

SUMMARY ANNUAL REPORT

T-MOBILE
CZECH REPUBLIC A.S.

T...

A close-up photograph of a family of four—a mother, a father, and two young girls—gathered around a smartphone. They are all smiling and looking at the screen. The mother is at the top left, the father is at the bottom left, and the two girls are in the center and right. The scene is brightly lit, suggesting an outdoor setting. The overall mood is warm and happy.

2018





CONTENTS

Foreword	4
Report of the Board of Directors on Business Activities and Assets	7
Report on Relationships	26
Financial Statements According to the International Financial Reporting Standards	60
Consolidated Financial Statements According to the International Financial Reporting Standards	98
Independent Auditor's Report	136



FOREWORD

2018: YEAR OF CHANGES
AND SUCCESS

The year 2018 brought many significant changes for T-Mobile Czech Republic a.s. The company further enhanced its interconnection with Slovak Telekom, finding new synergies and welcoming new leaders. At the same time, its performance reached the planned levels, offering both business and residential customers high-quality services and products.

The year 2018 also presented a new chapter in my life – I had the honour to become CEO of TMCZ and Slovak Telekom. As a newcomer, I have to admire the performance of the companies and thank my predecessor, Milan Vašina, for setting a reasonable strategy focusing on convergent services and technological leadership. This is something on which I would like to build T-Mobile's future, adding new initiatives and ideas.

Last year we further expanded our offer of converged solutions with the introduction of hybrid services. Our offers met customers' needs, which was reflected in the growing number of fixed-line customers. We gained 76,000 new customers, an increase of 43% in comparison with the previous year.

In line with the strategy, we announced the roll-out of our own fibre-optic network. This project, which is planned for the next couple of years, presents one of the largest investments in T-Mobile's history.

At the same time, we further enhanced the interconnection of T-Mobile Czech Republic a.s. and Slovak Telekom, a.s., whose competencies suitably complement one another.

In all of our networks in 2018, we again saw a significant increase in data consumption, which rose by 149.5% as compared with the previous year. This growth was achieved also thanks to more advantageous offers and, especially, implementation of Magenta 1 programme and special data and roaming offers.

The excellent quality of T-Mobile's mobile network was rewarded with the "Best in Test" seal by P3 Communications in November. In an independent test of all three Czech mobile networks, we achieved the best results in all categories measured – voice, data and crowdsourced data.

We proved our innovation potential several times: for example, we are the only operator in the Czech Republic to offer eSIM embedded in selected Apple and Samsung terminal devices, we opened a newstate-of-the-art data centre for the most demanding clients, and we made preparations for 5G by testing Massive MIMO technology. We support innovation also in our CSR activities – in the eighth edition of the T-Mobile Takeoffs (T-Mobile Rozjezdy) competition, which supports beginning entrepreneurs, we awarded several technology-related projects, including the winning mobile application Glucly, which enables diabetics to cope with their illness.

The most important event in the segment of residential customers in 2018 was the launch of Magenta 1, a new service that offers benefits to customers who combine mobile and/or fixed-line services under one contract. The benefits are scaled based on the number of services used; customers can, for example, obtain free calls and text messages within their group, extra data, discounted prices, enhancements of T-Mobile TV and priority handling on the info line.

The number of T-Mobile TV viewers on the IPTV and satellite platforms rose about 48,000 in 2018, and increase of 132%. Additionally, we launched new data bundles containing bigger data allowances for the same price both for users of the new tariff plans and for users of the prepaid services, and added advantageous data roaming bundles for customers travelling to non-EU countries.

Of course, we did not forget our business customers. We launched Extra for Business Customers, an offer comparable to Magenta 1, and in the second half of the year, a new comprehensive IoT solution. As promised, we opened the most advanced independent data centre in the Czech Republic and we now offer its services for the initial large customers.

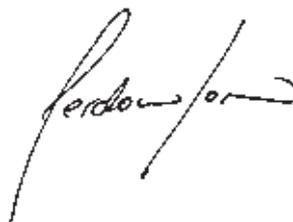
We very much appreciate the confidence of our customers but, at the same time, it is also a huge obligation. Therefore, we will continue working to ensure that we remain the best choice for our customers. We will focus on maintaining the quality of our network and services and, even more than before, of customer care. I would like to extend my thanks to my colleagues and business partners for their year-long cooperation and efforts. We could hardly retain our strong position in the Czech market without their dedication.

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

Information on activities in the areas of environmental protection, employment, and research and development is provided in the Report of the Board of Directors on Business Activities and Assets.

Information on risk management is provided in the Notes to the Consolidated Financial Statements (Note 3). The Company uses selected derivative and non-derivative hedging instruments (Note 16).

No subsequent events that would have a material impact on this annual report occurred after 31 December 2018.



José Severino Perdomo Lorenzo
Chief Executive Officer, T-Mobile Czech Republic a.s.





**REPORT
OF THE BOARD
OF DIRECTORS ON
BUSINESS ACTIVITIES
AND ASSETS**



WE ARE SOCIALLY RESPONSIBLE

For the eighth time,
we supported start-up
businesses in T-Mobile
Takeoffs.

A total of CZK 1,914,583
was distributed among 25
organisations within the
T-Mobile Let's Talk
to Each Other grant
programme.

We again took part
in Giving Tuesday,
a global day of volunteering
and philanthropy.

Responsibility towards the world around us and the society in which we live is an integral part of everything that we do. We are a founding member of the UN Global Compact national network in the Czech Republic, to whose principles we adhere, and we are also fulfilling the Sustainable Development Goals (SDGs). We adhere to the fair principles of doing business, we help beneficial applications and services to see the light of day, and we 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 helping in emergency and crisis situations.

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 including, for example, Employer of the Year, 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. In 2018, for example, we ranked first in the Top Employers awards (in the Telecommunications category) and won a Czech Donors Forum Award (in the Employee Fundraising Campaign category) for our Pomáhejme příběhům (Supporting Stories) internal fundraising campaign.

We are subject to regular annual independent audits that are performed by reputable companies. By obtaining and maintaining 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 principles. We organise our activities so that they are in line with the United Nations Guiding Principles on Business and Human Rights. 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's approach to environmental protection is based on the fundamental document EMS (ISO 14001) – Environmental Policy. Every three years, we undergo an audit performed by DEKRA, an accredited certification authority. As a member of the Deutsche Telekom Group, we have committed to reducing our carbon footprint in 2020 by 20% as compared with 2008. From mobile network base stations, through telephone switchboards to data centres and office space, we have been optimising the technological infrastructure and minimising electricity consumption. We have also focused on consumption of office supplies, not only internally but also with respect to customers: for example, electronic invoices accounted for 78.69% of all invoices issued last year. We have also reduced the volume of waste and have been systematically recycling it.

In 2018, we continued in our long-term programmes. The eighth edition of T-Mobile Rozjezdy (T-Mobile Takeoffs), a project aimed at supporting start-up businesses, again offered free workshops and a competition for the best implementation of a business plan. A record number of 483 projects were registered in the competition last year. T-Mobile's Mluvme spolu (Let's Talk to Each Other) grant programme focuses on support for small non-profit organisations and citizens active in local communities. Through the grants, we help make ordinary streets, municipal districts, towns and cities better places to live and contribute to the integration of society. Last year, we supported 25 such projects with grants totalling CZK 1,914,583.

We prepared a publication entitled Bezpečí na síti (Security in the Net) and supported the Internetem bezpečně (Be Safe on the Internet) project. Mobile technologies enrich our everyday life. However, it is necessary to know how to behave and navigate in this environment to remain safe. We also offer a full range of specific services and solutions that can protect especially children on the internet.

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, when employees can spend one workday per year volunteering in non-profit organisations. A record number of 582 employees were involved in the programme last year. Expert volunteering is the main pillar of the long-term educational programme called the T-Mobile Academy, in which seven non-profit organisations took part last year. We also continued to organise regular workshops for non-profit organisations, which were focused last year on, for example, GDPR and social networks. We again organised a discussion meeting for CSR managers, business owners and directors of companies, representatives of the non-profit sector and the public. Through a number of activities, we got involved in Giving Tuesday, a global day of volunteering and philanthropy. At the end of 2018, we selected the Volunteer of the Year from among our employees and conducted a Pomáhejme příběhům (Supporting Stories) internal fundraising campaign. Within its sixth edition, we raised CZK 1,009,900 to support family members and friends of our employees who are in difficult life situations.





WE CARE ABOUT OUR PEOPLE

As at 31 December 2018, our company had 3,506 employees with an average age of 36.9 years, of whom 66% were men and 34% women. We create an appropriate 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 46% of them used this possibility regularly last year. In 2018, 116 employees took maternity or parental leave.

Last year, care for our employees' health was again one of the company's priorities. This is evidenced by, among other things, the Company Supporting Health 2018 award presented by the Ministry of Health of the Czech Republic, which our company has successfully defended since 2009. During 2018, we organised eight Health Days packed with the latest information and trends in the area of a healthy living and body and mind care for our employees. Within the *Pusťte si maséra za krk* (Have a Massage) programme, we have long cooperated also with blind masseurs. As part of flu prevention, we offered free vaccinations for our staff, which were used by 287 employees. We also prepared vitamin packages for more than 450 colleagues at the T-Mobile shops as part of viral disease prevention. The Fithall digital platform, offering a possibility of working out and improving employees' physical condition not only at work but also in the comfort of their own homes, registered 2,576 views and launches of 691 workout videos.

Employee development is very important for us, which is mirrored by our offer of development opportunities. We share our expertise and know-how within the company according to the following development ratios: 70% on the job, 20% networking/coaching/mentoring and 10% off the job. In addition to individual professional development plans for specific positions, we offer our employees the T-University development platform, which offers a broad range of programmes including different types of training, workshops, lectures, e-learning and videos. In 2018, several internal conferences featuring internal and external speakers were organised under the banner of T-University. All of these activities are free of charge for our employees. Those employees who want to invest time and energy for their personal development in addition to their work can voluntarily take part in development programmes within T-University. Our employees are involved in T-University as trainers, sharing their know-how and experience with others.

The T-University programmes attracted more than 4,000 participants in 2018. In addition to T-University, we also have a library available to our employees.

We also share our know-how with students. We are convinced that it is important not only to have theoretical knowledge, but also an idea of how things work in the real world. Therefore, within the T-Mobile Campus platform, we organise development workshops, conferences, specialised lectures and visits to our premises for students, and give lectures at colleges and universities. Secondary-school students can conduct their mandatory internships at our company and we offer a trainee programme for university students and help them with writing their theses. As a member of the Alliance for Youth, which supports students and graduates who are entering the job market, we organised three Big Step events in 2018, during which 20 students had an opportunity to get to know four companies within two days. In May, we organised the second edition of T-Mobile's T-Day conference intended for students at our headquarters in Prague's Rožtyly district, at which we gave them insight into the world of new technologies and innovations. University students can look forward to this activity continuing also in the coming years. In 2018, we again defended our first-place ranking in the Telecommunications category of the Top Employers survey, in which students vote.

Up to 70% of development activities at T-Mobile consist of on-the-job learning, when we endeavour to motivate our employees, for example, to accept a task during which they will gain or use a new skill. Our Czech-Slovak programmes, T-Tank and W-lab, are also based on this principle. T-Tank is a talent programme that is based on the willingness of its members to influence and participate in the creation of things around them, to develop, share and network. Its participants learn to think differently and present the results of their projects to management. The target group of W-lab is narrower, as it is intended for female colleagues who have potential and are interested in advancing to management positions, want to develop themselves intensively, advance and use their potential. W-lab offers its participants an opportunity to undergo a mock management hiring procedure and, based on specific feedback, to work on their further development. To reach an even broader spectrum of the female population in society, we set up a women's platform. Every month, we organise different workshops for our female colleagues, business breakfasts with interesting speakers and inter-company networking events and offer them tickets to conferences intended for women (e.g. TEDx Woman Prague and *Všem ženám* ["For All Women"]).

WE LOVE COMMUNICATION

We introduced a new concept of advertising campaigns.

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

We are the operator with the largest number of fans on Facebook.

In February, we introduced a new concept of advertising campaigns. After four years, actor Ivan Trojan was replaced by Kryštof Hádek and Veronika Kubařová, playing a young husband and wife who buy the Růženka (“Rose”) mountain hotel. The roles of their employees are played by Jiř Langmajer, Anastázie Chocholatá and Ctirad Götzt. In the first half of the year, the spots were directed by Juraj Janiš, an experienced director, who was later replaced by Tomáš Bařina. The man behind the camera was Filip Marek. In 2018, we conducted four TV advertising campaigns for which we shot a total of six main and four tactical Christmas spots. An interesting fact is that the spots were shot using special Panavision cinema lenses, whose use in the world of advertising is rather unusual, at least in the Czech Republic.

Within the Most Trusted Brand 2018 awards, an extensive nationwide survey focused on consumer confidence in the Czech Republic, we defended our first-place ranking in one of the categories of most trusted services among consumers. We again received the Most Trusted Brand award in the Telecommunications Services category.

We take pride in having one of the largest communities of fans on Facebook among Czech operators, as we had more than 212,000 followers at the end of the year. Our content is popular also on other social networks: with nearly 120,000 followers, we have the biggest commercial YouTube channel in the Czech Republic. We have more than 9,600 followers on Instagram.







WE ARE CONTINUOUSLY EXPANDING AND IMPROVING OUR OFFER

We introduced a new service – Magenta 1.

We launched T-Mobile SAT TV, a new-generation satellite TV service.

We expanded our offer with two Digi Sport channels offering exclusive content.

We exclusively offer the BBC Earth documentary channel with Czech localisation.

The most important event in the residential customer segment in 2018 was the launch of the new Magenta 1 service in February. Magenta 1 offers benefits to customers who combine two or more mobile and fixed-line services under one contract. T-Mobile is an integrated operator that can offer its customers solutions for the entire household. Combining all services and products under Magenta 1 saves them time and money and offers them attractive benefits. The more services combined under the contract, the greater the range of benefits available to customers. For example, they can obtain free calls and text messages within their group, extra data, discounted prices, enhancements of T-Mobile TV and priority handling on the info line. According to a survey conducted among our customers, unlimited calls and text messages within a Magenta group is one of the two most sought-after benefits together with the flexibility with which customers can put together their package. Therefore, these benefits are part of all levels of Magenta 1. We are planning to gradually expand the offer of benefits. The success of Magenta 1 is also mirrored by the significant increase in sales of fixed-line services. According to our expectations, the largest percentage of the services represented under this offer comprise mobile voice services with 65%. An ever growing number of customers are also purchasing fixed-line internet and TV services from us. Though the largest number of customers use two services, the groups using several services and products are also strongly represented – for example, 19% of customers activated five or more services.

At the beginning of the year, we also expanded our offer of fixed-line services by launching T-Mobile SAT TV, a new-generation satellite TV service. It is available in 100% of the territory of the Czech Republic and is an alternative to the IPTV platform in areas where sufficiently fast internet access is not available. We can thus offer a modern TV service to all households in the Czech Republic. T-Mobile's TV service on the IPTV and satellite platforms is used by nearly 70,000 customers. The most widely used and most appreciated feature of IPTV is time-shifting. Customers currently use the time-shifting feature with more than three million programmes every month. In August, the offer of channels was expanded with two Digi Sport channels in HD

quality. The new channels daily offer top European football: the German Bundesliga, the Italian Serie A, the Spanish La Liga and the English FA Cup. Probably the biggest channel innovation of last year was the launch in November of the BBC Earth documentary channel; we are the exclusive operator on the Czech market offering this channel with Czech localisation.

The new Svět ("World") roaming bundles introduced in June 2018 comprise the best offer on the Czech market for customers travelling to countries outside the EU. We reduced the price of data for the 40 most popular destinations. This was one of the reasons the number of customers using data services in countries outside the EU more than doubled and the volume of transmitted data grew eight-fold in summer.

In July, we discontinued the sale of devices for Pevný internet vzduchem ("Fixed-Line Internet over the Air"), Pevný internet do zásuvky ("Plug-in Fixed-Line Internet") and T-Mobile SAT TV. Until that time, customers paid the entire price of the given device upfront or purchased it in instalments. Devices can now only be leased. The change brought a number of benefits for customers, including free maintenance, replacement during the entire term of the service and replacement when switching to another technology. In the following year, we will expand this model to all fixed-line services.

Beginning in September, we also significantly expanded the availability of higher speeds with Pevný internet DSL ("Fixed-Line DSL Internet"). Nearly two-thirds (63%) of Czech households and small businesses can now be connected via fixed-line internet with speeds of up to 50 Mbps and we are able to offer internet with speeds of up to 100 Mbps to a full third (34%) of households and small businesses. Higher internet speeds are suitable for households and small businesses where several devices are connected to the internet at the same time and users can use also data-intensive transmissions, such as internet TV, online games, streamed videos and IPTV, without disrupting each other's internet use, even when they are using several devices simultaneously. Thanks to continuous modernisation of the infrastructure, we can offer our existing and new customers higher-quality services and ever higher internet speeds.





THE BEST FOR OUR CUSTOMERS

We celebrated Kaktus's fifth anniversary with more than 100,000 of its customers.

We launched new data bundles for users of the prepaid Twist card and introduced an innovative solution for occasional data users.

We continued our partnership with the Czech Olympic Team, Czech national football team and Czech Floorball.

In October, Kaktus, our virtual operator, celebrated five years on the market. Having attracted more than 100,000 customers as at the end of the year, Kaktus is proof that prepaid cards with an attractive offer are still very sought-after and popular among customers. Kaktus has built a clear profile that distinguishes the brand from other virtual operators. It is intended mainly for young people and distinguishes itself by providing a simple and fair, no-obligation offer of services, particularly with advantageous per-second billing, a data offer, the possibility for customers to choose their own number and credit top-up with small amounts. The largest number of Kaktus's customers are in the 18-24 age group, representing 36% of the customer base.

At the end of the year, we prepared several presents for users of the prepaid Twist card. The most attractive presumably was a new data bundle that will meet the data needs of Twist customers for the entire year. The bundle was appreciated especially by parents, who no longer have to take care of their kids' data every month. Thanks to the bundle, Twist customers receive 500 MB of data every 30 days throughout the year. We also introduced an innovative solution for occasional data users: they only pay for the data they actually use, up to a maximum amount of CZK 10 per day. For this price, they can consume up to 100 MB of data.

In December, Smart Car celebrated its second anniversary in the Czech Republic and the green light was given to launch this service in other European countries. Thanks to the experience from the Czech Republic, Polish drivers can now make their cars smart too, following those in Germany and Austria. With the support of the Smart Car service, Czech drivers make 5,400 journeys a day throughout the country. They most appreciate the simplicity of the entire solution and the greater degree of vehicle security. They have a whole range of things under control, and they can thus keep tabs on their driving behaviour and all journeys. The functions appreciated by users also include indicative malfunction diagnostics and notifications of vehicle towing, vibrations, device removal and departure from a designated area.

As part of our long-term partnership with the Czech Olympic Team, we again developed a mobile application on the occasion of the Winter Olympic Games, which were held in PyeongChang, South Korea. The application offered not only detailed news coverage, online coverage and results, but also various competitions to win attractive phones and accessories. Last year, we also strengthened our partnership with the AC Sparta Praha football club. Until 2022, we will not only continue to be its platinum partner but, as of autumn 2018, we are also the club's general partner in UEFA matches and Czech Cup matches organised by the Football Association of the Czech Republic. After ten years, the Czech Republic hosts the World Floorball Championship at the end of 2018. As the main partner of Czech Floorball and a partner of the Czech national floorball team, we launched the Czech Floorball application for fans, which has already been downloaded by more than 25,000 users.

WE ARE IMPROVING COVERAGE, INCREASING SPEEDS AND INTRODUCING NEW TECHNOLOGIES

A total of 2,269 transmitters enable a theoretical maximum download speed of 300 Mbps or higher.

We again received the prestigious Best in Test seal of quality in an independent network measurement conducted by P3 Communications.

We successfully tested Massive MIMO technology for LTE.

Our customers are the first in the Czech Republic to use the eSIM service.

We are continuing our cooperation with universities in the area of research and development.

We are committed to offering the best quality of services to our customers. Therefore, we at T-Mobile have been continuously working on improving our network and have been introducing the most advanced technologies. In 2018, we continued to expand and improve the LTE network. At the end of last year, our fastest mobile internet technology covered 99.1% of the population of the Czech Republic. Combined coverage with the 3G and LTE networks reached 99.23% of the population. The Single RAN concept in the part of the mobile network managed by us facilitated smooth transfer of capacities in the network from 3G to LTE technology, depending on our customers' needs.

We also continued to expand our coverage with LTE Advanced (LTE-A) technology, which combines two or three bands by means of the carrier aggregation function. At the end of last year, our network included 3,174 LTE-A transmitters (2,028 combining two bands, 1,072 combining three bands and 68 combining four bands), which is 44% more than in the previous year. LTE-A technology is now installed on 52% of our LTE transmitters. At the end of 2018, our network included a total of 1,379 transmitters supporting LTE-A and download speeds of up to 300 Mbps. Another 824 transmitters enable download speeds of up to 450 Mbps, 962 transmitters up to 650 Mbps and nine transmitters support download speeds of up to 900 Mbps. We deployed the DL 256QAM/UL 64QAM functionality and transferred a part of the frequency spectrum (up to 15 MHz) from the 3G to the LTE network, which enables faster data downloading and uploading for our customers.



The quality and reliability of our network were confirmed by an independent network measurement conducted in October by P3 Communications, in which we again achieved the highest score (932 points out of 1,000, whereas our rival operators achieved 904 and 885 points). We thus received the Best in Test seal of quality in all categories measured – voice, data and crowdsourced data.

In Prague's Petrovice district in January and February 2018, we tested Massive MIMO (mMIMO) technology for LTE, which is one of the key building blocks of the fifth-generation networks. mMIMO multiplies capacity resources for users who are simultaneously connected to a cell of a mobile transmitter, thus allowing them to enjoy higher data transmission speeds. Compared with other pilot operations of this technology that have taken place so far, this was the largest test in continental Europe ever. The mMIMO technology improves data throughput and thus also the user experience of customers using mobile data services. Thanks to the large number of antenna elements, a base station antenna can create several closer beams at one time, pointing them directly to a specific user. The resources that are shared in the current LTE network can thus be used multiple times in the same area through a mobile cell. The pilot operation took place on four base stations. In the ideal case, the mMIMO antenna solution can provide an approximate five-fold increase of a transmitter cell's capacity; in practice, the capacity is usually doubled or tripled.

In 2018, we also announced our intention to invest significant funds in building a fibre-optic network. We want to make fast gigabit internet available to households across the entire Czech Republic, using fibre-optic technology. Our long-term objective is to have approximately 25% of households in the Czech Republic connected within five to ten years. We began to roll out FTTH (Fibre to the Home) in the second half of the year. Together with deployment of our own technology, we acquired two companies with an existing fibre-optic infrastructure, which will enable us to accelerate the further expansion of FTTH in the Czech Republic. Our fibre-optic infrastructure currently covers more than 15,000 households. Every customer will be able to use speeds of up to 10 Gbps, which is facilitated by the innovative 10 GPON technology.

At the end of last summer, we also expanded coverage of the NB-IoT network for the Internet of Things. 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. Using 212 base stations, the NB-IoT LTE network is currently available in Prague and its vicinity, Beroun, Mladá Boleslav and Brno. T-Mobile Czech Republic is thus fulfilling its 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 September, our company improved coverage and the quality of services in three stations of Prague's underground system (C line), including the tunnels between them. Services of all mobile network generations are now available in the premises, i.e. 2G, 3G and 4G together with LTE-A technology. Within this project, engineers employed a unique technical solution and components specially developed for a multi-operator solution and the challenging conditions of the underground. Another five stations were added by the end of the year. T-Mobile coordinates and implements the project for all mobile operators.

Also in the past year, we continued to steadily reaffirm our role as a leading innovator among Czech operators. In November, we became the first operator in the Czech Republic whose customers can use the eSIM (embedded SIM) service. We expect that manufacturers will gradually turn away from plastic SIM cards and will integrate eSIM into their phones and other devices. Production of billions of plastic chip cards in paper packaging will no longer be necessary, nor will the related logistics and subsequent disposal of those products. This technology not only saves physical space in devices, but also increases their overall reliability.

Prague, 15 March 2019

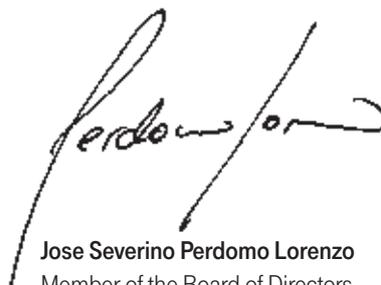


André Nuno Malheiro Dos Santos Almeida
Chairman of the Board of Directors

In 2018, we enhanced our cooperation with universities in the area of research and development. We focused on such topics as face and emotion recognition, and tested the use of a cryptocurrency and the application of output visualisation in the area of Big Data. We again supported students of the Fashion Design Studio at the Academy of Arts, Architecture and Design in Prague who are focusing on smart fashion. The students worked on the redesign of smart clothes allowing real-time ECG scanning. Combining design and technology, this project breaks down barriers and enables patients to feel "normal", including, for instance, during heart monitoring.

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

In connection with innovations and social responsibility, we at T-Mobile also think of customers with disabilities. Within our cooperation with the Faculty of Electrical Engineering of the Czech Technical University in Prague, we are continuing our long-term support for research and development of a navigation aid for blind and visually impaired persons. T-Mobile was the first mobile operator to launch an info line for senior citizens and people suffering from hearing loss. The service enables customers to read real-time written transcriptions of the operator's communication directly on T-Mobile's website. Deaf and hearing-impaired customers are thus given the certainty that they will always fully understand what the operator is communicating to them.



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 2018



The Board of Directors of T-Mobile Czech Republic a.s., having its registered office at Tomičkova 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 2018 ("the Relevant Period").

1. RELATIONSHIPS STRUCTURE

1.1 According to the available information of the Board of Directors of the Company acting with due managerial care, for the whole of the Relevant period, the Company formed a part of the group in which the controlling party is Deutsche Telekom AG ("DTAG") ("the Group"). Information on the entities forming part of the Group is stated as at 31 December 2018 according to the information available to the statutory body of the Company acting with due managerial care. The overview contains the entities controlled by DTAG, when the Company had business relationships with these entities during the Relevant period, as well as some entities which stand in the structure of the Group either above or below the aforementioned entities. The structure of relations within the Group is graphically illustrated in the Annex No. 1.

1.1.1. 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 GROUP

The Company is the integrated operator: in addition to mobile and fix telecommunication services, it provides a wide portfolio of IT services and system integration solutions to business customers. In the long term, the Company focuses on the quality of provided services. Since its establishment, the Company emphasizes the 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 in the powers of the General Meeting of the Company. The Company carries out its activities in line with the globally developed and focused business, financial, investment, and other plans of the DTAG group. Decisions on the day-to-day activities and business of the Company (e.g. budgets, marketing, HR policy, etc.) fall naturally within the autonomous power of the Company while taking into account the DTAG group's global policy.

4. MUTUAL CONTRACTS WITHIN THE GROUP

4.1 CONTRACTS ENTERED INTO BETWEEN THE COMPANY AND THE CONTROLLING PARTY THAT WERE EFFECTIVE AND VALID IN THE RELEVANT PERIOD.

4.1.1 CONTRACTS ENTERED INTO IN 2018:

Partner	Services/goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom AG	Amendment No. 9	Amendment No. 9	010340-109-00
Deutsche Telekom AG	Amendment Letter No. 4 to the Agreement on Commercial Roaming Broker Services	Amendment Letter No. 4 to the Agreement on Commercial Roaming Broker Services	022191-104-00
Deutsche Telekom AG	Data Privacy Agreement on commissioned processing of personal data, for 022191-104	Data Privacy Agreement on commissioned processing of personal data, for 022191-104	022191-104-01
Deutsche Telekom AG	Annex – Service Arrangement – Technology & Innovation 2017	Annex – Service Arrangement – Technology & Innovation 2017	022888-131-00
Deutsche Telekom AG	Annex – Service Arrangement – Group Procurement 2017	Annex – Service Arrangement – Group Procurement 2017	022888-132-00
Deutsche Telekom AG	Appendix 3 to the Service Arrangement Group Procurement (CDP)	Appendix 3 to the Service Arrangement Group Procurement (CDP)	022888-132-01
Deutsche Telekom AG	Service Arrangement – Product Roadmap 2017	Service Arrangement – Product Roadmap 2017	022888-133-00
Deutsche Telekom AG	Service Arrangement – Central capacity planning	Service Arrangement – Central capacity planning	022888-135-00
Deutsche Telekom AG	Annex – Service Arrangement – International Mobile Device Business Services – x-	Annex – Service Arrangement – International Mobile Device Business Services – x-	022888-136-00
Deutsche Telekom AG	Service Arrangement – Group Technology 2017 & 2018 (Test Facility in Bonn 2017 & 2018)	Service Arrangement – Group Technology 2017 & 2018 (Test Facility in Bonn 2017 & 2018)	022888-137-00
Deutsche Telekom AG	Annex 2 – Service Agreement Schedule, Expert development Vendor & Portfolio Management	Annex 2 – Service Agreement Schedule, Expert development Vendor & Portfolio Management	022888-138-00
Deutsche Telekom AG	Service Arrangement – Service Arrangement Product Roadmap 2018	Service Arrangement – Service Arrangement Product Roadmap 2018	022888-139-00
Deutsche Telekom AG	Annex – Service Agreement TMCZ EUHQ 2017 – DTAG Europe	Annex – Service Agreement TMCZ EUHQ 2017 – DTAG Europe	023382-201-00
Deutsche Telekom AG	Framework Cooperation and Service Agreement – Inbound and Outbound cross charge	Framework Cooperation and Service Agreement – Inbound and Outbound cross charge	027516-000-00
Deutsche Telekom AG	Service Arrangement – Group Technology & Innovation 2018	Service Arrangement – Group Technology & Innovation 2018	027516-201-00
Deutsche Telekom AG	Service Arrangement 2018, DTAG VTI – TMCZ Inbound	Service Arrangement 2018, DTAG VTI – TMCZ Inbound	027516-202-00
Deutsche Telekom AG	Service Arrangement – for DRC Cross Border Services	Service Arrangement – for DRC Cross Border Services	027516-203-00
Deutsche Telekom AG	Customer Adherence From to Deutsche Bank SCORE Services	Customer Adherence From to Deutsche Bank SCORE Services	027582-201-00
Deutsche Telekom AG	BNP PARIBAS Cash Concentration Multi Entities Agreement	BNP PARIBAS Cash Concentration Multi Entities Agreement	027582-202-00
Deutsche Telekom AG	Vertrag über den Beitritt zu db-transfer in Deutschland (Cash Concentration Agreement)	Agreement on joining db-transfer in Germany (Cash Concentration Agreement)	027582-203-00
Deutsche Telekom AG	Ergänzungsvereinbarung zu den Verträgen db-transfer (Cash Concentration Agreement)	Supplementary agreement to the db-transfer contracts (Cash Concentration Agreement)	027582-204-00
Deutsche Telekom AG	Frame Agreement for Commissioned Data Processing	Frame Agreement for Commissioned Data Processing	027655-000-00
Deutsche Telekom AG	Individual Agreement on Commissioned Data Processing – CDPA HR Suite Talent module	Individual Agreement on Commissioned Data Processing – CDPA HR Suite Talent module	027655-201-00
Deutsche Telekom AG	Individual Agreement – CDPA CZ HR suite – about the module Executive Onboarding	Individual Agreement – CDPA CZ HR suite – about the module Executive Onboarding	027655-202-00
Deutsche Telekom AG	Agreement on Assignment of Rights to the Copyrighted Work	Agreement on Assignment of Rights to the Copyrighted Work	027700-000-00
Deutsche Telekom AG	Framework agreement – Concerning the Provision of internal Infrastructure Service	Framework agreement – Concerning the Provision of internal Infrastructure Service	027711-000-00
Deutsche Telekom AG	Cash Management Agreement on participation in the Cash-Pooling of Deutsche Telekom	Cash Management Agreement on participation in the Cash-Pooling of Deutsche Telekom	027782-000-00

Partner	Services/goods – original version	Services / goods – translation	No. of contract of the Company
Deutsche Telekom AG	Agreement on Processing of Personal Data on Behalf of a Controller – Treasury management processes	Agreement on Processing of Personal Data on Behalf of a Controller – Treasury management processes	027920-000-00
Deutsche Telekom AG	International Group Framework Agreement for Media Agency Services	International Group Framework Agreement for Media Agency Services	990092-000-00
Deutsche Telekom AG	Framework Agreement on a Payment Processing Agreement	Framework Agreement on a Payment Processing Agreement	990093-000-00
Deutsche Telekom AG	Amendment No. 1 to Framework Agreement on a Payment Processing Agreement	Amendment No. 1 to Framework Agreement on a Payment Processing Agreement	990093-101-00
Deutsche Telekom AG	BNP PARIBAS Cash Concentration Multi Entities Agreement	BNP PARIBAS Cash Concentration Multi Entities Agreement	990094-000-00
Deutsche Telekom AG, VTI	Service Arrangement 2017, VTI – TMCZ Inbound_DTAG_2017_VTI_GS	Service Arrangement 2017, VTI – TMCZ Inbound_DTAG_2017_VTI_GS	023382-202-00

4.1.2 CONTRACTS THAT WERE EFFECTIVE IN 2018:

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Deutsche Telekom AG	Non – Disclosure Agreement	Non – Disclosure Agreement	0000156/2006-SMnp
Deutsche Telekom AG	International Carrier Interconnection- Deutsche Telekom network through Deutsche Telekom Point of Presence in Prague for International Telecommunications Services viac PSTN/ISDN	International Carrier Interconnection- Deutsche Telekom network through Deutsche Telekom Point of Presence in Prague for International Telecommunications Services viac PSTN/ISDN	0000230/2007-SMws
Deutsche Telekom AG	Agreement on – Circuit Solution EoM	Agreement on – Circuit Solution EoM	0000289/2011-SMna
Deutsche Telekom AG	Non-Disclosure and Confidentiality Agreement	Non-Disclosure and Confidentiality Agreement	001070-000-00
Deutsche Telekom AG	Letter of Understanding	Letter of Understanding	010003-000-00
Deutsche Telekom AG	Sublicence agreement (rebranding)	Sublicence agreement (rebranding)	010091-000-00
Deutsche Telekom AG	Amendment No. 1 to the partial contract	Amendment No. 1 to the partial contract	010091-201-01
Deutsche Telekom AG	Letter of Understanding	Letter of Understanding	010091-202-00
Deutsche Telekom AG	Amendment no. 8 to Agreement on Global Roaming eXchange (GRX) (No. T-Systems 2002/622)	Amendment no. 8 to Agreement on Global Roaming eXchange (GRX) (No. T-Systems 2002/622)	010109-108-00
Deutsche Telekom AG	Amendment No. 9 to Agreement on Global Roaming eXchange (GRX) (No. T-Systems 2002/622)	Amendment No. 9 to Agreement on Global Roaming eXchange (GRX) (No. T-Systems 2002/622)	010109-109-00
Deutsche Telekom AG	Amendment No. 10 to Agreement on Global Roaming eXchange (GRX)	Amendment No. 10 to Agreement on Global Roaming eXchange (GRX)	010109-110-00
Deutsche Telekom AG	Amendment No. 11 to Agreement on Global Roaming eXchange (GRX)	Amendment No. 11 to Agreement on Global Roaming eXchange (GRX)	010109-111-00
Deutsche Telekom AG	Amendment No. 12 – GRX Services	Amendment No. 12 – GRX Services	010109-112-00
Deutsche Telekom AG	Agreement – agreement on telecommunication network's interconnection	Agreement – agreement on telecommunication network's interconnection	010246-000-00
Deutsche Telekom AG	UMTS Frame Agreement	UMTS Frame Agreement	010322-000-00
Deutsche Telekom AG	Amendment No. 5 – roaming signalling	Amendment No. 5 – roaming signalling	010340-105-00
Deutsche Telekom AG	Amendment No. 6 – Agreement on application of Agreement on Signalling-for-International-Roaming (SPR Services)	Amendment No. 6 – Agreement on application of Agreement on Signalling-for-International-Roaming (SPR Services)	010340-106-00
Deutsche Telekom AG	Amendment No. 7 – Signalling for international roaming – Diameter/4G	Amendment No. 7 – Signalling for international roaming – Diameter/4G	010340-107-00
Deutsche Telekom AG	Amendment No. 8 – Signalling for international roaming – SS7 based Steering	Amendment No. 8 – Signalling for international roaming – SS7 based Steering	010340-108-00
Deutsche Telekom AG	Framework agreement – Inbound	Framework agreement – Inbound	010562-000-00
Deutsche Telekom AG	Service Arrangement – Strategy & Portfolio Management	Service Arrangement – Strategy & Portfolio Management	010562-201-00
Deutsche Telekom AG	Service Arrangement – Management IT Applications	Service Arrangement – Management IT Applications	010562-202-00
Deutsche Telekom AG	Service Arrangement – ERP & Corporate Systems	Service Arrangement – ERP & Corporate Systems	010562-203-00
Deutsche Telekom AG	Service Arrangement – Management IT Operations	Service Arrangement – Management IT Operations	010562-204-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Deutsche Telekom AG	Service Arrangement – End user Marketing	Service Arrangement – End user Marketing	010562-205-00
Deutsche Telekom AG	Service Arrangement – System Engineering	Service Arrangement – System Engineering	010562-206-00
Deutsche Telekom AG	Service Arrangement – System Engineering	Service Arrangement – System Engineering	010562-207-00
Deutsche Telekom AG	Service Arrangement – Network Deployment & Operations Management	Service Arrangement – Network Deployment & Operations Management	010562-208-00
Deutsche Telekom AG	Service Arrangement – Network Deployment & Operations Management	Service Arrangement – Network Deployment & Operations Management	010562-209-00
Deutsche Telekom AG	Framework Cooperation and Service Agreement- Outbound Direct Charging	Framework Cooperation and Service Agreement- Outbound Direct Charging	010563-000-00
Deutsche Telekom AG	Service Arrangement – ERP & Corporate Systems	Service Arrangement – ERP & Corporate Systems	010563-201-00
Deutsche Telekom AG	Framework Cooperation and Service Agreement- Outbound	Framework Cooperation and Service Agreement- Outbound	010564-000-00
Deutsche Telekom AG	Sideletter to the Framework Cooperation and Service Ag. (Outbound/Allocation)	Sideletter to the Framework Cooperation and Service Ag. (Outbound/Allocation)	010564-101-00
Deutsche Telekom AG	Service Arrangement – Global Products	Service Arrangement – Global Products	010564-201-00
Deutsche Telekom AG	Service Arrangement – Payment	Service Arrangement – Payment	010564-202-00
Deutsche Telekom AG	Service Arrangement – IT Department	Service Arrangement – IT Department	010564-203-00
Deutsche Telekom AG	Service Arrangement – Marketing Department	Service Arrangement – Marketing Department	010564-204-00
Deutsche Telekom AG	Service Arrangement – Network Technology Office	Service Arrangement – Network Technology Office	010564-205-00
Deutsche Telekom AG	Service Arrangement – IT Strategy & Portfolio Management	Service Arrangement – IT Strategy & Portfolio Management	010564-206-00
Deutsche Telekom AG	Service Arrangement – Process Alignment & Quality Management	Service Arrangement – Process Alignment & Quality Management	010564-207-00
Deutsche Telekom AG	Service Arrangement – Management IT Applications	Service Arrangement – Management IT Applications	010564-208-00
Deutsche Telekom AG	Service Arrangement – Management IT Operations	Service Arrangement – Management IT Operations	010564-209-00
Deutsche Telekom AG	Service Arrangement – Marketing Coordination	Service Arrangement – Marketing Coordination	010564-210-00
Deutsche Telekom AG	Service Arrangement – Marketing Coordination	Service Arrangement – Marketing Coordination	010564-211-00
Deutsche Telekom AG	Service Arrangement – Product Management	Service Arrangement – Product Management	010564-212-00
Deutsche Telekom AG	Service Arrangement – End User Marketing	Service Arrangement – End User Marketing	010564-213-00
Deutsche Telekom AG	Service Arrangement – End User Marketing	Service Arrangement – End User Marketing	010564-214-00
Deutsche Telekom AG	Service Arrangement – Wholesale Marketing	Service Arrangement – Wholesale Marketing	010564-215-00
Deutsche Telekom AG	Service Arrangement – Wholesale Marketing	Service Arrangement – Wholesale Marketing	010564-216-00
Deutsche Telekom AG	Service Arrangement – European Terminal Management	Service Arrangement – European Terminal Management	010564-217-00
Deutsche Telekom AG	Service Arrangement – Systems Engineering	Service Arrangement – Systems Engineering	010564-218-00
Deutsche Telekom AG	Service Arrangement – Systems Engineering	Service Arrangement – Systems Engineering	010564-219-00
Deutsche Telekom AG	Service Arrangement – Network Deployment and Operations Management	Service Arrangement – Network Deployment and Operations Management	010564-220-00
Deutsche Telekom AG	Service Arrangement – Network Deployment and Operations Management	Service Arrangement – Network Deployment and Operations Management	010564-221-00
Deutsche Telekom AG	Service Arrangement – Technology and Development	Service Arrangement – Technology and Development	010564-222-00
Deutsche Telekom AG	Service Arrangement – Supplier Management	Service Arrangement – Supplier Management	010564-223-00
Deutsche Telekom AG	Service Arrangement – Network Budgeting Performance	Service Arrangement – Network Budgeting Performance	010564-224-00
Deutsche Telekom AG	Declaration of consent (consent to access to the TMCZ database)	Declaration of consent (consent to access to the TMCZ database)	010817-000-00
Deutsche Telekom AG	Sublicence of TIBCO Software License Agreement	Sublicence of TIBCO Software License Agreement	011269-000-00
Deutsche Telekom AG	Loan Agreement	Loan Agreement	012236-000-00
Deutsche Telekom AG	Agreement – TMO warranty for Siemens AG	Agreement – TMO warranty for Siemens AG	012309-000-00
Deutsche Telekom AG	Services Agreement – MBS	Services Agreement – MBS	012467-000-00
Deutsche Telekom AG	Letter of Affirmation – Licence Chordiant Marketing Director	Letter of Affirmation – Licence Chordiant Marketing Director	012761-000-00
Deutsche Telekom AG	T-Zones Agreement	T-Zones Agreement	012876-000-00
Deutsche Telekom AG	Amendment No. 1 – Letter of Variation (t-zones)	Amendment No. 1 – Letter of Variation (t-zones)	012876-101-00
Deutsche Telekom AG	Letter of Variation – Addendum No. 2 to T-Zones Agreement – discount for y. 2006	Letter of Variation – Addendum No. 2 to T-Zones Agreement – discount for y. 2006	012876-102-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Deutsche Telekom AG	Addendum No. 3 to T-Zones Agreement – contract update	Addendum No. 3 to T-Zones Agreement – contract update	012876-103-00
Deutsche Telekom AG	Letter of Variation – T-Zones agreement – Addendum No. 4	Letter of Variation – T-Zones agreement – Addendum No. 4	012876-104-00
Deutsche Telekom AG	Agreement – suretyship (Bürgschaft) Nortel GPRS	Agreement – suretyship (Guarantee) Nortel GPRS	012958-000-00
Deutsche Telekom AG	Framework cooperation and service agreement – Inbound	Framework cooperation and service agreement – Inbound	013243-000-00
Deutsche Telekom AG	Inbound (update of Annex 2 – Service Arrangement 2005)	Inbound (update of Annex 2 – Service Arrangement 2005)	013243-101-00
Deutsche Telekom AG	Inbound (update of Annex 2 – Service Arrangement 2006)	Inbound (update of Annex 2 – Service Arrangement 2006)	013243-102-00
Deutsche Telekom AG	Inbound service arrangement 2007	Inbound service arrangement 2007	013243-103-00
Deutsche Telekom AG	Service Arrangement 2008 (Inbound (annex 2 valid for 08))	Service Arrangement 2008 (Inbound (annex 2 valid for 08))	013243-104-00
Deutsche Telekom AG	Service Arrangement 2009	Service Arrangement 2009	013243-105-00
Deutsche Telekom AG	Service Arrangement 2010 – Annex 2 (Inbound Contract)	Service Arrangement 2010 – Annex 2 (Inbound Contract)	013243-106-00
Deutsche Telekom AG	Service Arrangement 2011 – X-charges inbound 2011 under the Framework Cooperation	Service Arrangement 2011 – X-charges inbound 2011 under the Framework Cooperation	013243-107-00
Deutsche Telekom AG	Service Arrangement 2013 (Inbound – Annex 2 – Product Development 2013)	Service Arrangement 2013 (Inbound – Annex 2 – Product Development 2013)	013243-108-00
Deutsche Telekom AG	SLA Inbound 2014 TMCZ Service Provider TDG Service Receiver	SLA Inbound 2014 TMCZ Service Provider TDG Service Receiver	013243-109-00
Deutsche Telekom AG	Service Arrangement – Annex Service Agreement TMCZ EUHQ 2014	Service Arrangement – Annex Service Agreement TMCZ EUHQ 2014	013243-110-00
Deutsche Telekom AG	Annex Service Agreement TMCZ EUHQ2013	Annex Service Agreement TMCZ EUHQ2013	013243-111-00
Deutsche Telekom AG	Annex Service Agreement – SLA Inbound 2015 TMCZ Service Provider TDG Service Receiver	Annex Service Agreement – SLA Inbound 2015 TMCZ Service Provider TDG Service Receiver	013243-112-00
Deutsche Telekom AG	Annex 2 – Service Arrangement 2015 – Inbound Service Agreement	Annex 2 – Service Arrangement 2015 – Inbound Service Agreement	013243-115-00
Deutsche Telekom AG	Annex 2 – Service Agreement – SLA Inbound 2016 TMCZ Service Provider TDG Service	Annex 2 – Service Agreement – SLA Inbound 2016 TMCZ Service Provider TDG Service	013243-116-00
Deutsche Telekom AG	Service Arrangement 2016 -X-Charges TMCZ Inbound under the Framework Cooperation	Service Arrangement 2016 -X-Charges TMCZ Inbound under the Framework Cooperation	013243-117-00
Deutsche Telekom AG	Framework Cooperation and Service Agreement (Outbound/Allocation)	Framework Cooperation and Service Agreement (Outbound/Allocation)	013244-000-00
Deutsche Telekom AG	Sideletter to the Cooperation and Service Agreement (Outbound/Allocation)	Sideletter to the Cooperation and Service Agreement (Outbound/Allocation)	013244-101-00
Deutsche Telekom AG	Outbound (amendment of Annex 2 – Service Arrangement 2005)	Outbound (amendment of Annex 2 – Service Arrangement 2005)	013244-102-00
Deutsche Telekom AG	Outbound (Amendment of Annex 2 – Service Arrangement for 2006)	Outbound (Amendment of Annex 2 – Service Arrangement for 2006)	013244-103-00
Deutsche Telekom AG	Outbound Service Arrangement 2007	Outbound Service Arrangement 2007	013244-104-00
Deutsche Telekom AG	Service Arrangement 2008 (Outbound) – amendment of the Annex 2	Service Arrangement 2008 (Outbound) – amendment of the Annex 2	013244-105-00
Deutsche Telekom AG	Service arrangement 2009	Service arrangement 2009	013244-106-00
Deutsche Telekom AG	Service Arrangement 2010 – Annex 2 (Outbound Contract)	Service Arrangement 2010 – Annex 2 (Outbound Contract)	013244-107-00
Deutsche Telekom AG	Sideletter on Chordiant Project – Terms of use of the CMD software	Sideletter on Chordiant Project – Terms of use of the CMD software	013956-000-00
Deutsche Telekom AG	Service Agreement concerning the Administration of MTIP in the Deutsche Telekom	Service Agreement concerning the Administration of MTIP in the Deutsche Telekom	014145-000-00
Deutsche Telekom AG	Service Agreement – Interoperator Discount Services ("IOT-services")	Service Agreement – Interoperator Discount Services ("IOT-services")	014585-000-00
Deutsche Telekom AG	Amendment No. 1 – new version of Appendix 1 (distribution of discounts)	Amendment No. 1 – new version of Appendix 1 (distribution of discounts)	014585-101-00
Deutsche Telekom AG	Suretyship Agreement (Nortel)	Suretyship Agreement (Nortel)	015123-000-00
Deutsche Telekom AG	Agreement on the unification of payment terms – application Inhouse Cash	Agreement on the unification of payment terms – application Inhouse Cash	015941-000-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Deutsche Telekom AG	Amendment No. 1 to the Agreement on the unification of Payments Terms	Amendment No. 1 to the Agreement on the unification of Payments Terms	015941-101-00
Deutsche Telekom AG	Amendment No. 2 to the Agreement on the unification of Payment Terms	Amendment No. 2 to the Agreement on the unification of Payment Terms	015941-102-00
Deutsche Telekom AG	Variation to Unification of Payment Terms Agreement	Variation to Unification of Payment Terms Agreement	015941-103-00
Deutsche Telekom AG	Inhouse Banking Side Agreement (Side Letter to UPT Agreement)	Inhouse Banking Side Agreement (Side Letter to UPT Agreement)	015941-201-00
Deutsche Telekom AG	Service Agreement (auditing services – x-charge)	Service Agreement (auditing services – x-charge)	016189-000-00
Deutsche Telekom AG	Sublicense Agreement (Intel)	Sublicense Agreement (Intel)	016228-000-00
Deutsche Telekom AG	Master Agreement – Hedging Activities	Master Agreement – Hedging Activities	016323-000-00
Deutsche Telekom AG	Agreement on Bilateral MMS eXchange	Agreement on Bilateral MMS eXchange	016451-000-00
Deutsche Telekom AG	Service Agreement for the provision of Marketing Services	Service Agreement for the provision of Marketing Services	016889-000-00
Deutsche Telekom AG	Amendment No. 1 to the Service Agr.- Service Description, Cost Allocation Scheme	Amendment No. 1 to the Service Agr.- Service Description, Cost Allocation Scheme	016889-101-00
Deutsche Telekom AG	Deed of Adherence (project Munice 2)	Deed of Adherence (project Munice 2)	017569-000-00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – exchange ZigBee info on SIM card	Non disclosure Agreement (NDA) – exchange ZigBee info on SIM card	017808-000-00
Deutsche Telekom AG	Roaming Agreement for Public Wireless Lan Services (Germany)	Roaming Agreement for Public Wireless Lan Services (Germany)	017982-000-00
Deutsche Telekom AG	Deed of Adherence-accession of TMCZ to Global Framework Ag. (GFA) no.990030-000-00	Deed of Adherence-accession of TMCZ to Global Framework Ag. (GFA) no.990030-000-00	018945-000-00
Deutsche Telekom AG	Non disclosure Agreement (NDA)- Project 2G Modernization	Non disclosure Agreement (NDA)- Project 2G Modernization	018965-000-00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	Non disclosure Agreement (NDA) – Project 2G Modernization	019043-000-00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	Non disclosure Agreement (NDA) – Project 2G Modernization	019044-000-00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	Non disclosure Agreement (NDA) – Project 2G Modernization	019045-000-00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	Non disclosure Agreement (NDA) – Project 2G Modernization	019046-000-00
Deutsche Telekom AG	Non disclosure Agreement (NDA) – Project 2G Modernization	Non disclosure Agreement (NDA) – Project 2G Modernization	019052-000-00
Deutsche Telekom AG	EBS General Service Agreement	EBS General Service Agreement	019184-000-00
Deutsche Telekom AG	Service Package to the EBS General Service Agreement	Service Package to the EBS General Service Agreement	019184-201-00
Deutsche Telekom AG	Settlement Agreement – international traffic – settlement	Settlement Agreement – international traffic – settlement	019199-000-00
Deutsche Telekom AG	Deed of Adherence to the Framework Ag. for the Supply of Network Infrastructure	Deed of Adherence to the Framework Ag. for the Supply of Network Infrastructure	019440-000-00
Deutsche Telekom AG	Project Specific Annex (PSA) GGSN & SGSN – Commercial Conditions to the Frame Agreement	Project Specific Annex (PSA) GGSN & SGSN – Commercial Conditions to the Frame Agreement	019704-000-00
Deutsche Telekom AG	Master Agreement for Derivates and Investment Contracts	Master Agreement for Derivates and Investment Contracts	019894-000-00
Deutsche Telekom AG	Sideletter	Sideletter	019895-000-00
Deutsche Telekom AG	Amendment to the Side Letter to the Master Agreement for Derivates and Inv. Con.	Amendment to the Side Letter to the Master Agreement for Derivates and Inv. Con.	019895-101-00
Deutsche Telekom AG	WiFi Roaming Solution Agreement	WiFi Roaming Solution Agreement	020075-000-00
Deutsche Telekom AG	Amendment No. 1 to the WiFi Roaming Solution Agreement	Amendment No. 1 to the WiFi Roaming Solution Agreement	020075-101-00
Deutsche Telekom AG	Service Agreement – Interoperator Discount Contracts	Service Agreement – Interoperator Discount Contracts	021094-000-00
Deutsche Telekom AG	Confidentiality Agreement	Confidentiality Agreement	021267-000-00
Deutsche Telekom AG	License Agreement – Software concerning the predictive modeling	License Agreement – Software concerning the predictive modeling	021411-000-00
Deutsche Telekom AG	Agreement on the processing of personal data	Agreement on the processing of personal data	021442-000-00
Deutsche Telekom AG	Project Specific Annex RU20/OSS5.2	Project Specific Annex RU20/OSS5.2	021581-000-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Deutsche Telekom AG	Project Service Agreement for cIBS – common Interconnect Billing System	Project Service Agreement for cIBS – common Interconnect Billing System	021810-000-00
Deutsche Telekom AG	Co-operation Agreement for Joint LTE-TD Evaluation Trial	Co-operation Agreement for Joint LTE-TD Evaluation Trial	021821-000-00
Deutsche Telekom AG	Project Service Agreement for RMC (PSA) for the new IT Enabler RMC (T-Rex)	Project Service Agreement for RMC (PSA) for the new IT Enabler RMC (T-Rex)	021911-000-00
Deutsche Telekom AG	Agreement on processing of data and information with confidentiality clause	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)	Contractual Agreement for change of delivery model for ng iBMD (Jellyfish)	022173-000-00
Deutsche Telekom AG	Agreement on Commercial Roaming Broker Services	Agreement on Commercial Roaming Broker Services	022191-000-00
Deutsche Telekom AG	Amendment Letter No. 1 to the Agreement on Commercial Roaming Broker Services	Amendment Letter No. 1 to the Agreement on Commercial Roaming Broker Services	022191-101-00
Deutsche Telekom AG	Amendment No. 2 to the Agreement on Commercial Roaming Broker Services	Amendment No. 2 to the Agreement on Commercial Roaming Broker Services	022191-102-00
Deutsche Telekom AG	Amendment Letter No. 3 to the Agreement on Commercial Roaming Broker Services	Amendment Letter No. 3 to the Agreement on Commercial Roaming Broker Services	022191-103-00
Deutsche Telekom AG	Cooperation Agreement	Cooperation Agreement	022250-000-00
Deutsche Telekom AG	Delivery of Software and the Performance of Services in Connection with ngCRM	Delivery of Software and the Performance of Services in Connection with ngCRM	022281-000-00
Deutsche Telekom AG	Supplement No. 1 – Delivery of Software and the Performance of Services in Connection with ngCRM	Supplement No. 1 – Delivery of Software and the Performance of Services in Connection with ngCRM	022281-101-00
Deutsche Telekom AG	Supplement No. 1 to Project Service Agreement (PSA) – ngCRM system	Supplement No. 1 to Project Service Agreement (PSA) – ngCRM system	022281-102-00
Deutsche Telekom AG	SERVICE Agreement Network Technology	SERVICE Agreement Network Technology	022467-000-00
Deutsche Telekom AG	SUBLICENSE AGREEMENT for the Software for IVR Campaigning/Banner	SUBLICENSE AGREEMENT for the Software for IVR Campaigning/Banner	022483-000-00
Deutsche Telekom AG	Management Agreement for international MNC Services	Management Agreement for international MNC Services	022522-000-00
Deutsche Telekom AG	Amendment No. 1 to Management Agreement for International MNC Services	Amendment No. 1 to Management Agreement for International MNC Services	022522-101-00
Deutsche Telekom AG	Agreement for the Provision of Capacity	Agreement for the Provision of Capacity	022696-000-00
Deutsche Telekom AG	Supplementary Agreement to the Sublicence Agreement	Supplementary Agreement to the Sublicence Agreement	022780-000-00
Deutsche Telekom AG	iPad License Acknowledgement of Adherence to Wireless Service License – iPad TMC	iPad License Acknowledgement of Adherence to Wireless Service License – iPad TMC	022870-000-00
Deutsche Telekom AG	Angry Birds International Campaign	Angry Birds International Campaign	022875-000-00
Deutsche Telekom AG	Framework cooperation and service agreement – X-charges	Framework cooperation and service agreement – X-charges	022888-000-00
Deutsche Telekom AG	Annex No. 022888-104-00 Service arrangement EU HQ	Annex No. 022888-104-00 Service arrangement EU HQ	022888-104-00
Deutsche Telekom AG	Annex to FA – Service Arrangement – X- charges 2012- Products and Innovation annex	Annex to FA – Service Arrangement – X- charges 2012- Products and Innovation annex	022888-105-00
Deutsche Telekom AG	Service Arrangement – Cross Charging 2013	Service Arrangement – Cross Charging 2013	022888-106-00
Deutsche Telekom AG	Annex Service Arrangement – P&I Payment Products	Annex Service Arrangement – P&I Payment Products	022888-112-00
Deutsche Telekom AG	Annex – Service Arrangement – Group Technology 2014	Annex – Service Arrangement – Group Technology 2014	022888-115-00
Deutsche Telekom AG	Annex Service Arrangement – Board Area Europe	Annex Service Arrangement – Board Area Europe	022888-116-00
Deutsche Telekom AG	Annex to the Framework Cooperation and Service Agreement-Service Arrangement Group Procurement	Annex to the Framework Cooperation and Service Agreement-Service Arrangement Group Procurement	022888-118-00
Deutsche Telekom AG	Service Arrangement – Musketeer Program	Service Arrangement – Musketeer Program	022888-120-00
Deutsche Telekom AG	Service Arrangement (Outbound cross charges)	Service Arrangement (Outbound cross charges)	022888-121-00
Deutsche Telekom AG	Service Arrangement 2015 – Group Technology (Outbound cross charges)	Service Arrangement 2015 – Group Technology (Outbound cross charges)	022888-123-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Deutsche Telekom AG	Annex – Service Arrangement – Centralized Capacity Planning Service	Annex – Service Arrangement – Centralized Capacity Planning Service	022888-127-00
Deutsche Telekom AG	Annex – Service Arrangement Board Area Europe TMCZ EUHQ 2017	Annex – Service Arrangement Board Area Europe TMCZ EUHQ 2017	022888-130-00
Deutsche Telekom AG	Termination of the part of Service Arrangement 2015 Amendment No. 1	Termination of the part of Service Arrangement 2015 Amendment No. 1	022888-401-00
Deutsche Telekom AG	Letter of Intent – IT Data Assurance Shared Service Centre (SSC)	Letter of Intent – IT Data Assurance Shared Service Centre (SSC)	022962-000-00
Deutsche Telekom AG	Procurement Joint Venture of Deutsche Telekom AG and France Télécom SA: Interim	Procurement Joint Venture of Deutsche Telekom AG and France Télécom SA: Interim	022972-000-00
Deutsche Telekom AG	Amendment No. 1 – Interim letter – Joint Venture	Amendment No. 1 – Interim letter – Joint Venture	022972-101-00
Deutsche Telekom AG	Deed of Adherence (Vertragsbeitritt – to Contract 990053-000-00)	Deed of Adherence (accession – to the Contract 990053-000-00)	023021-000-00
Deutsche Telekom AG	Side Letter to the Framework Cooperation and Service Agreement	Side Letter to the Framework Cooperation and Service Agreement	023056-000-00
Deutsche Telekom AG	Enrolment to the Frame Agreement for the supply of CCC SAP Services including SAP Licence Management Services	Enrolment to the Frame Agreement for the supply of CCC SAP Services including SAP Licence Management Services	023213-000-00
Deutsche Telekom AG	Tax Indemnity Agreement	Tax Indemnity Agreement	023340-000-00
Deutsche Telekom AG	Framework Cooperation and Service agreement	Framework Cooperation and Service agreement	023382-000-00
Deutsche Telekom AG	Co-operation agreement for joint smart lte evaluation trial	Co-operation agreement for joint smart lte evaluation trial	023418-000-00
Deutsche Telekom AG	Confidentiality Obligation for Clean Team Members	Confidentiality Obligation for Clean Team Members	023435-000-00
Deutsche Telekom AG	Letter of intent – OSS	Letter of intent – OSS	023451-000-00
Deutsche Telekom AG	Cooperation Agreement	Cooperation Agreement	023481-000-00
Deutsche Telekom AG	Cooperation Agreement – INTRA GROUP COMPLIANCE AGREEMENT	Cooperation Agreement – INTRA GROUP COMPLIANCE AGREEMENT	023496-000-00
Deutsche Telekom AG	Letter of Adherence (“LoA”) – Ringback Tones Services	Letter of Adherence (“LoA”) – Ringback Tones Services	023507-000-00
Deutsche Telekom AG	Global M2M Service cooperation – Joining Agreement	Global M2M Service cooperation – Joining Agreement	023543-000-00
Deutsche Telekom AG	Frame Agreement for Commissioned Personal Data Processing	Frame Agreement for Commissioned Personal Data Processing	023692-000-00
Deutsche Telekom AG	CDP Individual Agreement on commissioned processing of personal data GPBI (BDSG)	CDP Individual Agreement on commissioned processing of personal data GPBI (BDSG)	023692-201-00
Deutsche Telekom AG	CDP Individual Agreement on commissioned processing of personal data – S2C	CDP Individual Agreement on commissioned processing of personal data – S2C	023692-202-00
Deutsche Telekom AG	CDP Individual Agreement on commissioned processing of personal data OCP (OneCom)	CDP Individual Agreement on commissioned processing of personal data OCP (OneCom)	023692-203-00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of personal data	Individual Agreement on the commissioned processing of personal data	023727-000-00
Deutsche Telekom AG	Agreement on the purchase of a videoconferencing system	Agreement on the purchase of a videoconferencing system	023771-000-00
Deutsche Telekom AG	Letter of Adherence – Callertunes service Real Networks	Letter of Adherence – Callertunes service Real Networks	023864-000-00
Deutsche Telekom AG	Supplementary Agreement to the Project Service Agreement to the Provision of Next Generation Voice Mail System	Supplementary Agreement to the Project Service Agreement to the Provision of Next Generation Voice Mail System	024075-000-00
Deutsche Telekom AG	Service Arrangement P&I products core telco products and media 2013	Service Arrangement P&I products core telco products and media 2013	024087-000-00
Deutsche Telekom AG	Agreement For Commissioned Data Processing	Agreement For Commissioned Data Processing	024202-000-00
Deutsche Telekom AG	Cooperation and Service agreement – Ring back tones	Cooperation and Service agreement – Ring back tones	024204-000-00
Deutsche Telekom AG	Retail and Marketing Funds Agreement	Retail and Marketing Funds Agreement	024307-000-00
Deutsche Telekom AG	“m-wall” (POS presentation) Agreement	“m-wall” (POS presentation) Agreement	024308-000-00
Deutsche Telekom AG	Annex 1 to Service Arrangement – Product Roadmap 2015	Annex 1 to Service Arrangement – Product Roadmap 2015	024334-101-00
Deutsche Telekom AG	Annex – Service Arrangement – Compensation in the area of M2M for 2015	Annex – Service Arrangement – Compensation in the area of M2M for 2015	024334-102-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Deutsche Telekom AG	Main Contract on IP Transit	Main Contract on IP Transit	024335-000-00
Deutsche Telekom AG	Agreement on the processing of personal data in International Sharepoint	Agreement on the processing of personal data in International Sharepoint	024360-000-00
Deutsche Telekom AG	Contract on Deutsche Telekom ICSS Mobile Services – DINr3, Services enabling IP/MPLS platform	Contract on Deutsche Telekom ICSS Mobile Services – DINr3, Services enabling IP/MPLS platform	024362-000-00
Deutsche Telekom AG	Amendment No. 1 to the Contract on Deutsche Telekom ICSS 024362-000-00	Amendment No. 1 to the Contract on Deutsche Telekom ICSS 024362-000-00	024362-101-00
Deutsche Telekom AG	iPhone Contract of Adherence to the iPhone Agreement between Apple and DT	iPhone Contract of Adherence to the iPhone Agreement between Apple and DT	024364-000-00
Deutsche Telekom AG	Sideletter to iPhone Contract of Adherence to the iPhone Agreement between Apple	Sideletter to iPhone Contract of Adherence to the iPhone Agreement between Apple	024364-201-00
Deutsche Telekom AG	Service Arrangement – SLA Outbound Services 2015	Service Arrangement – SLA Outbound Services 2015	024410-102-00
Deutsche Telekom AG	Service Arrangement – SLA Outbound Services 2016, TMCZ Service Receiver, TD Serv	Service Arrangement – SLA Outbound Services 2016, TMCZ Service Receiver, TD Serv	024410-103-00
Deutsche Telekom AG	Service Level Agreement (SLA) – Handset Capability Server (HCS)	Service Level Agreement (SLA) – Handset Capability Server (HCS)	024410-104-00
Deutsche Telekom AG	Trial Agreement for Joint Active Antenna System (ASS) Trial	Trial Agreement for Joint Active Antenna System (ASS) Trial	024515-000-00
Deutsche Telekom AG	Agreement for Provisioning of Integration Services for MyWallet	Agreement for Provisioning of Integration Services for MyWallet	024546-000-00
Deutsche Telekom AG	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	024565-000-00
Deutsche Telekom AG	Agreement on application of Global Intranet GPRS Roaming eXchange (GRX)	Agreement on application of Global Intranet GPRS Roaming eXchange (GRX)	024807-000-00
Deutsche Telekom AG	Agreement on the commissioned processing of personal data (Non-compliance list)	Agreement on the commissioned processing of personal data (Non-compliance list)	024809-000-00
Deutsche Telekom AG	M-Wall & Shop Window Digit (POS presentation) Agreement	M-Wall & Shop Window Digit (POS presentation) Agreement	024975-000-00
Deutsche Telekom AG	Global Strategic Retail Partnership – Marketing Funds Agreement	Global Strategic Retail Partnership – Marketing Funds Agreement	025120-000-00
Deutsche Telekom AG	Letter of Intent	Letter of Intent	025121-000-00
Deutsche Telekom AG	EMIR Agreement for Dealing	EMIR Agreement for Dealing	025163-000-00
Deutsche Telekom AG	Interim Letter Agreement (ILA) – GPBI access to NatCo procurement data	Interim Letter Agreement (ILA) – GPBI access to NatCo procurement data	025332-000-00
Deutsche Telekom AG	Non-Disclosure Agreement – NDA – pro DTAG Group Procurement (related to CDP)	Non-Disclosure Agreement – NDA – pro DTAG Group Procurement (related to CDP)	025336-000-00
Deutsche Telekom AG	Bilateral SMS + Transit Contract	Bilateral SMS + Transit Contract	025440-000-00
Deutsche Telekom AG	Agreement for Commissioned Data Processing in TMPC and ReMaiD	Agreement for Commissioned Data Processing in TMPC and ReMaiD	025557-000-00
Deutsche Telekom AG	Supplementary Agreement – MNC Services	Supplementary Agreement – MNC Services	025558-000-00
Deutsche Telekom AG	CDP Frame Agreement for CoE Data Transparency – DTAG as controller	CDP Frame Agreement for CoE Data Transparency – DTAG as controller	025586-000-00
Deutsche Telekom AG	Cooperation Agreement (CRM an bundling of all related information at ICSS CRM system)	Cooperation Agreement (CRM an bundling of all related information at ICSS CRM system)	025746-000-00
Deutsche Telekom AG	Purchase Agreement – purchase of HW	Purchase Agreement – purchase of HW	025837-000-00
Deutsche Telekom AG	Agreement on commissioned processing of personal data protection	Agreement on commissioned processing of personal data protection	025859-000-00
Deutsche Telekom AG	Software Cost Allocation Agreement – PR0028752 – TIBCO ELA (2012 and thereafter)	Software Cost Allocation Agreement – PR0028752 – TIBCO ELA (2012 and thereafter)	026063-000-00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of pers.data – Performance M	Individual Agreement on the commissioned processing of pers.data – Performance M	026070-000-00
Deutsche Telekom AG	Modified Agreement – Annex of Data Fields (Ind. Agreement – pers. data – Performance management)	Modified Agreement – Annex of Data Fields (Ind. Agreement – pers. data – Performance management)	026070-201-00
Deutsche Telekom AG	Deutsche Telekom HR Suite – Performance Management – Modified Agreement on the Annex of Data Fields concerning the Individual Agreement on the Processing of Personal Data	Deutsche Telekom HR Suite – Performance Management – Modified Agreement on the Annex of Data Fields concerning the Individual Agreement on the Processing of Personal Data	026070-202-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Deutsche Telekom AG	Service Level Agreement (SLA) – T-Parking: UQBATE – Funding transfer	Service Level Agreement (SLA) – T-Parking: UQBATE – Funding transfer	026079-000-00
Deutsche Telekom AG	Service Agreement CZ – DT regarding Pan IP FTEs	Service Agreement CZ – DT regarding Pan IP FTEs	026089-000-00
Deutsche Telekom AG	Service Agreement CZ – DT regarding Pan IP FTEs	Service Agreement CZ – DT regarding Pan IP FTEs	026089-000-00
Deutsche Telekom AG	Service Agreement DT MNC	Service Agreement DT MNC	026192-000-00
Deutsche Telekom AG	Service Agreement – Amendment No. 1	Service Agreement – Amendment No. 1	026192-101-00
Deutsche Telekom AG	iCN DTAG Security Agreement Corporate Network (SACoN)	iCN DTAG Security Agreement Corporate Network (SACoN)	026365-000-00
Deutsche Telekom AG	Agreement for Commissioned Data Processing (Application SPPM (ICTO 12147) with its portfolios PFM-Tool and PFM@IT)	Agreement for Commissioned Data Processing (Application SPPM (ICTO 12147) with its portfolios PFM-Tool and PFM@IT)	026387-000-00
Deutsche Telekom AG	Agreement on Regional ACGC Services – project EAN	Agreement on Regional ACGC Services – project EAN	026469-000-00
Deutsche Telekom AG	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	026562-000-00
Deutsche Telekom AG	Agreement for Internal Payment Services	Agreement for Internal Payment Services	026832-000-00
Deutsche Telekom AG	Global Master Agreement for Wholesale Voice Services	Global Master Agreement for Wholesale Voice Services	027071-000-00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of personal data – Deutsche Telekom HR Suite – Performance Management	Individual Agreement on the commissioned processing of personal data – Deutsche Telekom HR Suite – Performance Management	027168-000-00
Deutsche Telekom AG	Agreement – Provision of DTAG shares to directors and employees of GC	Agreement – Provision of DTAG shares to directors and employees of GC	027270-000-00
Deutsche Telekom AG	Agreement on commissioned data processing – Baseline Agreement	Agreement on commissioned data processing – Baseline Agreement	027354-000-00
Deutsche Telekom AG	Agreement on Commissioned Data Processing – project IFRS 16-leases	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.	Affirmation Issued for T-Mobile Czech Republic a.s.	027582-000-00
Deutsche Telekom AG	Clima Frame Agreement	Clima Frame Agreement	2013/0080
Deutsche Telekom AG	Individual loan contract	Individual loan contract	2013/0229
Deutsche Telekom AG	Business Agreement concerning the Telekom Global Net transport oriented services	Business Agreement concerning the Telekom Global Net transport oriented services	2013/0357
Deutsche Telekom AG	Annex to Business Agreement concerning the Telekom Global Net	Annex to Business Agreement concerning the Telekom Global Net	2013/0637
Deutsche Telekom AG	Commissioned Data Processing	Commissioned Data Processing	2013/0790
Deutsche Telekom AG	Prolongation Agreement Infrastructure Services for T-Mobile CZ	Prolongation Agreement Infrastructure Services for T-Mobile CZ	880052-103-00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of personal data within the EU/EEA	Individual Agreement on the commissioned processing of personal data within the EU/EEA	880080-202-00

4.2 CONTRACTS ENTERED INTO BETWEEN THE COMPANY AND THE OTHER PARTIES CONTROLLED BY THE CONTROLLING PARTY.

4.2.1 CONTRACTS ENTERED INTO IN 2018:

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
CE Colo Czech s.r.o.	Pojistná smlouva č. 2738002802 – odpovědnostní	Insurance Contract No. 2738002802 – Responsibility	027705-000-00
CE Colo Czech s.r.o.	Rámcová smlouva o podnájmu nebytových prostor a úhradě služeb spojených s jejich užíváním	Framework agreement on the sublease of non-residential premises and the payment of services related to their usage	027728-000-00
CE Colo Czech s.r.o.	Smlouva o řízených službách – údržba Datového Centra (DC7)	Managed Services Agreement – Data Center Maintenance (DC7)	027883-000-00
Deutsche Telekom (UK) Limited	Engagement Form – Microsoft Services Microsoft Store/X-Box Store	Engagement Form – Microsoft Services Microsoft Store/X-Box Store	020475-113-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Apple iTunes	Engagement Form (Czech Republic) – Apple iTunes	020475-114-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Android Services	Engagement Form (Czech Republic) – Android Services	020475-115-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – MOBIYO	Engagement Form (Czech Republic) – MOBIYO	020475-116-00
Deutsche Telekom Europe Holding GmbH	Service agreement PAN IP	Service agreement PAN IP	027461-000-00
Deutsche Telekom IT GmbH	Project Term Sheet (2017) IFRS15	Project Term Sheet (2017) IFRS15	024100-216-00
Deutsche Telekom IT GmbH	Project Term Sheet of One-Time-Services OneERP_Licence agreement	Project Term Sheet of One-Time-Services OneERP_Licence agreement	024100-217-00
Deutsche Telekom IT GmbH	Project Term Sheet 2018 – One.ERP SLA	Project Term Sheet 2018 – One.ERP SLA	024100-218-00
Deutsche Telekom IT GmbH	Project Term Sheet (2018) iCN, INA, INS a IACP	Project Term Sheet (2018) iCN, INA, INS a IACP	024100-219-00
Deutsche Telekom IT GmbH	Project Term Sheet 2018 – CAP, cIBS, iBMD, RMC, Trinity, SBP	Project Term Sheet 2018 – CAP, cIBS, iBMD, RMC, Trinity, SBP	024100-220-00
Deutsche Telekom IT GmbH	Project Term Sheet (2018) – IFRS15 2018	Project Term Sheet (2018) – IFRS15 2018	024100-221-00
Deutsche Telekom IT GmbH	Project Term Sheet (2018) – Identity and Account Management (CIAM)	Project Term Sheet (2018) – Identity and Account Management (CIAM)	024100-222-00
Deutsche Telekom IT GmbH	Amendment No. 1 to Agreement about International Internal Services	Amendment No. 1 to Agreement about International Internal Services	026800-101-00
Deutsche Telekom IT GmbH	Individual Agreement on Processing of Personal Data on Behalf of a Controller	Individual Agreement on Processing of Personal Data on Behalf of a Controller	026982-201-00
Deutsche Telekom IT GmbH	Project Term Sheet/Licence Agreement IFRS15. EASY	Project Term Sheet/Licence Agreement IFRS15. EASY	027557-000-00
Deutsche Telekom IT GmbH	Agreement For Commissioned Data Processing (CIAM)	Agreement For Commissioned Data Processing (CIAM)	028015-000-00
Deutsche Telekom Pan-Net Czech Republic	Colocation & Smart Hands Services Agreement – hosting HW and services for MiFID	Colocation & Smart Hands Services Agreement – hosting HW and services for MiFID	027673-000-00
Deutsche Telekom Pan-Net s.r.o.	Framework Cooperation and Service Agreement – iOSS Trouble Ticketing Management	Framework Cooperation and Service Agreement – iOSS Trouble Ticketing Management	027213-000-00
Deutsche Telekom Services Europe Romania S.R.L.	Amendment No. 1 – Termination of contract	Amendment No. 1 – Termination of contract	025175-101-00
Deutsche Telekom Services Europe Slovakia s.r.o.	Amendment No. 6 – Termination of the contract	Amendment No. 6 – Termination of the contract	024259-106-00
Deutsche Telekom Services Europe Slovakia s.r.o.	Agreement on Intercompany Provision of Products and Services within the framework agreement	Agreement on Intercompany Provision of Products and Services within the framework agreement	027665-000-00
Deutsche Telekom Services Europe Slovakia s.r.o.	Sideletter to the Agreement on Intercompany Provision of Products and Services	Sideletter to the Agreement on Intercompany Provision of Products and Services	027665-201-00
Deutsche Telekom Services Europe Slovakia s.r.o.	Agreement for Commissioned Data Processing (concluded as an attachment of 027665-000)	Agreement for Commissioned Data Processing (concluded as an attachment of 027665-000)	027665-202-00
GTS Telecom S.R.L.	Notice od Termination	Notice od Termination	025471-201-41
LEMO Internet a.s.	Smlouva o zachování důvěrnosti informací – NDA	Non Disclosure Agreement (NDA)	027669-000-00
Magyar Telekom Telecommunications Public Limited Company, Slovak Telekom, a.s.	Agreement for the TWAMP Measurement System	Agreement for the TWAMP Measurement System	028014-000-00
Makedonski Telekom AD – Skopje	Agreement on Processing of Personal Data	Agreement on Processing of Personal Data	027915-000-00
RegioNET Morava, a. s.	Smlouva o zachování důvěrnosti informací (NDA)	Non Disclosure Agreement (NDA)	027670-000-00
Slovak Telekom, a.s	Service Arrangement – Sales Transactions Reporting Services	Service Arrangement – Sales Transactions Reporting Services	027009-203-00
Slovak Telekom, a.s.	Agreement on Provision of the Discount	Agreement on Provision of the Discount	026778-000-00
Slovak Telekom, a.s.	Contract on Succession into the Contractual Rights and Duties	Contract on Succession into the Contractual Rights and Duties	027233-201-51
Slovak Telekom, a.s.	Licence – Smlouva o sublicencování	License – Sublicense agreement	027397-000-00
Slovak Telekom, a.s.	Framework Agreement – Common HR Platform	Framework Agreement – Common HR Platform	027572-000-00
Slovak Telekom, a.s.	Partial Agreement No. 1 – Common HR Platform	Partial Agreement No. 1 – Common HR Platform	027572-201-00
Slovak Telekom, a.s., Česká spořitelna a.s.	Smlouva o zpracování dat	Data Processing Agreement	027947-000-00
Telekom Deutschland GmbH	Annex 2 – Service Arrangement – Product Development 2018	Annex 2 – Service Arrangement – Product Development 2018	013243-119-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Telekom Deutschland GmbH	Agreement on Termination – MMSC hosted platform	Agreement on Termination – MMSC hosted platform	020176-401-00
Telekom Deutschland GmbH	Amendment 1 to Agreement on Termination – MMSC hosted platform	Amendment 1 to Agreement on Termination – MMSC hosted platform	020176-401-01
Telekom Deutschland GmbH	Agreement on Termination – VMS hosted platform	Agreement on Termination – VMS hosted platform	022097-401-00
Telekom Deutschland GmbH	Amendment 1 to Agreement on Termination – VMS hosted platform	Amendment 1 to Agreement on Termination – VMS hosted platform	022097-401-01
Telekom Deutschland GmbH	Service Arrangement – Product Development 2018	Service Arrangement – Product Development 2018	022888-134-00
Telekom Deutschland GmbH	Annex – Service Agreement – NT X Charge_PD TMCZ	Annex – Service Agreement – NT X Charge_PD TMCZ	024410-105-00
Telekom Deutschland GmbH	Annex – Service Level Agreement (SLA) – Handset Capability Server (HCS)	Annex – Service Level Agreement (SLA) – Handset Capability Server (HCS)	024410-106-00
Telekom Deutschland GmbH	Service Level Agreement (SLA) For the Usage of Traffic Control System („TCS“)	Service Level Agreement (SLA) For the Usage of Traffic Control System („TCS“)	024410-107-00
Telekom Deutschland GmbH	Agreement on Termination – SMSC hosted platform	Agreement on Termination – SMSC hosted platform	024846-401-00
Telekom Deutschland GmbH	Amendment 1 to Agreement on Termination – SMSC hosted platform	Amendment 1 to Agreement on Termination – SMSC hosted platform	024846-401-01
Telekom Deutschland GmbH	Agreement on The Cooperation For The Provision Of HotSpot Drive	Agreement on The Cooperation For The Provision Of HotSpot Drive	027436-000-00
T-Mobile Austria GmbH	Project Specific Offer Document – Project Agreement – Jablotron Security Service	Project Specific Offer Document – Project Agreement – Jablotron Security Service	025577-202-00
T-Mobile Polska S.A.	Service Arrangement – Concerning the Provision of Services in Connection with an International IMS Service Centre (hereinafter IMS SSC)	Service Arrangement – Concerning the Provision of Services in Connection with an International IMS Service Centre (hereinafter IMS SSC)	025011-203-00
T-Mobile Polska S.A.	Notice of termination	Notice of termination	025182-201-41
T-Mobile Polska S.A.	Annex No. 1 – changes to the service order Virtual Hosting Environment	Annex No. 1 – changes to the service order Virtual Hosting Environment	026242-101-00
T-Mobile Polska S.A.	Annex No. 2 – public cloud, expanding power resources	Annex No. 2 – public cloud, expanding power resources	026242-102-00
T-Mobile Polska S.A.	Service Arrangement for security services delivery from DRSSC to TMPL 2017	Service Arrangement for security services delivery from DRSSC to TMPL 2017	026487-202-00
T-Mobile Polska S.A.	Service Arrangement for security services delivery from TMPL to DRSSC 2017	Service Arrangement for security services delivery from TMPL to DRSSC 2017	026488-202-00
T-Mobile Polska S.A.	Amendment No. 2 to 0000006/2011-Smno	Amendment No. 2 to 0000006/2011-Smno	660064-102-00
T-Mobile Polska S.A.	Amendment No. 3 to 0000006/2011-Smno -NG IN platform	Amendment No. 3 to 0000006/2011-Smno -NG IN platform	660064-103-00
T-Systems International GmbH	Prolongation Agreement Infrastructure Services for T-Mobile CZ	Prolongation Agreement Infrastructure Services for T-Mobile CZ	880052-105-00
T-Systems International GmbH	Product Delivery Agreement No. 2011/0087	Product Delivery Agreement No. 2011/0087	880108-000-00
T-Systems International GmbH	License Agreement No. USLSA_5162 (related to contract 028106-000-00)	License Agreement No. USLSA_5162 (related to contract 028106-000-00)	990095-000-00
T-Systems Magyarország Zrt.	Settlement Arrangement – Mutual settlement of liabilities	Settlement Arrangement – Mutual settlement of liabilities	025427-101-00
T-Systems Magyarország ZRt.	Notice of termination	Notice of termination	025427-201-41

4.2.2 CONTRACTS THAT WERE EFFECTIVE IN 2018:

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
A1 Telekom Austria AG, O2 Czech Republic a.s.	NDA for RF data exchange with A1 Telekom Austria for LTE cell frontier co-ordination	NDA for RF data exchange with A1 Telekom Austria for LTE cell frontier co-ordination	025645-000-00
Actelis Networks Israel Ltd.	MUTUAL NON-DISCLOSURE AGREEMENT	MUTUAL NON-DISCLOSURE AGREEMENT	0000015/2008-SMfd
Antel Germany GmbH	General terms and conditions_VIX	General terms and conditions_VIX	0000002/2010-SmNAD
Antel Germany GmbH	LOAN FACILITY AGREEMENT	LOAN FACILITY AGREEMENT	0000009/2005-SMfd
Antel Germany GmbH	Purchase of materials	Purchase of materials	0000013/2011-SMfd
BUYIN SA	Amendment No. 1 to Participation Agreement – Joint Venture	Amendment No. 1 to Participation Agreement – Joint Venture	023174-101-00
BUYIN SA	Service Agreement x-charging	Service Agreement x-charging	024643-000-00
CARDUELIS B.V.	Carduelis B.V. – Agreement on the transfer of duties and responsibilities	Carduelis B.V. – Agreement on the transfer of duties and responsibilities	0000045/2005-SMws
CARDUELIS B.V.	Individual Service Agreement	Individual Service Agreement	0000065/2007-SMws
CE Colo Czech s.r.o.	Kupní smlouva na vozidlo Škoda	Purchase agreement for Škoda vehicle	0000001/2013-SMfa
CE Colo Czech s.r.o.	Kupní smlouva na vozidlo	Purchase agreement for the vehicle	0000002/2013-SMfa
CE Colo Czech s.r.o.	Kupní smlouva Volkswagen Passat Variant	Purchase agreement Volkswagen Passat Variant	0000008/2012-SMfa
CE Colo Czech s.r.o.	Dodatek č.6 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Supplement No. 6 – Housing Service Agreement No. C-TH/144/08/S	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č.7 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Annex 7 – Housing Service Agreement No. C-TH/144/08/S	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č.8 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Supplement No. 8 – Housing Service Agreement No. C-TH/144/08/S	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č.9 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Supplement No. 9 – Housing Service Agreement No. C-TH/144/08/S	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č.10 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Supplement No. 10 – Housing Service Agreement No. C-TH/144/08/S	0000463/2008-SMna
CE Colo Czech s.r.o.	Smlouva o kontaktních osobách pro veškeré transakce a úkony a uspořádání	Contact person contract for all transactions and operations and arrangements	025159-000-00
Ce Colo Czech s.r.o.	Smlouva o poskytování pracovnílékařských služeb a nadstandardní zdravotní péče	Contract on provision of occupational health services and above-standard health care	025210-000-00
CE Colo Czech s.r.o.	Smlouva o postoupení práv a povinností ze smluv RWE	Contract for assignment of rights and obligations under RWE contracts	025324-000-00
Ce Colo Czech s.r.o.	Smlouva o zachování důvěrnosti informací – NDA	Non Disclosure Agreement – NDA	025382-000-00
Ce Colo Czech s.r.o.	Smlouva o zpracování osobních údajů	Agreement on processing of personal data	025383-000-00
CE Colo Czech s.r.o.	Smlouva o zvláštním běžném účtu	Special current account contract	025452-000-00
CE Colo Czech s.r.o.	Rámcová smlouva o koupi, prodeji a užití poukázek (mezi CE Colo a Endered)	Framework agreement on the purchase, sale and use of vouchers (between CE Colo and Endered)	025830-000-00
CE Colo Czech s.r.o., Carduelis B.V., GTS Central European Holding B.V.	Share Purchase Agreement – Neptune (sale of GTS)	Share Purchase Agreement – Neptune (sale of GTS)	025202-000-00
CE Colo Czech s.r.o., GTS Central European Holding B.V., Carduelis B.V.	First Amendment Agreement to Share Purchase Agreement – Neptune	First Amendment Agreement to Share Purchase Agreement – Neptune	025202-101-00
COSMOTE Mobile Telecommunications S.A.	International Telecommunication Services Agreement	International Telecommunication Services Agreement	0000192/2007-SMws
COSMOTE Mobile Telecommunications S.A.	International Roaming Agreement – Croatia	International Roaming Agreement – Croatia	021841-000-00
COSMOTE Mobile Telecommunications S.A.	Non-Disclosure Agreement (NDA)	Non Disclosure Agreement (NDA)	023943-000-00
COSMOTE Mobile Telecommunications S.A.	Confidentiality and Privacy Agreement	Confidentiality and Privacy Agreement	024265-000-00
Crnogorski Telekom a.d. Podgorica	International Roaming Agreement – Montenegro	International Roaming Agreement – Montenegro	026007-000-00
Detecon International GmbH	Subcontract to the Project “K-028393 TR CS Security Operations Center”	Subcontract to the Project “K-028393 TR CS Security Operations Center”	025690-000-00
DeTeFleetServices GmbH	Master Leasing Agreement – rental of vehicles	Master Leasing Agreement – rental of vehicles	026671-000-00
DeTeFleetServices GmbH	Leasing contract – operational leasing	Leasing contract – operational leasing	026697-000-00
DeTeFleetServices GmbH	Leasing contract/Leasingová zmluva – Kovář Stanislav	Leasing contract/Leasing Contract – Kovář Stanislav	026744-000-00
Deutsche Telekom (UK) Limited	International GSM Roaming Agreement	International GSM Roaming Agreement	000338-000-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Deutsche Telekom (UK) Limited	Addendum to the International GSM Roaming Agreement – Inter Operator Discounts	Addendum to the International GSM Roaming Agreement – Inter Operator Discounts	000338-101-00
Deutsche Telekom (UK) Limited	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	000338-201-00
Deutsche Telekom (UK) Limited	Content Reseller Agreement	Content Reseller Agreement	001406-000-00
Deutsche Telekom (UK) Limited	Engagement Form no. 6 – MTV	Engagement Form no. 6 – MTV	001406-106-00
Deutsche Telekom (UK) Limited	Engagement Form no. 7 – Universal Content	Engagement Form no. 7 – Universal Content	001406-107-00
Deutsche Telekom (UK) Limited	Engagement Form no. 10 (Trigenix Screen Styles)	Engagement Form no. 10 (Trigenix Screen Styles)	001406-110-00
Deutsche Telekom (UK) Limited	Engagement Form – Annex No. 13 – CONTENT	Engagement Form – Annex No. 13 – CONTENT	001406-113-00
Deutsche Telekom (UK) Limited	Engagement Form – Universal – Melody	Engagement Form – Universal – Melody	001406-116-00
Deutsche Telekom (UK) Limited	Engagement Form – Universal – Mono and Poly Marketing	Engagement Form – Universal – Mono and Poly Marketing	001406-117-00
Deutsche Telekom (UK) Limited	Engagement Form – Sony Content (Annex No. 22)	Engagement Form – Sony Content (Annex No. 22)	001406-122-00
Deutsche Telekom (UK) Limited	Engagement Form no. 23 – Fox Studios Content – MMS content	Engagement Form no. 23 – Fox Studios Content – MMS content	001406-123-00
Deutsche Telekom (UK) Limited	Engagement Form no. 24 – Disney Content – MMS content	Engagement Form no. 24 – Disney Content – MMS content	001406-124-00
Deutsche Telekom (UK) Limited	Engagement Form no. 25 – Java from co. Turner – CONTENT	Engagement Form no. 25 – Java from co. Turner – CONTENT	001406-125-00
Deutsche Telekom (UK) Limited	Engagement Form – Chipandales – CONTENT	Engagement Form – Chipandales – CONTENT	001406-126-00
Deutsche Telekom (UK) Limited	Engagement Form – Penthouse – CONTENT	Engagement Form – Penthouse – CONTENT	001406-127-00
Deutsche Telekom (UK) Limited	Engagement Form no. 28 – Warner Music Content	Engagement Form no. 28 – Warner Music Content	001406-128-00
Deutsche Telekom (UK) Limited	Engagement Form no. 29- iFone Content	Engagement Form no. 29- iFone Content	001406-129-00
Deutsche Telekom (UK) Limited	Engagement Form no. 30 – Arvato Content	Engagement Form no. 30 – Arvato Content	001406-130-00
Deutsche Telekom (UK) Limited	Engagement Form no. 31 – Blue Sphere Content	Engagement Form no. 31 – Blue Sphere Content	001406-131-00
Deutsche Telekom (UK) Limited	Engagement Form no. 32- mForma Content	Engagement Form no. 32- mForma Content	001406-132-00
Deutsche Telekom (UK) Limited	Engagement Form no. 33 – Jamdat Content	Engagement Form no. 33 – Jamdat Content	001406-133-00
Deutsche Telekom (UK) Limited	Engagement Form no. 34 – Gameloft Content	Engagement Form no. 34 – Gameloft Content	001406-134-00
Deutsche Telekom (UK) Limited	Engagement Form no. 35 – Living Mobile Content	Engagement Form no. 35 – Living Mobile Content	001406-135-00
Deutsche Telekom (UK) Limited	Engagement Form no. 36 – Mobile Scope Content	Engagement Form no. 36 – Mobile Scope Content	001406-136-00
Deutsche Telekom (UK) Limited	Engagement Form no. 37 – Sumea Content	Engagement Form no. 37 – Sumea Content	001406-137-00
Deutsche Telekom (UK) Limited	Engagement Form no. 38 – HandyGames Content	Engagement Form no. 38 – HandyGames Content	001406-138-00
Deutsche Telekom (UK) Limited	Engagement Form no. 39 – Digital Bridges Content	Engagement Form no. 39 – Digital Bridges Content	001406-139-00
Deutsche Telekom (UK) Limited	Engagement Form no. 40 – India Games Content	Engagement Form no. 40 – India Games Content	001406-140-00
Deutsche Telekom (UK) Limited	Engagement Form no. 41 – Advanced Mobile Applications	Engagement Form no. 41 – Advanced Mobile Applications	001406-141-00
Deutsche Telekom (UK) Limited	Engagement form No. 42 – Eurofun (Madagascar) Content	Engagement form No. 42 – Eurofun (Madagascar) Content	001406-142-00
Deutsche Telekom (UK) Limited	Engagement Form 43 – I-play/Digital Bridges – Non-EA Titles (content)	Engagement Form 43 – I-play/Digital Bridges – Non-EA Titles (content)	001406-143-00
Deutsche Telekom (UK) Limited	Engagement Form – Eurofun (Madagascar) Content	Engagement Form – Eurofun (Madagascar) Content	001406-144-00
Deutsche Telekom (UK) Limited	Engagement Form – wait4u (amendment 45)	Engagement Form – wait4u (amendment 45)	001406-145-00
Deutsche Telekom (UK) Limited	Engagement Form No. 46 – Sony Pictures	Engagement Form No. 46 – Sony Pictures	001406-146-00
Deutsche Telekom (UK) Limited	Engagement Form – Glu Mobile Content	Engagement Form – Glu Mobile Content	001406-147-00
Deutsche Telekom (UK) Limited	Engagement Form – Player-X Content	Engagement Form – Player-X Content	001406-149-00
Deutsche Telekom (UK) Limited	Engagement Form – Rockpool Games Content	Engagement Form – Rockpool Games Content	001406-150-00
Deutsche Telekom (UK) Limited	Engagement Form – THQ Wireless International Games Content	Engagement Form – THQ Wireless International Games Content	001406-151-00
Deutsche Telekom (UK) Limited	Engagement Form – OJOM Content	Engagement Form – OJOM Content	001406-152-00
Deutsche Telekom (UK) Limited	Engagement form No. 53 – (video download – Mobix Content)	Engagement form No. 53 – (video download – Mobix Content)	001406-153-00
Deutsche Telekom (UK) Limited	Engagement Form – Infospace (Elkware GmbH) – Infospace Content	Engagement Form – Infospace (Elkware GmbH) – Infospace Content	001406-154-00
Deutsche Telekom (UK) Limited	Engagement Form – Electronic Arts Games (EA Content)	Engagement Form – Electronic Arts Games (EA Content)	001406-155-00
Deutsche Telekom (UK) Limited	Engagement Form (C2M) – Transactional Content	Engagement Form (C2M) – Transactional Content	001406-156-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Deutsche Telekom (UK) Limited	International Download Centre Access and Managed Services Ag.	International Download Centre Access and Managed Services Ag.	001407-000-00
Deutsche Telekom (UK) Limited	MCS Service Agreement	MCS Service Agreement	012075-000-00
Deutsche Telekom (UK) Limited	Framework Contract of Sale – selloff of service cards SAU	Framework Contract of Sale – selloff of service cards SAU	012533-000-00
Deutsche Telekom (UK) Limited	Sub-licence Agreement (Rolling Stones concert)	Sub-licence Agreement (Rolling Stones concert)	014442-000-00
Deutsche Telekom (UK) Limited	Roaming Agreement for Public Wireless LAN Services (WLAN)	Roaming Agreement for Public Wireless LAN Services (WLAN)	016881-000-00
Deutsche Telekom (UK) Limited	Service Agreement for Provision of Interim Solution for Caller Tunes (Melody)	Service Agreement for Provision of Interim Solution for Caller Tunes (Melody)	016903-000-00
Deutsche Telekom (UK) Limited	Project Service Agreement for International eSales Solution (IneSS) in TMCZ	Project Service Agreement for International eSales Solution (IneSS) in TMCZ	019713-000-00
Deutsche Telekom (UK) Limited	Amendment 1 to Project service agreement for International eSales Solution (IneSS)	Amendment 1 to Project service agreement for International eSales Solution (IneSS)	019713-101-00
Deutsche Telekom (UK) Limited	Content Resale and Partner Services Agreement	Content Resale and Partner Services Agreement	020475-000-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Android Services	Engagement Form (Czech Republic) – Android Services	020475-101-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic); Blackberry Services	Engagement Form (Czech Republic); Blackberry Services	020475-102-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic); Microsoft Services	Engagement Form (Czech Republic); Microsoft Services	020475-103-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Facebook Services	Engagement Form (Czech Republic) – Facebook Services	020475-104-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Boku longlist	Engagement Form (Czech Republic) – Boku longlist	020475-105-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Gameloft	Engagement Form (Czech Republic) – Gameloft	020475-106-00
Deutsche Telekom (UK) Limited	Engagement form – MindMatics	Engagement form – MindMatics	020475-107-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Samsung	Engagement Form (Czech Republic) – Samsung	020475-108-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – provided by PayPal (Europe) SARL ET CIE S.C.A	Engagement Form (Czech Republic) – provided by PayPal (Europe) SARL ET CIE S.C.A	020475-109-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Fortumo	Engagement Form (Czech Republic) – Fortumo	020475-110-00
Deutsche Telekom (UK) Limited	Amendment Letter to Engagement Form (Czech Republic) – Fortumo	Amendment Letter to Engagement Form (Czech Republic) – Fortumo	020475-110-01
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Dimoco	Engagement Form (Czech Republic) – Dimoco	020475-111-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – AIRBNB	Engagement Form (Czech Republic) – AIRBNB	020475-112-00
Deutsche Telekom (UK) Limited	Cross Charging Services Agreement	Cross Charging Services Agreement	020909-000-00
Deutsche Telekom (UK) Limited	Addendum No. 1 – Cross charging agreement f or additional services – SDP Partner	Addendum No. 1 – Cross charging agreement for additional services – SDP Partner	020909-101-00
Deutsche Telekom (UK) Limited	Licence agreement	Licence agreement	020996-000-00
Deutsche Telekom (UK) Limited	Project Service Agreement (operation of International Transmission Network)	Project Service Agreement (operation of International Transmission Network)	021147-000-00
Deutsche Telekom (UK) Limited	Amendment No. 1 to the project service agreement for personal touchpoints and stores	Amendment No. 1 to the project service agreement for personal touchpoints and stores	023392-101-00
Deutsche Telekom (UK) Limited	Mutual Long Form Non-Disclosure Agreement	Mutual Long Form Non-Disclosure Agreement	024251-000-00
Deutsche Telekom (UK) Limited	International Roaming Agreement	International Roaming Agreement	024352-000-00
Deutsche Telekom (UK) Limited	Project Service Agreement for the Provision of DTUK Services	Project Service Agreement for the Provision of DTUK Services	024682-000-00
Deutsche Telekom Europe B.V.	Pan-Net Master Frame Agreement TMCZ	Pan-Net Master Frame Agreement TMCZ	026623-000-00
Deutsche Telekom Europe B.V., Netherlands	Amendment No. 1 – Clarification to Loan Agreement	Amendment No. 1 – Clarification to Loan Agreement	015106-101-00
Deutsche Telekom Europe Holding B.V	Pan-Net mVAS Framework Agreement	Pan-Net mVAS Framework Agreement	025941-000-00
Deutsche Telekom Europe Holding GmbH	Pan-Net MiFID Recorder Customer Facing Service Arrangement	Pan-Net MiFID Recorder Customer Facing Service Arrangement	026623-201-00
Deutsche Telekom IT GmbH	Project Term Sheet (2017) – charging (Transfer pricing) in the area of Content Administration Platform, Common Interconnection Billing system, international Billing Mediation Device, Risk Management Center, Trinity, SOA BLACKPLANE	Project Term Sheet (2017) – charging (Transfer pricing) in the area of Content Administration Platform, Common Interconnection Billing system, international Billing Mediation Device, Risk Management Center, Trinity, SOA BLACKPLANE	024100-213-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Deutsche Telekom IT GmbH	Project Term Sheet (2017) – charging (Transfer pricing) in the area of Telepresence iCN Service Management	Project Term Sheet (2017) – charging (Transfer pricing) in the area of Telepresence iCN Service Management	024100-214-00
Deutsche Telekom IT GmbH	Project Term Sheet 2017- Services for International Network Services (INS)	Project Term Sheet 2017- Services for International Network Services (INS)	024100-215-00
Deutsche Telekom IT GmbH	Agreement about International Internal Services – Umbrella	Agreement about International Internal Services – Umbrella	025954-201-00
Deutsche Telekom IT GmbH	International Master Agreement on Intercompany Provision of Products and Service	International Master Agreement on Intercompany Provision of Products and Service	026977-000-00
Deutsche Telekom IT GmbH	Supplemental Agreement – TIKS 2010 Certification Service	Supplemental Agreement – TIKS 2010 Certification Service	026977-201-00
Deutsche Telekom IT GmbH	Framework Agreement on commissioned processing of personal data	Framework Agreement on commissioned processing of personal data	026982-000-00
Deutsche Telekom IT GmbH	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	027043-000-00
Deutsche Telekom Pan-Net Czech Republic s.r.o.	Pan-Net Service Agreement	Pan-Net Service Agreement	026481-000-00
Deutsche Telekom Pan-Net Czech Republic s.r.o.	Annex 2 to Pan-Net – Service Arrangement Concerning the Provision of Financial Services	Annex 2 to Pan-Net – Service Arrangement Concerning the Provision of Financial Services	026481-201-00
Deutsche Telekom Pan-Net Czech Republic s.r.o.	Smlouva o podnájmu/Sublease Agreement – kancelář č. 3307	Sublease Agreement – office No. 3307	027477-000-00
Deutsche Telekom Pan-Net s.r.o.	Service Agreement – DRSSC Services for Pan-Net	Service Agreement – DRSSC Services for Pan-Net	026754-000-00
Deutsche Telekom Pan-Net s.r.o.	Confirmation of Request for Transfer of Legacy Internet Resources – DTPanNET SK	Confirmation of Request for Transfer of Legacy Internet Resources – DTPanNET SK	026491-000-00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Frame Service Agreement	Frame Service Agreement	026784-000-00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Frame Service Agreement with TMCZ Annex 1 Service Arrangement for corporate governance services	Frame Service Agreement with TMCZ Annex 1 Service Arrangement for corporate governance services	026784-201-00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Frame Service Agreement with TMCZ Annex 2 Service Arrangement – Recruitment Services, Consultancy in the area of HR.	Frame Service Agreement with TMCZ Annex 2 Service Arrangement – Recruitment Services, Consultancy in the area of HR.	026784-202-00
Deutsche Telekom Services Europe Czech Republic s.r.o.	Agreement on commissioned processing of personal data	Agreement on commissioned processing of personal data	026996-000-00
Deutsche Telekom Services Europe Romania S.R.L.	Frame Agreement for Commissioned Data Processing – project ARAMIS	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)	Individual Agreement on the commissioned processing of personal data (Aramis)	024891-000-00
Deutsche Telekom Services Europe Romania S.R.L.	Framework Agreement DTBS Shared Services Centrum for HR processes in Bucharest	Framework Agreement DTBS Shared Services Centrum for HR processes in Bucharest	025175-000-00
Deutsche Telekom Services Europe Slovakia s.r.o.	Amendment No. 2 – change of price	Amendment No. 2 – change of price	024259-102-00
Deutsche Telekom Services Europe Slovakia s.r.o.	Amendment No. 3 – change in scope and price of purchasing services for 2016	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	Amendment No. 4 to the Business Management Contract on Provision of Services	024259-104-00
Deutsche Telekom Services Europe Slovakia s.r.o.	Amendment No. 5 to the Business Management Contract on Provision of Services	Amendment No. 5 to the Business Management Contract on Provision of Services	024259-105-00
Deutsche Telekom Services Europe Slovakia s.r.o.	Agreement for Commissioned Data Processing – SAP access	Agreement for Commissioned Data Processing – SAP access	024430-000-00
Deutsche Telekom Services Europe Slovakia s.r.o.	Commissioned Data Processing, as of 8.3.2013	Commissioned Data Processing, as of 8.3.2013	2013/0166
Deutsche Telekom Training GmbH	Agreement on the Processing of Personal Data Under Contract Pursuant	Agreement on the Processing of Personal Data Under Contract Pursuant	022411-000-00
GTS Central European Holding B.V.	Individual contract – interconnection services	Individual contract – interconnection services	0000016/2006-SMws
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	Agreement in Relation to Repayment of Intra-Group Loan	0000019/2012-SMfd
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	Agreement in Relation to Repayment of Intra-Group Loan	0000020/2012-SMfd

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	Agreement in Relation to Repayment of Intra-Group Loan	0000022/2012-SMfd
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	Agreement in Relation to Repayment of Intra-Group Loan	0000027/2012-SMfd
GTS Novera a.s.	Smlouva č. GTS – 01 o poskytování telekomunikačních služeb	Contract No. GTS – 01 on the provision of telecommunication services	0000004/2003-CS
GTS Novera a.s.	Smlouva o lokálním peeringu	Local peering agreement	0000015/2006-SMin
GTS Novera a.s.	Dodatek smlouvy o poskytování telekomunikačních služeb	Supplement to the contract for the provision of telecommunication services	0000019/2005-SMws
GTS Poland Sp. z o.o.	Contract of subdelivery	Contract of subdelivery	0000018/2008-SmCSC
GTS Poland Sp. z o.o.	Agreement on the Assignment of Rights and Obligations	Agreement on the Assignment of Rights and Obligations	0000029/2011-SMws
GTS Poland Sp. z o.o.	Agreement on the Assignment of Rights and Obligations	Agreement on the Assignment of Rights and Obligations	0000030/2011-SMws
GTS Poland Sp. z o.o.	Shared Cost and Free Phone Pricelist	Shared Cost and Free Phone Pricelist	0000036/2011-SMws
GTS Poland Sp. z o.o.	Service Agreement	Service Agreement	0000044/2011-SMws
GTS Poland Sp. z o.o.	Agreement on the assignment of rights and obligations	Agreement on the assignment of rights and obligations	0000056/2014-SMna
GTS Poland Sp. z o.o.	Shared Cost and Free Pricelist	Shared Cost and Free Pricelist	0000060/2011-SMws
GTS Poland Sp. z o.o.	Reciprocal Telecommunications Services Agreement	Reciprocal Telecommunications Services Agreement	0000064/2007-SMws
GTS Poland Sp. z o.o.	AGREEMENT ON THE ASSIGNMENT OF RIGHTS AND OBLIGATIONS	AGREEMENT ON THE ASSIGNMENT OF RIGHTS AND OBLIGATIONS	0000098/2012-SMna
GTS Poland Sp. z o.o.	Agreement on the assignment of rights and obligations	Agreement on the assignment of rights and obligations	0000207/2011-SMna
GTS Poland Sp. z o.o.	Agreement on the assignment of rights and obligations	Agreement on the assignment of rights and obligations	0000208/2011-SMna
GTS Telecom S.R.L.	RCTIO Framework Cooperation and Service Agreement	RCTIO Framework Cooperation and Service Agreement	025471-000-00
GTS Telecom S.R.L.	Service Arrangement – Intercompany IT services recharging	Service Arrangement – Intercompany IT services recharging	025471-201-00
GTS Telecom S.R.L.	Intercompany Master Service Agreement	Intercompany Master Service Agreement	026040-000-00
GTS Telecom S.R.L.	Addendum No. 1 – Anti-DDoS Protection Service	Addendum No. 1 – Anti-DDoS Protection Service	026040-101-00
GTS Telecom SRL	AGREEMENT between GTS Czech and GTS Telecom	AGREEMENT between GTS Czech and GTS Telecom	0000001/2013-SMfd
GTS Telecom SRL	International Telecommunication Service	International Telecommunication Service	0000008/2010-SMws
GTS Telecom SRL	Contract of subdelivery	Contract of subdelivery	0000020/2008-SmCSC
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	Agreement on the Assignment of Rights and Obligations	0000032/2011-SMws
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	Agreement on the Assignment of Rights and Obligations	0000033/2011-SMws
GTS Telecom SRL	Annex 1 to the Agreement for the provision and operation of international freephone service and international shared cost services	Annex 1 to the Agreement for the provision and operation of international freephone service and international shared cost services	0000035/2011-SMws
GTS Telecom SRL	Service Agreement	Service Agreement	0000043/2011-SMws
GTS Telecom SRL	Voice Reseller Master Agreement Romania	Voice Reseller Master Agreement Romania	0000055/2011-SMws
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	Agreement on the Assignment of Rights and Obligations	0000209/2011-SMna
Hrvatski Telekom d.d.	Non-Disclosure Statement	Non-Disclosure Statement	024770-000-00
Hrvatski Telekom d.d.	Service Agreement No. ICT-03/2015	Service Agreement No. ICT-03/2015	025538-000-00

Partner	Services/goods – original version	Services/goods – translation	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	Cooperation Agreement – Exchange of information	026289-000-00
HT – Hrvatski Telekom d.d.	Agreement on interconnection of telecommunication networks	Agreement on interconnection of telecommunication networks	0000031/2008-SMws
HT – Hrvatski Telekom d.d.	Confidentiality Agreement	Confidentiality Agreement	0000288/2007-SMws
Iskon Internet d.d.	AGREEMENT ON THE ASSIGNMENT OF RIGHTS AND OBLIGATIONS	AGREEMENT ON THE ASSIGNMENT OF RIGHTS AND OBLIGATIONS	0000163/2011-SMna
Magyar Telekom Plc, GTS Hungary Ltd.,	Intercompany Master Service Agreement	Intercompany Master Service Agreement	026196-000-00
Magyar Telekom Telecommunications Public Limited Company	Telecommunications Services Agreement – Matáv Hungarian Telecommunications Company Ltd.	Telecommunications Services Agreement – Matáv Hungarian Telecommunications Company Ltd.	0000146/2007-SMws
Magyar Telekom Telecommunications Public Limited Company	International GSM Roaming Agreement – Hungary	International GSM Roaming Agreement – Hungary	011437-000-00
Magyar Telekom Telecommunications Public Limited Company	Addendum 2 to the International GSM Roaming Agreement Inter Operator Discounts	Addendum 2 to the International GSM Roaming Agreement Inter Operator Discounts	011437-102-00
Magyar Telekom Telecommunications Public Limited Company	Supplementary Discount Agreement for Bilateral discount on the Inter Operator Tariff (IOT)	Supplementary Discount Agreement for Bilateral discount on the Inter Operator Tariff (IOT)	011437-201-00
Magyar Telekom Telecommunications Public Limited Company	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	011437-202-00
Magyar Telekom Telecommunications Public Limited Company	Roaming Agreement for Public Wireless Lan Services (Hungary)	Roaming Agreement for Public Wireless Lan Services (Hungary)	018026-000-00
Magyar Telekom Telecommunications Public Limited Company	Amendment No.1 to the Roaming Agreement fot Public Wireless Lan Services	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)	Order to International Telecommunication Service Master Agreement (Scania)	660077-201-00
Magyar Telekom Telecommunications Public Limited Company	Order (Hopi Hungária, Direct Parcel, CETELEM, Accenture)	Order (Hopi Hungária, Direct Parcel, CETELEM, Accenture)	660077-202-00
Magyar Telekom Telecommunications Public Limited Company	Order (DHL) to International Telecommunication Service Master Agreement	Order (DHL) to International Telecommunication Service Master Agreement	660077-203-00
Magyar Telekom Telecommunications Public Limited Company	Order – transfer of circuits from GTS HU to Magyar Telecom – SAMSUNG	Order – transfer of circuits from GTS HU to Magyar Telecom – SAMSUNG	660077-204-00
MAGYARCOM SZOLGÁLTATÓ KOMMUNIKÁCIÓS	Service Agreement – purchase support services for ICSS customers	Service Agreement – purchase support services for ICSS customers	026177-000-00
Makedonski Telekom AD – Skopje	Project Service Agreement – SSL Certificate Service	Project Service Agreement – SSL Certificate Service	024384-000-00
Makedonski Telekom AD – Skopje	International Roaming Agreement	International Roaming Agreement	000362-000-00
Makedonski Telekom AD Skopje	Project Service Agreement – DRSSC SSL Certification Service	Project Service Agreement – DRSSC SSL Certification Service	024383-000-00
Motionlogic GmbH	Cooperation Agreement	Cooperation Agreement	025515-000-00
Nexmo, Inc.	Interconnect Agreement – Nexmo, Inc.	Interconnect Agreement – Nexmo, Inc.	0000001/2014-SMws
Nexmo, Inc.	Agreement on the Provison of Wholesale SMS tranzit Services – Nexmo, Inc.	Agreement on the Provison of Wholesale SMS tranzit Services – Nexmo, Inc.	0000002/2013-SmIWh
Nexmo, Inc.	Interconnect Agreement – Nexmo	Interconnect Agreement – Nexmo	0000062/2013-SMws
Orange Personal Communication..Ltd.	International GSM Roaming Agreement	International GSM Roaming Agreement	000335-000-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
OTE INTERNATIONAL SOLUTIONS S.A.	Mutual Non-Disclosure Agreement – OTE	Mutual Non-Disclosure Agreement – OTE	0000129/2007-SMws
PosAm, spol. s r.o.	Smlouva o zachování důvěrnosti informací (NDA)	Non disclosure agreement informací (NDA)	026689-000-00
PosAm, spol. s r.o.	Rámcová smlouva B2B ICT	Master Agreement B2B ICT	027500-000-00
Slovak Telekom, a. s.	Agreement on Termination – Slovak Telekom	Agreement on Termination – Slovak Telekom	0000031/2010-SMws
Slovak Telekom, a. s.	Addendum no 1 _IP addresses – Agreement on Termination – Slovak Telekom	Addendum no 1 _IP addresses – Agreement on Termination – Slovak Telekom	0000031/2010-SMws
Slovak Telekom, a. s.	Smlouva o spolupraci při poskytování telekomunikačních služeb	Contract for cooperation in the provision of telecommunication services	0000035/2007-SMws
Slovak Telekom, a. s.	Interconnection Agreement between T-Mobile Slovakia and GTS NOVERA a.s.	Interconnection Agreement between T-Mobile Slovakia and GTS NOVERA a.s.	0000046/2007-SMws
Slovak Telekom, a. s.	Smlouva o lokálním peeringu	Local peering agreement	0000049/2006-SMin
Slovak Telekom, a. s.	Smlouva o peeringu	Peering agreement	0000079/2006-SMin
Slovak Telekom, a. s.	International Telecommunication Services Agreement	International Telecommunication Services Agreement	0000170/2006-SMnp
Slovak Telekom, a.s.	International GSM Roaming Agreement – Slovensko	International GSM Roaming Agreement – Slovakia	000178-000-00
Slovak Telekom, a.s.	Supplementary IOT Agreement	Supplementary IOT Agreement	000178-201-00
Slovak Telekom, a.s.	Licenční smlouva	License agreement	010428-000-00
Slovak Telekom, a.s.	Interconnection Agreement	Interconnection Agreement	016452-000-00
Slovak Telekom, a.s.	Roaming Agreement for Public Wireless Lan Services	Roaming Agreement for Public Wireless Lan Services	017447-000-00
Slovak Telekom, a.s.	Addendum Letter to Acquisition Due Diligence Contract – Project Poletucha	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	NDA – project Vltava – potential outsourcing of planning, built and maintenance	023268-000-00
Slovak Telekom, a.s.	Kupní smlouva – nábytek pro vybavení prodejen	Purchase agreement – Furniture for shop equipment	023489-000-00
Slovak Telekom, a.s.	Kupní smlouva – nákup nábytku pro refreše Partnerských prodejen T-Mobile	Purchase agreement – purchase of furniture for the refreshing of T-Mobile Partner stores	023718-000-00
Slovak Telekom, a.s.	Kupní smlouva – nákup nábytku pro partnerské prodejny TMCZ	Purchase agreement – purchase of furniture for TMCZ partner stores	023814-000-00
Slovak Telekom, a.s.	Kupní smlouva na použitý nábytek z SK pro PP	Purchase agreement for used furniture from SK for PP	024574-000-00
Slovak Telekom, a.s.	Memorandum of Understanding	Memorandum of Understanding	024591-000-00
Slovak Telekom, a.s.	International Roaming Agreement	International Roaming Agreement	026001-000-00
Slovak Telekom, a.s.	Framework hiring out of labour agreement	Framework hiring out of labour agreement	026183-000-00
Slovak Telekom, a.s.	Dohoda o ochraně důvěrných informací – NDA	Non disclosure agreement (NDA)	026197-000-00
Slovak Telekom, a.s.	Smlouva o zpracování osobních údajů	Agreement on processing of personal data	026198-000-00
Slovak Telekom, a.s.	Dodatek č. 1 ke Smlouvě o zpracování osobních údajů	Amendment No. 1 to the Personal Data Processing Agreement	026198-101-00
Slovak Telekom, a.s.	Framework hiring out of labour agreement	Framework hiring out of labour agreement	026475-000-00
Slovak Telekom, a.s.	Kupní smlouva – prodej vozidla do ST 2AR 8700	Purchase agreement – sale of vehicle to ST 2AR 8700	026494-000-00
Slovak Telekom, a.s.	Kupní smlouva – odprodej vozidla do ST 3AM 0522	Purchase agreement – sale of vehicle to ST 3AM 0522	026495-000-00
Slovak Telekom, a.s.	Framework Cooperation and Service Agreement	Framework Cooperation and Service Agreement	027009-000-00
Slovak Telekom, a.s.	Service Arrangement – Service Monitoring Center (SMC) Services	Service Arrangement – Service Monitoring Center (SMC) Services	027009-201-00
Slovak Telekom, a.s.	Service Arrangement – Service Monitoring Center (SMC) Services – TMCZ receiver	Service Arrangement – Service Monitoring Center (SMC) Services – TMCZ receiver	027009-202-00
Slovak Telekom, a.s.	Smlouva o zachování důvěrnosti informací (NDA)	Non Disclosure Agreement (NDA)	027014-000-00
Slovak Telekom, a.s.	Dohoda o zachování důvěrnosti informací – NDA	Non Disclosure Agreement (NDA)	027068-000-00
Slovak Telekom, a.s.	Nájemní smlouva – zmluva o nájme/podnájme motorových vozidiel	Lease agreement – Lease/rental agreement for motor vehicles	027204-000-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Slovak Telekom, a.s.	Nájemní smlouva – zmluva o pronájme technického vybavenia a príslušenstva	Lease agreement – lease of technical equipment and accessories	027210-000-00
Slovak Telekom, a.s., UNIQA pojišťovna, a.s.	Smlouva o zpracování dat	Data Processing Agreement	027506-000-00
SunCom Wireless Operating	International Roaming Agreement (USA)	International Roaming Agreement (USA)	019734-000-00
Telekom Albania SH.A	International Roaming Agreement – Albania	International Roaming Agreement – Albania	021365-000-00
Telekom Deutschland (DT Technik)	Planning Arrangement for coordination of LTE cells in the border area of Czech Republic	Planning Arrangement for coordination of LTE cells in the border area of Czech Republic	025533-000-00
Telekom Deutschland GmbH	Interconnection Agreement	Interconnection Agreement	001776-000-00
Telekom Deutschland GmbH	Modification No. 1 – Adding Attachments	Modification No. 1 – Adding Attachments	001776-101-00
Telekom Deutschland GmbH	Modification No. 2 of the Interconnection Agreement	Modification No. 2 of the Interconnection Agreement	001776-102-00
Telekom Deutschland GmbH	Modification No. 3 of the Interconnection Agreement	Modification No. 3 of the Interconnection Agreement	001776-103-00
Telekom Deutschland GmbH	Modification No. 4 – Modification of the Interconnection Agreement	Modification No. 4 – Modification of the Interconnection Agreement	001776-104-00
Telekom Deutschland GmbH	Modification No. 5 – Termination in Czech Republic	Modification No. 5 – Termination in Czech Republic	001776-105-00
Telekom Deutschland GmbH	Modification No. 6 of the Interconnection Agreement	Modification No. 6 of the Interconnection Agreement	001776-106-00
Telekom Deutschland GmbH	Modification No. 7 of the Interconnection Agreement	Modification No. 7 of the Interconnection Agreement	001776-107-00
Telekom Deutschland GmbH	Modification No. 8 of the Interconnection Agreement	Modification No. 8 of the Interconnection Agreement	001776-108-00
Telekom Deutschland GmbH	Modification No. 9 – Modification of the Interconnection Agreement – new Annex 8	Modification No. 9 – Modification of the Interconnection Agreement – new Annex 8	001776-109-00
Telekom Deutschland GmbH	Modification No. 10 – Modification of the Interconnection Agreement – new Annex 8	Modification No. 10 – Modification of the Interconnection Agreement – new Annex 8	001776-110-00
Telekom Deutschland GmbH	Transfer Agreement	Transfer Agreement	010474-000-00
Telekom Deutschland GmbH	International GSM Roaming Agreement – Germany	International GSM Roaming Agreement – Germany	011435-000-00
Telekom Deutschland GmbH	Addendum to the International GSM Roaming Agreement (Multimedia Messaging)	Addendum to the International GSM Roaming Agreement (Multimedia Messaging)	011435-102-00
Telekom Deutschland GmbH	Supplementary Discount Ag. for Bilateral disc. on the Inter Operator Tariff (IOT)	Supplementary Discount Ag. for Bilateral disc. on the Inter Operator Tariff (IOT)	011435-201-00
Telekom Deutschland GmbH	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	011435-202-00
Telekom Deutschland GmbH	Agreement of delivery of authentication	Agreement of delivery of authentication	012384-000-00
Telekom Deutschland GmbH	Agreement on the Provision of Licences (transfer HLR licences)	Agreement on the Provision of Licences (transfer HLR licences)	012630-000-00
Telekom Deutschland GmbH	Sublicence Agreement of Cashback Software	Sublicence Agreement of Cashback Software	012763-000-00
Telekom Deutschland GmbH	Agreement on the Provision of Licences (transfer VLR licences)	Agreement on the Provision of Licences (transfer VLR licences)	012805-000-00
Telekom Deutschland GmbH	Agreement on the Use of Common 900 Frequencies in Border Regions	Agreement on the Use of Common 900 Frequencies in Border Regions	013146-000-00
Telekom Deutschland GmbH	Domicile Agreement	Domicile Agreement	013165-000-00
Telekom Deutschland GmbH	Interconnect Software License Agreement	Interconnect Software License Agreement	013166-000-00
Telekom Deutschland GmbH	Agency Contract on Distribution of Services	Agency Contract on Distribution of Services	013479-000-00
Telekom Deutschland GmbH	Agreement on the Provision of Licences – transfer of HLR license from TMD	Agreement on the Provision of Licences – transfer of HLR license from TMD	013664-000-00
Telekom Deutschland GmbH	Transfer Agreement – TMO Welcome SMS Server (purchase)	Transfer Agreement – TMO Welcome SMS Server (purchase)	013959-000-00
Telekom Deutschland GmbH	Agreement on the Provision of Software Licenses for Operating an HLR	Agreement on the Provision of Software Licenses for Operating an HLR	014327-000-00
Telekom Deutschland GmbH	Service Agreement – TCS hosting & OLA	Service Agreement – TCS hosting & OLA	014468-000-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Telekom Deutschland GmbH	Service Agreement Concern. the Performance of Melody Services	Service Agreement Concern. the Performance of Melody Services	014973-000-00
Telekom Deutschland GmbH	Amendment No. 1 to Service Agreement (performance of Melody Services)	Amendment No. 1 to Service Agreement (performance of Melody Services)	014973-101-00
Telekom Deutschland GmbH	Amendment 2 to Service Agreement – transfer pricing 2008	Amendment 2 to Service Agreement – transfer pricing 2008	014973-102-00
Telekom Deutschland GmbH	Service Agreement – SWS Maitenance	Service Agreement – SWS Maitenance	015684-000-00
Telekom Deutschland GmbH	Project Service Agreement for Subscription Server	Project Service Agreement for Subscription Server	016046-000-00
Telekom Deutschland GmbH	Project Service Agreement – for MMS E-Mail reply	Project Service Agreement – for MMS E-Mail reply	016132-000-00
Telekom Deutschland GmbH	Agreement for the processing of data (Federal Data Protection ACT (BDSG))	Agreement for the processing of data (Federal Data Protection ACT (BDSG))	016138-000-00
Telekom Deutschland GmbH	Sublicense Agreement for micro payment platform XTC	Sublicense Agreement for micro payment platform XTC	016434-000-00
Telekom Deutschland GmbH	International Roaming Agreement – Germany	International Roaming Agreement – Germany	016485-000-00
Telekom Deutschland GmbH	Purchase Agreement – GSM parts sale	Purchase Agreement – GSM parts sale	016586-000-00
Telekom Deutschland GmbH	Roaming Agreement for Public Wireless LAN Services (WLAN -Germany)	Roaming Agreement for Public Wireless LAN Services (WLAN -Germany)	016882-000-00
Telekom Deutschland GmbH	Project Service Agreement (Remote Device Management) Release 1A	Project Service Agreement (Remote Device Management) Release 1A	016886-000-00
Telekom Deutschland GmbH	Addendum No. 1 – Remote Device Management Release 1 A	Addendum No. 1 – Remote Device Management Release 1 A	016886-101-00
Telekom Deutschland GmbH	Purchase Agreement (sales MSC HW – CCNC parts to TMD)	Purchase Agreement (sale of MSC HW – CCNC parts to TMD)	017455-000-00
Telekom Deutschland GmbH	Sublicence Agreement for Cryptotickets-Software	Sublicence Agreement for Cryptotickets-Software	017483-000-00
Telekom Deutschland GmbH	Project Service Agreement for the Provision of MMSC – Services	Project Service Agreement for the Provision of MMSC – Services	020176-000-00
Telekom Deutschland GmbH	Supplementary Agreement No. 1 to the PSA for the Provision of MMSC Services	Supplementary Agreement No. 1 to the PSA for the Provision of MMSC Services	020176-101-00
Telekom Deutschland GmbH	Agreement on the processing of personal data on behalf of the customer	Agreement on the processing of personal data on behalf of the customer	020414-000-00
Telekom Deutschland GmbH	Project Service Agreement For the Provision of IN Systems	Project Service Agreement For the Provision of IN Systems	021153-000-00
Telekom Deutschland GmbH	Project Service Agreement For the Provision of FTE based Services	Project Service Agreement For the Provision of FTE based Services	021155-000-00
Telekom Deutschland GmbH	Project Service Agreement (operation of International Transmission Network)	Project Service Agreement (operation of International Transmission Network)	021192-000-00
Telekom Deutschland GmbH	Project Service Agreement – For the Provision of OTA Services	Project Service Agreement – For the Provision of OTA Services	021318-000-00
Telekom Deutschland GmbH	Project Service Agreement for VoMS – Voucher Management System	Project Service Agreement for VoMS – Voucher Management System	021497-000-00
Telekom Deutschland GmbH	Service Arrangement – Telekom Deutschland Product Development	Service Arrangement – Telekom Deutschland Product Development	022888-113-00
Telekom Deutschland GmbH	Service Level Agreement (SLA) for PKI services sharing	Service Level Agreement (SLA) for PKI services sharing	023939-000-00
Telekom Deutschland GmbH	Framework agreement for providing of services with transfer pricing	Framework agreement for providing of services with transfer pricing	024410-000-00
Telekom Deutschland GmbH	Service Arrangement – SLA Outbound 2014 to Framework Agreement Outbound	Service Arrangement – SLA Outbound 2014 to Framework Agreement Outbound	024410-101-00
Telekom Deutschland GmbH	Service Level Agreement (SLA) for SMS Welcome	Service Level Agreement (SLA) for SMS Welcome	024576-000-00
Telekom Deutschland GmbH	International Roaming Agreement – Deutschland (DEUD1)	International Roaming Agreement – Deutschland (DEUD1)	025033-000-00
Telekom Deutschland GmbH.	Project service agreement – provisioning and operation of the Short Message Application Router (SMAR)	Project service agreement – provisioning and operation of the Short Message Application Router (SMAR)	022597-000-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
Telekom Deutschland GmbH.	Project Service Agreement (PSA)- Projekt ENDURO	Project Service Agreement (PSA)- Projekt ENDURO	023233-000-00
Telekom Deutschland GmbH.	Project Service Agreement – Operation and maintenance of Blackberry Download Server	Project Service Agreement – Operation and maintenance of Blackberry Download Server	023438-000-00
Telekom Deutschland GmbH.	Project Service Agreement (PSA) – Blackberry services	Project Service Agreement (PSA) – Blackberry services	023676-000-00
Telekom Deutschland,	11th Variation Agreement on Discounts for Inter-Operator Tariffs + Termination of the Agreement	11th Variation Agreement on Discounts for Inter-Operator Tariffs + Termination of the Agreement	015878-111-00, 015878-401-00
TELEKOM ROMANIA (ROMTELECOM SA)	International Telecommunication Services Agreement – ROMTELECOM S.A.	International Telecommunication Services Agreement – ROMTELECOM S.A.	0000254/2007-SMws
TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A.	Addendum to International Roaming Agreement (Romania)	Addendum to International Roaming Agreement (Romania)	014876-101-00
T-Mobile (UK) Limited	Project Term Sheet	Project Term Sheet	019833-000-00
T-Mobile Austria GmbH	International GSM Roaming Agreement – Austria	International GSM Roaming Agreement – Austria	011417-000-00
T-Mobile Austria GmbH	Supplementary Discount Agreement for Bilateral disc. on the Inter Operator Tariff(IOT)	Supplementary Discount Agreement for Bilateral disc. on the Inter Operator Tariff(IOT)	011417-201-00
T-Mobile Austria GmbH	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	011417-202-00
T-Mobile Austria GmbH	Interconnection Agreement	Interconnection Agreement	013609-000-00
T-Mobile Austria GmbH	Announcement of price decrease for termination into the network of tele.ring	Announcement of price decrease for termination into the network of tele.ring	013609-501-00
T-Mobile Austria GmbH	Roaming Agreement for Public Wireless Lan Services (WLAN)	Roaming Agreement for Public Wireless Lan Services (WLAN)	016604-000-00
T-Mobile Austria GmbH	Service Level Agreement (SLA) – Alcatel SDH Equipment (ITN))	Service Level Agreement (SLA) – Alcatel SDH Equipment (ITN))	017111-000-00
T-Mobile Austria GMBH	Project Service Agreement (for operation of International Transmission Network)	Project Service Agreement (for operation of International Transmission Network)	021148-000-00
T-Mobile Austria GmbH	Service provider agreement – M2M platform	Service provider agreement – M2M platform	025577-000-00
T-Mobile Austria GmbH	Project specific offer – Bellpro – M2M service platform	Project specific offer – Bellpro – M2M service platform	025577-201-00
T-Mobile Austria GmbH	Service Level Agreement (SLA) – M2M Cross Border	Service Level Agreement (SLA) – M2M Cross Border	026948-000-00
T-Mobile Austria GmbH, O2 Czech Republic a.s., Vodafone Czech Republic a.s., A1 Telekom Austria AG	Planning Arrangement for Coordination of LTE cells in the border area of CR – Cross-Border	Planning Arrangement for Coordination of LTE cells in the border area of CR – Cross-Border	025612-000-00
T-Mobile HotSpot GmbH	Amendment No. 1 “LH INFLIGHT” “ROAMING AGREEMENT FOR PUBLIC WIRELESS LAN SERVICES”	Amendment No. 1 “LH INFLIGHT” “ROAMING AGREEMENT FOR PUBLIC WIRELESS LAN SERVICES”	022303-101-00
T-Mobile HotSpot GmbH	Amendment No. 2 – Extension of Inflight WiFi coverage for other airlines	Amendment No. 2 – Extension of Inflight WiFi coverage for other airlines	022303-102-00
T-Mobile Netherlands B.V.	International GSM Roaming Agreement	International GSM Roaming Agreement	000537-000-00
T-Mobile Netherlands B.V.	Supplementary discount agreement on Bilateral discounts on the Inter Operator tariff (IOT) for GPRS-services in International Roaming	Supplementary discount agreement on Bilateral discounts on the Inter Operator tariff (IOT) for GPRS-services in International Roaming	000537-201-00
T-Mobile Netherlands B.V.	Supplementary IOT agreement for Bilateral agreement on the Inter Operator Tariff (IOT) for GPRS Always On Services (here Blackberry) in International Roaming	Supplementary IOT agreement for Bilateral agreement on the Inter Operator Tariff (IOT) for GPRS Always On Services (here Blackberry) in International Roaming	000537-202-00
T-Mobile Netherlands B.V.	Variation Agreement of GPRS Initial Frame Indents	Variation Agreement of GPRS Initial Frame Indents	011292-201-00
T-Mobile Netherlands B.V.	Roaming Agreement for Public Wireless LAN Services	Roaming Agreement for Public Wireless LAN Services	016486-000-00
T-Mobile Netherlands B.V.	Project Service Agreement for operation of International Transmission Network	Project Service Agreement for operation of International Transmission Network	021146-000-00
T-Mobile Netherlands B.V.	International Roaming Agreement	International Roaming Agreement	025209-000-00
T-Mobile Polska S.A.	Framework Service and Consultancy Agreement	Framework Service and Consultancy Agreement	000909-000-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
T-Mobile Polska S.A.	International GSM Roaming Agreement	International GSM Roaming Agreement	011455-000-00
T-Mobile Polska S.A.	Addendum No. 1 to International GSM Roaming Agreement	Addendum No. 1 to International GSM Roaming Agreement	011455-101-00
T-Mobile Polska S.A.	Supplementary IOT Discount Agreement for Bilateral Agreement on the Inter Operator Tariff (IOT) for GPRS Always on Services (here Blackberry) in International Roaming	Supplementary IOT Discount Agreement for Bilateral Agreement on the Inter Operator Tariff (IOT) for GPRS Always on Services (here Blackberry) in International Roaming	011455-201-00
T-Mobile Polska S.A.	Roaming Agreement for Public Wireless Lan Services	Roaming Agreement for Public Wireless Lan Services	017796-000-00
T-Mobile Polska S.A.	ONE IMS Mavenir Centralized TestBed and services – Supply LOI	ONE IMS Mavenir Centralized TestBed and services – Supply LOI	024188-000-00
T-Mobile Polska S.A.	Framework Cooperation and Service Agreement Concerning the Provision of IMS SSC	Framework Cooperation and Service Agreement Concerning the Provision of IMS SSC	025011-000-00
T-Mobile Polska S.A.	Service Arrangement -in Connection with an International IMS Service Centre-Voic	Service Arrangement -in Connection with an International IMS Service Centre-Voic	025011-201-00
T-Mobile Polska S.A.	Service Arrangement – professional services for integration of SBC Huawei	Service Arrangement – professional services for integration of SBC Huawei	025011-202-00
T-Mobile Polska S.A.	RCTIO Framework Cooperation and Service Agreement	RCTIO Framework Cooperation and Service Agreement	025182-000-00
T-Mobile Polska S.A.	Appendix No. 1 – Service Arrangement – TMCZ provider – IT services recharging	Appendix No. 1 – Service Arrangement – TMCZ provider – IT services recharging	025182-201-00
T-Mobile Polska S.A.	Service Agreement -TMPL Provider-Intercompany IT services recharging	Service Agreement -TMPL Provider-Intercompany IT services recharging	025182-202-00
T-Mobile Polska S.A.	Framework Purchase Contract – regional agreement on resale of HW between contries in the region	Framework Purchase Contract – regional agreement on resale of HW between contries in the region	025678-000-00
T-Mobile Polska S.A.	Accession Deed to the International Telecommunication Services Master Agreement (No. exGTS 0000016/2)	Accession Deed to the International Telecommunication Services Master Agreement (No. exGTS 0000016/2)	025716-000-00
T-Mobile Polska S.A.	Intercompany Master Service Agreement	Intercompany Master Service Agreement	025785-000-00
T-Mobile Polska S.A.	Agreement on the provision of rental vehicles – rent of vehicle	Agreement on the provision of rental vehicles – rent of vehicle	025880-000-00
T-Mobile Polska S.A.	Telecommunications Services Agreement No. TA18119	Telecommunications Services Agreement No. TA18119	026242-000-00
T-Mobile Polska S.A.	Frame contract for Security services delivery from DRSSC to TMPL	Frame contract for Security services delivery from DRSSC to TMPL	026487-000-00
T-Mobile Polska S.A.	Frame contract for Security services delivery from TMPL to DRSSC	Frame contract for Security services delivery from TMPL to DRSSC	026488-000-00
T-Mobile Polska S.A.	Agreement on Commissioned Data Processing – annex to Service Arrangement Trinity	Agreement on Commissioned Data Processing – annex to Service Arrangement Trinity	027341-000-00
T-Mobile USA, Inc.	Multilateral International GSM Roaming Agreement	Multilateral International GSM Roaming Agreement	000323-000-00
T-Mobile USA, Inc.	Addendum to Multilateral International GSM/PCS Roaming Agreement	Addendum to Multilateral International GSM/PCS Roaming Agreement	000323-101-00
T-Mobile USA, Inc.	International Roaming Agreement	International Roaming Agreement	016180-000-00
T-Mobile USA, Inc.	Roaming Agreement for Public Wireless LAN Services	Roaming Agreement for Public Wireless LAN Services	017191-000-00
T-Systems Belgium NV	Reciprocal Confidentiality Agreement – NDA	Reciprocal Confidentiality Agreement – NDA	026688-000-00
T-Systems France S.A.S	Framework Agreement – Monet Security Services	Framework Agreement – Monet Security Services	2013/0011
T-Systems France S.A.S	Transfer of Assets Agreement	Transfer of Assets Agreement	2013/0084
T-Systems France SAS	Agreement Concerning the Transfer of Assets	Agreement Concerning the Transfer of Assets	026303-000-00
T-Systems France SAS	Internal Service Agreement – Managed Connectivity (MC) Services for Société Gén�	Internal Service Agreement – Managed Connectivity (MC) Services for Société Gén�	026332-000-00
T-Systems GEI GmbH	Software Maintenance Agreement	Software Maintenance Agreement	017408-000-00
T-Systems Hungary	Project Service Agreement – Provision of Services in Connection with Communication	Project Service Agreement – Provision of Services in Connection with Communication	025780-000-00
T-Systems International GmbH	One Stop Shopping Agreement	One Stop Shopping Agreement	0000039/2007-SMws
T-Systems International GmbH	Licensing of Microsoft products	Licensing of Microsoft products	010423-000-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
T-Systems International GmbH	Non-Disclosure Agreement on the Project "Due diligence for outsourcing TMCZ IT operations"	Non-Disclosure Agreement on the Project "Due diligence for outsourcing TMCZ IT operations"	012307-000-00
T-Systems International GmbH	Supplement No. 3 to the Project Service Agreement No. 022281-000-00 NG CRM	Supplement No. 3 to the Project Service Agreement No. 022281-000-00 NG CRM	022281-103-00
T-Systems International GmbH	Supplement No. 4 to the Project Service Agreement No. 022281-000-00 NG CRM	Supplement No. 4 to the Project Service Agreement No. 022281-000-00 NG CRM	022281-104-00
T-Systems International GmbH	Personal Data Processing Contract	Personal Data Processing Contract	022692-000-00
T-Systems International GmbH	Confidentiality Agreement	Confidentiality Agreement	023158-000-00
T-Systems International GmbH	Enrolment to the Frame Agreement for the supply of CCC SAP Services including SAP Licence Management Services	Enrolment to the Frame Agreement for the supply of CCC SAP Services including SAP Licence Management Services	023213-000-00
T-Systems International GmbH	Declaration of User Accession to the Agreement on Telepresence@DTAG/SEE Services	Declaration of User Accession to the Agreement on Telepresence@DTAG/SEE Services	023403-000-00
T-Systems International GmbH	Agreement for Commissioned Data Processing – Telekom Social Network Data Process	Agreement for Commissioned Data Processing – Telekom Social Network Data Process	023492-000-00
T-Systems International GmbH	Amendment No. 1 to Agreement For Commissioned Data Processing in Telekom Social Network	Amendment No. 1 to Agreement For Commissioned Data Processing in Telekom Social Network	023492-101-00
T-Systems International GmbH	Letter of Intent 2013 – EU Prio products implementation	Letter of Intent 2013 – EU Prio products implementation	023803-000-00
T-Systems International GmbH	Letter of Intent for Tibco Enterprise Licence Agreement 2012 – 2015	Letter of Intent for Tibco Enterprise Licence Agreement 2012 – 2015	023824-000-00
T-Systems International GmbH	Software Delivery Agreement – subcontract for finalisation of NG CRM R1 Siebel	Software Delivery Agreement – subcontract for finalisation of NG CRM R1 Siebel	023954-000-00
T-Systems International GmbH	Supplement No. 1 to the Software Delivery Agreement	Supplement No. 1 to the Software Delivery Agreement	023954-101-00
T-Systems International GmbH	Project Service Agreement (PSA) – Provision of Services in connection with Shared Platforms and Services	Project Service Agreement (PSA) – Provision of Services in connection with Shared Platforms and Services	024100-000-00
T-Systems International GmbH	Term Sheet 2014 – International Billing & Mediation Device (iBMD)	Term Sheet 2014 – International Billing & Mediation Device (iBMD)	024100-201-00
T-Systems International GmbH	Term Sheet 2014 – Risk Management Center (RMC)	Term Sheet 2014 – Risk Management Center (RMC)	024100-202-00
T-Systems International GmbH	Term Sheet 2014 – Content Administration Portal (CAP)	Term Sheet 2014 – Content Administration Portal (CAP)	024100-204-00
T-Systems International GmbH	Term Sheet 2014 – Harmonized Payment Converter (HPC)	Term Sheet 2014 – Harmonized Payment Converter (HPC)	024100-205-00
T-Systems International GmbH	Declaration of Compliance for the Processing of Data in SharePoint for V ET	Declaration of Compliance for the Processing of Data in SharePoint for V ET	024361-000-00
T-Systems International GmbH	Adherence Agreement (to the agreement 990072-000-00)	Adherence Agreement (to the agreement 990072-000-00)	024737-000-00
T-Systems International GmbH	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	024757-000-00
T-Systems International GmbH	Sublicensing and Crosscharging Agreement – Aspera license	Sublicensing and Crosscharging Agreement – Aspera license	025060-000-00
T-Systems International GmbH	Adherence Agreement to the Contract 71009540 – Citrix contract 2015	Adherence Agreement to the Contract 71009540 – Citrix contract 2015	025139-000-00
T-Systems International GmbH	Frame Agreement for Commissioned Data Processing	Frame Agreement for Commissioned Data Processing	025166-000-00
T-Systems International GmbH	Amendment No. 1 to Frame Agreement for Commissioned Data Processing	Amendment No. 1 to Frame Agreement for Commissioned Data Processing	025166-101-00
T-Systems International GmbH	Agreement about International Internal Services	Agreement about International Internal Services	025415-000-00
T-Systems International GmbH	Service Agreement about International Internal Services – Service Delivery Platform	Service Agreement about International Internal Services – Service Delivery Platform	025692-000-00
T-Systems International GmbH	Agreement Concerning the Transfer of Assets	Agreement Concerning the Transfer of Assets	026718-000-00
T-Systems International GmbH	Agreement about International Internal Services – Umbrella	Agreement about International Internal Services – Umbrella	026800-000-00
T-Systems International GmbH	Agreement about International Internal Services – Umbrella – AD/AM/AO Business I	Agreement about International Internal Services – Umbrella – AD/AM/AO Business I	026801-000-00

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
T-Systems International GmbH	Individual Agreement on Commissioned Data Processing	Individual Agreement on Commissioned Data Processing	026827-000-00
T-Systems International GmbH	Service Agreement	Service Agreement	027237-000-00
T-Systems International GmbH	Service Agreement	Service Agreement	027469-000-00
T-Systems International GmbH	ICPS Individual Contract	ICPS Individual Contract	880024-000-00
T-Systems International GmbH	Framework Agreement regarding the provision of IT Services	Framework Agreement regarding the provision of IT Services	880052-000-00
T-Systems International GmbH	Prolongation Agreement Infrastructure Services	Prolongation Agreement Infrastructure Services	880052-102-00
T-Systems International GmbH	Amendment No. 4 – Prolongation Agreement „Infrastructure Services for T-Mobile CZ“	Amendment No. 4 – Prolongation Agreement „Infrastructure Services for T-Mobile CZ“	880052-104-00
T-Systems International GmbH	Service Agreement for Program Management services for program Sonar	Service Agreement for Program Management services for program Sonar	880052-201-00
T-Systems ITC Iberia S.A.U.	Service Agreement for support services regarding the provision of TC services to Gestamp Automocion S.A.	Service Agreement for support services regarding the provision of TC services to Gestamp Automocion S.A.	024939-000-00
T-Systems ITC Iberia S.A.U.	Service Agreement (Gestamp Automoción)	Service Agreement (Gestamp Automoción)	2013/0918
T-Systems Limited	Agreement Concerning The Transfer of Assets (contract on the transfer of assets)	Agreement Concerning The Transfer of Assets (contract on the transfer of assets)	025388-000-00
T-Systems Limited	Service Agreement	Service Agreement	2013/0314
T-Systems Limited	Amendment to Service Agreement Nr. 2012/0737	Amendment to Service Agreement Nr. 2012/0737	2013/0665
T-Systems Limited	Business Agreement	Business Agreement	2013/1190
T-Systems Magyarország ZRt	Term Sheet – Seamless Communication Platform Hungary (SCPH) – SCPWebex	Term Sheet – Seamless Communication Platform Hungary (SCPH) – SCPWebex	025801-000-00
T-Systems Magyarország ZRt	Non-Disclosure Agreement – NDA	Non-Disclosure Agreement – NDA	025975-000-00
T-Systems Magyarország ZRt	Personal Data Processing Contract	Personal Data Processing Contract	026067-000-00
T-Systems Magyarország ZRt.	International Telecommunication Service	International Telecommunication Service	0000007/2010-SMws
T-Systems Magyarország ZRt.	Contract of subdelivery	Contract of subdelivery	0000019/2008-SmCSC
T-Systems Magyarország ZRt.	Fourth Amendment to the Master Services Agreement	Fourth Amendment to the Master Services Agreement	0000022/2011-SMws
T-Systems Magyarország ZRt.	Service Agreement	Service Agreement	0000045/2011-SMws
T-Systems Magyarország ZRt.	Outsourcing Service Agreement	Outsourcing Service Agreement	0000051/2011-SMws
T-Systems Magyarország ZRt.	Smlouva IFS ISCS 04 2008	Smlouva IFS ISCS 04 2008	0000059/2011-SMws
T-Systems Magyarország ZRt.	Service Agreement for GTS NET a.s and GTS Magyarország Távközlési Kft.	Service Agreement for GTS NET a.s and GTS Magyarország Távközlési Kft.	0000063/2007-SMws
T-Systems Magyarország ZRt.	Amendment Nr.1 to the Service Agreement for GTS NET a.s and GTS Magyarország Távközlési Kft.	Amendment Nr.1 to the Service Agreement for GTS NET a.s and GTS Magyarország Távközlési Kft.	0000063/2007-SMws
T-Systems Magyarország ZRt.	RCTIO Framework Cooperation and Service Agreement	RCTIO Framework Cooperation and Service Agreement	025427-000-00
T-Systems Magyarország ZRt.	Service Arrangement – RCTIO Framework Cooperation and Service Agreement	Service Arrangement – RCTIO Framework Cooperation and Service Agreement	025427-201-00
T-Systems Magyarország ZRt.	Agreement – PwC service fee	Agreement – PwC service fee	026656-000-00
T-Systems Magyarország ZRt., GTS Poland sp. z o.o., GTS Telecom S.R.L.	Cooperation Agreement	Cooperation Agreement	025746-000-00
T-Systems Polska Sp. z o.o.	Cooperation agreement	Cooperation agreement	0000243/2011-SMna
T-Systems Slovakia s.r.o.	Service Agreement	Service Agreement	027336-000-00
T-Systems International GmbH	Share Purchase Agreement – Angel + expert opinion	Share Purchase Agreement – Angel + expert opinion	024278-000-00
T-Systems International GmbH	Cooperation Agreement – transaction Angel	Cooperation Agreement – transaction Angel	024279-000-00
T-Systems International GmbH	Individual Agreement (Project Time Management System)	Individual Agreement (Project Time Management System)	2012/1359
T-Systems International GmbH	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	2012/1549
T-Systems International GmbH	ICPS Individual Contract	ICPS Individual Contract	2012/1553
T-Systems International GmbH	ICPS Individual Contract	ICPS Individual Contract	2012/1554
T-Systems International GmbH	Delivery Agreement – IT Services	Delivery Agreement – IT Services	2013/0105
T-Systems International GmbH	Delivery Agreement – Global Business Continuity Manager Services	Delivery Agreement – Global Business Continuity Manager Services	2013/0111

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
T-Sytems International GmbH	Service Schedule (IBL Connection iDCC (One- Time Costs))	Service Schedule (IBL Connection iDCC (One- Time Costs))	2013/0140
T-Sytems International GmbH	Operational level Agreement to the Frame Delivery Agreement for Telekom IT 2013 CZ – OLA Telekom IT FB T-Europe 2013 Q1 CZ	Operational level Agreement to the Frame Delivery Agreement for Telekom IT 2013 CZ – OLA Telekom IT FB T-Europe 2013 Q1 CZ	2013/0225
T-Sytems International GmbH	Delivery Agreement – IT Services	Delivery Agreement – IT Services	2013/0234
T-Sytems International GmbH	Operational Level Agreement (OLA) to the Frame Delivery Agreement for SOC SAP TS Large Accounts	Operational Level Agreement (OLA) to the Frame Delivery Agreement for SOC SAP TS Large Accounts	2013/0238
T-Sytems International GmbH	Individual Agreement	Individual Agreement	2013/0262
T-Sytems International GmbH	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	2013/0263
T-Sytems International GmbH	Operational Level Agreement to the Frame Delivery Agreement for Telekom IT 2013 CZ	Operational Level Agreement to the Frame Delivery Agreement for Telekom IT 2013 CZ	2013/0272
T-Sytems International GmbH	Operational Level Agreement to the Frame Delivery Agreement for GDU SAP TS MPHS	Operational Level Agreement to the Frame Delivery Agreement for GDU SAP TS MPHS	2013/0280
T-Sytems International GmbH	Delivery Agreement – IT Services	Delivery Agreement – IT Services	2013/0500
T-Sytems International GmbH	Service Agreement	Service Agreement	2013/0517
T-Sytems International GmbH	ngCRM Infrastructure Operation	ngCRM Infrastructure Operation	2013/0600
T-Sytems International GmbH	Business Agreement to the Frame Delivery Agreement for Telekom IT 2013 CZ	Business Agreement to the Frame Delivery Agreement for Telekom IT 2013 CZ	2013/0649
T-Sytems International GmbH	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	2013/0680
T-Sytems International GmbH	Operational Level Agreement (OLA) to the Frame Delivery Agreement for GDU SAP TS	Operational Level Agreement (OLA) to the Frame Delivery Agreement for GDU SAP TS	2013/0715
T-Sytems International GmbH	Operating Level Agreement (OLA) for GDU SAP TS	Operating Level Agreement (OLA) for GDU SAP TS	2013/0735
T-Sytems International GmbH	Operational Level Agreement (OLA) to the Frame Delivery Agreement for Telekom IT 2013 CZ	Operational Level Agreement (OLA) to the Frame Delivery Agreement for Telekom IT 2013 CZ	2013/0741
T-Sytems International GmbH	Amendment to Service Schedule Network FW-LB Nr. 2010/697	Amendment to Service Schedule Network FW-LB Nr. 2010/697	2013/0769
T-Sytems International GmbH	Amendment to Service Schedule Microsoft Nr. 2010/1522	Amendment to Service Schedule Microsoft Nr. 2010/1522	2013/0770
T-Sytems International GmbH	Amendment to Service Schedule Filent Nr. 2010/1524	Amendment to Service Schedule Filent Nr. 2010/1524	2013/0771
T-Sytems International GmbH	Amendment to Service Schedule SAP Nr. 2010/1270	Amendment to Service Schedule SAP Nr. 2010/1270	2013/0772
T-Sytems International GmbH	Amendment to Service Schedule ARM Nr. 2010/1364	Amendment to Service Schedule ARM Nr. 2010/1364	2013/0773
T-Sytems International GmbH	Amendment to Service Schedule Linux Waikiki Nr. 2011/1453	Amendment to Service Schedule Linux Waikiki Nr. 2011/1453	2013/0774
T-Sytems International GmbH	Amendment to Service Schedule Linux Hawaii Nr. 2010/1523	Amendment to Service Schedule Linux Hawaii Nr. 2010/1523	2013/0775
T-Sytems International GmbH	Amendment to Service Schedule Linux Hawaii Nr. 2010/1520	Amendment to Service Schedule Linux Hawaii Nr. 2010/1520	2013/0776
T-Sytems International GmbH	Operational Level Agreement (OLA) for IT CSOAO 2013 Q3 CZ	Operational Level Agreement (OLA) for IT CSOAO 2013 Q3 CZ	2013/0852
T-Sytems International GmbH	Operational Level Agreement (OLA) for IT CSOAO 2013 Q4 CZ	Operational Level Agreement (OLA) for IT CSOAO 2013 Q4 CZ	2013/0853
T-Sytems International GmbH	Operational Level Agreement (OLA) to the Frame Delivery Agreement for Telekom IT 2013 CZ	Operational Level Agreement (OLA) to the Frame Delivery Agreement for Telekom IT 2013 CZ	2013/0882
T-Sytems International GmbH	Bietererklärung	Bidder declaration	2013/0950
T-Sytems International GmbH	Operational Level Agreement (OLA) for GDU SAP TS	Operational Level Agreement (OLA) for GDU SAP TS	2013/0954
T-Sytems International GmbH	Operational Level Agreement to the Frame Delivery Agreement for Telekom IT 2013	Operational Level Agreement to the Frame Delivery Agreement for Telekom IT 2013	2013/1021
T-Sytems International GmbH	Operational Level Agreement to the Frame Delivery Agreement for Telekom IT 2013	Operational Level Agreement to the Frame Delivery Agreement for Telekom IT 2013	2013/1070

Partner	Services/goods – original version	Services/goods – translation	No. of contract of the Company
T-Sytems International GmbH	Service Schedule „Waikikki Infrastructure“	Service Schedule „Waikikki Infrastructure“	2013/1153
T-Sytems International GmbH	Delivery agreement Telekom IT 2014 CZ pursuant to the framework agreement regarding the provision of IT Services	Delivery agreement Telekom IT 2014 CZ pursuant to the framework agreement regarding the provision of IT Services	2013/1219
Zoznam Mobile, s.r.o.	Smlouva o zajištění poskytování obsahu	Content provision agreement	021136-000-00
Zoznam, s.r.o.	Smlouva o zachování důvěrnosti informací – NDA	Non Disclosure Agreement (NDA)	027266-000-00

5. LEGAL ACTS MADE AT THE INSTIGATION OF OR IN THE INTEREST OF THE CONTROLLING PARTY OR OTHER PARTIES CONTROLLED BY THE CONTROLLING PARTY

During the Relevant period the Company made the following legal acts in the interest, or at the instigation of, the Controlling party or other parties controlled by the Controlling party, which would involve assets exceeding in value CZK 3,143 million, which represents 10% of the Company's equity reported in the latest consolidated Financial Statements as at 31 December 2018:

- The Company paid a dividend of CZK 4,389 million;
- During the Accounting period the Company purchased from DTAG Group foreign currency at market value in total amount CZK 4,490 million;
- The Company provided intercompany loan to DTAG in the amount of CZK 3,629 million as at 31 December 2018.

On 31 December 2018 the Company purchased 100% share in LEMO Internet a.s. and 100% share in RegioNET Morava, a.s. and become their parent company.

6. ASSESMENT OF A DETRIMENT AND ITS COMPENSATION

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

7. VALUATION OF RELATIONS AND RISKS WITHIN THE GROUP

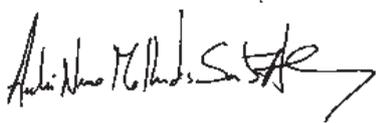
7.1 EVALUATION OF ADVANTAGES AND DISADVANTAGES OF RELATIONS WITHIN THE GROUP

In particular, the following advantages arise from the participation within the Group to the Company. The Group is a provider of top class telecommunication services, it disposes of a strong brand and strong financial background, from which the Company benefits especially when closing deals with its suppliers.

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

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

In Prague, 15 March 2019



André Nuno Malheiro Dos Santos Almeida
Chairman of the Board of Directors

In Prague, 15 March 2019



Jose Severino Perdomo Lorenzo
Member of the Board of Directors

REPORT ON THE RELATIONSHIPS BETWEEN THE RELATED PARTIES FOR THE YEAR 2018

1. OVERVIEW OF THE RELATED PARTIES

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

DTAG

100% T-Mobile Global Zwischenholding GmbH (Germany)

- 100.00% T-Mobile Global Holding GmbH (Germany)
 - 100.00% Deutsche Telekom Holding B.V. (Netherlands)
 - 63.50% T-Mobile US, Inc. (USA)
 - 100.00% T-Mobile USA, Inc. (USA)
 - 100.00% T-Mobile USA Tower LLC (USA)
 - 100.00% SunCom Wireless Holdings Inc. (USA)
 - 100.00% T-Mobile License, LLC (USA)
 - 100.00% T-Mobile South LLC (USA)
 - 100.00% IBSV LLC (USA)
 - 100.00% T-Mobile Subsidiary IV Corporation (USA)
 - 100.00% TMUS Assurance Corporation (USA)
 - 100.00% T-Mobile PCS Holdings LLC (USA)
 - 100.00% T-Mobile West LLC (USA)
 - 100.00% T-Mobile Northeast LLC (USA)
 - 100.00% T-Mobile Central LLC (USA)
 - 100.00% Powertel / Memphis, Inc. (USA)
 - 100.00% Metro PCS California, LLC (USA)
 - 100.00% T-Mobile Financial, LLC (USA)
 - 100.00% T-Mobile Leasing, LLC (USA)
 - 100.00% Metro PCS Networks California, LLC (USA)
 - 100.00% Layer 3 TV, Inc. (USA)
 - 100.00% T-Mobile Global Care Corporation (USA)
 - 100.00% SLMA LLC (USA)
 - 100.00% Magenta Ventures LLC (USA)
 - 100.00% Huron Merger Sub LLC (USA)
 - 100.00% Superior Merger Sub Corporation (USA)

100% Deutsche Telekom (UK) Limited (United Kingdom)

- 100.00% T-Mobile International UK Pension Trustee Limited (United Kingdom)
- 100.00% One 2 One Limited (United Kingdom)
- 100.00% T-Mobile (UK) Limited (United Kingdom)
- 100.00% T-Mobile (UK) Retail Limited (United Kingdom)
- 100.00% T-Mobile Ltd. (United Kingdom)
- 100.00% One 2 One Personal Communications Ltd. (United Kingdom)
- 100.00% T-Mobile International Limited (United Kingdom)
- 100.00% T-Mobile No. 1 Limited (United Kingdom)
- 100.00% T-Mobile No. 5 Limited (United Kingdom)
- 100.00% T-Mobile UK Properties Inc. (USA)

59.21% Magyar Telekom Nyrt. (Hungary)
 100.00% Combridge SRL. (Romania)
 50.00% E2 Hungary Zrt. (Hungary)
 100.00% Stonebridge Communications A.D.(Macedonia)
 51.00% Makedonski Telekom AD Skopje (Macedonia)
 100.00% T-Systems Magyarország Zrt (Hungary)
 100.00% Novatel EOOD (Bulgaria)
 100.00% T-Mobile Polska S.A. (Poland)
 100.00% Tele Haus Polska Sp.z.o.o. (Poland)
 50.00% NetWorkS! Sp.z.o.o. (Poland)
 100.00% Tel-Team Inwestycje Sp.z.o.o. (Poland)
 100.00% T-Systems Polska Sp.z.o.o. (Poland)
 100.00% Consortium 1 S.à.r.l. (GTS) (Luxemburg)
 100.00% Consortium 2 S.à.r.l. (Luxemburg)
 100.00% GTS Central European Holdings Limited (Cyprus)
 100.00% Carduelis B.V. (Netherlands)
 0.54% GTS Central European Holding B.V. (Netherlands)
 99.46% GTS Central European Holding B.V. (Netherlands)
 100.00% GTS Ukraine L.L.C. (Ukraine)
 100.00% Antel Germany GmbH (Germany)
 47.44% GTS Telecom S.R.L. (Romania)
 52.56% GTS Telecom S.R.L. (Romania)
 99.00% Deutsche Telekom Pan-Net s.r.o. (Slovakia)
 99.88% Deutsche Telekom Pan-Net Greece EPE (Greece)
 100.00% Deutsche Telekom Pan-Net Poland Sp. Z o.o. (Poland)
 100.00% Deutsche Telekom Pan-Net Croatia d.o.o. (Croatia)
 100.00% Deutsche Telekom Pan-Net Hungary Kft. (Hungary)
 100.00% Deutsche Telekom Pan-Net Czech Republic s.r.o. (Czech Republic)
 100.00% Deutsche Telekom Pan-Net Albania Sh.p.k. (Albania)
 100.00% Deutsche Telekom Pan-Net GmbH (Austria)
 100.00% Deutsche Telekom Pan-Net Macedonia DOOEL Skopje (Macedonia)
 100.00% Deutsche Telekom Pan-Net Montenegro d.o.o. (Montenegro)
 100.00% Deutsche Telekom Pan-Net Romania S.R.L. (Romania)

100% Deutsche Telekom Asia Pte Ltd (Singapore)

45% +1 Hellenic Telecommunications Organization S.A. (OTE) (Greece)

- 100.00% OTE International Investments Ltd. (Cyprus)
 - 54.01% Telekom Romania Communications S.A. (Romania)
 - 30.00% Telekom Romania Mobile Communications S.A. (Romania)
- 100.00% Cosmote Mobile Telecommunications S.A. (Greece)
 - 70.00% Telekom Romania Mobile Communications S.A. (Romania)
 - 99.757% Telekom Albania Sh.a (AMC) (Albania)
- 100.00% Germanos S.A. (Greece)
 - 1.00% Cosmoholding International B.V. (Netherlands)
 - 99.00% Cosmoholding International B.V. (Netherlands)
- 100.00% OTE Estate S.A. (Greece)
- 100.00% OTE International Solutions S.A. (OTE Globe) (Greece)

100% Deutsche Telekom Europe Beteiligungsverwaltungsgesellschaft mbH (Germany)

- 1.00% Deutsche Telekom Pan-Net s.r.o. (Slovakia)
- 0.12% Deutsche Telekom Pan-Net Greece EPE (Greece)

50% BuyIn S.A. (Belgium)

- 100.00% BuyIn S.A.S. (France)
- 100.00% BuyIn GmbH (Germany)

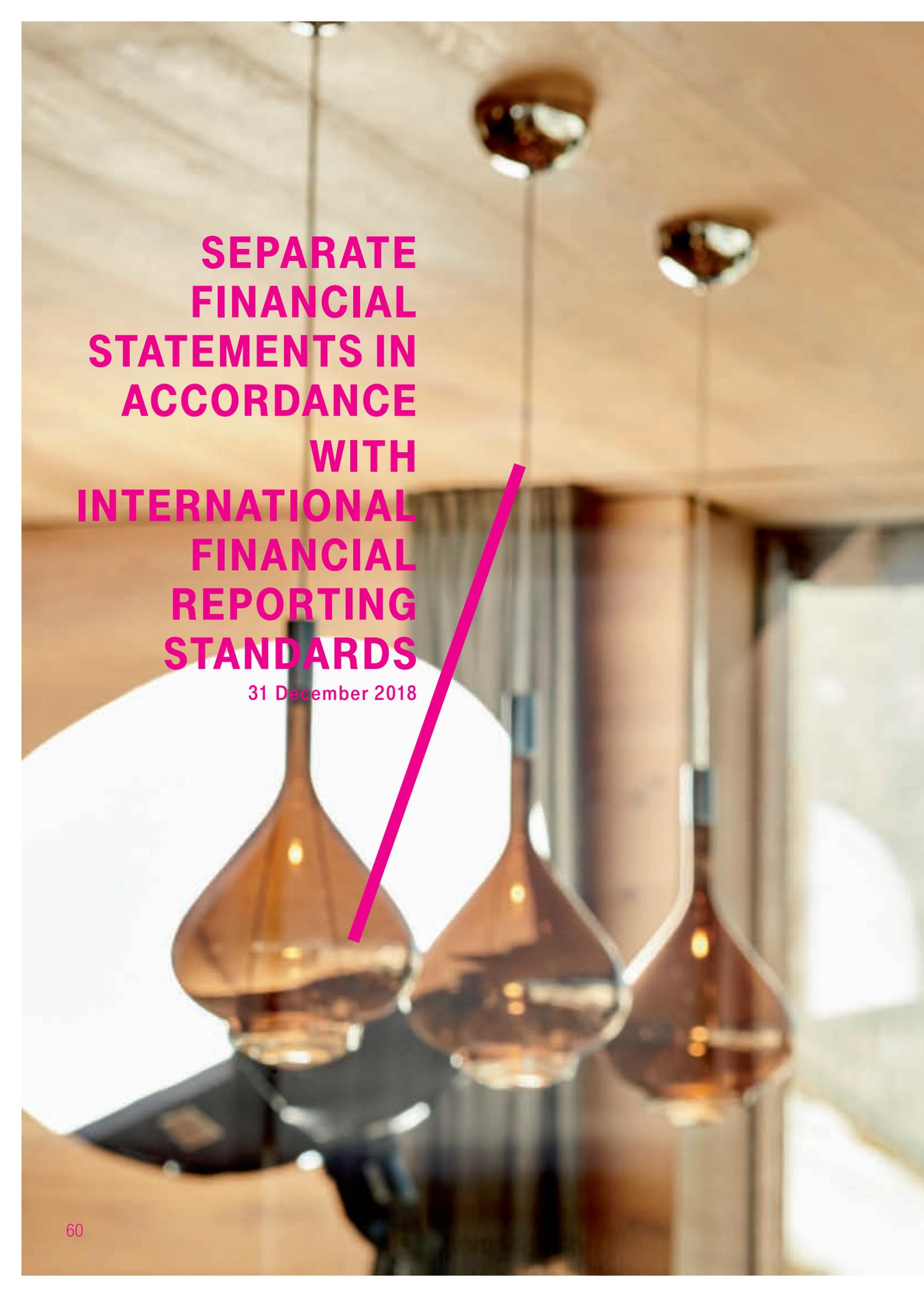
100% T-Systems International GmbH (Germany)

- 100.00% 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)
- 100.00% Deutsche Telekom Services Europe Czech Republic s.r.o. (Czech Republic)
- 96.67% Deutsche Telekom Services Europe Romania S.R.L. (Romania)

3.33% Deutsche Telekom Services Europe Romania S.R.L. (Romania)



**SEPARATE
FINANCIAL
STATEMENTS IN
ACCORDANCE
WITH
INTERNATIONAL
FINANCIAL
REPORTING
STANDARDS**

31 December 2018



Statement of
Financial Position **62**

Statement of
Comprehensive Income **63**

Statement of
Changes in Equity **64**

Statement of Cash Flows **65**

Notes to the
Financial Statements **66**

STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2018

CZK million	Note	31. 12. 2018	31. 12. 2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,637	5,254
Trade and other receivables	5	6,292	5,596
Other financial assets	6	3,634	128
Inventories	7	868	731
Prepaid expenses and other current assets		489	404
Contract assets	8	606	-
Contract costs	8	588	-
Advanced payment of income tax		-	69
Total current assets		15,114	12,182
NON-CURRENT ASSETS			
Intangible assets	9	7,936	8,255
Goodwill	10	1,275	1,275
Property and equipment	11	15,778	15,655
Investment in subsidiary	12	2,227	2,133
Contract assets	8	22	-
Contract costs	8	201	-
Prepaid expenses and other non-current assets		277	224
Total non-current assets		27,716	27,542
TOTAL ASSETS		42,830	39,724
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	13	5,361	5,625
Other financial liabilities	14	234	180
Provisions	15	338	397
Contract liabilities	8	636	-
Deferred revenue	16	78	238
Income tax liability		291	-
Total current liabilities		6,938	6,440
NON-CURRENT LIABILITIES			
Other financial liabilities	14	1,264	1,308
Provisions	15	830	887
Contract liabilities	8	199	-
Deferred revenue	16	-	3
Deferred tax liability	17	888	563
Total non-current liabilities		3,181	2,761
TOTAL LIABILITIES		10,119	9,201
EQUITY			
Share capital	19	520	520
Share premium	19	397	397
Capital funds	19	104	105
Retained earnings		31,690	29,501
Total equity		32,711	30,523
TOTAL LIABILITIES AND EQUITY		42,830	39,724

The notes on pages 66 to 97 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2018

CZK million	Note	2018	2017
Revenue from contracts with customers	21	26,976	26,799
Other operating income	22	1,384	1,482
Cost of goods, raw materials and telecommunication services	23	(9,135)	(9,171)
Employee benefits	24	(3,567)	(3,469)
Depreciation and amortisation	25	(4,276)	(4,611)
Other operating expenses	26	(4,432)	(5,459)
Profit from operations		6,950	5,571
Finance income	27	220	128
Finance expense	27	(196)	(215)
Profit before tax		6,974	5,484
Income tax expense	28	(1,378)	(1,095)
Net profit for the current period		5,596	4,389
Other comprehensive income		-	-
Total comprehensive income for the period		5,596	4,389

The notes on pages 66 to 97 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

CZK million	Note	Share Capital	Share Premium	Capital Funds	Retained Earnings	Total
Balance as at 1. 1. 2017		520	397	106	29,832	30,855
Total comprehensive income		-	-	-	4,389	4,389
Profit for the period		-	-	-	4,389	4,389
Transactions with shareholders		-	-	-	(4,720)	(4,720)
Dividends paid	29	-	-	-	(4,720)	(4,720)
Executive management share schemes		-	-	(1)	-	(1)
Balance as at 31. 12. 2017		520	397	105	29,501	30,523
Impact of adoption of IFRS 15 & IFRS 9 as at 1. 1. 2018		-	-	-	982	982
Restated balance as at 1. 1. 2018		520	397	105	30,483	31,505
Total comprehensive income		-	-	-	5,596	5,596
Profit for the period		-	-	-	5,596	5,596
Transactions with shareholders		-	-	-	(4,389)	(4,389)
Dividends paid	29	-	-	-	(4,389)	(4,389)
Executive management share schemes		-	-	(1)	-	(1)
Balance as at 31. 12. 2018		520	397	104	31,690	32,711

The notes on pages 66 to 97 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

CZK million	Note	2018	2017
Cash flows from operating activities			
Profit before tax for the current period		6,974	5,484
Adjustments for non-cash movements:			
Depreciation and amortisation	25	4,276	4,611
Interest expense net	27	24	67
Gain on sale of fixed assets net		(31)	(139)
Changes in provisions		84	344
Other non-cash income		(111)	(17)
Cash flow from operating activities before changes in working capital		11,216	10,350
Changes in trade and other receivables		(1,313)	(555)
Changes in inventories		(137)	(58)
Changes in trade and other payables		629	460
Cash flow generated from operating activities		10,395	10,197
Income tax paid		(925)	(861)
Interest paid		(67)	(69)
Interest received		40	3
Dividends received		111	250
Net cash flow from operating activities		9,554	9,520
Cash flows from investing activities			
Purchases of property and equipment and intangible assets	9, 11	(3,971)	(3,161)
Payment for acquisition of subsidiary	12	(92)	-
Proceeds from the sale of property and equipment and intangible assets		70	103
Losses from the sale of securities		(49)	(44)
Intercompany loan issued		(3,500)	(128)
Net cash flow from investing activities		(7,542)	(3,230)
Cash flows from financing activities			
Issuance of loan		-	140
Issuance of bank overdraft		44	19
Repayment of short-term financing	2	(89)	(34)
Repayment of loan		-	(140)
Repayment of bank overdraft		(44)	(19)
Dividends paid	29	(4,389)	(4,720)
Payments of finance lease liabilities	11	(151)	(216)
Net cash flow from financing activities		(4,629)	(4,970)
Net (decrease)/increase in cash and cash equivalents		(2,617)	1,320
Cash and cash equivalents as at the beginning of the period	4	5,254	3,934
Cash and cash equivalents as at the end of the period	4	2,637	5,254

The notes on pages 66 to 97 form an integral part of these financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

1 GENERAL INFORMATION

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, Tomíčková 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.

THE COMPANY'S OWNERSHIP STRUCTURE

As at 31 December 2018 and 31 December 2017, the ownership structure of the Company 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 Company during the accounting periods ended 31 December 2018 and 31 December 2017 was Deutsche Telekom AG ("DTAG") which controls Deutsche Telekom Europe B.V., the direct parent of the Company. Deutsche Telekom Europe B.V. is consolidated by Deutsche Telekom AG Group and its results are presented in group consolidated financial statements on website www.telekom.de/investor-relations.

LICENCES AND TRADEMARKS

As at 31 December 2018, the Company had the right to use the following frequency bands:

- Allocation of frequency bands for the provision of public mobile network in 900 MHz and 1800 MHz frequency bands for the period of 20 years (expires in 2024);
- Allocation of frequency bands for the provision of public mobile network of electronic communication in 2.1 GHz and 28 GHz frequency bands for the period of 20 years (expires in 2024);
- Allocation of frequency bands for the provision of public mobile network in 800 MHz, 1800 MHz and 2600 MHz frequency bands for the period of 15 years (expires in 2029);
- Allocation of frequency bands for the provision of public mobile network in 26 GHz frequency, which expires in 2020;
- Allocation of frequency band for the provision of public communications network in 2600 MHz frequency band for the period of 13 years (expires in 2029).

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

These financial statements relate to consolidated financial statements of T-Mobile Czech Republic a.s. and its subsidiaries CE Colo Czech s.r.o., LEMO Internet a.s. and RegioNET Morava, a.s. (together the "Group") for the year ended 31 December 2018. These separate financial statement should be read in conjunction with the consolidated financial statements to obtain a complete understanding of the Group's results and financial position.

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

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

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

ADOPTION OF NEW/REVISED STANDARDS AND NEW STANDARDS (INCLUDING AMENDMENTS OF EXISTING STANDARDS) NOT YET ADOPTED BY THE COMPANY

In 2018, the Company adopted the following standards and amendments to the standards.

a) Adopted during the year:

- IFRS 9, Financial Instruments (as revised in July 2014, effective for annual periods beginning on or after 1 January 2018). The standard includes a model for classification and measurement, a single, forward-looking "expected loss" impairment model and substantially-reformed approach to hedge accounting.
- IFRS 15, Revenue from Contracts with Customers (issued in May 2014, effective for annual periods beginning on or after 1 January 2018). The standard replaced IAS 18 which covered contracts for goods and services and IAS 11 which covered construction contracts. The IFRS 15 standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

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

b) New standards, amendments to the standards and interpretations endorsed by EU which are not yet effective and have not been early adopted:

- IFRS 16, Leases (issued in January 2016, effective for annual periods beginning on or after 1 January 2019).
 - The new standard will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. Each lease payment will be allocated between the liability and finance cost. The finance cost will be charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset will be depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.
 - Leases with a lease term up to 12 months and low-value leases will be treated in the same way, even though the standard permits exceptions for short-term and low-value leases. In compliance with DTAG accounting policy this exemption is not applied and the Company has a unified approach for all leases.
 - IFRS 16 provides also practical expedient that permits lessees to make an accounting policy election, by class of underlying asset, to account for each separate lease component of a contract and any associated non-lease components as a single lease component. The Company will apply this practical expedient (accounting policy election), and therefore non-lease components which are fixed and paid to lessor, e.g. utilities, maintenance costs, insurance services, etc. will not be separated, but capitalised.
 - The Company has set up a project team which has reviewed all of the Company's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The Company leases various properties, technical infrastructure, equipment and cars. The standard will affect primarily the accounting for the Company's operating leases.
 - As at the reporting date, the Company has non-cancellable operating lease commitments of CZK 2,508 million, see note 31.
 - For the existing contracts for operating lease the Company expects to recognise right-of-use assets of approximately CZK 6,300 million, on 1 January 2019, lease liabilities of CZK 6,312 million (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018). Due to adoption of IFRS 16 standard part of old finance lease under IAS 17 amounting CZK 503 million will be derecognised out of which CZK 413 million will be reposted to deferrals, resulting to deferred tax assets of CZK 0.5 million. The Company expects no significant impact to overall net assets and net current assets.
 - The Company expects that net profit after tax will decrease by approximately CZK 113 million for 2019 as a result of adopting the new rules and EBITDA will increase by CZK 923 million due to reduction of rent expense for 2019.
 - In 2019, operating cash flows will decrease and financing cash flows increase by approximately CZK 895 million as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

- The Company's activities as a lessor are not material and hence the group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.
- The Company intends to apply the modified retrospective approach of transition and will not restate comparative amounts for the year prior to first adoption, the cumulative effect of initially applying IFRS 16 will be presented as an adjustment to opening retained earnings.

The other amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

A) 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).

Between estimates belongs mainly:

- Estimate of recoverable amount of the cash-generating unit, to which goodwill is allocated for the purposes of impairment testing (see Note 10);
- Provision for doubtful debt (see Note 5);
- Useful lives of customer relationships and other intangible assets (see Note 9);
- Fair values of jointly held tangible assets subject to network sharing agreement (see Note 11).

B) 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 subsidiary is equal to fair value of the assets transferred and the liabilities incurred.

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

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

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

Business combinations under common control are accounted for using predecessor amounts approach (similar to pooling of interest). Under this method the Company does not revalue 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.

C) 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.

D) GOODWILL

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

- Consideration transferred;
- Amount of any non-controlling interest in the acquired entity; and
- Acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired.

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

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

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

E) 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.

F) JOINT ARRANGEMENTS

Joint arrangements according to IFRS 11 may have either a joint operation or a joint venture form. The classification depends on contractual rights and obligations of each investor, rather than the legal structure of a joint arrangement.

According to participation in joint operations, the Company recognises assets controlled and liabilities incurred and its share on all jointly held assets and jointly incurred liabilities and its share on revenue and costs generated by the joint operations according to valid terms of relevant contracts. Other information related to joint arrangements is stated in Note 11.

G) 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).

H) 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.

I) 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 rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

Financial assets at fair value through profit or loss

The Company uses currency forward contracts to economically hedge its estimated cash flows. Financial assets at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value. Unrealised gains and losses arising from revaluation of financial assets to the fair value as well as realised gains and losses are recognised in profit or loss. The information on accounting of financial derivatives and hedging operations is provided in Note 3.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements. Financial liabilities include mainly trade payables, short-term bank financing, finance lease obligations, 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 20.

J) PROPERTY AND EQUIPMENT

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

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

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

Land recognised at acquisition cost is not depreciated.

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

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

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

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

K) INTANGIBLE ASSETS

Intangible assets comprise especially the following:

i) UMTS licence

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

ii) GSM licence

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

iii) LTE licence

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

iv) Software

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

v) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 7 and 8 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.

L) FINANCE LEASES

Leased property and equipment where the Company assumes all the substantial benefits and risks usually connected with the ownership is classified as finance leases. Property and equipment under finance leases is capitalised at lower of fair value and estimated net present value of the minimal lease payments. The corresponding current and non-current lease obligations, net of finance charges are recognised as current and non-current other financial liabilities, respectively. Finance costs are charged to profit or loss over the lease period using the effective interest method.

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 finance assets.

M) OPERATING LEASES

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

N) PROVISIONS

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

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

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

O) REVENUE RECOGNITION

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

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

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

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

In the case of multiple-element arrangements (e.g. mobile contract plus handset) with subsidised products delivered at contract inception, the transaction price is allocated to the performance obligations in the contract by reference to their relative standalone selling prices.

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

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

Some one-time fees (mainly activation fees which are generally paid at a contract inception) do not fulfil definition of a separate performance obligation but represent a prepayment on future services. Such one-time fees and advanced payments for post-paid services lead to a recognition of a contract liability which is derecognised appropriately over the contract term.

When discounts on service fees are granted unevenly for specific months of a contract while monthly service is provided evenly to the customer, service revenues are recognised on a straight-lined basis.

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

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

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

Contract costs

Commission costs are assessed as incremental cost of obtaining a contract and are recognised as contract costs. Contract costs are amortised over the estimated customer retention period. The amortisation charge is presented within dealers commission under other operating costs (related to indirect sales channel) and within wages and salaries under staff costs (related to direct sales channel).

Revenue recognition accounting policies before 1 January 2018

Accounting policies applicable to the comparative period ended 31 December 2017, that were subsequently amended by IFRS 15, are as follows.

Revenue comprises primarily revenue from the provision of telecommunication network services to final customers and to other parties, revenue from the sale of goods and revenues from System Solutions (IT services). Revenue is stated net of discounts and Value Added Tax. The Company recognises the revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the revenue categories.

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

Monthly subscription fees, 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.

Revenues from post-paid customers are recognised on the basis of airtime used and are recorded in monthly billing cycles.

Revenues from the sale of pre-paid cards are deferred and based on operational data are recognised at the moment when the customer uses the pre-paid credit.

The Company further defers installation fees charged to customers based on service agreements. Installation fees are released to the statement of comprehensive income over the expected life of the related service agreement.

Sale of services is recognized as at the date the services are rendered and are stated net of discounts and Value Added Tax.

Revenues from the sale of goods are recognised at the time of the customer's or independent dealer's purchase.

The Company offers certain multiple-element arrangements where the customer can purchase hardware together with servicing agreement. The amount of revenue allocated to each element is based upon the relative fair values of the various elements. The fair values of each element are determined based on the current market price of each of the elements when sold separately. The revenue relating to the hardware is recognised when risks and rewards of the hardware are transferred to the customer which occurs on delivery. Revenue relating to the service element is recognised on a straight-line basis over the service period.

System solutions revenues represent revenues from application of information technology and telecommunications equipment to store, retrieve, transmit and manipulate data and to provide advanced solutions such as system integration, cloud applications, ICT security and desktop services management. System solutions/integration contracts are mainly short-term, billed on the basis of time and material consumed. Revenue is recognised as the services are rendered.

Interest income is recorded on an accrual and deferral basis using the effective interest method.

Cost of goods, raw materials and services

Cost of goods, raw materials and services includes costs of handsets and accessories sold, costs of leased lines, 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.

Commissions to business partners

The Company provides commissions to business partners for customer acquisition or retention, or other services provided by business partner (e.g. prepaid credit recharging, up-sell of customer services). The commissions are expensed as incurred.

P) 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.

Q) INCOME TAX

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

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

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

R) CAPITAL

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

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

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

S) COMPARATIVES

The Company has adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial instruments from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions to IFRS 15 and IFRS 9, the Company has adopted the new rules retrospectively with the cumulative effect of initially applying this Standards recognised at the date of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2018. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 January 2018):

CZK million	IAS 18 Carrying amount 31. 12. 2017	IFRS 15 Reclassification	IFRS 15 Remeasurements	IFRS 9 Remeasurements	IFRS 15 Carrying amount 1. 1. 2018
ASSETS					
CURRENT ASSETS					
Trade and other receivables	5,596	-	-	(36)	5,560
Contract assets	-	-	511	-	511
Contract costs	-	-	499	-	499
Total current assets	12,182	-	1,010	(36)	13,156
NON - CURRENT ASSETS					
Contract assets	-	-	30	-	30
Contract costs	-	-	184	-	184
Total non-current assets	27,542	-	214	-	27,756
TOTAL ASSETS	39,724	-	1,224	(36)	40,912

CZK million	IAS 18 Carrying amount 31. 12. 2017	IFRS 15 Reclassification	IFRS 15 Remeasurements	IFRS 9 Remeasurements	IFRS 15 Carrying amount 1. 1. 2018
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	5,625	(386)	-	-	5,239
Contract liabilities	-	502	22	-	524
Deferred revenue	238	(116)	(66)	-	56
Total current liabilities	6,440	-	(44)	-	6,396
NON-CURRENT LIABILITIES					
Contract liabilities	-	-	19	-	19
Deferred tax liability	563	-	238	(7)	794
Total non-current liabilities	2,761	-	257	(7)	3,011
EQUITY					
Retained earnings	29,501	-	1,011	(29)	30,483
Total equity	30,523	-	1,011	(29)	31,505
TOTAL LIABILITIES AND EQUITY	39,724	-	1,224	(36)	40,912

Reconciliation of opening balance of retained earnings and profit for the year:

CZK million	Retained earnings
31. 12. 2017	29,501
Impact of IFRS 9	(36)
Impact of IFRS 15	1,249
Deferred tax related to IFRS 9 and IFRS 15	(231)
1. 1. 2018	30,483

Amount of adjustment related to application of IFRS 15 as at 31 December 2018 for each financial statement line affected is as follows:

CZK million	IAS 18 Carrying amount 31. 12. 2018	IFRS 15 Reclassifications and remeasurements	IFRS 15 Carrying amount 31. 12. 2018
ASSETS			
CURRENT ASSETS			
Contract asset	-	606	606
Contract costs	-	588	588
Total current assets	13,920	1,194	15,114
NON-CURRENT ASSETS			
Contract asset	-	22	22
Contract costs	-	201	201
Total non-current assets	27,493	223	27,716
TOTAL ASSETS	41,413	1,417	42,830
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Contract liabilities	-	636	636
Trade and other payables	6,082	(721)	5,361
Total current liabilities	7,023	(85)	6,938
NON-CURRENT LIABILITIES			
Contract liabilities	-	199	199
Deferred revenue	110	(110)	-
Deferred tax liability	627	261	888
Total non-current liabilities	2,831	350	3,181
TOTAL LIABILITIES	9,854	265	10,119
EQUITY			
Retained earnings (excl. profit for current period)	25,082	1,012	26,094
Profit for current period	5,456	140	5,596
Total equity	31,559	1,152	32,711
TOTAL LIABILITIES AND EQUITY	41,413	1,417	42,830

Amount of adjustment related to application of IFRS 9 as at 31 December 2018 is not significant and therefore not disclosed.

CZK million	IAS 18 amount 2018	IFRS 15 Remeasurements	IFRS 15 amount 2018
Revenue	26,905	71	26,976
Cost of goods, raw materials and telecommunication services	(9,217)	82	(9,135)
Employee benefits	(3,587)	20	(3,567)
Profit from operations	6,777	173	6,950
Profit before tax	6,801	173	6,974
Net profit for the current period	5,456	140	5,596
Total comprehensive income for the period	5,456	140	5,596

3 FINANCIAL RISK MANAGEMENT

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.

MARKET RISKS

a) 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.

As at 31 December 2018, had the CZK depreciated by 10 % against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 47 million lower. Conversely as at 31 December 2018, had the CZK appreciated by 10 % against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 47 million higher.

As at 31 December 2017, had the CZK depreciated by 10 % against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 30 million lower. Conversely as at 31 December 2017, had the CZK appreciated by 10 % against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 30 million higher.

b) Interest rate risk

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

Interest rate change by 100 basic points*	Profit after-tax impact in CZK million	
	31. 12. 2018	31. 12. 2017
Decrease	(47)	(38)
Increase	47	38

*Assuming all other variables holding constant.

CREDIT RISK

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

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

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

Trade and other receivables

IFRS 9 introduced a new, expected-loss impairment model that requires more timely recognition of expected credit losses. Specifically, the Standard requires entities to account for expected credit losses rather than only incurred credit losses as was the case under IAS 39. 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 investments at each reporting date to determine whether there is any objective evidence that they are impaired. A financial investment is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that investment. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal of the impairment loss is recognised in profit or loss.

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

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

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

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

31. 12. 2018 CZK million	Not yet due			Past due			Total
		up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more	
Trade receivables and unbilled receivables							
– trade receivables from DTAG group companies	617	131	7	43	2	–	800
– trade receivables from third parties	4,441	613	119	128	244	2,364	7,909
Provisions:							
– for other trade receivables from third parties	(78)	(36)	(30)	(63)	(152)	(2,131)	(2,490)
Other receivables							
– other receivables from third parties	73	–	–	–	–	–	73
Trade and other receivables (net)	5,053	708	96	108	94	233	6,292

31. 12. 2017 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							
– receivables from DTAG group companies	455	112	9	2	0	0	578
– trade receivables from third parties	4,188	409	101	136	216	2,582	7,632
Provisions:							
– for other trade receivables from third parties	(121)	(33)	(43)	(93)	(168)	(2,181)	(2,639)
Other receivables							
– other receivables from third parties	26	–	–	–	–	–	26
Trade and other receivables (net)	4,548	488	67	45	48	401	5,597

The gross carrying amount of trade and other receivables, reflecting the maximum exposure to credit risk, as at 31 December 2018 was CZK 8,782 million (31 December 2017: CZK 8,236 million).

Cash and cash equivalents and other financial assets

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

The Company carries out only such financial transactions whose originator's or guarantor's credit rating from an independent global rating agency lies safely within investment grade (i.e. at least BBB+/Baa1)

and, at the same time, the originator's or guarantor's credit quality indicators can be continuously monitored through the financial market.

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

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

31. 12. 2017 CZK million	Standard & Poor's Long-term rating				Total
	BBB+	A- to A+	AA-	Not assigned	
Cash in hand	-	-	-	18	18
Bank accounts	16	652	-	3	671
Cash equivalents	-	4,565	-	-	4,565
Total cash and cash equivalents and other financial assets exposure	16	5,217	-	21	5,254

The Company has also significant concentration of credit risk towards DTAG resulting from financial investments in the form of loans and derivatives. The gross carrying amount of other financial assets, reflecting the maximum exposure to credit risk, as at 31 December 2018 was CZK 3,634 million (31 December 2017: CZK 128 million), see Note 6.

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 Company uses financial instruments and practices for optimising the management of the working capital and liquidity tied up in supply chain process, i.e. reverse factoring of the Company's trade payables.

The residual maturities of financial liabilities are analysed in Note 13 and Note 14.

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 2018 and 2017. 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. 2018	31. 12. 2017
Assets		
Currency forward contract with positive fair value	5	-
Total assets	5	-
Payables		
Currency forward contract with negative fair value	11	21
Total liabilities	11	21

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 fair values of finance lease liabilities amounted to CZK 1,481 million as at 31 December 2018 (31 December 2017: CZK 1,659 million). The carrying amount of other categories of financial assets and liabilities both at 31 December 2018 and 31 December 2017 approximate their fair values.

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

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.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when the risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value, with changes in fair value being recorded in the profit or loss.

The Company uses currency forward contracts to hedge estimated cash flows. All transactions below the equivalent of EUR 15 million (CZK 383 million), are recognised as held for trading derivatives with changes in fair value being reflected in profit or loss. In 2018 and 2017, the Company did not apply hedge accounting.

4 CASH AND CASH EQUIVALENTS

CZK million	31. 12. 2018	31. 12. 2017
Cash at banks and in hand	436	689
Cash equivalents	2,201	4,565
Total	2,637	5,254

Cash equivalents as at 31 December 2018 and 31 December 2017 consist mainly of bank deposits, depository bills of exchange and REPO transactions.

5 TRADE AND OTHER RECEIVABLES

CZK million	31. 12. 2018	31. 12. 2017
Trade receivables	6,139	5,807
Unbilled receivables	2,570	2,402
Less: Provision for impairment	(2,490)	(2,639)
Trade receivables (net)	6,219	5,570
Other receivables	73	26
Total	6,292	5,596

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

Due dates of financial assets did not change during 2018 or 2017.

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

CZK million	2018	2017
Opening balance as at 1.1.	2,639	2,619
Opening balance adjustment related to IFRS 9	36	
Net increase for the year	118	204
Utilisation of provision for write-off	(303)	(184)
Closing balance as at 31.12.	2,490	2,639

6 OTHER FINANCIAL ASSETS

CZK million	31. 12. 2018	31. 12. 2017
Currency forward contracts with positive fair value	5	-
Intercompany loan	3,629	128
Total	3,634	128

The Company provided a short-term loan to DTAG in the amount of CZK 3,629 million as at 31 December 2018 (31 December 2017: CZK 128 million). The loan consists of two individual obligations with maturity not exceeding one month and individual interest rates determined on an arm's length basis. The most of the allocated liquidity was a systematic re-allocation of company's excess cash in domestic currency in the amount of CZK 3,500 million and exceptional excess EUR cash in the amount of EUR 5 million.

7 INVENTORIES

CZK million	31. 12. 2018	31. 12. 2017
Handsets and accessories	493	565
Other inventories	375	166
Total	868	731

8 ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

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

CZK million	2018
Non-current assets	
Contract assets	25
Loss allowance	(3)
Contract costs	201
Non-current assets related to contract with customers	223
Current assets	
Contract assets	624
Loss allowance	(18)
Contract costs	588
Current assets related to contract with customers	1,194
Non-current liabilities	
Contract liabilities	199
Non-current liabilities related to contract with customers	199
Current liabilities	
Contract liabilities	636
Current liabilities related to contract with customers	636

Contract asset is recognised mainly in case of multiple element arrangements (e.g. mobile contract plus handset), when a larger portion of the total consideration is attributable to the component delivered in advance (mobile handset), requiring earlier recognition of revenue. All contract assets as at 31 December 2018 are undue.

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

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

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

CZK million	2018
Opening balance as at 1.1.	0
Opening balance adjustment related to IFRS 15	16
Net increase for the year	5
Closing balance as at 31.12.	21

9 INTANGIBLE ASSETS

CZK million	Customer relationships	Software	GSM/UMTS/ LTE licences	Other intangible fixed assets	Assets in the course of construction and advances paid	Total
Cost						
1. 1. 2017	2,144	10,097	7,556	734	1,565	22,096
Additions	-	-	-	58	1,122	1,180
Disposals	-	(159)	-	-	-	(159)
Transfers*	-	956	-	-	(956)	-
31. 12. 2017	2,144	10,894	7,556	792	1,731	23,117
Additions	-	-	-	95	1,476	1,571
Disposals	-	(388)	-	(33)	(22)	(443)
Transfers*	-	1,131	62	150	(1,343)	-
31. 12. 2018	2,144	11,637	7,618	1,004	1,842	24,245
Accumulated amortisation/ Impairment						
1. 1. 2017	814	8,375	3,508	572	-	13,269
Amortisation	275	1,034	421	22	-	1,752
Disposals	-	(159)	-	-	-	(159)
31. 12. 2017	1,089	9,250	3,929	594	-	14,862
Amortisation	275	1,020	385	188	-	1,868
Disposals	-	(388)	-	(33)	-	(421)
31. 12. 2018	1,364	9,882	4,314	749	-	16,309
Net book value						
1. 1. 2017	1,330	1,722	4,048	162	1,565	8,827
31. 12. 2017	1,055	1,644	3,627	198	1,731	8,255
31. 12. 2018	780	1,755	3,304	255	1,842	7,936

* 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 2018 comprise mainly new software, particularly One.ERP system (new enterprise information system), NG CRM as described below, T-Mobile TV licences and applications and improvements of other currently used IT systems and applications.

SIGNIFICANT INDIVIDUAL INTANGIBLE ASSETS

LICENCES

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

CZK million	31. 12. 2018		31. 12. 2017	
	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
GSM licence	243	6	285	7
UMTS licence	1,147	6	1,346	7
LTE licence	1,914	11	1,996	12
Total GSM/UMTS/LTE licences	3,304		3,627	

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 2018 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 2018 is CZK 999 million plus CZK 24 million in section of Assets under construction (31 December 2017: CZK 1,051 million plus CZK 27 million under construction) and the remaining amortization period as of 31 December 2018 is 4 years (31 December 2017: 5 years). The platform is being implemented in stages and the last module is still under construction. The migrations to new CRM system affected a number of existing software and systems which needed to be modified. The amount of these capital expenditures is not included in the carrying amount of NG CRM but in the carrying amount 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.

The net book value of local customer relationship as of 31 December 2018 is CZK 389 million (as of 31 December 2017: CZK 549 million) and the remaining amortization period as of 31 December 2018 is 3 years (31 December 2017: 4 years). The net book value of multinational customer relationship as of 31 December 2018 is CZK 391 million (as of 31 December 2017: 505 million) and the remaining amortization period as of 31 December 2018 is 4 years (31 December 2017: 5 years). Based on review of useful life performed as at 31 December 2016, amortisation period of multinational customer relationship was shortened from 17 to 8 years.

The table below shows the churn rate used in useful life calculation as of 31 December 2018 and as of 31 December 2017. 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. 2018	31. 12. 2017
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)	(123)	(96)
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)	(75)	(59)

10 GOODWILL

CZK million	31. 12. 2018	31. 12. 2017
Cost		
T-Systems Czech Republic, a.s.	131	131
GTS Czech s.r.o.	1,144	1,144
Total	1,275	1,275

Goodwill was tested for impairment as of 31 December 2018. The Company is considered as one cash-generating unit ("CGU"). The Company establishes the recoverable amount by determining the CGU's fair value less cost to sell by using valuation techniques. The fair value was determined by calculating discounted projected cash flows over the next ten years with a terminal value. Cash flows beyond the ten-year period were extrapolated using the estimated long-term growth rate stated in the table below.

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 2019 – 2028.

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

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

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

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

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

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

The analysis performed as at 31 December 2018 confirmed that the recoverable amount of the cash generating unit exceeds its carrying amount.

The table below shows the WACC and LTGR used in the fair value calculation for the goodwill impairment tests conducted as of 31 December 2018 and as of 31 December 2017. 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. 2018	31. 12. 2017
WACC		
Used in the calculation	6.11%	6.37%
If changed to	10.11%	10.37%
Impairment would be (CZK million)	-	-
LTGR		
Used in the calculation	2%	2%
If changed to	(2%)	(2%)
Impairment would be (CZK million)	-	-
Nominal expected future cash flows		
If changed by	(30%)	(30%)
Impairment would be (CZK million)	-	-

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

11 PROPERTY AND EQUIPMENT

CZK million	Buildings and land	Equipment and other fixed assets	Assets in the course of construction, advances and network spare parts	Total
Acquisition cost				
1. 1. 2017	8,587	26,568	856	36,011
Additions	351	708	1,971	3,030
Disposals	(1,372)	(3,524)	(43)	(4,939)
Transfers*	908	926	(1,834)	-
31. 12. 2017	8,474	24,678	950	34,102
Additions	18	146	2,477	2,641
Disposals	(441)	(2,149)	(34)	(2,624)
Transfers*	399	1,838	(2,237)	-
31. 12. 2018	8,450	24,513	1,156	34,119
Accumulated depreciation/Impairment				
1. 1. 2017	4,090	16,097	2	20,189
Depreciation	862	1,997	-	2,859
Disposals	(1,135)	(3,465)	(1)	(4,601)
31. 12. 2017	3,817	14,629	1	18,447
Depreciation	372	2,035	-	2,407
Disposals	(426)	(2,087)	-	(2,513)
31. 12. 2018	3,763	14,577	1	18,341
Net book value				
1. 1. 2017	4,497	10,471	854	15,822
31. 12. 2017	4,657	10,049	949	15,655
31. 12. 2018	4,687	9,936	1,155	15,778

* 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 2018 comprise mainly the network technology and optical fibres.

FINANCE LEASES

The Company has entered into the finance lease contracts, particularly optical fibre lease agreements. Optical fibres are taken by the Company when prepared to use. The assets under financial lease are recognized as a part of own equipment and are depreciated over their estimated useful life that is mainly over the period of 20 years. Their net book value as at 31 December 2018 was CZK 2,451 million (as at 31 December 2017: CZK 2,588 million).

Minimum lease payments related to the concluded finance leases, the future finance charge and the present value of finance lease liabilities as at 31 December 2018 and 31 December 2017 are as follows:

CZK million	31. 12. 2018	31. 12. 2017
<i>Up to 1 month</i>	15	18
<i>1 to 3 months</i>	30	53
<i>3 to 12 months</i>	133	143
Up to 1 year	178	214
1 to 5 years	526	526
Over 5 years	1,179	1,297
Total minimum lease payments	1,883	2,037
Up to 1 year	(52)	(56)
1 to 5 years	(236)	(249)
Over 5 years	(260)	(310)
Future interest expense on finance leases	(548)	(615)
Up to 1 year	125	159
1 to 5 years	291	277
Over 5 years	919	986
Net present value of finance lease liabilities*	1,335	1,422

* Finance lease liabilities are included in other financial liabilities (refer to Note 14).

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 2018, 2,442 sites were shared on the Company side and 2,480 sites on Česká telekomunikační infrastruktura a.s. side (as at 31 December 2017: 2,380 sites on the Company side and 2,408 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 2018, 2,434 sites on the Company side and 2,450 sites on Česká telekomunikační infrastruktura a.s. side were shared (as at 31 December 2017: 2,372 sites on the Company side and 2,367 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, the Company recognizes 50% share of such assets at fair value subject to the network sharing agreements and 50% share on joint expenses and revenues resulting from the joint arrangement. The total profit or loss impact is immaterial.

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

12 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. primary business activity is lease of space in data centres.

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

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

13 TRADE AND OTHER PAYABLES

CZK million	31. 12. 2018	31. 12. 2017
Trade payables	1,780	1,584
Expenditure accruals	2,723	2,768
Total trade payables	4,503	4,352
Currency forward contracts with negative fair value	11	21
Total financial liabilities	4,514	4,373
Liabilities to employees	610	610
Other taxes and social security liabilities	230	256
Other payables	7	386
Total non-financial liabilities	847	1,252
Total	5,361	5,625

Other payables comprised mainly unused prepaid airtime in 2017 when the Company changed the accounting treatment of unused prepaid airtime from deferred revenue to prepayments (see Note 16). From 2018 the unused prepaid airtime has been reclassified within IFRS 15 to Contract liabilities.

The remaining maturities of financial liabilities (contractual undiscounted cash flows) are as follows (contractual maturities of financial lease liabilities are stated in Note 14):

CZK million	On demand	Up to 30 days	31–60 days	61–90 days	Over 90 days	Total
31. 12. 2018						
Trade payables	356	925	360	28	111	1,780
Expenditure accruals	906	878	939	–	–	2,723
Total trade payables	1,262	1,803	1,299	28	111	4,503
Currency forward contracts						
– with negative fair value	–	226	205	146	1,268	1,845
– with positive fair value	–	44	22	33	597	696
Total forward contracts*	–	270	227	179	1,865	2,541

* Contracted nominal value. Under the contracts the company will pay the nominal amounts in CZK and receive amounts in foreign currencies stated based on the agreed forward exchange rates.

CZK million	On demand	Up to 30 days	31–60 days	61–90 days	Over 90 days	Total
31. 12. 2017						
Trade payables	217	990	347	30	–	1,584
Expenditure accruals	689	1,783	192	104	–	2,768
Total trade payables	906	2,773	539	134	–	4,352
Currency forward contracts						
– with negative fair value	–	246	204	217	544	1,211
Total forward contracts*	–	246	204	217	544	1,211

* 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.

14 OTHER FINANCIAL LIABILITIES

CZK million	31. 12. 2018	31. 12. 2017
Current finance lease liabilities	125	159
Other interest bearing liabilities**	109	21
Total current other financial liabilities	234	180
Non-current finance lease liabilities	1,210	1,263
Non-current other interest bearing liabilities**	48	39
Long-term advances from post-paid customers*	6	6
Total non-current other financial liabilities	1,264	1,308
Total	1,498	1,488

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

** Liabilities from capitalized media content rights

CZK million	31. 12. 2018	31. 12. 2017
Up to 1 month	20	15
1 to 3 months	39	30
3 to 12 months	175	135
Up to 1 year	234	180
1 to 5 years	344	322
Over 5 years	920	986
Total other financial liabilities	1,498	1,488

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

CZK million	Financial lease liabilities	Other interest bearing liabilities	Loans and bank overdraft	Total
1. 1. 2017	1,258	-	-	1,258
Additions	380	94	159	633
Cash used in financing activities	(216)	(34)	(159)	(409)
31. 12. 2017	1,422	60	-	1,482
Additions	64	201	44	309
Cash used in financing activities	(151)	(104)	(44)	(299)
31. 12. 2018	1,335	157	-	1,492

The total limit of bank overdrafts and flexible credit lines available to the Company as at 31 December 2018 was EUR 1 million (CZK 26 million) and CZK 1,375 million (as at and 31 December 2017: EUR 1 million or CZK 26 million, and CZK 1,175 million). As at 31 December 2018 and 31 December 2017, the Company did not draw any overdrafts.

15 PROVISIONS

CZK million	31. 12. 2018	31. 12. 2017
Other provisions	338	397
Total current provisions	338	397
Asset retirement obligation	722	772
Other provisions	108	115
Total non-current provisions	830	887
Total	1,168	1,284

CZK million	Asset retirement obligation	Other provisions	Total
1. 1. 2017	771	162	933
Charge for the year (additions)	64	461	525
Unused amounts reversed	(33)	(97)	(130)
Used during the year	(30)	(17)	(47)
Unwinding of interest	-	3	3
31. 12. 2017	772	512	1,284
Charge for the year (additions)	25	66	91
Used amounts reversed	(15)	(108)	(123)
Unused during the year	(43)	(24)	(67)
Unwinding of interest	(17)	-	(17)
31. 12. 2018	722	446	1,168

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

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

16 DEFERRED REVENUE

CZK million	31. 12. 2018	31. 12. 2017
Deferred revenue related to unused prepaid airtime of prepaid and credit tariff subscribers	-	108
T-Mobile Bonus (IFRIC 13)	-	66
Other	78	64
Total current	78	238
Total non-current	-	3

The unused prepaid airtime accounting treatment has changed in 2017 due to change in value added tax law. In prior years the unused prepaid airtime has been disclosed as deferred revenue. From 2017 the newly purchased prepaid airtime has been disclosed as prepayments under Other payables (see Note 13).

Due to IFRS 15 changes, the unused prepaid credit and T-Mobile Bonus has been recognised as a contract liability from 2018.

17 DEFERRED TAX LIABILITY

Net deferred income tax liability is calculated as follows:

CZK million	31. 12. 2018	31. 12. 2017
Accelerated tax depreciation	(4,742)	(4,318)
Tax depreciation of receivables	(7)	(67)
Liabilities to employees	401	414
Provisions	1,015	915
Impact of IFRS 15 adoption	(1,369)	-
Other differences	30	92
Basis for deferred income tax calculation	(4,672)	(2,964)
Net deferred income tax liability	(888)	(563)

CZK million	31. 12. 2018	31. 12. 2017
Deferred income tax liability:		
- deferred income tax liability to be recovered after more than 12 months	(1,352)	(1,121)
- deferred income tax liability to be recovered after less than 12 months	(133)	(13)
Total deferred income tax liability	(1,485)	(1,134)
Deferred income tax assets:		
- deferred income tax asset to be recovered after more than 12 months	432	429
- deferred income tax asset to be recovered within 12 months	165	142
Total deferred income tax asset	597	571
Net deferred income tax liability	(888)	(563)

The net deferred income tax liability as at 31 December 2018 and 31 December 2017 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	
	2018	2017
2019 and onwards	19%	19%

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

Deferred income tax liabilities CZK million	Tax provision for receivables	Accelerated tax depreciation	Revenue recognition	Total
1. 1. 2017	(13)	(960)	-	(973)
Profit or (loss) for the current period	-	(161)	-	(161)
31. 12. 2017	(13)	(1,121)	-	(1,134)
IFRS 15 opening balance 1. 1. 2018	-	-	(250)	(250)
Profit or (loss) for the current period	4	(82)	(23)	(101)
31. 12. 2018	(9)	(1,203)	(273)	(1,485)

Deferred income tax assets CZK million	Tax provision for receivables	Provisions	Accelerated accounting depreciation	Revenue recognition	Other	Total
1. 1. 2017	-	250	259	-	22	531
Profit or (loss) for the current period	-	2	43	-	(5)	40
31. 12. 2017	-	252	302	-	17	571
IFRS 15 opening balance 1. 1. 2018	-	-	-	12	-	12
IFRS 9 opening balance 1. 1. 2018	-	-	-	-	7	7
Profit or (loss) for the current period	8	17	(11)	11	(18)	7
31. 12. 2018	8	269	291	23	6	597

18 DERIVATIVE FINANCIAL INSTRUMENTS

FORWARD CONTRACTS

As at the end of 2018, the Company had open currency forward contracts with a total nominal value of CZK 2,541 million (as at 31 December 2017: CZK 1,211 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 2018 were initiated during 2018 with maturity by the end of 2019. During 2018, currency forward contracts in the total nominal value of CZK 3,227 million were settled (in 2017: CZK 2,555 million).

Open currency forward contracts (CZK million)	31. 12. 2018	31. 12. 2017
Open currency forward contracts hedging other foreign currency liabilities:		
Positive fair value (Note 6)	5	-
Negative fair value (Note 13)	(11)	(21)
Total	(6)	(21)

19 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 2018 and 31 December 2017, 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 2018, the Company paid dividends amounted to CZK 4,389 million (in 2017: dividends of CZK 4,720 million) (refer to Note 29). The dividend per share paid out in 2018 amounted to CZK 8,440 (in 2017: CZK 9,078).

20 ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

Financial assets and liabilities by category* (CZK million)	Category per IFRS 9	31. 12. 2018 Carrying amount	31. 12. 2017 Carrying amount
Assets			
Cash and cash equivalents, of which:		2,637	5,254
Cash	Financial assets at amortised cost	436	689
Term deposits	Financial assets at amortised cost	2,201	4,565
Trade and other receivables**	Financial assets at amortised cost	6,292	5,596
Other financial assets, of which:		3,634	128
Intercompany loan	Financial assets at amortised cost	3,629	128
Currency forward contracts with positive fair value	At fair value through profit or loss (for trading)	5	-
Liabilities			
Current trade and other payables**, of which:		4,514	4,373
Trade payables	Financial liabilities at amortised cost	4,503	4,352
Currency forward contracts with negative fair value	At fair value through profit or loss (for trading)	11	21
Current other financial liabilities, of which:		234	180
Liabilities from finance lease	Financial liabilities at amortised cost	125	159
Other interest-bearing financial liabilities	Financial liabilities at amortised cost	109	21
Non-current other financial liabilities, of which:		1,264	1,308
Deposits received	Financial liabilities at amortised cost	6	6
Other interest-bearing financial liabilities	Financial liabilities at amortised cost	48	39
Finance lease liabilities	Financial liabilities at amortised cost	1,210	1,263

* Financial assets and liabilities are categorized according to risk rate and in the level of detail required by the Company for management purposes.

** Excluding non-financial assets/liabilities (refer to Notes 5 and 13)

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 2018:

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

The following table presents trade receivables and trade payables which were subject to offsetting as at 31 December 2017:

31. 12. 2017 CZK million	Gross amounts offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position	Net amount of exposure
Trade and other receivables	5,596	-	5,596	36	5,560
Trade payables	(4,352)	-	(4,352)	(36)	(4,316)

21 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	2018	2017
Sales of goods	2,495	2,159
Sales of mobile telecommunication services	18,388	18,298
Sales of fix telecommunication services	4,633	4,897
Sales of IT services	1,460	1,445
Total revenue from contracts with customers	26,976	26,799

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period:

CZK million	2018
Revenue from contracts with customers	524
Total	524

Transaction price allocated to the performance obligations that are unsatisfied as at the end of reporting period:

CZK million	2018
Outstanding transaction price	5,706
Total	5,706

The Company expects that the transaction price allocated to the unsatisfied contracts as of 31 December 2018 will be recognised as revenue as follows:

- 73% during next reporting period (CZK 4,204 million);
- 26% during second year (CZK 1,434 million);
- The rest during the third - tenth year (CZK 68 million).

22 OTHER OPERATING INCOME

CZK million	2018	2017
Gain from disposals of fixed assets	36	139
Release of provisions	84	50
Income from recharged services	883	819
Rent	120	67
Fines and penalties	2	3
Income from promotion	105	113
Other operating income	43	41
Dividend income	111	250
Total	1,384	1 482

23 COST OF GOODS, RAW MATERIALS AND TELECOMMUNICATION SERVICES

CZK million	2018	2017
Costs of goods and raw materials	2,491	2,420
Costs of telecommunication services	5,511	5,501
Maintenance of telecommunication network	477	534
Energy consumption – telecommunication network	436	401
Other	220	315
Total	9,135	9,171

24 EMPLOYEE BENEFITS

CZK million	2018	2017
Salary costs	2,660	2,609
Social security costs – obligatory and supplementary pension insurance	571	553
Social security costs – other	318	307
Board emoluments	18	-
Total	3,567	3,469
Average number of employees	3,499	3,414

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 2018, the total contribution provided was CZK 25 million (in 2017: CZK 26 million).

Salary costs includes amortisation of capitalized contract costs to obtain a contract with customer in the amount of CZK 83 million in 2018.

25 DEPRECIATION AND AMORTISATION

CZK million	2018	2017
Amortisation of licences	385	421
Amortisation of other intangible fixed assets	1,484	1,331
Depreciation of tangible fixed assets	2,407	2,859
Total	4,276	4,611

26 OTHER OPERATING EXPENSES

CZK million	2018	2017
Costs of external marketing services	546	602
Commissions to business partners	955	843
Net loss from impairment of receivables and receivables write off	102	191
Rental and operating leases	947	1,044
Expenses from cross charges of services shared in DTAG Group	515	502
Repair and maintenance (except telecommunication network)	552	654
Licence fees	320	355
Other operating expenses related to employees	160	152
Legal, consulting and auditing fees	214	332
Office supplies, postage, bank charges	98	128
Other	23	656
Total	4,432	5,459

Commissions to business partners includes amortisation of capitalized contract costs to obtain a contract with customer in the amount of CZK 635 million in 2018.

27 FINANCE INCOME AND COSTS

CZK million	2018	2017
Interest income	43	2
Foreign exchange gains	130	82
Other finance income	47	44
Total finance income	220	128
Interest expenses	(67)	(69)
Foreign exchange losses	(129)	(143)
Other finance costs	-	(3)
Total finance costs	(196)	(215)
Net finance income/(expense)	24	(87)

28 INCOME TAX

The income tax expense consists of the following:

CZK million	2018	2017
Current income tax	(1,284)	(974)
Deferred income tax (refer to Note 17)	(94)	(121)
Income tax expense	(1,378)	(1,095)

The charge for the year was calculated as follows:

CZK million	2018	2017
Profit before tax	6,974	5,484
Tax by applying the statutory tax rate*	(1,325)	(1,042)
Impact of:		
Non-tax deductible expenses	(43)	(82)
Non-taxable revenues	28	2
Additional increase of tax related to prior periods	(4)	(3)
Other	(34)	30
Income tax expense	(1,378)	(1,095)

* Income tax rate of 19% was applied in 2018 and 2017 respectively, based on the effective Income Tax Act.

29 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

CZK million	2018	2017
Roaming, interconnection and related purchased services	200	217
Other purchased goods and services	77	47
Expenses from recharging of services	155	203
Purchases of foreign currencies at market values*	4,490	1,254
Total purchases	4,922	1,721
Roaming, interconnection and related sold services	263	473
Income from recharging of services and using common platforms	287	216
Total sales	550	689

* 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. 2018	31. 12. 2017
Receivables from roaming, interconnection and related sold services	404	275
Receivables from derivatives (fair value)	5	-
Intercompany loan provided	3,629	128
Total receivables	4,038	403
Payables from roaming, interconnection and related purchased services	558	534
Liabilities from derivatives (fair value)	11	7
Total payables and liabilities	569	541

In 2018 and 2017 the Company did not have any transactions related to its parent company Deutsche Telekom Europe B.V.

TRANSACTIONS WITH SUBSIDIARIES:

CZK million	2018	2017
Roaming, interconnection and related purchased services	5	3
Other purchased goods and services	48	-
Total purchases	53	3
Roaming, interconnection and related sold services	3	4
Total sales	3	4

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

CZK million	31. 12. 2018	31. 12. 2017
Receivables from other services and discounts	1	-
Total receivables	1	-
Payables from other services and discounts	12	5
Total payables	12	5

TRANSACTIONS WITH OTHER RELATED PARTIES WITHIN THE DTAG GROUP:

CZK million	2018	2017
Roaming, interconnection and related purchased services	334	464
Other purchased goods and services	259	232
Expenses from re-invoicing of services	360	296
Total purchases	953	992
Roaming, interconnection and related sold services	232	491
Income from re-invoicing of services and using common platforms	577	523
Other income	17	2
Total sales	826	1,016

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

CZK million	31. 12. 2018	31. 12. 2017
Receivables and prepayments from other services and discounts	395	303
Total receivables	395	303
Payables from other services and discounts	437	359
Total payables	437	359

SHORT-TERM COMPENSATION TO KEY MANAGEMENT PERSONNEL

CZK million	2018		2017	
	Average number of employees	Amount	Average number of employees	Amount
Executive management	24	126	26	137
Board of Directors	3	18	3	-
Supervisory Board	3	-	4	-
Total	30	144	33	137

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

Short-term employee benefits include salaries, bonuses, personal holidays, health care, business cars used for personal purpose and other short-term employee benefits including social, health and supplementary pension insurance paid by the employer.

The Company's contributions to pension insurance amounted in 2018 to CZK 27 million (in 2017: CZK 23 million).

Contributions for management to supplementary pension fund amounted in 2018 to CZK 1 million (in 2017: CZK 1 million).

POST-EMPLOYMENT AND TERMINATION BENEFITS PROVIDED TO MANAGEMENT MEMBERS

CZK million	2018	2017
Motivation bonus scheme paid*	34	2
Severance pay	1	3

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

INCENTIVE PLANS FOR EXECUTIVE MANAGEMENT

package being launched each year and with each tranche lasting for 4 years. A total provision as at 31 December 2018 and 31 December 2017 has been recognised as follows (in million CZK):

Incentive plan	Type of settlement	31. 12. 2018	31. 12. 2017
Variable II	Cash-settled	-	18
LTI (Long-Term Incentive Plan)	Cash-settled	51	29
SMP (Share Matching Plan)	Equity-settled	-	1

DIVIDENDS

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

Based on the resolution of the sole shareholder from 4 April 2017, the Company distributed the profit to the sole shareholder as a dividend in the aggregate amount of CZK 4,720 million.

In 2018, the Company received the dividend from its subsidiary at amount of CZK 111 million (in 2017 received CZK 250 million).

30 CONTINGENT LIABILITIES

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

31 COMMITMENTS

The Company's future capital commitments to major technology and services suppliers from concluded agreements as at 31 December 2018 and 31 December 2017 are as follows:

CZK million	31. 12. 2018	31. 12. 2017
Up to 1 year	1,807	1,864
1 - 3 years	303	816
3 - 5 years	121	180
Over 5 years	15	213
Total	2,246	3,073

The future minimum lease payments under non-cancellable operating leases arising from the lease of microwave connections, optical fibres, communication base stations, other buildings and offices are as follows:

CZK million	31. 12. 2018	31. 12. 2017
Up to 1 year	426	651
1 - 3 years	428	517
3 - 5 years	386	382
Over 5 years	1,268	1,417
Total	2,508	2,967

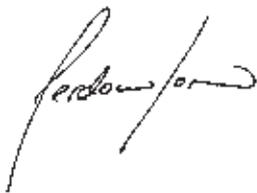
The majority of lease agreements are renewable at market prices after termination of the operating lease.

32 SUBSEQUENT EVENTS

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

33 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company for issuance on 15 March 2019. 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 2018



Consolidated Statement of Financial Position	100
Consolidated Statement of Comprehensive Income	101
Consolidated Statement of Changes in Equity	102
Consolidated Statement of Cash Flows	103
Notes to the Consolidated Financial Statements	104

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2018

CZK million	Notes	31. 12. 2018	31. 12. 2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,886	5,457
Trade and other receivables	5	6,310	5,611
Other financial assets	6	3,634	128
Inventories	7	868	731
Prepaid expenses and other current assets		492	404
Contract assets	8	606	-
Contract costs	8	588	-
Advanced payment of income tax		-	65
Total current assets		15,384	12,396
NON-CURRENT ASSETS			
Intangible assets	9	8,052	8,420
Goodwill	10	1,441	1,375
Property and equipment	11	16,252	16,117
Contract assets	8	22	-
Contract costs	8	201	-
Prepaid expenses and other non-current assets		277	224
Total non-current assets		26,245	26,136
TOTAL ASSETS		41,629	38,532
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	13	5,376	5,635
Other financial liabilities	14	234	180
Provisions	15	338	397
Contract liabilities	8	636	-
Deferred revenue	16	79	240
Income tax liability		293	-
Total current liabilities		6,956	6,452
NON-CURRENT LIABILITIES			
Other financial liabilities	14	1,264	1,308
Provisions	15	830	887
Contract liabilities	8	199	-
Deferred revenue	16	-	3
Deferred tax liability	17	951	635
Total non-current liabilities		3,244	2,833
TOTAL LIABILITIES		10,200	9,285
EQUITY			
Share capital	19	520	520
Share premium	19	397	397
Capital Funds	19	104	105
Retained earnings		30,408	28,225
Total equity		31,429	29,247
TOTAL LIABILITIES AND EQUITY		41,629	38,532

The notes on pages 104 to 135 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2018

CZK million	Notes	2018	2017
Revenue from contracts with customers	21	27,231	27,053
Other operating income	22	1,266	1,232
Cost of goods, raw materials and telecommunication services	23	(9,170)	(9,196)
Employee benefits	24	(3,586)	(3,487)
Depreciation and amortisation	25	(4,361)	(4,696)
Other operating expenses	26	(4,410)	(5,445)
Profit from operations		6,970	5,461
Finance income	27	223	129
Finance expense	27	(198)	(220)
Profit before tax		6,995	5,370
Income tax expense	28	(1,405)	(1,120)
Net profit for the current period		5,590	4,250
Other comprehensive income		-	-
Total comprehensive income for the period		5,590	4,250

The notes on pages 104 to 135 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

CZK million	Notes	Share Capital	Share Premium	Capital Funds	Retained Earnings	Total
Balance as at 1. 1. 2017		520	397	106	28,695	29,718
Total comprehensive income		-	-	-	4,250	4,250
Profit for the period		-	-	-	4,250	4,250
Transactions with shareholders		-	-	-	(4,720)	(4,720)
Dividends paid	29	-	-	-	(4,720)	(4,720)
Executive management share schemes		-	-	(1)	-	(1)
Balance as at 31. 12. 2017		520	397	105	28,225	29,247
Impact of adoption of IFRS 15 & IFRS 9 as at 1. 1. 2018		-	-	-	982	982
Restated balance as at 1. 1. 2018		520	397	105	29,207	30,229
Total comprehensive income		-	-	-	5,590	5,590
Profit for the period		-	-	-	5,590	5,590
Transactions with shareholders		-	-	-	(4,389)	(4,389)
Dividends paid	29	-	-	-	(4,389)	(4,389)
Executive management share schemes		-	-	(1)	-	(1)
Balance as at 31. 12. 2018		520	397	104	30,408	31,429

The notes on pages 104 to 135 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

CZK million	Notes	2018	2017
Cash flows from operating activities			
Profit before tax for the current period		6,995	5,370
Adjustments for non-cash movements:			
Depreciation and amortisation	25	4,361	4,696
Interest expense net	27	25	67
Gain on sale of fixed assets net		(30)	(139)
Changes in provisions		70	344
Other non-cash expense / (income) net		(71)	244
Cash flow from operating activities before changes in working capital		11,350	10,786
Changes in trade and other receivables		(1,318)	(553)
Changes in inventories		(137)	(58)
Changes in trade and other payables		634	459
Cash flow generated from operating activities		10,529	10,419
Income tax paid		(963)	(903)
Interest paid		(67)	(69)
Interest received		42	3
Net cash flow from operating activities		9,541	9,461
Cash flows from investing activities			
Purchases of property and equipment and intangible assets	9, 11	(3,993)	(3,198)
Proceeds from the sale of property and equipment and intangible assets		59	104
Losses from the sale of securities		(49)	(44)
Issuance of intercompany loan		(3,500)	(128)
Net cash flow from investing activities		(7,483)	(3,266)
Cash flows from financing activities			
Issuance of loan		-	140
Issuance of bank overdraft		44	19
Repayment of short-term financing	2	(89)	(34)
Repayment of loan		-	(140)
Repayment of bank overdraft		(44)	(19)
Dividends paid	29	(4,389)	(4,720)
Payments of finance lease liabilities	11	(151)	(216)
Net cash flow from financing activities		(4,629)	(4,970)
Net increase in cash and cash equivalents		(2,571)	1,225
Cash and cash equivalents as at the beginning of the period	4	5,457	4,232
Cash and cash equivalents as at the end of the period	4	2,886	5,457

The notes on pages 104 to 135 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

1 GENERAL INFORMATION

INFORMATION ABOUT THE GROUP AND THE COMPANY

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

- CE Colo Czech s.r.o. with registered office in Prague 10, Nad Elektrárnou 1428/47 ("the Subsidiary" or "CE Colo Czech");
- LEMO Internet a.s. with registered office in Trutnov, Střední Předměstí, Kubelíkova 798 ("the Subsidiary" or "LEMO Internet");
- RegioNET Morava, a. s. with registered office in Třanovice 350 ("the Subsidiary" or "RegioNET Morava").

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.

THE GROUP'S OWNERSHIP STRUCTURE

As at 31 December 2018 and 31 December 2017, 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 2018 and 31 December 2017 was Deutsche Telekom AG ("DTAG") which controls Deutsche Telekom Europe B.V., the direct parent of the Group. Deutsche Telekom Europe B.V. is consolidated by Deutsche Telekom AG Group and its results are presented in group consolidated financial statements on website www.telekom.de/investor-relations.

LICENCES AND TRADEMARKS

As at 31 December 2018, the Group had the right to use the following frequency bands:

- Allocation of frequency bands for the provision of public mobile network in 900 MHz and 1800 MHz frequency bands for the period of 20 years (expires in 2024);
- Allocation of frequency bands for the provision of public mobile network of electronic communication in 2.1 GHz and 28 GHz frequency bands for the period of 20 years (expires in 2024);
- Allocation of frequency bands for the provision of public mobile network in 800 MHz, 1800 MHz and 2600 MHz frequency bands for the period of 15 years (expires in 2029);
- Allocation of frequency bands for the provision of public mobile network in 26 GHz frequency, which expires in 2020;
- Allocation of frequency band for the provision of public mobile network in 2600 MHz frequency band for the period of 13 years (expires in 2029).

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

The Group owns 122 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

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 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.

ADOPTION OF NEW/REVISED STANDARDS AND NEW STANDARDS (INCLUDING AMENDMENTS OF EXISTING STANDARDS) NOT YET ADOPTED BY THE GROUP

In 2018, the Group adopted the following standards and amendments to the standards:

a) Adopted during the year:

- IFRS 9, Financial Instruments (as revised in July 2014, effective for annual periods beginning on or after 1 January 2018). The standard includes a model for classification and measurement, a single, forward-looking "expected loss" impairment model and substantially-reformed approach to hedge accounting.
- IFRS 15, Revenue from Contracts with Customers (issued in May 2014, effective for annual periods beginning on or after 1 January 2018). The standard replaced IAS 18 which covered contracts for goods and services and IAS 11 which covered construction contracts. The IFRS 15 standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

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

b) New standards, amendments to the standards and interpretations endorsed by EU which are not yet effective and have not been early adopted:

- IFRS 16, Leases (issued in January 2016, effective for annual periods beginning on or after 1 January 2019).
 - The new standard will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. Each lease payment will be allocated between the liability and finance cost. The finance cost will be charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset will be depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Leases with a lease term up to 12 months and low-value leases will be treated in the same way, even though the standard permits exceptions for short-term and low-value leases. In compliance with the DTAG accounting policy this exemption is not applied and the Group has a unified approach for all leases.
 - IFRS 16 provides also practical expedient that permits lessees to make an accounting policy election, by class of underlying asset, to account for each separate lease component of a contract and any associated non-lease components as a single lease component. The Group will apply this practical expedient (accounting policy election), and therefore non-lease components which are fixed and paid to lessor, e.g. utilities, maintenance costs, insurance services, etc. will not be separated, but capitalised.
 - The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The Group leases various properties, technical infrastructure, equipment and cars. The standard will affect primarily the accounting for the Group's operating leases.
 - As at the reporting date, the Group has non-cancellable operating lease commitments of CZK 2,508 million, see note 31.

For the existing contracts for operating lease the Group expects to recognise right-of-use assets of approximately CZK 6,300 million, on 1 January 2019, lease liabilities of CZK 6,312 million (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018). Due to adoption of IFRS 16 standard part of old finance lease under IAS 17 amounting CZK 503 million will be derecognised out of which CZK 413 million will be reposted to deferrals, resulting to deferred tax assets of CZK 0.5 million. The Group expects no significant impact to overall net assets and net current assets.

The Group expects that net profit after tax will decrease by approximately CZK 113 million for 2019 as a result of adopting the new rules and EBITDA will increase by CZK 923 million due to reduction of rent expense for 2019.

In 2019, operating cash flows will decrease and financing cash flows increase by approximately CZK 895 million as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

The Group intends to apply the modified retrospective approach of transition and will not restate comparative amounts for the year prior to first adoption, the cumulative effect of initially applying IFRS 16 will be presented as an adjustment to opening retained earnings.

The other amended standards and interpretations are not expected to have a significant impact on the Group's financial statements.

A) ACCOUNTING ESTIMATES

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

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

Between estimates belongs mainly:

- Estimate of recoverable amount of the cash-generating unit, to which goodwill is allocated for the purposes of impairment testing (see Note 10);
- Provision for doubtful debt (see Note 5);
- Useful lives of customer relationships and other intangible assets (see Note 9);
- Fair values of jointly held tangible assets subject to network sharing agreement (see Note 11).

B) PRINCIPLES OF CONSOLIDATION

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

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

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

Due to the fact that the Group's business combinations were combinations under common control, the Group did not use the acquisition method for the purpose of recording the acquisitions.

The purchase price of the Subsidiaries has been determined based on prediction of the future discounted cash-flow.

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

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

C) BUSINESS COMBINATIONS

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

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

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

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

Business combinations under common control are accounted for using predecessor amounts approach (similar to pooling of interest). Under this method the Group does not revalue 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.

D) GOODWILL

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

- Consideration transferred;
- Amount of any non-controlling interest in the acquired entity; and
- Acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired.

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

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

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

E) 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.

F) JOINT ARRANGEMENTS

Joint arrangements according to IFRS 11 may have either a joint operation or a joint venture form. The classification depends on contractual rights and obligations of each investor, rather than the legal structure of a joint arrangement. According to participation in joint operations, the Group recognises assets controlled and liabilities incurred and its share on all jointly held assets and jointly incurred liabilities and its share on revenue and costs generated by the joint operations according to valid terms of relevant contracts. Other information related to joint arrangements is stated in Note 11.

G) 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).

H) 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.

I) FINANCIAL INSTRUMENTS

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

Financial assets

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss.

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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

Financial assets at fair value through profit or loss

The Group uses currency forward contracts to economically hedge its estimated cash flows. Financial assets at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value. Unrealised gains and losses arising from revaluation of financial assets to the fair value as well as realised gains and losses are recognised in profit or loss. The information on accounting of financial derivatives and hedging operations is provided in Note 3.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements. Financial liabilities include mainly trade payables, short-term bank financing, finance lease obligations, 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 20.

J) PROPERTY AND EQUIPMENT

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

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

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

Land recognised at acquisition cost is not depreciated.

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

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

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

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

K) INTANGIBLE ASSETS

Intangible assets comprise especially the following:

i) UMTS licence

The UMTS licence represents the right to operate mobile communication networks in the Czech Republic under the UMTS standard. The licence is recorded at cost less accumulated amortisation. The licence was put into commercial use in October 2005.

The licence is being amortised over its useful life using the straight-line method. The useful life of the UMTS licence is considered to be the period from when the licence is ready for commercial use, through to the licence expiration date in 2024.

ii) GSM licence

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

iii) LTE licence

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

iv) Software

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

v) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 7 and 8 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.

L) FINANCE LEASES

Leased property and equipment where the Group assumes all the substantial benefits and risks usually connected with the ownership are classified as finance leases. Property and equipment under finance leases is capitalised at lower of fair value and estimated net present value of the minimal lease payments. The corresponding current and non-current lease obligations, net of finance charges are recognised as current and non-current other financial liabilities, respectively. Finance costs are charged to profit or loss over the lease period using the effective interest method.

Leased out property and equipment where all the substantial benefits and risks usually connected with the ownership were transferred from the Group to lessee is classified as finance lease.

The underlying asset is derecognised and the respective short term and long term lease payments, net of finance charges are recognised as current and non-current finance assets.

M) OPERATING LEASES

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

N) PROVISIONS

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

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

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

O) REVENUE RECOGNITION

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

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

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

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

In the case of multiple-element arrangements (e.g. mobile contract plus handset) with subsidised products delivered at contract inception, the transaction price is allocated to the performance obligations in the contract by reference to their relative standalone selling prices.

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

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

Some one-time fees (mainly activation fees which are generally paid at a contract inception) do not fulfil definition of a separate performance obligation but represent a prepayment on future services. Such one-time fees and advanced payments for post-paid services lead to a recognition of a contract liability which is derecognised appropriately over the minimum contract term.

When discounts on service fees are granted unevenly for specific months of a contract while monthly service is provided evenly to the customer, service revenues are recognised on a straight-lined basis.

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

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

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

Contract costs

Commission costs are assessed as incremental cost of obtaining a contract and are recognised as Contract costs. Contract costs are amortised over the estimated customer retention period. The amortisation charge is presented within dealers commission under other operating costs (related to indirect sales channel) and within wages and salaries under staff costs (related to direct sales channel).

Revenue recognition accounting policies before 1 January 2018

Accounting policies applicable to the comparative period ended 31 December 2017, that were subsequently amended by IFRS 15, are as follows.

Revenue comprises primarily revenue from the provision of telecommunication network services to final customers and to other parties, revenue from the sale of goods and revenues from System Solutions (IT services). Revenue is stated net of discounts and Value Added Tax. The Group recognises the revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the revenue categories.

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

Monthly subscription fees, 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.

Revenues from post-paid customers are recognised on the basis of airtime used and are recorded in monthly billing cycles.

Revenues from the sale of pre-paid cards are deferred and based on operational data are recognised at the moment when the customer uses the pre-paid credit.

The Group further defers installation fees charged to customers based on service agreements. Installation fees are released to the statement of comprehensive income over the expected life of the related service agreement.

Sale of services is recognized as at the date the services are rendered and are stated net of discounts and Value Added Tax.

Revenues from the sale of goods are recognised at the time of the customer's or independent dealer's purchase.

The Group offers certain multiple-element arrangements where the customer can purchase hardware together with servicing agreement. The amount of revenue allocated to each element is based upon the relative fair values of the various elements. The fair values of each element are determined based on the current market price of each of the elements when sold separately.

The revenue relating to the hardware is recognised when risks and rewards of the hardware are transferred to the customer which occurs on delivery. Revenue relating to the service element is recognised on a straight-line basis over the service period.

System solutions revenues represent revenues from application of information technology and telecommunications equipment to store, retrieve, transmit and manipulate data and to provide advanced solutions such as system integration, cloud applications, ICT security and desktop services management. System solutions/integration contracts are mainly short-term, billed on the basis of time and material consumed. Revenue is recognised as the services are rendered.

Interest income is recorded on an accrual and deferral basis using the effective interest method.

Cost of goods, raw materials and services

Cost of goods, raw materials and services includes costs of handsets and accessories sold, costs of leased lines, 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.

Commissions to business partners

The Group provides commissions to business partners for customer acquisition or retention, or other services provided by business partner (e.g. prepaid credit recharging, up-sell of customer services). The commissions are expensed as incurred.

P) 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.

Q) INCOME TAX

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

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

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

R) 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.

S) COMPARATIVES

The Group has adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial instruments from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions to IFRS 15 and IFRS 9, the Group has adopted the new rules retrospectively with the cumulative effect of initially applying this Standards recognised at the date of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2018. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 January 2018):

CZK million	IAS 18 Carrying amount 31. 12. 2017	IFRS 15 Reclassification	IFRS 15 Remeasurements	IFRS 9 Remeasurements	IFRS 15 Carrying amount 1. 1. 2018
ASSETS					
CURRENT ASSETS					
Trade and other receivables	5,611	-	-	(36)	5,575
Contract assets	-	-	511	-	511
Contract costs	-	-	499	-	499
Total current assets	12,396	-	1,010	(36)	13,370
NON - CURRENT ASSETS					
Contract assets	-	-	30	-	30
Contract costs	-	-	184	-	184
Total non-current assets	26,136	-	214	-	26,350
TOTAL ASSETS	38,532	-	1,224	(36)	39,720

CZK million	IAS 18 Carrying amount 31. 12. 2017	IFRS 15 Reclassification	IFRS 15 Remeasurements	IFRS 9 Remeasurements	IFRS 15 Carrying amount 1. 1. 2018
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	5,635	(386)	-	-	5,249
Contract liabilities	-	502	22	-	524
Deferred revenue	240	(116)	(66)	-	58
Total current liabilities	6,452	-	(44)	-	6,408
NON-CURRENT LIABILITIES					
Contract liabilities	-	-	19	-	19
Deferred tax liability	635	-	238	(7)	866
Total non-current liabilities	2,833	-	257	(7)	3,083
EQUITY					
Retained earnings	28,225	-	1,011	(29)	29,207
Total equity	29,247	-	1,011	(29)	30,229
TOTAL LIABILITIES AND EQUITY	38,532	-	1,224	(36)	39,720

Reconciliation of opening balance of retained earnings and profit for the year:

CZK million	Retained earnings
31. 12. 2017	28,225
Impact of IFRS 9	(36)
Impact of IFRS 15	1,249
Deferred tax related to IFRS 9 and IFRS 15	(231)
1. 1. 2018	29,207

Amount of adjustment related to application of IFRS 15 as at 31 December 2018 for each financial statement line affected is as follows:

CZK million	IAS 18 Carrying amount 31. 12. 2018	IFRS 15 Reclassifications and remeasurements	IFRS 15 Carrying Amount 31. 12. 2018
ASSETS			
CURRENT ASSETS			
Contract asset	-	606	606
Contract costs	-	588	588
Total current assets	14,190	1,194	15,384
NON-CURRENT ASSETS			
Contract asset	-	22	22
Contract costs	-	201	201
Total non-current assets	26,022	223	26,245
TOTAL ASSETS	40,212	1,417	41,629

CZK million	IAS 18 Carrying amount 31. 12. 2018	IFRS 15 Remeasurements	IFRS 15 Carrying Amount 31. 12. 2018
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Contract liabilities	-	636	636
Deferred revenue	800	(721)	79
Total current liabilities	7,041	(85)	6,956
NON-CURRENT LIABILITIES			
Contract liabilities	-	199	199
Deferred revenue	110	(110)	-
Deferred tax liability	690	261	951
Total non-current liabilities	2,894	350	3,244
TOTAL LIABILITIES	9,935	265	10,200
EQUITY			
Retained earnings	23,806	1,012	24,818
Profit for current period	5,450	140	5,590
Total equity	30,277	1,152	31,429
TOTAL LIABILITIES AND EQUITY	40,212	1,417	41,629

Amount of adjustment related to application of IFRS 9 as at 31 December 2018 is not significant and therefore not disclosed.

CZK million	IAS 18 amount 2018	IFRS 15 Remeasurements	IFRS 15 amount 2018
Revenue	27,160	71	27,231
Cost of goods, raw materials and telco services	(9,252)	82	(9,170)
Employee benefits	(3,606)	20	(3,586)
Profit from operations	6,797	173	6,970
Profit before tax	6,822	173	6,995
Net profit for the current period	5,450	140	5,590
Total comprehensive income for the period	5,450	140	5,590

3 FINANCIAL RISK MANAGEMENT

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.

MARKET RISKS

a) 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.

As at 31 December 2018, had the CZK depreciated by 10% against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 47 million lower. Conversely as at 31 December 2017, had the CZK appreciated by 10% against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 47 million higher.

As at 31 December 2017, had the CZK depreciated by 10% against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 30 million lower. Conversely as at 31 December 2017, had the CZK appreciated by 10% against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 30 million higher.

b) Interest rate risk

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

Interest rate change by 100 basic points*	Profit after-tax impact in CZK million	
	31. 12. 2018	31. 12. 2017
Decrease	(49)	(38)
Increase	49	38

* Assuming all other variables holding constant.

CREDIT RISK

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

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

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

Trade and other receivables

IFRS 9 introduced a new, expected-loss impairment model that requires more timely recognition of expected credit losses. Specifically, the Standard requires entities to account for expected credit losses rather than only incurred credit losses as was the case under IAS 39. 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 investments at each reporting date to determine whether there is any objective evidence that they are impaired. A financial investment is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that investment. Significant financial assets are tested for impairment on an individual basis.

The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset is calculated as the difference between

its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal of the impairment loss is recognised in profit or loss.

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

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

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

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

31. 12. 2018 CZK million	Not yet due		Past due				Total
		up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more	
Trade receivables and unbilled receivables							
– trade receivables from DTAG group companies	616	131	7	43	2	–	799
– trade receivables from third parties	4,450	622	119	128	244	2,367	7,930
Provisions:							
– for other trade receivables from third parties	(78)	(36)	(30)	(63)	(152)	(2,134)	(2,493)
Other receivables							
– other receivables from third parties	74	–	–	–	–	–	74
Trade receivables and unbilled receivables (net)	5,062	717	96	108	94	233	6,310

31. 12. 2017 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:							
– receivables from DTAG group companies	455	112	9	2	–	–	578
– trade receivables from third parties	4,201	410	101	136	216	2,585	7,649
Provisions:							
– for other trade receivables from third parties	(123)	(33)	(44)	(92)	(166)	(2,184)	(2,642)
Other receivables:							
– other receivables from third parties	26	–	–	–	–	–	26
Trade receivables and unbilled receivables (net)	4,559	489	66	46	50	401	5,611

The gross carrying amount of trade and other receivables, reflecting the maximum exposure to credit risk, as at 31 December 2018 was CZK 8,803 million (31 December 2017: CZK 8,253 million).

Cash and cash equivalents and other financial assets

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

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

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

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

31. 12. 2017 CZK million	Standard & Poor's Long-term rating				Total
	BBB+	A- to A+	AA-	Not assigned	
Cash in hand	–	–	–	18	18
Bank accounts	16	854	–	4	874
Cash equivalents	–	4,565	–	–	4,565
Total cash and cash equivalents and other financial assets exposure	16	5,419	–	22	5,457

The Group has also significant concentration of credit risk towards DTAG resulting from financial investments in the form of loans and derivatives. The gross carrying amount of other financial assets, reflecting the maximum exposure to credit risk, as at 31 December 2018 was CZK 3,634 million (31 December 2017: CZK 128 million), see Note 6.

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 Group uses financial instruments and practices for optimising the management of the working capital and liquidity tied up in supply chain process, i.e. reverse factoring of the Group's trade payables.

The residual maturities of financial liabilities are analysed in Note 13 and Note 14.

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 2018 and 2017. 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. 2018	31. 12. 2017
Assets		
Currency forward contract with positive fair value	5	-
Total assets	5	-
Payables		
Currency forward contract with negative fair value	11	21
Total payables	11	21

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 fair values of finance lease liabilities amounted to CZK 1,481 million as at 31 December 2018 (31 December 2017: CZK 1,659 million). The carrying amount of other categories of financial assets and liabilities both at 31 December 2018 and 31 December 2017 approximate their fair values.

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

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.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when the risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value, with changes in fair value being recorded in the profit or loss.

The Group uses currency forward contracts to hedge estimated cash flows. All transactions below the equivalent of EUR 15 million (CZK 383 million), are recognised as held for trading derivatives with changes in fair value being reflected in profit or loss. In 2018 and 2017, the Group did not apply hedge accounting.

4 CASH AND CASH EQUIVALENTS

CZK million	31. 12. 2018	31. 12. 2017
Cash at banks and in hand	472	892
Cash equivalents	2,414	4,565
Total	2,886	5,457

Cash equivalents as at 31 December 2018 and 31 December 2017 consist mainly of bank deposits, depository bills of exchange and REPO transactions.

5 TRADE AND OTHER RECEIVABLES

CZK million	31. 12. 2018	31. 12. 2017
Trade receivables	6,159	5,820
Unbilled receivables	2,570	2,407
Less: Provision for impairment	(2,493)	(2,642)
Trade receivables (net)	6,236	5,585
Other receivables	74	26
Total	6,310	5,611

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

Due dates of financial assets did not change during 2018 or 2017.

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

CZK million	2018	2017
Opening balance as at 1.1.	2,642	2,622
Opening balance adjustment related to IFRS 9	36	-
Net increase for the year	118	204
Utilisation of provision for write-off	(303)	(184)
Closing balance as at 31.12.	2,493	2,642

6 OTHER FINANCIAL ASSETS

CZK million	31. 12. 2018	31. 12. 2017
Currency forward contracts with positive fair value	5	-
Intercompany loan	3,629	128
Total	3,634	128

The Group provided a short-term loan to DTAG in the amount of CZK 3,629 million as at 31 December 2018 (31 December 2017: CZK 128 million).

The loan consists of two individual obligations with maturity not exceeding one month and individual interest rates determined on an arm's length basis. The most of the allocated liquidity was a systematic re-allocation of Group's excess cash in domestic currency in the amount of CZK 3,500 million and exceptional excess EUR cash in the amount of EUR 5 million.

7 INVENTORIES

CZK million	31. 12. 2018	31. 12. 2017
Handsets and accessories	493	565
Other inventories	375	166
Total	868	731

8 ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

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

CZK million	2018
Non-current assets	
Contract assets	25
Loss allowance	(3)
Contract costs	201
Non-current assets related to contract with customers	223
Current assets	
Contract assets	624
Loss allowance	(18)
Contract costs	588
Current assets related to contract with customers	1,194
Non-current liabilities	
Contract liabilities	199
Non-current liabilities related to contract with customers	199
Current liabilities	
Contract liabilities	636
Current liabilities related to contract with customers	636

Contract asset is recognised mainly in case of multiple element arrangements (e.g. mobile contract plus handset), when a larger portion of the total consideration is attributable to the component delivered in advance (mobile handset), requiring earlier recognition of revenue. All contract assets as at 31 December 2018 are undue.

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

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

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

CZK million	2018
Opening balance as at 1.1.	-
Opening balance adjustment related to IFRS 15	16
Net increase for the year	5
Closing balance as at 31.12.	21

9 INTANGIBLE ASSETS

CZK million	Customer relationships	Software	GSM/UMTS/LTE licences	Other intangible fixed assets	Assets in the course of construction and advances paid	Total
Cost						
1. 1. 2017	2,480	10,101	7,556	734	1,564	22,435
Additions	-	-	-	59	1,122	1,181
Disposals	-	(159)	-	-	-	(159)
Transfers*	-	957	-	-	(957)	-
31. 12. 2017	2,480	10,899	7,556	793	1,729	23,457
Additions	-	-	-	95	1,476	1,571
Disposals	-	(388)	-	(33)	(22)	(443)
Transfers*	-	1,132	62	150	(1,344)	-
31. 12. 2018	2,480	11,643	7,618	1,005	1,839	24,585
Accumulated amortisation / Impairment						
1. 1. 2017	938	8,377	3,508	572	-	13,395
Amortisation	323	1,035	421	22	-	1,801
Disposals	-	(159)	-	-	-	(159)
31. 12. 2017	1,261	9,253	3,929	594	-	15,037
Amortisation	323	1,021	385	188	-	1,917
Disposals	-	(388)	-	(33)	-	(421)
31. 12. 2018	1,584	9,886	4,314	749	-	16,533
Net book value						
1. 1. 2017	1,542	1,724	4,048	162	1,564	9,040
31. 12. 2017	1,219	1,646	3,627	199	1,729	8,420
31. 12. 2018	896	1,757	3,304	256	1,839	8,052

* 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 2018 comprise mainly new software, particularly One.ERP system (new enterprise information system), NG CRM as described below, T-Mobile TV licences and applications and improvements of other currently used IT systems and applications.

SIGNIFICANT INDIVIDUAL INTANGIBLE ASSETS

Licences

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

CZK million	31. 12. 2018		31. 12. 2017	
	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
GSM licence	243	6	285	7
UMTS licence	1,147	6	1,346	7
LTE licence	1,914	11	1,996	12
Total GSM / UMTS / LTE licences	3,304		3,627	

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 2018 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 2018 is CZK 999 million plus CZK 24 million in section of Assets under construction (31 December 2017: CZK 1,051 million plus CZK 27 million under construction) and the remaining amortization period as of 31 December 2018 is 4 years (31 December 2017: 5 years).

The platform is being implemented in stages and the last module is still under construction. The migrations to new CRM system affected a number of existing software and systems the modification of which was needed. The amount of these capital expenditures are not included in the carrying amount of NG CRM 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. and CE Colo Czech s.r.o.

The net book value of T-Mobile local customer relationship as of 31 December 2018 is CZK 389 million (31 December 2017: CZK 549 million) and the remaining amortization period as of 31 December 2018 is 3 years (31 December 2017: 4 years).

The net book value of T-Mobile multinational customer relationship as of 31 December 2018 is CZK 391 million (31 December 2017: CZK 505 million) and the remaining amortization period as of 31 December 2018 is 4 years (31 December 2017: 5 years). Based on review of useful life performed as at 31 December 2016, amortisation period of multinational customer relationship was shortened from 17 to 8 years.

The net book value of Data centre customer relationship as of 31 December 2018 is CZK 116 million (31 December 2017: CZK 165 million) and the remaining amortization period as of 31 December 2018 is 3 years (31 December 2017: 4 years).

The table below shows the churn rate used in useful life calculation as of 31 December 2018 and as of 31 December 2017. The table also includes an analysis that shows how would be net book value affected if the sensitive parameter in the calculation is changed.

	31. 12. 2018	31. 12. 2017
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)	(123)	(96)
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)	(75)	(59)
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)	(37)	(29)

10 GOODWILL

CZK million	31. 12. 2018	31. 12. 2017
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.	37	-
RegioNET Morava, a. s.	29	-
Total	1,441	1,375

Goodwill was tested for impairment as of 31 December 2018. The Group is considered as one cash-generating unit ("CGU"). The Group establishes the recoverable amount by determining the CGU's fair value less cost to sell by using valuation techniques. The fair value was determined by calculating discounted projected cash flows over the next ten years with a terminal value. Cash flows beyond the ten-year period were extrapolated using the estimated long-term growth rate stated in the table below.

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 2019 – 2028.

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

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

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

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

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

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

The analysis performed as at 31 December 2018 confirmed that the recoverable amount of the cash generating unit exceeds its carrying amount.

The table below shows the WACC and LTGR used in the fair value calculation for the goodwill impairment tests conducted as of 31 December 2018 and as of 31 December 2017. 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. 2018	31. 12. 2017
WACC		
Used in the calculation	6.11%	6.37%
If changed to	10.11%	10.37%
Impairment would be (CZK million)	-	-
LTGR		
Used in the calculation	2%	2%
If changed to	(2)%	(2)%
Impairment would be (CZK million)	-	-
Nominal expected future cash flows		
If changed by	(30)%	(30)%
Impairment would be (CZK million)	-	-

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

11 PROPERTY AND EQUIPMENT

CZK million	Buildings and land	Equipment and other fixed assets	Assets in the course of construction, advances and network spare parts	Total
Acquisition cost				
1. 1. 2017	8,942	26,752	866	36,560
Additions	351	715	1,980	3,046
Disposals	(1,372)	(3,528)	(33)	(4,933)
Transfers*	923	935	(1,858)	-
31. 12. 2017	8,844	24,874	955	34,673
Additions	18	175	2,503	2,696
Disposals	(441)	(2,149)	(34)	(2,624)
Transfers*	407	1,860	(2,267)	-
31. 12. 2018	8,828	24,760	1,157	34,745
Accumulated depreciation / Impairment				
1. 1. 2017	4,118	16,146	2	20,266
Depreciation	873	2,022	-	2,895
Disposals	(1,135)	(3,469)	(1)	(4,605)
31. 12. 2017	3,856	14,699	1	18,556
Depreciation	384	2,060	-	2,444
Disposals	(426)	(2,081)	-	(2,507)
31. 12. 2018	3,814	14,678	1	18,493
Net book value				
1. 1. 2017	4,824	10,606	864	16,294
31. 12. 2017	4,975	10,188	954	16,117
31. 12. 2018	5,014	10,082	1,156	16,252

* 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 2018 comprise mainly the network technology and optical fibres.

Finance leases

The Group has entered into the finance lease contracts, particularly optical fibre lease agreements. Optical fibres are taken by the Group when prepared to use. The assets under financial lease are recognized as a part of own equipment and are depreciated over their estimated useful life that is mainly over the period of 20 years. Their net book value as at 31 December 2018 was CZK 2,451 million (as at 31 December 2017: CZK 2,588 million).

Minimum lease payments related to the concluded finance leases, the future finance charge and the present value of finance lease liabilities as at 31 December 2018 and 31 December 2017 are as follows:

CZK million	31. 12. 2018	31. 12. 2017
<i>Up to 1 month</i>	15	18
<i>1 to 3 months</i>	30	53
<i>3 to 12 months</i>	133	143
Up to 1 year	178	214
1 to 5 years	526	526
Over 5 years	1,179	1,297
Total minimum lease payments	1,883	2,037
Up to 1 year	(52)	(56)
1 to 5 years	(236)	(249)
Over 5 years	(260)	(310)
Future interest expense on finance leases	(548)	(615)
Up to 1 year	125	159
1 to 5 years	291	277
Over 5 years	919	986
Net present value of finance lease liabilities*	1,335	1,422

* Finance lease liabilities are included in other financial liabilities (refer to Note 14).

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 2018, 2,442 sites were shared on the Group side and 2,480 sites on Česká telekomunikační infrastruktura a.s. side (as at 31 December 2017: 2,380 sites on the Group side and 2,408 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 2018, 2,434 sites on the Group side and 2,450 sites on Česká telekomunikační infrastruktura a.s. side were shared (as at 31 December 2017: 2,372 sites on the Group side and 2,367 sites on Česká telekomunikační infrastruktura a.s. side).

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

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

Due to the different classification of active and passive mobile network elements, the Group adopted two different approaches to the assets under both network sharing agreements. Active mobile network elements were classified as individually held assets and recognized at cost, consistently with other solely owned assets by the Group. Passive mobile network elements were classified as jointly held assets, the Group recognizes 50% share of such assets at fair value subject to the network sharing agreements and 50% share on joint expenses and revenues resulting from the joint arrangement. The total profit or loss impact is immaterial.

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

12 BUSINESS COMBINATIONS

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

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

The following table summarises the assets acquired and liabilities and equity assumed of LEMO Internet a.s. and RegioNET Morava, a. s. as at the acquisition date 31 December 2018.

Assets acquired and liabilities assumed at 31 December 2018 (CZK million)	LEMO Internet a.s.	RegioNET Morava, a.s.
Current assets	2	1
Goodwill	37	29
Property and equipment	15	11
TOTAL ASSETS	54	41
Current liabilities	1	-
TOTAL LIABILITIES	1	-
NET EQUITY ACQUIRED	53	41

The values of the assets and liabilities are provisionally determined non-audited values as at the date of acquisition.

None of the goodwill is expected to be deductible for tax purposes.

13 TRADE AND OTHER PAYABLES

CZK million	31. 12. 2018	31. 12. 2017
Trade payables	1,790	1,581
Expenditure accruals	2,720	2,776
Total trade payables	4,510	4,357
Currency forward contracts with negative fair value	11	21
Total financial liabilities	4,521	4,378
Liabilities to employees	614	614
Other taxes and social security liabilities	232	257
Other payables	9	386
Total non-financial liabilities	855	1,257
Total	5,376	5,635

Other payables comprised mainly unused prepaid airtime in 2017 when the Group changed the accounting treatment of unused prepaid airtime from deferred revenue to prepayments (see Note 16). From 2018 the unused prepaid airtime has been reclassified within IFRS 15 to Contract liabilities.

The remaining maturities of financial liabilities (contractual undiscounted cash flows) are as follows (contractual maturities of financial lease liabilities are stated in Note 14):

CZK million	On demand	Up to 30 days	31–60 days	61–90 days	Over 90 days	Total
31. 12. 2018						
Trade payables	354	932	362	31	111	1,790
Expenditure accruals	900	880	940	–	–	2,720
Total trade payables	1,254	1,812	1,302	31	111	4,510
Currency forward contracts						
– with negative fair value	–	226	205	146	1,268	1,845
– with positive fair value	–	44	22	33	597	696
Total forward contracts*	–	270	227	179	1,865	2,541

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

CZK million	On demand	Up to 30 days	31–60 days	61–90 days	Over 90 days	Total
31. 12. 2017						
Trade payables	216	989	346	30	–	1,581
Expenditure accruals	691	1,787	193	105	–	2,776
Total trade payables	907	2,776	539	135	–	4,357
Currency forward contracts						
– with negative fair value	–	246	204	217	544	1,211
Total forward contracts*	–	246	204	217	544	1,211

* 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.

14 OTHER FINANCIAL LIABILITIES

CZK million	31. 12. 2018	31. 12. 2017
Current finance lease liabilities	125	159
Other interest bearing liabilities**	109	21
Total current other financial liabilities	234	180
Non-current finance lease liabilities	1,210	1,263
Non-current other interest bearing liabilities**	48	39
Long-term advances from post-paid customers*	6	6
Total non-current other financial liabilities	1,264	1,308
Total	1,498	1,488

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

** Liabilities from capitalized media content rights

CZK million	31. 12. 2018	31. 12. 2017
Up to 1 month	20	15
1 – 3 months	39	30
3 – 12 months	175	135
Up to 1 year	234	180
1 to 5 years	344	322
Over 5 years	920	986
Total other financial liabilities	1,498	1,488

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

CZK million	Financial lease liabilities	Other interest bearing liabilities	Loans and bank overdraft	Total
1. 1. 2017	1,258	-	-	1,258
Additions	380	94	159	633
Cash used in financing activities	(216)	(34)	(159)	(409)
31. 12. 2017	1,422	60	-	1,482
Additions	64	201	44	309
Cash used in financing activities	(151)	(104)	(44)	(299)
31. 12. 2018	1,335	157	-	1,492

The total limit of bank overdrafts and flexible credit lines available to the Group as at 31 December 2018 was EUR 1 million (CZK 26 million) and CZK 1,375 million (as at 31 December 2017 EUR 1 million or CZK 26 million and CZK 1,175 million). As at 31 December 2018 and 31 December 2017, the Group did not draw any overdrafts.

15 PROVISIONS

CZK million	31. 12. 2018	31. 12. 2017
Other provisions	338	397
Total current provisions	338	397
Asset retirement obligation	722	772
Other provisions	108	115
Total non-current provisions	830	887
Total	1,168	1,284

CZK million	Asset retirement obligation	Other provisions	Total
1. 1. 2017	771	162	933
Charge for the year (additions)	64	464	528
Unused amounts reversed	(33)	(100)	(133)
Used during the year	(30)	(17)	(47)
Unwinding of interest	-	3	3
31. 12. 2017	772	512	1,284
Charge for the year (additions)	25	66	91
Used amounts reversed	(15)	(108)	(123)
Unused during the year	(43)	(24)	(67)
Unwinding of interest	(17)	-	(17)
31. 12. 2018	722	446	1,168

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

Other provisions comprise mainly provisions for litigations, onerous rent contracts reserve and executive management incentive plans obligations.

16 DEFERRED REVENUE

CZK million	31. 12. 2018	31. 12. 2017
Deferred revenue related to unused prepaid airtime of prepaid and credit tariff subscribers	-	108
T-Mobile Bonus (IFRIC 13)	-	66
Other	79	66
Total current	79	240
Total non-current	-	3

The unused prepaid airtime accounting treatment has changed in 2017 due to change in value added tax law. In prior years the unused prepaid airtime has been disclosed as deferred revenue. From 2017 the newly purchased prepaid airtime has been disclosed as prepayments under Other payables (see Note 13).

Due to IFRS 15 changes, the unused prepaid credit and T-Mobile Bonus has been recognised as a contract liability from 2018.

17 DEFERRED TAX LIABILITY

Net deferred income tax liability is calculated as follows:

CZK million	31. 12. 2018	31. 12. 2017
Accelerated tax depreciation	(5,075)	(4,699)
Tax depreciation of receivables	(5)	(65)
Liabilities to employees	403	414
Provisions	1,015	917
Impact of IFRS 15 adoption	(1,369)	-
Other differences	26	92
Basis for deferred income tax calculation	(5,005)	(3,341)
Net deferred income tax liability	(951)	(635)

CZK million	31. 12. 2018	31. 12. 2017
Deferred income tax liability:		
- deferred income tax liability to be recovered after more than 12 months	(1,417)	(1,194)
- deferred income tax liability to be recovered after less than 12 months	(133)	(13)
Total deferred income tax liability	(1,550)	(1,207)
Deferred income tax asset:		
- deferred income tax asset to be recovered after more than 12 months	433	429
- deferred income tax asset to be recovered within 12 months	166	143
Total deferred income tax asset	599	572
Net deferred income tax liability	(951)	(635)

The net deferred income tax liability as at 31 December 2018 and 31 December 2017 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	
	2018	2017
2019 and onwards	19%	19%

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

Deferred income tax liabilities CZK million	Tax provision for receivables	Accelerated tax depreciation	Revenue recognition	Total
1. 1. 2017	(13)	(1,042)	-	(1,055)
Profit or (loss) for the current period	-	(152)	-	(152)
31. 12. 2017	(13)	(1,194)	-	(1,207)
IFRS 15 opening balance 1. 1. 2018	-	-	(250)	(250)
Profit or (loss) for the current period	4	(74)	(23)	(93)
31. 12. 2018	(9)	(1,268)	(273)	(1,550)

Deferred income tax assets CZK million	Tax provision for receivables	Provisions	Accelerated accounting depreciation	Revenue recognition	Other	Total
1. 1. 2017	-	250	259	-	22	531
Profit or (loss) for the current period	-	3	42	-	(4)	41
31. 12. 2017	-	253	301	-	18	572
IFRS 15 opening balance 1. 1. 2018	-	-	-	12	-	12
IFRS 9 opening balance 1. 1. 2018	-	-	-	-	7	7
Profit or (loss) for the current period	8	17	(10)	1	(8)	8
31. 12. 2018	8	270	291	13	17	599

18 DERIVATIVE FINANCIAL INSTRUMENTS

FORWARD CONTRACTS

As at the end of 2018, the Group had open currency forward contracts with a total nominal value of CZK 2,541 million (as at 31 December 2017: CZK 1,211 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 2018 were initiated during 2018 with maturity by the end of 2019. During 2018, currency forward contracts in the total nominal value of CZK 3,227 million were settled (in 2017: CZK 2,555 million).

Open currency forward contracts (CZK million)	31. 12. 2018	31. 12. 2017
Open currency forward contracts hedging other foreign currency liabilities:		
Positive fair value (Note 6)	5	-
Negative fair value (Note 13)	(11)	(21)
Total	(6)	(21)

19 EQUITY

The Company'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 2018 and 31 December 2017, 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 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 2018, the Group paid dividends amounted to CZK 4,389 million (in 2017: CZK 4,720 million) (refer to Note 29). The dividend per share paid out in 2018 amounted to CZK 8,440 (in 2017: CZK 9,078).

20 ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

Financial assets and liabilities by category* (CZK million)	Category per IFRS 9	31. 12. 2018 Carrying amount	31. 12. 2017 Carrying amount
Assets			
Cash and cash equivalents, of which:		2,886	5,457
Cash	Financial assets at amortised cost	472	892
Term deposits	Financial assets at amortised cost	2,414	4,565
Trade and other receivables**	Financial assets at amortised cost	6,310	5,611
Other financial assets, of which:		3,634	128
Intercompany loan	Financial assets at amortised cost	3,629	128
Currency forward contracts with positive fair value	At fair value through profit or loss (for trading)	5	-
Liabilities			
Current trade and other payables**, of which:		4,521	4,378
Trade payables	Financial liabilities at amortised cost	4,510	4,357
Currency forward contracts with negative fair value	At fair value through profit or loss (for trading)	11	21
Current other financial liabilities, of which:		234	180
Liabilities from finance lease	Financial liabilities at amortised cost	125	159
Other interest-bearing financial liabilities	Financial liabilities at amortised cost	109	21
Non-current other financial liabilities, of which:		1,264	1,308
Deposits received	Financial liabilities at amortised cost	6	6
Other interest-bearing financial liabilities	Financial liabilities at amortised cost	48	39
Finance lease liabilities	Financial liabilities at amortised cost	1,210	1,263

* Financial assets and liabilities are categorized according to risk rate and in the level of detail required by the Group for management purposes.

** Excluding non-financial assets/liabilities (refer to Notes 5 and 13)

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 2018:

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

The following table presents trade receivables and trade payables which were subject to offsetting as at 31 December 2017:

31. 12. 2017 CZK million	Gross amounts offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position	Net amount of exposure
Trade and other receivables	5,611	-	5,611	36	5,575
Trade payables	(4,357)	-	(4,357)	(36)	(4,393)

21 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

Sales based on activities CZK million	2018	2017
Sales of goods	2,495	2,159
Sales of mobile telecommunication services	18,388	18,297
Sales of fix telecommunication services	4,632	5,153
Sales of IT services	1,716	1,444
Total revenue from contracts with customers	27,231	27,053

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period:

CZK million	2018
Revenue from contracts with customers	524
Total	524

Transaction price allocated to the performance obligations that are unsatisfied as at the end of reporting period:

CZK million	2018
Outstanding transaction price	5,706
Total	5,706

The Group expects that the transaction price allocated to the unsatisfied contracts as of 31 December 2018 will be recognised as revenue as follows:

- 3% during next reporting period (CZK 4,204 million);
- 26% during second year (CZK 1,434 million);
- The rest during the third - tenth year (CZK 68 million).

22 OTHER OPERATING INCOME

CZK million	2018	2017
Gain from disposals of fixed assets	36	139
Release of provisions	84	50
Income from recharged services	875	818
Rent	120	67
Fines and penalties	2	4
Income from promotion	105	113
Other operating income	44	41
Total	1,266	1,232

23 COST OF GOODS, RAW MATERIALS AND TELECOMMUNICATION SERVICES

CZK million	2018	2017
Costs of goods and raw materials	2,499	2,421
Costs of telecommunication services	5,506	5,496
Maintenance of telecommunication network	482	540
Energy consumption – telecommunication network	465	424
Other	218	315
Total	9,170	9,196

24 EMPLOYEE BENEFITS

CZK million	2018	2017
Salary costs	2,671	2,620
Social security costs – obligatory and supplementary pension insurance	574	556
Social security costs – other	319	308
Board remuneration	22	3
Total	3,586	3,487
Average number of employees	3,515	3,429

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 2018, the total contribution provided was CZK 25 million (in 2017: CZK 26 million).

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

25 DEPRECIATION AND AMORTISATION

CZK million	2018	2017
Amortisation of licences	385	421
Amortisation of other intangible fixed assets	1,532	1,380
Depreciation of tangible fixed assets	2,444	2,895
Total	4,361	4,696

26 OTHER OPERATING EXPENSES

CZK million	2018	2017
Costs of external marketing services	547	602
Commissions to business partners	955	843
Net loss from impairment of receivables and receivables write off	102	191
Rental and operating leases	915	1,013
Expenses from cross charges of services shared in DTAG Group	515	502
Repair and maintenance (except telecommunication network)	553	661
Licence fees	320	355
Other operating expenses related to employees	161	153
Legal, consulting and auditing fees	215	333
Office supplies, postage, bank charges	99	128
Other	28	664
Total	4,410	5,445

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

27 FINANCE INCOME AND COSTS

CZK million	2018	2017
Interest income	44	2
Foreign exchange gains	132	82
Other finance income	47	45
Total finance income	223	129
Interest expenses	(67)	(69)
Foreign exchange losses	(131)	(148)
Other finance costs	-	(3)
Total finance costs	(198)	(220)
Net finance income / (expense)	25	(91)

28 INCOME TAX

The income tax expense consists of the following:

CZK million	2018	2017
Current income tax	(1,320)	(1,009)
Deferred income tax (refer to Note 17)	(85)	(111)
Income tax expense	(1,405)	(1,120)

The charge for the year was calculated as follows:

CZK million	2018	2017
Profit before tax	6,995	5,370
Tax by applying the statutory tax rate*	(1,329)	(1,020)
Impact of:		
Non-tax deductible expenses	(52)	(82)
Non-taxable revenues	7	2
Additional increase of tax related to prior periods	(4)	(3)
Other	(27)	(17)
Income tax expense	(1,405)	(1,120)

* Income tax rate of 19% was applied in 2018 and 2017 respectively, based on the effective Income Tax Act.

29 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

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

CZK million	2018	2017
Roaming, interconnection and related purchased services	200	217
Other purchased goods and services	77	47
Expenses from re-invoicing of services	155	203
Purchases of foreign currency at market value*	4,490	1,254
Total purchases	4,922	1,721
Roaming, interconnection and related sold services	263	473
Income from re-invoicing of services and using common platforms	287	216
Total sales	550	689

* 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. 2018	31. 12. 2017
Receivables from roaming, interconnection and related sold services	404	275
Receivables from derivatives (fair value)	5	-
Intercompany loan provided	3,629	128
Total receivables	4,038	403
Payables from roaming, interconnection and related purchased services	558	534
Liabilities from derivatives (fair value)	11	7
Total payables	569	541

In 2018 and 2017 the Group did not have any transaction related to its parent company Deutsche Telekom Europe B.V.

TRANSACTIONS WITH OTHER RELATED PARTIES WITHIN THE DTAG GROUP:

CZK million	2018	2017
Roaming, interconnection and related purchased services	334	464
Other purchased goods and services	259	232
Expenses from re-invoicing of services	360	296
Total purchases	953	992
Roaming, interconnection and related sold services	232	491
Income from re-invoicing of services and using common platforms	577	523
Other income	17	2
Total sales	826	1,016

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

CZK million	31. 12. 2018	31. 12. 2017
Receivables and prepayments from other services and discounts	395	303
Total receivables	395	303
Payables from other services and discounts	437	359
Total payables	437	359

Short-term compensation to key management personnel

CZK million	2018		2017	
	Average number of employees	Amount	Average number of employees	Amount
Executive management	26	130	28	143
Board of Directors	3	22	3	-
Supervisory Board	3	-	4	-
Total	32	152	35	143

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

Short-term employee benefits include salaries, bonuses, personal holidays, health care, business cars used for personal purpose and other short-term employee benefits including social, health and supplementary pension insurance paid by employer.

The Group's contributions to pension insurance amounted in 2018 to CZK 28 million (in 2017: CZK 23 million).

Contributions for management to supplementary pension fund amounted in 2018 to CZK 1 million (in 2017: CZK 1 million).

Post-employment and termination benefits provided to management members

CZK million	2018	2017
Motivation bonus scheme paid*	34	2
Severance pay	1	3

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

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 million has been recognised:

Incentive plan	Type of settlement	31. 12. 2018	31. 12. 2017
Variable II	Cash-settled	-	18
LTI (Long-Term Incentive Plan)	Cash-settled	51	29
SMP (Share Matching Plan)	Equity-settled	-	1

Dividends

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

Based on the resolution of the sole shareholder from 4 April 2017, the Group distributed the profit to the sole shareholder as a dividend in the aggregate amount of CZK 4,720 million.

30 CONTINGENT LIABILITIES

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

31 COMMITMENTS

The Group's future capital commitments to major technology and services suppliers from concluded agreements as at 31 December 2018 and 31 December 2017 are as follows:

CZK million	31. 12. 2018	31. 12. 2017
Up to 1 year	1,807	1,864
1 - 3 years	303	816
3 - 5 years	121	180
Over 5 years	15	213
Total	2,246	3,073

The future minimum lease payments under non-cancellable operating leases arising from the lease of microwave connections, optical fibres, communication base stations, other buildings and offices are as follows:

CZK million	31. 12. 2018	31. 12. 2017
Up to 1 year	426	651
1 - 3 years	428	517
3 - 5 years	386	382
Over 5 years	1,268	1,417
Total	2,508	2,967

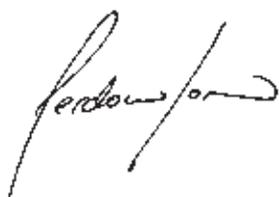
The majority of lease agreements are renewable at market prices after termination of the operating lease.

32 SUBSEQUENT EVENTS

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

33 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Group for issuance on 15 March 2019. 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



**INDEPENDENT
AUDITOR'S
REPORT**





Independent auditor's report **to the shareholder of T-Mobile Czech Republic a.s.**

Opinion

We have audited:

- The consolidated financial statements of T-Mobile Czech Republic a.s., with its registered office at Tomšůvkova 2144/1, Praha 4 ("the Company") and its subsidiaries (together "the Group") prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2018 and the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information; and
- The separate financial statements of the Company prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2018, the statements of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2018 and the notes to the separate financial statements, which include significant accounting policies and other explanatory information.

In our opinion:

- The consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2018 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 2018, of its financial performance and its cash flows for the year ended 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic. These standards consist of International Standards on Auditing (ISAs) which may be supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the Company in accordance with the Act on Auditors and Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and accepted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Group and the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law and regulation, in particular, whether the other information complies with law and regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

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Independent auditor's report

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

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law and regulation.

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

Responsibilities of the Board of Directors, Supervisory Board and Audit Committee for the Financial Statements

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

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

The Supervisory Board and Audit Committee are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above stated requirements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above stated requirements, we exercise professional 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 and the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.



Independent auditor's report

- 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.

15 March 2019

FricvatrhouseCoopers Audit, s.r.o.
represented by director

A handwritten signature in blue ink, appearing to read 'Petra Bočáková', written over a circular stamp or seal.

Petra Bočáková
Statutory Auditor, Licence No. 2253

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



