as at 1. 1. 2019	(18)	(753)	–	(771)
1. 1. 2019 (restated)	**3,745**	**13,828**	**1**	**17,574**
Depreciation	104	1,940	–	2,044
Disposals	(70)	(304)	–	(374)
Transfers*	(1,318)	1,318	–	–
31. 12. 2019	**2,461**	**16,782**	**1**	**19,244**
Net book value				
1. 1. 2018	**4,657**	**10,049**	**949**	**15,655**
31. 12. 2018	**4,687**	**9,936**	**1,155**	**15,778**
1. 1. 2019 (restated)	**4,452**	**7,773**	**1,157**	**13,382**
31. 12. 2019	**2,163**	**9,714**	**1,759**	**13,636**

* Transfers include transfers of tangible fixed assets in the course of construction and advances to assets in use.

The additions of tangible fixed assets in 2019 comprise mainly the network technology and optical fibres.

Disposals on buildings and land, as well as on equipment and other fixed assets represent derecognition of leases previously classified as finance leases under IAS 17 and their reposting to the Right-of-use assets. Refer to the section 2.21 and 12.

JOINT ARRANGEMENTS

In 2013 the Company entered into joint arrangement with company Česká telekomunikační infrastruktura a.s. concerning a 2G and 3G network sharing, i.e. sharing of active and passive mobile network elements on a territorial basis of Czech Republic. As at 31 December 2019, 2,457 sites were shared on the Company side and 2,496 sites on Česká telekomunikační infrastruktura a.s. side (as at 31 December 2018: 2,442 sites on the Company side and 2,480 sites on Česká telekomunikační infrastruktura a.s. side).

In 2014 the Company entered into a similar joint arrangement with Česká telekomunikační infrastruktura a.s. concerning sharing of LTE technologies for mobile networks. The contractual arrangement involves sharing of active mobile network elements on the same territorial basis of Czech Republic as for 2G and 3G technologies sharing. As at 31 December 2019, 2,450 sites on the Company side and 2,476 sites on Česká telekomunikační infrastruktura a.s. side were shared (as at 31 December 2018: 2,434 sites on the Company side and 2,450 sites on Česká telekomunikační infrastruktura a.s. side).

Both contracts are based on balanced principles and after having considered the contractual rights and obligations, they were assessed as joint arrangements according to IFRS 11. For this classification was determining, that the major of strategic decisions were specified jointly next to signing of a contract or will be done during validity of the contract. The arrangement is a joint operation, because it does not involve a separate legal entity comprising the activities performed under the arrangement.

Network sharing in the context of these contracts means sharing of transmitting sites including related tangible assets used for providing of 2G and 3G as well as LTE services. Operators keep full control over the content of provided services to its customers, acquiring and managing of customers, price policy, marketing and customer support. Both parties remain individually responsible for keeping of legal contractual obligations resulting from telecommunication licences and related laws and regulations.

Due to the different classification of active and passive mobile network elements, the Company adopted two different approaches to the assets under both network sharing agreements. Active mobile network elements were classified as individually held assets and recognized at cost, consistently with other solely owned assets by the Company. Passive mobile network elements were classified as jointly held assets and recognized at fair value at the inception and subsequently at cost less depreciation.

The Company considered risks resulting from joint arrangements and evaluated them as immaterial.

12 RIGHT-OF-USE ASSETS

The Company has lease contracts for various items:

– Space on third-party telecommunications infrastructure, roofs and land for installation of its own telecommunications equipment – the Company uses a space on a third-party land for the construction of its own masts or transmission towers. These masts and towers are used for Company telecommunication equipment (e.g. antennas);

– Exclusive easements – easements are the legal right to use, access or pass on the property of another person (e.g. land or common areas in a building) for a specific limited purpose. Easements shall be granted in particular for the purpose of constructing masts or passing cable over, under or through an existing land;

– Shops – business premises in a building or a shopping centre;

– Technical premises – e.g. rental of a data centre;

– Office space – an office space serves the Company's employees as a place where they can perform their work;

– Leased lines – optical fiber leases.

The carrying amounts of assets held by the Company as at 31 December 2019 are presented below:

CZK million	Leased land	Leased buildings	Leased machinery	Total
Cost				
1. 1. 2019*	**2,213**	**4,093**	**2,035**	**8,341**
Additions	115	1,053	48	1,216
Disposals	(73)	(185)	(66)	(324)
31. 12. 2019	**2,255**	**4,961**	**2,017**	**9,233**
Accumulated depreciation / Impairment				
1. 1. 2019*	**–**	**54**	**–**	**54**
Depreciation	154	724	216	1,094
Disposals	(5)	(24)	(3)	(32)
31. 12. 2019	**149**	**754**	**213**	**1,116**
Net book value				
1. 1. 2019*	**2,213**	**4,039**	**2,035**	**8,287**
31. 12. 2019	2,106	4,207	1,804	8,117

* In the previous year, the Company only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Company's liabilities. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to Note 2.21.

13 INVESTMENT IN SUBSIDIARIES

On 1 January 2015 the Company acquired 100% share in CE Colo Czech s.r.o. for CZK 1,422 million (all paid in cash) and became its parent company. On 25 March 2015 the Board of Directors approved the increase of share capital in CE Colo Czech s.r.o. of CZK 711 million. CE Colo Czech s.r.o.'s primary business activity is lease of space in data centres.

On 31 October 2019 the Company acquired 100% share in Planet A, a.s. for CZK 472 million (all paid in cash) and became its parent company. Planet A, a.s.'s primary business activity is operation of public fixed telecommunications network and provision of telecommunications services.

14 BUSINESS COMBINATIONS

On 31 December 2018 the Company acquired 100% share in LEMO Internet a.s. for CZK 53 million (all paid in cash) and became its parent company. LEMO Internet a.s.'s primary business activity is operation of public telecommunication network.

On 31 December 2018 the Company also acquired 100% share in RegioNET Morava, a. s. for CZK 41 million (all paid in cash) and became its parent company. RegioNET Morava, a. s.'s primary business activity is operation of public telecommunication network.

As at 1 January 2019, the merger between the Company and RegioNET Morava, a.s. and LEMO Internet a.s. proceeded.

IFRS 3 requires the assets and liabilities of the dissolved companies to be measured at fair value as at the acquisition date. As at the acquisition date, purchase price allocation (so called PPA) was performed to identifiable assets and liabilities of LEMO Internet a.s. and RegioNET Morava, a. s. (the "Dissolved companies"). The fair value of the identifiable assets and liabilities exceeded their carrying amount by CZK 49 million, which resulted in recognition of deferred tax liability in the amount of CZK 9 million. The acquisition price of Dissolved companies' investment in the amount of CZK 94 million was eliminated towards equity of Dissolved companies in the amount of CZK 27 million, purchase price allocation and deferred tax liability mentioned. The value of goodwill is therefore CZK 27 million.

ASSETS CZK million	RegioNET Morava, a.s. CZ GAAP * 31. 12. 2018	LEMO Internet a.s. CZ GAAP * 31. 12. 2018	Impact of the merger	Total impact 1. 1. 2019
CURRENT ASSETS				
Trade and other receivables	1	1	–	2
Total current assets	**1**	**1**	**–**	**2**
NON-CURRENT ASSETS				
Intangible assets	–	–	9	9
Goodwill	–	–	27	27
Property and equipment	11	15	40	66
Investment in subsidiary	–	–	(94)	(94)
Total non-current assets	**11**	**15**	**(18)**	**8**
TOTAL ASSETS	**12**	**16**	**(18)**	**10**

* CZ GAAP – Statement of financial position prepared according to Czech Accounting Standards ("CZ GAAP").

LIABILITIES AND EQUITY CZK million	RegioNET Morava, a.s. CZ GAAP * 31. 12. 2018	LEMO Internet a.s. CZ GAAP * 31. 12. 2018	Impact of the merger	Total impact 1. 1. 2019
CURRENT LIABILITIES				
Trade and other payables	–	1	–	1
Total current liabilities	**–**	**1**	**–**	**1**
NON-CURRENT LIABILITIES				
Deferred tax liability	–	–	9	9
Total non-current liabilities	**–**	**–**	**9**	**9**
TOTAL LIABILITIES	**–**	**1**	**9**	**10**
EQUITY				
Share capital	4	2	(6)	–
Capital funds	13	21	(34)	–
Retained earnings	(5)	(8)	13	–
Total equity	**12**	**15**	**(27)**	**–**
TOTAL LIABILITIES AND EQUITY	**12**	**16**	**(18)**	**10**

* CZ GAAP – Statement of financial position prepared according to Czech Accounting Standards ("CZ GAAP").

15 TRADE AND OTHER PAYABLES

CZK million	31. 12. 2019	31. 12. 2018
Trade payables	1,884	1,780
Expenditure accruals	2,804	2,723
Total trade payables	**4,688**	**4,503**
Currency forward contracts with negative fair value	34	11
Total financial liabilities	**4,722**	**4,514**
Liabilities to employees	656	610
Other taxes and social security liabilities	180	230
Other payables	6	7
Total non-financial liabilities	**842**	**847**
Total	**5,564**	**5,361**

The remaining maturities of financial liabilities (contractual undiscounted cash flows) are as follows (contractual maturities of financial lease liabilities are stated in Note 16):

CZK million	On demand	Up to 30 days	31–90 days	Over 91 days	Total
31. 12. 2019					
Trade payables	244	1,080	409	151	1,884
Expenditure accruals	748	1,804	252	–	2,804
Total trade payables	**992**	**2,884**	**661**	**151**	**4,688**
Currency forward contracts					
– with negative fair value	0	261	399	1,677	2,337
– with positive fair value	0	28	0	22	50
Total forward contracts*	**0**	**289**	**399**	**1,699**	**2,387**

* 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.

CZK million	On demand	Up to 30 days	31–90 days	Over 91 days	Total
31. 12. 2018					
Trade payables	356	925	388	111	1,780
Expenditure accruals	906	878	939	0	2,723
Total trade payables	**1,262**	**1,803**	**1,327**	**111**	**4,503**
Currency forward contracts					
– with negative fair value	0	226	351	1,268	1,845
– with positive fair value	0	44	55	597	696
Total forward contracts*	**0**	**270**	**406**	**1,865**	**2,541**

* 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.

16 OTHER FINANCIAL LIABILITIES

CZK million	31. 12. 2019	1. 1. 2019 after IFRS 16 adoption	31. 12. 2018
Current lease liabilities	862	1,068	125
Other interest bearing liabilities**	112	109	109
Total current other financial liabilities	**974**	**1,177**	**234**
Non-current lease liabilities	6,696	6,547	1,210
Non-current other interest bearing liabilities**	94	48	48
Long-term advances from post-paid customers*	6	6	6
Total non-current other financial liabilities	**6,796**	**6,601**	**1,264**
Total	**7,770**	**7,778**	**1,498**

* Advances from post-paid customers that are refundable at the termination of the contract represent guarantee for trade receivables.
** Liabilities from capitalized media content rights

CZK million	31. 12. 2019		
	Lease liabilities	Other interest bearing liabilities	Total
Up to 30 days	72	9	81
31–90 days	143	19	162
91–365 days	647	87	734
Up to 1 year	862	115	977
1 to 5 years	2,585	97	2,682
Over 5 years	4,111	–	4,111
Total other financial liabilities	**7,558**	**212**	**7,770**

CZK million	31. 12. 2018 before IFRS 16 adoption	1. 1. 2019 after IFRS 16 adoption		
		Lease liabilities	Other interest bearing liabilities	Total
Up to 30 days	19	89	9	98
31–90 days	39	178	18	196
91–365 days	176	801	82	883
Up to 1 year	234	1,068	109	1,177
1 to 5 years	344	2,515	53	2,568
Over 5 years	920	4,032	1	4,033
Total other financial liabilities	**1,498**	**7,615**	**163**	**7,778**

Undiscounted cash flows related to lease liabilities according to residual contractual maturity are as follows:

CZK million	31. 12. 2019	1. 1. 2019 after IFRS 16 adoption	31. 12. 2018 before IFRS 16 adoption
Up to 30 days	92	95	15
31–90 days	184	190	29
91–365 days	828	857	134
Up to 1 year	1,104	1,142	178
1 to 5 years	2,812	3,347	526
Over 5 years	5,014	5,155	1,179
Total undiscounted cash flows (lease liability)	**8,930**	**9,644**	**1,883**

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

CZK million	Lease liabilities	Other interest bearing liabilities	Loans and bank overdraft	Total
1. 1. 2018	**1,422**	**60**	**–**	**1,482**
Additions	64	201	44	309
Cash used in financing activities	(151)	(104)	(44)	(299)
31. 12. 2018	**1,335**	**157**	**–**	**1,492**
Impact of IFRS 16 adoption as at 1.1.2019	6,280	–	–	6,280
1. 1. 2019 (restated)	**7,615**	**157**	**–**	**7,772**
Additions	921	230	72	1,223
Cash used in financing activities	(1,232)	(181)	(72)	(1,485)
Accretion of interest	254	–	–	254
31. 12. 2019	**7,558**	**206**	**–**	**7,764**

The total limit of bank overdrafts and flexible credit lines available to the Company as at 31 December 2019 was EUR 4 million (CZK 102 million), USD 1 million (CZK 23 million) and CZK 1,575 million (31 December 2018: EUR 1 million or CZK 26 million and CZK 1,375 million). As at 31 December 2019 and 31 December 2018, the Company did not draw any overdrafts.

17 PROVISIONS

CZK million	31. 12. 2019	31. 12. 2018
Other provisions	211	338
Total current provisions	**211**	**338**
Asset retirement obligation	788	722
Other provisions	51	108
Total non-current provisions	**839**	**830**
Total	**1,050**	**1,168**

CZK million	Asset retirement obligation	Other provisions	Total
1. 1. 2018	**772**	**512**	**1,284**
Charge for the year (additions)	25	66	91
Used amounts during the year	(15)	(108)	(123)
Unused and reversed during the year	(43)	(24)	(67)
Unwinding of interest	(17)	–	(17)
31. 12. 2018	**722**	**446**	**1,168**
Impact of adoption of IFRS 16 as at 1. 1. 2019	–	(54)	(54)
1. 1. 2019	**722**	**392**	**1 114**
Charge for the year (additions)	39	67	106
Used amounts during the year	–	(171)	(171)
Unused and reversed during the year	(5)	(26)	(31)
Unwinding of interest	32	–	32
31. 12. 2019	**788**	**262**	**1,050**

The provision for Asset retirement obligation represents the costs of restoring leased sites in accordance with terms and conditions of the lease contracts. The provision is uncertain in both the amount and timing of future financial outflows. Realisation of provision is expected in 2029 (the date of the LTE licence expiration).

Other provisions comprise mainly provisions for litigations, and executive management incentive plans obligations.

18 DEFERRED TAX LIABILITY

Net deferred income tax liability comprises temporary differences attributable to:

CZK million	31. 12. 2019	31. 12. 2018
Property and equipment and Intangible assets	(4,449)	(4,742)
Provisions and Liabilities to employees	1,446	1,416
Contract assets and Contract costs	(1,296)	(1,369)
Right-of-use assets	(8,126)	–
Lease liability	7,558	–
Other	501	23
Basis for deferred income tax calculation	**(4,366)**	**(4,672)**
Net deferred income tax liability	**(830)**	**(888)**

CZK million	31. 12. 2019	31. 12. 2018
Deferred income tax liability:		
– deferred income tax liability to be recovered after more than 12 months	(2,512)	(1,028)
– deferred income tax liability to be recovered after less than 12 months	(124)	(133)
Total deferred income tax liability	**(2,636)**	**(1,161)**
Deferred income tax assets:		
– deferred income tax asset to be recovered after more than 12 months	1,416	108
– deferred income tax asset to be recovered within 12 months	390	165
Total deferred income tax asset	**1,806**	**273**
Net deferred income tax liability	**(830)**	**(888)**

The net deferred income tax liability as at 31 December 2019 and 31 December 2018 was calculated using the corporate income tax rates, shown in the table below, depending on the period when the temporary differences are expected to reverse.

Period	Corporate income tax rate	
	2019	**2018**
2020 and onwards	19%	19%

The movement in deferred income tax during the year is as follows:

Deferred income tax liabilities CZK million	Property, plant and equipment and Intangible assets	Right-of-use assets	Contract assets and Contract costs	Total
1. 1. 2018	**(820)**	**–**	**(238)**	**(1,058)**
Profit / (loss) for the current period	(81)	–	(22)	(103)
31. 12. 2018	**(901)**	**–**	**(260)**	**(1,161)**
Merger 1. 1. 2019	(9)	–	–	(9)
IFRS 16 adoption 1. 1. 2019	–	(1,177)	–	(1,177)
1. 1. 2019 (restated)	**(910)**	**(1,177)**	**(260)**	**(2,347)**
Profit / (loss) for the current period	64	(367)	14	(289)
31. 12. 2019	**(846)**	**(1,544)**	**(246)**	**(2,636)**

Deferred income tax assets CZK million	Provisions and Liabilities to employees	Lease liabilities	Other	Total
1. 1. 2018	**253**	**–**	**4**	**257**
Profit / (loss) for the current period	16	–	–	16
31. 12. 2018	**269**	**–**	**4**	**273**
IFRS 16 adoption 1. 1. 2019	–	1,177	–	1,177
1. 1. 2019 (restated)	**269**	**1,177**	**4**	**1,450**
Profit / (loss) for the current period	6	259	91	356
31. 12. 2019	**275**	**1,436**	**95**	**1,806**

19 DERIVATIVE FINANCIAL INSTRUMENTS

FORWARD CONTRACTS

As at the end of 2019, the Company had open currency forward contracts with a total nominal value of CZK 2,387 million (as at 31 December 2018: CZK 2,541 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 2019 were initiated during 2019 with maturity by the end of 2020. During 2019, currency forward contracts in the total nominal value of CZK 2,738 million were settled (in 2018: CZK 3,227 million).

Open currency forward contracts (CZK million)	31. 12. 2019	31. 12. 2018
Open currency forward contracts hedging other foreign currency liabilities:		
Positive fair value (Note 6)	–	5
Negative fair value (Note 14)	(34)	(11)
Total	**(34)**	**(6)**

20 EQUITY

The Company's shares have nominal value of CZK 1,000 each and are book-entered, registered and not publicly traded. Approved and subscribed share capital is fully paid off. As at 31 December 2019 and 31 December 2018, the registered capital was represented by 520 thousand shares. All shares have equal voting rights.

The shareholders' rights include in particular:

- Right to a profit share;
- Right to a residual interest on liquidation;
- Voting right;
- Right to request and receive explanations at General Meetings on matters which concern the Company or parties controlled by the Company or which are relevant to the exercise of shareholders' rights;
- Right to make proposals and counter-proposals on matters on the agenda of a General Meeting;
- Rights of qualified shareholders, in particular the right to ask the Board of Directors to convene a General Meeting and the Supervisory Board to review the exercise of the powers of the Board of Directors;
- Right to file a shareholders' action against a member of the Board of Directors or the Supervisory Board, the right to seek payment of the issue price by a shareholder who is in delay with payment thereof;
- Right to request a compulsory devolution of participatory securities.

The Capital Funds comprises statutory reserve fund that the Company is required to retain according to its Statutes. Use of the statutory reserve fund is limited by Statutes of the Company. The statutory reserve fund may not be distributed to the shareholders.

In 2019, the Company paid dividends of CZK 5,596 million (in 2018: dividends of CZK 4,389 million) (refer to Note 29). The dividend per share paid out in 2019 amounted to CZK 10,761 (in 2018: CZK 8,440).

21 ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

Financial assets and liabilities by category* (CZK million)	Category per IFRS 9	31. 12. 2019 Carrying amount	31. 12. 2018 Carrying amount
Assets			
Cash and cash equivalents, of which:		**1,172**	**2,637**
Cash	Financial assets at amortised cost	404	436
Term deposits	Financial assets at amortised cost	768	2,201
Trade and other receivables**	Financial assets at amortised cost	5,800	6,292
Other financial assets, of which:		**5,919**	**3,634**
Intercompany loan	Financial assets at amortised cost	5,919	3,629
Currency forward contracts with positive fair value	At fair value through profit or loss (for trading)	–	5
Liabilities			
Current trade and other payables, of which:**		**4,722**	**4,514**
Trade payables	Financial liabilities at amortised cost	4,688	4,503
Currency forward contracts with negative fair value	At fair value through profit or loss (for trading)	34	11
Current other financial liabilities, of which:		974	234
Lease liabilities	Financial liabilities at amortised cost	862	125
Other interest-bearing financial liabilities	Financial liabilities at amortised cost	112	109
Non-current other financial liabilities, of which:		**6,796**	**1,264**
Deposits received	Financial liabilities at amortised cost	6	6
Other interest-bearing financial liabilities	Financial liabilities at amortised cost	94	48
Lease liabilities	Financial liabilities at amortised cost	6,696	1,210

* Financial assets and liabilities are categorized according to risk rate and in the level of detail required by the Company for management purposes.
** Excluding non-financial assets/liabilities (refer to Notes 5 and 14).

Financial assets except for trade and other receivables stated in Note 5 are neither past due nor impaired.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are set off and the net amount is presented in the statement of financial position, when there is a legally enforceable right of offsetting recognized amounts and an intention to settle the respective asset and liability in net amount exists.

Majority of the offsetting is realized within trade receivables and trade payables from interconnection and roaming.

The following table presents trade receivables and trade payables which were subject to offsetting as at 31 December 2019:

31. 12. 2019 CZK million	Gross amounts offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position	Net amount of exposure
Trade and other receivables	5,800	–	5,800	221	5,579
Trade payables	(4,688)	–	(4,688)	(221)	(4,467)

Následující tabulka zobrazuje obchodní pohledávky a závazky kde proběhl zápočet k 31. prosinci 2018:

31. 12. 2018 CZK million	Gross amounts offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position	Net amount of exposure
Trade and other receivables	6,292	–	6,292	165	6,127
Trade payables	(4,503)	–	(4,503)	(165)	(4,338)

22 REVENUE FROM CONTRACTS WITH CUSTOMERS

For management purposes, revenues can be split into the following categories, distinguishable by nature of product or business and by type of products or services.

Sales based on activities CZK million	2019	2018
Sales of goods	2,255	2,495
Sales of mobile telecommunication services	18,360	18,388
Sales of fix telecommunication services	4,992	4,633
Sales of IT services	2,430	1,460
Other	156	–
Total revenue from contracts with customers	**28,193**	**26,976**

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period amounted to CZK 636 million (2018: CZK 524 million).

Transaction price allocated to the performance obligations that are unsatisfied as at the end of reporting period amounted to CZK 5,252 million (2018: CZK 5,706 million).

The Company expects that the transaction price allocated to the unsatisfied contracts as of 31 December will be recognised as revenue as follows:

CZK million	31. 12. 2019	31. 12. 2018
First year	3,921	4,204
Second year	1,270	1,434
Third-tenth year	61	68
Total outstanding transaction price	**5,252**	**5,706**

23 OTHER OPERATING INCOME

CZK million	2019	2018
Gain from disposals of fixed assets	18	36
Release of provisions	–	84
Income from recharged services	307	883
Rent	–	120
Fines and penalties	–	2
Income from promotion	–	105
Other operating income	105	43
Dividend income	112	111
Total	**542**	**1,384**

24 COST OF GOODS, RAW MATERIALS AND TELECOMMUNICATION SERVICES

CZK million	2019	2018
Costs of goods and raw materials	2,165	2,491
Costs of telecommunication services	5,764	5,511
Maintenance of telecommunication network	723	477
Energy consumption – telecommunication network	425	436
Other	411	220
Total	**9,488**	**9,135**

25 EMPLOYEE BENEFITS

CZK million	2019	2018
Salary costs	2,674	2,660
Social security costs – obligatory and supplementary pension insurance	574	571
Social security costs – other	319	318
Board emoluments	6	18
Total	**3,573**	**3,567**
Average number of employees	**3,349**	**3,499**

The number of employees is based on the average recalculated number of annual full-time employees. The Company has been providing its employees with a contribution to supplementary pension insurance. In 2019, the total contribution provided was CZK 25 million (in 2018: CZK 25 million).

Salary costs include amortisation of capitalized contract costs to obtain a contract with customer in the amount of CZK 101 million in 2019 (2018: CZK 83 million).

26 DEPRECIATION AND AMORTISATION

CZK million	2019	2018
Amortisation of licences	424	385
Amortisation of other intangible fixed assets	1,680	1,484
Amortisation of right-of-use assets	1,094	–
Depreciation of tangible fixed assets	2,044	2,407
Total	**5,242**	**4,276**

27 OTHER OPERATING EXPENSES

CZK million	2019	2018
Costs of external marketing services	488	546
Commissions to business partners	1,090	955
Net loss from impairment of receivables and receivables write off	–	102
Rental and leases	–	947
Expenses from cross charges of services shared in DTAG Group	127	515
Repair and maintenance (except telecommunication network)	382	552
Licence fees	304	320
Other operating expenses related to employees	173	160
Legal, consulting and auditing fees	203	214
Office supplies, postage, bank charges	58	98
Other	217	23
Total	**3,042**	**4,432**

Commissions to business partners include amortisation of capitalized contract costs to obtain a contract with customer in the amount of CZK 689 million in 2019 (2018: CZK 635 million).

28 FINANCE INCOME AND COSTS

CZK million	2019	2018
Interest income	100	43
Foreign exchange gains	84	130
Other finance income	12	47
Total finance income	**196**	**220**
Interest expenses	(255)	(67)
Foreign exchange losses	(137)	(129)
Other finance costs	(31)	–
Total finance costs	**(423)**	**(196)**
Net finance expense/income	**(227)**	**24**

29 INCOME TAX

The income tax expense consists of the following:

CZK million	2019	2018
Current income tax	(1,487)	(1,284)
Deferred income tax (refer to Note 17)	67	(94)
Income tax expense	**(1,420)**	**(1,378)**

The charge for the year was calculated as follows:

CZK million	2019	2018
Profit before tax	6,891	6,974
Tax by applying the statutory tax rate*	(1,309)	(1,325)
Impact of:		
Non-tax deductible expenses	(109)	(43)
Non-taxable revenues	81	28
Additional increase of tax related to prior periods	(66)	(4)
Other	(17)	(34)
Income tax expense	**(1,420)**	**(1,378)**

* Income tax rate of 19% was applied in 2019 and 2018 respectively, based on the effective Income Tax Act.

30 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are considered to be the parent company and other companies within DTAG group ("other related party"), members of statutory and supervisory bodies, executive managers and parties close to them. DTAG group represents all companies controlled by DTAG.

The following transactions are related to the shareholders, subsidiaries and other related parties. The Company is controlled by the entities as described in Note 1.

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

30.1 TRANSACTIONS WITH SHAREHOLDERS (DIRECT, INDIRECT AND ULTIMATE PARENT COMPANIES)

CZK million	2019	2018
Roaming, interconnection and related purchased services	197	200
Other purchased goods and services	81	77
Expenses from recharging of services	172	155
Expenses from derivative finance instruments	65	–
Purchases of foreign currencies at market values*	2,585	4,490
Total purchases	**3,100**	**4,922**
Roaming, interconnection and related sold services	231	263
Income from derivative finance instruments	6	–
Interest from loan	88	–
Income from recharging of services and using common platforms	263	287
Total sales	**588**	**550**

*The purchases of foreign currencies comprise mainly forwards and swaps. The price is set at the best level of all market offers.

Outstanding balances arising from sales/purchases of goods and services from shareholders:

CZK million	31. 12. 2019	31. 12. 2018
Receivables from roaming, interconnection and related sold services	319	404
Receivables from derivatives (fair value)	–	5
In-house cash	264	–
Intercompany loan provided	5,919	3,629
Total receivables	**6,502**	**4,038**
Payables from roaming, interconnection and related purchased services	504	558
Liabilities from derivatives (fair value)	34	11
Total payables and liabilities	**538**	**569**

In 2019 and 2018 the Company did not have any transactions related to its parent company Deutsche Telekom Europe B.V.

30.2 TRANSACTIONS WITH SUBSIDIARIES

CZK million	2019	2018
Roaming, interconnection and related purchased services	5	5
Other purchased goods and services	45	48
Total purchases	**50**	**53**
Roaming, interconnection and related sold services	4	3
Total sales	**4**	**3**

Outstanding balances arising from sales/purchases of goods and services from the subsidiary:

CZK million	31. 12. 2019	31. 12. 2018
Receivables from other services and discounts	0	1
Total receivables	**0**	**1**
Payables from other services and discounts	10	12
Total payables	**10**	**12**

30.3 TRANSACTIONS WITH OTHER RELATED PARTIES WITHIN THE DTAG GROUP

CZK million	2019	2018
Roaming, interconnection and related purchased services	496	334
Other purchased goods and services	535	259
Expenses from re-invoicing of services	149	360
Total purchases	**1,180**	**953**
Roaming, interconnection and related sold services	507	232
Income from re-invoicing of services and using common platforms	596	577
Other income	178	17
Total sales	**1,281**	**826**

Outstanding balances arising from sales/purchases of goods and services from other related parties within the DTAG group:

CZK million	31. 12. 2019	31. 12. 2018
Receivables and prepayments from other services and discounts	421	395
Total receivables	**421**	**395**
Payables from other services and discounts	621	437
Total payables	**621**	**437**

30.4 COMPENSATION TO KEY MANAGEMENT PERSONNEL

CZK million	2019		2018	
	Average number of employees	Amount	Average number of employees	Amount
Executive management	23	114	24	126
Board of Directors	3	6	3	18
Supervisory Board	3	0	3	0
Total	**29**	**120**	**30**	**144**

Executive management includes executive directors and other directors of the Company.

Short-term employee benefits include salaries, bonuses, personal holidays, health care and business cars used for personal purpose. Long-term benefits include pension insurance, post-employment and termination benefits paid by the employer.

The Company's contributions to pension insurance amounted in 2019 to CZK 21 million (in 2018: CZK 27 million).

Contributions for management to supplementary pension fund amounted in 2019 to CZK 1 million (in 2018: CZK 1 million).

30.5 POST-EMPLOYMENT AND TERMINATION BENEFITS PROVIDED TO MANAGEMENT MEMBERS

CZK million	2019	2018
Motivation bonus scheme paid*	6	34
Severance pay	3	1

* The Company provides post-employment benefits in the form of a motivation bonus scheme to members of its management. Subject to certain conditions being met, the eligible persons are entitled to receive a pay-out bonus derived from their salary level.

30.6 INCENTIVE PLANS FOR EXECUTIVE MANAGEMENT

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 40 million has been recognised as at 31 December 2019 (31.12.2018: CZK 51 million).

30.7 DIVIDENDS

Based on the resolution of the sole shareholder from 11 April 2019, the Company distributed the profit to the sole shareholder as a dividend in the aggregate amount of CZK 5,596 million.

Based on the resolution of the sole shareholder from 17 April 2018, the Company distributed the profit to the sole shareholder as a dividend in the aggregate amount of CZK 4,389 million.

In 2019, the Company received the dividend from its subsidiary CE Colo Czech s.r.o. at amount of CZK 112 million (in 2018 received CZK 111 million).

31 CONTINGENT LIABILITIES

Tax authorities are authorised to inspect books and records at any time within 3 years subsequent to the deadline for filing a tax return for reported tax year, and consequently may impose additional income tax and penalties. The Company's management is not aware of any circumstances which may in the future give rise to a potential material liability in this respect.

32 COMMITMENTS

The Company's future capital commitments to major technology and services suppliers from concluded agreements as at 31 December 2019 and 31 December 2018 are as follows:

CZK million	31. 12. 2019	31. 12. 2018
Up to 1 year	2,562	1,807
1–3 years	422	303
3–5 years	115	121
Over 5 years	84	15
Total	**3,183**	**2,246**

From amount stated above CZK 243 million is represented by liabilities to related parties, mainly lease of capacity fibers.

33 SUBSEQUENT EVENTS

There are no significant subsequent events as of the date of approval of these financial statements.

34 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company for issuance on 23 March 2020. These financial statements can be amended on request and approval of the Annual Shareholders Meeting.

Jose Severino Perdomo Lorenzo
CEO and Member of the board of directors entitled to act on behalf of the Company solely

CONSOLIDATED FINANCIAL STATEMENTS

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

31 December 2019

Translation note

This version of the separate financial statements is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over this translation.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2019

CZK million	Notes	31. 12. 2019	31. 12. 2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,484	2,886
Trade and other receivables	5	5,823	6,310
Other financial assets	6	5,919	3,634
Inventories	7	593	868
Prepaid expenses and other current assets		668	492
Contract assets	8	572	606
Contract costs	8	572	588
Total current assets		**15,631**	**15,384**
NON-CURRENT ASSETS			
Intangible assets	9	7,305	8,052
Goodwill	10	1,734	1,441
Property and equipment	11	14,191	16,252
Right-of-use assets	12	8,126	–
Contract assets	8	24	22
Contract costs	8	173	201
Prepaid expenses and other non-current assets		739	277
Total non-current assets		**32,292**	**26,245**
TOTAL ASSETS		**47,923**	**41,629**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	14	5,611	5,376
Other financial liabilities	15	974	234
Provisions	16	211	338
Contract liabilities	8	719	636
Deferred revenue		–	79
Income tax liability		268	293
Total current liabilities		**7,783**	**6,956**
NON-CURRENT LIABILITIES			
Other financial liabilities	15	6,796	1,264
Provisions	16	839	830
Contract liabilities	8	320	199
Deferred tax liability	17	885	951
Total non-current liabilities		**8,840**	**3,244**
TOTAL LIABILITIES		**16,623**	**10,200**
EQUITY			
Share capital	19	520	520
Share premium	19	397	397
Capital Funds	19	102	104
Retained earnings		30,281	30,408
Total equity		**31,300**	**31,429**
TOTAL LIABILITIES AND EQUITY		**47,923**	**41,629**

The notes on pages 98 to 131 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

CZK million	Notes	2019	2018
Revenue from contracts with customers	**21**	**28,483**	**27,231**
Other operating income	22	427	1,266
Cost of goods, raw materials and telecommunication services	23	(9,534)	(9,170)
Employee benefits	24	(3,597)	(3,586)
Depreciation and amortisation	25	(5,334)	(4,361)
Impairment losses on financial and contract assets		(273)	–
Other operating expenses	26	(3,034)	(4,410)
Profit from operations		**7,138**	**6,970**
Finance income	27	200	223
Finance expense	27	(424)	(198)
Profit before tax		**6,914**	**6,995**
Income tax expense	28	(1,447)	(1,405)
Net profit for the current period		**5,467**	**5,590**
Other comprehensive income		–	–
Total comprehensive income for the period		**5,467**	**5,590**

The notes on pages 98 to 131 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

CZK million	Notes	Share Capital	Share Premium	Capital Funds	Retained Earnings	Total
Balance as at 1. 1. 2018		**520**	**397**	**105**	**29,207**	**30,229**
Total comprehensive income		**–**	**–**	**–**	**5,590**	**5,590**
Profit for the period		–	–	–	5,590	5,590
Transactions with shareholders		**–**	**–**	**–**	**(4,389)**	**(4,389)**
Dividends paid	29	–	–	–	(4,389)	(4,389)
Executive management share schemes		**–**	**–**	**(1)**	**–**	**(1)**
Balance as at 31. 12. 2018		**520**	**397**	**104**	**30,408**	**31,429**
Impact of adoption of IFRS 16 as at 1. 1. 2019		**–**	**–**	**–**	**2**	**2**
Restated balance as at 1. 1. 2019		**520**	**397**	**104**	**30,410**	**31,431**
Total comprehensive income		**–**	**–**	**–**	**5,467**	**5,467**
Profit for the period		–	–	–	5,467	5,467
Transactions with shareholders		**–**	**–**	**–**	**(5,596)**	**(5,596)**
Dividends paid	29	–	–	–	(5,596)	(5,596)
Executive management share schemes		**–**	**–**	**(2)**	**–**	**(2)**
Balance as at 31. 12. 2019		**520**	**397**	**102**	**30,281**	**31,300**

The notes on pages 98 to 131 form an integral part of these financial statements.

NOTES STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

CZK million	Notes	2019	2018
Cash flows from operating activities			
Profit before tax for the current period		6,914	6,996
Adjustments for non-cash movements:			
Depreciation and amortisation	25	5,334	4,361
Interest expense net	27	152	25
Gain on sale of fixed assets net		3	(30)
Changes in provisions		247	70
Other non-cash expense / (income) net		50	(72)
Cash flow from operating activities before changes in working capital		12,700	11,350
Changes in trade and other receivables		(46)	(1,318)
Changes in inventories		202	(137)
Changes in trade and other payables		421	634
Cash flow generated from operating activities		13,277	10,529
Income tax paid		(1,538)	(963)
Interest paid		(255)	(67)
Interest received		100	42
Net cash flow from operating activities		**11,584**	**9,541**
Cash flows from investing activities			
Purchases of property and equipment and intangible assets	9, 11	(3,438)	(3,993)
Payment for acquisition of subsidiary	13	(472)	–
Proceeds from the sale of property and equipment and intangible assets		48	59
Losses from the sale of securities		(89)	(49)
Issuance of intercompany loan		(2,286)	(3,500)
Net cash flow from investing activities		**(6,237)**	**(7,483)**
Cash flows from financing activities			
Issuance of loan		–	–
Issuance of bank overdraft		72	44
Repayment of short-term financing		(174)	(89)
Repayment of loan		–	–
Repayment of bank overdraft		(72)	(44)
Dividends paid	29	(5,596)	(4,389)
Payments of lease liabilities	15	(979)	(151)
Net cash flow from financing activities		**(6,749)**	**(4,629)**
Net decrease in cash and cash equivalents		**(1,402)**	**(2,571)**
Cash and cash equivalents as at the beginning of the period	**4**	**2,886**	**5,457**
Cash and cash equivalents as at the end of the period	**4**	**1,484**	**2,886**

The notes on pages 98 to 131 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

1 GENERAL INFORMATION

1.1 INFORMATION ABOUT THE COMPANY

The group T Mobile Czech Republic a.s. ("the Group") consists of T Mobile Czech Republic a.s. ("the Company") with registered office in Prague 4, Tomíčkova 2144/1, and its subsidiary:

– CE Colo Czech s.r.o. with registered office in Prague 10, Nad Elektrárnou 1428/47 ("the Subsidiary" or "CE Colo Czech");

– Planet A, a.s. with registered office in Prague 4, U Hellady 697/4 ("the Subsidiary" or "Planet A").

The Group operates public mobile communications network, public fixed telecommunications network and provides mobile communications 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 communications services. Further it provides system integration services, computer and desktop services including rental, servicing, consulting, data centres services, the establishment, installation, maintenance and service of telecommunications equipment, data processing, data services, network management and technical advisory services in the area of telecommunications.

1.2 THE GROUP'S OWNERSHIP STRUCTURE

As at 31 December 2019 and 31 December 2018, the ownership structure of the Group was as follows:

	No. of shares	Paid in share capital	
Shareholder	**(thousands)**	**CZK million**	**%**
Deutsche Telekom Europe B.V.	520	520	100
Total	**520**	**520**	**100**

The ultimate parent company of the Group during the accounting periods ended 31 December 2019 and 31 December 2018 was Deutsche Telekom AG ("DTAG") which controls Deutsche Telekom Europe B.V., the direct parent of the Group. Deutsche Telekom Europe B.V.is consolidated by Deutsche Telekom AG Group and its results are presented in group consolidated financial statements on website www.telekom.de/investor-relations.

1.3 LICENCES AND TRADEMARKS

As at 31 December 2019, the Group had the right to use the following frequency bands:

– Allocation of frequency bands for the provision of public mobile network in 900 MHz and 1800 MHz frequency bands for the period of 20 years (expires in 2024);

– Allocation of frequency bands for the provision of public mobile network of electronic communication in 2.1 GHz and 28 GHz frequency bands for the period of 20 years (expires in 2024);

– Allocation of frequency bands for the provision of public mobile network in 800 MHz, 1800 MHz and 2600 MHz frequency bands for the period of 15 years (expires in 2029);

– Allocation of frequency bands for the provision of public mobile network in 26 GHz frequency, which expires in 2020;

– Allocation of frequency band for the provision of public mobile network in 2600 MHz frequency band for the period of 13 years (expires in 2029).

The allocations of the frequency bands are referred to as "licences" in these financial statements. Licences do not fall within the scope of IFRIC 12, Service Concession Arrangements, and therefore the Group does not use concession accounting.

The Group owns 121 registered trademarks registered in the Industrial Property Office Register of the Czech Republic.

Based on a sub-licence agreement between the Group and Deutsche Telekom AG (legal successor of T-Mobile International AG), the Group is also entitled to use relevant trademarks registered by DTAG in the Czech Republic.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards as endorsed by European Union ("IFRS") under the historical cost convention, with exception of derivative instruments, which are stated at fair values.

Financial amounts in these financial statements are presented, unless otherwise stated, in millions of Czech crowns (CZK million).

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

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

2.2 NEW/REVISED STANDARDS (INCLUDING AMENDMENTS OF EXISTING STANDARDS)

In 2019, the Group adopted the following standards and amendments to the standards:

a. Adopted during the year:

- IFRS 16, Leases (issued in January 2016, effective for annual periods beginning on or after 1 January 2019), which supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement contains a Leases, SIC-15 Operating Leases – Incentives and SIC- 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out principles for the recognition, measurement, presentation and disclosure of lessees to account for all leases under a single on- balance sheet model.
- The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.
- The new standard resulted in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.
- Leases with a lease term up to 12 months and low-value leases are treated in the same way, even though the standard permits exceptions for short-term and low-value leases. In compliance with the DTAG group accounting policy this exemption was not applied and the Group has a unified approach for all leases.
- IFRS 16 provides also practical expedient that permits lessees to make an accounting policy election, by class of underlying asset, to account for each separate lease component of a contract and any associated non-lease components as a single lease component. The Group applies this practical expedient (accounting policy election), and therefore non-lease components which are fixed and paid to lessor, e.g. utilities, maintenance costs, insurance services, etc. are not be separated, but capitalised.
- IFRS 16 allows to choose a practical expedient as an alternative to performing an impairment review. A company may rely on its IAS 37 onerous contract assessment and deducts the onerous contract provision recognized as of 31 December 2018 from the right of use asset initially recognized as of 1 January 2019. In compliance with the DTAG group accounting policy the Group applied this exemption.
- The Group has reviewed all of the Group's leasing arrangements in light of the new lease accounting rules in IFRS 16. The Group leases various properties, technical infrastructure, equipment and cars. The standard affects primarily the accounting for the Group's operating leases.
- Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see Note 2.21 for details. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard. The Group does not have material leases where it is a lessor.

The other adopted amendments and interpretations do not have a material impact on the Group's financial statements.

b. 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.

2.3 ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires the use of accounting estimates and assumptions in respect of the carrying amount of assets and liabilities not clearly evident from other sources. The estimates and relevant assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the known circumstances. The actual results may differ from these estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in these financial statements. The estimates and relevant assumptions are continually evaluated. Corrections of accounting estimates are recognised in the period in which the correction occurred (if the correction has an impact only on the current period) and in the following periods (if the correction has an impact on the current and the following period).

Between estimates belongs mainly:

– Estimate of recoverable amount of the cash-generating unit, to which goodwill is allocated for the purposes of impairment testing (see Note 10);

– Provision for doubtful debt (see Note 5);

– Useful lives of customer relationships and other intangible assets (see Note 9).

2.4 PRINCIPLES OF CONSOLIDATION

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

Due to the fact that the Group's business combinations were combinations under common control, the Group did not use the acquisition method for the purpose of recording the acquisitions. The purchase price of the Subsidiaries has been determined based on prediction of the future discounted cash-flow.

The acquisitions under common control were recorded using the predecessor accounting method (similar to pooling of interests), when the acquirer takes over the measurement of subsidiary's assets and liabilities (including related goodwill) from the consolidated financial statements of the ultimate parent company.

The difference between the purchase price of a subsidiary and the net book value of its assets and liabilities as at the acquisition date has been recorded as a change of the Group's equity.

2.5 BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for acquisition of subsidiaries from parties that are not under common control. Consideration paid for acquisition of a subsidiaries is equal to fair value of the assets transferred and the liabilities incurred.

Consideration paid includes fair value of whatever assets and liabilities, which resulting from contingent consideration agreement. Acquired identifiable assets, liabilities and contingent liabilities incurred in business combination are initially recognised at fair value at the date of acquisition. Acquisition related costs are expensed as incurred.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the Group shall account for the incomplete items using those provisional values. During the measurement period, the Group shall recognise any adjustments to those provisional values or any additional assets and liabilities in order for the adjusted values to reflect new information obtained by the Group about facts and circumstances that existed as at the date of acquisition and which if had been known as at the date of acquisition would have influenced values recognised.

The measurement period is a period from the date of acquisition to the date when the Group obtains complete information about facts and circumstances that existed as at the date of acquisition, however, no later than one year from the acquisition date.

Business combinations under common control are accounted for using predecessor amounts approach (similar to pooling of interest). Under this method the Group does not revaluate assets and liabilities to their fair values but takes over the valuation of subsidiaries' assets and liabilities including related goodwill from the consolidated financial statements of the ultimate parent company, i.e. from the consolidated financial statements of DTAG.

2.6 GOODWILL

Goodwill arising on the acquisition of a business represents the excess of the:

– Consideration transferred;

– Amount of any non-controlling interest in the acquired entity; and

– Acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired.

If those amounts are less than the fair value of the net identifiable assets of the subsidiaries acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments. The Group is considered as one cash-generating unit.

2.7 FOREIGN CURRENCY TRANSLATION

The functional and presentation currency is Czech crown. Foreign currency transactions are translated and recorded at the exchange rate published by the Czech National Bank as at the date of the transaction. Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the end of the reporting period. All exchange gains or losses on cash, receivables and liabilities balances are recorded in profit or loss.

2.8 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. Other information related to joint arrangements is stated in Note 11.

2.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash in hand, bank deposits and other highly liquid financial instruments exchangeable for a predetermined amount of cash and due date lower than 3 months from purchase date (mainly depository bill of exchange and short-term deposits).

2.10 INVENTORIES

Purchased inventories are stated at the lower of acquisition cost or net realisable amount. The acquisition cost primarily includes the purchase price and other costs incurred related to delivery of inventories to the storage place. These costs include mainly customs, storage during transportation and freight. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

Provisions are recorded for obsolete, slow-moving and damaged inventories and are deducted from the related inventory balances.

All disposals of purchased inventories are valued using the weighted-average cost method.

2.11 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Group classifies its financial assets according to IFRS 9 in the following categories:

– Financial assets at amortised cost (debt instruments),

– Financial assets at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes Trade and other receivables, Cash and cash equivalents and Other financial assets in the statement of financial position.

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment (e.g. expected GDP growth and expected changes in unemployment rate).

The Group has adopted the general ECL model for other financial assets, e.g. intercompany loans. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.

Impairment loss is recognised in profit or loss. The irrecoverable trade receivables are written off against the provision for impairment. The Group performs the receivables write off against provisions after all legal steps for enforcement were taken. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

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 of financial derivatives and hedging operations is provided in Note 3.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements. Financial liabilities include mainly trade payables, short-term bank financing, lease liabilities, bank overdrafts, loans from the parent company DTAG and other payables.

Current trade payables and other financial liabilities, except for liabilities at fair value through profit or loss, are initially recognised at fair value and subsequently measured at the amortised cost using the effective interest method.

At the commencement date of the 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, and amounts expected to be paid under residual value guarantees. 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 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. The accretion of interest is recognized as finance costs to profit or loss over the lease period using the effective interest method. 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 or a change in the assessment to purchase the underlying asset.

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. These options are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of shops, office space, leased lines and technical premises the following factors are normally the most relevant:

– If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

– If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

– Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in shops and office space 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 2019, potential future cash outflows of CZK 1,176 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended. 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 the control of the lessee. The Group has the 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).

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. Examples of evergreen contracts are contracts with an indefinite term due to silent prolongation or an unlimited number of rights to renew the lease. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. 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.

The overview of financial assets and liabilities according to categories is stated in Note 20.

2.12 PROPERTY AND EQUIPMENT

Property and equipment except for land are recorded at acquisition cost less accumulated depreciation and accumulated impairment losses. The acquisition cost comprises the purchase price, transportation costs, customs, installation costs, borrowing costs, estimated costs of dismantling and removing the asset and restoring the base station sites to their original condition and other relevant direct costs.

Depreciation is calculated using the straight-line method over the assets' estimated useful lives, as follows:

Asset category	**Useful life (years)**
Buildings, constructions and leasehold improvements	10 to 50 years or in accordance with the lease period
Operating equipment:	
Network technology equipment (GSM, UMTS)	3 to 10
Transport vehicles, hardware and office equipment	3 to 13

Land recognised at acquisition cost is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, as at each end of the reporting period.

Repair and maintenance expenditures relating to property and equipment are charged to profit or loss as incurred.

If the carrying amount of an asset is higher than its recoverable amount, the carrying amount is reduced to reflect the recoverable amount. The recoverable amount of assets is calculated as the higher of the fair value less cost to sell and value in use, which is the present value of expected future cash flows generated by the asset or the cash-generating unit.

The gain or loss arising from the liquidation, sale or disposal of an asset is determined by comparing the proceeds with the carrying amount of the asset and is recognised in profit or loss.

2.13 INTANGIBLE ASSETS

Intangible assets comprise especially the following:

i. UMTS licence

The UMTS licence represents the right to operate mobile communication networks in the Czech Republic under the UMTS standard. The licence is recorded at cost less accumulated amortisation. The licence was put into commercial use in October 2005. The licence is being amortised over its useful life using the straight-line method. The useful life of the UMTS licence is considered to be the period from when the licence is ready for commercial use, through to the licence expiration date in 2024.

ii. GSM licence

The GSM licence which represents the right to provide communication services in the Czech Republic and to establish and operate GSM communication equipment is recorded at cost less accumulated amortisation. The licence is being amortised over its useful life using the straight-line method. The useful life of the licence is considered to be the period from when the licence is ready for commercial use, through to the licence expiration date in 2024.

iii. LTE licence

The LTE licence which represents the right to provide communication services in the Czech Republic and to establish and operate LTE communication equipment is recorded at cost less accumulated amortisation. The licence is being amortised over its useful life using the straight-line method. The useful life of the licence is considered to be the period from when the licence is ready for commercial use, through to the licence expiration date in 2029.

iv. Software

Capitalised software costs include the licence fees for the use of software, costs of consulting services related to software implementation and internal labour costs directly related to the integration of the purchased software. Software costs are amortised over the expected period of the useful life, which is two to six years or over the length of the contract. Costs of consulting services, which are incurred after the relevant subsystem of the software is put into routine operation and as such do not fulfil the criteria for capitalisation, are expensed as incurred.

v. Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives in the range of 7 to 15 years.

The useful lives of customer relationships were estimated on the basis of average useful life of customers in each customer base, local customer relationship and multinational customer relationship. The appropriateness of the amortisation period is reviewed annually. Any change in the expected useful life of the asset shall be accounted for prospectively as a change in accounting estimate.

If the carrying amount of the intangible asset is higher than its expected recoverable amount, the carrying amount is reduced to reflect the recoverable amount. The recoverable amount of assets is calculated as the higher of the fair value less cost to sell and value in use, which is the present value of future cash flows generated by the asset or the cash generating unit.

vi. Content rights

The Group accounts for content licences as intangible assets if there is unavoidable obligation to pay for the content rights, there are no doubts that the content will be delivered and the cost can be reliably estimated. Acquired content licences are shown at historical 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.

2.14 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. The 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.

Payments made under service contracts, that do not contain a lease according to IFRS 16, are charged to profit or loss on accrual basis over the period of the contract.

2.15 LEASE CONTRACTS – 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 finance assets.

Payments made under operating leases are recorded in profit or loss in equal instalments over the period of the lease.

2.16 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provisions due to the passage of time is recognised as finance cost.

The Group recognised an asset retirement obligation, which represents the costs of restoring its leased sites in accordance with the terms and conditions of the lease contracts. The estimated value of the liability is added to the carrying amount of the associated non-current tangible asset and is depreciated over the assets' useful life. 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 costs). If the obligation is settled for anything other than the carrying amount of the liability, a gain or loss on the settlement is recognised in profit or loss.

2.17 REVENUE RECOGNITION

The Group recognises revenue when the performance obligation is satisfied 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.

Revenue comprises primarily revenue from the provision of telecommunication network services to final customers, wholesale customers and to other operators (fixed, mobile and TV services), revenue from the sale of goods and revenues from System Solutions (IT services).

Revenues from voice services constitute the principal part of total revenues, consisting primarily of domestic and foreign (roaming) airtime revenues and interconnection revenues from termination of traffic originating from the other operators' networks.

Revenues from non-voice services such as SMS, data transmissions and MMS and revenues from the sale of handsets, accessories and revenues from operations of optical networks represent another significant revenue streams.

In the case of multiple-element arrangements (e.g. mobile contract plus handset) with subsidised products delivered at contract inception, 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 and services are estimated on the basis of the retail prices.

As a result, a larger portion of the total consideration is attributable to the component delivered in advance (mobile handset) and requiring earlier recognition of revenue. This leads to the recognition of what is known as a contract asset – a receivable arising from the contract with customer that has not yet legally come into existence – in the statement of financial position.

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

Some one-time fees (mainly activation fees which are generally paid at a contract inception) do not fulfil 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 a recognition of a contract liability which is derecognised appropriately over 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-lined basis.

In accordance with IFRS 15, revenue should be recognised evenly based on a contract where performance obligations are satisfied evenly. 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 a discount size may vary over the minimum contract team. When a discount is granted, a contract asset is recognised and amortized on a straight-line basis over the remaining contract term.

A customer can be granted an option to acquire additional goods or services for free either at a contract inception or in the future by signing a frame contract which guarantees monthly minimum payment to the Group. An option can be exercised within a redemption period of a frame contract. In case a customer exercises an option at a contact inception, a contract asset is recognized and amortized on a straight-line basis over the contract duration. Otherwise a contract liability is created on a monthly basis until an option is exercised. Revenue allocated to an option shall be recognised in the amount of the relative standalone selling price of a material right when a customer exercises an option.

A receivable is recognised when the consideration is unconditional because only the passage of time is required before the payment is due. Payments are typically due within 14 days.

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

Contract costs

Commission costs are assessed as incremental cost of obtaining a contract and are recognised as Contract costs. Contract costs are amortised over the estimated customer retention period. The amortisation charge is presented 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).

Cost of goods, raw materials and services

Cost of goods, raw materials and services includes costs of handsets and accessories sold, roaming costs and interconnection fees for delivering calls that terminate outside the Group's network. The costs of goods and services are charged to the period in which they are incurred.

2.18 EMPLOYEE BENEFITS

Regular contributions are made by the Group to the state to fund the national pension plan that is operated on the basis of the defined contributions. Under this plan, the Group has no obligations beyond the payment of the contributions defined by the law. The Group also provides its employees with contributions for a pension contribution plan under which the Group pays to a separate entity under so-called joint plan of defined contributions. These contributions are recognised in profit or loss as incurred during the employment period.

The Group has entered into several incentive programs, both share-based and non-share based and cash and non-cash settled managed by DTAG. The Group recognizes the costs of services received from its members of executive management in a share-based and non-share-based payment transaction when services are received. If these services are received in a cash-settled share-based payment transaction, the Group recognizes the expense against the provision, re-measured at each reporting date. In case of equity-settled share-based payment transaction, the Group recognizes the expense against the equity capital fund, measured at fair value at the grant date.

2.19 INCOME TAX

Income tax expense consists of the current tax charge and the change in deferred income tax, except when the change in deferred income tax relates to the items credited or charged directly to equity, in this case the deferred income tax is also recorded in equity.

Deferred income tax is determined based on temporary differences between the carrying amount of assets and liabilities and their tax bases, using the statutory tax rates that are expected to apply when the relevant deferred income tax asset is realised or the relevant deferred income tax liability is settled. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not recognised.

Deferred income tax charged or credited to profit or loss is measured as the change in the net deferred tax asset or liability during the year except when the deferred income tax relates to temporary differences from the items credited or charged directly to equity. The principal temporary differences arise from accounting and tax depreciation of property and equipment, changes in tax non-deductible adjustments and tax non-deductible provisions and revaluation of other assets and liabilities. A deferred income tax asset is recognised to the extent that it is probable that taxable profit will be available, against which deductible temporary differences can be utilised.

2.20 CAPITAL

The Group's objective when managing capital is to safeguard the Group's ability to continue in its business in order to provide return on investment to its shareholders and benefit other stakeholders as well as to meet all relevant legal requirements. The dividend policy of the Group is aligned with this objective.

Equity, represented by share capital, share premium, legal reserve fund and retained earnings, is considered by the Group as a source of financing of the Group's activities.

The Group creates other capital fund according to long term incentive program for top management based on remuneration in shares.

2.21 COMPARATIVES

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The new accounting policies are disclosed in the Note 2.11 and 2.14.

Leases previously classified as finance leases

Until 31 December 2018, leases of property, plant and equipment where the Group, as a lessee, had substantially all the risks and rewards of ownership, were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Due to adoption of IFRS 16 standard, Backhaul Transmission Agreements (BTA) classified as finance lease under IAS 17 were assessed as contracts not containing a lease according to IFRS 16.9, which resulted in derecognition of property and equipment in the amount of CZK 503 million, of which CZK 419 million was charged to prepaid expenses and CZK 84 million was posted against lease liability in accordance with IFRS 16. The remaining leased property, plant and equipment in the amount of CZK 1,959 million were re-classified to Right-of-use assets.

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17), except for contracts with fixed non lease components, for which these components were capitalised under IFRS 16 as practical expedient.

Leases previously accounted for as operating leases

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

On adoption of IFRS 16, the Group recognised lease liabilities in the amount of CZK 6,280 million for those leases previously classified as operating leases. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

CZK million	IAS 17 carrying amount 31. 12. 2018	IFRS 16 effect	IFRS 16 carrying amount 1. 1. 2019
ASSETS			
CURRENT ASSETS			
Prepaid expenses and other current assets	492	(10)	482
Total current assets	**15,384**	**(10)**	**15,374**
NON - CURRENT ASSETS			
Right-of-use assets	–	8,287	8,287
Property and equipment	16,252	(2,462)	13,790
Intangible assets	8,052	(10)	8,042
Prepaid expenses and other non-current assets	277	391	668
Total non-current assets	**26,245**	**6,206**	**32,451**
TOTAL ASSETS	**41,629**	**6,196**	**47,825**

CZK million	IAS 17 carrying amount 31. 12. 2018	IFRS 16 effect	IFRS 16 carrying amount 1. 1. 2019
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Other financial liabilities	234	943	1,177
Trade and other payables	5,376	(32)	5,344
Total current liabilities	**6,956**	**911**	**7,867**
NON-CURRENT LIABILITIES			
Other finance liabilities	1,264	5,337	6,601
Provisions	830	(54)	776
Deferred tax liability	951	–	951
Total non-current liabilities	**3,244**	**5,283**	**8,527**
EQUITY			
Retained earnings	30,408	2	30,410
Total equity	**31,429**	**2**	**31,431**
TOTAL LIABILITIES AND EQUITY	**41,629**	**6,196**	**47,825**

Lease payables as at 1 January 2019 can be reconciled with operating lease payables as at 31 December 2018 as follows:

mil. Kč	
Operating lease commitments as at 31 December 2018	2,508
Commitments relating to leases previously classified as finance leases under IAS 17	1,883
Commitments relating to leases previously classified as finance leases under IAS 17 which are not leases according to IFRS 16	(84)
Payments related to evergreen contracts* for periods beyond noncancellable term as at 31 December 2018	5,337
Total undiscounted lease commitments as at 1 January 2019	9,644
Weighted average incremental borrowing rate at 1 January 2019	3.41%
Discounted lease liabilities as at 1 January 2019	7,615

* Contracts where no maturity is specified in the contractual agreement or contracts with silent prolongations.

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK MANAGEMENT PRINCIPLES

The Group's activities expose it to a variety of financial risks, primarily credit risk, liquidity risk, currency risk, and interest rate risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets. The Group seeks to minimise potentially adverse effects on the Group's financial performance through its operating and financial procedures. 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.

Financial risk management is carried out by the Group's Treasury Department under policies and directions set by the Board of Directors of the Group, except for credit risk arising from sales activities which is managed by the Credit Risk Department.

3.2 MARKET RISKS

Currency risk

The Group operates internationally and is exposed to currency risk, primarily with respect to EUR. Currency risk arises from future commercial transactions, assets and liabilities denominated in foreign currencies.

The Group uses financial instruments, primarily currency forward contracts, in its management of the currency risk associated with its foreign currency denominated sales and purchases. In line with the hedging strategy, the Group hedges 100% of committed future foreign exchange exposures and 50 to 90% of uncommitted expected foreign exchange exposures.

Sensitivity analysis

The Group performed a sensitivity analysis for the following items of the statement of financial position denominated in EUR:
– Cash and cash equivalents;
– Trade and other receivables;
– Other financial assets;
– Trade and other payables;
– Other financial liabilities.

The effects of other currency fluctuations (SDR, USD, CHF, GBP, AUD) are not deemed material to the Group's financial statements.

EUR exchange rate change by 100 basic points*	**Profit after-tax impact in CZK million**	
	31. 12. 2019	**31. 12. 2018**
Depreciation	(7)	(47)
Appreciation	7	47

* Assuming all other variables holding constant.

Interest rate risk

The Group invests in financial assets with short-term maturity and fixed interest rate. Such instruments are not exposed to the risk of interest rate fluctuation. Therefore the Group does not actively manage the interest rate risk. Once the current instruments matured, should the Group reinvest the free cash in equivalent financial instruments, it would be exposed to following potential effects:

Interest rate change by 100 basic points*	Profit after-tax impact in CZK million	
	31. 12. 2019	31. 12. 2018
Decrease	(56)	(49)
Increase	56	49

* Assuming all other variables holding constant.

3.3 CREDIT RISK

The counterparties for transactions of the Group's financial instruments are limited to institutions with high credit quality as defined in the policies and directions set in investment strategy approved by the General Meeting of the Group. The Group carries out only such financial transactions whose originator's or guarantor's credit rating from an independent global rating agency lies safely within investment grade (i.e. at least BBB+/Baa1) and, at the same time, the originator's or guarantor's credit quality indicators can be continuously monitored through the financial market.

The Group manages the credit risk associated with its trading operations by using various instruments such as insurance, bank guarantees, credit limits, differentiated debt collecting process, etc. In case of Cash and cash equivalents concentrations of credit risk are limited as the Group places its cash with a number of substantial credit institutions. Concentrations of credit risks relating to Trade and other receivables and Other financial assets are limited due to credit risk management tools, debt collection process and following policies and directions set in investment strategy approved by the General Meeting of the Group.

Trade and other receivables

IFRS 9 introduced a new, expected-loss impairment model that requires more timely recognition of expected credit losses. The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables and contract assets. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, however, the identified impairment loss was immaterial.

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 the receivables.

In respect of financial assets, which comprise cash and cash equivalents, loans, term deposits, trade and other receivables, 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 assesses its financial assets at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset. 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.

Trade receivables from customers of electronic communication services with increased credit risk are to a certain extent secured by collateral in the form of cash deposits that are refundable after the contract termination or credited against unsettled receivables.

The receivables from the DTAG group do not give rise to a significant credit risk. These receivables are settled through the group inter-company clearing centre and therefore classified to category BBB+.

The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and 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 was immaterial.

The table summarises the ageing structure of receivables and maximum exposure to credit risk:

31. 12. 2019 CZK million	Not yet due	Past due					Total
		Up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more	
Trade receivables							
– trade receivables from DTAG group companies	678	49	11	2	–	–	740
– trade receivables from third parties	4,145	368	83	138	191	2,267	7,192
Other receivables							
– other receivables from DTAG group companies	264	–	–	–	–	–	264
– other receivables from third parties	–	81	9	14	4	30	138
Provisions:							
– for trade and other receivables from third parties	(129)	(27)	(26)	(54)	(195)	(2,080)	(2,511)
Trade and other receivables (net)	**4,958**	**471**	**77**	**100**	**–**	**217**	**5,823**

31. 12. 2018 CZK million	Not yet due	Past due					Total
		Up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more	
Trade receivables							
– trade receivables from DTAG group companies	616	131	7	43	2	–	799
– trade receivables from third parties	4,450	622	119	128	244	2,367	7,930
Other receivables							
– other receivables from DTAG group companies	72	–	–	–	–	–	72
– other receivables from third parties	2	–	–	–	–	–	2
Provisions:							
– for trade and other receivables from third parties	(78)	(36)	(30)	(63)	(152)	(2,134)	(2,493)
Trade and other receivables (net)	**5,062**	**717**	**96**	**108**	**94**	**233**	**6,310**

The gross carrying amount of trade and other receivables, reflecting the maximum exposure to credit risk, as at 31 December 2019 was CZK 8,334 million (31 December 2018: CZK 8,803 million).

When the Group considers that there are no reasonable expectation of recovery of the asset, the relevant amounts are written off. Indicators that there is no reasonable expectation of recovery include, amongst others, immaterial amounts which are not economically efficient to be recovered, the failure of a debtor to make contractual payments or to engage in a repayment plan due to insolvency or bankruptcy.

Cash and cash equivalents and other financial assets

The Group makes only short-term cash deposits (cash, depository bills of exchange, term deposits, REPO transactions). The Group deposits free cash into financial instruments such as mortgage-backed securities or financial investments in the form of loans to DTAG. The counterparties for financial transactions of the Group's cash are limited to institutions with high credit quality as defined in the policies and directions set in investment strategy approved by the General Meeting of the Group.

The Group carries out only such financial transactions whose originator's or guarantor's credit rating from an independent global rating agency lies safely within investment grade (i.e. at least BBB+/Baa1) and, at the same time, the originator's or guarantor's credit quality indicators can be continuously monitored through the financial market.

The Group has a concentration of credit risk mainly towards banks regulated by the Czech National Bank, see below.

31. 12. 2019 CZK million	Standard & Poor's Long-term rating				
	BBB- to BBB+	A- to A+	AA-	Not assigned	Total
Cash in hand	–	–	–	23	23
Bank accounts	45	378	–	–	423
Cash equivalents	–	1,038	–	–	1,038
Total cash and cash equivalents and other financial assets exposure	**45**	**1,416**	**–**	**23**	**1,484**

31. 12. 2018 CZK million	Standard & Poor's Long-term rating				
	BBB- to BBB+	A- to A+	AA-	Not assigned	Total
Cash in hand	–	–	–	14	14
Bank accounts	12	444	–	2	458
Cash equivalents	–	2,414	–	–	2,414
Total cash and cash equivalents and other financial assets exposure	**12**	**2,858**	**–**	**16**	**2,886**

The Group has also significant concentration of credit risk towards DTAG resulting from financial investments in the form of loans and derivatives. The gross carrying amount of other financial assets, reflecting the maximum exposure to credit risk, as at 31 December 2019 was CZK 5,919 million (31 December 2018: CZK 3,634 million), see Note 6.

3.4 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and held for sale securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The aim of the Treasury Department is to maintain flexibility in funding by maintaining availability under these committed facilities.

The Group maintains a liquidity reserve in the form of a bank overdraft and flexible credit line to support its ability to meet its liabilities and to provide financial flexibility. Historically, the Group generated sufficient cash to ensure its solvency and financial flexibility. The Group does not consider itself significantly exposed to liquidity risk.

The residual maturities of financial liabilities are analysed in Note 14 and Note 15.

3.5 FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities measured at fair value are classified into three levels according to the method of fair value determination:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2019 and 2018. The Group does not have any financial assets and liabilities that are measured at fair value at level 1 and 3.

CZK million	Level 2	
	31. 12. 2019	31. 12. 2018
Assets		
Currency forward contract with positive fair value	–	5
Total assets	**–**	**5**
Payables		
Currency forward contract with negative fair value	34	11
Total payables	34	11

The 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 carrying amount of other categories of financial assets and liabilities both at 31 December 2019 and 31 December 2018 approximate their fair values.

The classification of financial assets and liabilities into categories in accordance with IFRS 9 is stated in Note 20.

3.6 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. All transactions below the equivalent of EUR 15 million (CZK 381 million), are recognised as held for trading derivatives with changes in fair value being reflected in profit or loss. In 2019 and 2018, the Group did not apply hedge accounting.

4 CASH AND CASH EQUIVALENTS

CZK million	31. 12. 2019	31. 12. 2018
Cash at banks and in hand	446	472
Cash equivalents	1,038	2,414
Total	**1,484**	**2,886**

Cash equivalents as at 31 December 2019 and 31 December 2018 consist mainly of bank deposits, depository bills of exchange and REPO transactions.

5 TRADE AND OTHER RECEIVABLES

CZK million	31. 12. 2019	31. 12. 2018
Trade receivables	7,932	8,729
Less: Provision for impairment	(2,511)	(2,493)
Trade receivables (net)	**5,421**	**6,236**
Other receivables	402	74
Total	**5,823**	**6,310**

Trade receivables comprise mainly receivables from the communication network users, receivables from other communication services providers, receivables from partners for electronic recharging of pre-paid cards and receivables from independent dealers.

Due dates of financial assets did not change during 2019 or 2018.

Movements of the provision for impairment of Trade and Other Receivables can be analysed as follows:

CZK million	2019	2018
Opening balance as at 1. 1.	**2,493**	**2,678**
Net increase for the year	295	118
Utilisation of provision for write-off	(277)	(303)
Closing balance as at 31. 12.	**2,511**	**2,493**

6 OTHER FINANCIAL ASSETS

CZK million	31. 12. 2019	31. 12. 2018
Currency forward contracts with positive fair value	–	5
Intercompany loan	5,919	3,629
Total	**5,919**	**3,634**

The Group provided a short-term loan to DTAG in the amount of CZK 5,919 million as at 31 December 2019 (31 December 2018: CZK 3,629 million). The loan consists of three individual obligations with maturity not exceeding one month and individual interest rates determined on an arm's length basis. The most of the allocated liquidity was a systematic re-allocation of the Group's excess cash in domestic currency in the amount of CZK 5,800 million and exceptional excess cash in foreign currency in the amount of CZK 119 million (EUR 4.5 million).

7 INVENTORIES

CZK million	31. 12. 2019	31. 12. 2018
Handsets and accessories	267	493
Other inventories	326	375
Total	**593**	**868**

8 ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

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

CZK million	2019	2018
Non-current assets		
Contract assets	25	25
Loss allowance	(1)	(3)
Contract costs	173	201
Non-current assets related to contract with customers	**197**	**223**
Current assets		
Contract assets	578	624
Loss allowance	(6)	(18)
Contract costs	572	588
Current assets related to contract with customers	**1,144**	**1,194**
Non-current liabilities		
Contract liabilities	320	199
Non-current liabilities related to contract with customers	320	199
Current liabilities		
Contract liabilities	719	636
Current liabilities related to contract with customers	**719**	**636**

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. All contract assets as at 31 December 2019 and 2018 are undue.

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

Contract liabilities relate mainly to one-time fees and advanced payments for post-paid services.

Movements of the provision for impairment of contract assets can be analysed as follows:

CZK million	2019	2018
Opening balance as at 1. 1.	**21**	**–**
Opening balance adjustment related to IFRS 15 adoption	–	16
Increase for the year	34	5
Utilisation for the year	(48)	–
Closing balance as at 31. 12.	**7**	**21**

9 INTANGIBLE ASSETS

CZK million	Customer relationships	Software	GSM/UMTS/LTE licences	Other intangible fixed assets	Assets under construction/ advances paid	Total
Cost						
1. 1. 2018	**2,480**	**10,899**	**7,556**	**793**	**1,729**	**23,457**
Additions	–	–	–	95	1,476	1,571
Disposals	–	(388)	–	(33)	(22)	(443)
Transfers*	–	1,132	62	150	(1,344)	–
31. 12. 2018	**2,480**	**11,643**	**7,618**	**1,005**	**1,839**	**24,585**
Impact of IFRS 16 adoption as at 1. 1. 2019	–	–	–	(45)	–	(45)
Impact of merger as at 1. 1. 2019	9	–	–	–	–	9
1. 1. 2019 (restated)	**2,489**	**11,643**	**7,618**	**960**	**1,839**	**24,549**
Acquisition of subsidiary	–	30	–	1	–	31
Additions	–	20	–	252	1,123	1,395
Disposals	–	(93)	–	(37)	(5)	(135)
Transfers*	–	1,481	–	351	(1,832)	–
31. 12. 2019	**2,489**	**13,081**	**7,618**	**1,527**	**1,125**	**25,840**
Accumulated amortisation / Impairment						
1. 1. 2018	**1,261**	**9,253**	**3,929**	**594**	**–**	**15,037**
Amortisation	323	1,021	385	188	–	1,917
Disposals	–	(388)	–	(33)	–	(421)
31. 12. 2018	**1,584**	**9,886**	**4,314**	**749**	**–**	**16,533**
Impact of IFRS 16 adoption as at 1. 1. 2019	0	0	0	(35)	0	(35)
1. 1. 2019 (restated)	**1,584**	**9,886**	**4,314**	**714**	**0**	**16,498**
Acquisition of subsidiary	–	12	–	–	–	12
Amortisation	324	1,217	424	189	–	2,154
Disposals	–	(93)	–	(36)	–	(129)
31. 12. 2019	**1,908**	**11,022**	**4,738**	**867**	**–**	**18,535**
Net book value						
1. 1. 2018	**1,219**	**1,646**	**3,627**	**199**	**1,729**	**8,420**
31. 12. 2018	**896**	**1,757**	**3,304**	**256**	**1,839**	**8,051**
1. 1. 2019 (restated)	**905**	**1,757**	**3,304**	**246**	**1,839**	**8,042**
31. 12. 2019	**581**	**2,059**	**2,880**	**660**	**1,125**	**7,305**

* Transfers include transfers of intangible fixed assets in the course of construction and advances to assets in use.

The additions of intangible fixed assets in 2019 comprise mainly new software, particularly One.ERP system (new enterprise information system) and NG CRM as described below, T Mobile TV licences and applications and improvements of other currently used IT systems and applications.

SIGNIFICANT INDIVIDUAL INTANGIBLE ASSETS

Licences

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

CZK million	31. 12. 2019		31. 12. 2018	
	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
GSM licence	200	5	243	6
UMTS licence	948	5	1,147	6
LTE licence	1,732	10	1,914	11
Total GSM/UMTS/LTE licences	**2,880**		**3,304**	

During 2016 the Group purchased 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 2019 the right to use frequency band is presented as an asset in the course of construction. The right to use frequency band is not ready to use yet as the Group is waiting for the Individual right authorization. Without this authorization the broadcasting cannot be provided to customers. 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 is made by NG CRM, a new platform for client relationship management (CRM) system. The carrying value of NG CRM as of 31 December 2019 is CZK 1,019 million plus CZK 76 million under construction (31 December 2018: CZK 999 million plus CZK 24 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 of 31 December 2019 is CZK 284 million plus CZK 172 million under construction (31 December 2018: CZK 66 million plus CZK 196 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 are not included in the carrying amount of NG CRM and One.ERP but in the carrying value of existing software and systems.

Customer Relationships

The balance consists mainly of customer relationships acquired in a business combination with GTS Czech s.r.o., LEMO Internet a.s., RegioNET Morava, a.s. and CE Colo Czech s.r.o.

The carrying values and remaining amortization periods of customer relationships are listed in the table below.

CZK million	31. 12. 2019		31. 12. 2018	
	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
Local customer relationship	228	2	389	3
Multinational customer relationship	277	3	391	4
Data centre customer relationship	68	2	116	3
Other customer relationships	8	14	–	–
Total customer relationships	**581**		**896**	

Other customer relationships comprise of customer relationships for fixed services acquired in business combination in 2019 (see Note 13).

The table below shows the churn rate used in useful life calculation as of 31 December 2019 and as of 31 December 2018. The table also includes an analysis that shows how would be net book value affected if the sensitive parameter in the calculation is changed.

	31. 12. 2019	31. 12. 2018
Churn rate – Local customer relationship		
Used in the calculation of useful life	14.29%	14.29%
If increased by 20%, i.e. to	17.14%	17.14%
Change in the net book value (CZK million)	(150)	(123)
Churn rate – Multinational customer relationship		
Used in the calculation of useful life	12.03%	12.03%
If increased by 20%, i.e. to	14.43%	14.43%
Change in the net book value (CZK million)	(91)	(75)
Churn rate – Data centre customer relationship		
Used in the calculation of useful life	14.29%	14.29%
If increased by 20%, i.e. to	17.14%	17.14%
Change in the net book value (CZK million)	(45)	(37)

The other customer relationships are deemed insignificant and therefore no sensitivity analysis was performed as at 31 December 2019.

10 GOODWILL

CZK million	31. 12 2019	31. 12 2018
Cost		
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	37
RegioNET Morava, a. s.	16	29
Planet A*	332	–
Total	**1,734**	**1,441**

* The initial accounting for the acquisition of Planet A as at 31 December 2019 is provisional, the purchase price allocation will be finalised in 2020.

Goodwill was tested for impairment as of 31 December 2019. The Group is considered as one cash-generating unit (“CGU”). The Group establishes the recoverable amount by determining the CGU’s 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. 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 2020–2029.

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 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 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 fair value hierarchy as per IFRS 13.

The analysis performed as at 31 December 2019 confirmed that the recoverable amount of the cash generating unit exceeds its carrying amount.

The table below shows the WACC and LTGR used in the fair value calculation for the goodwill impairment tests conducted as of 31 December 2019 and as of 31 December 2018. 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. 2019	31. 12. 2018
WACC		
Used in the calculation	5.54% – 5.61%	6.11%
If changed to	9.61%	10.11%
Impairment would be (CZK million)	–	–
LTGR		
Used in the calculation	2%	2%
If changed to	(2%)	(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.

11 PROPERTY AND EQUIPMENT

CZK million	Buildings and land	Equipment and other fixed assets	Assets under construction, advances and network spare parts	Total
Acquisition cost				
1. 1. 2018	**8,844**	**24,874**	**955**	**34,673**
Additions	18	175	2,503	2,696
Disposals	(441)	(2,149)	(34)	(2,624)
Transfers*	407	1,860	(2,267)	–
31. 12. 2018	**8,828**	**24,760**	**1,157**	**34,745**
Impact of IFRS 16 adoption as at 1.1.2019	(253)	(2,995)	–	(3,248)
Impact of the merger as at 1.1.2019	–	40	–	40
1. 1. 2019 (restated)	**8,575**	**21,805**	**1,157**	**31,537**
Acquisition of subsidiary	3	154	21	178
Additions	–	320	2,096	2,416
Disposals	(72)	(323)	(78)	(473)
Transfers*	(3,507)	4,934	(1,427)	–
31. 12. 2019	**4,999**	**26,890**	**1,769**	**33,658**
Accumulated depreciation / Impairment				
1. 1. 2018	**3,856**	**14,699**	**1**	**18,556**
Depreciation	384	2,060	–	2,444
Disposals	(426)	(2,081)	–	(2,507)
31. 12. 2018	**3,814**	**14,678**	**1**	**18,493**
Impact of IFRS 16 adoption as at 1.1.2019	(18)	(753)	–	(771)
1. 1. 2019 (restated)	**3,796**	**13,925**	**1**	**17,722**
Acquisition of subsidiary	1	44	–	45
Depreciation	116	1,970	–	2,086
Disposals	(68)	(318)	–	(386)
Transfers	(1,317)	1,317	–	–
31. 12. 2019	**2,528**	**16,938**	**1**	**19,467**
Net book value				
1. 1. 2018	**4,975**	**10,188**	**954**	**16,117**
31. 12. 2018	**5,014**	**10,082**	**1,156**	**16,252**
1. 1. 2019 (restated)	**4,779**	**7,895**	**1,156**	**13,830**
31. 12. 2019	**2,471**	**9,952**	**1,768**	**14,191**

* Transfers include transfers of tangible fixed assets in the course of construction and advances to assets in use.

The additions of tangible fixed assets in 2019 comprise mainly the network technology and optical fibres.

Disposals on buildings and land, as well as on equipment and other fixed assets represent de-recognition of leases previously classified as finance leases under IAS 17 and their reposting to the Right-of-use assets.

JOINT ARRANGEMENTS

In 2013 the Group entered into joint arrangement with company Česká telekomunikační infrastruktura a.s. concerning a 2G and 3G network sharing, i.e. sharing of active and passive mobile network elements on a territorial basis of Czech Republic. As at 31 December 2019, 2,457 sites were shared on the Group side and 2,496 sites on Česká telekomunikační infrastruktura a.s. side (as at 31 December 2018: 2,442 sites on the Group side and 2,480 sites on Česká telekomunikační infrastruktura a.s. side).

In 2014 the Group entered into a similar joint arrangement with Česká telekomunikační infrastruktura a.s. concerning sharing of LTE technologies for mobile networks. The contractual arrangement involves sharing of active mobile network elements on the same territorial basis of Czech Republic as for 2G and 3G technologies sharing. As at 31 December 2019, 2,450 sites on the Group side and 2,476 sites on Česká telekomunikační infrastruktura a.s. side were shared (as at 31 December 2018: 2,434 sites on the Group side and 2,450 sites on Česká telekomunikační infrastruktura a.s. side).

Both contracts are based on balanced principles and after having considered the contractual rights and obligations, they were assessed as joint arrangements according to IFRS 11. For this classification was determining, that the major of strategic decisions were specified jointly next to signing of a contract or will be done during validity of the contract. The arrangement is a joint operation, because it does not involve a separate legal entity comprising the activities performed under the arrangement.

Network sharing in the context of these contracts means sharing of transmitting sites including related tangible assets used for providing of 2G and 3G as well as LTE services. Operators keep full control over the content of provided services to its customers, acquiring and managing of customers, price policy, marketing and customer support. Both parties remain individually responsible for keeping of legal contractual obligations resulting from telecommunication licences and related laws and regulations.

Due to the different classification of active and passive mobile network elements, the Group adopted two different approaches to the assets under both network sharing agreements. Active mobile network elements were classified as individually held assets and recognized at cost, consistently with other solely owned assets by the Group. Passive mobile network elements were classified as jointly held assets and recognized at fair value at the inception and subsequently at cost less depreciation.

The Group considered risks resulting from joint arrangements and evaluated them as immaterial.

12 RIGHT-OF-USE ASSETS

The Group has lease contracts for various items:

- Space on third-party telecommunications infrastructure, roofs and land for installation of its own telecommunications equipment – Group uses space on third-party land for the construction of its own masts or transmission towers. These masts and towers are used for Group telecommunication equipment (e.g. antennas);
- Exclusive easements – easements are the legal right to use, access or pass on the property of another person (e.g. land or common areas in a building) for a specific limited purpose. Easements shall be granted in particular for the purpose of constructing masts or passing cable over, under or through an existing land;
- Shops – business premises in a building or a shopping centre;
- Technical premises – e.g. rental of a data centre;
- Office space – an office space serves Group’s employees as a place where they can perform their work;
- Leased lines – optical fiber leases.

The carrying amounts of assets held by the Group as at 31 December 2019 are presented below.

CZK million	Leased land	Leased buildings	Leased machinery	Total
1. 1. 2019*	**2,213**	**4,093**	**2,054**	**8,360**
Additions	115	1,053	48	1,216
Disposals	(73)	(185)	(66)	(324)
31. 12. 2019	**2,255**	**4,961**	**2,036**	**9,252**
Accumulated depreciation / Impairment				
1. 1. 2019*	**0**	**54**	**8**	**62**
Depreciation	154	724	216	1,094
Disposals	(4)	(23)	(3)	(30)
31. 12. 2019	**150**	**755**	**221**	**1,126**
Net book value				
1. 1. 2019	**2,213**	**4,039**	**2,046**	**8,298**
31. 12. 2019	**2,105**	**4,206**	**1,815**	**8,126**

* In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's liabilities. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to Note 2.21.

13 BUSINESS COMBINATIONS

On 31 October 2019 the Group acquired 100% share in Planet A, a.s. for CZK 472 million (all paid in cash) and became its parent company. Planet A, a.s. primary business activity is operation of public fixed telecommunications network and provision of telecommunications services.

The following table summarises the assets acquired and liabilities and equity assumed of Planet A, a.s. as at the acquisition date 31 October 2019.

Assets acquired and liabilities assumed at 31 October 2019

CZK million	Planet A, a.s.
Current assets	17
Non-current assets	152
TOTAL ASSETS	**169**
Current liabilities	30
TOTAL LIABILITIES	**30**
NET EQUITY ACQUIRED	**139**

The related goodwill is expected to be non-deductible for tax purposes.

14 TRADE AND OTHER PAYABLES

CZK million	31. 12. 2019	31. 12. 2018
Trade payables	1,905	1,790
Expenditure accruals	2,814	2,720
Total trade payables	**4,719**	**4,510**
Currency forward contracts with negative fair value	34	11
Total financial liabilities	**4,753**	**4,521**
Liabilities to employees	665	614
Other taxes and social security liabilities	183	232
Other payables	10	9
Total non-financial liabilities	**858**	**855**
Total	**5,611**	**5,376**

The remaining maturities of financial liabilities (contractual undiscounted cash flows) are as follows (contractual maturities of lease liabilities are stated in Note 15):

CZK million	On demand	Up to 30 days	31–90 days	Over 91 days	Total
31. 12. 2019					
Trade payables	247	1,092	413	153	1,905
Expenditure accruals	751	1,810	253	–	2,814
Total trade payables	**998**	**2,902**	**666**	**153**	**4,719**
Currency forward contracts					
– with negative fair value	–	261	399	1,677	2,337
– with positive fair value	–	28	–	22	50
Total forward contracts*	**–**	**289**	**399**	**1,699**	**2,387**

* 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.

CZK million	On demand	Up to 30 days	31–90 days	Over 91 days	Total
31. 12. 2018					
Trade payables	354	932	393	111	1,790
Expenditure accruals	900	880	940	–	2,720
Total trade payables	**1,254**	**1,812**	**1,333**	**111**	**4,510**
Currency forward contracts					
– with negative fair value	–	226	351	1,268	1,845
– with positive fair value	–	44	55	597	696
Total forward contracts*	**–**	**270**	**406**	**1,865**	**2,541**

* 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.

15 OTHER FINANCIAL LIABILITIES

CZK million	31. 12. 2019	1. 1. 2019 after IFRS 16 adoption	31. 12. 2018
Current lease liabilities	862	1,068	125
Other interest bearing liabilities**	112	109	109
Total current other financial liabilities	**974**	**1,177**	**234**
Non-current lease liabilities	6,696	6,547	1,210
Non-current other interest bearing liabilities**	94	48	48
Long-term advances from post-paid customers*	6	6	6
Total non-current other financial liabilities	**6,796**	**6,601**	**1,264**
Total	**7,770**	**7,778**	**1,498**

* Advances from post-paid customers that are refundable at the termination of the contract represent guarantee for trade receivables.
** Liabilities from capitalized media content rights.

CZK million	31. 12. 2019		
	Lease liabilities	Other interest bearing liabilities	Total
Up to 30 days	72	9	81
31–90 days	143	19	162
91–365 days	647	87	734
Up to 1 year	862	115	977
1 to 5 years	2,585	97	2,682
Over 5 years	4,111	–	4,111
Total other financial liabilities	7,558	212	7,770

CZK million	31. 12. 2018 before IFRS 16 adoption	1. 1. 2019 po přijetí IFRS 16		
		Lease liabilities	Other interest bearing liabilities	Total
Up to 30 days	19	89	9	98
31–90 days	39	178	18	196
91–365 days	176	801	82	883
Up to 1 year	234	1,068	109	1,177
1 to 5 years	344	2,515	53	2,568
Over 5 years	920	4,032	1	4,033
Total other financial liabilities	1,498	7,615	163	7,778

Undiscounted cash flows related to lease liabilities according to residual contractual maturity are as follows:

CZK million	31. 12. 2019	1. 1. 2019 after IFRS 16 adoption	31. 12. 2018 before IFRS 16 adoption
Up to 30 days	92	95	15
31–90 days	184	190	29
91–365 days	828	857	134
Up to 1 year	1,104	1,142	178
1 to 5 years	2,812	3,347	526
Over 5 years	5,014	5,155	1,179
Total undiscounted cash flows (lease liability)	8,930	9,644	1,883

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

CZK million	Lease liabilities	Other interest bearing liabilities	Loans and bank overdraft	Total
1. 1. 2018	**1,422**	**60**	**–**	**1,482**
Additions	64	201	44	309
Cash used in financing activities	(151)	(104)	(44)	(299)
31. 12. 2018	**1,335**	**157**	**–**	**1,492**
Impact of adoption of IFRS 16 as at 1. 1. 2019	6,280	–	–	6,280
1. 1. 2019 (restated)	**7,615**	**157**	**–**	**7,772**
Additions	921	230	72	1,223
Cash used in financing activities	(1,232)	(181)	(72)	(1,485)
Accretion of interest	254	–	–	254
31. 12. 2019	7,558	206	–	7,764

The total limit of bank overdrafts and flexible credit lines available to the Group as at 31 December 2019 was EUR 4 million (CZK 102 million), USD 1 million (CZK 23 million) and CZK 1,575 million (as at 31 December 2018 EUR 1 million or CZK 26 million and CZK 1,375 million). As at 31 December 2019 and 31 December 2018, the Group did not draw any overdrafts.

16 PROVISIONS

CZK million	31. 12. 2019	31. 12. 2018
Other provisions	211	338
Total current provisions	**211**	**338**
Asset retirement obligation	788	722
Other provisions	51	108
Total non-current provisions	**839**	**830**
Total	**1,050**	**1,168**

CZK million	Asset retirement obligation	Other provisions	Total
1. 1. 2018	**772**	**512**	**1,284**
Charge for the year (additions)	25	66	91
Used amounts during the year	(15)	(108)	(123)
Unused and reversed during the year	(43)	(24)	(67)
Unwinding of interest	(17)	–	(17)
31. 12. 2018	**722**	**446**	**1,168**
Impact of adoption of IFRS 16 as at 1. 1. 2019	–	(54)	(54)
1. 1. 2019 (restated)	**722**	**392**	**1,114**
Charge for the year (additions)	39	67	106
Used amounts during the year	–	(171)	(171)
Unused and reversed during the year	(5)	(26)	(31)
Unwinding of interest	32	–	32
31. 12. 2019	**788**	**262**	**1,050**

The provision for Asset retirement obligation represents the costs of restoring leased sites in accordance with terms and conditions of the lease contracts. The provision is uncertain in both the amount and timing of future financial outflows. Realisation of provision is expected in 2029 (the date of the LTE licence expiration).

Other provisions comprise mainly provisions for litigations and executive management incentive plans obligations.

17 DEFERRED TAX LIABILITY

Net deferred income tax liability comprises temporary differences attributable to:

CZK million	31. 12. 2019	31. 12. 2018
Property and equipment and Intangible assets	(4,748)	(5,075)
Provisions and Liabilities to employees	1,449	1,418
Contract assets and Contract costs	(1,296)	(1,369)
Right-of-use assets	(8,126)	–
Lease liability	7,558	–
Other	503	21
Basis for deferred income tax calculation	**(4,660)**	**(5,005)**
Net deferred income tax liability	**(885)**	**(951)**

CZK million	31. 12. 2019	31. 12. 2018
Deferred income tax liability:		
– deferred income tax liability to be recovered after more than 12 months	(2,568)	(1,091)
– deferred income tax liability to be recovered after less than 12 months	(124)	(133)
Total deferred income tax liability	**(2,692)**	**(1,224)**
Deferred income tax asset:		
– deferred income tax asset to be recovered after more than 12 months	1,416	107
– deferred income tax asset to be recovered within 12 months	391	166
Total deferred income tax asset	**1,807**	**273**
Net deferred income tax liability	**(885)**	**(951)**

The net deferred income tax liability as at 31 December 2019 and 31 December 2018 was calculated using the corporate income tax rates, shown in the table below, depending on the period when the temporary differences are expected to reverse.

Period	Corporate income tax rate	
	2019	2018
2020 and onwards	19 %	19 %

The movement in deferred income tax during the year is as follows:

Deferred income tax liabilities CZK million	Property and equipment and Intangible assets	Right-of-use assets	Contract assets and Contract costs	Total
1. 1. 2018	**(893)**	**–**	**(238)**	**(1,131)**
Profit / (loss) for the current period	(71)	–	(22)	(93)
31. 12. 2018	**(964)**	**–**	**(260)**	**(1,224)**
Impact of PPA as at 1. 1. 2019	(9)	–	–	(9)
Impact of adoption of IFRS 16 as at 1. 1. 2019	–	(1,177)	–	(1,177)
1. 1. 2019 (restated)	**(973)**	**(1,177)**	**(260)**	**(2,410)**
Profit / (loss) for the current period	74	(367)	14	(279)
Acquisition of subsidiary	(3)	–	–	(3)
31. 12. 2019	**(902)**	**(1,544)**	**(246)**	**(2,692)**

Deferred income tax assets CZK million	Provisions and Liabilities to employees	Lease liabilities	Other	Total
1. 1. 2018	**253**	**–**	**12**	**265**
Profit / (loss) for the current period	16	–	(8)	18
31. 12. 2018	**269**	**–**	**4**	**273**
Impact of adoption of IFRS 16 as at 1. 1. 2019	–	1,177	–	1,177
1. 1. 2019 (restated)	**269**	**1,177**	**4**	**1,450**
Profit / (loss) for the current period	6	259	92	357
31. 12. 2019	**275**	**1,436**	**96**	**1,807**

18 DERIVATIVE FINANCIAL INSTRUMENTS

FORWARD CONTRACTS

As at the end of 2019, the Group had open currency forward contracts with a total nominal value of CZK 2,387 million (as at 31 December 2018: CZK 2,541 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 2019 were initiated during 2019 with maturity by the end of 2020. During 2018, currency forward contracts in the total nominal value of CZK 2,738 million were settled (in 2018: CZK 3,227 million).

Open currency forward contracts (CZK million)	31. 12. 2019	31. 12. 2018
Open currency forward contracts hedging other foreign currency liabilities:		
Positive fair value (Note 6)	–	5
Negative fair value (Note 14)	(34)	(11)
Total	**(34)**	**(6)**

19 EQUITY

The Group's shares have a nominal value of CZK 1,000 each and are book-entered, registered and not publicly traded. Approved and subscribed share capital is fully paid off. As at 31 December 2019 and 31 December 2018, the registered capital was represented by 520 thousand shares. All shares have equal voting rights.

The shareholders' rights include in particular:

- Right to a profit share;
- Right to a residual interest on liquidation;
- Voting right;
- Right to request and receive explanations at General Meetings on matters which concern the Group or parties controlled by the Group or which are relevant to the exercise of shareholders' rights;
- Right to make proposals and counter-proposals on matters on the agenda of a General Meeting;
- Rights of qualified shareholders, in particular the right to ask the Board of Directors to convene a General Meeting and the Supervisory Board to review the exercise of the powers of the Board of Directors;
- Right to file a shareholders' action against a member of the Board of Directors or the Supervisory Board, the right to seek payment of the issue price by a shareholder who is in delay with payment thereof;
- Right to request a compulsory devolution of participatory securities.

The Capital Funds comprises statutory reserve fund that the Group is required to retain according to its Statutes. Use of the statutory reserve fund is limited by Statutes of the Group. The statutory reserve fund may not be distributed to the shareholders.

In 2019, the Group paid dividends amounted to CZK 5,596 million (in 2018: CZK 4,389 million) (refer to Note 29). The dividend per share paid out in 2019 amounted to CZK 10,761 (in 2018: CZK 8,440).

20 ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

Financial assets and liabilities by category* (CZK million)	**Category per IFRS 9**	**31. 12. 2019**	**31. 12. 2018**
		Carrying amount	**Carrying amount**
Assets			
Cash and cash equivalents, of which:		**1,484**	**2,886**
Cash	Financial assets at amortised cost	446	472
Term deposits	Financial assets at amortised cost	1,038	2,414
Trade and other receivables**	Financial assets at amortised cost	5,823	6,310
Other financial assets, of which:		**5,919**	**3,634**
Intercompany loan	Financial assets at amortised cost	5,919	3,629
Currency forward contracts with positive fair value	At fair value through profit or loss (for trading)	–	5
Liabilities			
Current trade and other payables, of which:**		**4,753**	**4,521**
Trade payables	Financial liabilities at amortised cost	4,719	4,510
Currency forward contracts with negative fair value	At fair value through profit or loss (for trading)	34	11
Current other financial liabilities, of which:		**974**	**234**
Lease liabilities	Financial liabilities at amortised cost	862	125
Other interest-bearing financial liabilities	Financial liabilities at amortised cost	112	109
Non-current other financial liabilities, of which:		**6,796**	**1,264**
Deposits received	Financial liabilities at amortised cost	6	6
Other interest-bearing financial liabilities	Financial liabilities at amortised cost	94	48
Lease liabilities	Financial liabilities at amortised cost	6,696	1,210

* Financial assets and liabilities are categorized according to risk rate and in the level of detail required by the Group for management purposes.
** Excluding non-financial assets/liabilities (refer to Notes 5 and 14).

Financial assets except for trade and other receivables stated in Note 5 are neither past due nor impaired.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are set off and the net amount is presented in the statement of financial position, when there is a legally enforceable right of offsetting recognized amounts and an intention to settle the respective asset and liability in net amount exists.

Majority of the offsetting is realized within trade receivables and trade payables from interconnection and roaming.

The following table presents trade receivables and trade payables which were subject to offsetting as at 31 December 2019:

31. 12. 2019 CZK million	Gross amounts offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position	Net amount of exposure
Trade and other receivables	6,212	–	6,212	221	5,991
Trade payables	(4,719)	–	(4,719)	(221)	(4,498)

Následující tabulka zobrazuje obchodní pohledávky a závazky kde proběhl zápočet k 31. prosinci 2018:

31. 12. 2018 CZK million	Gross amounts offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position	Net amount of exposure
Trade and other receivables	6,310	–	6,310	165	6,145
Trade payables	(4,510)	–	(4,510)	(165)	(4,345)

21 REVENUE FROM CONTRACTS WITH CUSTOMERS

For management purposes, the revenues can be split into the following categories, distinguishable by nature of product or business and by type of products or services.

Sales based on activities CZK million	2019	2018
Sales of goods	2,255	2,495
Sales of mobile telecommunication services	18,360	18,388
Sales of fix telecommunication services	5,013	4,632
Sales of IT services	2,699	1,716
Other	156	174
Total revenue from contracts with customers	**28,483**	**27,405**

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period amounted to CZK 636 million (2018: CZK 524 million).

Transaction price allocated to the performance obligations that are unsatisfied as at the end of reporting period amounted to CZK 5,252 million (2018: CZK 5,706 million).

The Group expects that the transaction price allocated to the unsatisfied contracts as of 31 December will be recognised as revenue as follows:

CZK million	31. 12. 2019	31. 12. 2018
First year	3,921	4,204
Second year	1,270	1,434
Third-tenth year	61	68
Total outstanding transaction price	**5,252**	**5,706**

22 OTHER OPERATING INCOME

CZK million	2019	2018
Gain from disposals of fixed assets	18	36
Release of provisions	–	84
Income from recharged services	306	875
Rent	–	120
Fines and penalties	–	2
Income from promotion	–	105
Other operating income	103	44
Total	**427**	**1,266**

23 COST OF GOODS, RAW MATERIALS AND TELECOMMUNICATION SERVICES

CZK million	2019	2018
Costs of goods and raw materials	2,171	2,499
Costs of telecommunication services	5,771	5,506
Maintenance of telecommunication network	717	482
Energy consumption – telecommunication network	464	465
Other	411	218
Total	**9,534**	**9,170**

24 EMPLOYEE BENEFITS

CZK million	2019	2018
Salary costs	2,690	2,671
Social security costs – obligatory and supplementary pension insurance	577	574
Social security costs – other	321	319
Board remuneration	9	22
Total	**3,597**	**3,586**
Average number of employees	**3,395**	**3,515**

The number of employees is based on the average recalculated number of annual full-time employees. The Group has been providing its employees with a contribution to supplementary pension insurance. In 2019, the total contribution provided was CZK 25 million (in 2018: CZK 25 million).

Salary costs includes also amortisation of capitalized contract costs to obtain a contract with customer in the amount of CZK 101 million in 2019 (2018: CZK 83 million).

25 DEPRECIATION AND AMORTISATION

CZK million	2019	2018
Amortisation of licences	424	385
Amortisation of other intangible fixed assets	1,730	1,532
Amortisation of right-of-use assets	1,094	–
Depreciation of tangible fixed assets	2,086	2,444
Total	**5,334**	**4,361**

26 OTHER OPERATING EXPENSES

CZK million	2019	2018
Costs of external marketing services	489	547
Commissions to business partners	1,090	955
Net loss from impairment of receivables and receivables write off	–	102
Rental and leases	–	915
Expenses from cross charges of services shared in DTAG Group	127	515
Repair and maintenance (except telecommunication network)	382	553
Licence fees	304	320
Other operating expenses related to employees	173	161
Legal, consulting and auditing fees	204	215
Office supplies, postage, bank charges	59	99
Other	206	28
Total	**3,034**	**4,410**

Commissions to business partners includes also amortisation of capitalized contract costs to obtain a contract with customer in the amount of CZK 689 million in 2019 (2018: CZK 635 million).

27 FINANCE INCOME AND COSTS

CZK million	2019	2018
Interest income	103	44
Foreign exchange gains	85	132
Other finance income	12	47
Total finance income	**200**	**223**
Interest expenses	(255)	(67)
Foreign exchange losses	(138)	(131)
Other finance costs	(31)	–
Total finance costs	**(424)**	**(198)**
Net finance (expense)/income	**(224)**	**25**

28 INCOME TAX

The income tax expense consists of the following:

CZK million	2019	2018
Current income tax	(1,525)	(1,320)
Deferred income tax (refer to Note 17)	78	(85)
Income tax expense	**(1,447)**	**(1,405)**

The charge for the year was calculated as follows:

CZK million	2019	2018
Profit before tax	6,914	6,995
Tax by applying the statutory tax rate*	(1,313)	(1,329)
Impact of:		
Non-tax deductible expenses	(119)	(52)
Non-taxable revenues	59	7
Additional increase of tax related to prior periods	(66)	(4)
Other	(8)	(27)
Income tax expense	**(1,447)**	**(1,405)**

* Income tax rate of 19% was applied in 2019 and 2018 respectively, based on the effective Income Tax Act.

29 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are considered to be the parent company and other companies within DTAG group ("other related party"), members of statutory and supervisory bodies, executive managers and parties close to them. DTAG group represents all companies controlled by DTAG.

The following transactions are related to the shareholders, subsidiaries and other related parties.

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

The Group is controlled by the entities as described in Note 1.

29.1 TRANSACTIONS WITH SHAREHOLDERS (DIRECT, INDIRECT AND ULTIMATE PARENT COMPANIES)

CZK million	2019	2018
Roaming, interconnection and related purchased services	197	200
Other purchased goods and services	81	77
Expenses from re-invoicing of services	172	155
Expenses from derivative finance instruments	65	–
Purchases of foreign currency at market value*	2,585	4,490
Total purchases	**3,100**	**4,922**
Roaming, interconnection and related sold services	231	263
Income from derivative finance instruments	6	–
Interest from loan	88	–
Income from re-invoicing of services and using common platforms	263	287
Total sales	**588**	**550**

* The purchases of foreign currencies comprise mainly forwards and swaps. The price is set at the best level of all market offers.

Outstanding balances arising from sales/purchases of goods and services from shareholders:

CZK million	31. 12. 2019	31. 12. 2018
Receivables from roaming, interconnection and related sold services	319	404
Receivables from derivatives (fair value)	–	5
In-house cash	264	–
Intercompany loan provided	5,919	3,629
Total receivables	**6,502**	**4,038**
Payables from roaming, interconnection and related purchased services	504	558
Liabilities from derivatives (fair value)	34	11
Total payables	**538**	**569**

In 2019 and 2018 the Group did not have any transaction related to its parent company Deutsche Telekom Europe B.V.

29.2 TRANSACTIONS WITH OTHER RELATED PARTIES WITHIN THE DTAG GROUP

CZK million	2019	2018
Roaming, interconnection and related purchased services	496	334
Other purchased goods and services	535	259
Expenses from re-invoicing of services	149	360
Total purchases	**1,180**	**953**
Roaming, interconnection and related sold services	507	232
Income from re-invoicing of services and using common platforms	596	577
Other income	178	17
Total sales	**1,281**	**826**

Outstanding balances arising from sales/purchases of goods and services from other related parties within the DTAG group:

CZK million	31. 12. 2019	31. 12. 2018
Receivables and prepayments from other services and discounts	421	395
Total receivables	**421**	**395**
Payables from other services and discounts	621	437
Total payables	**621**	**437**

29.3 COMPENSATION TO KEY MANAGEMENT PERSONNEL

CZK million	2019		2018	
	Average number of employees	Amount	Average number of employees	Amount
Executive management	26	117	26	130
Board of Directors	3	9	3	22
Supervisory Board	3	0	3	0
Total	**32**	**126**	**32**	**152**

Executive management includes executive directors and other directors of the Group.

Short-term employee benefits include salaries, bonuses, personal holidays, health care and business cars used for personal purposes. Long-term benefits include pension insurance, post-employment and termination benefits paid by the employer.

The Group's contributions to pension insurance amounted in 2019 to CZK 21 million (in 2018: CZK 28 million).

Contributions for management to supplementary pension fund amounted in 2019 to CZK 1 million (in 2018: CZK 1 million).

29.4 POST-EMPLOYMENT AND TERMINATION BENEFITS PROVIDED TO MANAGEMENT MEMBERS

CZK million	2019	2018
Motivation bonus scheme paid*	6	34
Severance pay	3	1

* The Group provides post-employment benefits in the form of a motivation bonus scheme to members of its management. Subject to certain conditions being met, the eligible persons are entitled to receive a pay-out bonus derived from their salary level.

29.5 INCENTIVE PLANS FOR EXECUTIVE MANAGEMENT

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 40 million has been recognised as at 31 December 2019 (31. 12. 2018: CZK 51 million).

29.6 DIVIDENDS

Based on the resolution of the sole shareholder from 11 April 2019, the Group distributed the profit to the sole shareholder as a dividend in the aggregate amount of CZK 5,596 million.

Based on the resolution of the sole shareholder from 17 April 2018, the Group distributed the profit to the sole shareholder as a dividend in the aggregate amount of CZK 4,389 million.

30 CONTINGENT LIABILITIES

Tax authorities are authorised to inspect books and records at any time within 3 years subsequent to the deadline for filing a tax return for reported tax year, and consequently may impose additional income tax and penalties. The Group's management is not aware of any circumstances which may in the future give rise to a potential material liability in this respect.

31 COMMITMENTS

The Group's future capital commitments to major technology and services suppliers from concluded agreements as at 31 December 2019 and 31 December 2018 are as follows:

CZK million	31. 12. 2019	31. 12. 2018
Up to 1 year	2,562	1,807
1–3 years	422	303
3–5 years	115	121
Over 5 years	84	15
Total	**3,184**	**2,246**

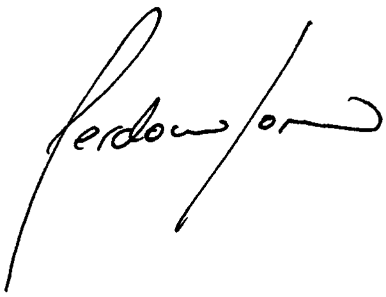
From amount stated above CZK 243 million is represented by liabilities to related parties, mainly lease of capacity fibers.

32 SUBSEQUENT EVENTS

There are no significant subsequent events as of the date of approval of these financial statements.

33 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Group for issuance on 23 March 2020. These financial statements can be amended on request and approval of the Annual Shareholders Meeting.



Jose Severino Perdomo Lorenzo
CEO and Member of the board of directors entitled to act on behalf of the Group solely

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF

T-Mobile Czech Republic a.s.

pwc

Independent auditor's report

to the shareholder of T-Mobile Czech Republic a.s.

Opinion

We have audited:

- the consolidated financial statements of T-Mobile Czech Republic a.s., with its registered office at Tomíčkova 2144/1, Praha 4 ("the Company") and its subsidiaries (together "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the the consolidated statement of financial position as at 31 December 2019, the consolidated statements of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2019 and notes to the consolidated financial statements, which include significant accounting policies and other explanatory information, and

- the separate financial statements of the Company prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the the statement of financial position as at 31 December 2019, the statements of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2019 and notes to the separate financial statements, which include significant accounting policies and other explanatory information.

In our opinion:

- the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2019 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 financial position of the Company standing alone as at 31 December 2019, of its financial performance and its cash flows for the year ended 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the European Union.

The consolidated and separate financial statements are further referred to together as financial statements.

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. These standards consist of International Standards on Auditing (ISAs) which may be 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 are independent of the Group and the Company in accordance with the Act on Auditors and Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and accepted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic
T: +420 251 151 111, F: +420 251 156 111, www.pwc.com/cz

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.

pwc

Independent auditor's report

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than both of the financial statements and auditor's report therein. The Board of Directors is responsible for the other information.

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 assess whether the other information has been prepared, in all material respects, in accordance with applicable law and regulation, in particular, whether the other information complies with law and regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- 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 is prepared in compliance with applicable law and regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group and the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

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 and fair presentation of the financial statements 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 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 of 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 above-stated requirements 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 above-stated requirements, we exercise professional

Independent auditor's report

- 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 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 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.

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.

23 March 2020

PricewaterhouseCoopers Audit, s.r.o.
represented by Director

Petra Jirková Bočáková
Statutory Auditor, Licence No. 2253

This report is addressed to the shareholder of T-Mobile Czech Republic a.s.

Note

Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.