Summary Annual Report

2020

LIFE IS FOR SHARING.

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Summary Annual Report

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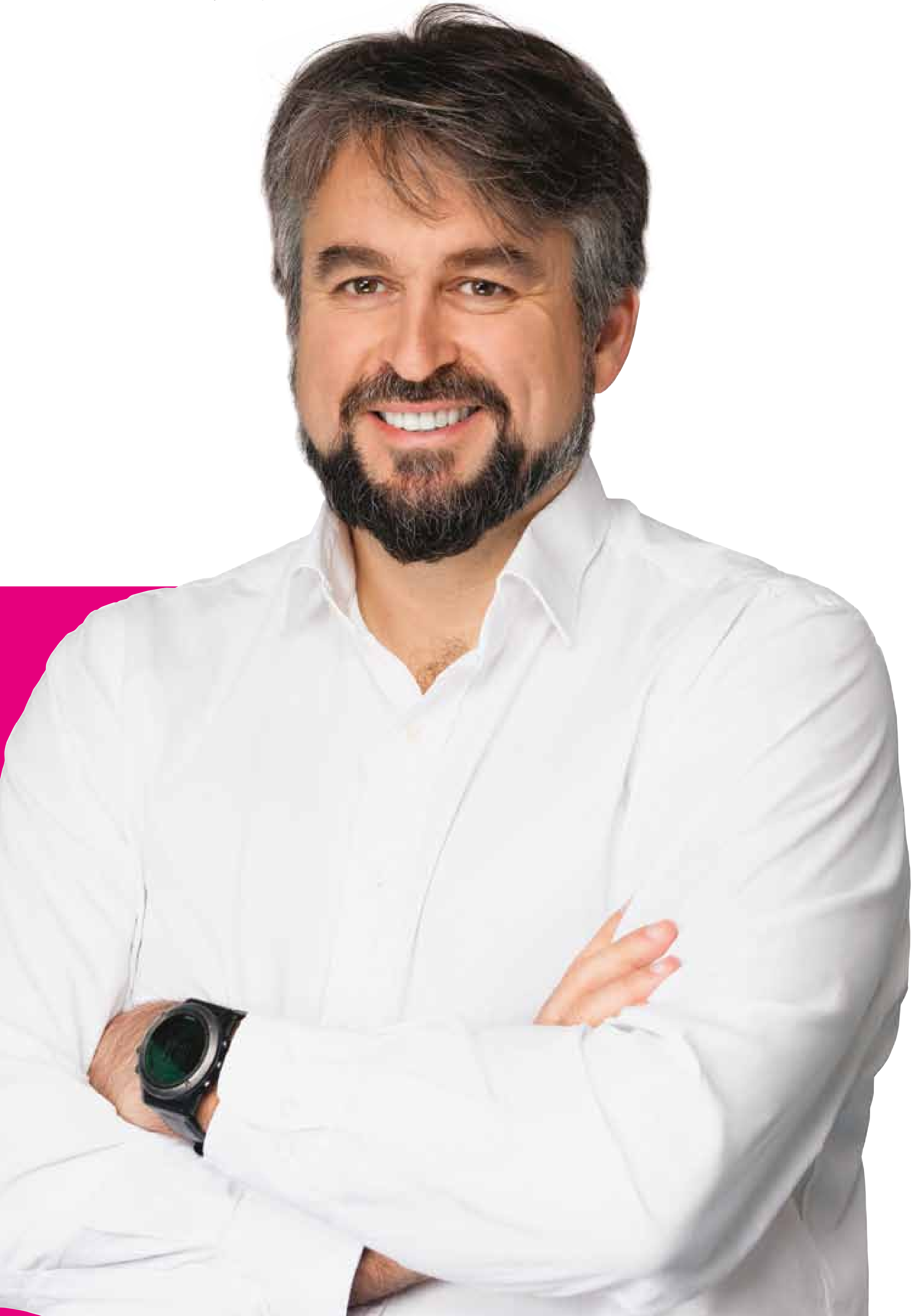
Foreword

WE STAND BY OUR CUSTOMERS

The year 2020 can hardly be compared with any previous years. The coronavirus pandemic affected the lives of all of us with unprecedented force, exposed weaknesses in society, and exacerbated a number of social problems. Throughout the year, T-Mobile endeavoured to be close to its customers and partners and has helped in many places across the Czech Republic. Circumstances also influenced traditional social responsibility projects, which more than ever used online tools and focused on issues related to the pandemic. Our key activities included cooperation with schools, public health offices, hospitals, and their support, helping socially disadvantaged families with distance learning of children, as well as combating loneliness and social isolation as phenomena closely related to the pandemic.



A year ago, I emphasised here that we are ready to contribute to building a fully digital Czech Republic. The events of the past months have shown us how important this task is. Since the beginning of the spring wave of the coronavirus pandemic, we have directed our assistance, amounting to hundreds of millions of Czech crowns, to households, companies and state authorities, so that people can address the pandemic more easily. During the summer, we supported domestic tourism, which was hit hard by the pandemic, in an innovative manner. In the autumn, we focused mainly on helping those groups of the population that were affected most severely by the second wave.

I am really proud that during this period, our customers could rely on one certainty – that they would not be left without a connection. The T-Mobile network has proven its quality, and the vast investments in increasing its capacity have proven to be fully justified in 2020. This is a clear confirmation of the correctness of our strategy – state-of-the-art telecommunications and information infrastructure is an essential element for the establishment of a gigabit society.

However, we also had to deal with the pandemic situation internally, and I am glad that we have succeeded in this task too. Restricting mobility and protecting the health of our employees have helped accelerate the transformation and digitalisation of our company. Basically overnight, we were able to switch to a work-from-home arrangement, which included operators at our customer centres. Doing so was not only a complicated logistical operation, but it was also necessary to ensure sufficient capacities of all remote access systems. We managed to maintain the availability of all service channels for customers while protecting the most valuable thing, the health of our employees.

I am very glad that, despite all the measures and restrictions in place, we have managed to meet our plan to expand the fibre-optic network. Last year, which was absolutely exceptional, we did not step back in any way from our ambition to build a fully digital Czech Republic. In 2020, we made the state-of-the-art fibre-optic network available to an additional 70,000 households, bringing their total number to 200,000. In the coming years, we want to accelerate the pace of expansion of the most advanced fibre-optic network. A joint investment project with CETIN should also help us achieve this. The past months have clearly shown that this is the right way, because high-quality and high-speed internet is a key element of the digital transformation of the Czech Republic, the outcome of which should be a connected country and gigabit society. However, in this effort, we clearly need support from the state to remove in particular the administrative obstacles, which excessively prolonged mostly the preparatory phase of the rollout.

The key moment of last year was the auction of 5G frequencies. In this auction, we invested the highest amount of all operators and secured the frequencies needed for our further development, ensuring competitiveness and meeting the ever growing demands of our customers, especially companies, institutions and educational facilities. In this context, we also created the first 5G campus network at VŠB-Technical University of Ostrava. It is the beginning of a commitment for us to work closely with universities and colleges to ensure the best connection for their research. We are convinced that 5G campuses will also serve to connect business and academia more closely and to inspire Czech companies to see what their digital future may look like.

I am glad that even in such a challenging year we managed to maintain and strengthen the trust of our customers. This gives us the necessary financial stability so that we can continue to be their reliable partner in the coming years and, at the same time, we can work on digitalisation of the Czech Republic.

We could not have managed the exceptional year 2020 without the most valuable asset – our employees. Our T-Mobile family consists of 3,303 employees who, thanks to their incredible amount of effort, energy, ideas and creativity, have clearly shown to our customers that they can absolutely rely on the T-Mobile brand. I want to extend my thanks to our business partners for their cooperation and assistance throughout the year. We all very much appreciate the trust our customers place in us, which is also a great commitment for us. We will therefore continue working to remain the best choice for our customers.

Finally, let me express my commitment that next year we will also stand by your side and will continue our efforts towards modernisation and digitalisation of the Czech Republic. These are challenging tasks, but we are happy to be in on the ground floor. We will not hesitate to provide our expertise, skills, services and necessary investments to ensure that the Czech Republic can cope with the period after the pandemic.

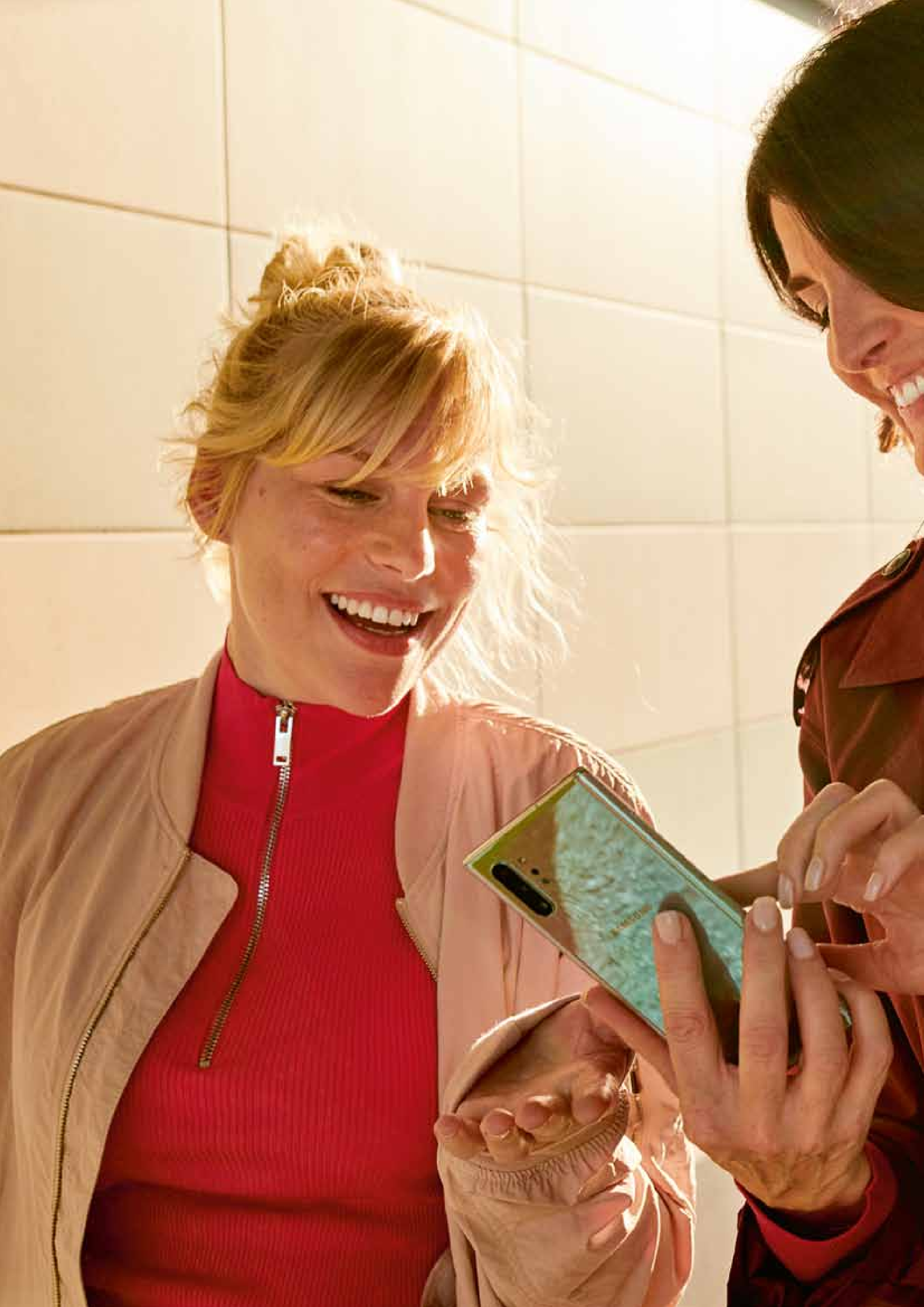
The information about our environmental protection activities and legal employment relationships as well as about our research and development activities can be found in the Report from the Board of Directors regarding Business Activity and Assets.

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 19)*.

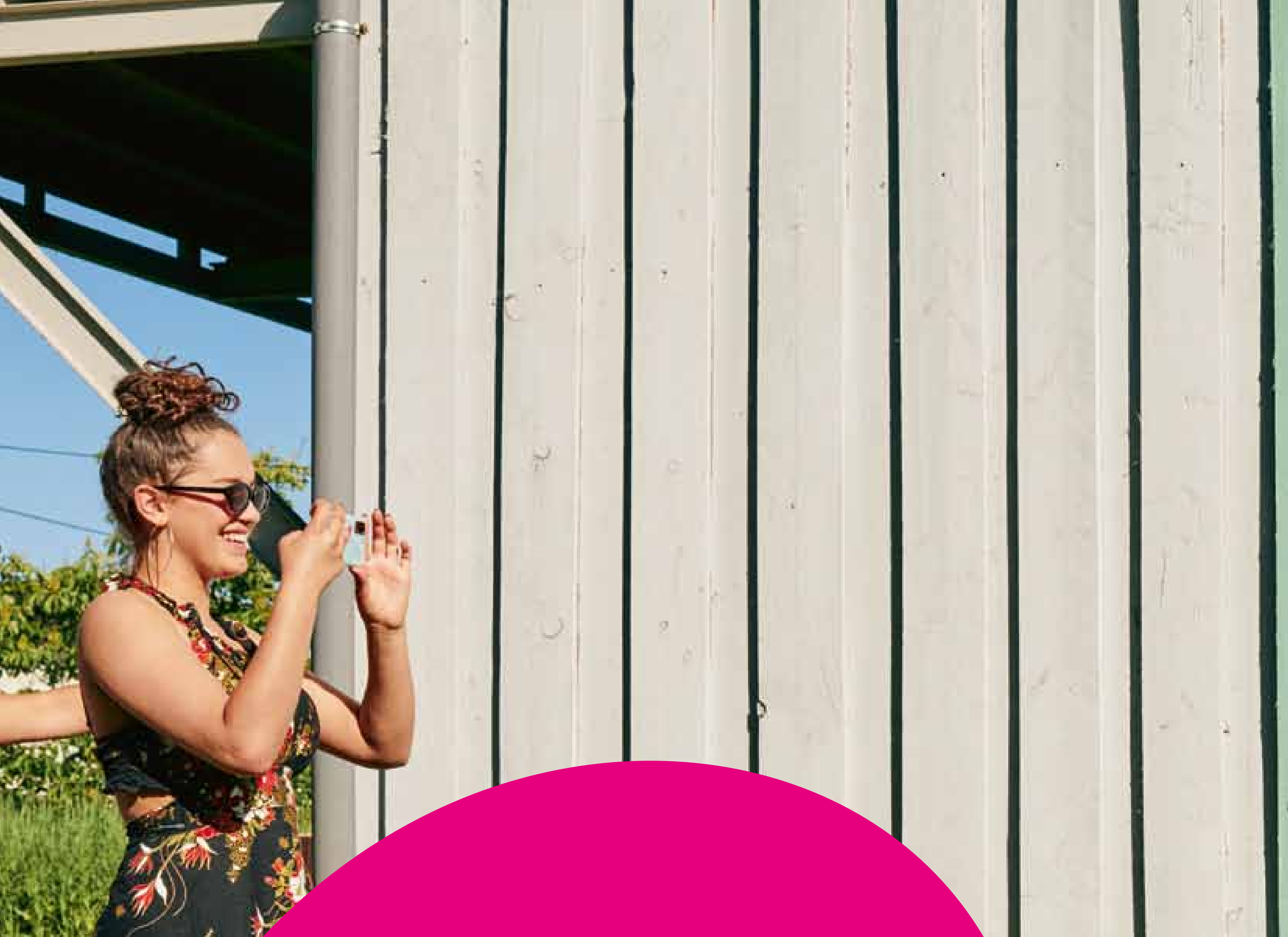
On 18 January 2021 we received a spectrum assignment of 3.X GHz and 700 MHz frequency band. We also acquired 60 MHz in 3.X GHz band and 2x 10 MHz in 700 MHz band in the 2020 frequency auction. The final price reached CZK 1,890 million. The assignment became effective on 3 February 2021. After 31 December 2020, no other events occurred that had any material impact on this Annual Report.

T-Mobile Czech Republic a.s. does not have any foreign establishment, did not acquire any own shares in 2020 and is not a subject to any other obligatory disclosures in its Annual Report.

Jose Severino Perdomo Lorenzo
General Director of T-Mobile Czech Republic a.s.

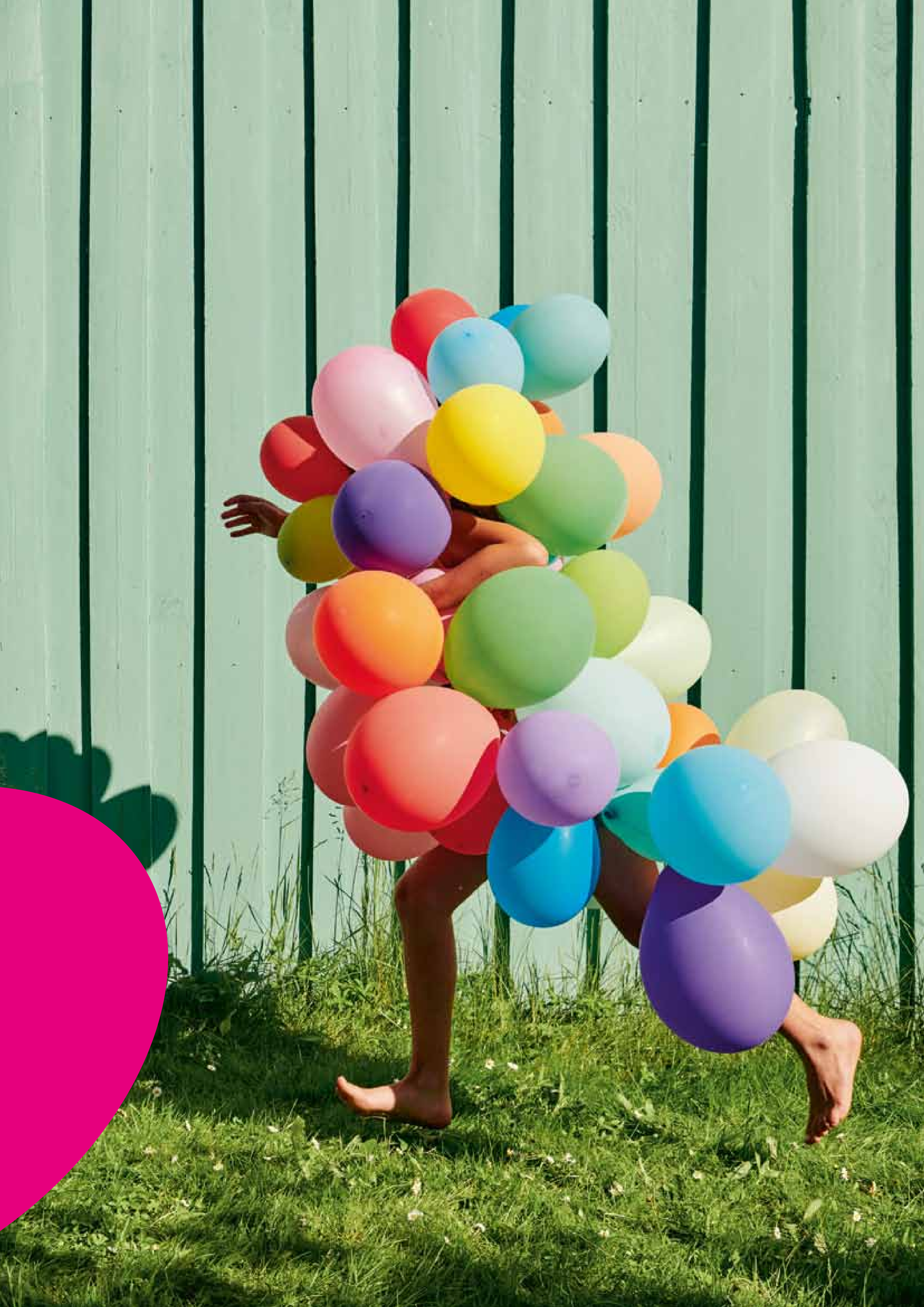


REPORT OF THE BOARD OF DIRECTORS ON BUSINESS ACTIVITIES AND ASSETS



We Are Socially Responsible

The year 2020 can hardly be compared with any previous years. The coronavirus pandemic affected the lives of all of us with unprecedented force, exposed weaknesses in society, and exacerbated a number of social problems. Throughout the year, T-Mobile endeavoured to be close to its customers and partners and has helped in many places across the Czech Republic. Circumstances also influenced traditional social responsibility projects, which more than ever used online tools and focused on issues related to the pandemic. Our key activities included cooperation with schools, public health offices, hospitals, and their support, helping socially disadvantaged families with distance learning of children, as well as combating loneliness and social isolation as phenomena closely related to the pandemic.



T-Mobile, among other things, has provided 20,000 SIM cards with unlimited data to primary schools for their pupils from socially disadvantaged families and pledged to supply 500 laptops with modems and internet access to single parents for the distance learning of their children. We have also increased data connectivity capacity in hospitals and public health offices free of charge, lent hundreds of tablets and phones to senior citizen homes and health facilities and distributed nearly CZK 1.7 million among non-profit projects aimed at fighting loneliness.

Responsibility towards the world around us and the society in which we live remains an integral part of everything we do. We are fulfilling the Sustainable Development Goals (SDGs). We adhere to the fair principles of doing business, help beneficial applications and services to see the light of day, and support non-profit organisations, small businesses and individuals. We are involved as volunteers in a number of places across the Czech Republic, sharing our experience and knowledge and assisting in emergency situations such as the coronavirus pandemic. Since our establishment, we have placed emphasis on excellent customer care and taking a fair approach to our business partners, employees, and the environment. We have received a number of awards such as the Employer of the Year, The Employer of the Decade, Healthy Company, Company of the Year: Equal Opportunities, and the Via Bona award for the involvement of employees in philanthropic and volunteer activities.

We are subject to regular annual independent audits performed by reputable companies. By obtaining and maintaining these international certificates, we prove to our customers, suppliers, employees, and public administration bodies that we have applied a consistent approach in order to continuously improve our company’s operation.

We adhere to fair principles of doing business, in our actions we observe even stricter rules than those imposed by the law, and we respect ethical rules and moral standards. The fundamental principles of our approach are integrated in the Social Charter of the Deutsche Telekom Group. We understand support for and protection of human rights as a long-term process. Queries and information related to human rights violations can be submitted via the Deutsche Telekom whistle-blower system.

At T-Mobile, we place emphasis on the requirement that all employees act in compliance with ethical rules and observe all laws and regulations, norms, and internal policies. The purpose of compliance is to achieve the highest possible degree of transparency, openness, and moral integrity, and to ensure that our employees act ethically. The Code of Conduct, which applies to all employees of the Deutsche Telekom Group, facilitates the fulfilment of the company’s values in everyday operations and links these values with the standards set out within the existing legislative and internal rules.

T-Mobile has observed the ISO 14001 (EMS) standard and every three years, it undergoes an audit performed by TÜV SÜD, an accredited certification authority. As a member of the Deutsche Telekom Group, we have committed to reducing our carbon footprint (Scope 1 and 2 emissions) by 90% by 2030 as compared with 2017. We have implemented and are following the Integrated Management System Policy.

In 2020, in addition to the assistance within the pandemic as mentioned above, we continued in our long-term programmes. The 10th edition of T-Mobile Rozjezdy ("T-Mobile Takeoffs"), a project aimed at supporting start-up businesses, moved, because of circumstances, almost exclusively to the online environment, and 406 projects were registered in it in 2020. The T-Mobile Pomáháme ("We Help") grant programme also responded to the pandemic situation and focused on the issue of loneliness. A total of CZK 1,669,312 was distributed among 15 non-profit projects.

We also motivate our employees to be socially responsible. The traditional volunteering activities include the Den pro dobrý skutek ("One Day for People in Need") programme, in which employees can spend one workday per year volunteering in non-profit organisations. The year 2020 was affected by the coronavirus and, as a result, limited on-site volunteering opportunities also in this area, yet almost 300 employees took part in the programme.

Expert volunteering is the main pillar of the educational programme called T-Mobile Academy, in which eight non-profit organisations took part in 2020. Lectures as part of the academy programme, as well as traditional workshops for the non-profit sector took place exclusively in the online environment too. The topics reflected the new situation in society, so we focused mainly on the safe and efficient use of online tools, communication on social networks, etc.

We also focused on the topic of media literacy and the fight against fake news. We conducted an online test, in which more than 20,000 respondents participated, and also organised a specialist discussion for the public on the subject. At the end of the year, we organised a Pomáhejme příběhům ("Supporting Stories") internal fundraising campaign. In the eighth year of the programme, we raised CZK 1,005,700 to support family members and friends of our employees who are in difficult life situations.

As part of innovation and social responsibility, we at T-Mobile also think about customers with disabilities. T-Mobile, among other things, operates an info line for senior citizens and people with hearing impairment. The service enables customers to read real-time written transcriptions of the operator's communication directly on the T-Mobile website. Deaf and hearing-impaired customers are thus given the certainty that they will always fully understand what the operator is saying to them.

We Care About Our People

As at 31 December 2020, our company (excluding CE Colo and Planet A employees) had a total of 3,303 employees with an average age of 37.9 years, of whom 65% were men and 35% were women. We create a suitable working environment for our employees, support their development and learning, while promoting work-life balance by, for example, offering flexible work arrangements and part-time jobs. If it is permitted by their job description, our employees can work from anywhere and at any time, thanks to new technologies and digitalisation. Approximately half of them used this possibility regularly last year. In 2020, 146 employees took maternity or parental leave.

Like other companies, for us, the whole year was marked by the coronavirus pandemic. In the spring, we recommended most of our employees (except consultants at the branches and technicians) to work from home in connection with the deteriorating epidemiological situation, and this arrangement remained in place until the end of 2020. We made it possible for all employees to communicate effectively and collaborate with each other, through the O365 (MS Teams) platform, and all members of staff were given an unlimited data plan. Additionally, each employee received face masks.

In terms of healthcare too, we have moved mostly online. In May and June, we gave our employees the option to keep fit regularly with streamed online exercises aimed mainly at stretching the body while working from home. We also organised Healthy Back lessons designed specifically to strengthen the back and core. During the spring, our employees could take part in dance lessons with Yemi AD together with their children, and regular online yoga exercises have been available for staff since the autumn.

Traditionally, T-Mobile offered free vaccinations to its employees in the spring as part of flu prevention. Unfortunately, because of the enormous increase in demand for the vaccine, all employees interested in taking advantage of this offer have not yet received the flu vaccination. By the end of the year, 415 employees received the vaccines, and the immunisation programme also continued in the first months of 2021 to meet the needs of as many employees as possible. At the end of the year, we also offered employees vouchers for the purchase of vitamins and immune support products.

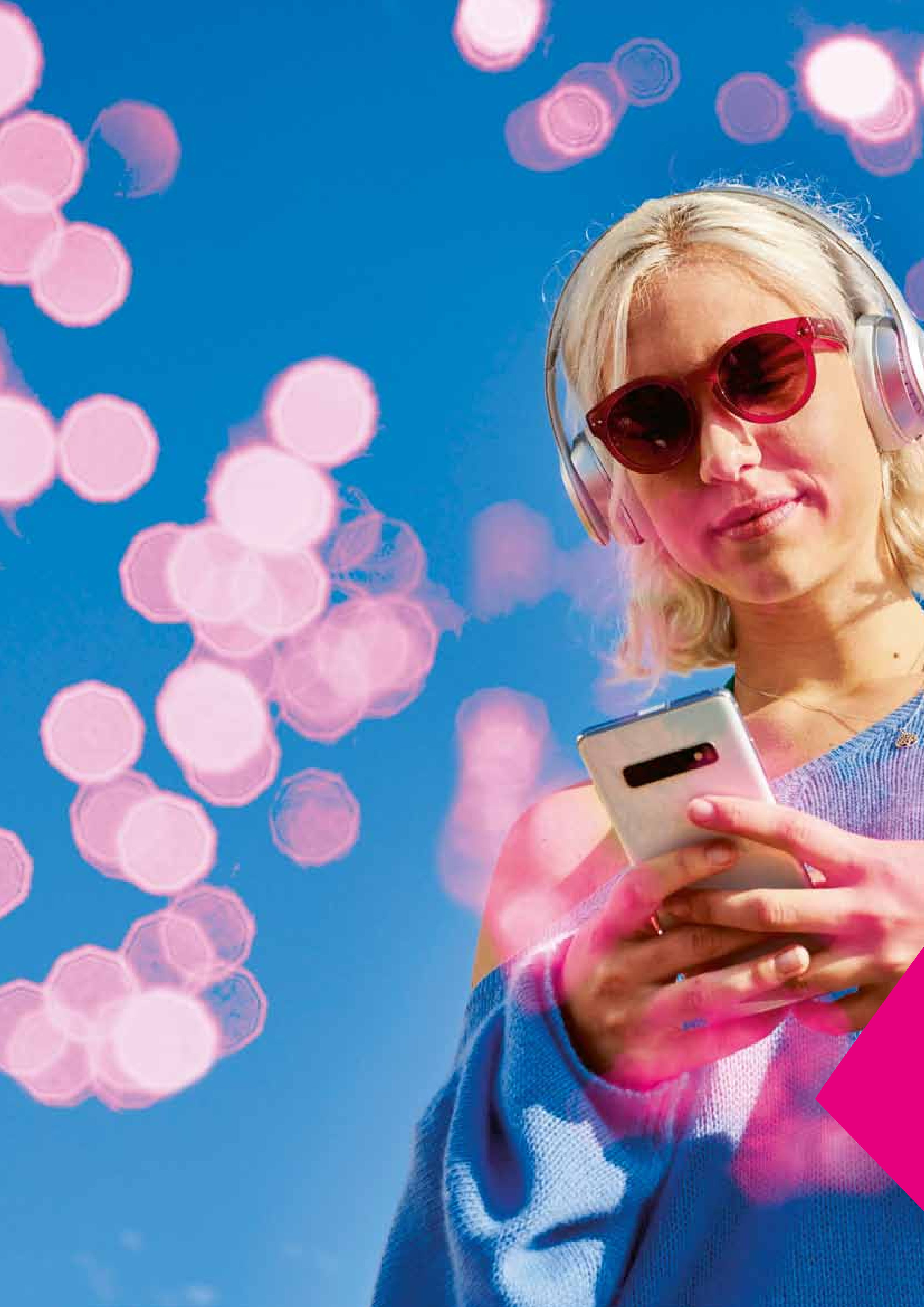
During 2020, because of the epidemiological situation, we managed to hold five Health Days for employees in our main locations: Louny, Hradec Králové, Ostrava, České Budějovice and Liberec. Under the Pusťte si maséra za krk ("Have a Massage") programme, blind masseurs stretched our colleagues' muscles both during the Health Days and at other times, e.g., in our new customer centre in Písek. We have thus supported not only the health of our employees, but also, indirectly, the employment of a group of disabled people.

Well-being and the mental hygiene of employees are important for our company. Therefore, since the spring 2020, we have been offering anonymous and free psychological counselling to our employees and their family members. They can use the service for personal and work consultations, and if their problems are more serious, operators will direct them to the right specialist. In 2020, 52 employees used this service. We see a growing trend in the number of consultations (5 in May 2020, and 13 consultations in November 2020). Frequently discussed topics include stress at work, relationship difficulties, and problems with raising children.

The fact that T-Mobile has succeeded in fulfilling the purpose of the Healthy Company programme is evidenced by, among other things, the Company Supporting Health 2018 award, which is granted by the Ministry of Health of the Czech Republic and is valid for two years. Our company has successfully defended this award, which confirms the high level of employee healthcare standards, since 2009.
In 2021, we will endeavour to defend this award again.

In 2020, the development of employees was also affected by the coronavirus pandemic. In addition to individual professional development plans for specific positions, we offer our employees the T-University development platform, in which all activities are free of charge. Those employees who wish to invest time and energy in their personal development in addition to their work can voluntarily take part in development programmes offered by T-University. Since March 2020, with the exception of a few summer months, this platform has completely switched to online learning, which met with a great response from participants. In the first months of the pandemic, the topics focused primarily on this situation that is new for all of us. We organised a number of webinars, such as Virtual Communication, How to Manage Stress During a Pandemic, How Mindfulness Can Help You in the Time of Corona, How to Work from Home with Children, Productivity, Remote Work and Technology, and Increase Your Mental Resistance, to name just a few. In addition to interactive webinars, we also held several online lectures by leading Czech speakers, which were intended for a wider audience. More than 2,200 employees signed up for the T-University programmes in 2020. Overall, all our development activities attracted more than 4,300 participants across the company in 2020.

We do not keep our expertise in IT and Information and Communication Technologies ("ICT") just to ourselves – we share it with the general public with the help of our employees. For example, during 2020, we helped retrain 66 women in the IT field (data analytics and web applications) with our long-term partner Czechitas. In November, we held the fourth edition of T-Day online conference intended for secondary-school and university students, at which we gave the young generation insight into the world of modern technologies and Industry 4.0. Furthermore, in cooperation with universities, we offered topics to be developed within bachelor's and master's theses. In the summer, we organised a 3-day hackathon for architecture students in cooperation with student associations from Prague, Liberec, and Brno. They were tasked to come up with design proposals for the new Magenta Experience Centre, which has been in operation since December 2020. Students can look forward to these activities continuing in the coming years. In 2020, we again defended our first place ranking in the Telecommunications category of the Top Employers survey, in which university students vote.



We Love Communication

We continued in implementing the global “Be Part of Now” strategy.

We were involved in helping citizens and businesses within the coronavirus pandemic.

The Christmas Katastrofy (“Disasters”) campaign was evaluated by the specialist website Mediář (mediar.cz) as the best 2020 Christmas campaign in the Czech Republic.

In 2020, we continued in fulfilling the global "Be Part of Now" positioning. Its local adaptation primarily took into account the situation on the Czech telecommunications market. Mobile data communication and better availability of mobile data were the key elements of the campaign, including support of unlimited data plans. It was primarily targeted at our customers. Unlimited data plans were the central theme of the Tanečnice ("Dancer") campaign running in February and March 2020.

The plan of communication activities was significantly influenced by the first Covid wave in March and April 2020. To continue in standard communication was pointless in such a situation, and within a couple of days we adjusted our activities to take into account the new circumstances in which T-Mobile, as a supplier of voice, data and other services, played a significant role.

In the first phase, we focused primarily on communication with our customers, whom we enabled to activate unlimited data free of charge during the first Covid wave as part of the #stalevespojeni ("#stayconnected") initiative. Furthermore, we donated advertising space worth approximately CZK 15 million and participated in the production of a campaign promoting the wearing of face masks – Chráním tebe ("I protect you"). A number of personalities participated in the campaign, and it took only five days from the inception of the idea until the first broadcast on TV. The campaign and our role in it also met with a very strong and positive response among our employees. We are proud that we could be part of this project.

In summer, we created a special campaign that took into account the Covid situation in the Czech Republic and was aimed at promoting domestic tourism. Our customers were able to activate one-day unlimited data bundles through unique EAN codes at hundreds of tourist attractions throughout the Czech Republic. The data bundles met with great popularity, with more than 200,000 being activated in total.

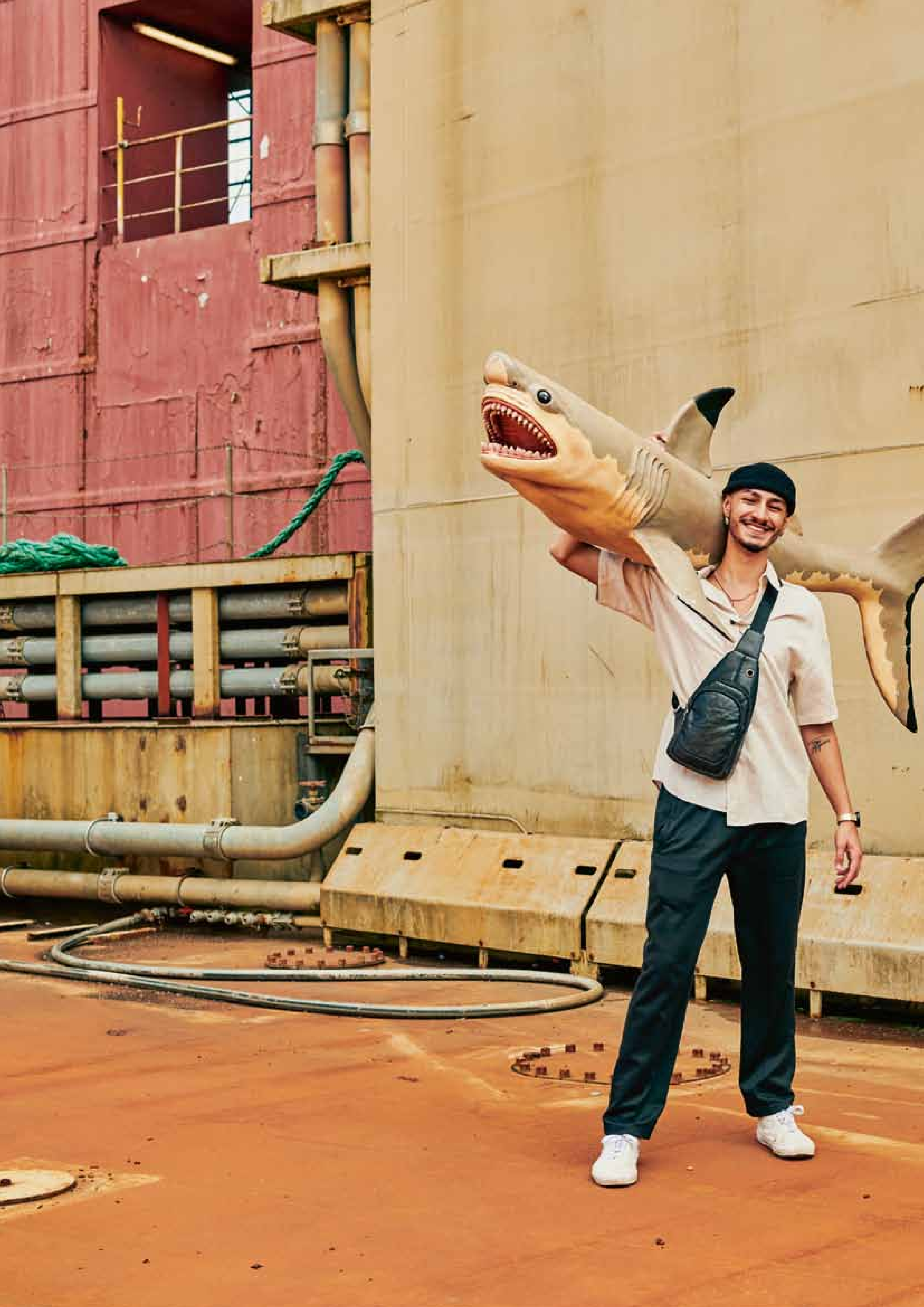
The Christmas campaign was also marked by the Covid situation, which began to deteriorate again at the end of the year. Communication was presented in an optimistic spirit under the slogan "The greatest disaster would be if we had nothing to share". The campaign shows the "nice" disasters that happen in many households during Christmas preparations and then become hilarious memories and are retold as stories. The Christmas atmosphere was enhanced in this TV spot thanks to the famous hit Jsou svátky ("It's Holiday Time") by the popular Czech signer Karel Gott, who sadly passed away in the previous year.

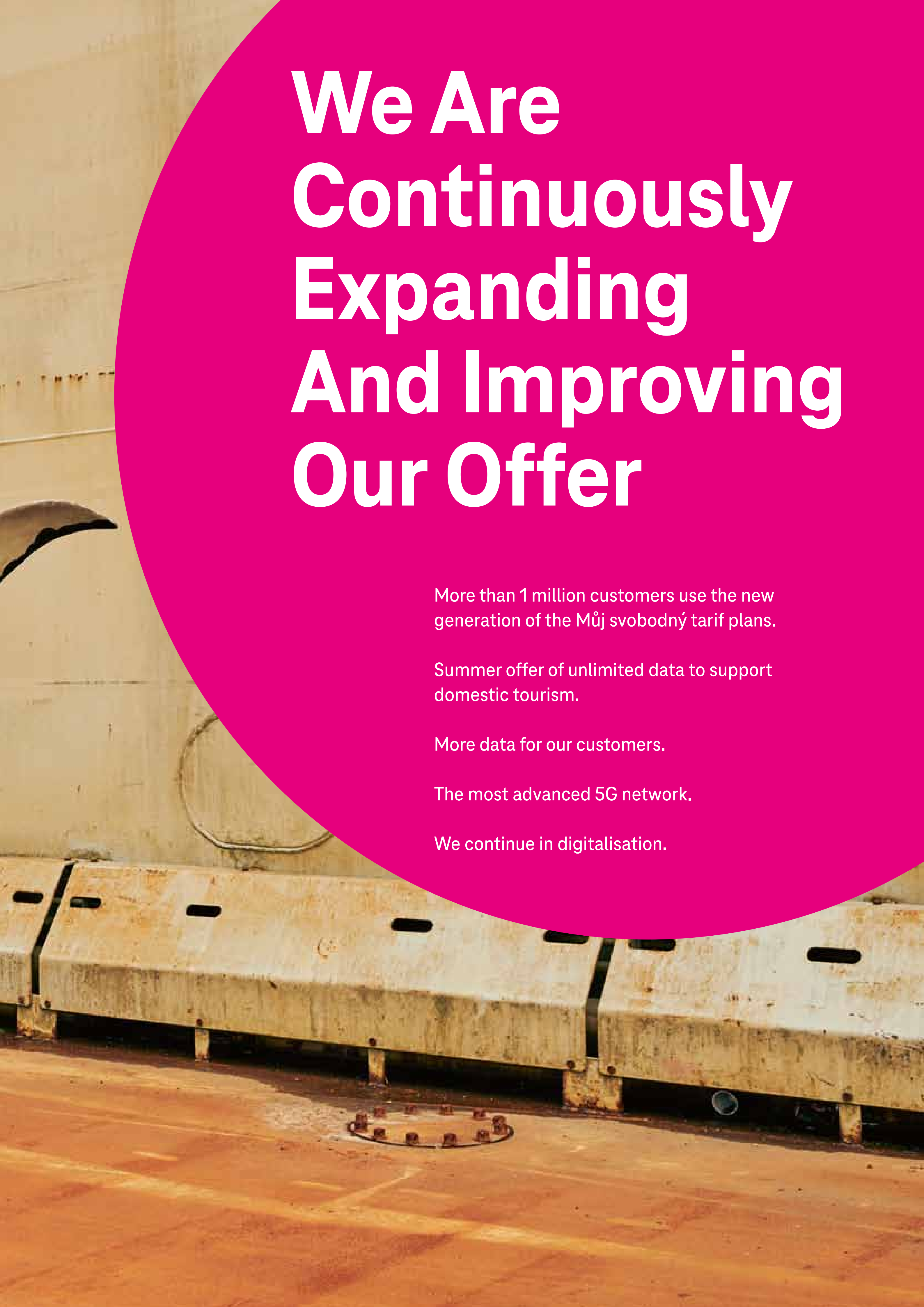
The success of the T-Mobile brand in 2020 is confirmed by a survey that monitors 11 key attributes of brand perception. Upon comparison with our competitors, we achieved five times the first-place ranking, three times the joint first-place ranking and three times the second-place ranking. The monitored attributes include, for example: Does it support the use of modern technologies, Sufficient volume of mobile data, Does it adapt to my needs; to name just a few.

In the area of sponsorship, in 2020 we wanted to focus mainly on activities related to the Summer Olympics in Tokyo and the 2020 EURO Football Championship. However, not only the biggest sporting events were greatly influenced by the COVID-19 pandemic. Neither the EURO Championship nor the Olympic Games took place in 2020 and were postponed by a year.

Despite that, we managed to organise 81 races as part of the T-Mobile Olympic Run for the public, which was moved from June to September. The starting fees for this year's edition of the event raised the record amount of CZK 489,030 for the Czech Olympic Foundation, which will help support young disadvantaged athletes. In the summer, in partnership with Czech Floorball we took part in the Street Floorball League project, organising the side events for the outdoor floorball tournament for the public on behalf of T-Mobile.

After more than twenty-two years, we terminated our cooperation with the Czech National Football Team as its general partner. At the end of 2020, we presented our new sponsorship strategy for 2021–2024. We will focus on outdoor sports, both for professional and recreational athletes, as well as for whole families with children. We want to help the general public create a counterweight to the time spent online on mobile phones and computers, creating better opportunities to solve the problems of today's society, such as overwork, stress, lack of exercise, and weakened immunity.





We Are Continuously Expanding And Improving Our Offer

More than 1 million customers use the new generation of the Můj svobodný tarif plans.

Summer offer of unlimited data to support domestic tourism.

More data for our customers.

The most advanced 5G network.

We continue in digitalisation.

In the autumn of 2019, T-Mobile introduced a new generation of the Můj svobodný tarif ("My Free Tariff Plan") flat-rate plans. Since their launch, more than one million customers have chosen one of these plans. The new plans offered users much more data, including unlimited data, and their success with customers is confirmation for us that we have set out on the right path. This was also confirmed by the year 2020, when internet access became really important. Therefore, we continued our efforts to make mobile data available to as many customers as possible. During the spring and autumn waves of the coronavirus pandemic, we provided unlimited mobile data to contract and business customers completely free of charge.

During the summer, we came up with a unique campaign to support domestic tourism. The Spolu po magentové ("Together Along the Magenta Route") event, which we organised in cooperation with the CzechTourism agency, offered households and business customers the opportunity to use unlimited data for free in more than 1,000 selected sights, both popular and less popular among tourists. Tens of thousands of users took advantage of the offer, activating more than 212,000 one-day unlimited data bundles.

We also continued to improve our data offer in the autumn. If customers also buy a smartphone when concluding a contract, they receive a 24 GB data allowance to be used free of charge over two years. Additionally, since November 2020, we have increased the volume of free data by up to 30% for both new and existing customers who use any of the Můj tarif ("My Tariff Plan") generation of plans.

The coronavirus pandemic and the need to be constantly connected have significantly affected our activities, as well as life in the Czech Republic in general. Therefore, during the spring wave, we offered unlimited data to contract and business customers. We prepared special bundles of services for sole traders and small firms, which helped them to restart their business. Even during the autumn wave, we did not leave our customers to fend for themselves. We focused primarily on targeted assistance to the most vulnerable groups of customers: whether providing socially disadvantaged schoolchildren with access to distance learning, unlimited data for students, or the internet and laptops for single families. As in the spring, free unlimited mobile data were made available to employees of hospitals and regional public health offices.

In the second half of the year, we also launched our state-of-the-art 5th generation network in the wider city centres of Prague and Brno. It can be used by all customers with a data plan, the only condition being that they have a terminal device supporting 5G technology.

At the same time, 2020 showed how important it is to have a functional digital environment and processes for customers. Therefore, we worked intensively on the further development and expansion of the functions of our My T-Mobile mobile application. Previously, it was used only for self-service; now it can be used to purchase a new phone, change a plan, add another number, and have all the services of a whole family in one place, pay invoices online, pick up a reward, etc. The application has become a fully-fledged sales channel and functions as a place where we have rewards for our customers, the Srdcovky ("Our Favourites").

Also in 2020, T-Mobile further strengthened its position in the TV services market. At the end of the year, the number of customers using T-Mobile's TV services reached almost 190,000, which is 26% more year-on-year. The increase was due to further expansion of content – the Premier Sport HD channel, for example, now offers broadcasts from the American NFL and the gala evenings of the most prestigious martial arts organisation, UFC. The portfolio of TV services is available on three platforms – via fixed-line and fibre-optic internet and via satellite. The transition to a new TV platform, which provides internet-based TV services (IPTV), has been successful. During 2020, a total of 125,000 customers were gradually transferred to the new platform. They also received a special benefit – the Videotéka ("Video on Demand") service completely free of charge for three months.

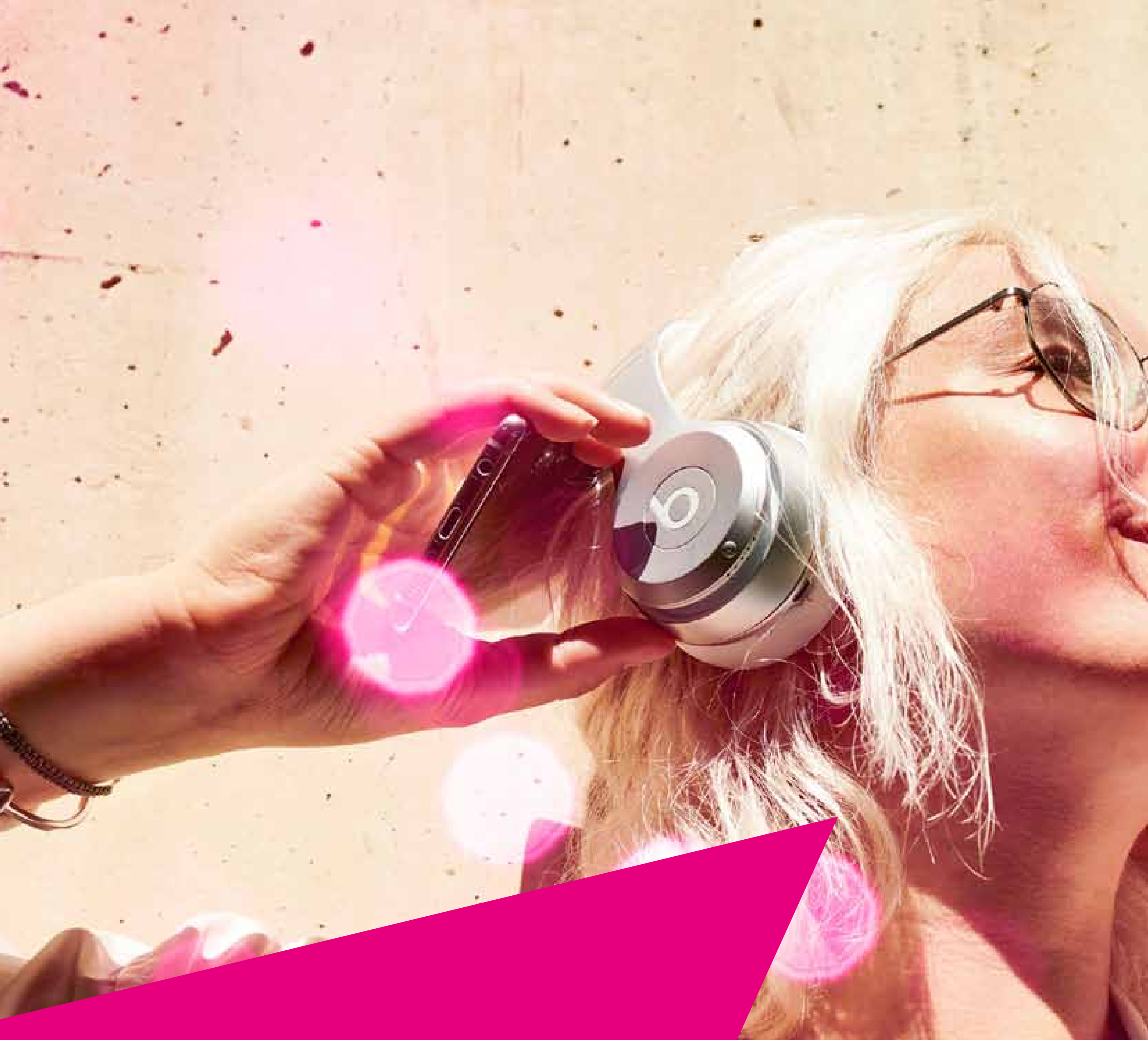
The rollout of T-Mobile's fibre-optic network continued successfully last year, despite challenging conditions. In 2020, we expanded our coverage to another almost 70,000 households that have access to high-speed internet of up to 1,000 Mbps. In total, T-Mobile offers fibre-optic internet to more than 200,000 households in the Czech Republic. The most extensive coverage with this technology is available in the Czech capital. In 2020, the expansion of services provided through the fibre-optic network continued, apart from Prague, mainly in the following towns and cities: Ústí nad Labem, Ostrava, Zlín, Přerov, Olomouc, Prachatice, Brno, and Plzeň. We have thus been gradually fulfilling our plan to cover one million Czech households with our fibre-optic network by the end of 2025.

In addition to the rollout of our own network, T-Mobile and CETIN signed an agreement on a joint investment project before the end of 2020. The plan is to cover hundreds of thousands of Czech households with a state-of-the-art fibre-optic network over the next seven years. This infrastructure will be available to both parties for an expected period of 25 years after the completion of its construction, for both retail and wholesale offers.

This partnership aims at providing the best user experience with internet access to the maximum number of customers in the Czech Republic and thus significantly contributing to building a gigabit society, a prerequisite for the digital Czech Republic.

The year 2020 showed the need for fast internet access for households. The combination of work from home and distance learning put a great strain on the capacity of home internet access. T-Mobile has focused on this issue for a long time. Practically throughout 2020, the operator offered special conditions for fixed-line internet, including the autumn best offer on the market, "Internet at full speed for only CZK 299". Interest in internet access with higher speeds has increased significantly not only because of the pandemic situation. Most customers now use internet access with a speed of 50 Mbps; previously, the first-place ranking was held by internet access with a capacity of 20 Mbps. The number of customers using the 100 Mbps plan has tripled.

As the first operator in the Czech Republic, T-Mobile offered DSL internet with backup LTE access. Customers can thus use the internet via the mobile network not only immediately after the purchase before the DSL access is put into operation, but also in the event of shutdowns and outages. At the end of the year, T-Mobile offered customers the opportunity to use the "DSL bonding", which allows higher transmission speeds over the existing metallic lines.



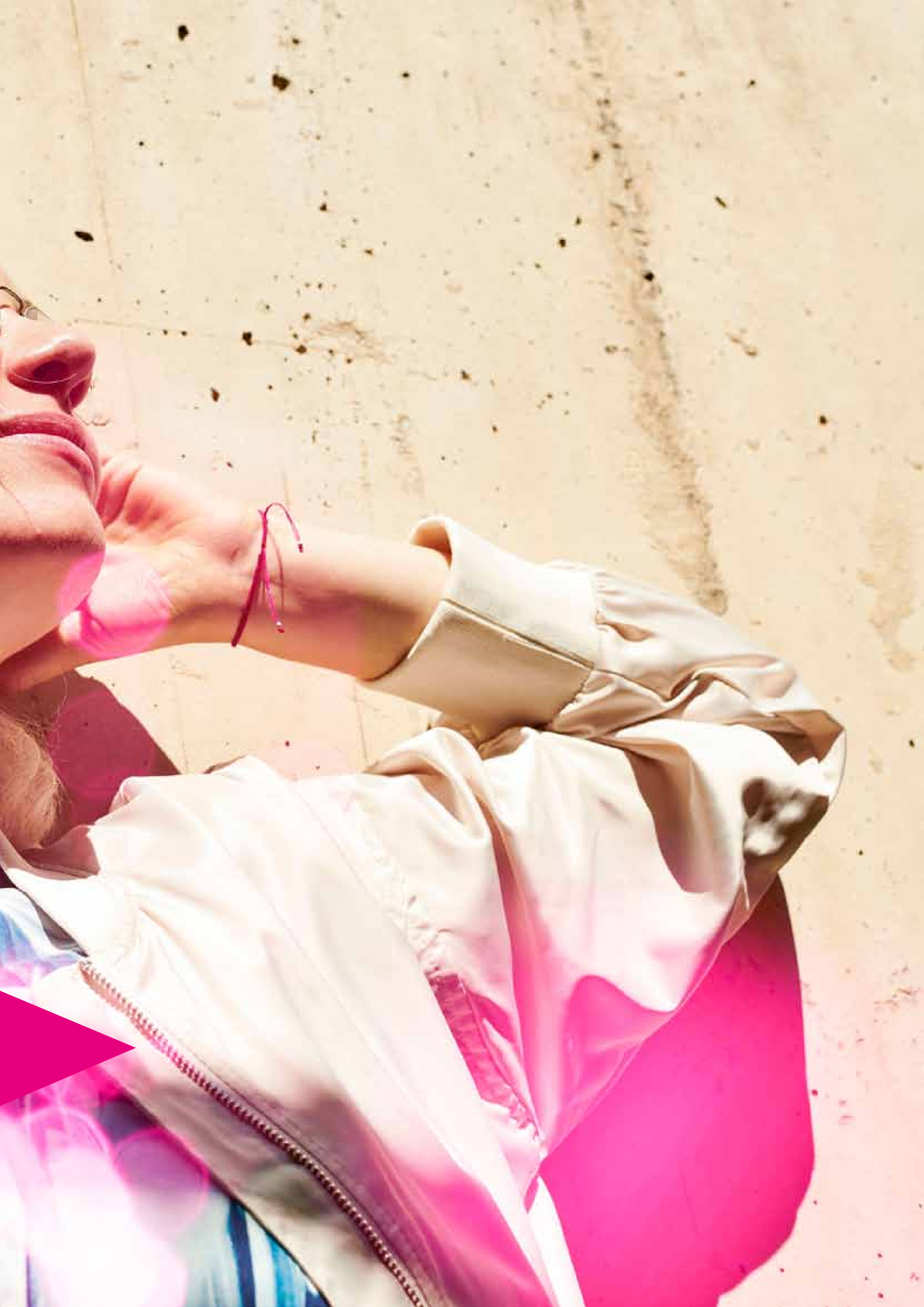
The Best For Our Customers

Srdcovky (“Our Favourites”): rewards and benefits for customers.

#stalevespojeni (“#stayconnected”): we stand by our customers during the pandemic.

Even more data for prepaid Twist cards.

Virtual operator Kaktus: a new, more extensive data offer.



For all customers, we have expanded the My T-Mobile mobile application by adding a special section – Srdcovky ("Our Favourites"). This is a place where each user can pick up their benefits and rewards for their purchases. Since June, all customers who conclude a contract online can take advantage of unlimited data free of charge for one month. In September, we devised a reward scheme for customers who purchased a phone along with signing a new or extending an existing contract – an overall data allowance of 24 GB, to be used over two years. Since November, customers have been able to pick up extra data free of charge with their standard data allowance every month.

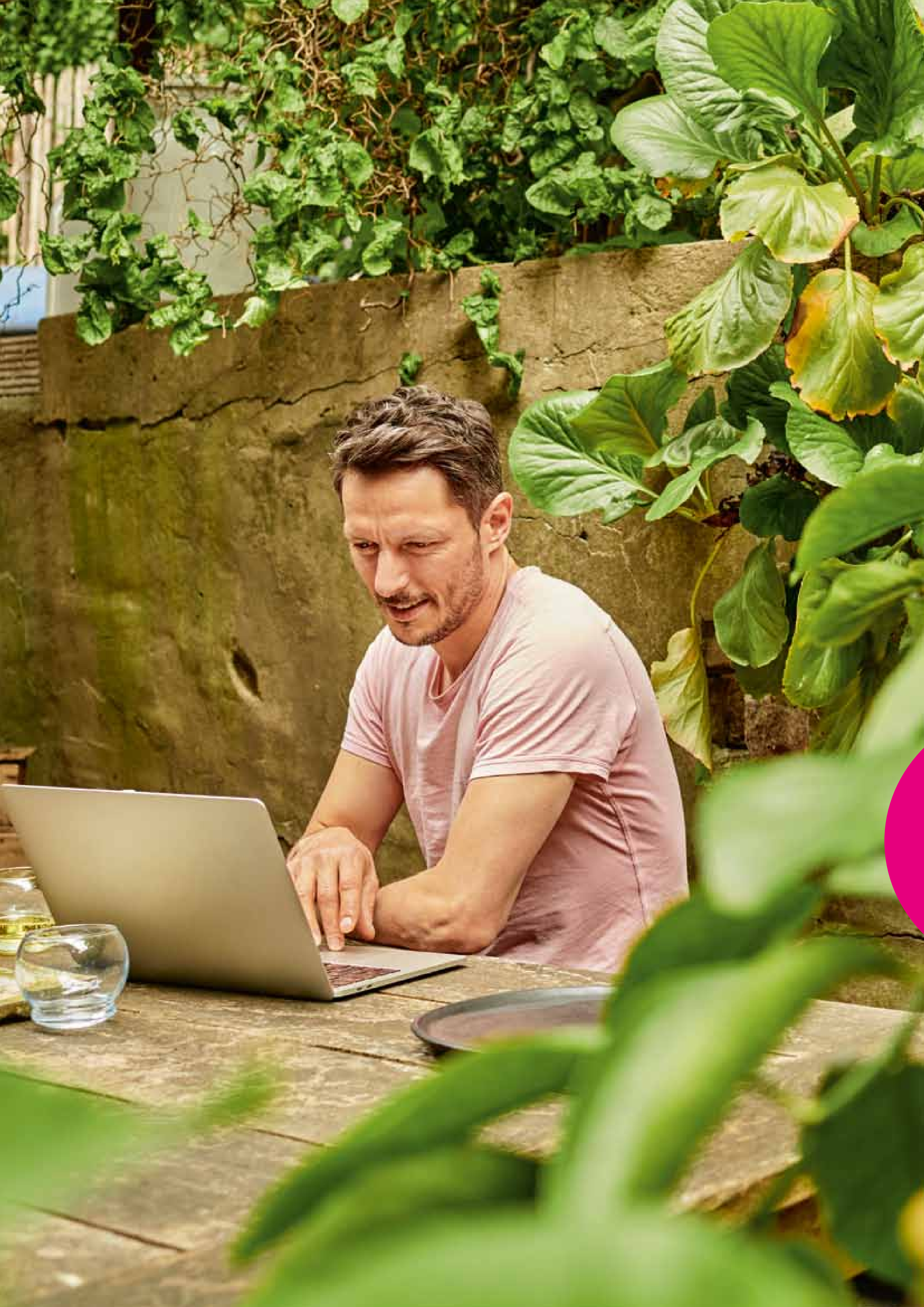
In the spring, we launched a new Twist SIM card, "50 minutes and 50 text messages to all networks". It was intended specifically for customers who like to call and send text messages. The bundle containing 50 free minutes and 50 free text messages to all networks for 30 days was provided to customers free of charge for the first month, after that it is priced at CZK 225.

In 2020, we continued to make mobile data available to prepaid card users. During the summer months, we offered a 10 GB bundle for the price of 5 GB. Users of the prepaid Twist cards too could take advantage of the Neomezené léto ("Unlimited Summer") offer, which included unlimited data free of charge for 24 hours. In August, we introduced an improved data offer. We reduced the price of unlimited one-day data bundles or additionally purchased data, introduced new unlimited data bundles for the weekend, and significantly increased the data allowance in 30-day bundles.

The Christmas offer for users of the prepaid Twist cards was marked mainly by mobile data. For each credit top-up or activation of a new SIM card in November and December, customers received 10 GB completely free of charge for another 30 days. Under the special offer, the number of credit top-ups was not limited. During the last week of December, we gave all users of the Twist card unlimited mobile data completely free of charge. In December, customers could pick up Advent surprises in the My T-Mobile mobile application every week, for example, e-books or HBO GO free of charge for a month.

However, since March, our activities have had a common denominator: helping all our customers during the coronavirus pandemic. During the peaks of the spring and autumn waves of the pandemic, users of the prepaid Twist cards received an extra 50% bonus when topping up credit on their prepaid card. In the autumn, we made the Sponsor service available again, allowing users to make reverse charge calls from the prepaid card to the called party's account.

In October, Kaktus, our virtual operator, celebrated its seventh birthday. At the end of the year, the number of its customers exceeded 120,000.
In the summer, the virtual operator introduced a new portfolio of data bundles, in which it continues with a unique offer of extra data for selected social networks. The Christmas bundle of "6 GB of data + unlimited data on social networks" met with great interest from customers, accounting for 50% of all data orders. Kaktus has built a clear profile that distinguishes it from other virtual operators. It is intended mainly for young people, and its advantage is a simple and fair, no-obligation offer of services, particularly with advantageous per-second billing, a unique data portfolio, the possibility for customers to choose their own number, and credit top-up with small amounts.



We Have Launched Our 5G Network, Are Expanding Coverage, Accelerating And Introducing New Technologies

We have put the most advanced 5G network into operation on 336 transmitters in Prague and Brno. 5G services are also available in 35 Prague metro stations.

A total of 3,725 transmitters now enable a theoretical maximum download speed of 300 Mbps or higher.

We succeeded in the radio spectrum auction for the 5th generation networks.

We have launched the first campus network in cooperation with VŠB-Technical University of Ostrava.

We want to offer our customers the best quality of services, which is why at T-Mobile we are constantly working to improve our networks and introducing the latest technologies. We have covered the wider city centre of Prague and Brno with the new 5G network, and 5G services are thus available to more than a quarter of the population of these cities. We have also deployed the most advanced 5G network in 35 metro stations. With 5G technology, our customers can surf the web with actual speed of up to 500 Mbps.

In 2020, we continued to improve the LTE (4G) network, in particular by increasing its capacity. At the end of last year, 4G services were available to 99.3% of the population of the Czech Republic. The combined coverage with the 3G and LTE networks then reached 99.31% of the population.

We also continued to expand our coverage with LTE Advanced (LTE-A) technology, which combines two, three or four bands by means of the carrier aggregation function. At the end of last year, our network included 3,725 LTE-A transmitters (2,248 combining two bands, 1,398 combining three bands, and 79 combining four bands), which is 3% more than in the previous year. LTE-A technology is now installed on 61% of our LTE transmitters. At the end of 2020, our network included a total of 1,405 transmitters supporting LTE-A and download speeds of up to 300 Mbps. Another 650 transmitters enable download speeds of up to 450 Mbps, 1,376 transmitters allow speeds of up to 650 Mbps, 267 transmitters support download speeds of up to 900 Mbps, and 27 transmitters offer speeds of up to 1100 Mbps.

In the autumn auction, we managed to obtain additional radio spectrum frequencies for the 5th generation networks. We now have one block, 2x10MHz, in the 700 MHz band and three blocks with a total spectrum width of 60 MHz in the 3500 MHz band.

In order to expand our broadband services, we have successfully implemented the “refarming” of GSM services in the 900 MHz band in cooperation with the Czech Telecommunication Office and other operators. Through this change, we have created a complete 12.4 MHz block from several small blocks with widths of approximately 2 MHz for future use, for example in the 5th generation networks.

After the accelerated start of the rollout in 2019, we also focused in 2020 on further massive expansion of the fibre-optic network into households (FTTH – FiberToTheHome technology) in order to fulfil our ambition to become a relevant fibre-optic and subsequently integrated operator in the Czech Republic. Despite the objective obstacles caused by the coronavirus epidemic (travel restrictions, negotiations with authorities and landowners and real estate owners, lockdown measures and the sickness rate of subcontractors, etc.), we essentially succeeded in achieving the set target of 70,000 newly delivered connections ready for the sale of services. This is a 40% increase as compared with 2019.

The ratio between the length of the design and preparatory phase of the FTTH projects and the construction and technical implementation phase continues to be significantly skewed towards the part of documentation and legislative matters (planning procedure, etc.). The handling of bureaucratic and administrative formalities usually requires approximately three quarters of the duration of the whole project (approximately 12 to 15 months) and thus hampers any possible further acceleration. We are therefore closely monitoring the development of the legal, regulatory and general business framework for similar types of structures to take advantage of any new possibilities that would be available to us and allow us to accelerate the rollout pace. In this context, we have, for example, entered into initial negotiations and cooperation with the Broadband Competence Office Czech Republic, which was set up by the Czech Ministry of Industry and Trade on the initiative of the EU in 2020.

In addition to the standard rollout led by our company, we continued to intensively develop other possibilities of additional growth in the field of customer fibre-optic networks. In addition to progressing work on the technical and commercial integration of our previous acquisitions (e.g., Planet A), we have held discussions in varying degrees of detail on possible new merger and acquisition opportunities. Some have reached the pre-final stage with the potential for possible finalisation in 2021. The pathways of independent rollout and acquisition of smaller local players have been complemented since the end of 2020 by a cooperation project with CETIN that is to be implemented over several years. Under it, both entities will be able to share the already existing elements of the local network in specific projects that would be otherwise difficult to implement separately.

As regards our technology strategy, we have confirmed our decision to focus exclusively on FTTH fibre-optic technology based on 10GPON as the fastest and most advanced technology in the market, which technically enables speeds of up to 10 Gbps for end users. Thus, our fibre-optic network will not only be ready to provide high-quality and reliable services instantly, but it will also be able to cope with the demands on transmission speeds and transmitted data volumes, which will undoubtedly continue to increase further in the future.

Furthermore, in 2020 we continued in testing the network for the Internet of Things – NB-IoT. In the Czech Republic, this network is in pilot operation with selected customers. The NB-IoT (Narrowband-Internet of Things) LTE standard is a subset of LTE technologies and is intended for devices with low power consumption and limited transmission bandwidth, which are typical for the Internet of Things. Following the towns and cities covered in 2019 (Prague and its vicinity, Beroun, Brno and Mladá Boleslav), the LTE NB-IoT network is also available in Plzeň, České Budějovice, Jablonec nad Nisou and Dobříš, using 242 base stations. We are thus fulfilling our plan of becoming the leader in providing network, technological and application solutions for the Internet of Things. We are planning to gradually achieve nationwide coverage with the NB-IoT network.

In 2020, our company improved the coverage and quality of services in additional Prague metro stations. Passengers can now use the high-speed LTE and 5G mobile networks on the line A of the Prague metro in the section between the Dejvická and Náměstí Míru stations. They can also do so on the line B in the sections between the Lužiny and Hůrka stations, the Smíchovské nádraží and Českomoravská stations, and on the line C in the section between the Háje and Nádraží Holešovice stations. 4G mobile services are available to customers in 39 stations and adjacent tunnels on the lines A, B and C of the Prague metro, while 5G services are available in 35 stations and tunnels. The complete coverage of Prague's underground public transport by LTE and 5G networks should be completed at the end of 2021.

Last year, we successfully completed cooperation on the pan-European C-Roads project spanning over four years, which, as a single pan-European traffic information transmission system, will provide up-to-date and credible information on the traffic situation. We focused on events such as traffic jams ahead, weather condition warning and hazardous area notification (warning against hazardous places on the road). T-Mobile passed this information through the integration platform to all C-Roads project partners.

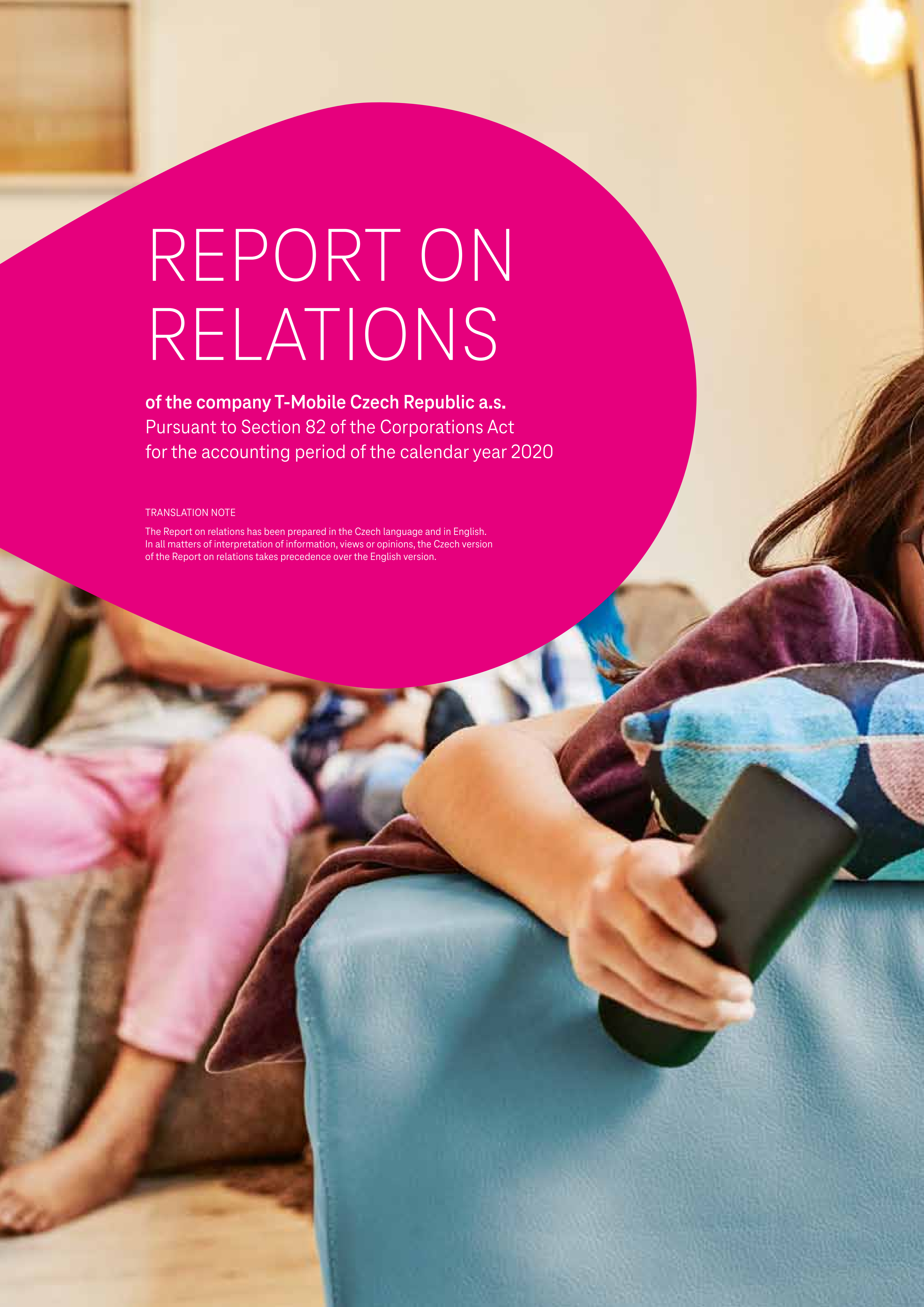
T-Mobile has also developed the Dopravní rádce ("Traffic Guide") application, which displays data from the system in a format that drivers can understand. The application aggregates traffic information from several official sources (complementing traffic information from C-Roads with data from the mobile network and T-Mobile's Chytré auto ("Smart Car") service, information about the current weather situation, and list of dangerous locations). It therefore displays all available traffic information, warning, for example, against traffic jams and weather conditions affecting traffic, accidents or anticipated delays along the route. The application works on both Android and iOS devices and is now available only to the participants in the pilot operation.

Our cooperation with universities in research and development continued also in 2020. In July, we completed the construction of the first industrial campus network in cooperation with VŠB – Technical University of Ostrava. In the first phase of the project, the network was operated in the 4G standard. In the autumn, after the allocation of test frequencies, it was possible to start testing applications, solutions and services in the 5G network. The campus network covers part of the VŠB-TUO campus including several buildings, the interior of a smart factory and a 3D plastic and metal printing facility. Here it will be used for communication between robots, autonomous vehicles and other machines involved in fully automated production. Campus networks will allow companies to use modern digital communication technologies supporting LTE, 5G and IoT for their business, manufacturing and operational purposes. The private campus is of key importance especially in connection with 5G network technology. It will enable digitalisation in both manufacturing and other sectors such as logistics, trade and healthcare.

Robotics Process Automation (RPA) is another area in which we focus on the use of new technologies. RPA helps us automate internal processes.

In Prague, dated 25 March 2021

Jose Severino Perdomo Lorenzo
Member of the Board of Directors

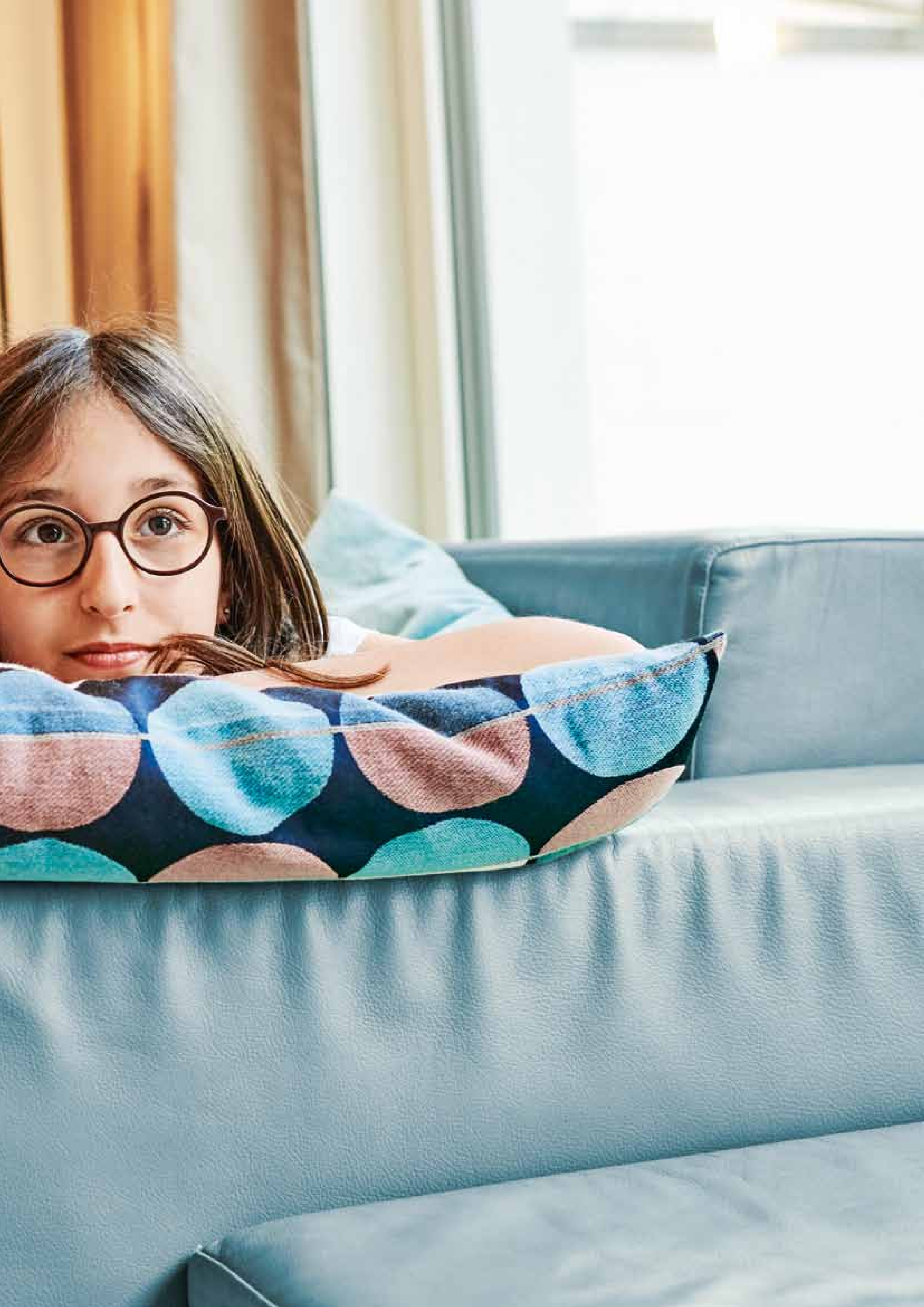


REPORT ON RELATIONS

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 2020

TRANSLATION NOTE

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



The Board of Directors of T-Mobile Czech Republic a.s., having its registered office at Tomíčkova 2144/1, 148 00 Praha 4, company registration number 649 49 681, which is registered in the Commercial Register administered by the Municipal Court in Prague, Section B, File No. 3787 (in this Report also the "Company" or "TMCZ"), has prepared the following Report on Relationships pursuant to Section 82 of Act No. 90/2012 Coll., the Corporations Act (the "Corporations Act"), for the accounting period of the calendar year 2020 ("the Relevant period").

1 Relationships structure

According to the available information of the Board of Directors of the Company acting with due managerial care, for the whole of the Relevant period, the Company formed a part of the group in which the controlling party is Deutsche Telekom AG ("DTAG") ("the Concern"). Information on the entities forming part of the Concern is stated as at 31 December 2020 according to the information available to the statutory body of the Company acting with due managerial care. The structure of relations within the Concern is graphically illustrated in the Annex No. 1.

Controlling party

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

2 Role of the Company in the Concern

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

3 Methods and means of control

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

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

4 Mutual contracts within the Concern

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

4.1.1 Contracts entered into in 2020:

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Service Arrangement Group Technology & Innovation 2019	027516–214–00
DEUTSCHE TELEKOM AG	Service Arrangement_SLA 2020 Inbound Services	027516–216–00
Deutsche Telekom AG, PG 1010	CONTRACT FOR PHYSICAL POOLING OF THE GROUP'S CASH (SOGECASH INTERNATIONAL POOLING)	028590–000–00

4.1.2 Contracts that were effective in 2020:

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Non – Disclosure Agreement	0000156/2006-SMnp
Deutsche Telekom AG	International Carrier Interconnection- Deutsche Telekom network through Deutsche Telekom Point of Presence in Prague for International Telecommunications Services viac PSTN/ISDN	0000230/2007-SMws
Deutsche Telekom AG	Agreement on – Circuit Solution EoM	0000289/2011-SMna
Deutsche Telekom AG	Non-Disclosure and Confidentiality Agreement	001070–000–00
Deutsche Telekom AG	Letter of Understanding	010003–000–00
Deutsche Telekom AG	Sublicence agreement (rebranding)	010091–000–00
Deutsche Telekom AG	Amendment No. 1 to the partial contract	010091–201–01
Deutsche Telekom AG	Letter of Understanding	010091–202–00
Deutsche Telekom AG	Amendment no. 8 to Agreement on Global Roaming eXchange (GRX) (No. T-Systems 2002/622)	010109–108–00
Deutsche Telekom AG	Amendment No. 9 to Agreement on Global Roaming eXchange (GRX) (No. T-Systems 2002/622)	010109–109–00
Deutsche Telekom AG	Amendment No. 10 to Agreement on Global Roaming eXchange (GRX)	010109–110–00
Deutsche Telekom AG	Amendment No. 11 to Agreement on Global Roaming eXchange (GRX)	010109–111–00
Deutsche Telekom AG	Amendment No. 12 – GRX Services	010109–112–00
Deutsche Telekom AG	Agreement – agreement on telecommunication network's interconnection	010246–000–00
Deutsche Telekom AG	UMTS Frame Agreement	010322–000–00
Deutsche Telekom AG	Amendment No. 5 – roaming signalling	010340–105–00
Deutsche Telekom AG	Amendment No. 6 – Agreement on application of Agreement on Signalling-for-International-Roaming (SPR Services)	010340–106–00
Deutsche Telekom AG	Amendment No. 7 – Signalling for international roaming – Diameter/4G	010340–107–00
Deutsche Telekom AG	Amendment No. 8 – Signalling for international roaming – SS7 based Steering	010340–108–00
Deutsche Telekom AG	Amendment No. 9	010340–109–00
Deutsche Telekom AG	Framework agreement – Inbound	010562–000–00
Deutsche Telekom AG	Service Arrangement – Strategy & Portfolio Management	010562–201–00
Deutsche Telekom AG	Service Arrangement – Management IT Applications	010562–202–00
Deutsche Telekom AG	Service Arrangement – ERP & Corporate Systems	010562–203–00
Deutsche Telekom AG	Service Arrangement – Management IT Operations	010562–204–00
Deutsche Telekom AG	Service Arrangement – End user Marketing	010562–205–00
Deutsche Telekom AG	Service Arrangement – System Engineering	010562–206–00
Deutsche Telekom AG	Service Arrangement – System Engineering	010562–207–00
Deutsche Telekom AG	Service Arrangement – Network Deployment & Operations Management	010562–208–00
Deutsche Telekom AG	Service Arrangement – Network Deployment & Operations Management	010562–209–00
Deutsche Telekom AG	Framework Cooperation and Service Agreement- Outbound Direct Charging	010563–000–00
Deutsche Telekom AG	Service Arrangement – ERP & Corporate Systems	010563–201–00
Deutsche Telekom AG	Framework Cooperation and Service Agreement– Outbound	010564–000–00
Deutsche Telekom AG	Sideletter to the Framework Cooperation and Service Ag. (Outbound/ Allocation)	010564–101–00
Deutsche Telekom AG	Service Arrangement – Global Products	010564–201–00
Deutsche Telekom AG	Service Arrangement – Payment	010564–202–00
Deutsche Telekom AG	Service Arrangement – IT Department	010564–203–00
Deutsche Telekom AG	Service Arrangement – Marketing Department	010564–204–00
Deutsche Telekom AG	Service Arrangement – Network Technology Office	010564–205–00
Deutsche Telekom AG	Service Arrangement – IT Strategy & Portfolio Management	010564–206–00
Deutsche Telekom AG	Service Arrangement – Process Alignment & Quality Management	010564–207–00
Deutsche Telekom AG	Service Arrangement – Management IT Applications	010564–208–00
Deutsche Telekom AG	Service Arrangement – Management IT Operations	010564–209–00
Deutsche Telekom AG	Service Arrangement – Marketing Coordination	010564–210–00
Deutsche Telekom AG	Service Arrangement – Marketing Coordination	010564–211–00
Deutsche Telekom AG	Service Arrangement – Product Management	010564–212–00
Deutsche Telekom AG	Service Arrangement – End User Marketing	010564–213–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Service Arrangement – End User Marketing	010564–214–00
Deutsche Telekom AG	Service Arrangement – Wholesale Marketing	010564–215–00
Deutsche Telekom AG	Service Arrangement – Wholesale Marketing	010564–216–00
Deutsche Telekom AG	Service Arrangement – European Terminal Management	010564–217–00
Deutsche Telekom AG	Service Arrangement – Systems Engineering	010564–218–00
Deutsche Telekom AG	Service Arrangement – Systems Engineering	010564–219–00
Deutsche Telekom AG	Service Arrangement– Network Deployment and Operations Management	010564–220–00
Deutsche Telekom AG	Service Arrangement – Network Deployment and Operations Management	010564–221–00
Deutsche Telekom AG	Service Arrangement – Technology and Development	010564–222–00
Deutsche Telekom AG	Service Arrangement – Supplier Management	010564–223–00
Deutsche Telekom AG	Service Arrangement – Network Budgeting Performance	010564–224–00
Deutsche Telekom AG	Declaration of consent (consent to access to the TMCZ database)	010817–000–00
Deutsche Telekom AG	Sublicence of TIBCO Software License Agreement	011269–000–00
Deutsche Telekom AG	Loan Agreement	012236–000–00
Deutsche Telekom AG	Agreement – TMO warranty for Siemens AG	012309–000–00
Deutsche Telekom AG	Services Agreement – MBS	012467–000–00
Deutsche Telekom AG	Letter of Affirmation – Licence Chordiant Marketing Director	012761–000–00
Deutsche Telekom AG	T-Zones Agreement	012876–000–00
Deutsche Telekom AG	Amendment No. 1 – Letter of Variation (t-zones)	012876–101–00
Deutsche Telekom AG	Letter of Variation–- Addendum No. 2 to T-Zones Agreement – discount for y. 2006	012876–102–00
Deutsche Telekom AG	Addendum No. 3 to T-Zones Agreement – contract update	012876–103–00
Deutsche Telekom AG	Letter of Variation – T-Zones agreement – Addendum No. 4	012876–104–00
Deutsche Telekom AG	Agreement – suretyship (Bürgschaft) Nortel GPRS	012958–000–00
Deutsche Telekom AG	Framework cooperation and service agreement – Inbound	013243–000–00
Deutsche Telekom AG	Inbound (update of Annex 2 – Service Arrangement 2005)	013243–101–00
Deutsche Telekom AG	Inbound (update of Annex 2 – Service Arrangement 2006)	013243–102–00
Deutsche Telekom AG	Inbound service arrangement 2007	013243–103–00
Deutsche Telekom AG	Service Arrangement 2008 (Inbound (annex 2 valid for 08))	013243–104–00
Deutsche Telekom AG	Service Arrangement 2009	013243–105–00
Deutsche Telekom AG	Service Arrangement 2010–- Annex 2 (Inbound Contract)	013243–106–00
Deutsche Telekom AG	Service Arrangement 2011 – X-charges inbound 2011 under the Framework Cooperation	013243–107–00
Deutsche Telekom AG	Service Arrangement 2013 (Inbound – Annex 2 – Product Development 2013)	013243–108–00
Deutsche Telekom AG	SLA Inbound 2014 TMCZ Service Provider TDG Service Receiver	013243–109–00
Deutsche Telekom AG	Service Arrangement – Annex Service Agreement TMCZ EUHQ 2014	013243–110–00
Deutsche Telekom AG	Annex Service Agreement TMCZ EUHQ2013	013243–111–00
Deutsche Telekom AG	Annex Service Agreement – SLA Inbound 2015 TMCZ Service Provider TDG Service Receiver	013243–112–00
Deutsche Telekom AG	Annex 2 – Service Arrangement 2015 – Inbound Service Agreement	013243–115–00
Deutsche Telekom AG	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	013243–117–00
Deutsche Telekom AG	Framework Cooperation and Service Agreement (Outbound/Allocation)	013244–000–00
Deutsche Telekom AG	Sideletter to the Cooperation and Service Agreement (Outbound/Allocation)	013244–101–00
Deutsche Telekom AG	Outbound (amendment of Annex 2 – Service Arrangement 2005)	013244–102–00
Deutsche Telekom AG	Outbound (Amendment of Annex 2 – Service Arrangement for 2006)	013244–103–00
Deutsche Telekom AG	Outbound Service Arrangement 2007	013244–104–00
Deutsche Telekom AG	Service Arrangement 2008 (Outbound) – amendment of the Annex 2	013244–105–00
Deutsche Telekom AG	Service arrangement 2009	013244–106–00
Deutsche Telekom AG	Service Arrangement 2010 – Annex 2 (Outbound Contract)	013244–107–00
Deutsche Telekom AG	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	014145–000–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Service Agreement – Interoperator Discount Services ("IOT-services")	014585–000–00
Deutsche Telekom AG	Amendment No. 1 – new version of Appendix 1 (distribution of discounts)	014585–101–00
Deutsche Telekom AG	Suretyship Agreement (Nortel)	015123–000–00
Deutsche Telekom AG	Agreement on the unification of payment terms – application Inhouse Cash	015941–000–00
Deutsche Telekom AG	Amendment No. 1 to the Agreement on the unification of Payments Terms	015941–101–00
Deutsche Telekom AG	Amendment No. 2 to the Agreement on the unification of Payment Terms	015941–102–00
Deutsche Telekom AG	Variation to Unification of Payment Terms Agreement	015941–103–00
Deutsche Telekom AG	Inhouse Banking Side Agreement (Side Letter to UPT Agreement)	015941–201–00
Deutsche Telekom AG	Service Agreement (auditing services – x-charge)	016189–000–00
Deutsche Telekom AG	Sublicense Agreement (Intel)	016228–000–00
Deutsche Telekom AG	Master Agreement – Hedging Activities	016323–000–00
Deutsche Telekom AG	Agreement on Bilateral MMS eXchange	016451–000–00
Deutsche Telekom AG	Service Agreement for the provision of Marketing Services	016889–000–00
Deutsche Telekom AG	Amendment No. 1 to the Service Agr. – Service Description, Cost Allocation Scheme	016889–101–00
Deutsche Telekom AG	Deed of Adherence (project Munice 2)	017569–000–00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – exchange ZigBee info on SIM card	017808–000–00
Deutsche Telekom AG	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	018945–000–00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	018965–000–00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	019043–000–00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	019044–000–00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	019045–000–00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	019046–000–00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	019052–000–00
Deutsche Telekom AG	EBS General Service Agreement	019184–000–00
Deutsche Telekom AG	Service Package to the EBS General Service Agreement	019184–201–00
Deutsche Telekom AG	Settlement Agreement – international traffic – settlement	019199–000–00
Deutsche Telekom AG	Deed of Adherence to the Framework Ag. for the Supply of Network Infrastructure	019440–000–00
Deutsche Telekom AG	Project Specific Annex (PSA) GGSN & SGSN – Commercial Conditions to the Frame Agreement	019704–000–00
Deutsche Telekom AG	Master Agreement for Derivates and Investment Contracts	019894–000–00
Deutsche Telekom AG	Sideletter	019895–000–00
Deutsche Telekom AG	Amendment to the Side Letter to the Master Agreement for Derivates and Inv. Con.	019895–101–00
Deutsche Telekom AG	WiFi Roaming Solution Agreement	020075–000–00
Deutsche Telekom AG	Amendment No. 1 to the WiFi Roaming Solution Agreement	020075–101–00
Deutsche Telekom AG	Service Agreement – Interoperator Discount Contracts	021094–000–00
Deutsche Telekom AG	Confidentiality Agreement	021267–000–00
Deutsche Telekom AG	License Agreement – Software concerning the predictive modelling	021411–000–00
Deutsche Telekom AG	Agreement on the processing of personal data	021442–000–00
Deutsche Telekom AG	Project Specific Annex RU20/OSS5.2	021581–000–00
Deutsche Telekom AG	Project Service Agreement for cIBS – common Interconnect Billing System	021810–000–00
Deutsche Telekom AG	Co-operation Agreement for Joint LTE-TD Evaluation Trial	021821–000–00
Deutsche Telekom AG	Project Service Agreement for RMC (PSA) for the new IT Enabler RMC (T-Rex)	021911–000–00
Deutsche Telekom AG	Agreement on processing of data and information with confidentiality clause	022098–000–00
Deutsche Telekom AG	Contractual Agreement for change of delivery model for ng iBMD (Jellyfish)	022173–000–00
Deutsche Telekom AG	Agreement on Commercial Roaming Broker Services	022191–000–00
Deutsche Telekom AG	Amendment Letter No. 1 to the Agreement on Commercial Roaming Broker Services	022191–101–00
Deutsche Telekom AG	Amendment 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	022191–103–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Amendment Letter No. 4 to the Agreement on Commercial Roaming Broker Services	022191–104–00
Deutsche Telekom AG	Data Privacy Agreement on commissioned processing of personal data, for 022191–104	022191–104–01
Deutsche Telekom AG	Cooperation Agreement	022250–000–00
Deutsche Telekom AG	Delivery of Software and the Performance of Services in Connection with ngCRM	022281–000–00
Deutsche Telekom AG	Supplement No. 1 – Delivery of Software and the Performance of Services in Connection with ngCRM	022281–101–00
Deutsche Telekom AG	Supplement No. 1 to Project Service Agreement (PSA) – ngCRM system	022281–102–00
Deutsche Telekom AG	SERVICE Agreement Network Technology	022467–000–00
Deutsche Telekom AG	SUBLICENSE AGREEMENT for the Software for IVR Campaigning/Banner	022483–000–00
Deutsche Telekom AG	Management Agreement for international MNC Services	022522–000–00
Deutsche Telekom AG	Amendment No. 1 to Management Agreement for International MNC Services	022522–101–00
Deutsche Telekom AG	Agreement for the Provision of Capacity	022696–000–00
Deutsche Telekom AG	Supplementary Agreement to the Sublicence Agreement	022780–000–00
Deutsche Telekom AG	iPad License Acknowledgement of Adherence to Wireless Service License – iPad TMC	022870–000–00
Deutsche Telekom AG	Angry Birds International Campaign	022875–000–00
Deutsche Telekom AG	Framework cooperation and service agreement – X-charges	022888–000–00
Deutsche Telekom AG	Annex No. 022888–104–00 Service arrangement EU HQ	022888–104–00
Deutsche Telekom AG	Annex to FA - Service Arrangement – X- charges 2012- Products and Innovation annex	022888–105–00
Deutsche Telekom AG	Service Arrangement – Cross Charging 2013	022888–106–00
Deutsche Telekom AG	Annex Service Arrangement – P&I Payment Products	022888–112–00
Deutsche Telekom AG	Annex – Service Arrangement – Group Technology 2014	022888–115–00
Deutsche Telekom AG	Annex Service Arrangement – Board Area Europe	022888–116–00
Deutsche Telekom AG	Annex to the Framework Cooperation and Service Agreement-Service Arrangement Group Procurement	022888–118–00
Deutsche Telekom AG	Service Arrangement – Musketeer Program	022888–120–00
Deutsche Telekom AG	Service Arrangement (Outbound cross charges)	022888–121–00
Deutsche Telekom AG	Service Arrangement 2015 – Group Technology (Outbound cross charges)	022888–123–00
Deutsche Telekom AG	Annex – Service Arrangement – Centralized Capacity Planning Service	022888–127–00
Deutsche Telekom AG	Annex – Service Arrangement Board Area Europe TMCZ EUHQ 2017	022888–130–00
Deutsche Telekom AG	Annex – Service Arrangement – Technology & Innovation 2017	022888–131–00
Deutsche Telekom AG	Annex – Service Arrangement – Group Procurement 2017	022888–132–00
Deutsche Telekom AG	Appendix 3 to the Service Arrangement Group Procurement (CDP)	022888–132–01
Deutsche Telekom AG	Service Arrangement – Central capacity planning	022888–135–00
Deutsche Telekom AG	Annex 2 - Service Agreement Schedule, Expert development Vendor & Portfolio Management	022888–138–00
Deutsche Telekom AG	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)	022962–000–00
Deutsche Telekom AG	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	022972–101–00
Deutsche Telekom AG	Deed of Adherence (Vertragsbeitritt – to Contract 990053–000–00)	023021–000–00
Deutsche Telekom AG	Side Letter to the Framework Cooperation and Service Agreement	023056–000–00
Deutsche Telekom AG	Enrolment to the Frame Agreement for the supply of CCC SAP Services including SAP Licence Management Services	023213–000–00
Deutsche Telekom AG	Tax Indemnity Agreement	023340–000–00
Deutsche Telekom AG	Framework Cooperation and Service agreement	023382–000–00
Deutsche Telekom AG	Annex - Service Agreement TMCZ EUHQ 2017 – DTAG Europe	023382–201–00
Deutsche Telekom AG, VTI	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	023418–000–00
Deutsche Telekom AG	Confidentiality Obligation for Clean Team Members	023435–000–00
Deutsche Telekom AG	Letter of intent – OSS	023451–000–00
Deutsche Telekom AG	Cooperation Agreement	023481–000–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Cooperation Agreement – INTRA GROUP COMPLIANCE AGREEMENT	023496–000–00
Deutsche Telekom AG	Letter of Adherence (“LoA”) – Ringback Tones Services	023507–000–00
Deutsche Telekom AG	Global M2M Service cooperation – Joining Agreement	023543–000–00
Deutsche Telekom AG	Frame Agreement for Commissioned Personal Data Processing	023692–000–00
Deutsche Telekom AG	CDP Individual 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	023692–202–00
Deutsche Telekom AG	CDP Individual Agreement on commissioned processing of personal data OCP (OneCom)	023692–203–00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of personal data	023727–000–00
Deutsche Telekom AG	Agreement on the purchase of a videoconferencing system	023771–000–00
Deutsche Telekom AG	Letter of Adherence – 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	024075–000–00
Deutsche Telekom AG	Service Arrangement P&I products core telco products and media 2013	024087–000–00
Deutsche Telekom AG	Agreement For Commissioned Data Processing	024202–000–00
Deutsche Telekom AG	Cooperation and Service agreement – Ring back tones	024204–000–00
Deutsche Telekom AG	Retail and Marketing Funds Agreement	024307–000–00
Deutsche Telekom AG	“m-wall” (POS presentation) Agreement	024308–000–00
Deutsche Telekom AG	Annex 1 to Service Arrangement – Product Roadmap 2015	024334–101–00
Deutsche Telekom AG	Annex – Service Arrangement – Compensation in the area of M2M for 2015	024334–102–00
Deutsche Telekom AG	Main Contract on IP Transit	024335–000–00
Deutsche Telekom AG	Agreement on the processing of personal data in International Sharepoint	024360–000–00
Deutsche Telekom AG	Contract on Deutsche Telekom ICSS Mobile Services - DINr3, Services enabling IP/MPLS platform	024362–000–00
Deutsche Telekom AG	Amendment No. 1 to the Contract on Deutsche Telekom ICSS 024362–000–00	024362–101–00
Deutsche Telekom AG	iPhone Contract of Adherence to the iPhone Agreement between Apple and DT	024364–000–00
Deutsche Telekom AG	Sideletter to iPhone Contract of Adherence to the iPhone Agreement between Apple	024364–201–00
Deutsche Telekom AG	Service Arrangement – SLA Outbound Services 2015	024410–102–00
Deutsche Telekom AG	Service Arrangement – SLA Outbound Services 2016, TMCZ Service Receiver, TD Serv	024410–103–00
Deutsche Telekom AG	Service Level Agreement (SLA) – Handset Capability Server (HCS)	024410–104–00
Deutsche Telekom AG	Trial Agreement for Joint Active Antenna System (ASS) Trial	024515–000–00
Deutsche Telekom AG	Agreement for Provisioning of Integration Services for MyWallet	024546–000–00
Deutsche Telekom AG	Agreement for Commissioned Data Processing	024565–000–00
Deutsche Telekom AG	Agreement on application of Global Intranet GPRS Roaming eXchange (GRX)	024807–000–00
Deutsche Telekom AG	Agreement on the commissioned processing of personal data (Non-compliance list)	024809–000–00
Deutsche Telekom AG	M-Wall & Shop Window Digit (POS presentation) Agreement	024975–000–00
Deutsche Telekom AG	Global Strategic Retail Partnership - Marketing Funds Agreement	025120–000–00
Deutsche Telekom AG	Letter of Intent	025121–000–00
Deutsche Telekom AG	EMIR Agreement for Dealing	025163–000–00
Deutsche Telekom AG	Interim Letter Agreement (ILA) – GPBI access to NatCo procurement data	025332–000–00
Deutsche Telekom AG	Non-Disclosure Agreement – NDA – pro DTAG Group Procurement (related to CDP)	025336–000–00
Deutsche Telekom AG	Bilateral SMS + Transit Contract	025440–000–00
Deutsche Telekom AG	Agreement for Commissioned Data Processing in TMPC and ReMaiD	025557–000–00
Deutsche Telekom AG	Supplementary Agreement – MNC Services	025558–000–00
Deutsche Telekom AG	CDP Frame Agreement for CoE Data Transparency – DTAG as controller	025586–000–00
Deutsche Telekom AG	Cooperation Agreement	025746–000–00
Deutsche Telekom AG	Purchase Agreement – nákup HW	025837–000–00
Deutsche Telekom AG	Agreement on commissioned processing of personal data protection	025859–000–00
Deutsche Telekom AG	Software Cost Allocation Agreement – PR0028752 – TIBCO ELA (2012 and thereafter)	026063–000–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	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)	026070–201–00
Deutsche Telekom AG	Deutsche Telekom HR Suite – Performance Management – Modified Agreement on the Annex of Data Fields concerning the Individual Agreement on the Processing of Personal Data	026070–202–00
Deutsche Telekom AG	Service Level Agreement (SLA) – T-Parking: UQBATE – Funding transfer	026079–000–00
Deutsche Telekom AG	Service Agreement CZ – DT regarding Pan IP FTEs	026089–000–00
Deutsche Telekom AG	Service Agreement CZ – DT regarding Pan IP FTEs	026089–000–00
Deutsche Telekom AG	Service Agreement DT MNC	026192–000–00
Deutsche Telekom AG	Service Agreement – Amendment No. 1	026192–101–00
Deutsche Telekom AG	iCN DTAG Security Agreement Corporate Network (SACoN)	026365–000–00
Deutsche Telekom AG	Agreement for Commissioned Data Processing (Application SPPM (ICTO 12147) with its portfolios PFM-Tool and PFM@IT)	026387–000–00
Deutsche Telekom AG	Agreement on Regional ACGC Services – project EAN	026469–000–00
Deutsche Telekom AG	Agreement for Commissioned Data Processing	026562–000–00
Deutsche Telekom AG	Agreement for Internal Payment Services	026832–000–00
Deutsche Telekom AG	Global Master Agreement for Wholesale Voice Services	027071–000–00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of personal data – Deutsche Telekom HR Suite – Performance Management	027168–000–00
Deutsche Telekom AG	Agreement – Provision of DTAG shares to directors and employees of GC	027270–000–00
Deutsche Telekom AG	Agreement on commissioned data processing – Baseline Agreement	027354–000–00
Deutsche Telekom AG	Framework Cooperation and Service Agreement – Inbound and Outbound cross charge	027516–000–00
Deutsche Telekom AG	Service Arrangement 2018, DTAG VTI – TMCZ Inbound	027516–202–00
Deutsche Telekom AG	Service Arrangement – for DRC Cross Border Services	027516–203–00
Deutsche Telekom AG	Service Arrangement – Consumer IoT Hub 2019	027516–204–00
Deutsche Telekom AG	Service Arrangement – Board Area Europe Services	027516–205–00
Deutsche Telekom AG	Annex 2 – Service Arrangement – X-charges Procurement 2018 (1. 1.–31. 12. 2018)	027516–206–00
Deutsche Telekom AG	Service Arrangement SLA Inbound 2019 – TMCZ DTT	027516–207–00
Deutsche Telekom AG	Service Arrangement Europe 2018 – Bus.Dev.Smart City a ICSS Global Voice	027516–208–00
Deutsche Telekom AG	Adherence Agreement to FCSA	027516–209–00
Deutsche Telekom AG	Service Arrangement (Business Development – Smart City / IoT and ICSS Global Voice)	027516–212–00
Deutsche Telekom AG	Agreement on Commissioned 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.	027582–000–00
Deutsche Telekom AG	Customer Adherence From to Deutsche Bank SCORE Services	027582–201–00
Deutsche Telekom AG	BNP PARIBAS Cash Concentration Multi Entities Agreement	027582–202–00
Deutsche Telekom AG	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)	027582–204–00
Deutsche Telekom AG	Frame Agreement for Commissioned Data Processing	027655–000–00
Deutsche Telekom AG, PG 1025	Amendment to the Agreement No. 1on Processing of Personal Data on Behalf of a Controller	027655–101–00
Deutsche Telekom AG	Individual Agreement on Commissioned Data Processing – CDPA HR Suite Talent module	027655–201–00
Deutsche Telekom AG	Individual Agreement – CDPA CZ HR suite – about the module Executive Onboarding	027655–202–00
Deutsche Telekom AG	Agreement on Assignment of Rights to the Copyrighted Work	027700–000–00
Deutsche Telekom AG	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	027782–000–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom AG	Agreement on Processing of Personal Data on Behalf of a Controller – Treasury management processes	027920–000–00
Deutsche Telekom AG	Back to Back Agreement	028347–000–00
Deutsche Telekom AG	Contract on Processing of Personal Data on Behalf of a Controller	028658–000–00
Deutsche Telekom AG, PG 1025	Roaming IntraDT Discount 2018 = FRAMEWORK AGREEMENT ON DISCOUNTS	028732–000–00
Deutsche Telekom AG, PG 1025	Contract of Adherence To the Apple Authorized Reseller Agreement between Apple and Deutsche Telekom AG	028825–000–00
Deutsche Telekom AG	Clima Frame Agreement	2013/0080
Deutsche Telekom AG	Individual loan contract	2013/0229
Deutsche Telekom AG	Business Agreement concerning the Telekom Global Net transport oriented services	2013/0357
Deutsche Telekom AG	Annex to Business Agreement concerning the Telekom Global Net	2013/0637
Deutsche Telekom AG	Commissioned Data Processing	2013/0790
Deutsche Telekom AG	Prolongation Agreement Infrastructure Services for T-Mobile CZ	880052–103–00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of personal data within the EU/EEA	880080–202–00
Deutsche Telekom AG	International Group Framework Agreement for Media Agency Services	990092–000–00
Deutsche Telekom AG	Framework Agreement on a Payment Processing Agreement	990093–000–00
Deutsche Telekom AG	Amendment No. 1 to Framework Agreement on a Payment Processing Agreement	990093–101–00
Deutsche Telekom AG	BNP PARIBAS Cash Concentration Multi Entities Agreement	990094–000–00
Deutsche Telekom AG	Agreement – network technology, IT and IPTV	990098–000–00
Deutsche Telekom AG	International Group Framework Agreement – Walled Garden, Media Buying Services	990099–000–00
Deutsche Telekom AG	Amendment No. 6	990101–106–00

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 2020:

Partner	Services / goods – original version	No. of contract of the Company
BUYIN S.A.	Amendment No. 2 to Participation Agreement	023174–102–00
Deutsche Telekom (UK) Limited	Engagement Form Google Play – Czech Republic	024075–101–01
DEUTSCHE TELEKOM DIGITAL LABS PRIVA Priv	SERVICE ARRANGEMENT Schedule to the Framework Cooperation and Service Agreement concluded betweenDeutsche Telekom AG and T-Mobile Czech Republic a.s. on 20. 02. 2018, No TMCZ 027516–000–00	027516–226–00
Deutsche Telekom Pan-Net s.r.o.	Annex 10 – implementation of Change Requests for iOSS PAN-IP Trouble Ticket HP Service Manager platform and universal Configuration Management in year 2020	027213–104–00
Deutsche Telekom Services Europe SE	Amendment No. 3 to the Agreement on Intercompany Provision of Products and Services within the framework of SharedServicesdated09.03.2018	027665–103–00
MAGYAR TELEKOM	Service Agreement for OneERP PSL Services 2021	080112–201–00
Magyar Telekom Nyrt. (PG 0092), T-Systems Magyarország ZRt.	TRANSFER OF AGREEMENT	028956–000–00
Makedonski Telekom AD(MKDMM)	Agreement on the Processing of Personal Data (SBC testing)	028860–000–00
Planet A, a.s.	Individual Intercompany Loan Contract PlanetA	028870–000–00
Planet A, a.s.	INTERCOMPANY MASTER SERVICE AGREEMENT_Telco služby	028918–000–00
Planet A, a.s.	FRAMEWORK COOPERATION AND SERVICE AGREEMENT	028970–000–00
Planet A, a.s.	FRAMEWORK PURCHASE AND LEASE CONTRACT	028920–000–00
Slovak Telekom, a.s.	Service Arrangement – PMO JIRA	027009–213–00
Slovak Telekom, a.s.	SERVICE ARRANGEMENT FAMA (Facility Management)	027009–214–00
Slovak Telekom, a.s.	SERVICE ARRANGEMENT Cybersecurity Services	027009–215–00
Slovak Telekom, a.s.	SERVICE ARRANGEMENT INTERNALAUDIT & ICS	027009–216–00

Partner	Services / goods – original version	No. of contract of the Company
Slovak Telekom, a.s.	Service Arrangement-Human Resources Services	027009–217–00
Slovak Telekom, a.s.	Service Arrangement – CSMT JIRA – "Common Service Management tool"	027009–218–00
Slovak Telekom, a.s.	Service Arrangement Common Service Management Tool	027009–219–00
Slovak Telekom, a.s.	Project Specific Annex [10]: Common IP Multimedia Sub-system (Common IMS) for TMCZ and ST	028828–000–00
Slovak Telekom, a.s.	Settlement Arrangement – Dohoda o preúčtovaní Tibco za obdobie od 24. 11. 2019 do 23. 11. 2020	080011–000–00
T-Mobile Polska S.A.	Service Arrangement – Internal audit & ICS Services	026487–205–00
T-Mobile Polska S.A.	Service Arrangement – Internal audit & ICS Services	026487–205–00
T-Mobile Polska S.A.	SERVICE ARRANGEMENT for 2020 Data Reliance Shared Service Center	026487–206–00
T-Mobile Polska S.A.	SERVICE ARRANGEMENT for 2020 Data Reliance Shared Service Center	026487–206–00
T-Mobile Polska S.A.	SERVICE ARRANGEMENT for 2020 Data Reliance Shared Service Center	026488–206–00
T-Mobile Polska S.A.	SERVICE ARRANGEMENT for 2020 Data Reliance Shared Service Center	026488–206–00

4.2.2 Contracts that were effective in 2020:

Partner	Services / goods – original version	No. of contract of the Company
Antel Germany GmbH	General terms and conditions_VIX	0000002/2010-SmNAD
Antel Germany GmbH	LOAN FACILITY AGREEMENT	0000009/2005-SMfd
Antel Germany GmbH	Purchase of materials	0000013/2011-SMfd
BUYIN SA	Amendment No. 1 to Participation Agreement – Joint Venture	023174–101–00
BUYIN SA	Service Agreement x-charging	024643–000–00
CARDUELIS B.V.	Carduelis B.V. – Agreement on the transfer of duties and responsibilities	0000045/2005-SMws
CARDUELIS B.V.	Individual Service Agreement	0000065/2007-SMws
CE Colo Czech s.r.o.	Kupní smlouna na vozidlo Škoda	0000001/2013-SMfa
CE Colo Czech s.r.o.	Kupní smlouva na vozidlo	0000002/2013-SMfa
CE Colo Czech s.r.o.	Kupní smlouva 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	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č.7 – Smlouva o poskytování housingových služeb č. 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	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č.9 – Smlouva o poskytování housingových služeb č. 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	0000463/2008-SMna
CE Colo Czech s.r.o.	Smlouva o kontaktních osobách pro veškeré transakce a úkony a uspořádání	025159–000–00
Ce Colo Czech s.r.o.	Smlouva o poskytování pracovnělékařských služeb a nadstandardní zdravotní péče	025210–000–00
CE Colo Czech s.r.o.	Smlouva o postoupení práv a povinností ze smluv RWE	025324–000–00
Ce Colo Czech s.r.o.	Smlouva o zachování důvěrnosti informací – NDA	025382–000–00
Ce Colo Czech s.r.o.	Smlouva o zpracování osobních údajů	025383–000–00
CE Colo Czech s.r.o.	Smlouva o zvláštním běžném účtu	025452–000–00
CE Colo Czech s.r.o.	Rámcová smlouva o koupi, prodeji a užití poukázek (mezi CE Colo a Endered)	025830–000–00
CE Colo Czech s.r.o.	Rámcová smlouva o podnájmu nebytových prostor a úhradě služeb spojených s jejich užíváním	027728–000–00
CE Colo Czech s.r.o.	Smlouva o řízených službách – údržba Datového Centra (DC7)	027883–000–00
CE Colo Czech s.r.o.	Smlouva o zpracování osobních údajů (CE Colo jako správce)	027911–000–00
CE Colo Czech s.r.o.	Pojistná smlouva č. 2737003055 – odpovědnostní	028235–000–00

Partner	Services / goods – original version	No. of contract of the Company
CE Colo Czech s.r.o., Carduelis B.V., GTS Central European Holding B.V.	Share Purchase Agreement – Neptune (sale of GTS)	025202–000–00
CE Colo Czech s.r.o., GTS Central European Holding B.V., Carduelis B.V.	First Amendment Agreement to Share Purchase Agreement – Neptune	025202–101–00
COSMOTE Mobile Telecommunications S.A.	International Telecommunication Services Agreement	0000192/2007-SMws
COSMOTE Mobile Telecommunications S.A.	International Roaming Agreement – Croatia	021841–000–00
COSMOTE Mobile Telecommunications S.A.	Non-Disclosure Agreement (NDA)	023943–000–00
COSMOTE Mobile Telecommunications S.A.	Confidentiality and Privacy Agreement	024265–000–00
Crnogorski Telekom a.d. Podgorica	International Roaming Agreement – Montenegro	026007–000–00
Deutsche Telekom (UK) Limited	International GSM Roaming Agreement	000338–000–00
Deutsche Telekom (UK) Limited	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	000338–201–00
Deutsche Telekom (UK) Limited	Content Reseller Agreement	001406–000–00
Deutsche Telekom (UK) Limited	Engagement Form no. 6 – MTV	001406–106–00
Deutsche Telekom (UK) Limited	Engagement Form no. 7 – Universal Content	001406–107–00
Deutsche Telekom (UK) Limited	Engagement Form no. 10 (Trigenix Screen Styles)	001406–110–00
Deutsche Telekom (UK) Limited	Engagement Form – Annex No. 13 - CONTENT	001406–113–00
Deutsche Telekom (UK) Limited	Engagement Form – Universal – Melody	001406–116–00
Deutsche Telekom (UK) Limited	Engagement Form – Universal - Mono and Poly Marketing	001406–117–00
Deutsche Telekom (UK) Limited	Engagement Form – Sony Content (Annex No. 22)	001406–122–00
Deutsche Telekom (UK) Limited	Engagement Form no. 23 – Fox Studios Content – MMS content	001406–123–00
Deutsche Telekom (UK) Limited	Engagement Form no. 24 – Disney Content – MMS content	001406–124–00
Deutsche Telekom (UK) Limited	Engagement Form no. 25 – Java from co. Turner – CONTENT	001406–125–00
Deutsche Telekom (UK) Limited	Engagement Form – Chipandales – CONTENT	001406–126–00
Deutsche Telekom (UK) Limited	Engagement Form – Penthouse – CONTENT	001406–127–00
Deutsche Telekom (UK) Limited	Engagement Form no. 28 – Warner Music Content	001406–128–00
Deutsche Telekom (UK) Limited	Engagement Form no. 29 – iFone Content	001406–129–00
Deutsche Telekom (UK) Limited	Engagement Form no. 30 – Arvato Content	001406–130–00
Deutsche Telekom (UK) Limited	Engagement Form no. 31 – Blue Sphere Content	001406–131–00
Deutsche Telekom (UK) Limited	Engagement Form no. 32 – mForma Content	001406–132–00
Deutsche Telekom (UK) Limited	Engagement Form no. 33 – Jamdat Content	001406–133–00
Deutsche Telekom (UK) Limited	Engagement Form no. 34 – Gameloft Content	001406–134–00
Deutsche Telekom (UK) Limited	Engagement Form no. 35 – Living Mobile Content	001406–135–00
Deutsche Telekom (UK) Limited	Engagement Form no. 36 – Mobile Scope Content	001406–136–00
Deutsche Telekom (UK) Limited	Engagement Form no. 37 – Sumea Content	001406–137–00
Deutsche Telekom (UK) Limited	Engagement Form no. 38 – HandyGames Content	001406–138–00
Deutsche Telekom (UK) Limited	Engagement Form no. 39 – Digital Bridges Content	001406–139–00
Deutsche Telekom (UK) Limited	Engagement Form no. 40 – India Games Content	001406–140–00
Deutsche Telekom (UK) Limited	Engagement Form no. 41 – Advanced Mobile Applications	001406–141–00
Deutsche Telekom (UK) Limited	Engagement form No. 42 – Eurofun (Madagascar) Content	001406–142–00
Deutsche Telekom (UK) Limited	Engagement Form 43 – I-play/Digital Bridges - Non-EA Titles (content)	001406–143–00
Deutsche Telekom (UK) Limited	Engagement Form – Eurofun (Madagascar) Content	001406–144–00
Deutsche Telekom (UK) Limited	Engagement Form – wait4u (amendment 45)	001406–145–00
Deutsche Telekom (UK) Limited	Engagement Form No. 46 – Sony Pictures	001406–146–00
Deutsche Telekom (UK) Limited	Engagement Form – Glu Mobile Content	001406–147–00
Deutsche Telekom (UK) Limited	Engagement Form – Player-X Content	001406–149–00
Deutsche Telekom (UK) Limited	Engagement Form – Rockpool Games Content	001406–150–00
Deutsche Telekom (UK) Limited	Engagement Form – THQ Wireless International Games Content	001406–151–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom (UK) Limited	Engagement Form – OJOM Content	001406–152–00
Deutsche Telekom (UK) Limited	Engagement form No. 53 – (video download – Mobix Content)	001406–153–00
Deutsche Telekom (UK) Limited	Engagement Form – Infospace (Elkware GmbH) – Infospace Content	001406–154–00
Deutsche Telekom (UK) Limited	Engagement Form – Electronic Arts Games (EA Content)	001406–155–00
Deutsche Telekom (UK) Limited	Engagement Form (C2M) – Transactional Content	001406–156–00
Deutsche Telekom (UK) Limited	International Download Centre Access and Managed Services Ag.	001407–000–00
Deutsche Telekom (UK) Limited	MCS Service Agreement	012075–000–00
Deutsche Telekom (UK) Limited	Framework Contract of Sale – selloff of service cards SAU	012533–000–00
Deutsche Telekom (UK) Limited	Sub-licence Agreement (Rolling Stones concert)	014442–000–00
Deutsche Telekom (UK) Limited	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)	016903–000–00
Deutsche Telekom (UK) Limited	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)	019713–101–00
Deutsche Telekom (UK) Limited	Content Resale and Partner Services Agreement	020475–000–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Android Services	020475–101–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic); Blackberry Services	020475–102–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic); Microsoft Services	020475–103–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Facebook Services	020475–104–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Boku longlist	020475–105–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Gameloft	020475–106–00
Deutsche Telekom (UK) Limited	Engagement form – MindMatics	020475–107–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Samsung	020475–108–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – provided by PayPal (Europe) SARL ET CIE S.C.A	020475–109–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Fortumo	020475–110–00
Deutsche Telekom (UK) Limited	Amendment Letter to Engagement Form (Czech Republic) – Fortumo	020475–110–01
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Dimoco	020475–111–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – AIRBNB	020475–112–00
Deutsche Telekom (UK) Limited	Engagement Form - Microsoft Services Microsoft Store/X-Box Store	020475–113–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Apple iTunes	020475–114–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Android Services	020475–115–00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – MOBIYO	020475–116–00
Deutsche Telekom (UK) Limited	Cross Charging Services Agreement	020909–000–00
Deutsche Telekom (UK) Limited	Addendum No. 1 – Cross charging agreement for additional services – SDP Partner	020909–101–00
Deutsche Telekom (UK) Limited	Licence agreement	020996–000–00
Deutsche Telekom (UK) Limited	Project Service Agreement (operation of International Transmission Network)	021147–000–00
Deutsche Telekom (UK) Limited	Amendment No. 1 to the project service agreement for personal touchpoints and stores	023392–101–00
Deutsche Telekom (UK) Limited	Mutual Long Form Non-Disclosure Agreement	024251–000–00
Deutsche Telekom (UK) Limited	International Roaming Agreement	024352–000–00
Deutsche Telekom (UK) Limited	Project Service Agreement for the Provision of DTUK Services	024682–000–00
Deutsche Telekom Europe B.V.	Pan-Net Master Frame Agreement TMCZ	026623–000–00
Deutsche Telekom Europe B.V., Netherlands	Amendment No. 1 – Clarification to Loan Agreement	015106–101–00
Deutsche Telekom Europe Holding B.V	Pan-Net mVAS Framework Agreement	025941–000–00
Deutsche Telekom Europe Holding Gmb	Service change agreement – MiFID; Upgrade with Dual Storage for SFTP Push	026623–201–01
Deutsche Telekom Europe Holding Gmb	Service change agreement – MiFID; New Script for Billing	026623–201–02
Deutsche Telekom Europe Holding GmbH	Pan-Net MiFID Recorder Customer Facing Service Arrangement	026623–201–00
Deutsche Telekom Europe Holding GmbH	Service agreement PAN IP	027461–000–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom IT GmbH	Project Term Sheet (2019) – ShareEnablers	024100–227–00
Deutsche Telekom IT GmbH	Individual Contract on Processing of Personal Data	026982–202–00
Deutsche Telekom IT GmbH	Individual Contract on Processing of Personal Data-One.ERP 19C (024100-218, 0241)	028268–000–00
Deutsche Telekom IT GmbH	Project Term Sheet (2019) – IFRS 15	024100–224–00
Deutsche Telekom IT GmbH	Project Term Sheet (2019) – iCN, INA, INS a IACP	024100–225–00
Deutsche Telekom IT GmbH	Project Term Sheet (2019) – Time-Services According to the Project Service Agree	024100–228–00
Deutsche Telekom IT GmbH	Project TerProject Term Sheet (2019) – ITS (Eco Finance) Integrated Treasaury S	024100–229–00
Deutsche Telekom IT GmbH	Project Term Sheet (2019) – HR EVO Portal	024100–230–00
Deutsche Telekom IT GmbH	Individual Contract on Processing of Personal Data 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	026481–401–00
Deutsche Telekom Pan-Net Czech Republic	Colocation & Smart Hands Services Agreement – hosting HW and services for MiFID	027673–000–00
Deutsche Telekom Pan-Net Czech Republic s.r.o.	Pan-Net Service Agreement	026481–000–00
Deutsche Telekom Pan-Net Czech Republic s.r.o.	Annex 2 to Pan-Net – Service Arrangement Concerning the Provision of Financial Services	026481–201–00
Deutsche Telekom Pan-Net Czech Republic s.r.o.	Smlouva o podnájmu/Sublease Agreement – kancelář č. 3307	027477–000–00
Deutsche Telekom Pan-Net s.r.o	Service Agreement - DRSSC Services for Pan-Net	026754–000–00
Deutsche Telekom Pan-Net s.r.o.	Confirmation of Request for Transfer of Legacy Internet Resources – DTPanNET SK	026491–000–00
Deutsche Telekom Pan-Net s.r.o.	Framework Cooperation and Service Agreement – iOSS Trouble Ticketing Management	027213–000–00
Deutsche Telekom Services Europe AG	Amendment No. 1 - služby GAC, P2P, HR a One Banking (Annex 2a + Annex 9, Annex 4	027665–101–00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Frame Service Agreement	026784–000–00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Frame Service Agreement with TMCZ Annex 1 Service Arrangement for corporate governance services	026784–201–00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Frame Service Agreement with TMCZ Annex 2 Service Arrangement – Recruitment Services, Consultancy in the area of HR.	026784–202–00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Agreement on commissioned processing of personal data	026996–000–00
Deutsche Telekom Services Europe Romania S.R.L.	Frame Agreement for Commissioned Data Processing – project ARAMIS	024890–000–00
Deutsche Telekom Services Europe Romania S.R.L.	Individual Agreement on the commissioned processing of personal data (Aramis)	024891–000–00
Deutsche Telekom Services Europe Romania S.R.L.	Framework Agreement DTBS Shared Services Centrum for HR processes in Bucharest	025175–000–00
Deutsche Telekom Services Europe Romania S.R.L.	Amendment No. 1 – Termination of contract	025175–101–00
Deutsche Telekom Services Europe Slovakia s.r.o	Amendment No. 2 – change of price	024259–102–00
Deutsche Telekom Services Europe Slovakia s.r.o	Amendment No. 3 – change in scope and price of purchasing services for 2016	024259–103–00
Deutsche Telekom Services Europe Slovakia s.r.o	Amendment No. 4 to the Business Management Contract on Provision of Services	024259–104–00
Deutsche Telekom Services Europe Slovakia s.r.o	Amendment No. 5 to the Business Management Contract on Provision of Services	024259–105–00
Deutsche Telekom Services Europe Slovakia s.r.o	Agreement for Commissioned Data Processing – SAP access	024430–000–00
Deutsche Telekom Services Europe Slovakia s.r.o	Commissioned Data Processing, as of 8.3.2013	2013/0166
Deutsche Telekom Services Europe Slovakia s.r.o.	Amendment No. 6 – Termination of the contract	024259–106–00

Partner	Services / goods – original version	No. of contract of the Company
Deutsche Telekom Services Europe Slovakia s.r.o.	Agreement on Intercompany Provision of Products and Services within the Framework agreement	027665–000–00
Deutsche Telekom Services Europe Slovakia s.r.o.	Sideletter to the Agreement on Intercompany Provision of Products and Services	027665–201–00
Deutsche Telekom Services Europe Slovakia s.r.o.	Agreement for Commissioned Data Processing (concluded as an attachment of 027665–000)	027665–202–00
GTS Central European Holding B.V.	Individual contract – interconnection services	0000016/2006-SMws
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	0000019/2012-SMfd
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	0000020/2012-SMfd
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	0000022/2012-SMfd
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	0000027/2012-SMfd
GTS Poland Sp. z o.o.	Contract of subdelivery	0000018/2008-SmCSC
GTS Poland Sp. z o.o.	Agreement on the Assignment of Rights and Obligations	0000029/2011-SMws
GTS Poland Sp. z o.o.	Agreement on the Assignment of Rights and Obligations	0000030/2011-SMws
GTS Poland Sp. z o.o.	Shared Cost and Free Phone Pricelist	0000036/2011-SMws
GTS Poland Sp. z o.o.	Service Agreement	0000044/2011-SMws
GTS Poland Sp. z o.o.	Agreement on the assignment of rights and obligations	0000056/2014-SMna
GTS Poland Sp. z o.o.	Shared Cost and Free Pricelist	0000060/2011-SMws
GTS Poland Sp. z o.o.	Reciprocal Telecommunications Services Agreement	0000064/2007-SMws
GTS Poland Sp. z o.o.	AGREEMENT ON THE ASSIGNMENT OF RIGHTS AND OBLIGATIONS	0000098/2012-SMna
GTS Poland Sp. z o.o.	Agreement on the assignment of rights and obligations	0000207/2011-SMna
GTS Poland Sp. z o.o.	Agreement on the assignment of rights and obligations	0000208/2011-SMna
GTS Telecom S.R.L.	RCTIO Framework Cooperation and Service Agreement	025471–000–00
GTS Telecom S.R.L.	Service Arrangement – Intercompany IT services recharging	025471–201–00
GTS Telecom S.R.L.	Notice of Termination	025471–201–41
GTS Telecom S.R.L.	Intercompany Master Service Agreement	026040–000–00
GTS Telecom S.R.L.	Addendum No. 1 – Anti-DDoS Protection Service	026040–101–00
GTS Telecom SRL	AGREEMENT between GTS Czech and GTS Telecom	0000001/2013-SMfd
GTS Telecom SRL	International Telecommunication Service	0000008/2010-SMws
GTS Telecom SRL	Contract of subdelivery	0000020/2008-SmCSC
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	0000032/2011-SMws
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	0000033/2011-SMws
GTS Telecom SRL	Annex 1 to the Agreement for the provision and operation of international freephone service and international shared cost services	0000035/2011-SMws
GTS Telecom SRL	Service Agreement	0000043/2011-SMws
GTS Telecom SRL	Voice Reseller Master Agreement Romania	0000055/2011-SMws
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	0000209/2011-SMna
HELLENIC TELECOMMUNICATIONS ORGANIZ	Framework cooperation and services agreement – OneMail contract	028207–000–00
HELLENIC TELECOMMUNICATIONS ORGANIZ	Addendum No. 1 – onEmail	028207–101–00
HELLENIC TELECOMMUNICATIONS ORGANIZ	Agreement on the Processing of Personal Data – OneMail	028208–201–00
Hrvatski Telekom d.d.	Non-Disclosure Statement	024770–000–00
Hrvatski Telekom d.d.	Service Agreement No. ICT-03/2015	025538–000–00

Partner	Services / goods – original version	No. of contract of the Company
Hrvatski Telekom d.d., Deutsche Telekom Pan-Net s.r.o., Telekom Albania Sh.A., T-Mobile Polska, T-Mobile Netherlands, Deutsche Telekom AG, Cosmote Mobile Telecommunications, Crnogorski Telekom A.D., Hellenic Telecommunication, Magyar Telecom, Slovak Telekom a.s., Makedonski Telekom, Telekom Romania Communications, Telekom Romania Mobile, T-Mobile Austria	Cooperation Agreement – Exchange of information	026289–000–00
HT – Hrvatski Telekom d.d.	Agreement on interconnection of telecommunication networks	0000031/2008-SMws
HT – Hrvatski Telekom d.d.	Confidentiality Agreement	0000288/2007-SMws
Iskon Internet d.d.	AGREEMENT ON THE ASSIGNMENT OF RIGHTS AND OBLIGATIONS	0000163/2011-SMna
IT Services Hungary Szolgáltató Kft (Deutsche Telekom IT Solutions)	Frame contract for Security services delivery from ITSH to DRCCBS	028724–000–00
LEMO Internet a.s.	Smlouva o zpracování osobních údajů – TMCZ zpracovatel	028563–000–00
Magyar Telekom Plc, GTS Hungary Ltd..	Intercompany Master Service Agreement	026196–000–00
Magyar Telekom Telecommunications Public Limited Company	Telecommunications Services Agreement – Matáv Hungarian Telecommunications Company Ltd.	0000146/2007-SMws
Magyar Telekom Telecommunications Public Limited Company	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	011437–102–00
Magyar Telekom Telecommunications Public Limited Company	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	011437–202–00
Magyar Telekom Telecommunications Public Limited Company	Roaming Agreement for Public Wireless Lan Services (Hungary)	018026–000–00
Magyar Telekom Telecommunications Public Limited Company	Amendment No.1 to the Roaming Agreement fot Public Wireless Lan Services	018026–101–00
Magyar Telekom Telecommunications Public Limited Company	Order to International Telecommunication Service Master Agreement (Scania)	660077–201–00
Magyar Telekom Telecommunications Public Limited Company	Order (Hopi Hungária, Direct Parcel, CETELEM, Accenture)	660077–202–00
Magyar Telekom Telecommunications Public Limited Company	Order (DHL) to International Telecommunication Service Master Agreement	660077–203–00
Magyar Telekom Telecommunications Public Limited Company	Order – transfer of circuits from GTS HU to Magyar Telecom – SAMSUNG	660077–204–00
Magyar Telekom Telecommunications Public Limited Company,Slovak Telekom, a.s.	Agreement for the TWAMP Measurement System	028014–000–00
Makedonski Telekom AD – Skopje	Project Service Agreement – SSL Certificate Service	024384–000–00
Makedonski Telekom AD – Skopje	Agreement on Processing of Personal Data	027915–000–00
Makedonski Telekom AD – Skopje	International Roaming Agreement	000362–000–00

Partner	Services / goods – original version	No. of contract of the Company
Makedonski Telekom AD Skopje	Project Service Agreement – DRSSC SSL Certification Service	024383–000–00
NOVATEL EOOD	Intercompany Master Service Agreement – Intercompany	028170–000–00
NOVATEL EOOD	Customize Network Access – Subcontract of MSA	028170–201–00
OTE INTERNATIONAL SOLUTIONS S.A.	Mutual Non-Disclosure Agreement – OTE	0000129/2007-SMws
PosAm, spol. s r.o.	Smlouva o zachování důvěrnosti informací (NDA)	026689–000–00
PosAm, spol. s r.o.	Rámcová smlouva B2B ICT	027500–000–00
Slovak Telekom, a.s.	Agreement on Termination – Slovak Telekom	0000031/2010-SMws
Slovak Telekom, a.s.	Addendum no 1 _IP addresses – Agreement on Termination – Slovak Telekom	0000031/2010-SMws
Slovak Telekom, a.s.	Smlouva o spolupraci při poskytování telekomunikačních služeb	0000035/2007-SMws
Slovak Telekom, a.s.	Interconnection Agreement between T-Mobile Slovakia and GTS NOVERA a.s.	0000046/2007-SMws
Slovak Telekom, a. s.	Smlouva o lokálním peeringu	0000049/2006-SMin
Slovak Telekom, a. s.	Smlouva o peeringu	0000079/2006-SMin
Slovak Telekom, a. s.	International Telecommunication Services Agreement	0000170/2006-SMnp
Slovak Telekom, a.s.	Service Arrangement – Sales Transactions Reporting Services	027009–203–00
Slovak Telekom, a.s.	International GSM Roaming Agreement – Slovakia	000178–000–00
Slovak Telekom, a.s.	Supplementary IOT Agreement	000178–201–00
Slovak Telekom, a.s.	Licenční smlouva	010428–000–00
Slovak Telekom, a.s.	Interconnection Agreement	016452–000–00
Slovak Telekom, a.s.	Roaming Agreement for Public Wireless Lan Services	017447–000–00
Slovak Telekom, a.s.	Addendum Letter to Acquisition Due Diligence Contract – Project Poletucha	022795–101–00
Slovak Telekom, a.s.	NDA – project Vltava – potential outsourcing of planning, built and maintenance	023268–000–00
Slovak Telekom, a.s.	Kupní smlouva – nábytek pro vybavení prodejen	023489–000–00
Slovak Telekom, a.s.	Kupní smlouva – nákup nábytku pro refreshe Partnerských prodejen T-Mobile	023718–000–00
Slovak Telekom, a.s.	Kupní smlouva – nákup nábytku pro partnerské prodejny TMCZ	023814–000–00
Slovak Telekom, a.s.	Kupní smlouva na použitý nábytek z SK pro PP	024574–000–00
Slovak Telekom, a.s.	Memorandum of Understanding	024591–000–00
Slovak Telekom, a.s.	International Roaming Agreement	026001–000–00
Slovak Telekom, a.s.	Framework hiring out of labour agreement	026183–000–00
Slovak Telekom, a.s.	Dohoda o ochraně důvěrných informací – NDA	026197–000–00
Slovak Telekom, a.s.	Smlouva o zpracování osobních údajů	026198–000–00
Slovak Telekom, a.s.	Dodatek č. 1 ke Smlouvě o zpracování osobních údajů	026198–101–00
Slovak Telekom, a.s.	Framework hiring out of labour agreement	026475–000–00
Slovak Telekom, a.s.	Kupní smlouva – prodej vozidla do ST 2AR 8700	026494–000–00
Slovak Telekom, a.s.	Kupní smlouva – odprodej vozidla do ST 3AM 0522	026495–000–00
Slovak Telekom, a.s.	Agreement on Provision of the Discount	026778–000–00
Slovak Telekom, a.s.	Framework Cooperation and Service Agreement	027009–000–00
Slovak Telekom, a.s.	Service Arrangement - Service Monitoring Center (SMC) Services	027009–201–00
Slovak Telekom, a.s.	Amendment No. 1 – Service Monitoring Center (SMC) Services – TMCZ reciever	027009–201–01
Slovak Telekom, a.s.	Service Arrangement – Service Monitoring Center (SMC) Services – TMCZ receiver	027009–202–00
Slovak Telekom, a.s.	Amendment No. 1 – Service Monitoring Center (SMC) Services – TMCZ receiver	027009–202–01
Slovak Telekom, a.s.	Service Arrangement – Cybersecurity Services	027009–204–00
Slovak Telekom, a.s.	Service Agreement – PMO JIRA	027009–205–00
Slovak Telekom, a.s.	Service Arrangement – FEST Services	027009–206–00
Slovak Telekom, a.s.	Service Arrangement – FAMA	027009–207–00
Slovak Telekom, a.s.	Service Arrangement – Robotics (Orchestrator/Database Maintenance)	027009–208–00
Slovak Telekom, a.s.	Service Arrangement – Robotics (Robots – VDI and ShareDIR)	027009–209–00
Slovak Telekom, a.s.	Service Arrangement – Mediaroom	027009–210–00
Slovak Telekom, a.s.	Smlouva o zachování důvěrnosti informací (NDA)	027014–000–00

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Slovak Telekom, a.s.	Dohoda o zachování důvěrnosti informací – NDA	027068–000–00
Slovak Telekom, a.s.	Nájemní smlouva – zmluva o nájme/podnájme motorových vozidiel	027204–000–00
Slovak Telekom, a.s.	Nájemní smlouva – zmluva o prenájme technického vybavenia a príslušenstva	027210–000–00
Slovak Telekom, a.s.	Contract on Succession into the Contractual Rights and Duties	027233–201–51
Slovak Telekom, a.s.	Licence – Smlouva o sublicencování	027397–000–00
Slovak Telekom, a.s.	Framework Agreement – Common HR Platform	027572–000–00
Slovak Telekom, a.s.	Partial Agreement No. 1 – Common HR Platform	027572–201–00
Slovak Telekom, a.s.	Settlement Arrangement – Tibco	028353–000–00
Slovak Telekom, a.s.	Smlouva o vytvoření marketingové strategie	028637–000–00
Slovak Telekom, a.s.	Memorandum of Understanding for Cooperation (Premier Sport)	028751–000–00
Slovak Telekom, a.s., UNIQA pojišťovna, a.s.	Smlouva o zpracování dat	027506–000–00
Telekom Deutschland GmbH	Amendment No. 2 – MMSC hosted platform	020176–401–02
Telekom Deutschland GmbH	Amendment No. 3 – MMSC hosted platform	020176–401–03
TELEKOM ROMANIA (ROMTELECOM SA)	International Telecommunication Services Agreement – ROMTELECOM S.A.	0000254/2007-SMws
TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A.	Addendum to International Roaming Agreement (Romania)	014876–101–00
T-Mobile (UK) Limited	Project Term Sheet	019833–000–00
T-Mobile Austria GmbH	International GSM Roaming Agreement – Austria	011417–000–00
T-Mobile Austria GmbH	Supplementary Discount Agreement for Bilateral disc. on the Inter Operator Tariff (IOT)	011417–201–00
T-Mobile Austria GmbH	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	011417–202–00
T-Mobile Austria GmbH	Interconnection Agreement	013609–000–00
T-Mobile Austria GmbH	Announcement of price decrease for termination into the network of tele. ring	013609–501–00
T-Mobile Austria GmbH	Roaming Agreement for Public Wireless Lan Services (WLAN)	016604–000–00
T-Mobile Austria GmbH	Service Level Agreement (SLA) – Alcatel SDH Equipment (ITN))	017111–000–00
T-Mobile Austria GMBH	Project Service Agreement (for operation of International Transmission Network)	021148–000–00
T-Mobile Austria GmbH	Service provider agreement – M2M platform	025577–000–00
T-Mobile Austria GmbH	Project Specific Offer Document – Project Agreement – Jablotron Security Service	025577–202–00
T-Mobile Austria GmbH	Service Level Agreement (SLA) – M2M Cross Border	026948–000–00
T-Mobile Austria GmbH, O2 Czech Republic a.s., Vodafone Czech Republic a.s., A1Telekom Austria AG	Planning Arrangement for Coordination of LTE cells in the border area of CR – Cross-Border	025612–000–00
T-Mobile Netherlands B.V.	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	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	000537–202–00
T-Mobile Netherlands B.V.	Variation Agreement of GPRS Initial Frame Indents	011292–201–00
T-Mobile Netherlands B.V.	Roaming Agreement for Public Wireless LAN Services	016486–000–00
T-Mobile Netherlands B.V.	Project Service Agreement for operation of International Transmission Network	021146–000–00
T-Mobile Netherlands B.V.	International Roaming Agreement	025209–000–00
T-Mobile Polska S.A.	Framework Service and Consultancy Agreement	000909–000–00
T-Mobile Polska S.A.	International GSM Roaming Agreement	011455–000–00
T-Mobile Polska S.A.	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	011455–201–00
T-Mobile Polska S.A.	Roaming Agreement for Public Wireless Lan Services	017796–000–00
T-Mobile Polska S.A.	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	025011–000–00

Partner	Services / goods – original version	No. of contract of the Company
T-Mobile Polska S.A.	Service Arrangement – in Connection with an International IMS Service Centre-Voice	025011–201–00
T-Mobile Polska S.A.	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)	025011–203–00
T-Mobile Polska S.A.	Agreement on Termination of IMS SSC	025011–401–00
T-Mobile Polska S.A.	RCTIO Framework Cooperation and Service Agreement	025182–000–00
T-Mobile Polska S.A.	Appendix No. 1 – Service Arrangement – TMCZ provider – IT services recharging	025182–201–00
T-Mobile Polska S.A.	Notice of termination	025182–201–41
T-Mobile Polska S.A.	Service Agreement – TMPL Provider – Intercompany IT services recharging	025182–202–00
T-Mobile Polska S.A.	Framework Purchase Contract – regional agreement on resale of HW between countries in the region	025678–000–00
T-Mobile Polska S.A.	Accession Deed to the International Telecommunication Services Master Agreement (No. exGTS 0000016/2)	025716–000–00
T-Mobile Polska S.A.	Intercompany Master Service Agreement	025785–000–00
T-Mobile Polska S.A.	Telecommunications Services Agreement No. TA18119	026242–000–00
T-Mobile Polska S.A.	Annex No. 1 – changes to the service order Virtual Hosting Environment	026242–101–00
T-Mobile Polska S.A.	Annex No. 2 – public cloud, expanding power resources	026242–102–00
T-Mobile Polska S.A.	Frame contract for Security services delivery from DRSSC to TMPL	026487–000–00
T-Mobile Polska S.A.	Service Arrangement for security services delivery from DRSSC to TMPL 2017	026487–202–00
T-Mobile Polska S.A.	Service Arrangement – Security services – DDoS Protection	026487–204–00
T-Mobile Polska S.A.	Frame contract for Security services delivery from TMPL to DRSSC	026488–000–00
T-Mobile Polska S.A.	Agreement on Commissioned Data Processing – annex to Service Arrangement Trinity	027341–000–00
T-Mobile Polska S.A.	Amendment No. 3 to 0000006/2011-Smno – NG IN platform	660064–103–00
T-Mobile USA, Inc.	Multilateral International GSM Roaming Agreement	000323–000–00
T-Mobile USA, Inc.	Addendum to Multilateral International GSM/PCS Roaming Agreement	000323–101–00
T-Mobile USA, Inc.	International Roaming Agreement	016180–000–00
T-Mobile USA, Inc.	Roaming Agreement for Public Wirelless LAN Services	017191–000–00
T-Systems Austria GesmbH	Frame Cooperation and Service Agreement	028675–000–00
T-Systems do Brasil Ltda.	Non-Disclosure Agreement – NDA	028184–000–00
T-Systems do Brasil Ltda.	Framework Cooperation and Service Agreement	028659–000–00
T-Systems International GmbH	One Stop Shopping Agreement	0000039/2007-SMws
T-Systems International GmbH	Poskytnutí licencí produktů Microsoft	010423–000–00
T-Systems International GmbH	Non-Disclosure Agreement on the Project “Due diligence for outsourcing TMCZ IT operations”	012307–000–00
T-Systems International GmbH	Supplement No. 3 to the Project Service Agreement No. 022281–000–00 NG CRM	022281–103–00
T-Systems International GmbH	Supplement No. 4 to the Project Service Agreement No. 022281–000–00 NG CRM	022281–104–00
T-Systems International GmbH	Personal Data Processing Contract	022692–000–00
T-Systems International GmbH	Agreement on the Processing of Personal Data – T-Mobile Service portal	022888–140–00
T-Systems International GmbH	Supplementary Agreement to the Service Arrangement for T-Mobiles Service Portal	022888–142–01
T-Systems International GmbH	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	023213–000–00
T-Systems International GmbH	Declaration of User Accession to the Agreement on Telepresence@DTAG/SEE Services	023403–000–00
T-Systems International GmbH	Agreement for Commissioned Data Processing – Telekom Social Network Data Process	023492–000–00
T-Systems International GmbH	Amendment No. 1 to Agreement For Commissioned Data Processing in Telekom Social Network	023492–101–00
T-Systems International GmbH	Letter of Intent 2013 - EU Prio products implementation	023803–000–00
T-Systems International GmbH	Letter of Intent for Tibco Enterprise Licence Agreement 2012–2015	023824–000–00

Partner	Services / goods – original version	No. of contract of the Company
T-Systems International GmbH	Software Delivery Agreement – subcontract for finalisation of NG CRM R1 Siebel	023954–000–00
T-Systems International GmbH	Supplement No. 1 to the Software Delivery Agreement	023954–101–00
T-Systems International GmbH	Project Service Agreement (PSA) – Provision of Services in connection with Shared Platforms and Services	024100–000–00
T-Systems International GmbH	Term Sheet 2014 – International Billing & Mediation Device (iBMD)	024100–201–00
T-Systems International GmbH	Term Sheet 2014 – Risk Management Center (RMC)	024100–202–00
T-Systems International GmbH	Term Sheet 2014 – Content Administration Portal (CAP)	024100–204–00
T-Systems International GmbH	Term Sheet 2014 – Harmonized Payment Converter (HPC)	024100–205–00
T-Systems International GmbH	Declaration of Compliance for the Processing of Data in SharePoint for V ET	024361–000–00
T-Systems International GmbH	Adherence Agreement (to the agreement 990072–000–00)	024737–000–00
T-Systems International GmbH	Agreement for Commissioned Data Processing	024757–000–00
T-Systems International GmbH	Sublicensing and Crosscharging Agreement – Aspera license	025060–000–00
T-Systems International GmbH	Adherence Agreement to the Contract 71009540 – Citrix contract 2015	025139–000–00
T-Systems International GmbH	Frame Agreement for Commissioned Data Processing	025166–000–00
T-Systems International GmbH	Amendment No. 1 to Frame Agreement for Commissioned Data Processing	025166–101–00
T-Systems International GmbH	Agreement about International Internal Services	025415–000–00
T-Systems International GmbH	Service Agreement about International Internal Services – Service Delivery Platform	025692–000–00
T-Systems International GmbH	Agreement Concerning the Transfer of Assets	026718–000–00
T-Systems International GmbH	Agreement about International Internal Services – Umbrella	026800–000–00
T-Systems International GmbH	Agreement about International Internal Services – Umbrella – AD/AM/AO Business I	026801–000–00
T-Systems International GmbH	Individual Agreement on Commissioned Data Processing	026827–000–00
T-Systems International GmbH	Service Agreement	027237–000–00
T-Systems International GmbH	Service Agreement	027469–000–00
T-Systems International GmbH	Frame Agreement for the provision of “Cloud of things service” – enabler pro IoT	028305–000–00
T-Systems International GMbH	ICPS Individual Contract	880024–000–00
T-Systems International GmbH	Framework Agreement regarding the provision of IT Services	880052–000–00
T-Systems International GmbH	Prolongation Agreement Infrastructure Services	880052–102–00
T-Systems International GmbH	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	880052–105–00
T-Systems International GmbH	Service Agreement for Program Management services for program Sonar	880052–201–00
T-Systems International GmbH	Product Delivery Agreement No. 2011/0087	880108–000–00
T-Systems International GmbH	License Agreement No. USLSA_5162 (related to contract 028106–000–00)	990095–000–00
T-Systems International GmbH, PG620	Service Agreement Amendment No. 2	026192–102–00
T-Systems Magyarország ZRt	Term Sheet – Seamless Communication Platform Hungary (SCPH) – SCP-Webex	025801–000–00
T-Systems Magyarország ZRt	Non-Disclosure Agreement – NDA	025975–000–00
T-Systems Magyarország ZRt	Personal Data Processing Contract	026067–000–00
T-Systems Magyarország ZRt.	International Telecommunication Service	0000007/2010-SMws
T-Systems Magyarország ZRt.	Contract of subdelivery	0000019/2008-SmCSC
T-Systems Magyarország ZRt.	Fourth Amendment to the Master Services Agreement	0000022/2011-SMws
T-Systems Magyarország ZRt.	Service Agreement	0000045/2011-SMws
T-Systems Magyarország ZRt.	Outsourcing Service Agreement	0000051/2011-SMws
T-Systems Magyarország ZRt.	Contract IFS ISCS 04 2008	0000059/2011-SMws
T-Systems Magyarország ZRt.	Service Agreement for GTS NET a.s and GTS Magyarország Távkozlési Kft.	0000063/2007-SMws
T-Systems Magyarország ZRt.	Amendment Nr.1 to the Service Agreement for GTS NET a.s and GTS Magyarország Távkozlési Kft.	0000063/2007-SMws
T-Systems Magyarország ZRt.	RCTIO Framework Cooperation and Service Agreement	025427–000–00
T-Systems Magyarország Zrt.	Settlement Arrangement – Mutual settlement of liabilities	025427–101–00
T-Systems Magyarország ZRt.	Service Arrangement – RCTIO Framework Cooperation and Service Agreement	025427–201–00

Partner	Services / goods – original version	No. of contract of the Company
T-Systems Magyarország ZRt.	Notice of termination	025427–201–41
T-Systems Magyarország ZRt.	Agreement – PwC service fee	026656–000–00
T-Systems Magyarország ZRt., GTS Poland sp. z o.o., GTS Telecom S.R.L.	Cooperation Agreement	025746–000–00
T-Systems Polska Sp. z o.o.	Cooperation agreement	0000243/2011-Smna

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

During the Relevant period the Company made the following legal acts in the interest, or at the instigation of the Controlling party or other parties controlled by the Controlling party, which would involve assets exceeding in value CZK 3,093 million, which represents 10% of the Company's equity reported in the latest consolidated Financial Statements as at 31 December 2020:
– The Company paid a dividend of CZK 5,471 million;
– During the Relevant period the Company purchased from DTAG Group foreign currency at market value in total amount of CZK 2,417 million;
– The Company provided intercompany loan to DTAG in the amount of CZK 4,500 million as at 31 December 2020.

6 Assessment of a detriment and its compensation

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

7 Evaluation of relations and risks within the Concern

7.1 Evaluation of advantages and disadvantages of relations within the Concern

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

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

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

In Prague, 25 March 2021

Jose Severino Perdomo Lorenzo
Member of the Board of Directors

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

Overview of the related parties

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

DTAG

100% T-Mobile Global Zwischenholding GmbH (Germany)
- 100% T-Mobile Global Holding GmbH (Germany)
  - 100% Deutsche Telekom Holding B.V. (Netherlands)
    - 43,58% T-Mobile US, Inc. (USA)
      - 100% T-Mobile USA, Inc. (USA)
        - 100% Sprint Corporation (USA)
          - 100% Sprint Communication, Inc. (USA)
            - 100% Sprint International Holding, Inc. (USA)
              - 100% Sprint International Czech Republic s.r.o. (Czech Republic)
      - 100% Huron Merger Sub LLC (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)
  - 100% Magenta Telekom Infra GmbH (Austria)
  - 75% T-Mobile Netherlands Holding B.V. (Netherlands)
    - 100% T-Mobile Netherlands Finance B.V. (Netherlands)
    - 100% T-Mobile Netherlands B.V. (Netherlands)
      - 100% T-Mobile Netherlands Retail B.V. (Netherlands)
      - 100% Complex Bidco B.V (Netherlands)
        - 100% Simpel.nl B.V. (Netherlands)
    - 100% T-Mobile Thuis B.V. (Netherlands)
    - 100% 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)
  - 51,4% Hrvatski Telekom d.d. (Croatia)

- 100% HT holding d.o.o. (Croatia)
  - 17,41% OT-Optima Telekom d.d. (Croatia)
    - 100% OT-Optima Telekom d.o.o. (Slovenia)
    - 100% Optima Telekom za upravljanje nekretninama i savjetovanje d.o.o. (Croatia)
    - 100% Optima direct d.o.o. (Croatia)
  - 100% Kabelsko distributivni sustav d.o.o. (Croatia)
  - 100% Iskon Internet d.d. (Croatia)
- 100% Combis, usluge integracija informatickih tehnologija, d.o.o.(Croatia)
    - 100% COMBIS IT usluge d.o.o. (Serbia)
    - 100% COMBIS d.o.o. Sarajevo (Bosnia and Herzegovina)
  - 76,53% Crnogorski Telekom A.D. Podgorica (Montenegro)
- 39,1% Hrvatske telekomunikacije d.d. Mostar (Bosnia and 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)

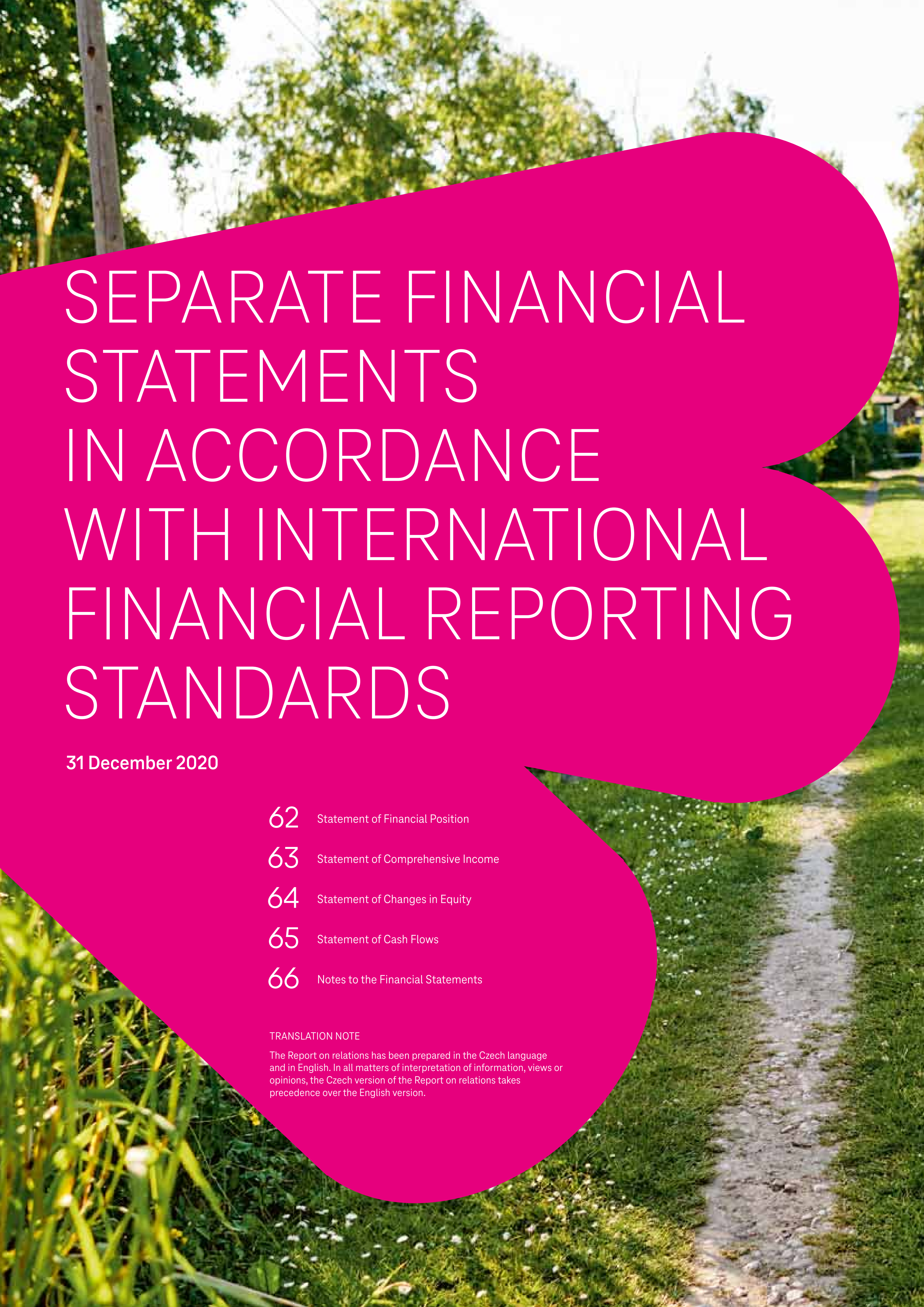
100% Slovak Telekom, a.s. (Slovakia)
- 100% DIGI SLOVAKIA s.r.o. (Slovakia)
- 100% Telekom Sec, s.r.o. (Slovakia)
- 51% PosAm, s.r.o. (Slovakia)
  - 100% Commander Services s.r.o. (Slovakia)
- 59,21% Magyar Telekom Nyrt. (Hungary)
  - 100% Combridge SRL. (Romania)
  - 50% E2 Hungary Zrt. (Hungary)
  - 100% Stonebridge Communications A.D.(Macedonia)
    - 51% Makedonski Telekom AD Skopje (Macedonia)
- 100% T-Systems Magyarország Zrt (Hungary)
- 100% Novatel EOOD (Bulgaria)

100% T-Mobile Polska S.A. (Poland)
- 100% Tele Haus Polska Sp.z.o.o. (Poland)
  - 100% Tele Haus Serwis Sp. z o.o. (Poland)
- 50% NetWorkS! Sp.z.o.o. (Poland)
- 100% T-Systems Polska Sp.z.o.o. (Poland)

100% Consorcium 1 S.à.r.l. (Luxemburg)
- 100% Carduelis B.V. (Netherlands)
  - 52,56% GTS Telecom S.R.L. (Romania)
- 100% GTS Central European Holding B.V. (Netherlands)
  - 100% GTS Ukraine L.L.C. (Ukraine)
  - 100% Antel Germany GmbH (Germany)
  - 47,44% GTS Telecom S.R.L. (Romania)

99% Deutsche Telekom Pan-Net s.r.o. (Slovakia)
99% Deutsche Telekom Digital Labs Private Limited (India)
99,88% Deutsche Telekom Pan-Net Greece EPE (Greece)
100% Deutsche Telekom Pan-Net Poland Sp. Z o.o. (Poland)
100% Deutsche Telekom Pan-Net Croatia d.o.o. (Croatia)
100% Deutsche Telekom Pan-Net Hungary Kft. (Hungary)
100% Deutsche Telekom Pan-Net Czech Republic s.r.o. (Czech Republic)

100% Deutsche Telekom Pan-Net GmbH (Austria)
100% Deutsche Telekom Pan-Net Macedonia DOOEL Skopje (Macedonia)
100% Deutsche Telekom Pan-Net Montenegro d.o.o. (Montenegro)
100% Deutsche Telekom Pan-Net Romania S.R.L. (Romania)
100% Deutsche Telekom Asia Pte Ltd (Singapore)
46,91% 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)
4,39% Germanos S.A. (Greece)
85,17% Cosmote E-Value Contact Center S.A. (Greece)
1% Cosmoholding International B.V. (Netherlands)
100% Cosmote Mobile Telecommunications S.A. (Greece)
95,61% Germanos S.A. (Greece)
1% Cosmoholding International B.V. (Netherlands)
85,17% Cosmote E-Value Contact Center S.A. (Greece)
99% Cosmoholding International B.V. (Netherlands)
14,46% OTEplus Technical and Business Services S.A. (Greece)
7,66% Cosmote E-Value Contact Center S.A. (Greece)
100% OTE Estate S.A. (Greece)
100% OTE International Solutions S.A. (OTE Globe) (Greece)
7,17% Cosmote E-Value Contact Center S.A. (Greece)
85,54% OTEplus Technical and Business Services S.A. (Greece)
100% Deutsche Telekom Europe Beteiligungsverwaltungsgesellschaft mbH (Germany)
1% Deutsche Telekom Pan-Net s.r.o. (Slovakia)
0,12% Deutsche Telekom Pan-Net Greece EPE (Greece)
1% Deutsche Telekom Digital Labs Private Limited (India)
50% BuyIn S.A. (Belgium)
100% BuyIn S.A.S. (France)
100% BuyIn GmbH (Germany)
100% Corporation BuyIn Canada Inc. (Canada)
100% T-Systems International GmbH (Germany)
100% T-Systems do Brasil Ltda.
100% Deutsche Telekom Systems Solutions Hungary Kft.
100% T-Systems Beteiligungsverwaltungsgesellschaft mbH (Germany)
0,01% Deutsche Telekom Services Europe Slovakia s.r.o. (Slovakia)
100% Deutsche Telekom Services Europe GmbH (Germany)
99,99% Deutsche Telekom Services Europe Slovakia s.r.o. (Slovakia)
100% Deutsche Telekom Services Europe Czech Republic s.r.o. (Czech Republic)
96,67% Deutsche Telekom Services Europe Romania S.R.L. (Romania)
3,33% Deutsche Telekom Services Europe Romania S.R.L. (Romania)
100% Telekom Deutschland GmbH
100% Deutsche Telekom IT GmbH

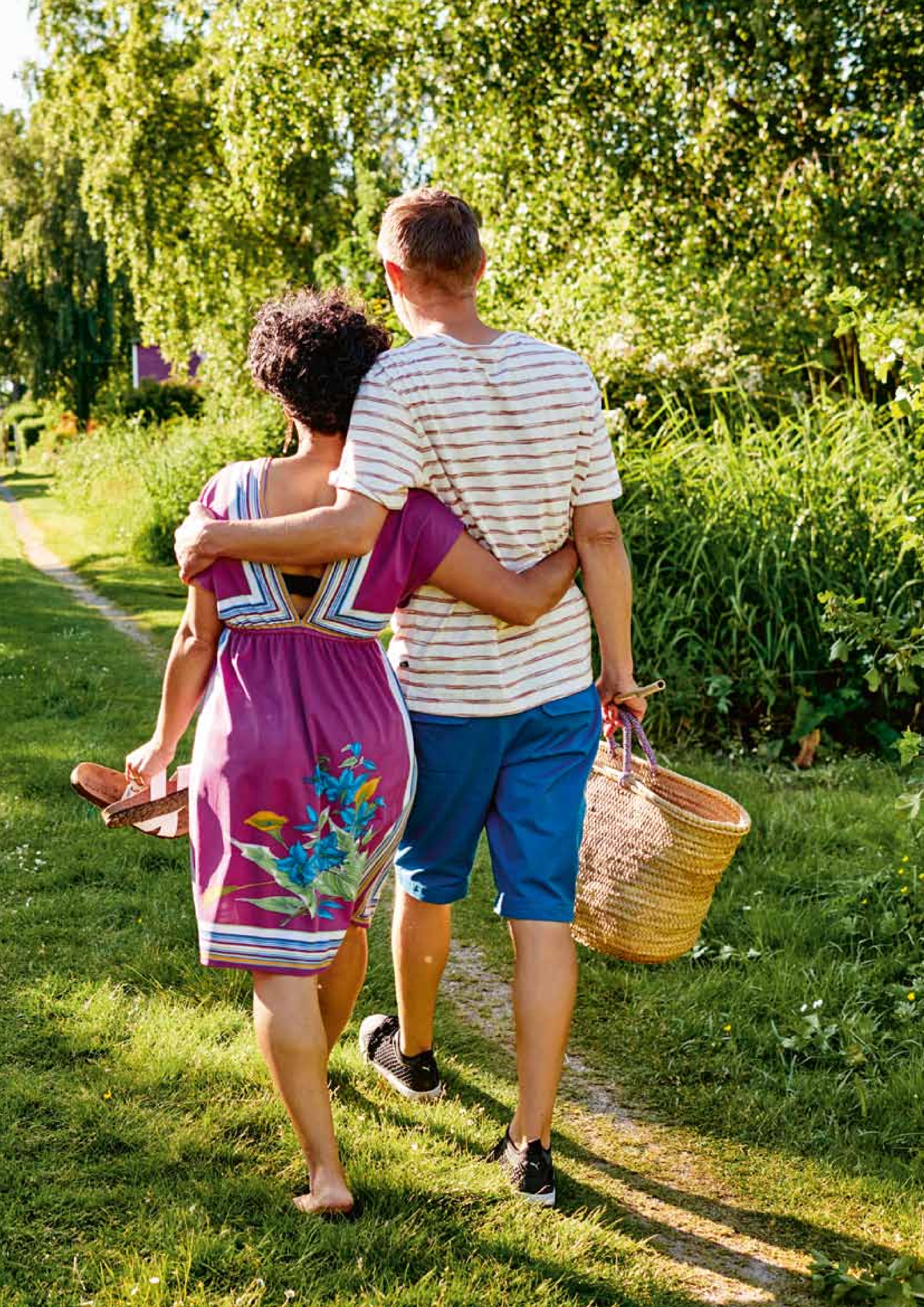


SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

31 December 2020

TRANSLATION NOTE

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



STATEMENT OF FINANCIAL POSITION

Year Ended 31 December 2020

CZK million	Note	31. 12. 2020	31. 12. 2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	613	1,172
Trade and other receivables	5	6,163	5,800
Other financial assets	6	4,532	5,919
Inventories	7	600	591
Prepaid expenses and other current assets	8	2,702	665
Contract assets	9	579	572
Contract costs	9	513	572
Total current assets		**15,702**	**15,291**
NON-CURRENT ASSETS			
Intangible assets	10	6,437	7,216
Goodwill	11	1,302	1,302
Property and equipment	12	14,066	13,636
Right-of–use asset	13	7,482	8,117
Investment in subsidiaries	14	2,605	2,605
Contract assets	9	31	24
Contract costs	9	176	173
Prepaid expenses and other non-current assets	8	692	739
Total non-current assets		**32,791**	**33,812**
TOTAL ASSETS		**48,493**	**49,103**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	15	5,556	5,564
Other financial liabilities	16	126	112
Provisions	17	790	211
Contract liabilities	9	718	715
Lease liabilities	18	854	862
Income tax liability		41	268
Total current liabilities		**8,085**	**7,732**
NON-CURRENT LIABILITIES			
Other financial liabilities	16	50	100
Provisions	17	862	839
Contract liabilities	9	483	320
Lease liabilities	18	6,212	6,696
Deferred tax liability	19	592	830
Total non-current liabilities		**8,199**	**8,785**
TOTAL LIABILITIES		**16,284**	**16,517**
EQUITY			
Share capital	21	520	520
Share premium	21	397	397
Capital funds	21	105	102
Retained earnings		31,187	31,567
Total equity		**32,209**	**32,586**
TOTAL LIABILITIES AND EQUITY		**48,493**	**49,103**

The notes on pages 66 to 101 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2020

CZK million	Note	2020	2019
Revenue from contracts with customers	**23**	**28,769**	**28,193**
Other operating income	24	415	542
Cost of goods, raw materials and telecommunication services	25	(9,122)	(8,715)
Employee benefits	26	(3,600)	(3,573)
Depreciation and amortisation	27	(5,548)	(5,242)
Impairment losses on financial and contract assets		(408)	(272)
Other operating expenses	28	(4,031)	(3,815)
Profit from operations		**6,475**	**7,118**
Finance income	29	333	196
Finance expense	29	(481)	(423)
Profit before tax		**6,327**	**6,891**
Income tax expense	30	(1,236)	(1,420)
Net profit for the current period		**5,091**	**5,471**
Other comprehensive income		–	–
Total comprehensive income for the period		**5,091**	**5,471**

The notes on pages 66 to 101 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2020

CZK million	Note	Share Capital	Share Premium	Capital Funds	Retained Earnings	Total
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	31	–	–	–	(5,596)	(5,596)
Other		**–**	**–**	**(2)**	**–**	**(2)**
Balance as at 31.12.2019		**520**	**397**	**102**	**31,567**	**32,586**
Total comprehensive income		**–**	**–**	**–**	**5,091**	**5,091**
Profit for the period		–	–	–	5,091	5,091
Transactions with shareholders		–	–	–	(5,471)	(5,471)
Dividends paid	31	–	–	–	(5,471)	(5,471)
Other		**–**	**–**	**3**	**–**	**3**
Balance as at 31. 12. 2020		520	397	105	31,187	32,209

The notes on pages 66 to 101 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year Ended 31 December 2020

CZK million	Note	2020	2019
Cash flows from operating activities			
Profit before tax for the current period		*6,327*	*6,891*
Adjustments for non-cash movements:			
Depreciation and amortisation	27	5,548	5,242
Interest expense net	29	187	155
Gain on sale of fixed assets net		(28)	4
Changes in provisions		998	248
Other non-cash income		(180)	(50)
Cash flow from operating activities before changes in working capital		*12,852*	*12,490*
Changes in trade receivables and other operating assets		(779)	(39)
Changes in inventories		(10)	202
Changes in trade payables and other operating liabilities		100	387
Cash flow generated from operating activities		*12,163*	*13,040*
Income tax paid		(1,699)	(1,502)
Interest paid		(241)	(255)
Interest received		57	96
Dividends received		117	112
Net cash flow from operating activities		**10,397**	**11,491**
Cash flows from investing activities			
Purchases of property and equipment and intangible assets	8, 10, 12	(5,828)	(3,408)
Payment for acquisition of subsidiary	14	–	(472)
Proceeds from the sale of property and equipment and intangible assets		68	47
Cash flows from derivatives		32	(88)
Intercompany loan issued	6	–	(2,286)
Intercompany loan received	6	1,389	–
Net cash flow from investing activities		**(4,339)**	**(6,207)**
Cash flows from financing activities			
Proceeds from bank overdraft		287	72
Repayment of short-term financing		(216)	(174)
Repayment of bank overdraft		(287)	(72)
Dividends paid	31	(5,471)	(5,596)
Principal portion of repayments of lease liabilities	16	(930)	(979)
Net cash flow from financing activities		**(6,617)**	**(6,749)**
Net decrease in cash and cash equivalents		**(559)**	**(1,465)**
Cash and cash equivalents as at the beginning of the period	**4**	**1,172**	**2,637**
Cash and cash equivalents as at the end of the period	**4**	**613**	**1,172**

The notes on pages 66 to 101 form an integral part of these financial statements.

Notes to the Separate Financial Statements

Year Ended 31 December 2020

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 2020 and 31 December 2019, 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	100.00
Total	**520**	**520**	**100.00**

The ultimate parent company of the Company during the accounting periods ended 31 December 2020 and 31 December 2019 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.com/en/investor-relations.

1.3 Licences and trademarks

As at 31 December 2020, 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 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 apply concession accounting.

The Company owns 115 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 separate 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 2020. These separate financial statements 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 2020, the Company adopted the following standards and amendments to the standards.

a. Adopted during the year:

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:
– Definition of "Material" – amendments to IAS 1 and IAS 8,
– Definition of a Business – amendments to IFRS 3,
– Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7,
– Revised Conceptual Framework for Financial Reporting,
– Covid-19-Related Rent Concessions – amendments to IFRS 16.

The Company also elected to adopt the following amendments early:
– Annual Improvements to IFRS Standards 2018–2020 Cycle.
– Proceeds before intended use – Amendments to IAS 16,
– Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37.

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

b. New standards and interpretations not yet adopted

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

2.3 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 11);
– Allowances for expected credit losses of financial assets and contract assets (see Note 5 and Note 9);
– Useful lives of customer relationships and other intangible assets (see Note 10);
– Provisions for regulatory cases (see Note 17).

2.4 Business combinations

The acquisition method of accounting is used to account for acquisition of a set of assets and liabilities comprising a business from parties that are not under common control. Consideration paid for acquisition of a business 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 affected, 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. The Company presents the transfer prospectively from the date of the transfer.

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 from business combinations 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 12.

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.

Financial assets at amortised cost (debt instruments)

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 a right 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 allowance for expected credit losses. The Company performs the receivables write off against the allowance 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, 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.

The overview of financial assets and liabilities according to categories is stated in Note 22.

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	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 2.1 GHz band in the Czech Republic. 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 900 and 1800 MHz bands in the Czech Republic and to establish and operate mobile 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 was 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 800 MHz band and 2.6 GHz band in the Czech Republic and to establish and operate mobile 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 was 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 Lease accounting – the Company as a lessee

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 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.

Lease liabilities

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.

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

Extension options in shops have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption. As at 31 December 2020, potential future cash outflows of CZK 241 million (undiscounted) (31 December 2019: CZK 1,176 million) have not been included in the lease liability because it is not reasonably certain that the leases will be extended. Decrease is caused by contract's prolongation, mainly with contract amendment. Option right has thus expired and can't be utilized anymore. 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.

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.

2.15 Lease accounting – the Company as a lessor

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

Payments received under operating leases are recorded in profit or loss 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 present value of the liability is added to the carrying amount of the associated non-current tangible asset or right-of-use 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 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 other 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 is 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 term. 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 credit 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. 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 benefits 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 Impact of Covid-19 on financial statements at 31 December 2020

The coronavirus pandemic has developed into a global economic crisis. Due to higher demand for certain telecommunications services, the impact of the crisis is being felt less severely by the telecommunications industry and the Company than by other industries. Business activities and thus the results of operations and financial position of the Company were impacted by the coronavirus pandemic in various business areas, affecting revenue and earnings, although not to any significant extent. At this time, we can report only minor impact with respect to payment defaults and customer numbers, but no material specific impairment allowance to the Company's receivables was recorded as of 31 December 2020.

Impairment reviews are ordinarily performed on annual basis. At 31 December 2020, the Company reviewed whether there are any new impairment indicators present due to the uncertainty caused by Covid-19. No significant adjustment to Company's accounting estimates has been deemed necessary. There is no reason to believe that additional impairment would be required.

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

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.

Exchange rate change by 1,000 basis points*	Profit after-tax impact in CZK million	
	31. 12. 2020	31. 12. 2019
Decrease	(67)	(6)
Increase	67	6

* 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 mature, should the Company reinvest the free cash in equivalent financial instruments, it would be exposed to following potential effects:

Interest rate change by 100 basis points*	Profit after-tax impact in CZK million	
	31. 12. 2020	31. 12. 2019
Decrease	(38)	(54)
Increase	38	54

* 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.

Concentrations of credit risks relating to Trade and other receivables and Other financial assets are managed by 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 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. Included in Other receivables are amounts receivable from related parties to which the Company has applied the general impairment model. The Company has considered the financial performance, external debt and future cash flows of the related parties and concluded that the credit risk relating to these receivables is limited and consequently the probability of default relating to these balances is low.

Application of the ECL model had an immaterial impact on all financial assets except for Trade receivables.

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

31. 12. 2020 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	545	121	11	4	–	–	681
– trade receivables from third parties	3,526	569	148	140	182	1,794	6,359
Other receivables							
– other receivables from DTAG group companies	1,015	–	–	–	–	–	1,015
– other receivables from third parties	112	8	8	7	19	9	163
Allowance for ECL							
– for trade, unbilled and other receivables	(36)	(29)	(66)	(71)	(128)	(1,725)	(2,055)
Trade and other receivables (net)	**5,162**	**669**	**101**	**80**	**73**	**78**	**6,163**

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	–	81	9	14	4	30	138
Allowance for ECL							
– for trade, unbilled and other receivables	(129)	(27)	(25)	(54)	(193)	(2,079)	(2,507)
Trade and other receivables (net)	**4,946**	**459**	**78**	**99**	**–**	**218**	**5,800**

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

	Not yet due	Past due				
		up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more
At 31. 12. 2020	1%–2%	3%–33%	40%–54%	58%–73%	74%–76%	78%–100%
At 31. 12. 2019	1%–2%	3%–33%	40%–54%	58%–73%	74%–76%	78%–100%

The Company also creates specific allowances for ECL.

The gross carrying amount of Trade and other receivables, reflecting the maximum exposure to credit risk, as at 31 December 2020 was CZK 8,218 million (31 December 2019: CZK 8,307 million). 86% of Other receivables outstanding as at 31 December 2020 were from one counterparty (31 December 2019: 66%). There is no significant concentration of customer credit risk in Trade receivables.

When the Company considers that there is 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's cash and cash equivalents are held with major regulated financial institutions; the three largest ones hold approximately 45%, 27% and 21% respectively (2019: 44%, 19% and 9% respectively). The Company does not expect any losses from non-performance by these counterparties and does not have any significant grouping of exposures to financial sector or country risk.

31. 12. 2020	Standard & Poor's Long-term rating			
CZK million	A-to A+	BBB- to BBB+	Not assigned	Total
Bank accounts	423	–	–	423
Cash equivalents	190	-	–	190
Other financial assets	–	4,500	32	4,532
Total cash and cash equivalents and other financial assets exposure	**613**	**4,500**	**32**	**5,145**

31. 12. 2019	Standard & Poor's Long-term rating			
CZK million	A-to A+	BBB- to BBB+	Not assigned	Total
Cash in hand	–	–	23	23
Bank accounts	336	45	–	381
Cash equivalents	768	-	–	768
Other financial assets	–	5,919	–	5,919
Total cash and cash equivalents and other financial assets exposure	**1,104**	**5,964**	**23**	**7,091**

Included in Other financial assets are amounts receivable from related parties to which the Company has applied the general impairment model. The Company has considered the financial performance, external debt and future cash flows of the related parties and concluded that the credit risk relating to these receivables is limited and consequently the probability of default relating to these balances is low. Application of the ECL model had an immaterial impact on all other financial assets. 99% of Other financial assets as at 31 December 2020 were outstanding from one counterparty (31 December 2019: 100%).

The gross carrying amount of cash and cash equivalents and other financial assets, reflecting the maximum exposure to credit risk, as at 31 December 2020 was CZK 5,145 million (31 December 2019: CZK 7,091 million).

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 trade and other payables, other financial liabilities and lease liabilities and are analysed in Note 15, Note 16 and Note 18, respectively.

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 2020 and 2019. 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. 2020	31. 12. 2019
Assets		
Currency forward contract with positive fair value	6	–
Total assets	**6**	**–**
Payables		
Currency forward contract with negative fair value	51	34
Total liabilities	**51**	**34**

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 2020 and 31 December 2019 approximate their fair values.

The classification of financial assets and liabilities into categories in accordance with IFRS 9 is stated in Note 22.

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 394 million), are recognised as held for trading derivatives with changes in fair value being reflected in profit or loss. In 2020 and 2019, the Company did not apply hedge accounting.

4 Cash and cash equivalents

CZK million	31. 12. 2020	31. 12. 2019
Cash at banks and in hand	423	404
Cash equivalents	190	768
Total	**613**	**1,172**

Cash equivalents as at 31 December 2020 and 31 December 2019 consist mainly of short-term bank deposits, depository bills of exchange and REPO transactions.

5 Trade and other receivables

CZK million	31. 12. 2020	31. 12. 2019
Trade receivables	7,040	7,905
Less: Allowance for ECL	(2,055)	(2,507)
Trade receivables (net)	**4,985**	**5,398**
Other receivables	1,178	402
Total	**6,163**	**5,800**

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.

Other receivables include cash-pooling balances which represent short-term liquidity sharing within DTAG group resulting from common operation.

Movements of the allowance for ECL of Trade and other receivables can be analysed as follows:

CZK million	2020	2019
Opening balance as at 1.1.	**2,507**	**2,490**
Increase for the year	337	294
Utilisation of provision for write-off	(789)	(277)
Closing balance as at 31.12.	**2,055**	**2,507**

6 Other financial assets

CZK million	31. 12. 2020	31. 12. 2019
Intercompany loan	4,526	5,919
Currency forward contracts with positive fair value	6	–
Total	**4,532**	**5,919**

The Company provided a short-term loan to DTAG in the amount of CZK 4,500 million as at 31 December 2020 (31 December 2019: CZK 5,919 million) and to Planet A in the amount of CZK 26 million as at 31 December 2020 (31 December 2019: CZK 0 million). The short-term loan to DTAG consists of two individual obligations in CZK with original maturities 3 and 5 weeks while individual interest rates had been determined on an arm's length basis.

For description of allowance for ECL for Other financial assets see Note 3.3.

7 Inventories

CZK million	31. 12. 2020	31. 12. 2019
Handsets and accessories	317	267
Other inventories	283	324
Total	**600**	**591**

8 Prepaid expenses and other assets

CZK million	31. 12. 2020	31. 12. 2019
Current part	2,702	665
Non-current part	692	739
Total	**3,394**	**1,404**

Prepaid expenses and other assets comprise mainly operational advance payments and accrued expenses for the next year for services such as logistics, rent, electricity, maintenance and purchase of inventories.

The current part of Prepaid expenses and other assets comprises a guarantee against the Czech Telecommunication Office for participation in the 2020 5G frequency auction in the amount of CZK 1,890 million as at 31 December 2020. The related spectrum assignment from the Czech Telecommunication Office for allocation of frequency band became effective on 3 February 2021 and will be recognised in Intangible assets in 2021.

9 Assets and liabilities related to contracts with customers

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

CZK million	2020	2019
Non-current assets		
Contract assets	31	25
Less: Allowance for ECL	–	(1)
Contract costs	176	173
Non-current assets related to contract with customers	**207**	**197**
Current assets		
Contract assets	585	578
Less: Allowance for ECL	(6)	(6)
Contract costs	513	572
Current assets related to contract with customers	**1,092**	**1,144**
Non-current liabilities		
Contract liabilities	483	320
Non-current liabilities related to contract with customers	**483**	**320**
Current liabilities		
Contract liabilities	718	715
Current liabilities related to contract with customers	**718**	**715**

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 2020 and 2019 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 allowance for ECL of contract assets can be analysed as follows:

CZK million	2020	2019
Opening balance as at 1. 1.	**7**	**21**
Increase for the year	20	34
Utilisation for the year	(21)	(48)
Closing balance as at 31. 12.	**6**	**7**

10 Intangible assets

CZK million	Customer relationships	Software	Spectrum licences	Other intangible fixed assets	Assets in the course of construction and advances paid	Total
Cost						
1. 1. 2019	**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**
Additions	–	279	–	217	907	1,403
Disposals	–	(140)	–	(435)	(1)	(576)
Transfers*	–	208	–	104	(312)	–
31. 12. 2020	**2,153**	**13,391**	**7,618**	**1,411**	**1,719**	**26,292**
Accumulated amortisation/ Impairment						
1.1.2019	**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**
Amortisation	276	1,200	424	277	–	2,177
Disposals	–	(197)	–	(374)	–	(571)
31. 12. 2020	**1,917**	**12,008**	**5,162**	**768**	**–**	**19,855**
Net book value						
1. 1. 2019	**789**	**1,755**	**3,304**	**245**	**1,842**	**7,935**
31. 12. 2019	**512**	**2,039**	**2,880**	**660**	**1,125**	**7,216**
31. 12. 2020	**236**	**1,383**	**2,456**	**643**	**1,719**	**6,437**

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

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

Significant individual intangible assets

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. 2020		31. 12. 2019	
	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
"GSM" licence	158	4	200	5
"UMTS" licence	748	4	948	5
"LTE" licence	1,550	9	1,732	10
Total Spectrum licences	**2,456**		**2,880**	

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 2020 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 2020 is CZK 797 million plus CZK 96 million under construction (31 December 2019: CZK 1,019 million plus CZK 76 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 2020 is CZK 276 million plus CZK 34 million under construction (31 December 2019: CZK 284 million plus CZK 172 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. 2020		31. 12. 2019	
	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
Local customer relationship	67	1	227	2
Multinational customer relationship	161	2	277	3
Other customer relationships	8	13	8	14
Total customer relationships	**236**		**512**	

Other customer relationships comprise 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 2020 and as of 31 December 2019. 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. 2020	31. 12. 2019
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)	(67)	(150)
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)	(108)	(91)

The other customer relationships are deemed insignificant and therefore no sensitivity analysis was performed as at 31 December 2020.

11 Goodwill

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

CZK million	31. 12. 2020	31. 12. 2019
Cost		
T-Systems Czech Republic, a.s.	131	131
GTS Czech s.r.o.	1,144	1,144
LEMO Internet a.s.	11	11
RegioNET Morava, a.s.	16	16
Total	**1,302**	**1,302**

Goodwill was tested for impairment as of 31 December 2020. The Company is considered as one cash-generating unit ("CGU"). The recoverable amount of CGU is measured at the higher of fair value less costs of disposal and the 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. Ten-year period reflects the assumptions for short- to mid-term market developments and is selected to achieve a steady state in the business outlook that is necessary for calculating the perpetual annuity. This steady state is only reached based on the planning horizon selected, in particular, due to sometimes long investment cycles in the telecommunications industry and the investments planned and expected in the long run to acquire and extend the rights of spectrum use. Cash flows beyond the ten-year period are extrapolated using the estimated long-term growth rate stated in the table below. This growth rate is consistent with forecasts included in industry reports specific to the industry in which the Company operates (telecommunications).

The calculation of expected future cash flows is based on an estimate of service revenue, operating expenditure (direct and indirect costs) and capital expenditure for the period 2021 – 2030.

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

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

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

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

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

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

The analysis performed as at 31 December 2020 confirmed that the recoverable amount of the cash generating unit exceeds its carrying amount.

The table below shows the discount rate and LTGR used in the fair value calculation for the goodwill impairment tests conducted as of 31 December 2020 and as of 31 December 2019. 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. 2020	31. 12. 2019
Discount rate		
Used in the calculation	5.06%–5.13%	5.54%–5.61%
If changed to	9.13%	9.73%
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.

12 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. 2019	**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**
Additions	11	1,100	1,631	2,742
Disposals	(264)	(1,281)	(12)	(1,557)
Transfers*	197	586	(783)	–
31. 12. 2020	**4,568**	**26,901**	**2,596**	**34,065**
Accumulated depreciation/Impairment				
1. 1. 2019	**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**
Depreciation	253	2,027	–	2,280
Disposals	(159)	(1,365)	(1)	(1,525)
31. 12. 2020	**2,555**	**17,444**	**–**	**19,999**
Net book value				
1. 1. 2019	**4,452**	**7,773**	**1,157**	**13,382**
31. 12. 2019	**2,163**	**9,714**	**1,759**	**13,636**
31. 12. 2020	**2,013**	**9,457**	**2,596**	**14,066**

* 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 2020 comprise mainly the network technology and optical fibres.

Transfers of acquisition costs and accumulated depreciation in 2019 were driven by a change of asset model to component model. Parts of buildings (technical improvements on third party buildings) such as air conditioning, have been recognised as separate assets.

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 2020, 2,470 sites were shared on the Company side and 2,513 sites on Česká telekomunikační infrastruktura a.s. side (as at 31 December 2019: 2,457 sites on the Company side and 2,496 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 2020, 2,465 sites on the Company side and 2,505 sites on Česká telekomunikační infrastruktura a.s. side were shared (as at 31 December 2019: 2,450 sites on the Company side and 2,476 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.

13 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 a 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 right-of-use assets held by the Company are presented below:

CZK million	Leased land	Leased buildings	Leased equipment	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**
Additions	135	744	105	984
Disposals	(371)	(240)	(67)	(678)
31. 12. 2020	**2,019**	**5,465**	**2,055**	**9,539**
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**
Depreciation	141	739	211	1,091
Disposals	(35)	(83)	(32)	(150)
31. 12. 2020	**255**	**1,410**	**392**	**2,057**
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**
31. 12. 2020	**1,764**	**4,055**	**1,663**	**7,482**

Lease liabilities are presented in Note 18.

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

Disposals represents mainly early contract termination thus finance lease liability has been released. In category land aprox. CZK 292 million represents disposal on contracts for lease of masts and towers – electricity changed from fixed to variable payments thus IFRS 16 criteria had not been met anymore.

14 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.

15 Trade and other payables

CZK million	31. 12. 2020	31. 12. 2019
Trade payables	2,065	1,884
Expenditure accruals	2,531	2,804
Total trade payables	**4,596**	**4,688**
Currency forward contracts with negative fair value	51	34
Total financial liabilities	**4,647**	**4,722**
Liabilities to employees	660	656
Other taxes and social security liabilities	247	180
Other payables	2	6
Total non-financial liabilities	**909**	**842**
Total	**5,556**	**5,564**

The remaining maturities of trade and other payables (contractual undiscounted cash flows) are as follows (contractual maturities of lease liabilities are stated in Note 18):

CZK million	On demand	Up to 30 days	31 – 90 days	Over 91 days	Total
31. 12. 2020					
Trade payables	487	1,300	222	56	2,065
Expenditure accruals	858	1,500	173	–	2,531
Total trade payables	**1,345**	**2,800**	**395**	**56**	**4,596**
Currency forward contracts with negative fair value	–	21	501	661	1,183
Currency forward contracts with positive fair value	–	209	–	596	805
Total forward contracts*	**–**	**230**	**501**	**1,257**	**1,988**

* 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. 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	–	261	399	1,677	2,337
Currency forward contracts with positive fair value	–	28	–	22	50
Total forward contracts*	**–**	**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.

16 Other financial liabilities

CZK million	31. 12. 2020	31. 12. 2019
Other interest bearing liabilities**	126	112
Total current other financial liabilities	**126**	**112**
Non-current other interest bearing liabilities**	44	94
Long-term advances from post-paid customers*	6	6
Total non-current other financial liabilities	**50**	**100**
Total	**176**	**212**

* 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

Maturities of Other financial liabilities are as follows:

CZK million	31. 12. 2020	31. 12. 2019
Up to 30 days	11	9
31–90 days	22	19
91–365 days	93	87
Up to 1 year	**126**	**115**
1 to 5 years	50	97
Total other financial liabilities	**176**	**212**

The total limit of bank overdrafts and flexible credit lines available to the Company as at 31 December 2020 was EUR 1 million (CZK 26 million) and CZK 1,295 million (31 December 2019: EUR 4 million (CZK 102 million), USD 1 million (CZK 23 million) and CZK 1,575 million). As at 31 December 2020 and 31 December 2019, the Company did not draw any overdrafts.

17 Provisions

CZK million	31. 12. 2020	31. 12. 2019
Other provisions	790	211
Total current provisions	**790**	**211**
Asset retirement obligation	777	788
Other provisions	85	51
Total non-current provisions	**862**	**839**
Total	**1,652**	**1,050**

CZK million	Asset retirement obligation	Other provisions	Total
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**
Charge for the year (additions)	10	758	768
Used amounts during the year	–	(127)	(127)
Unused and reversed during the year	(21)	(18)	(39)
Unwinding of interest	–	–	–
31. 12. 2020	**777**	**875**	**1,652**

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 the regulatory case, litigations and executive management incentive plans obligations. The increase in Other provisions in 2020 is mainly attributable to the provision for the regulatory case dealt with by the European Commission. In 2015 the European Commission initiated formal proceedings against the Company for the potential breach of Art 101 of the Treaty on the Functioning of the European Union in relation to the reduction of infrastructure competition, namely: concerns in relation to the reduction of innovation; concerns in relation to the reduction of investment and concerns in relation to the exchange of information.

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

At 31 December 2020, and through to the date of these financial statements, no final decision has been received from the European Commission, although it reserves the right to issue such a decision on completion of its investigation. It has not been proven that the Company breached Art 101 of the TFEU. It is Company' intention to vigorously defend itself in this matter, including using all available appeal routes should they be required.

Sensitivity analysis

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

18 Lease liabilities

CZK million	31. 12. 2020	31. 12. 2019
Current lease liabilities	854	862
Non-current lease liabilities	6,212	6,696
Total lease liabilities	**7,066**	**7,558**

Maturities of lease liabilities are as follows:

CZK million	31. 12. 2020	31. 12. 2019
Up to 30 days	71	72
31–90 days	142	143
91–365 days	641	647
Up to 1 year	**854**	**862**
1 to 5 years	2,690	2,585
Over 5 years	3,522	4,111
Total lease liabilities	**7,066**	**7,558**

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

CZK million	31. 12. 2020	31. 12. 2019
Up to 30 days	88	92
31–90 days	176	184
91–365 days	796	828
Up to 1 year	**1,060**	**1,104**
1 to 5 years	3,310	2,812
Over 5 years	3,579	5,014
Total undiscounted cash flows (lease liability)	**7,949**	**8,930**

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. 2019	**7,615**	**157**	**–**	**7,772**
Additions	1,215	230	72	1,517
Non cash release – early contract termination	(427)	–	–	(427)
Cash used in financing activities	(1,099)	(181)	(72)	(1,352)
Accretion of interest	254	–	–	254
31. 12. 2019	**7,558**	**206**	**–**	**7,764**
Additions	983	196	306	1,485
Non cash release – early contract termination	(545)	–	–	(545)
Cash used in financing activities	(1,171)	(232)	(306)	(1,709)
Accretion of interest	241	–	–	241
31. 12. 2020	**7,066**	**170**	**–**	**7,236**

As of 31 December 2020 the reconciliation of cash used in financial activities was further specified by presentation of Non cash release – early contract termination. Comparatives as of 31 December 2019 were adjusted respectively.

19 Deferred tax liability

Net deferred income tax liability comprises temporary differences attributable to:

CZK million	31. 12. 2020	31. 12. 2019
Property and equipment and intangible assets	(4,124)	(4,449)
Provisions and Liabilities to employees	1,625	1,446
Contract assets and Contract costs	(1,196)	(1,296)
Right-of-use assets	(6,687)	(8,126)
Lease liability	7,046	7,558
Other	220	501
Basis for deferred income tax calculation	**(3,116)**	**(4,366)**
Net deferred income tax liability	**(592)**	**(830)**

CZK million	31. 12. 2020	31. 12. 2019
Deferred income tax liability:		
– deferred income tax liability to be recovered after more than 12 months	(2,193)	(2,512)
– deferred income tax liability to be recovered after less than 12 months	(109)	(124)
Total deferred income tax liability	**(2,302)**	**(2,636)**
Deferred income tax assets:		
– deferred income tax asset to be recovered after more than 12 months	1,356	1,416
– deferred income tax asset to be recovered within 12 months	354	390
Total deferred income tax asset	**1,710**	**1,806**
Net deferred income tax liability	**(592)**	**(830)**

The net deferred income tax liability as at 31 December 2020 and 31 December 2019 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.

	Corporate income tax rate	
Period	**2020**	**2019**
2021 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. 2019	**(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)**
Profit/(loss) for the current period	63	273	(2)	334
31. 12. 2020	**(783)**	**(1,271)**	**(248)**	**(2,302)**

Deferred income tax assets CZK million	Provisions and Liabilities to employees	Lease liabilities	Other	Total
1. 1. 2019	**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**
Profit/(loss) for the current period	33	(97)	(32)	(96)
31. 12. 2020	**308**	**1,339**	**63**	**1,710**

20 Derivative financial instruments

Forward contracts

As at the end of 2020, the Company had open currency forward contracts with a total nominal value of CZK 1,988 million (as at 31 December 2019: CZK 2,387 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 2020 were initiated during 2020 with maturity by the end of 2021. During 2020, currency forward contracts in the total nominal value of CZK 2,895 million were settled (in 2019: CZK 2,738 million).

Open currency forward contracts (CZK million)	31. 12. 2020	31. 12. 2019
Open currency forward contracts hedging		
Other foreign currency liabilities:		
Positive fair value (Note 6)	6	–
Negative fair value (Note 15)	(51)	(34)
Total	**(45)**	**(34)**

21 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 2020 and 31 December 2019, 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 2020, the Company paid dividends of CZK 5,471 million (in 2019: dividends of CZK 5,596 million) (refer to Note 31). The dividend per share paid out in 2020 amounted to CZK 10,521 (in 2019: CZK 10,761).

22 Additional information about financial instruments

Financial assets and liabilities by category* (CZK million)	Category per IFRS 9	31. 12. 2020 Carrying amount	31. 12. 2019 Carrying amount
Assets			
Cash and cash equivalents, of which:		613	1,172
Cash	Financial assets at amortised cost	423	404
Term deposits	Financial assets at amortised cost	190	768
Trade and other receivables**	**Financial assets at amortised cost**	**6,163**	**5,800**
Other financial assets, of which:		**4,532**	**5,919**
Intercompany loan	Financial assets at amortised cost	4,526	5,919
Currency forward contracts with positive fair value	At fair value through profit or loss (for trading)	6	–
Liabilities			
Current trade and other payables, of which:**		**4,647**	**4,722**
Trade payables	Financial liabilities at amortised cost	4,596	4,688
Currency forward contracts with negative fair value	At fair value through profit or loss (for trading)	51	34
Current other financial liabilities	**Financial liabilities at amortised cost**	**126**	**112**
Non-current other financial liabilities, of which:		**50**	**100**
Deposits received	Financial liabilities at amortised cost	6	6
Other interest-bearing financial liabilities	Financial liabilities at amortised cost	44	94

* 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 6 and 16)

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 2020:

31. 12. 2020 CZK million	Gross amounts of recognised financial assets and liabilities	Amounts set off	Other (exchange rate revaluation)	Net amounts presented in the statement of financial position
Trade and other receivables	1,048	(951)	(2)	97
Trade payables	(969)	953	–	(16)

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 of recognised financial assets and liabilities	Amounts set off	Other (exchange rate revaluation)	Net amounts presented in the statement of financial position
Trade and other receivables	671	(569)	–	102
Trade payables	(584)	569	–	(15)

23 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	2020	2019
Sales of goods	2,130	2,255
Sales of mobile telecommunication services	18,645	18,360
Sales of fix telecommunication services	5,306	4,992
Sales of IT services	2,532	2,430
Other	156	156
Total revenue from contracts with customers	**28,769**	**28,193**

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period amounted to CZK 521 million (2019: CZK 636 million).

Transaction price allocated to the performance obligations that are unsatisfied as at the end of reporting period amounted to CZK 4,771 million (2019: CZK 5,252 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. 2020	31. 12. 2019
First year	3,417	3,921
Second year	1,265	1,270
Third-tenth year	89	61
Total outstanding transaction price	**4,771**	**5,252**

24 Other operating income

CZK million	2020	2019
Gain from disposals of fixed assets	68	18
Income from re-invoicing of services	93	307
Dividend income	117	112
Other	137	105
Total	**415**	**542**

25 Cost of goods, raw materials and telecommunication services

CZK million	2020	2019
Costs of goods and raw materials	2,290	2,165
Costs of telecommunication services	5,143	4,991
Maintenance of telecommunication network	855	723
Energy consumption – telecommunication network	352	425
Other	482	289
Total	**9,122**	**8,715**

26 Employee benefits

CZK million	2020	2019
Salary costs	2,674	2,680
Social security costs – obligatory and supplementary pension insurance	590	574
Social security costs – other	328	319
Other personnel costs	8	–
Total	**3,600**	**3,573**
Average number of employees	**3,237**	**3,349**

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 2020, the total contribution provided was CZK 26 million (in 2019: CZK 25 million).

Salary costs include amortisation of capitalized contract costs to obtain a contract with customer in the amount of CZK 102 million in 2020 (2019: CZK 101 million).

27 Depreciation and amortisation

CZK million	2020	2019
Amortisation of licences	424	424
Amortisation of other intangible fixed assets	1,753	1,680
Amortisation of right-of-use assets	1,091	1,094
Depreciation of tangible fixed assets	2,280	2,044
Total	**5,548**	**5,242**

28 Other operating expenses

CZK million	2020	2019
Costs of external marketing services	569	488
Commissions to business partners	1,017	1,090
Rental and leases	667	874
Expenses from re-invoicing of services shared in DTAG group	110	127
Repair and maintenance (except telecommunication network)	304	382
Licence fees	392	304
Legal, consulting and auditing fees	814	203
Office supplies, postage, bank charges	73	58
Other	85	289
Total	**4,031**	**3,815**

Commissions to business partners include amortisation of capitalized contract costs to obtain a contract with customer in the amount of CZK 659 million in 2020 (2019: CZK 689 million).

The increase in Legal, consulting and auditing fees in 2020 is mainly attributable to the provision for the regulatory case dealt with by the European Commission as described in Note 17.

To improve true and fair presentation of its financial statements the Company changed presentation of Rental and leases expenses in 2020. These expenses of CZK 737 million as at 31 December 2020 were presented in Other operating expenses. Comparatives of CZK 773 million as at 31 December 2019 were reclassified for better comparability. In financial statements for 2019 these expenses were presented in Cost of goods, raw materials and telecommunication services.

29 Finance income and costs

CZK million	2020	2019
Interest income	54	100
Foreign exchange gains	273	84
Other finance income	6	12
Total finance income	**333**	**196**
Interest expenses	(241)	(255)
Foreign exchange losses	(240)	(137)
Other finance costs	–	(31)
Total finance costs	**(481)**	**(423)**
Net finance expense/income	**(148)**	**(227)**

30 Income tax

The income tax expense consists of the following:

CZK million	2020	2019
Current income tax	(1,474)	(1,487)
Deferred income tax (refer to Note 19)	238	67
Income tax expense	**(1,236)**	**(1,420)**

The charge for the year was calculated as follows:

CZK million	2020	2019
Profit before tax	6,327	6,891
Tax by applying the statutory tax rate*	(1,202)	(1,309)
Impact of:		
Non-tax deductible expenses	(143)	(109)
Non-taxable income	57	81
Additional increase of tax related to prior periods	(36)	(66)
Other	88	(17)
Income tax expense	**(1,236)**	**(1,420)**

* Income tax rate of 19% was applied in 2020 and 2019 respectively, based on the effective Income Tax Act.

31 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 at an arm's length basis.

31.1 Transactions with shareholders (direct, indirect and ultimate parent companies)

CZK million	2020	2019
Roaming, interconnection and related purchased services	180	197
Other purchased goods and services	65	81
Expenses from re-invoicing of services	59	172
Expenses from derivative finance instruments	–	65
Purchases of foreign currencies at market values*	2,417	2,585
Total purchases	**2,721**	**3,100**
Roaming, interconnection and related sold services	243	231
Income from derivative finance instruments	28	6
Interest from loan	49	88
Income from re-invoicing of services and using common platforms	142	263
Total sales	**462**	**588**

*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. 2020	31. 12. 2019
Receivables from roaming, interconnection and income from re-invoicing of services	132	319
Receivables from derivatives (fair value)	6	–
Cash-pooling*	1,015	264
Intercompany loan provided	4,500	5,919
Total receivables	**5,653**	**6,502**
Payables from roaming, interconnection, related purchased services and re-invoicing of services	192	504
Liabilities from derivatives (fair value)	51	34
Total payables and liabilities	**243**	**538**

*Cash-pooling represents short-term liquidity sharing within DTAG group.

In 2020 and 2019 the Company did not have any transactions related to its direct parent company Deutsche Telekom Europe B.V.

31.2 Transactions with subsidiaries

CZK million	2020	2019
Roaming, interconnection and related purchased services	10	5
Other purchased goods and services	54	45
Total purchases	**64**	**50**
Roaming, interconnection and related sold services	8	4
Total sales	**8**	**4**

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

CZK million	31. 12. 2020	31. 12. 2019
Receivables from other services	1	–
Intercompany loan provided	26	–
Total receivables	**27**	**–**
Payables from other services	16	10
Total payables	**16**	**10**

31.3 Transactions with other related parties within the DTAG group

CZK million	2020	2019
Roaming, interconnection and related purchased services	390	496
Leased lines rental expenses	185	230
Other purchased goods and services	288	305
Expenses from re-invoicing of services	357	149
Total purchases	**1,220**	**1,180**
Roaming, interconnection and related sold services	469	507
Income from re-invoicing of services and using common platforms	566	596
Other income	256	178
Total sales	**1,291**	**1,281**

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

CZK million	31. 12. 2020	31. 12. 2019
Receivables and prepayments from other services	548	421
Total receivables	**548**	**421**
Payables from other services	663	621
Total payables	**663**	**621**

31.4 Compensation to key management personnel

CZK million	2020		2019	
	Average number of employees	Amount	Average number of employees	Amount
Executive management	24	160	23	120
Board of directors	3	–	3	–
Supervisory board	3	–	3	–
Total	**30**	**160**	**29**	**120**

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 2020 to CZK 26 million (in 2019: CZK 21 million).

Contributions for management to supplementary pension fund amounted in 2020 to CZK 1 million (in 2019: CZK 1 million).

31.5 Termination benefits provided to management members

CZK million	2020	2019
Motivation bonus scheme paid*	3	6
Severance pay	–	3

* The Company provides termination 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.

31.6 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 46 million has been recognised as at 31 December 2020 (31.12.2019: CZK 40 million). In 2020 the Company recognised an expense resulting from these long-term incentive plans in amount of CZK 22 million (2019: CZK 27 million) in Employee benefits.

31.7 Dividends

Based on the resolution of the sole shareholder from 28 April 2020, the Company distributed the profit to the sole shareholder as a dividend in the aggregate amount of CZK 5,471 million.

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.

In 2020, the Company received the dividend from its subsidiary CE Colo Czech s.r.o. in the amount of CZK 117 million (in 2019 received CZK 112 million).

32 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.

33 Commitments

The Company's future capital commitments to major technology and services suppliers from concluded agreements as at 31 December 2020 and 31 December 2019 are as follows:

CZK million	Acquisition of property and equipment	Acquisition of intangible assets	Purchase of services and inventory	Total commitments 31. 12. 2020
Up to 1 year	1,370	14	1,485	2,869
1–3 years	12	18	362	392
3–5 years	-	27	23	50
Over 5 years	–	–	–	–
Total	**1,382**	**59**	**1,870**	**3,311**

CZK million	Acquisition of property and equipment	Acquisition of intangible assets	Purchase of services and inventory	Total commitments 31. 12. 2019
Up to 1 year	1,072	149	1,341	2,562
1–3 years	–	–	422	422
3–5 years	–	–	115	115
Over 5 years	–	–	84	84
Total	**1,072**	**149**	**1,962**	**3,183**

From amount stated above CZK 59 million is represented by liabilities to related parties, mainly lease of capacity fibers in 2020 (2019: CZK 243 million).

34 Subsequent events

On 18 January 2021 the Company received a spectrum assignment of 3.X GHz and 700 MHz frequency band. The Company acquired 60 MHz in 3.X GHz band and 2x 10 MHz in 700 MHz band in the 2020 frequency auction. The final price reached CZK 1,890 million. The assignment became effective on 3 February 2021.

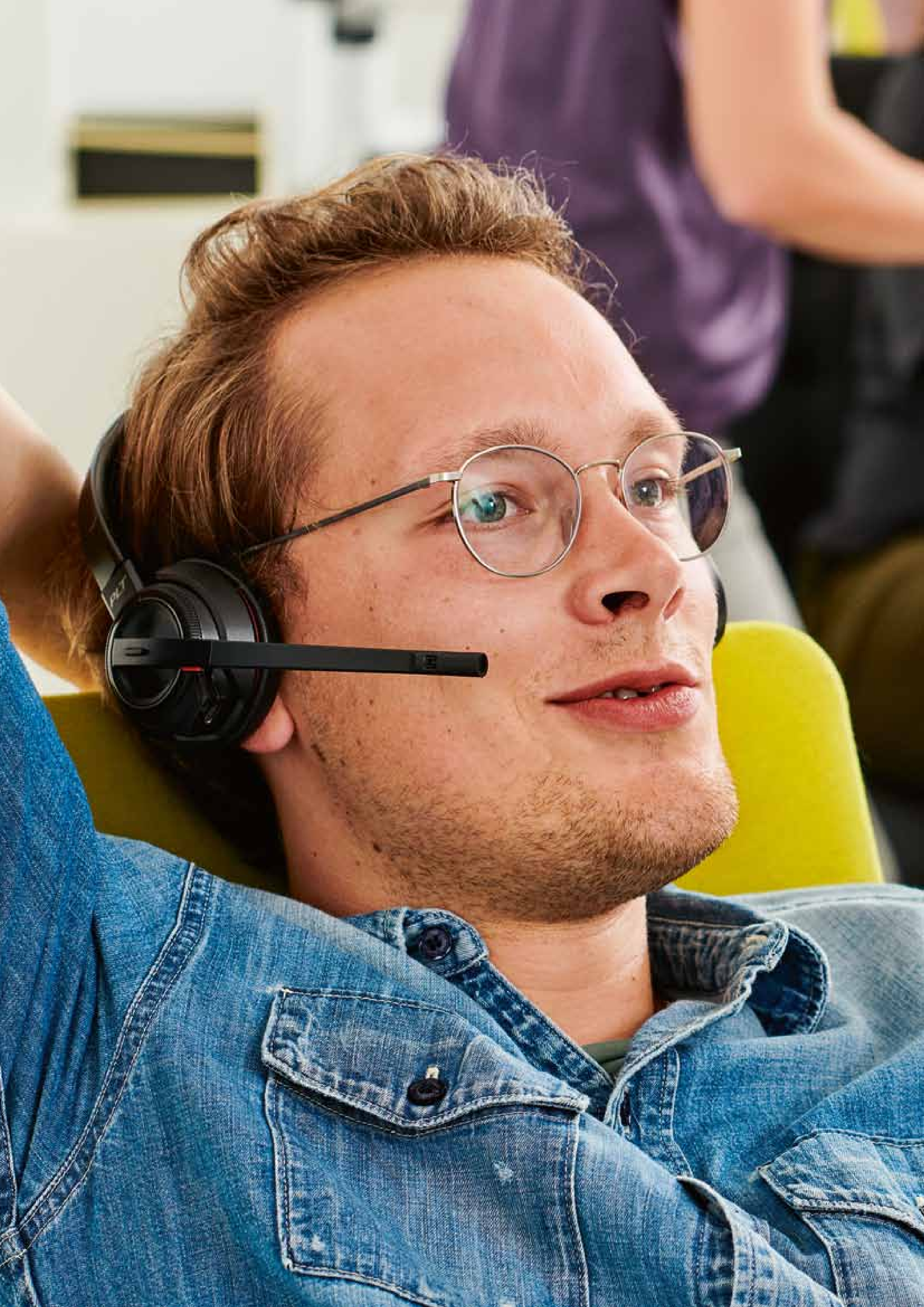
There are no other significant subsequent events as of the date of approval of these financial statements.

35 Approval of the financial statements

These financial statements have been approved by the Board of Directors of the Company for issuance on 25 March 2021.
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 2020

TRANSLATION NOTE

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year Ended 31 December 2020

CZK million	Notes	31. 12. 2020	31. 12.2 019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	975	1,484
Trade and other receivables	5	6,186	5,823
Other financial assets	6	4,506	5,919
Inventories	7	603	593
Prepaid expenses and other current assets	8	2,699	668
Contract assets	9	579	572
Contract costs	9	513	572
Total current assets		**16,061**	**15,631**
NON-CURRENT ASSETS			
Intangible assets	10	6,628	7,305
Goodwill	11	1,592	1,734
Property and equipment	12	14,676	14,191
Right-of-use assets	13	7,490	8,126
Contract assets	9	31	24
Contract costs	9	176	173
Prepaid expenses and other non-current assets	8	699	739
Total non-current assets		**31,292**	**32,292**
TOTAL ASSETS		**47,353**	**47,923**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	14	5,597	5,611
Other financial liabilities	15	126	112
Provisions	16	803	211
Contract liabilities	9	722	719
Lease liabilities	17	854	862
Income tax liability		46	268
Total current liabilities		**8,148**	**7,783**
NON-CURRENT LIABILITIES			
Other financial liabilities	15	50	100
Provisions	16	862	839
Contract liabilities	9	483	320
Lease liabilities	17	6,212	6,696
Deferred tax liability	18	669	885
Total non-current liabilities		**8,276**	**8,840**
TOTAL LIABILITIES		**16,424**	**16,623**
EQUITY			
Share capital	20	520	520
Share premium	20	397	397
Capital Funds	20	105	102
Retained earnings		29,907	30,281
Total equity		**30,929**	**31,300**
TOTAL LIABILITIES AND EQUITY		**47,353**	**47,923**

The notes on pages 108 to 143 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December 2020

CZK million	Notes	2020	2019
Revenue from contracts with customers	**22**	**29,173**	**28,483**
Other operating income	23	300	427
Cost of goods, raw materials and telecommunication services	24	(9,209)	(8,766)
Employee benefits	25	(3,642)	(3,597)
Depreciation and amortisation	26	(5,675)	(5,334)
Impairment losses on financial and contract assets		(410)	(273)
Other operating expenses	27	(4,031)	(3,802)
Profit from operations		**6,506**	**7,138**
Finance income	28	340	200
Finance expense	28	(485)	(424)
Profit before tax		**6,361**	**6,914**
Income tax expense	29	(1,264)	(1,447)
Net profit for the current period		**5,097**	**5,467**
Other comprehensive income		–	–
Total comprehensive income for the period		**5,097**	**5,467**

The notes on pages 108 to 143 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2020

CZK million	Notes	Share Capital	Share Premium	Capital Funds	Retained Earnings	Total
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	30	–	–	–	(5,596)	(5,596)
Other		**–**	**–**	**(2)**	**–**	**(2)**
Balance as at 31. 12. 2019		**520**	**397**	**102**	**30,281**	**31,300**
Total comprehensive income		**–**	**–**	**–**	**5,097**	**5,097**
Profit for the period		–	–	–	5,097	5,097
Transactions with shareholders		**–**	**–**	**–**	**(5,471)**	**(5,471)**
Dividends paid	30	–	–	–	(5,471)	(5,471)
Other		**–**	**–**	**3**	**–**	**3**
Balance as at 31. 12. 2020		**520**	**397**	**105**	**29,907**	**30,929**

The notes on pages 108 to 143 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

Year Ended 31 December 2020

CZK million	Notes	2020	2019
Cash flows from operating activities			
Profit before tax for the current period		*6,361*	*6,914*
Adjustments for non-cash movements:			
Depreciation and amortisation	26	5,675	5,334
Interest expense net	28	186	152
Gain on sale of fixed assets net		(27)	3
Changes in provisions		998	247
Other non-cash expense / (income) net		(68)	50
Cash flow from operating activities before changes in working capital		*13,125*	*12,700*
Changes in trade receivables and other operating assets		(778)	(46)
Changes in inventories		(10)	202
Changes in trade payables and other operating liabilities		95	421
Cash flow generated from operating activities		*12,432*	*13,277*
Income tax paid		(1,737)	(1,538)
Interest paid		(241)	(255)
Interest received		59	100
Net cash flow from operating activities		**10,513**	**11,584**
Cash flows from investing activities			
Purchases of property and equipment and intangible assets	8, 10, 12	(5,920)	(3,438)
Payment for acquisition of subsidiary	14	–	(472)
Proceeds from the sale of property and equipment and intangible assets		68	48
Cash flow from derivatives		32	(89)
Intercompany loan issued	6	–	(2,286)
Intercompany loan received	6	1,415	–
Net cash flow from investing activities		**(4,405)**	**(6,237)**
Cash flows from financing activities			
Proceeds from bank overdraft		287	72
Repayment of short-term financing		(216)	(174)
Repayment of bank overdraft		(287)	(72)
Dividends paid	30	(5,471)	(5,596)
Principal portion of repayments of lease liabilities	16	(930)	(979)
Net cash flow from financing activities		(6,617)	(6,749)
Net decrease in cash and cash equivalents		**(509)**	**(1,402)**
Cash and cash equivalents as at the beginning of the period	**4**	**1,484**	**2,886**
Cash and cash equivalents as at the end of the period	**4**	**975**	**1,484**

The notes on pages 108 to 143 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

Year Ended 31 December 2020

1 General information

1.1 Information about the Group

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 2020 and 31 December 2019, the ownership structure of the Group was as follows:

Shareholder	No. of shares	Paid in share capital	
	(thousands)	CZK million	%
Deutsche Telekom Europe B.V.	520	520	100.00
Total	**520**	**520**	**100.00**

The ultimate parent company of the Group during the accounting periods ended 31 December 2020 and 31 December 2019 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.com/en/investor-relations.

1.3 Licences and trademarks

As at 31 December 2020, 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 band for the provision of public communication 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 apply concession accounting.

The Group owns 119 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 2020, the Group adopted the following standards and amendments to the standards:

a. Adopted during the year:

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:
– Definition of "Material" - amendments to IAS 1 and IAS 8,
– Definition of a Business - amendments to IFRS 3,
– Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7,
– Revised Conceptual Framework for Financial Reporting,
– Covid-19-Related Rent Concessions – amendments to IFRS 16.

The Group also elected to adopt the following amendments early:
– Annual Improvements to IFRS Standards 2018–2020 Cycle,
– Proceeds before intended use – Amendments to IAS 16,
– Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37.

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

b. New standards and interpretations not yet adopted

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

2.3 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).

Among 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 11);
– Allowance for expected credit losses of financial assets and contract assets (see Note 5 and Note 9);
– Useful lives of customer relationships and other intangible assets (see Note 10).
– Provisions for regulatory cases (see Note 16).

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 an 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-flows.

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 the 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 affected 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. The Group presents the transfer prospectively from the date of the transfer.

2.6 Goodwill

Goodwill from business combinations 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 12.

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 a right 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 allowance for expected credit losses. The Group performs the receivables write off against the allowance 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, 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.

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	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 2.1 GHz band in the Czech Republic. 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 900 and 1,800 MHz bands in the Czech Republic and to establish and operate mobile 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 was 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 800 MHz band and 2.6 GHz band in the Czech Republic and to establish and operate mobile 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 was 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 Lease accounting – the Group as a lessee

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 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.

Lease liabilities

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.

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).

Extension options in shops have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption. As at 31 December 2020, potential future cash outflows of CZK 241 million (undiscounted) (31 December 2019: CZK 1,176 million) have not been included in the lease liability because it is not reasonably certain that the leases will be extended. Decrease is caused by contract's prolongation, mainly with contract amendment. Option right has thus expired and can't be utilized anymore. 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.

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.

2.15 Lease accounting – the Group as a lessor

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

Payments received under operating leases are recorded in profit or loss 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 present value of the liability is added to the carrying amount of the associated non-current tangible asset or right-of-use 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 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 other 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 is not legally enforceable yet – 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 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 term. 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 credit 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. 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 Impact of Covid-19 on financial statements at 31 December 2020

The coronavirus pandemic has developed into a global economic crisis. Due to higher demand for certain telecommunications services, the impact of the crisis is being felt less severely by the telecommunications industry and the Group than by other industries. Business activities and thus the results of operations and financial position of the Group were impacted by the coronavirus pandemic in various business areas, affecting revenue and earnings, although not to any significant extent. At this time, we can report only minor impact with respect to payment defaults and customer numbers, but no material specific impairment allowance to the Group's receivables was recorded as of 31 December 2020.

Impairment reviews are ordinarily performed on annual basis. At 31 December 2020, the Group reviewed whether there are any new impairment indicators present due to the uncertainty caused by Covid-19. No significant adjustment to Group's accounting estimates has been deemed necessary. There is no reason to believe that additional impairment would be required.

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

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.

Exchange rate change by 1,000 basis points*	Profit after-tax impact in CZK million	
	31. 12. 2020	31. 12. 2019
Decrease	(72)	(7)
Increase	72	7

* 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 basis points*	Profit after-tax impact in CZK million	
	31. 12. 2020	31. 12. 2019
Decrease	(41)	(56)
Increase	41	56

* 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 Company. 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.

Concentrations of credit risks relating to Trade and other receivables and Other financial assets are managed by 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 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. Included in Other receivables are amounts receivable from related parties to which the Group has applied the general impairment model. The Group has considered the financial performance, external debt and future cash flows of the related parties and concluded that the credit risk relating to these receivables is limited and consequently the probability of default relating to these balances is low.

Application of the ECL model had an immaterial impact on all financial assets except for Trade receivables.

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

31. 12. 2020 CZK million	Not yet due	Past due up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more	Total
Trade receivables and unbilled receivables							
– trade receivables from DTAG group companies	545	121	11	4	–	–	681
– trade receivables from third parties	3,535	583	149	141	184	1,794	6,386
Other receivables							
– other receivables from DTAG group companies	1,015	–	–	–	–	–	1,015
– other receivables from third parties	112	8	8	7	19	9	163
Allowance for ECL							
– for trade, unbilled and other receivables	(36)	(30)	(67)	(71)	(130)	(1,725)	(2,059)
Trade and other receivables (net)	**5,171**	**682**	**101**	**81**	**73**	**78**	**6,186**

31. 12. 2019 CZK million	Not yet due	Past due up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more	Total
Trade receivables and unbilled 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
Allowance for ECL							
– for trade, unbilled and other receivables	(129)	(27)	(26)	(54)	(195)	(2,080)	(2,511)
Trade and other receivables (net)	**4,958**	**471**	**77**	**100**	**–**	**217**	**5,823**

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

	Not yet due	Past due up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more
At 31. 12. 2020	1%–2%	3%–33%	40%–54%	58%–73%	74%–76%	78%–100%
At 31. 12. 2019	1%–2%	3%–33%	40%–54%	58%–73%	74%–76%	78%–100%

The Group also creates specific allowances for ECL.

The gross carrying amount of trade and other receivables, reflecting the maximum exposure to credit risk, as at 31 December 2020 was CZK 8,245 million (31 December 2019: CZK 8,334 million). 86% of Other receivables outstanding as at 31 December 2020 were from one counterparty (31 December 2019: 66%). There is no significant concentration of customer credit risk in Trade receivables.

When the Group considers that there is 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 Company.

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's cash and cash equivalents are held with major regulated financial institutions; the four largest ones hold approximately 34%, 29%, 17% and 13% respectively (2019: 35%, 27%, 26% and 7% respectively). The Group does not expect any losses from non-performance by these counterparties and does not have any significant grouping of exposures to financial sector or country risk.

31. 12. 2020	Standard & Poor's Long-term rating			
CZK million	A- to A+	BBB- to BBB-	Not assigned	Total
Bank accounts	475	–	–	475
Cash equivalents	500	–	–	500
Other financial assets	–	4,500	6	4,506
Total cash and cash equivalents and other financial assets exposure	**975**	**4,500**	**6**	**5,481**

31. 12. 2019	Standard & Poor's Long-term rating			
CZK million	A- to A+	BBB- to BBB+	Not assigned	Total
Cash in hand	–	–	23	23
Bank accounts	378	45	–	423
Cash equivalents	1,038	–	–	1,038
Other financial assets	–	5,919	–	5,919
Total cash and cash equivalents and other financial assets exposure	**1,416**	**5,964**	**23**	**7,403**

Included in other financial assets are amounts receivable from related parties to which the Group has applied the general impairment model. The Group has considered the financial performance, external debt and future cash flows of the related parties and concluded that the credit risk relating to these receivables is limited and consequently the probability of default relating to these balances is low. Application of the ECL model had an immaterial impact on all other financial assets. 100% of Other financial assets as at 31 December 2020 were outstanding from one counterparty (31 December 2019: 100%).

The gross carrying amount of cash and cash equivalents and other financial assets, reflecting the maximum exposure to credit risk, as at 31 December 2020 was CZK 5,481 million (31 December 2019: CZK 7,403 million).

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 trade and other payables, other financial liabilities and lease liabilities and are analysed in Note 14, Note 15 and Note 17, respectively.

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 2020 and 2019. 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. 2020	31. 12. 2019
Assets		
Currency forward contract with positive fair value	6	–
Total assets	**6**	**–**
Payables		
Currency forward contract with negative fair value	51	34
Total payables	**51**	**34**

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 2020 and 31 December 2019 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 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 394 million), are recognised as held for trading derivatives with changes in fair value being reflected in profit or loss. In 2020 and 2019, the Group did not apply hedge accounting.

4 Cash and cash equivalents

CZK million	31. 12. 2020	31. 12. 2019
Cash at banks and in hand	475	446
Cash equivalents	500	1,038
Total	**975**	**1,484**

Cash equivalents as at 31 December 2020 and 31 December 2019 consist mainly of bank deposits, depository bills of exchange and REPO transactions.

5 Trade and other receivables

CZK million	31. 12. 2020	31. 12. 2019
Trade receivables	7,067	7,932
Less: Allowance for ECL	(2,059)	(2,511)
Trade receivables (net)	**5,008**	**5,421**
Other receivables	1,178	402
Total	**6,186**	**5,823**

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.

Other receivables include cash-pooling balances which represent short-term liquidity sharing within DTAG group resulting from common operation.

Movements of the allowance for ECL of Trade and other receivables can be analysed as follows:

CZK million	2020	2019
Opening balance as at 1. 1.	**2,511**	**2,493**
Increase for the year	340	295
Utilisation of provision for write-off	(792)	(277)
Closing balance as at 31. 12.	**2,059**	**2,511**

6 Other financial assets

CZK million	31. 12. 2020	31. 12. 2019
Intercompany loan	4,500	5,919
Currency forward contracts with positive fair value	6	–
Total	**4,506**	**5,919**

The Group provided a short-term loan to DTAG in the amount of CZK 4,500 million as at 31 December 2020 (31 December 2019: CZK 5,919 million). The short-term loan to DTAG consists of two individual obligations with original maturities 3 and 5 weeks while individual interest rates had been determined on an arm's length basis.

For description of allowance for ECL for Other financial assets see Note 3.3.

7 Inventories

CZK million	31. 12. 2020	31. 12. 2019
Handsets and accessories	317	267
Other inventories	286	326
Total	**603**	**593**

8 Prepaid expenses and other assets

CZK million	31. 12. 2020	31. 12. 2019
Current part	2,699	668
Non-current part	699	739
Total	**3,398**	**1,407**

Prepaid expenses and other assets comprise mainly operational advance payments and accrued expenses for the next year for services such as logistics, rent, electricity, maintenance and purchase of inventories.

The current part of Prepaid expenses and other assets comprises a guarantee against the Czech Telecommunication Office for participation in the 2020 5G frequency auction in the amount of CZK 1,890 million as at 31 December 2020. The related spectrum assignment from Czech Telecommunication Office for allocation of frequency band became effective on 3 February 2021 and will be recognised in Intangible assets in 2021.

9 Assets and liabilities related to contracts with customers

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

CZK million	2020	2019
Non-current assets		
Contract assets	31	25
Less: Allowance for ECL	–	(1)
Contract costs	176	173
Non-current assets related to contract with customers	**207**	**197**
Current assets		
Contract assets	585	578
Less: Allowance for ECL	(6)	(6)
Contract costs	513	572
Current assets related to contract with customers	**1,092**	**1,144**
Non-current liabilities		
Contract liabilities	483	320
Non-current liabilities related to contract with customers	**483**	**320**
Current liabilities		
Contract liabilities	722	719
Current liabilities related to contract with customers	**722**	**719**

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 2020 and 2019 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	2020	2019
Opening balance as at 1. 1.	**7**	**21**
Increase for the year	20	34
Utilisation for the year	(21)	(48)
Closing balance as at 31. 12.	**6**	**7**

10 Intangible assets

CZK million	Customer relationships	Software	Spectrum licences	Other intangible fixed assets	Assets in the course of construction and advances paid	Total
Cost						
1. 1. 2019	**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**
Acquisition of subsidiary	165	2	–	–	–	167
Additions	–	297	–	200	908	1,405
Disposals	–	(140)	–	(435)	(2)	(577)
Transfers*	–	209	–	103	(312)	–
31. 12. 2020	**2,654**	**13,449**	**7,618**	**1,395**	**1,719**	**26,835**
Accumulated amortisation / Impairment						
1. 1. 2019	**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**
Amortisation	337	1,205	424	277	–	2,243
Disposals	–	(197)	–	(374)	–	(571)
31. 12. 2020	**2,245**	**12,030**	**5,162**	**770**	**–**	**20,207**
Net book value						
1. 1. 2019	**905**	**1,757**	**3,304**	**246**	**1,839**	**8,051**
31. 12. 2019	**581**	**2,059**	**2,880**	**660**	**1,125**	**7,305**
31.1 2. 2020	**409**	**1,419**	**2,456**	**625**	**1,719**	**6,628**

* 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 2020 comprise mainly new software, T-Mobile TV licences and applications and improvements of other currently used IT systems and applications.

Significant individual intangible assets

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. 2020		31. 12. 2019	
	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
"GSM" licence	158	4	200	5
"UMTS" licence	748	4	948	5
"LTE" licence	1,550	9	1,732	10
Total Spectrum licences	**2,456**		**2,880**	

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 2020 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 2020 is CZK 797 million plus CZK 96 million under construction (31 December 2019: CZK 1,019 million plus CZK 76 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 2020 is CZK 276 million plus CZK 34 million under construction (31 December 2019: CZK 284 million plus CZK 172 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. CE Colo Czech s.r.o. and Planet A, a.s.

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

CZK million	31. 12. 2020		31. 12. 2019	
	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
Local customer relationship	67	1	228	2
Multinational customer relationship	161	2	277	3
Data centre customer relationship	20	1	68	2
Planet A customer relationship	153	14	–	–
Other customer relationships	8	13	8	14
Total customer relationships	**409**		**581**	

Other customer relationships comprise of customer relationships for fixed services acquired in business combination in 2019.

The table below shows the churn rate used in useful life calculation as of 31 December 2020 and as of 31 December 2019. The table also includes an analysis that shows how would be net book value affected if the sensitive parameter in the calculation was changed.

	31. 12. 2020	31. 12. 2019
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)	(67)	(150)
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)	(108)	(91)
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)	(53)	(45)
Churn rate – Planet A customer relationship		
Used in the calculation of useful life	6.67%	–
If increased by 20%, i.e. to	8.00%	–
Change in the net book value (CZK million)	(2)	–

The other customer relationships are deemed insignificant and therefore no sensitivity analysis was performed as at 31 December 2020.

11 Goodwill

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

CZK million	31. 12. 2020	31. 12. 2019
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	11
RegioNET Morava, a.s.	16	16
Planet A, a.s.*	190	332
Total	**1,592**	**1,734**

*The initial accounting for the acquisition of Planet A, a.s. at 31 December 2019 was provisional, the purchase price allocation was finalised in 2020. Due to immaterial amount, the Group did not recognize retrospective adjustment.

Goodwill was tested for impairment as of 31 December 2020. The Group is considered as one cash-generating unit ("CGU"). The recoverable amount of CGU is measured at the higher of fair value less costs of disposal and the value in use. The calculations use cash flow projections based on financial budgets approved by the management of the Group covering a ten-year period. Ten-year period reflects the assumptions for short- to mid-term market developments and is selected to achieve a steady state in the business outlook that is necessary for calculating the perpetual annuity. This steady state is only reached based on the planning horizon selected, in particular, due to sometimes long investment cycles in the telecommunications industry and the investments planned and expected in the long run to acquire and extend the rights of spectrum use. Cash flows beyond the ten-year period are extrapolated using the estimated long-term growth rate stated in the table below. This growth rate is consistent with forecasts included in industry reports specific to the industry in which the Group operates (telecommunications).

The calculation of expected future cash flows is based on an estimate of service revenue, operating expenditure (direct and indirect costs) and capital expenditure for the period 2021–2030.

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

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

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

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

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

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

The analysis performed as at 31 December 2020 confirmed that the recoverable amount of the cash generating unit exceeds its carrying amount.

The table below shows the discount rate and LTGR used in the fair value calculation for the goodwill impairment tests conducted as of 31 December 2020 and as of 31 December 2019. 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. 2020	31. 12. 2019
Discount rate		
Used in the calculation	5.06%–5.13%	5.54%–5.61%
If changed to	9.13%	9.61%
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.

12 Property and equipment

CZK million	Buildings and land	Equipment and other fixed assets	Assets under construction, advances and net-work spare parts	Total
Acquisition cost				
1. 1. 2019	**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**
Acquisition of subsidiary	–	21	–	21
Additions	11	1,120	1,702	2,833
Disposals	(264)	(1,281)	(11)	(1,556)
Transfers*	197	607	(804)	–
31. 12. 2020	**4,943**	**27,357**	**2,656**	**34,956**
Accumulated depreciation / Impairment				
1. 1. 2019	**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**
Depreciation	264	2,075	–	2,339
Disposals	(158)	(1,367)	(1)	(1,526)
31.12.2020	**2,634**	**17,646**	**0**	**20,280**
Net book value				
1. 1. 2019	**4,779**	**7,880**	**1,156**	**13,815**
31. 12. 2019	**2,471**	**9,952**	**1,768**	**14,191**
31. 12. 2020	**2,309**	**9,711**	**2,656**	**14,676**

* 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 2020 comprise mainly the network technology and optical fibres.

Transfers of acquisition costs and accumulated depreciation in 2019 were driven by a change of asset model to component model. Parts of buildings (technical improvements on third party buildings) such as air conditioning, have been recognised as separate 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 2020, 2,470 sites were shared on the Group side and 2,513 sites on Česká telekomunikační infrastruktura a.s. side (as at 31 December 2019: 2,457 sites on the Group side and 2,496 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 2020, 2,465 sites on the Group side and 2,505 sites on Česká telekomunikační infrastruktura a.s. side were shared (as at 31 December 2019: 2,450 sites on the Group side and 2,476 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 was 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.

13 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 a 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 right-of-use assets held by the Group are presented below.

CZK million	Leased land	Leased buildings	Leased equipment	Total
Cost				
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**
Additions	135	744	105	984
Disposals	(371)	(240)	(67)	(678)
31. 12. 2020	**2,019**	**5,465**	**2,074**	**9,558**
Accumulated depreciation/Impairment				
1. 1. 2019	**–**	**54**	**8**	**62**
Depreciation	154	724	216	1,094
Disposals	(4)	(23)	(3)	(30)
31. 12. 2019	**150**	**755**	**221**	**1,126**
Depreciation	141	739	213	1,093
Disposals	(36)	(84)	(31)	(151)
31. 12. 2020	**255**	**1,410**	**403**	**2,068**
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**
31. 12. 2020	**1,764**	**4,055**	**1,671**	**7,490**

Lease liabilities are presented in Note 17.

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

Disposals represents mainly early contract termination thus finance lease liability has been released. In category land approx. CZK 292 million represents disposal on contracts for lease of masts and towers – electricity changed from fixed to variable payments thus IFRS 16 criteria had not been met anymore.

14 Trade and other payables

CZK million	31. 12. 2020	31. 12. 2019
Trade payables	2,093	1,905
Expenditure accruals	2,535	2,814
Total trade payables	**4,628**	**4,719**
Currency forward contracts with negative fair value	51	34
Total financial liabilities	**4,679**	**4,753**
Liabilities to employees	665	665
Other taxes and social security liabilities	245	183
Other payables	8	10
Total non-financial liabilities	**918**	**858**
Total	**5,597**	**5,611**

The remaining maturities of financial liabilities (contractual undiscounted cash flows) are as follows (contractual maturities of lease liabilities are stated in Note 17):

CZK million	On demand	Up to 30 days	31–90 days	Over 91 days	Total
31. 12. 2020					
Trade payables	487	1,321	229	56	2,093
Expenditure accruals	859	1,503	173	–	2,535
Total trade payables	**1,346**	**2,824**	**402**	**56**	**4,628**
Currency forward contracts with negative fair value	–	21	501	661	1,183
Currency forward contracts with positive fair value	–	209	–	596	805
Total forward contracts*	**–**	**230**	**501**	**1,257**	**1,988**

* 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. 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
Currency forward contracts 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.

15 Other financial liabilities

CZK million	31.12.2020	31.12.2019
Other interest bearing liabilities**	126	112
Total current other financial liabilities	**126**	**112**
Non-current other interest bearing liabilities**	44	94
Long-term advances from post-paid customers*	6	6
Total non-current other financial liabilities	**50**	**100**
Total	**176**	**212**

* 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

Maturities of Other financial liabilities are as follows:

CZK million	31. 12. 2020	31. 12. 2019
Up to 30 days	11	9
31–90 days	22	19
91–365 days	93	87
Up to 1 year	**126**	**115**
1 to 5 years	50	97
Total other financial liabilities	**176**	**212**

The total limit of bank overdrafts and flexible credit lines available to the Group as at 31 December 2020 was EUR 1 million (CZK 26 million) and CZK 1,295 million (as at 31 December 2019: EUR 4 million (CZK 102 million), USD 1 million (CZK 23 million) and CZK 1,575 million). As at 31 December 2020 and 31 December 2019, the Group did not draw any overdrafts.

16 Provisions

CZK million	31. 12. 2020	31. 12. 2019
Other provisions	803	211
Total current provisions	**803**	**211**
Asset retirement obligation	777	788
Other provisions	85	51
Total non-current provisions	**862**	**839**
Total	**1,665**	**1,050**

CZK million	Asset retirement obligation	Other provisions	Total
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**
Charge for the year (additions)	10	793	803
Used amounts during the year	–	(137)	(137)
Unused and reversed during the year	(21)	(30)	(51)
Unwinding of interest	–	–	–
31. 12. 2020	**777**	**888**	**1,665**

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 the regulatory case, litigations and executive management incentive plans obligations. The increase in Other provisions in 2020 is mainly attributable to the provision for the regulatory case dealt with by the European Commission. In 2015 the European Commission initiated formal proceedings against the Group for the potential breach of Art 101 of the Treaty on the Functioning of the European Union in relation to the reduction of infrastructure competition, namely: concerns in relation to the reduction of innovation; concerns in relation to the reduction of investment and concerns in relation to the exchange of information.

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

At 31 December 2020, and through to the date of these financial statements, no final decision has been received from the European Commission, although it reserves the right to issue such a decision on completion of its investigation. It has not been proven that the Group breached Art 101 of the TFEU. It is Group' intention to vigorously defend itself in this matter, including using all available appeal routes should they be required.

Sensitivity analysis

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

17 Lease liabilities

CZK million	31. 12. 2020	31. 12. 2019
Current lease liabilities	854	862
Non-current lease liabilities	6,212	6,696
Total lease liabilities	**7,066**	**7,558**

Maturities of lease liabilities are as follows:

CZK million	31. 12. 2020	31. 12. 2019
Up to 30 days	71	72
31–90 days	142	143
91–365 days	641	647
Up to 1 year	**854**	**862**
1 to 5 years	2,690	2,585
Over 5 years	3,522	4,111
Total lease liabilities	**7,066**	**7,558**

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

CZK million	31. 12. 2020	31. 12. 2019
Up to 30 days	88	92
31–90 days	176	184
91–365 days	796	828
Up to 1 year	**1,060**	**1,104**
1 to 5 years	3,310	2,812
Over 5 years	3,579	5,014
Total undiscounted cash flows (lease liability)	**7,949**	**8,930**

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. 2019	**7,615**	**157**	**–**	**7,772**
Additions	1,215	230	72	1,517
Non cash release – early contract termination	(427)	–	–	(427)
Cash used in financing activities	(1,099)	(181)	(72)	(1,352)
Accretion of interest	254	–	–	254
31. 12. 2019	**7,558**	**206**	**–**	**7,764**
Additions	983	196	306	1,485
Non cash release – early contract termination	(545)	–	–	(545)
Cash used in financing activities	(1,171)	(232)	(306)	(1,709)
Accretion of interest	241	–	–	241
31. 12. 2020	**7,066**	**170**	**–**	**7,236**

As of 31 December 2020 the reconciliation of cash used in financial activities was further specified by presentation of Non cash release – early contract termination. Comparatives as of 31 December 2019 were adjusted respectively.

18 Deferred tax liability

Net deferred income tax liability comprises temporary differences attributable to:

CZK million	31. 12. 2020	31. 12. 2019
Property and equipment and intangible assets	(4,538)	(4,748)
Provisions and Liabilities to employees	1,630	1,449
Contract assets and Contract costs	(1,196)	(1,296)
Right-of-use assets	(6,687)	(8,126)
Lease liability	7,046	7,558
Other	222	503
Basis for deferred income tax calculation	**(3,523)**	**(4,660)**
Net deferred income tax liability	**(669)**	**(885)**

CZK million	31. 12. 2020	31. 12. 2019
Deferred income tax liability:		
– deferred income tax liability to be recovered after more than 12 months	(2,272)	(2,568)
– deferred income tax liability to be recovered after less than 12 months	(109)	(124)
Total deferred income tax liability	**(2,381)**	**(2,692)**
Deferred income tax asset:		
– deferred income tax asset to be recovered after more than 12 months	1,365	1,416
– deferred income tax asset to be recovered within 12 months	347	391
Total deferred income tax asset	**1,712**	**1,807**
Net deferred income tax liability	**(669)**	**(885)**

The net deferred income tax liability as at 31 December 2020 and 31 December 2019 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 2020	2019
2021 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. 2019	**(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)**
Profit/(loss) for the current period	76	273	(2)	347
PPA Planet A*	(36)	–	–	(36)
31. 12. 2020	**(862)**	**(1,271)**	**(248)**	**(2,381)**

* The initial accounting for the acquisition of Planet A as at 31 December 2019 was provisional, the purchase price allocation (PPA) was finalised in 2020. The amount attributable to Deferred tax liability of CZK 36 million was recorded against Goodwill. Due to immaterial amount, the Group does not recognize retrospective adjustment.

Deferred income tax assets CZK million	Provisions and Liabilities to employees	Lease liabilities	Other	Total
1. 1. 2019	**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**
Profit/(loss) for the current period	35	(97)	(33)	(95)
31. 12. 2020	**310**	**1,339**	**63**	**1,712**

19 Derivative financial instruments

Forward contracts

As at the end of 2020, the Group had open currency forward contracts with a total nominal value of CZK 1,988 million (as at 31 December 2019: CZK 2,387 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 2020 were initiated during 2020 with maturity by the end of 2021. During 2020, currency forward contracts in the total nominal value of CZK 2,895 million were settled (in 2019: CZK 2,738 million).

Open currency forward contracts (CZK million)	31. 12. 2020	31. 12. 2019
Open currency forward contracts hedging other foreign currency liabilities:		
Positive fair value (Note 6)	6	–
Negative fair value (Note 14)	(51)	(34)
Total	**(45)**	**(34)**

20 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 2020 and 31 December 2019, 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 2020, the Group paid dividends amounted to CZK 5,471 million (in 2019: CZK 5,596 million) (refer to Note 30.6). The dividend per share paid out in 2020 amounted to CZK 10,521 (in 2019: CZK 10,761).

21 Additional information about financial instruments

Financial assets and liabilities by category* (CZK million)	Category per IFRS 9	31. 12. 2020 Carrying amount	31. 12. 2019 Carrying amount
Assets			
Cash and cash equivalents, of which:		**975**	**1,484**
Cash	Financial assets at amortised cost	475	446
Term deposits	Financial assets at amortised cost	500	1,038
Trade and other receivables**	**Financial assets at amortised cost**	**6,186**	**5,823**
Other financial assets, of which:		**4,506**	**5,919**
Intercompany loan	Financial assets at amortised cost	4,500	5,919
Currency forward contracts with positive fair value	At fair value through profit or loss (for trading)	6	–
Liabilities			
Current trade and other payables**, of which:		**4,679**	**4,753**
Trade payables	Financial liabilities at amortised cost	4,628	4,719
Currency forward contracts with negative fair value	At fair value through profit or loss (for trading)	51	34
Current other financial liabilities	**Financial liabilities at amortised cost**	**126**	**112**
Non-current other financial liabilities, of which:		**50**	**100**
Deposits received	Financial liabilities at amortised cost	6	6
Other interest-bearing financial liabilities	Financial liabilities at amortised cost	44	94

* 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 6 and 15)

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 2020:

31. 12. 2020 CZK million	Gross amounts of recognised financial assets and liabilities	Amounts set off	Other (exchange rate revaluation)	Net amounts presented in the statement of financial position
Trade and other receivables	1,048	(951)	(2)	97
Trade payables	(969)	953	–	(16)

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 of recognised financial assets and liabilities	Amounts set off	Other (exchange rate revaluation)	Net amounts presented in the statement of financial position
Trade and other receivables	671	(569)	–	102
Trade payables	(584)	569	–	(15)

22 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	2020	2019
Sales of goods	2,132	2,255
Sales of mobile telecommunication services	18,645	18,360
Sales of fix telecommunication services	5,430	5,013
Sales of IT services	2,811	2,699
Other	155	156
Total revenue from contracts with customers	**29,173**	**28,483**

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period amounted to CZK 521 million (2019: CZK 636 million).

Transaction price allocated to the performance obligations that are unsatisfied as at the end of reporting period amounted to CZK 4,771 million (2019: CZK 5,252 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. 2020	31. 12. 2019
First year	3,417	3,921
Second year	1,265	1,270
Third-tenth year	89	61
Total outstanding transaction price	**4,771**	**5,252**

23 Other operating income

CZK million	2020	2019
Gain from disposals of fixed assets	68	18
Income from re-invoicing of services	96	306
Other	136	103
Total	**300**	**427**

24 Cost of goods, raw materials and telecommunication services

CZK million	2020	2019
Costs of goods and raw materials	2,293	2,171
Costs of telecommunication services	5,183	5,003
Maintenance of telecommunication network	849	717
Energy consumption – telecommunication network	393	464
Other	491	411
Total	**9,209**	**8,766**

25 Employee benefits

CZK million	2020	2019
Salary costs	2,702	2,696
Social security costs – obligatory and supplementary pension insurance	597	577
Social security costs – other	331	321
Board remuneration	4	3
Other personnel costs	8	–
Total	**3,642**	**3,597**
Average number of employees	**3,289**	**3,395**

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 2020, the total contribution provided was CZK 26 million (in 2019: CZK 25 million).

Salary costs includes also amortisation of capitalized contract costs to obtain a contract with customer in the amount of CZK 102 million in 2020 (2019: CZK 101 million).

26 Depreciation and amortisation

CZK million	2020	2019
Amortisation of licences	424	424
Amortisation of other intangible fixed assets	1,819	1,730
Amortisation of right-of-use assets	1,093	1,094
Depreciation of tangible fixed assets	2,339	2,086
Total	**5,675**	**5,334**

27 Other operating expenses

CZK million	2020	2019
Costs of external marketing services	571	489
Commissions to business partners	1,018	1,090
Rental and leases	638	844
Expenses from re-invoicing of services shared in DTAG group	110	127
Repair and maintenance (except telecommunication network)	305	382
Licence fees	392	304
Legal, consulting and auditing fees	816	204
Office supplies, postage, bank charges	75	59
Other	106	303
Total	**4,031**	**3,802**

Commissions to business partners includes also amortisation of capitalized contract costs to obtain a contract with customer in the amount of CZK 658 million in 2020 (2019: CZK 689 million).

The increase in Legal, consulting and auditing fees in 2020 is mainly attributable to the provision for the regulatory case dealt with by the European Commission as described in Note 16.

To improve true and fair presentation of its financial statements the Group changed presentation of Rental and leases expenses in 2020. These expenses of CZK 737 million as at 31 December 2020 were presented in Other operating expenses. Comparatives of CZK 773 million as at 31 December 2019 were reclassified for better comparability. In financial statements for 2019 these expenses were presented in Cost of goods, raw materials and telecommunication services.

28 Finance income and costs

CZK million	2020	2019
Interest income	55	103
Foreign exchange gains	279	85
Other finance income	6	12
Total finance income	**340**	**200**
Interest expenses	(241)	(255)
Foreign exchange losses	(244)	(138)
Other finance costs	–	(31)
Total finance costs	**(485)**	**(424)**
Net finance (expense)/income	**(145)**	**(224)**

29 Income tax

The income tax expense consists of the following:

CZK million	2020	2019
Current income tax	(1,516)	(1,525)
Deferred income tax (refer to Note 18)	252	78
Income tax expense	**(1,264)**	**(1,447)**

The charge for the year was calculated as follows:

CZK million	2020	2019
Profit before tax	6,361	6,914
Tax by applying the statutory tax rate*	(1,209)	(1,313)
Impact of:		
Non-tax deductible expenses	(153)	(119)
Non-taxable income	34	59
Additional increase of tax related to prior periods	(36)	(66)
Other	100	(8)
Income tax expense	**(1,264)**	**(1,447)**

* Income tax rate of 19% was applied in 2020 and 2019 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 Group is controlled by the entities as described in Note 1.

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

30.1 Transactions with shareholders (direct, indirect and ultimate parent companies):

CZK million	2020	2019
Roaming, interconnection and related purchased services	180	197
Other purchased goods and services	65	81
Expenses from re-invoicing of services	59	172
Expenses from derivative finance instruments	–	65
Purchases of foreign currency at market value*	2,417	2,585
Total purchases	**2,721**	**3,100**
Roaming, interconnection and related sold services	243	231
Income from derivative finance instruments	28	6
Interest from loan	49	88
Income from re-invoicing of services and using common platforms	142	263
Total sales	**462**	**588**

* 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. 2020	31. 12. 2019
Receivables from roaming, interconnection and income from re-invoicing of services	132	319
Receivables from derivatives (fair value)	6	–
Cash-pooling*	1,015	264
Intercompany loan provided	4,500	5,919
Total receivables	**5,653**	**6,502**
Payables from roaming, interconnection purchased goods and re-invoicing of services	192	504
Liabilities from derivatives (fair value)	51	34
Total payables	**243**	**538**

*Cash-pooling represents short-term liquidity sharing within DTAG group.

In 2020 and 2019 the Group did not have any transaction related to its direct parent company Deutsche Telekom Europe B.V.

30.2 Transactions with other related parties within the DTAG group:

CZK million	2020	2019
Roaming, interconnection and related purchased services	390	496
Other purchased goods and services	288	305
Leased lines	185	230
Expenses from re-invoicing of services	357	149
Total purchases	**1,220**	**1,180**
Roaming, interconnection and related sold services	469	507
Income from re-invoicing of services and using common platforms	566	596
Other income	256	178
Total sales	**1,291**	**1,281**

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

CZK million	31. 12. 2020	31. 12. 2019
Receivables and prepayments from other services	548	421
Total receivables	**548**	**421**
Payables from other services	663	621
Total payables	**663**	**621**

30.3 Compensation to key management personnel

CZK million	2020 Average number of employees	2020 Amount	2019 Average number of employees	2019 Amount
Executive management	25	164	26	123
Board of Directors	6	4	3	3
Supervisory Board	4	–	3	–
Total	**35**	**168**	**32**	**126**

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 2020 to CZK 26 million (in 2019: CZK 21 million).

Contributions for management to supplementary pension fund amounted in 2020 to CZK 1 million (in 2019: CZK 1 million).

30.4 Termination benefits provided to management members

CZK million	2020	2019
Motivation bonus scheme paid*	3	6
Severance pay	–	3

* The Group provides termination 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.

30.5 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 46 million has been recognised as at 31 December 2020 (31 December 2019: CZK 40 million). In 2020 the Group recognised an expense resulting from these long-term incentive plans in amount of CZK 22 million (2019: CZK 19 million) in Employee benefits.

30.6 Dividends

Based on the resolution of the sole shareholder from 28 April 2020, the Group distributed the profit to the sole shareholder as a dividend in the aggregate amount of CZK 5,471 million.

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.

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 Group'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 Group's future capital commitments to major technology and services suppliers from concluded agreements as at 31 December 2020 and 31 December 2019 are as follows:

CZK million	Acquisition of property and equipment	Acquisition of intangible assets	Purchase of services and inventory	Total commitments 31. 12. 2020
Up to 1 year	1,370	14	1,485	2,869
1–3 years	12	18	362	392
3–5 years	–	27	23	50
Over 5 years	–	–	–	–
Total	**1,382**	**59**	**1,870**	**3,311**

CZK million	Acquisition of property and equipment	Acquisition of intangible assets	Purchase of services and inventory	Total commitments 31. 12. 2019
Up to 1 year	1,072	149	1,341	2,562
1–3 years	–	–	422	422
3–5 years	–	–	115	115
Over 5 years	–	–	84	84
Total	**1,072**	**149**	**1,962**	**3,183**

From amount stated above CZK 59 million is represented by liabilities to related parties, mainly lease of capacity fibers in 2020 (2019: CZK 243 million).

33 Subsequent events

On 18 January 2021 the Group received a spectrum assignment of 3.X GHz and 700 MHz frequency band. The Group acquired 60 MHz in 3.X GHz band and 2x 10 MHz in 700 MHz band in the 2020 frequency auction. The final price reached CZK 1,890 million. The assignment became effective on 3 February 2021.

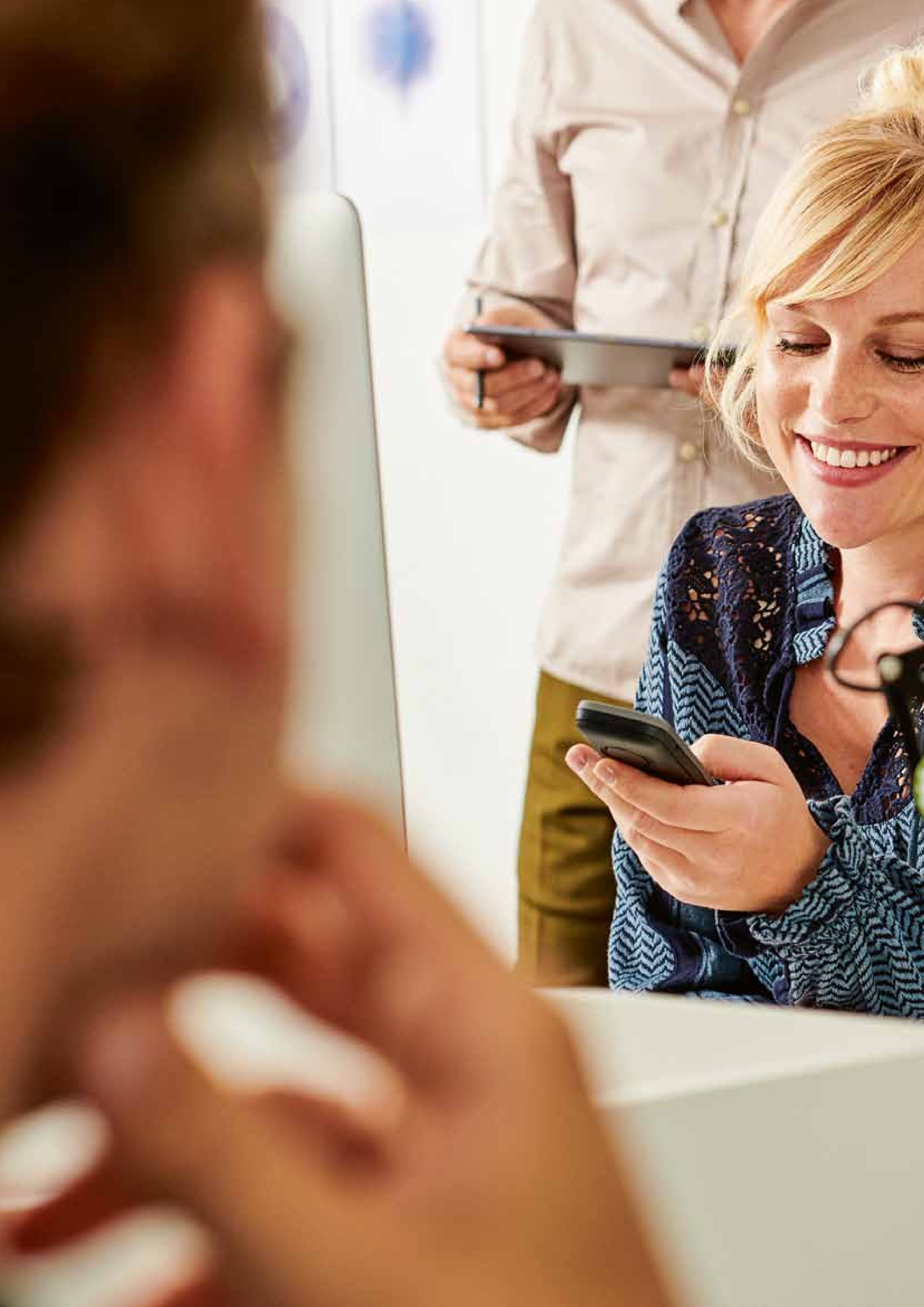
There are no other significant subsequent events as of the date of approval of these financial statements.

34 Approval of the financial statements

These financial statements have been approved by the Board of Directors of the Group for issuance on 25 March 2021. 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

Independent auditor's report

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

Our opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the consolidated financial position of T-Mobile Czech Republic a.s., with its registered office at Tomíčkova 2144/1, Prague 4 (the "Company") and its subsidiaries (together the "Group") as at 31 December 2020, of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2020 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 2020, of the Company's financial performance and cash flows for the year ended 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Group´s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020,
- the consolidated statements of comprehensive income for the year ended 31 December 2020,
- the consolidated statement of changes in equity for the year ended 31 December 2020,
- the consolidated statement of cash flows for the year ended 31 December 2020, and
- the notes to the consolidated financial statements including significant accounting policies and other explanatory information.

The separate financial statements of the Company standing alone comprise:

- the statement of financial position as at 31 December 2020,
- the statement of comprehensive income for the year ended 31 December 2020,
- the statement of changes in equity for the year ended 31 December 2020,
- the statement of cash flows for the year ended 31 December 2020, and
- the notes to the separate financial statements including significant accounting policies and other explanatory information.

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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.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and Act on Auditors.

Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the Annual Report but does not include the consolidated and separate financial statements (together the "financial statements") and auditor's report thereon.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Group and the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the board of directors, supervisory board and audit committee of the Company for the financial statements

The board of directors is responsible for the preparation of the financial statements that give true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The supervisory board of the Company is responsible for overseeing the financial reporting process. The audit committee of the Company is responsible for monitoring 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 Audit regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors, supervisory board and audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

25 March 2021

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

Ing. Petra Jirková Bočáková, FCCA

Digitally signed by Ing. Petra Jirková Bočáková, FCCA
Date: 2021.03.25 18:28:56 +01'00'

Petra Jirková Bočáková
Statutory Auditor, Licence No. 2253

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