

Deutsche Telekom Pan-Net s.r.o.

**Annual Report for the year ended
31 December 2019
and Independent Auditor's Report**

December 2020

Translation note:

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



Independent Auditor's Report

To the Shareholders and Executive of Deutsche Telekom Pan-Net s.r.o.:

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Deutsche Telekom Pan-Net s.r.o. (the "Company") as at 31 December 2019, and the Company's financial performance for the year then ended in accordance with the Slovak Act on Accounting No. 431/2002, as amended (the "Accounting Act").

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2019;
- the income statement for the year then ended;
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Code of Ethics) and the ethical requirements of the Slovak Act on Statutory Audit No. 423/2015 and on amendments and supplements to Slovak Act on Accounting No. 431/2002, as amended (hereafter the "Act on Statutory audit") that are relevant to our audit of the financial statements in the Slovak Republic. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the ethical requirements of Act on Statutory audit.

Reporting on other information including the Annual Report

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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The firm's ID No.: 35 739 347. The firm is registered in the Commercial Register of Bratislava I District Court, Ref. No.: 16611/B, Section: Sro. IČO Spoločnosti je 35 739 347. Spoločnosť je zapísaná v Obchodnom registri Okresného súdu Bratislava I, pod Vložkou č.: 16611/B, Oddiel: Sro.

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With respect to the Annual Report, we considered whether it includes the disclosures required by the Accounting Act.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Annual Report has been prepared in accordance with the Accounting Act.

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

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Act, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 ISAs 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 ISAs, 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 control.
- Obtain an understanding of internal control 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management 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.

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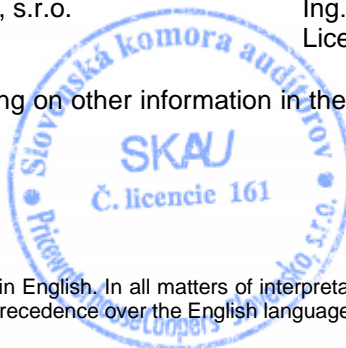
Šilhárová

Ing. Katarína Šilhárová, FCCA
Licence UDVA No. 1082

30 October 2020, except for Reporting on other information in the annual report, for which the date of our report is 16 December 2020.
Bratislava, Slovakia

Note

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





LIFE IS FOR SHARING.

ANNUAL REPORT

OCTOBER 2020

Deutsche Telekom Pan-Net s.r.o.

Financial year ending as at 31.12.2019

Annual Report
Deutsche Telekom Pan-Net s.r.o.
Financial year 2019

Table of Abbreviations

| | |
|----------|---|
| Company | Deutsche Telekom Pan-Net s.r.o., Bratislava, Slovakia |
| DTEH | Deutsche Telekom Europe Holding GmbH, Bonn, Germany |
| DTAG | Deutsche Telekom AG |
| DT Group | Deutsche Telekom Group |
| NatCos | European National Telco Operators of Deutsche Telekom |

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1. Management letter

Following the last year's commitment, in 2019 the Company further focused on building one lean and agile infrastructure cloud distributed across several data centers in Europe, as part of the several Pan-Net entities in Deutsche Telekom's European footprint countries established by DTEH (hereinafter "Pan-Net entities").

As part of the Pan-Net entities, the Company still plays an essential role in DT Group with a vision to become The European Partner for Cloudification,

The Company mission, as also defined by DTEH for the Pan-Net footprint, is to operate and develop cloud infrastructure and services that deliver on the high data privacy and local presence requirements for its customers

Our goal, going forward, is to focus mainly on infrastructure services, which shall run on our state-of-the-art infrastructure. This way, we will further enable the European NatCos to leverage synergies for great service quality and best customer experience. We follow the goal of the customers – faster time to market for new innovative services.

The production model is in a stabilization phase, thus also the number of Company's employees, which as at 31.12.2019 is 126, shall be stable.

Management of Deutsche Telekom Pan-Net s.r.o.

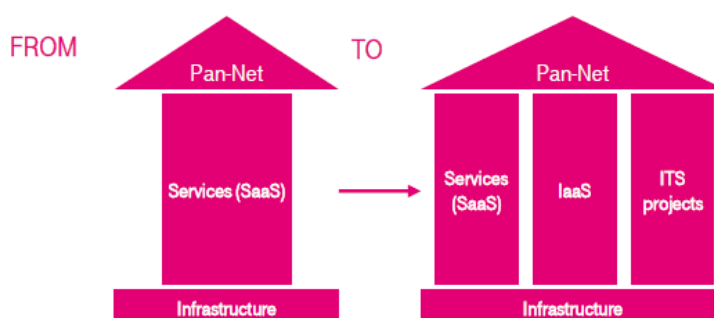
2. Deutsche Telekom Pan Net Project – introduction

DT Group established the Pan-Net entities as responsible for the shared pan-European network and for developing and providing infrastructure and services across the European footprint of the group.

DT Group is transforming its networks across Europe to a cloud-based operation. DT Group's European division covers 11 countries as well as Germany. The ultimate plan is to run infrastructure and selected services for up to 11 countries from a central hub. According to this plan, the Company was set up in April 2015 to coordinate the central creation and roll-out of services for all its 11 national operations outside of Germany.

After the initial set-up phase of Pan-Net (2016 – 2018), a thorough cross-segment analysis considering the cloud approach across DT Group was performed. The outcome was that Pan-Net entities should not only focus on the current portfolio; however, going forward the business is based on the following three pillars:

- (i) Software as a Service – both brownfield (currently operated by DTEH such as VoXX, mVAS, etc.) and greenfield services should be supported.
- (ii) Infrastructure as a Service – technical assessment within DT Group showed broad scope of capabilities of Pan-Net's infrastructure. As a natural outcome, IaaS should form one of the service pillars of DTEH.
- (iii) cross-unit projects that will further utilize Pan-Net resources in international delivery projects.



3. Company Profile

| | |
|-------------------------------|--|
| <i>Registered name:</i> | Deutsche Telekom Pan-Net s.r.o. |
| <i>Registered seat:</i> | Ružová dolina 6, 821 08, Bratislava, Slovakia |
| <i>Identification number:</i> | 48 129 178 |
| <i>Shareholders:</i> | 97% Deutsche Telekom Europe Holding GmbH 3% Deutsche Telekom Europe Beteiligungsverwaltungsgesellschaft GmbH |
| <i>Business activities:</i> | purchase of goods for the purposes of their sale to final consumers (retail) or other businesses (wholesale); mediation activities in the field of trade; mediation activities in the field of services; computer services; services related to computer data processing; leasing of real estate connected with the provision of other than basic leasing-related services; leasing of movable assets; activities of business, organization and economic consultants. |

Deutsche Telekom Pan-Net s.r.o. is a service company providing IT solutions and IT-/Cloud services. The Company was established in Bratislava, because of the central location in Europe. As of 31 December 2019, the company had 126 employees.

Company's strategy and ambition is to further focus on creation of a centralized production of predominantly infrastructure services as a base stone of virtualization and cloudification of these services. This approach also helps the DT Group to provide centralized services in a simple and digitalized way, which leads to accelerated time to market solutions.

General financial data

Deutsche Telekom Pan-Net s.r.o. does not have any branches or subsidiaries. The Company also does not incur research and development (R&D) expenses during 2019 financial year.

| | 2019 | 2018 | 2017 |
|---------------------------|------------|------------|------------|
| Accounting profit | 1,524,316 | 1,496,842 | 1,446,466 |
| Expenses total | 34,606,267 | 35,149,120 | 31,032,589 |
| Operating expenses | 34,578,510 | 34,987,475 | 31,006,964 |
| Financial expenses | 27,757 | 161,645 | 25,625 |
| Financial liquidity | | | |
| L1 * | n/a | n/a | n/a |
| L2 * | 1.70 | 1.77 | 0.38 |
| L3 * | 1.70 | 1.77 | 0.38 |
| Headcount of employees | 126 | 127 | 77 |
| Personnel expenses total | 10,374,514 | 8,660,683 | 5,707,782 |
| Wages and salaries | 7,803,378 | 6,898,533 | 4,638,429 |
| Social insurance expenses | 2,477,356 | 1,699,106 | 1,010,378 |
| Social expenses | 93,780 | 63,044 | 58,975 |

*L1 – short-term financial assets/short-term liabilities

L2 – (short-term financial assets + short-term receivables)/short-term liabilities

L3 - (short-term financial assets + short term receivables + inventory/ short-term liabilities)

Future Activities of the Company

Company's state-of-the-art cloud infrastructure shall support the digital transformation and shall enable DT Group to leverage the technology leadership. New technologies will increase the demand for local and private cloud based infrastructure – particularly for 5G. Initial pilot projects for 5G are up and running in almost all countries.

The digital transformation shall further drive the demand for cloud services solutions, big data, smart network services such as Industry 4.0, the Internet of Things, and Machine-to-Machine (M2M) as well as for the mobilization of business processes and cybersecurity.

From the Company's perspective, the main technological challenge and driver at the same time will remain the "Telco Cloud" and related Infrastructure-as-a-Service offerings. The company will be further focusing on developing and improving the cloud native architecture that will enable to use of a single standardized infrastructure across national boundaries.

Risks and Opportunities

As the Company is strongly integrated into the DT Group, possible risks and opportunities naturally follow those identified within the DT group.

The aggregate risk position did not change fundamentally in 2019 compared with the previous year. Major challenges particularly include the regulatory factors, intense competition, and the associated price pressure in the telecommunications business, as well as the pressure to change arising from new technologies and strategic transformation. Among the main risks for future economic development are also international trade conflicts, Brexit, and political uncertainties in Europe.

Competitive pressure is expected to continue, also by competitors who are not part of the telecommunications sector as such but are increasingly moving into the traditional telecommunications markets (i.e. major players in the internet and consumer electronics industries). With the new focus on cloud and virtualized infrastructure services the company is also facing competition from other providers of public and private cloud services.

Innovation risk persists because of innovation cycles, which are getting shorter and shorter. This will bring lower prices and revenues in both voice and data traffic.

In addition to the risks described, ever-shorter innovation cycles enable us to drive the digital transformation of our society and to provide our consumers and business customers with innovative products and solutions, such as the new generation of mobile telecommunications networks – 5G. It offers not only the immediate opportunity of cost-effectively managing rapidly increasing demands in existing business models going forward, but also opportunities for further business models by marketing network capabilities (e.g., network access, localization, security, identity, storage location, temporary storage, real-time processing) to relevant partners.

The IP transformation, which is the Company's mission, offers a variety of opportunities – a logical network that speaks a single language and, in technical terms, functions largely independently of the services transmitted. It is already proved that this enables efficiency gains by reducing the complexity of maintenance and operation, switching off service-specific legacy platforms, and saving energy.

In addition, all IP will generate growth potential in the short to medium term by improving the customer experience of existing services (e.g., better voice quality, more customer self-service, greater configuration flexibility) and, in the medium to long term, by providing an indispensable basis for convergence products and the Internet of Things (IoT), and by shortening the time to market for new products.

But all-IP network can do more – it is the network infrastructure cloud underpinning not only the virtualization of functions and services but also joint production across borders, where the Company plays the key role. This will also create opportunities for enhancing efficiency and growth. The idea of developing services only once and then marketing them in different countries simultaneously promises more than just synergies – it is a chance to get those services to market faster and more cost-effectively.

Corporate responsibility

Company follows the DT's Group corporate responsibility strategy. From environmental perspective, DT Group companies assume a low-carbon society. It expresses Company's commitment to minimize the impact that our activities may have on the climate and the Company's goal to tap into the opportunities for sustainable development offered by digitalization.

Company is reducing the impact of its business on the environmental by consistently improving energy efficiency as we expand our network, and by delivering cloud-based services that enhance energy efficiency for our customers. Thanks to products and solutions like these, customers can conserve yet further resources and heighten the positive effects on the environment.

The digital transformation is expected to improve everyone's lives and that is why people will remain a priority for the Company. Company's employee survey is a key indicator of the relationship between the Company and its workforce.

Within DT Group, we pursue an integrated climate strategy, which means focusing not only on the risks that climate change poses for us and our stakeholders but also on the opportunities it presents. Thus, we are focusing on the deployment of ICT products to the benefit of the society, provide access to or participation in the information and knowledge society. By 2030, ICT products and services will have the potential to save up to seven times as much in CO₂ emissions in other industries as the ICT sector itself generates, even considering the expected rebound effects.

We can take further preventive action in this area by also reducing our own CO2 emissions as a company. At the beginning of 2019, DT Group did set itself a new ambitious science-based target: To turn the Deutsche Telekom network into a “green network” by 2021–100 percent electricity from renewable sources and 90 percent lower direct and indirect emissions by 2030 as compared with 2017. The measures we are taking include measuring our own energy efficiency and finding ways to improve it.

4. Distribution of profit for 2019

As per the Act on Accounting No. 431/2002, shareholders will adapt the decision on the approval of the Ordinary Individual Financial Statements of the Company for 2019 and distribution of the Company’s net profit for 2019 within the statutory deadline, i.e. by 31 December 2020 at the latest.

5. Events after the reporting period

From 01.01.2020 Dr. Stefan Schnitter was appointed to the position of managing director of the company.

Late in 2019, news first emerged from China about the COVID-19 (Coronavirus). The situation at year-end was that a limited number of cases of an unknown virus had been reported to the World Health Organization. In the first few months of 2020, the virus spread globally. Taking into consideration the nature of the Company and Group activities COVID-19 does not have a significant impact on the activities of the Company. Almost all activities are performed in remote mode

The Company is currently unable to assess the full impact of the COVID-19 virus on its future financial position and the results of operations however no significant financial consequences related due to COVID-19 caused the situation, experienced nor expected were identified. No reduction of employees occurred or is intended due to the COVID-19 pandemic. The movement in the number of employees is due to regular operations in the company and regular churn of employees

6. Financial Statements and audit statement for 2019

Ordinary Individual Financial Statements of the Company for 2019 and the Auditor’s report for 2019 forms the Annex 1 of this Annual Report.

7. ANNEXES

Annex 1 – Ordinary Individual Financial Statements of the Company for 2019 and the Auditor's report for 2019

Deutsche Telekom Pan-Net s.r.o.

**Financial Statements for the year ended
31 December 2019**

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Úč POD

FINANCIAL STATEMENTS

of entrepreneurs with double-entry bookkeeping

as of

3 1 . 1 2 . 2 0 1 9

| | | | | | | | | | | | |
|---|--|---|--|--|--|---|--|---|--|----------------------------|--|
| Tax identification number 2 1 2 0 0 7 3 5 9 3 | | Fin. Statements <input checked="" type="checkbox"/> ordinary <input type="checkbox"/> extraordinary <input type="checkbox"/> interim | | Accounting entity <input type="checkbox"/> small <input checked="" type="checkbox"/> big (mark x) | | For the period from 0 1 until 1 2 | | Month 0 1 1 2 | | Year 2 0 1 9 2 0 1 9 | |
| Commercial register number (IČO) 4 8 1 2 9 1 7 8 | | | | | | Preceding period from 0 1 until 1 2 | | 0 1 1 2 | | 2 0 1 8 2 0 1 8 | |
| SK NACE 7 0 . 2 2 . 0 | | | | | | | | | | | |
| Underlying components of financial statements | | | | | | | | | | | |
| <input checked="" type="checkbox"/> BALANCE SHEET (Úč POD 1-01) (in whole EUR) | | | | <input checked="" type="checkbox"/> INCOME STATEMENT (Úč POD 2-01) (in whole EUR) | | | | <input checked="" type="checkbox"/> NOTES (Úč POD 3-01) (in whole EUR or Eurocents) | | | |
| Business name of the accounting entity | | | | | | | | | | | |
| D e u t s c h e T e l e k o m P a n - N e t s . r . o . | | | | | | | | | | | |
| Registered office of the accounting entity | | | | | | | | | | | |
| Street R u ž o v á d o l i n a | | | | | | | | Number 6 | | | |
| Zip code 8 2 1 0 8 | | | | Municipality B r a t i s l a v a | | | | | | | |
| Information on the Commercial Register and file number of the entity | | | | | | | | | | | |
| O k r e s n ý s ú d B r a t i s l a v a I , o d d i e l s r o v l o ž k a č . 1 0 3 6 1 7 / B | | | | | | | | | | | |
| Telephone | | | | | | Fax | | | | | |
| | | | | | | | | | | | |
| E-Mail | | | | | | | | | | | |
| | | | | | | | | | | | |
| Prepared on: 2 7 . 1 0 . 2 0 2 0 | | | | Approved on: . . 2 0 | | | | Signature of the statutory body of the accounting entity or of a member of the statutory body of the accounting entity or of an individual who is an accounting entity: | | | |
| | | | | | | | | | | | |

| Designation a | ASSETS b | Line no. c | Current accounting period | | | Preceding accounting period | |
|------------------|---|------------------|---------------------------|---------------------|-------|-----------------------------|--|
| | | | 1 | Gross - Part 1 | Net 2 | Net 3 | |
| | | | | Adjustment - Part 2 | | | |
| | Total assets I. 02 + I. 33 + I. 74 | 01 | | 75 408 162 | | 55 609 095 | |
| | | | | 19 799 067 | | 64 890 860 | |
| A. | Non-current assets excluding non-current receivables I. 03 + I. 11 + I. 21 | 02 | | 57 133 493 | | 37 334 426 | |
| | | | | 19 799 067 | | 36 502 223 | |
| A.I. | Non-current intangible assets - total (lines 04 to 10) | 03 | | 49 184 676 | | 32 368 206 | |
| | | | | 16 816 470 | | 30 286 578 | |
| A.I.1. | Capitalized development costs (012) - /072, 091A/ | 04 | | | | | |
| | | | | | | | |
| 2. | Software (013) - /073, 091A/ | 05 | | 41 700 303 | | 24 883 833 | |
| | | | | 16 816 470 | | 17 732 636 | |
| 3. | Valuable rights (014) - /074, 091A/ | 06 | | | | | |
| | | | | | | | |
| 4. | Goodwill (015) - /075, 091A/ | 07 | | | | | |
| | | | | | | | |
| 5. | Other non-current intangible assets (019, 01X) - /079, 07X, 091A | 08 | | | | | |
| | | | | | | | |
| 6. | Acquisition of non-current intangible assets (041) - 093 | 09 | | 6 861 172 | | 6 861 172 | |
| | | | | | | 12 193 013 | |
| 7. | Advance payments made for non-current intangible assets (051) - 095A | 10 | | 623 201 | | 623 201 | |
| | | | | | | 360 929 | |
| A.II. | Non-current tangible assets (lines 12 to 20) | 11 | | 7 948 817 | | 4 966 220 | |
| | | | | 2 982 597 | | 6 215 645 | |
| A.II.1. | Land (031) - 092A | 12 | | | | | |
| | | | | | | | |
| 2. | Buildings and constructions (021) - /081, 092A/ | 13 | | 25 572 | | 21 261 | |
| | | | | 4 311 | | 22 997 | |
| 3. | Separate movable items and groups of movable items (022) - /082, 092A/ | 14 | | 7 849 018 | | 4 870 732 | |
| | | | | 2 978 286 | | 3 571 558 | |

| Designation a | ASSETS b | Line no. c | Current accounting period | | | Preceding accounting period | |
|------------------|---|------------------|---------------------------|---------------------|-------|-----------------------------|-----------|
| | | | 1 | Gross - Part 1 | Net 2 | Net 3 | |
| | | | | Adjustment - Part 2 | | | |
| 4. | Permanent growth (025) - /085, 092A/ | 15 | | | | | |
| | | | | | | | |
| 5. | Livestock (026) - /086,092A/ | 16 | | | | | |
| | | | | | | | |
| 6. | Other non-current tangible assets (029, 02X, 032) - /089, 08X, 092A/ | 17 | | | | | |
| | | | | | | | |
| 7. | Non-current tangible assets in progress (042) - /094/ | 18 | | 74 227 | | 74 227 | |
| | | | | | | | 2 621 090 |
| 8. | Advance payments made for property, plant and equipment (052) - 095A | 19 | | | | | |
| | | | | | | | |
| 9. | Value adjustment to acquired assets (+/- 097) +/- 098 | 20 | | | | | |
| | | | | | | | |
| A.III. | Non-current financial assets - total (lines 22 to 32) | 21 | | 0 | | 0 | |
| | | | | 0 | | | 0 |
| A.III. 1. | Securities and shares in related accounting entities (061A, 062A, 063A) - /096A/ | 22 | | | | | |
| | | | | | | | |
| 2. | Securities and shares with ownership interest excluding those in related accounting entities (062A) - /096A/ | 23 | | | | | |
| | | | | | | | |
| 3. | Other realizable securities and shares (063A) - /096A/ | 24 | | | | | |
| | | | | | | | |
| 4. | Loans granted to related accounting entities (066A) - /096A/ | 25 | | | | | |
| | | | | | | | |
| 5. | Loans within ownership interest excluding those granted to related accounting entities (066A) - /096A/ | 26 | | | | | |
| | | | | | | | |
| 6. | Other loans (067A) - /096A/ | 27 | | | | | |
| | | | | | | | |
| 7. | Debt securities and other non-current financial assets (065A, 069A, 06XA) - /096A/ | 28 | | | | | |
| | | | | | | | |

| Designation a | ASSETS b | Line no. c | Current accounting period | | | Preceding accounting period | |
|------------------|--|---------------|---------------------------|---------------------|-------|-----------------------------|--|
| | | | 1 | Gross - Part 1 | Net 2 | Net 3 | |
| | | | | Adjustment - Part 2 | | | |
| 8. | Loans and other non-current financial assets with residual maturity up to one year (066A, 067A, 069A, 06XA) - /096A/ | 29 | | | | | |
| | | | | | | | |
| 9. | Bank time deposits with maturity over one year (22XA) | 30 | | | | | |
| | | | | | | | |
| 10. | Non-current financial assets in progress (043) - /096A/ | 31 | | | | | |
| | | | | | | | |
| 11. | Advances granted for non-current financial assets (053) - /095A/ | 32 | | | | | |
| | | | | | | | |
| B. | Current assets + non-current receivables I. 34 + I. 41 + I. 53 + I. 66 + I. 71 | 33 | | 12 366 632 | | 12 366 632 | |
| | | | | 0 | | 27 325 074 | |
| B.I. | Inventory total (lines 35 to 40) | 34 | | 0 | | 0 | |
| | | | | 0 | | 0 | |
| B.I.1. | Raw material (112, 119, 11X) - /191, 19X/ | 35 | | | | | |
| | | | | | | | |
| 2. | Work in progress (121, 122, 12X) - /192, 193, 19X/ | 36 | | | | | |
| | | | | | | | |
| 3. | Finished goods (123) - /194/ | 37 | | | | | |
| | | | | | | | |
| 4. | Animals (124) - /195/ | 38 | | | | | |
| | | | | | | | |
| 5. | Merchandise in stock and retail stores (132, 133, 13X, 139) - /196, 19X/ | 39 | | | | | |
| | | | | | | | |
| 6. | Advance payments provided on inventory (314A) - 391A | 40 | | | | | |
| | | | | | | | |
| B.II. | Non-current receivables total (I. 42 + I. 46 to I. 52) | 41 | | 442 415 | | 442 415 | |
| | | | | 0 | | 740 758 | |
| B.II.1. | Trade receivables total (lines 43 to 45) | 42 | | 0 | | 0 | |
| | | | | 0 | | 0 | |

| Designation a | ASSETS b | Line no. c | Current accounting period | | | Preceding accounting period | |
|------------------|--|------------------|---------------------------|---------------------|-------|-----------------------------|-----------|
| | | | 1 | Gross - Part 1 | Net 2 | Net 3 | |
| | | | | Adjustment - Part 2 | | | |
| 1.a. | Trade receivables from related accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 43 | | | | | |
| | | | | | | | |
| 1.b. | Trade receivables within ownership interest excluding those from related accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 44 | | | | | |
| | | | | | | | |
| 1.c. | Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 45 | | | | | |
| | | | | | | | |
| 2. | Net value of the contract (316A) | 46 | | | | | |
| | | | | | | | |
| 3. | Other receivables from related accounting entities (351A) - /391A/ | 47 | | | | | |
| | | | | | | | |
| 4. | Other receivables within ownership interest excluding those from related accounting entities (351A) - /391A/ | 48 | | | | | |
| | | | | | | | |
| 5. | Receivables from partners, members and associations (354A, 355A, 358A, 35XA) - 391A | 49 | | | | | |
| | | | | | | | |
| 6. | Receivables from derivative transactions (373A, 376A) | 50 | | | | | |
| | | | | | | | |
| 7. | Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) - /391A/ | 51 | | | | | |
| | | | | | | | |
| 8. | Deferred tax asset (481A) | 52 | | 442 415 | | 442 415 | |
| | | | | | | | 740 758 |
| B.III. | Current receivables total (I. 54 + I. 58 to I. 65) | 53 | | 11 924 217 | | 11 924 217 | |
| | | | | 0 | | 26 584 316 | |
| B.III.1. | Trade receivables total (lines 55 to 57) | 54 | | 3 601 266 | | 3 601 266 | |
| | | | | 0 | | 9 803 172 | |
| 1.a. | Trade receivables from related accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 55 | | 3 445 927 | | 3 445 927 | |
| | | | | | | | 9 722 168 |
| 1.b. | Trade receivables within ownership interest excluding receivables from related accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 56 | | | | | |
| | | | | | | | |

| Designation a | ASSETS b | Line no. c | Current accounting period | | | Preceding accounting period | |
|------------------|--|------------------|---------------------------|---------------------|-------|-----------------------------|------------|
| | | | 1 | Gross - Part 1 | Net 2 | Net 3 | |
| | | | | Adjustment - Part 2 | | | |
| 1.c. | Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 57 | | 155 339 | | 155 339 | |
| | | | | | | | 81 004 |
| 2. | Net value of the contract (316A) | 58 | | | | | |
| | | | | | | | |
| 3. | Other receivables from related accounting entities (351A) - /391A/ | 59 | | 7 719 753 | | 7 719 753 | |
| | | | | | | | 16 587 624 |
| 4. | Other receivables within ownership interest excluding receivables from related accounting entities (351A) - /391A/ | 60 | | | | | |
| | | | | | | | |
| 5. | Receivables from partners, members and associations (354A, 355A, 358A, 35XA, 398A) - /391A/ | 61 | | | | | |
| | | | | | | | |
| 6. | Receivables from social security (336A) - /391A/ | 62 | | | | | |
| | | | | | | | |
| 7. | Tax receivables and subsidies (341, 342, 343, 345, 346, 347) - /391A/ | 63 | | 596 662 | | 596 662 | |
| | | | | | | | 192 946 |
| 8. | Receivables from derivative transactions (373A, 376A) | 64 | | | | | |
| | | | | | | | |
| 9. | Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/ | 65 | | 6 536 | | 6 536 | |
| | | | | | | | 574 |
| B.IV. | Current financial assets - securities total (lines 67 to 70) | 66 | | 0 | | 0 | |
| | | | | 0 | | | 0 |
| B.IV.1. | Current financial assets in related accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/ | 67 | | | | | |
| | | | | | | | |
| 2. | Current financial assets without current financial assets in related accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/ | 68 | | | | | |
| | | | | | | | |
| 3. | Own shares and own ownership interest (252) | 69 | | | | | |
| | | | | | | | |
| 4. | Acquisition of current financial assets (259, 314A) - /291A/ | 70 | | | | | |
| | | | | | | | |

| Designation a | ASSETS b | Line no. c | Current accounting period | | | Preceding accounting period | |
|------------------|--|------------------|--------------------------------|---------------------|----------------------------------|-----------------------------|-----------|
| | | | 1 | Gross - Part 1 | Net 2 | Net 3 | |
| | | | | Adjustment - Part 2 | | | |
| B.V. | Current financial assets I. 72 + I. 73 | 71 | | 0 | | 0 | |
| | | | | 0 | | | 0 |
| B.V.1. | Cash (211, 213, 21X) | 72 | | | | | |
| | | | | | | | |
| 2. | Bank accounts (221A, 22X, +/- 261) | 73 | | | | | |
| | | | | | | | |
| C. | Accrued assets (lines 75 to 78) | 74 | | 5 908 037 | | 5 908 037 | |
| | | | | 0 | | | 1 063 563 |
| C.1. | Non-current prepaid expenses (381A, 382A) | 75 | | 154 023 | | 154 023 | |
| | | | | | | | |
| 2. | Current prepaid expenses (381A, 382A) | 76 | | 1 021 233 | | 1 021 233 | |
| | | | | | | | 1 063 563 |
| 3. | Non-current accrued income (385A) | 77 | | | | | |
| | | | | | | | |
| 4. | Current accrued income (385A) | 78 | | 4 732 781 | | 4 732 781 | |
| | | | | | | | |
| Designation a | LIABILITIES AND EQUITY b | Line No. c | Current accounting period 4 | | Preceding accounting period 5 | | |
| | Total equity and liabilities I. 80 + I. 101 + I. 141 | 79 | 55 609 095 | | 64 890 860 | | |
| A. | Equity I. 81 + I. 85 + I. 86 + I. 87 + I. 90 + I. 93 + I. 97 + I. 100 | 80 | 45 579 266 | | 44 054 950 | | |
| A.I. | Registered capital total (lines 82 to 84) | 81 | 25 000 | | 25 000 | | |
| A.I.1. | Registered capital (411 or +/- 491) | 82 | 25 000 | | 25 000 | | |
| 2. | Changes in registered capital +/- 419 | 83 | | | | | |
| 3. | Receivables related to unpaid registered capital (/-/353) | 84 | | | | | |
| A.II. | Share premium (412) | 85 | 0 | | 0 | | |
| A.III. | Other capital funds (413) | 86 | 40 000 000 | | 40 000 000 | | |
| A.IV. | Legal reserve funds I. 88. + I. 89 | 87 | 3 000 | | 3 000 | | |
| A.IV.1. | Legal reserve fund and non-distributable fund (417A, 418, 421A, 422) | 88 | 3 000 | | 3 000 | | |
| 2. | Reserve fund for own shares and own ownership interest (417A, 421A) | 89 | | | | | |

| Designation a | LIABILITIES AND EQUITY b | Line No. c | Current accounting period 4 | Preceding accounting period 5 |
|------------------|---|------------------|--------------------------------|----------------------------------|
| A.V. | Other funds created from profit I. 91 + I. 92 | 90 | 0 | 0 |
| A.V.1 | Statutory funds (423, 42X) | 91 | | |
| 2. | Other funds (427, 42X) | 92 | | |
| A.VI. | Differences from revaluation - total (I. 94 to I. 96) | 93 | 0 | 0 |
| A.VI.1 | Differences from revaluation of assets and payables (+/- 414) | 94 | | |
| 2. | Revaluation of capital participation (+/- 415) | 95 | | |
| 3. | Merger or division revaluation (+/- 416) | 96 | | |
| A.VII. | Net profit/loss of previous years I. 98 and I. 99 | 97 | 4 026 950 | 2 530 108 |
| A.VII.1 | Retained earnings of previous years (428) | 98 | 4 026 950 | 2 530 108 |
| 2. | Uncompensated losses of previous years (/ - /429) | 99 | | |
| A.VIII. | Profit/loss for the accounting period after tax / +/- I. 01 - (I. 81 + I. 85 + I. 86 + I. 087 + I. 90 + I. 93 + I. 97 + I. 101 + I. 141) | 100 | 1 524 316 | 1 496 842 |
| B. | Payables I. 102 + I. 118 + I. 121 + I. 122 + I. 136 + I. 139 + I. 140 | 101 | 10 017 169 | 20 664 745 |
| B.I. | Non-current payables total (I. 103 + I. 107 to I. 117) | 102 | 52 448 | 39 606 |
| B.I.1 | Non-current trade payables total (I. 104 to I. 106) | 103 | 0 | 0 |
| 1.a. | Trade payables to related accounting entities (321A, 475A, 476A) | 104 | | |
| 1.b. | Trade payables within ownership interest excluding related accounting entities (321A, 375A, 476A) | 105 | | |
| 1.c. | Other trade payables (321A, 475A, 476A) | 106 | | |
| 2. | Net value of the contract (316A) | 107 | | |
| 3. | Other payables to related accounting entities (471A, 47XA) | 108 | | |
| 4. | Other payables within ownership interest excluding payables to related accounting entities (471A, 47XA) | 109 | | |
| 5. | Other non-current payables (479A, 47XA) | 110 | | |
| 6. | Long-term advance payments received (475A) | 111 | | |
| 7. | Non-current bills of exchange payable (478A) | 112 | | |
| 8. | Bonds issued (473A/-/255A) | 113 | | |
| 9. | Social fund payables (472) | 114 | 52 448 | 39 606 |
| 10. | Other non-current payables (336A, 372A, 474A, 47XA) | 115 | | |
| 11. | Non-current payables from derivative transactions (373A, 377A) | 116 | | |
| 12. | Deferred tax payable (481A) | 117 | | |

| Designation a | LIABILITIES AND EQUITY b | Line No. c | Current accounting period 4 | Preceding accounting period 5 |
|------------------|---|------------------|--------------------------------|----------------------------------|
| B.II. | Non-current provisions I. 119 + I. 120 | 118 | 61 180 | 151 858 |
| B.II.1. | Legal provisions (451A) | 119 | | |
| 2. | Other provisions (459A, 45XA) | 120 | 61 180 | 151 858 |
| B.III. | Non-current bank loans (461A, 46XA) | 121 | 0 | 0 |
| B.IV. | Current payables total total (I. 123 + I. 127 to I. 135) | 122 | 7 026 437 | 14 998 914 |
| B.IV.1. | Trade payables total (I. 124 to I. 126) | 123 | 6 246 432 | 14 259 666 |
| 1.a. | Trade payables to related accounting entities (321A, 322A, 326A, 32XA, 475A, 476A, 478A, 47XA) | 124 | 788 189 | 4 013 106 |
| 1.b. | Trade payables within ownership interest excluding payables to related accounting entities (321A, 322A, 32XA, 475A, 476A, 478A, 47XA) | 125 | | |
| 1.c. | Other trade payables (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA) | 126 | 5 458 243 | 10 246 560 |
| 2. | Net value of the contract (316A) | 127 | | |
| 3. | Other payables to related accounting entities (361A, 36XA, 471A, 47XA) | 128 | | |
| 4. | Other payables within ownership interest except for payables to related accounting entities (361A, 36XA, 471A, 47XA) | 129 | | |
| 5. | Payables to partners and association (364, 365, 366, 367, 368, 398A, 478A, 479A) | 130 | | |
| 6. | Payables to employees (331, 333, 33X, 479A) | 131 | 417 105 | 405 606 |
| 7. | Social security payable (336A) | 132 | 247 954 | 229 369 |
| 8. | Taxes payables and subsidies (341, 342, 343, 345, 346, 347, 34X) | 133 | 114 946 | 100 504 |
| 9. | Payables from derivative transactions (373A, 377A) | 134 | | |
| 10. | Other payables (372A, 379A, 474A, 475A, 479A, 47XA) | 135 | | 3 769 |
| B.V. | Current provisions I. 137 + I. 138 | 136 | 2 877 104 | 5 474 367 |
| B.V.1. | Legal provisions (323A, 451A) | 137 | 284 110 | 162 595 |
| 2. | Other provisions (323A, 32X, 459A, 45XA) | 138 | 2 592 994 | 5 311 772 |
| B.VI. | Current bank loans (221A, 231, 232, 23X, 461A, 46XA) | 139 | 0 | 0 |
| B.VII. | Current financial assistance (241, 249, 24X, 473A, /-/255A) | 140 | 0 | 0 |
| C. | Accruals total total (lines 142 to 145) | 141 | 12 660 | 171 165 |
| C.1 | Non-current accrued expenses (383A) | 142 | | |
| 2. | Current accrued expenses (383A) | 143 | 12 660 | 171 165 |
| 3. | Non-current deferred income (384A) | 144 | | |
| 4. | Current deferred income (384A) | 145 | | |

| Designation a | Text b | Line No. c | Actual data | |
|------------------|--|------------------|--------------------------------|-------------------------------------|
| | | | Current accounting period 1 | Preceding accounting period 2 |
| * | Net turnover (part acc. class 6 under the Act) | 01 | 35 163 891 | 35 457 582 |
| ** | Revenues from operating activities total (I. 03 to I. 09) | 02 | 36 550 142 | 37 050 959 |
| I. | Revenue from the sale of merchandise (604, 607) | 03 | | |
| II. | Revenue from the sale of own products (601) | 04 | | |
| III. | Revenue from the sale of services (602, 606) | 05 | 35 163 891 | 35 457 582 |
| IV. | Changes in internal inventory (+/- acc. group 61) | 06 | | |
| V. | Capitalisation (acc. group 62) | 07 | 1 257 659 | 661 411 |
| VI. | Revenue from the sale of long-term intangible and tangible assets and materials sold (641, 642) | 08 | 128 592 | 930 672 |
| VII. | Other operating income (644, 645, 646. 648, 655, 657) | 09 | | 1 294 |
| ** | Expenses for operating activities total I. 11 + I. 12 + I. 13 + I. 14 + I. 15 + I. 20 + I. 21 + I. 24 + I. 25 + I. 26 | 10 | 34 578 510 | 34 987 475 |
| A. | Cost of merchandise sold (504, 505A, 507) | 11 | | |
| B. | Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503) | 12 | 145 149 | 109 333 |
| C. | Value adjustments for inventories (+/-) (505) | 13 | | |
| D. | Services (acc. group 51) | 14 | 13 799 252 | 19 216 789 |
| E. | Personnel expenses total (lines 16 to 19) | 15 | 10 374 514 | 8 660 683 |
| E.1. | Wages and salaries (521, 522) | 16 | 7 803 378 | 6 898 533 |
| 2. | Remuneration of board members of company or cooperative (523) | 17 | | |
| 3. | Social insurance expenses (524, 525, 526) | 18 | 2 477 356 | 1 699 106 |
| 4. | Social expenses (527, 528) | 19 | 93 780 | 63 044 |
| F. | Taxes and fees (acc. group 53) | 20 | | 1 484 |
| G. | Amortization and depreciation of and value adjustments to non-current intangible and tangible assets (I. 22 + I. 23) | 21 | 10 033 497 | 5 903 959 |
| G.1. | Amortization of non-current intangible assets and depreciation of non-current tangible assets (551) | 22 | 10 033 497 | 5 903 959 |
| 2. | Value adjustments to non-current intangible assets and non-current tangible assets (+/-) (553) | 23 | | |
| H. | Net book value of non-current assets and materials sold (541, 542) | 24 | 144 834 | 929 757 |
| I. | Adjustment to receivables (+/-) (547) | 25 | | |
| J. | Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557) | 26 | 81 264 | 165 470 |
| *** | Profit/loss on operating activities (+/-) (I. 02 - I. 10) | 27 | 1 971 632 | 2 063 484 |

| Designation a | Text b | Line No. c | Actual data | |
|------------------|---|------------------|--------------------------------|-------------------------------------|
| | | | Current accounting period 1 | Preceding accounting period 2 |
| * | Added value (I. 03 + I. 04 + I. 05 + I. 06 + I. 07) - (I. 11 + I. 12 + I. 13 + I. 14) | 28 | 22 477 149 | 16 792 871 |
| ** | Revenue from financing activities total I. 30 + I. 31 + I. 35 + I. 39 + I. 42 + I. 43 + I. 44 | 29 | 28 415 | 31 454 |
| VIII. | Revenue from the sale of securities and shares (661) | 30 | | |
| IX. | Income from non-current financial assets total (lines 32 to 34) | 31 | | |
| IX.1. | Revenue from securities and shares from related accounting entities (665A) | 32 | | |
| 2. | Revenues from securities and shares within ownership interest excluding revenues from related accounting entities (665A) | 33 | | |
| 3. | Other income from securities and shareholdings (665A) | 34 | | |
| X. | Other income from current financial assets total (lines 36 to 38) | 35 | | |
| X.1. | Revenues from current financial assets from related accounting entities (666A) | 36 | | |
| 2. | Revenues from current financial assets within ownership interest excluding revenues from related accounting entities (666A) | 37 | | |
| 3. | Other income from current financial assets (666A) | 38 | | |
| XI. | Interest income (I. 40 + I. 41)) | 39 | | 67 |
| XI.1. | Interest income from related accounting entities (662A) | 40 | | |
| 2. | Other interest income (662A) | 41 | | 67 |
| XII. | Exchange rate gains (663) | 42 | 28 415 | 31 387 |
| XIII. | Gains on revaluation of securities and income from derivative transactions (664, 667) | 43 | | |
| XIV. | Other income from financing activities (668) | 44 | | |
| ** | Expenses for financing activities total I. 46 + I. 47 + I. 48 + I. 49 + I. 52 + I. 53+ I. 54 | 45 | 27 757 | 161 645 |
| K. | Securities and shares sold (561) | 46 | | |
| L. | Expenses related to current financial assets (566) | 47 | | |
| M. | Value adjustments to financial assets (+/-) (565) | 48 | | |
| N. | Interest expense (I. 50 + I. 51) | 49 | 870 | 51 299 |
| N.1. | Interest expense for related accounting entities (562A) | 50 | 1 051 | 51 135 |
| 2. | Other interest expense (562A) | 51 | -181 | 164 |
| O. | Exchange rate losses (563) | 52 | 25 087 | 108 546 |
| P. | Loss on revaluation of securities and expenses related to derivative transactions (564, 567) | 53 | | |
| Q. | Other expenses related to financial activities (568, 569) | 54 | 1 800 | 1 800 |

| Designation a | Text b | Line No. c | Actual data | |
|------------------|--|---------------|--------------------------------|----------------------------------|
| | | | Current accounting period 1 | Preceding accounting period 2 |
| *** | Profit/loss from financial activities (+/-) [I. 29 - I. 45] | 55 | 658 | -130 191 |
| **** | Profit/loss for the accounting period before tax (+/-) [I. 27 + I. 55] | 56 | 1 972 290 | 1 933 293 |
| R. | Income tax (I. 58 + I. 59) | 57 | 447 974 | 436 451 |
| R.1. | Income tax current (591, 595) | 58 | 149 631 | 657 425 |
| 2. | Income tax deferred (+/-) (592) | 59 | 298 343 | -220 974 |
| S. | Transfer of net profit/net loss shares to partners (+/- 596) | 60 | | |
| **** | Profit/loss for the accounting period after tax (+/-) [I. 56 - I. 57 - I. 60] | 61 | 1 524 316 | 1 496 842 |

ART. I**GENERAL INFORMATION****1. GENERAL INFORMATION AND MAIN BUSINESS ACTIVITIES**

Deutsche Telekom Pan-Net s.r.o. (hereafter the "**Company**") is a limited liability company seated at Ružová dolina 6, 821 08 Bratislava, Slovakia. It was established on 27 March 2015 based on a Memorandum of Association in the form of a notarial record and incorporated on 21 April 2015. Its corporate ID (IČO) is 48 129 178. The Company is listed in the Commercial Register of the District Court Bratislava I, Section: Sro, Insert No. 103617/B.

The Company's core business activities are:

- Purchase and sale of goods for resale to end users (retail) and businesses (wholesale);
- Intermediation activities as regards trade;
- Intermediation activities as regards services;
- Computer services;
- Computer data processing services;
- Lease of real estates, including the provision of other than basic lease-related services;
- Lease of movable assets; and
- Business, organisational, and economic consultancy.

2. UNLIMITED LIABILITY

The Company is not a shareholder with unlimited liability in other legal entities.

3. DATE OF APPROVAL OF THE FINANCIAL STATEMENTS FOR THE PREVIOUS ACCOUNTING PERIOD

The financial statements for the previous accounting period were approved on 19 December 2019.

4. LEGAL REASON FOR PREPARING THE FINANCIAL STATEMENTS

The Company's financial statements at 31 December 2019 have been prepared as ordinary financial statements in accordance with § 17 (6) of Act No. 431/2002 Coll. on Accounting, as amended (hereafter the "**Accounting Act**") for the accounting period from 1 January 2019 to 31 December 2019.

5. THE CONSOLIDATED GROUP**A. ULTIMATE COMPANY IN CONSOLIDATION**

The ultimate company in consolidation that prepares the financial statements for all groups of entities in the consolidated group, of which the Company has been a consolidated accounting entity since 2016, is Deutsche Telekom AG, Friedrich Ebert Allee 140, Bonn, Germany.

B. PARENT COMPANY IN CONSOLIDATION

The parent company in consolidation that prepares the financial statements for the group of entities in the consolidated group which includes the Company is Deutsche Telekom AG, Friedrich Ebert Allee 140, Bonn, Germany.

C. PLACE WHERE THE CONSOLIDATED FINANCIAL STATEMENTS ARE FILED

The consolidated financial statements stated in A) and B) are filed at Deutsche Telekom AG, Friedrich Ebert Allee 140, Bonn, Germany.

D. EXEMPTION FROM THE OBLIGATION TO PREPARE CONSOLIDATED FINANCIAL STATEMENTS AND A CONSOLIDATED ANNUAL REPORT

Not applicable.

6. HEADCOUNT

The headcount is stated in the table below:

| | <i>Current period</i> | <i>Previous period</i> |
|--|-----------------------|------------------------|
| Average headcount, recalculated to FTE | 127 | 102 |
| Headcount at the balance sheet date, of which: | 126 | 127 |
| Number of managers | 14 | 12 |

7. DATE OF APPROVAL OF THE COMPANY'S AUDITOR

The General Meeting approved PricewaterhouseCoopers Slovensko, s.r.o. as the auditor of the Company's financial statements for the year ended 31 December 2019 on 15 May 2017.

8. COMPANY BODIES AND SHAREHOLDERS

| | 31 December 2019 | 31 December 2018 |
|------------|--|------------------|
| Executives | Dr Kai-Ulrich Deissner (since 1 January 2019) | Sven Hischke |

Structure of the Company's shareholders at 31 December 2019 and 31 December 2018:

| Shareholders | Share in the registered capital | | Share in the voting rights (%) | Share in other equity items other than in the registered capital (%) | Contribution to capital funds from contributions |
|---|---------------------------------|-----|--------------------------------|--|--|
| | EUR | % | | | |
| Deutsche Telekom Europe Holding GmbH | 24,250 | 97 | 97 | 0 | 0 |
| Deutsche Telekom Europe Beteiligungsgesellschaft GmbH | 750 | 3 | 3 | 0 | 0 |
| Total | 25,000 | 100 | 100 | 0 | 0 |

ART. II

INFORMATION ABOUT THE ADOPTED PROCEDURES

1. GENERAL ASSUMPTIONS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The Company's financial statements comprising the balance sheet, the income statement, and the notes to the financial statements at 31 December 2019 were prepared on a going concern basis and under accounting legislation valid in the Slovak Republic. The data in the financial statements provides a true and fair view of the Company's assets and liabilities, equity (representing the Company's own resources for assets), financial situation and its profit/(loss).

The Company keeps the accounts in compliance with the accruals concept. Expenses and revenues are accounted for in the accounting period to which they relate, regardless of the date of their payment.

Monetary data in the financial statements are presented in whole euros, unless stated otherwise.

The Company applied accounting methods and general accounting principles consistently with the previous accounting period.

2. APPLICATION AND CHANGES TO ACCOUNTING METHODS AND ACCOUNTING PRINCIPLES

2.1. GENERAL ACCOUNTING PRINCIPLES

1. All costs and revenues that relate to the accounting period, regardless of the settlement date, provide the basis for recording assets and liabilities and measuring the Company's profit/(loss).
2. Recorded values of assets and liabilities in the books and in the financial statements are adjusted for items expressing risks, losses, and impairment known at the balance sheet date (e.g. allowances and provisions).
3. If the stock count shows that the selling price of inventories less sale-related costs is lower than their valuation in the books, inventories are stated in the books and in the financial statements at this lower price.
4. Business transactions are accounted for in the accounting period to which their economic substance and timing relate. If it is not possible to comply with this rule, transactions may be stated when identified.
5. Assets and liabilities are disclosed at historical cost, unless stated otherwise in Art. II point 2.2.1 (Valuation method of individual items items).
6. At the balance sheet date, the Company performed an itemised analysis of assets and liabilities in accordance with the Accounting Act.
7. Opening balances on the current balance sheet are identical with closing balances on the balance sheet for the previous accounting period.
8. Maturity is the basic criterion for distinguishing between current and non-current assets and liabilities. Accounts receivable and payable are presented on the balance sheet based on their agreed period to maturity, i.e. those with up to 12 months to the maturity date are presented as current and those with more than 12 months to the maturity date are presented as non-current.

2.2. ACCOUNTING METHODS AND ACCOUNTING PRINCIPLES

2.2.1. VALUATION METHODS FOR INDIVIDUAL ITEMS

a) Purchased non-current intangible assets

Purchased non-current intangible assets are stated at cost.

Low-value non-current intangible assets with an acquisition cost not exceeding EUR 2,400 are accounted for by directly debiting the appropriate expense accounts in the period of their acquisition.

b) Non-current intangible assets produced internally

Non-current intangible assets produced internally are stated at their own cost.

c) Non-current intangible assets acquired in a different way

The Company does not keep records of non-current intangible assets acquired in a different way.

d) Purchased non-current tangible assets

Purchased non-current tangible assets are stated at cost, which includes the acquisition price and the related acquisition costs, such as transportation, postage, customs fees and commission.

Expenses for additions, modernisation, and reconstruction that result in increased efficiency or capacity in a total amount exceeding EUR 150 per asset for the accounting period increase the acquisition cost of an asset. Expenses for technical improvement in a total amount not exceeding EUR 150 per asset for the accounting period and expenses incurred on operation, maintenance or repairs are posted to expense accounts in the current accounting period.

Low-value non-current tangible assets with an acquisition cost not exceeding EUR 150 are accounted for by directly debiting the appropriate expense accounts in the period of their acquisition.

e) Non-current tangible assets produced internally

The Company does not produce non-current tangible assets internally.

f) Non-current tangible assets acquired in a different way

The Company does not keep records of non-current tangible assets acquired in a different way.

g) Non-current financial assets

Not applicable.

h) Purchased inventory

Not applicable.

i) Inventory produced internally

Not applicable.

j) Inventories acquired in a different way

The Company does not keep records of inventories acquired in a different way.

k) Construction contracts and contractual construction of real estate for sale

Not applicable.

l) Accounts receivable

Accounts receivable are stated at their nominal value in the books. Valuation allowances for accounts receivable are recognized for doubtful and contested debts.

Valuation allowances for non-current receivables adjust their values to the present value (value when a receivable is accounted for and recognized).

m) Current financial assets

Cash and stamps and vouchers are accounted for at their nominal value.

n) Deferred expenses and accrued income

The Company uses these accounts in compliance with the accrual concept. The Company proceeds in accordance with the accrual principle (matching income and expense within the same accounting period). These accounts are of a temporary nature and include expected and transitive items of accruals.

o) Provisions

Provisions are liabilities representing the Company's present obligation resulting from past events if it is probable that its settlement will reduce the Company's resources in the future. Provisions are liabilities of uncertain timing or amount and are stated at the expected amount of the existing liability at the balance-sheet date.

The set-up of a provision is posted to the respective expense account or asset account to which the liability relates. The use of a provision is debited to the respective provision account, with a corresponding credit to the respective liability account. The release of an unnecessary provision, or part thereof, is accounted for using an accounting entry inverse to the recognition of the set-up of the provision.

The provision for bonuses, rebates, discounts, and for returning the purchase price in the event of a claim, is recorded as a reduction of income originally generated with a corresponding credit entry to the provision account.

The Company set up provisions for unused holiday, variable remuneration for employees, services received, the acquisition of non-current assets, supplies not yet billed, the preparation and audit of the financial statements, and for the preparation of the corporate income tax return, in accordance with the Company's accounting policy.

p) Bonds and debentures

Not applicable.

q) Accounts payable

Accounts payable (including credits) are stated at their nominal value. If reconciliation procedures reveal that the actual amount of payables differs from the amount shown in the books, such payables will be stated in the books and the financial statements at this actual amount.

r) Deferred income and accrued expenses

Not applicable.

s) Derivatives, assets and liabilities secured with derivatives

The Company did not hold any derivatives during the accounting period and does not have assets or liabilities secured with derivatives.

t) Leases

Not applicable.

u) Corporate income tax due

Corporate income tax is expensed in the period when the tax liability arises. In the accompanying income statement, tax expense is calculated on the basis of the profit/(loss) before taxes adjusted for tax-deductible and tax non-deductible items due to permanent and temporary adjustments to the tax base and tax losses carried forward. The tax liability is stated net of corporate income tax advances that the Company paid during the year. If corporate income tax advances paid during the year exceed the tax liability for the period, the Company records an income tax receivable.

v) Deferred income tax

Deferred income tax arises from:

- a) temporary differences between the carrying amount of assets and liabilities shown in the balance sheet and their tax base;
- b) the possibility to carry forward a tax loss to future periods, i.e. the possibility to deduct a tax loss from the tax base in the future; and
- c) the possibility to transfer unused tax deductions and other tax claims to future periods.

Deferred tax is not applied to goodwill or negative goodwill on initial recognition. Deferred tax is applied to temporary differences related to goodwill or negative goodwill when differences arise after its initial recognition (e.g. due to different tax and book depreciation charges) if no temporary differences arose on the initial recognition of goodwill or negative goodwill.

Neither a deferred tax asset nor a deferred tax liability is recognized for deductible temporary differences and taxable temporary differences related to an asset or liability on initial recognition if, at the time of the initial recognition, this accounting event impacted neither the profit/(loss) nor the tax base and, in addition, it is not an accounting event arising for the buyer upon purchasing a business or part thereof, for the contribution recipient upon contributing a business or a part thereof, or for the legal successor upon merger, fusion or demerger. In subsequent accounting periods, a deferred tax asset and a deferred tax liability are also not recognized for such deductible temporary differences or taxable temporary differences.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which such temporary differences can be utilized.

To determine deferred income tax, the tax rates expected to apply at the date on which the deferred tax is settled are used.

w) Assets acquired through privatization

Not applicable.

x) Revenue recognition

Revenues from the sale of services are recognized in the accounting period in which the services are rendered, taking into account the extent to which the given transaction is completed, which is assessed based on the actual services provided as a proportion of the total services agreed.

Sales revenues are stated net of VAT, discounts and deductions (such as rebates, bonuses and credit notes). Interest income is recognized [straight line over the accounting periods using the accrual basis / using the effective interest method].

The Company's revenues primarily comprise revenues from the sale of computer services and services related to computer data processing provided to the parent company on the basis of a "cost plus flat rate" contract.

2.2.2. DEPRECIATION PLAN FOR NON-CURRENT INTANGIBLE AND TANGIBLE ASSETS

The depreciation plan is applied for the calculation of the accumulated depreciation of assets which are depreciated over their useful life. Book depreciation is calculated based on the price at which assets are stated in the books.

The Company amortizes non-current intangible assets using the straight-line method. Amortization rates are derived from the estimated useful life of assets corresponding to the use of future economic benefits from these assets. Pursuant to the Slovak Income Tax Act (Act No. 595/2003 Coll., as amended), tax amortization charges for non-current intangible assets are identical with book amortization charges.

| <i>Asset type</i> | <i>Useful life</i> | <i>Amortization method</i> |
|-------------------|--------------------|----------------------------|
| Software | 3-6 years | straight-line |

The Company depreciates non-current tangible assets using the straight-line method over their useful lives.

| <i>Asset type</i> | <i>Useful life</i> | <i>Depreciation method</i> |
|---------------------------|--------------------|----------------------------|
| Hardware PC | 3-8 years | straight-line |
| Low-value tangible assets | 2-8 years | straight-line |
| Furniture | 13 years | straight-line |

For tax purposes, the Company depreciates its non-current tangible assets in accordance with §§ 22–29 of the Slovak Income Tax Act.

2.2.3. PRINCIPLES FOR SETTING UP VALUATION ALLOWANCES**a) Principles for setting up valuation allowances for inventories**

Not applicable.

b) Principles for setting up valuation allowances for receivables

Not applicable.

2.2.4. CONVERSION OF VALUES IN FOREIGN CURRENCIES INTO EUROS

In the books, assets and liabilities stated in a foreign currency are converted to euros using the reference exchange rate set and published by the European Central Bank on the day preceding the day of the accounting event, or on another day, if determined by a special regulation.

At the balance sheet date, the Company converts assets and liabilities denominated in foreign currencies (with the exception of prepayments received and granted) into euros using the exchange rate published by the European Central Bank.

Exchange rate differences which originated during the year and those originated when converting assets and liabilities at the balance sheet date, impact the profit/(loss) of the current accounting period.

2.2.5. SUBSIDIES GRANTED FOR THE ACQUISITION OF ASSETS

Not applicable.

2.2.6. CHANGES TO ACCOUNTING PRINCIPLES AND ACCOUNTING METHODS, VALUATION METHODS, DEPRECIATION, REPORTING, AND ACCOUNTING PROCEDURES

During the current accounting period, no changes were made to valuation methods, amortization/depreciation methods, accounting procedures, the arrangement of items in the financial statements, and the contents of these items, when compared to the previous accounting period, unless stated otherwise, except for changes which resulted directly from amendments to Slovak accounting legislation.

2.2.7. COMPARABLE DATA

Some comparatives for the prior period in the current-year financial statements were changed in order to provide better comparability with data shown for the current period. The changes to the presentation of comparatives did not impact the total amount of assets, equity, or the profit/(loss) the previous period.

ART. III

EXPLANATORY AND SUPPLEMENTARY INFORMATION TO BALANCE SHEET ITEMS

1. ASSETS

1.1. NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS (balance sheet lines 003 and 011)

a) Movement in acquisition costs, accumulated depreciation/amortization and valuation allowances

An overview of movements in acquisition costs, accumulated depreciation/amortization of, and valuation allowances for, non-current assets is presented in the tables on pages 8 to 11.

Movements in non-current intangible assets during the 2019 accounting period are as follows:

| Non-current intangible assets | Current period | | | | | | | |
|-------------------------------|-------------------------------|------------|-----------------|----------|-------------------------------------|--|---|------------|
| | Capitalized development costs | Software | Valuable rights | Goodwill | Other non-current intangible assets | Non-current assets in the process of acquisition | Advances paid for non-current intangible assets | Total |
| a | b | c | d | e | f | g | h | i |
| Acquisition cost | | | | | | | | |
| Opening balance | | 25,956,442 | | | | 12,193,013 | 360,929 | 38,510,384 |
| Additions | | 3,809,606 | | | | 6,332,799 | 603,503 | 10,745,909 |
| Disposals | | | | | | 15,940 | | 15,940 |
| Transfers | | 11,934,255 | | | | (11,648,701) | (341,231) | (55,677) |
| Closing balance | | 41,700,303 | | | | 6,861,172 | 623,201 | 49,184,676 |
| Accumulated amortization | | | | | | | | |
| Opening balance | | 8,223,806 | | | | | | 8,223,806 |
| Additions | | 8,593,447 | | | | | | 8,593,447 |
| Disposals | | | | | | | | |
| Transfers | | (783) | | | | | | (783) |
| Closing balance | | 16,816,470 | | | | | | 16,816,470 |
| Valuation allowances | | | | | | | | |
| Opening balance | | | | | | | | |
| Additions | | | | | | | | |
| Disposals | | | | | | | | |
| Transfers | | | | | | | | |
| Closing balance | | | | | | | | |
| Net book value | | | | | | | | |
| Opening balance | | 17,732,636 | | | | 12,193,013 | 360,929 | 30,286,578 |
| Closing balance | | 24,883,833 | | | | 6,861,172 | 623,201 | 32,368,206 |

Movements in non-current intangible assets during the 2018 accounting period are as follows:

| Non-current intangible assets <i>a</i> | <i>Previous period</i> | | | | | | | |
|--|--|-----------------------------|------------------------------------|-----------------------------|--|---|--|--------------------------|
| | <i>Capitalized development costs</i> <i>b</i> | <i>Software</i> <i>c</i> | <i>Valuable rights</i> <i>d</i> | <i>Goodwill</i> <i>e</i> | <i>Other non-current intangible assets</i> <i>f</i> | <i>Non-current assets in the process of acquisition</i> <i>g</i> | <i>Advances paid for non-current intangible assets</i> <i>h</i> | <i>Total</i> <i>i</i> |
| <i>Acquisition cost</i> | | | | | | | | |
| Opening balance | | 18,619,156 | | | | 3,200,838 | | 21,819,994 |
| Additions | | 6,603,666 | | | | 10,077,079 | 360,929 | 17,041,675 |
| Disposals | | 919,801 | | | | | | 919,801 |
| Transfers | | 1,653,422 | | | | (1,084,904) | | 568,518 |
| Closing balance | | 25,956,442 | | | | 12,193,013 | 360,929 | 38,510,384 |
| <i>Accumulated amortization</i> | | | | | | | | |
| Opening balance | | 3,348,753 | | | | | | 3,348,753 |
| Additions | | 5,794,854 | | | | | | 5,794,854 |
| Disposals | | 919,801 | | | | | | 919,801 |
| Transfers | | | | | | | | |
| Closing balance | | 8,223,806 | | | | | | 8,223,806 |
| <i>Valuation allowances</i> | | | | | | | | |
| Opening balance | | | | | | | | |
| Additions | | | | | | | | |
| Disposals | | | | | | | | |
| Transfers | | | | | | | | |
| Closing balance | | | | | | | | |
| <i>Net book value</i> | | | | | | | | |
| Opening balance | | 15,270,403 | | | | 3,200,838 | 0 | 18,471,241 |
| Closing balance | | 17,732,636 | | | | 12,193,013 | 360,929 | 30,286,578 |

Movements in non-current tangible assets during the 2019 accounting period are as follows:

| Non-current tangible as-sets | Current period | | | | | | | | |
|------------------------------|----------------|-----------------------------|--|-----------------|-----------|------------------------------------|----------------------------|--|-----------|
| | Land | Buildings and constructions | Separate movable items and groups of movable items | Perennial crops | Livestock | Other non-current tangi-ble assets | Assets under con-struction | Advances paid for non-current tangi-ble assets | Total |
| a | b | c | d | e | f | g | h | i | j |
| Acquisition cost | | | | | | | | | |
| Opening balance | | 25,572 | 5,142,232 | | | | 2,621,090 | | 7,788,894 |
| Additions | | | 303,167 | | | | | | 303,167 |
| Disposals | | | 160,038 | | | | 38,884 | | 198,921 |
| Transfers | | | 2,563,657 | | | | (2,507,979) | | 55,678 |
| Closing balance | | 25,572 | 7,849,018 | | | | 74,227 | | 7,948,818 |
| Accumulated depreciation | | | | | | | | | |
| Opening balance | | 2,575 | 1,570,674 | | | | | | 1,573,249 |
| Additions | | 1,736 | 1,434,774 | | | | | | 1,436,510 |
| Disposals | | | 27,944 | | | | | | 27,944 |
| Transfers | | | 782 | | | | | | 782 |
| Closing balance | | 4,311 | 2,978,286 | | | | | | 2,982,597 |
| Valuation allowances | | | | | | | | | |
| Opening balance | | | | | | | | | |
| Additions | | | | | | | | | |
| Disposals | | | | | | | | | |
| Transfers | | | | | | | | | |
| Closing balance | | | | | | | | | |
| Net book value | | | | | | | | | |
| Opening balance | | 22,997 | 3,571,558 | | | | 2,621,090 | | 6,215,645 |
| Closing balance | | 21,261 | 4,870,732 | | | | 74,227 | | 4,966,220 |

Movements in non-current tangible assets during the 2018 accounting period are as follows:

| Non-current tangible assets <i>a</i> | Previous period | | | | | | | | |
|---|------------------|---|--|-----------------------------|-----------------------|---|---|---|-------------------|
| | Land <i>b</i> | Buildings and constructions <i>c</i> | Separate movable items and groups of movable items <i>d</i> | Perennial crops <i>e</i> | Livestock <i>f</i> | Other non-current tangible assets <i>g</i> | Non-current tangible assets in progress <i>h</i> | Advances on property, plant and equipment <i>i</i> | Total <i>j</i> |
| <i>Acquisition cost</i> | | | | | | | | | |
| Opening balance | | 25,572 | 3,872,975 | | | | 2,604,353 | | 6,502,900 |
| Additions | | | 373,448 | | | | 1,492,125 | | 1,865,572 |
| Disposals | | | 11,061 | | | | | | 11,061 |
| Transfers | | | 906,871 | | | | (1,475,388) | | (568,518) |
| Closing balance | | 25,572 | 5,142,232 | | | | 2,621,090 | | 7,788,894 |
| <i>Accumulated depreciation</i> | | | | | | | | | |
| Opening balance | | 839 | 544,610 | | | | | | 545,449 |
| Additions | | 1,736 | 1,037,125 | | | | | | 1,038,861 |
| Disposals | | | 11,061 | | | | | | 11,061 |
| Transfers | | | | | | | | | |
| Closing balance | | 2,575 | 1,570,674 | | | | | | 1,573,249 |
| <i>Valuation allowances</i> | | | | | | | | | |
| Opening balance | | | | | | | | | |
| Additions | | | | | | | | | |
| Disposals | | | | | | | | | |
| Transfers | | | | | | | | | |
| Closing balance | | | | | | | | | |
| <i>Net book value</i> | | | | | | | | | |
| Opening balance | | 24,733 | 3,328,365 | | | | 2,604,353 | | 5,957,451 |
| Closing balance | | 22,997 | 3,571,558 | | | | 2,621,090 | | 6,215,645 |

1.2. NON-CURRENT FINANCIAL ASSETS (balance sheet line 021)

Not applicable.

1.3. INVENTORIES (balance sheet line 034)

Not applicable.

1.4. CONSTRUCTION CONTRACTS AND CONTRACTUAL CONSTRUCTION OF REAL ESTATE FOR SALE

Not applicable.

1.5. ACCOUNTS RECEIVABLE (balance sheet lines 041 and 053)**a) Valuation allowances**

Not applicable.

b) Ageing structure of receivables

| <i>Description</i> <i>a</i> | <i>Not yet due</i> <i>b</i> | <i>Overdue</i> <i>c</i> | <i>Total</i> <i>d</i> |
|--|--------------------------------|----------------------------|--------------------------|
| Non-current receivables | | | |
| Trade receivables | | | |
| Receivables from subsidiaries and the parent company | | | |
| Other intercompany receivables | | | |
| Receivables from shareholders, members, and associations | | | |
| Other receivables (deferred tax) | 442,415 | 0 | 442,415 |
| Total non-current receivables | 442,415 | 0 | 442,415 |
| Current receivables | | | |
| Trade receivables | 155,339 | | 155,339 |
| Receivables from subsidiaries and the parent company | 3,445,927 | | 3,445,927 |
| Other intercompany receivables | 7,719,753 | | 7,719,753 |
| Receivables from shareholders, members, and associations | | | |
| Social security | | | |
| Tax receivables and subsidies | 596,662 | | 596,662 |
| Other receivables | 6,536 | | 6,536 |
| Total current receivables | 11,924,217 | 0 | 11,924,217 |

c) Deferred tax asset

See Article III, Part 2. Liabilities and Equity, Section 2.7.

1.6. CURRENT FINANCIAL ASSETS (financial accounts – balance sheet line 066)

Not applicable.

1.7. DEFERRED EXPENSES AND ACCRUED INCOME (balance sheet line 074)**a) Description of material items of deferred expenses and accrued income**

| <i>Accrual</i> | <i>Current period</i> | <i>Previous period</i> |
|---|-----------------------|------------------------|
| Short-term deferred expenses, of which: | 1,021,233 | 1,063,563 |
| - <i>Software licences</i> | <i>1,021,233</i> | <i>1,063,563</i> |
| Long-term deferred expenses, of which: | 154,023 | 0 |
| - <i>Software licences</i> | <i>154,023</i> | <i>0</i> |
| Short-term accrued income, of which: | 4,732,781 | 0 |
| - <i>Intercompany services provided</i> | <i>4,732,781</i> | <i>0</i> |

2. LIABILITIES AND EQUITY**2.1 EQUITY (balance sheet line 080)**

The Company accounts for changes and recognizes the amount of registered capital, capital reserves, profit reserves, and the profit/(loss) in accordance with effective legislation.

a) Registered capital

The subscribed registered capital amounts to EUR 25,000. It consists of a monetary contribution of EUR 24,250 from Deutsche Telekom Europe Holding GmbH and EUR 750 from Deutsche Telekom Europe Beteiligungsgesellschaft GmbH. The registered capital is paid up in full.

b) Distribution of the accounting profit / Settlement of the accounting loss for the previous accounting period

| <i>Description</i> | <i>Previous period</i> |
|---|------------------------|
| Accounting profit | 1,496,842 |
| Accounting profit distribution | <i>Current period</i> |
| Appropriation to the legal reserve fund | |
| Appropriation to statutory and other reserves | |
| Appropriation to the social fund | |
| Appropriation for the increase of the share capital | |
| Settlement of loss carried forward | |
| Transfer to retained earnings | 1,496,842 |
| Dividend distribution to shareholders, members | |
| Other | |
| Total | 1,496,842 |

c) Amounts not accounted for as income or expense but posted directly to equity

Not applicable.

d) Distribution of the accounting profit / Settlement of the accounting loss for the current accounting period

The General Meeting held in 2021 will decide regarding the 2019 profit distribution and approve the 2019 financial statements.

e) Changes in equity

Movements in equity are described in Article IX.

2.2 PROVISIONS (balance sheet lines 118 and 136)**a) Description of individual provisions at 31 December 2019 and 31 December 2018**

| Description <i>a</i> | Current period | | | | |
|--|-----------------------------|--------------------|------------------|----------------------|-----------------------------|
| | Opening balance <i>b</i> | Set-up <i>c</i> | Use <i>d</i> | Re-lease <i>e</i> | Closing balance <i>f</i> |
| Long-term provisions, of which: | 151,858 | 61,180 | 151,858 | 0 | 61,180 |
| Remuneration | 151,858 | 61,180 | 151,858 | 0 | 61,180 |
| Short-term provisions, of which: | 5,474,367 | 2,877,104 | 5,474,367 | 0 | 2,877,104 |
| Legal short-term provisions, of which: compensation for unused holiday, including social insurance | 162,595 | 284,110 | 162,595 | 0 | 284,110 |
| Preparation, audit, and presentation of the financial statements and the annual report, preparation of the corporate income tax return | 31,050 | 31,500 | 31,050 | 0 | 31,500 |
| Provision for intercompany services received | 782,104 | 605,441 | 782,104 | 0 | 605,441 |
| Other provisions | 1,872,842 | 31,810 | 1,872,842 | 0 | 31,810 |
| Provision for supplies not yet billed | 1,193,720 | 506,334 | 1,193,720 | 0 | 506,334 |
| Remuneration | 1,323,358 | 1,392,446 | 1,323,358 | 0 | 1,392,446 |
| Variable remuneration | 108,698 | 25,463 | 108,698 | 0 | 25,463 |

| Description <i>a</i> | Previous period | | | | |
|--|-----------------------------|--------------------|------------------|----------------------|-----------------------------|
| | Opening balance <i>b</i> | Set-up <i>c</i> | Use <i>d</i> | Re-lease <i>e</i> | Closing balance <i>f</i> |
| Long-term provisions, of which: | 453,190 | 151,858 | 453,190 | 0 | 151,858 |
| Remuneration | 453,190 | 151,858 | 453,190 | 0 | 151,858 |
| Short-term provisions, of which: | 6,365,262 | 5,474,367 | 6,365,262 | 0 | 5,474,367 |
| Legal short-term provisions, of which: compensation for unused holiday, including social insurance | 89,826 | 162,595 | 89,826 | 0 | 162,595 |
| Preparation, audit, and presentation of the financial statements and the annual report, preparation of the corporate income tax return | 18,200 | 31,050 | 18,200 | 0 | 31,050 |

| | | | | | |
|---------------------------------------|-----------|-----------|-----------|---|-----------|
| Services | 272,310 | 782,104 | 272,310 | 0 | 782,104 |
| Non-current assets | 4,419,517 | 1,872,842 | 4,419,517 | 0 | 1,872,842 |
| Provision for supplies not yet billed | 707,615 | 1,193,720 | 720,776 | 0 | 1,193,720 |
| Remuneration | 844,633 | 1,323,358 | 844,633 | 0 | 1,323,358 |
| Variable remuneration | 0 | 108,698 | 0 | 0 | 108,698 |
| Other – correction of FX differences | 13,161 | 00 | | 0 | 0 |

The Company did not set up a provision for possible penalties from third parties (e.g. tax authority, business partners, etc.) related to its business activities as, based on an analysis of the current situation, the Company does not expect to incur penalties from any third party, although this possibility cannot be completely excluded due to differing interpretations of current legislation.

2.3 ACCOUNTS PAYABLE (balance sheet lines 102 and 122)

a) Structure of accounts payable by time remaining to maturity

| Description | Current period | Previous period |
|--|------------------|-------------------|
| Total long-term liabilities | 52,448 | 39,606 |
| Liabilities with more than 5 years to maturity | 0 | 0 |
| Liabilities with 1 to 5 years to maturity | 52,448 | 39,606 |
| Total short-term liabilities | 7,026,437 | 14,998,914 |
| Liabilities with up to 1 year to maturity | 7,026,437 | 14,998,914 |
| Liabilities to related parties | 788,189 | 4,013,106 |
| Other trade payables | 5,458,243 | 10,246,560 |
| Liabilities to employees | 417,105 | 405,606 |
| Social security liabilities | 247,954 | 229,369 |
| Tax liabilities and subsidies | 114,946 | 100,504 |
| Other liabilities | 0 | 3,769 |
| Overdue liabilities | 0 | 0 |

b) Deferred tax liability

Not applicable.

c) Set-up and use of the social fund

| <i>Description</i> | <i>Current period</i> | <i>Previous period</i> |
|----------------------------|-----------------------|------------------------|
| Opening balance | 39,606 | 17,410 |
| Appropriations expensed | 93,780 | 63,004 |
| Appropriations from profit | 0 | 0 |
| Other set-up | 0 | 0 |
| Total set-up | 93,780 | 63,004 |
| Use | 80,938 | 40,808 |
| Closing balance | 52,448 | 39,606 |

2.4 BANK LOANS, BORROWINGS, AND OTHER REPAYABLE FINANCIAL ASSISTANCE (balance sheet lines 121, 139, and 140)**a) Bank loans, borrowings, and short-term financial assistance**

Not applicable.

b) Securement of individual loans

Not applicable.

2.5 ACCRUED EXPENSES AND DEFERRED INCOME (balance sheet line 141)**a) Description of material items of accrued expenses and deferred income**

Individual items of accrued expenses and deferred income are immaterial.

2.6 FINANCE LEASE

Not applicable.

2.7 INCOME TAXES

a) Relation between the income tax due, the deferred tax, and the profit/(loss) before taxes

| Description <i>a</i> | Current period | | | Previous period | | |
|---------------------------------------|----------------------|-----------------|---------------------|----------------------|-----------------|---------------------|
| | Tax base <i>b</i> | Tax <i>c</i> | Tax (%) <i>d</i> | Tax base <i>e</i> | Tax <i>f</i> | Tax (%) <i>g</i> |
| Profit/(loss) before taxes, of which: | 1,972,290 | x | x | 1,933,293 | x | x |
| Theoretical tax | | 414,181 | 21 | x | 405,992 | 21 |
| Tax non-deductible expenses | 160,919 | 33,793 | 2 | 145,043 | 30,459 | 2 |
| Non-taxable income | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | x | 447,974 | 23 | x | 436,451 | 23 |
| Current tax due | x | 149,631 | 8 | x | 657,425 | 34 |
| Deferred income tax | x | 298,343 | 15 | x | (220,974) | (11) |
| Total income tax | x | 447,974 | 23 | x | 436,451 | 23 |

b) Deferred tax asset or liability

| Description | Current period | Previous period |
|--|------------------|------------------|
| Temporary differences between the book value of assets and their tax base, of which: | 494,818 | 265,428 |
| deductible | | |
| taxable | 494,818 | 265,428 |
| Temporary differences between the book value of liabilities and their tax base, of which: | 2,601,558 | 3,792,848 |
| deductible | 2,601,558 | 3,792,848 |
| taxable | | |
| Tax loss carried forward | | |
| Unused tax deductions and other claims | | |
| Corporate income tax rate (%) | 21 | 21 |
| Deferred tax asset | 442,415 | 740,758 |
| Deferred tax asset claimed | 442,415 | 740,758 |
| Recognized as income (-) / an expense (+) | 298,343 | (220,974) |
| Recognized in equity | | |
| Deferred tax liability | | |
| Change in deferred tax liability | | |
| Recognized as an expense | | |
| Recognized in equity | | |
| Other | | |

2.8 DERIVATIVES**a) Material derivative items and impact of their revaluation**

Not applicable.

b) Assets and liabilities secured with derivatives

Not applicable.

ART. IV**EXPLANATORY AND SUPPLEMENTARY INFORMATION
TO INCOME STATEMENT ITEMS****1. REVENUES FROM THE SALE OF OWN PRODUCTS AND SERVICES AND FROM THE SALE OF GOODS (income statement lines 03, 04, and 05)**

Total revenues from the sale of own products, services, and goods totalled EUR 35,163,891 for 2019. Their classification by main territories and product type is as follows:

| <i>Territory</i> <i>a</i> | <i>Services</i> | |
|------------------------------|-----------------------------------|------------------------------------|
| | <i>Current period</i> <i>b</i> | <i>Previous period</i> <i>c</i> |
| Abroad | 35,163,891 | 35,457,582 |
| Total | 35,163,891 | 35,457,582 |

2. CHANGES IN WORK IN PROGRESS, SEMI-FINISHED PRODUCTS, AND FINISHED GOODS (income statement line 06)

Not applicable.

3. MATERIAL REVENUE ITEMS ARISING WHEN CAPITALIZING COSTS (income statement line 07)

| <i>Description</i> | <i>Current period</i> | <i>Previous period</i> |
|-------------------------------------|-----------------------|------------------------|
| Material items of capitalized costs | 1,257,659 | 661,411 |

The Company capitalized personnel expenses related to software development and testing. Most expenses relate to software for database systems and the development of an application for the identity management system for iOSS.

4. OTHER MATERIAL OPERATING INCOME (income statement lines 08 and 09)

| <i>Description</i> | <i>Current period</i> | <i>Previous period</i> |
|---|-----------------------|------------------------|
| Revenues from the sale of non-current intangible and tangible assets and material | 128,592 | 930,672 |
| Other operating income | 0 | 1,294 |

5. PERSONNEL EXPENSES (income statement line 15)

| <i>Description</i> | <i>Current period</i> | <i>Previous period</i> |
|--------------------------------------|-----------------------|------------------------|
| Personnel expenses, of which: | 10,374,514 | 8,660,683 |
| Wages and salaries | 7,803,378 | 6,898,533 |
| Social and health insurance | 2,477,356 | 1,699,106 |
| Social security | 93,780 | 63,044 |

6. FINANCIAL INCOME (income statement lines 30, 31, 35, 39, 42, 43, and 44)

| <i>Description</i> | <i>Current period</i> | <i>Previous period</i> |
|--|-----------------------|------------------------|
| Financial income, of which: | 28,415 | 31,454 |
| <i>Exchange rate gains, of which:</i> | <i>28,415</i> | <i>31,387</i> |
| Exchange rate gains at the balance sheet date | 28,415 | 31,387 |
| <i>Other material items of financial income, of which:</i> | | 67 |
| Interest income | | 67 |

7. MATERIAL ITEMS OF COSTS OF PROVIDED SERVICES (income statement line 14)

| <i>Description</i> | <i>Current period</i> | <i>Previous period</i> |
|--|-----------------------|------------------------|
| Costs of provided services, of which: | 13,799,252 | 19,216,789 |
| IT services | 1,307,797 | 5,213,711 |
| Consulting services | 451,539 | 3,506,716 |
| Software licences and charges | 1,276,916 | 1,664,860 |
| Charges paid to the DTAG Group | 250,000 | 41,529 |
| Software maintenance | 7,968,611 | 6,143,866 |
| Other services | 2,544,389 | 2,646,107 |

8. MATERIAL ITEMS OF OTHER OPERATING COSTS (income statement lines 20, 21, 24, 25, and 26)

| <i>Description</i> | <i>Current period</i> | <i>Previous period</i> |
|---|-----------------------|------------------------|
| Other material items of operating costs, of which: | 10,259,595 | 6,999,186 |
| Amortization and depreciation of non-current assets | 10,033,497 | 5,903,959 |
| Residual value of non-current assets and material sold | 144,834 | 929,757 |
| Other operating expenses | 81,264 | 165,470 |

9. FINANCIAL EXPENSES (income statement lines 46, 47, 48, 49, 52, 53, and 54)

| <i>Description</i> | <i>Current period</i> | <i>Previous period</i> |
|--|-----------------------|------------------------|
| Financial expenses, of which: | 27,757 | 161,645 |
| <i>Exchange rate losses, of which:</i> | <i>25,087</i> | <i>108,546</i> |
| Exchange rate losses at the balance sheet date | 0 | 0 |
| <i>Other material items of financial expenses, of which:</i> | <i>2,670</i> | <i>53,099</i> |
| Other financial expenses (bank charges) | 1,800 | 1,800 |
| Interest expense – related parties | 1,051 | 51,135 |
| Other interest expense | (181) | 164 |

10. COSTS RELATED TO AUDITORS AND THE AUDIT COMPANY

| <i>Description</i> | <i>Current period</i> | <i>Previous period</i> |
|---|-----------------------|------------------------|
| Costs related to auditors and the audit company, of which: | 25,000 | 25,000 |
| Audit of the separate financial statements | 25,000 | 25,000 |
| Other assurance audit services | 0 | 0 |
| Tax advisory | 0 | 0 |
| Other non-audit services | 0 | 0 |

11. NET TURNOVER (income statement line 01)

| <i>Territory</i> <i>a</i> | <i>Type of products, goods, services - Services</i> | |
|------------------------------|---|------------------------------------|
| | <i>Current period</i> <i>b</i> | <i>Previous period</i> <i>c</i> |
| Abroad | 35,163,891 | 35,457,582 |
| Total | 35,163,891 | 35,457,582 |

ART. V**OTHER ASSETS AND OTHER LIABILITIES****1. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

A contingent liability is:

- a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the entity; or
- a present obligation that arises from past events which is not recognised on the balance sheet as it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Many areas of Slovak tax law (such as transfer-pricing regulations) have not been sufficiently tested in practice, so there is uncertainty as to how the tax authorities will apply them. The extent of this uncertainty cannot be

quantified. Such uncertainty will only be reduced when legal precedents or official interpretations are available. Company management is not aware of any circumstances that may give rise to a future material expense in this respect

2. OTHER FINANCIAL OBLIGATIONS

Not applicable.

3. OFF BALANCE SHEET ACCOUNTS

Not applicable.

ART. VI

POST-BALANCE SHEET EVENTS

After the balance sheet date, the Company's Executive was replaced and Dr Stefan Schnitter was appointed to this position as of 1 January 2020.

In late 2019, news first emerged from China about a new coronavirus causing the COVID-19 disease. In early 2020, the virus spread globally, and its negative impact has been very significant.

Due to the nature of the activities of the Company, and of the Group which the Company is part of, COVID-19 has not had a significant impact on the Company's activities. All its activities are performed remotely. The situation coordination team defined measures based on an assessment of the risks of the current situation. All employees work remotely. Safety and health protection at work policies (cleaning, disinfection, seating plan, physical distances, use of communal space) have been adopted.

The Company is currently unable to evaluate the overall impact of COVID-19 on its future financial position and profit/(loss), but no material financial implications have been identified to date in this respect. As the situation is constantly evolving, Company management does not believe that quantitative estimates of the potential impact of the current situation on the entity can be provided. The Company will include any negative impacts or losses in the books and the financial statements in 2020. To date, the Company has not noted a decrease in customer demand, and its business has not been greatly impacted by the pandemic. Company revenue has not been impacted and the Company is able to meet its contractual obligations. There are no liquidity and funding concerns, as cash financing is secured via the Company's revenue business model with DTEH, the parent company. No projects were cancelled due to the COVID-19 pandemic, so the Company expects a regular continuation of activities after the end of the COVID-19 period. Management will continue monitoring the potential impact and take all possible steps to mitigate any negative effects on the Company and its employees.

Apart from the above events, no other facts are known to the Company that occurred after the balance sheet date and which would significantly change the results presented in the financial statements for 2019, or would have a significant impact on the Company's activities in subsequent accounting periods.

ART. VII

**ECONOMIC RELATIONS WITH RELATED PARTIES,
INCOME AND BENEFITS OF MEMBERS OF THE STATUTORY BODY,
THE SUPERVISORY BODY, AND OTHER COMPANY BODIES**

1. ECONOMIC RELATIONS WITH RELATED PARTIES**a) Overview of transactions performed**

| Related party <i>a</i> | Transaction type code <i>b</i> | Transaction value | |
|--|--------------------------------------|----------------------------|-----------------------------|
| | | Current period <i>c</i> | Previous period <i>d</i> |
| T-Systems North America, Inc. | 1 | 0 | 0 |
| Detecon International GmbH | 1 | 344,439 | 3,394,268 |
| Magyar Telekom Nyrt. | 1 | 290,500 | 1,020,596 |
| T-Systems Multimedia Solutions | 1 | 0 | 20,231 |
| DeTeFleetServices GmbH | 1 | 1,249,524 | 22,416 |
| T-Mobile Polska S.A. | 1 | 644,108 | 1,436,477 |
| T-Mobile Czech Republic a.s. | 1 | 342,591 | 653,643 |
| Hrvatski Telekom d.d. | 1 | 52,076 | 52,080 |
| Slovak Telekom, a.s. | 1 | 3,943,698 | 636,524 |
| Deutsche Telekom Pan-Net Greece | 2 | 0 | 10,871 |
| Deutsche Telekom Pan-Net Greece | 1 | 257,023 | 67,674 |
| Deutsche Telekom Pan-Net Hungary | 1 | 606,434 | 244,458 |
| Deutsche Telekom Pan-Net Hungary | 2 | 53,822 | 0 |
| Deutsche Telekom Pan-Net Croatia | 2 | 74,429 | 919,801 |
| Deutsche Telekom Pan-Net Croatia | 1 | 106,041 | 12,566 |
| Deutsche Telekom Europe Holding GmbH | 1 | 6,900 | 250,987 |
| Deutsche Telekom Europe Holding GmbH | 2 | 35,151,244 | 35,457,582 |
| Deutsche Telekom Services Europe AG | 1 | 304,990 | 296,188 |
| DTAG GHS | 2 | 12,647 | 27,181 |
| DTAG GHS | 1 | 6,523,757 | 51,135 |
| DTAG GHS | 8 | 73,243 | 338,853 |
| Deutsche Telekom AG, VTI | 1 | 221,263 | (59,168) |
| Telekom Deutschland GmbH | 1 | 0 | 4,866 |
| Deutsche Telekom Technik GmbH | 1 | 0 | 571,986 |
| T-Systems Magyarország ZRt. | 1 | 474,854 | 35,688 |
| Makedonski Telekom AD Skopje | 1 | (9,184) | 0 |
| Deutsche Telekom Service Europe Slovakia s.r.o. | 1 | 0 | 544,265 |
| PosAm spol. s.r.o. | 1 | 435,972 | 0 |
| COMBIS, usluge integracija informatickih tehnologija, d.o.o. | 1 | 0 | (3,167) |
| Deutsche Telekom Business Services S.R.L. Bukarest | 1 | 0 | 487,704 |
| Hellenic Telecommunications | 1 | 334,192 | 604,627 |
| TELEKOM ROMANIA COMMUNICATIONS | 1 | 1,001,765 | 741,131 |
| COSMOTE Mobile | 1 | 0 | 11,515 |
| BK Telekom Security | 1 | 3,835 | 0 |
| T-Systems International GmbH | 1 | 952,484 | 2,102,125 |
| T-Mobile Austria GmbH | 1 | 1,260 | 0 |
| BK Tel-IT | 1 | 1,700,747 | 0 |

Transaction type code

Transaction type:

| | |
|----|--------------------|
| 01 | Purchase |
| 02 | Sale |
| 03 | Services provided |
| 04 | Dealership |
| 05 | License fee |
| 06 | Transfer |
| 07 | Know-how |
| 08 | Loan |
| 09 | Assistance |
| 10 | Guarantee |
| 11 | Other transactions |

b) Overview of closing balances of receivables and liabilities

| <i>Related party</i> | <i>Description of item</i> | <i>Current period</i> | <i>Previous period</i> |
|---|----------------------------|-----------------------|------------------------|
| Entity with controlling influence over the Company: | | | |
| Deutsche Telekom Europe Holding | Sale of services | 3,445,927 | 8,794,602 |
| Other related parties: | | | |
| Hrvatski Telekom d.d. | LTI Tranche | 0 | 7,764 |
| DT Pan-Net Croatia d.o.o. | Sale of an asset | 0 | 919,801 |
| Total receivables | | 3,445,927 | 9,722,168 |

| | | | |
|---------------------------------|----------------------|----------------|------------------|
| Other related parties: | | | |
| Detecon International GmbH | Purchase of services | 37,209 | 665,420 |
| Detecon International GmbH | Purchase of assets | 18,605 | 0 |
| Deutsche Telekom Europe Holding | Purchase of assets | 0 | 300,005 |
| DT Pan-Net Hungary Kft. | Purchase of assets | 235,709 | 220,593 |
| Hellenic Telecommunications | Purchase of services | 23,800 | 117,303 |
| Hellenic Telecommunications | Purchase of assets | 0 | 52,678 |
| Magyar Telekom | Purchase of services | 18,500 | 712,096 |
| Magyar Telekom | Purchase of assets | 92,500 | 212,704 |
| T-Mobile Polska S.A. | Purchase of services | 83,136 | 761,544 |
| T-Mobile Polska S.A. | Purchase of assets | 129,038 | 0 |
| T-Mobile Czech Republic a.s. | Purchase of services | (65,304) | 436,723 |
| Hrvatski Telekom d.d. | Purchase of services | 0 | 52,080 |
| Slovak Telekom, a.s. | Purchase of services | 59,980 | 30,167 |
| PosAm spol. s.r.o. | Purchase of services | 43,655 | 56,601 |
| PosAm spol. s.r.o. | Purchase of assets | 0 | 82,796 |
| TELEKOM ROMANIA COMMUNICATIONS | Purchase of services | 185,786 | 29,888 |
| TELEKOM ROMANIA COMMUNICATIONS | Purchase of assets | 0 | 299,403 |
| COSMOTE Mobile | Purchase of services | 0 | 7,296 |
| COSMOTE Mobile | Purchase of assets | 0 | 14,501 |
| DeTeFleetServices | Purchase of services | 9,800 | 2,972 |
| DTAG GHS | Purchase of services | 29,773 | 6,551 |
| T-Systems Magyarország ZRt. | Purchase of services | 0 | 403,671 |
| Deutsche Telekom AG, VTI | Purchase of services | 0 | (136,667) |
| BK Telekom Security | Purchase of services | (298,306) | (309,821) |
| BK Tel-IT | Purchase of services | (38,127) | (5,398) |
| DT Pan-Net Greece | Purchase of assets | 10,650 | 0 |
| Deutsche Telekom Services | Purchase of services | 211,785 | 0 |
| Total liabilities | | 788,189 | 4,013,106 |

2. INCOME AND BENEFITS OF MEMBERS OF THE STATUTORY BODY, THE SUPERVISORY BODY, AND OTHER COMPANY BODIES

Not applicable.

ART. VIII**OTHER INFORMATION**

Not applicable.

ART. IX**OVERVIEW OF CHANGES IN EQUITY**

Movements in equity during the current period were as follows:

| Equity item <i>a</i> | Current period | | | | |
|---|-----------------------------|-----------------------|----------------------------|-----------------------|-----------------------------|
| | Opening balance <i>b</i> | Additions <i>c</i> | Dispos- als <i>d</i> | Transfers <i>e</i> | Closing balance <i>f</i> |
| Share capital | 25,000 | | | | 25,000 |
| Changes in share capital | | | | | |
| Receivables from subscribed share capital | | | | | |
| Share premium | | | | | |
| Legal reserve fund | 3,000 | | | | 3,000 |
| Other capital reserves | 40,000,000 | | | | 40,000,000 |
| Valuation variances from the revaluation of assets and liabilities | | | | | |
| Valuation variances from equity investments | | | | | |
| Valuation variances from the revaluation in the event of mergers, fusions, or demergers | | | | | |
| Other profit reserves | | | | | |
| Retained earnings | 2,530,108 | | | 1,496,842 | 4,026,950 |
| Loss carried forward | | | | | |
| Profit/(loss) for the current period | 1,496,842 | 1,524,316 | | (1,496,842) | 1,524,316 |
| Other equity items | | | | | |
| Account 491 – Equity of an individual entrepreneur | | | | | |

Movements in equity during the previous period were as follows:

| Equity item <i>a</i> | Previous period | | | | |
|---|-----------------------------|-----------------------|----------------------------|-----------------------|-----------------------------|
| | Opening balance <i>b</i> | Additions <i>c</i> | Dispos- als <i>d</i> | Transfers <i>e</i> | Closing balance <i>f</i> |
| Share capital | 25,000 | | | | 25,000 |
| Changes in share capital | | | | | |
| Receivables from subscribed share capital | | | | | |
| Share premium | | | | | |
| Legal reserve fund | 3,000 | | | | 3,000 |
| Other capital reserves | | 40,000,000 | | | 40,000,000 |
| Valuation variances from the revaluation of assets and liabilities | | | | | |
| Valuation variances from equity investments | | | | | |
| Valuation variances from the revaluation in the event of mergers, fusions, or demergers | | | | | |
| Other profit reserves | | | | | |
| Retained earnings | 1,083,641 | | | 1,446,466 | 2,530,108 |
| Loss carried forward | | | | | |
| Profit/(loss) for the current period | 1,446,466 | 1,496,842 | | (1,446,466) | 1,496,842 |
| Other equity items | | | | | |
| Account 491 – Equity of an individual entrepreneur | | | | | |

ART. X**CASH FLOW STATEMENT**

The Company has prepared the cash flow statement using the indirect method. When applying this method, profit/(loss) before corporate income tax is adjusted for impacts of non-cash items related to the Company's operating activities. Cash flows from investing and financing activities were prepared using the direct method.

| <i>Item</i> | <i>Description</i> | <i>Current period</i> | <i>Previous period</i> |
|-------------|--|-----------------------|------------------------|
| | Cash flows from operating activities | | |
| Z/S | Profit/(loss) from ordinary activities before corporate income tax (+/-) | 1,972,290 | 1,933,293 |
| A. 1. | <i>Non-monetary transactions with impact on profit/(loss) from ordinary activities (+/-), (sum of A. 1. 1. to A. 1. 13.)</i> | 2,359,689 | 4,987,633 |
| A. 1. 1. | Amortization/depreciation of non-current intangible and tangible assets (+) | 10,033,497 | 5,903,959 |
| A. 1. 2. | Residual value of non-current intangible and tangible assets charged upon disposal of such assets to expenses from ordinary activities, except when sold (+) | | |
| A. 1. 3. | Write-off of valuation allowance for acquired assets (+/-) | | |
| A. 1. 4. | Change to long-term provisions (+/-) | (2,687,941) | (1,192,227) |
| A. 1. 5. | Change to valuation allowances (+/-) | | |
| A. 1. 6. | Change to accrued and deferred expenses and revenues (+/-) | (5,002,978) | 225,584 |
| A. 1. 7. | Dividends and other shares in profit posted to revenues (-) | | |
| A. 1. 8. | Interest expense (+) | 870 | 51,299 |
| A. 1. 9. | Interest income (-) | 0 | (67) |
| A. 1. 10. | Exchange rate gains calculated for cash and cash equivalents at the balance sheet date (-) | | |
| A. 1. 11. | Exchange rate losses calculated for cash and cash equivalents at the balance sheet date (+) | | |
| A. 1. 12. | Profit/(loss) from the sale of non-current assets, excluding assets considered to be a cash equivalent (+/-) | 16,242 | (915) |
| A. 1. 13. | Other non-monetary items which impact the profit/(loss) from ordinary activities, excluding those presented separately in other parts of the cash flow statement (+/-) | | |
| A. 2. | <i>Impact of changes to working capital (which for the purpose of this procedure, means the difference between current assets and short-term liabilities, excluding current asset items which are a part of cash and cash equivalents) on profit/(loss) from ordinary activities (sum of A. 2. 1. to A. 2. 4.)</i> | 7,173,518 | 11,110,740 |
| A. 2. 1. | Change to receivables from operating activities (-/+) | 15,133,152 | 17,689,934 |

| <i>Item</i> | <i>Description</i> | <i>Current period</i> | <i>Previous period</i> |
|----------------|---|-----------------------|------------------------|
| A. 2. 2. | Change to liabilities from operating activities (+/-) | (7,959,635) | (6,579,194) |
| A. 2. 3. | Change to inventories (-/+) | | |
| A. 2. 4. | Change to current financial assets, excluding items which are part of cash and cash equivalents (-/+) | | |
| | Cash flows from operating activities, excluding income and expenses presented separately in other parts of the cash flow statement (+/-), (sum of Z/S + A. 1. + A. 2.) | 11,505,497 | 18,031,666 |
| A. 3. | Interest income, excluding income allocated to investing activities (+) | 0 | 67 |
| A. 4. | Interest expense, excluding expenses allocated to financing activities (-) | (870) | (51,299) |
| A. 5. | Income from dividends and other shares in profit, excluding items allocated to investing activities (+) | | |
| A. 6. | Expenditures for dividends paid and other shares in profit, excluding items allocated to financing activities (-) | | |
| | Cash flow from operating activities (+/-), (sum of Z/S + A. 1. to A. 6.) | 11,504,626 | 17,980,434 |
| A. 7. | Expenses related to the corporate income tax of the accounting entity, excluding expenses allocated to investing or financing activities (-/+) | (622,686) | (766,418) |
| A. 8. | Income of extraordinary extent or frequency which relates to operating activities (+) | | |
| A. 9. | Expenditures of extraordinary extent or frequency which relate to operating activities (-) | | |
| A. | Net cash from operating activities (sum of Z/S + A.1. to A.9.) (+/-) | 10,881,941 | 17,214,016 |
| | Cash flows from investing activities | | |
| B. 1. | Expenditures for the acquisition of non-current intangible assets (-) | (10,745,908) | (15,359,315) |
| B. 2. | Expenditures for the acquisition of non-current tangible assets (-) | (264,283) | (1,865,572) |
| B. 3. | Expenditures for the acquisition of non-current securities and shares in other accounting entities, excluding securities deemed to be cash equivalents, and securities available for sale or held for trading (-) | | |
| B. 4. | Income from the sale of non-current intangible assets (+) | | |
| B. 5. | Income from the sale of non-current tangible assets (+) | 128,250 | 10,871 |
| B. 6. | Income from the sale of non-current securities and shares in other accounting entities, excluding securities which are deemed to be cash equivalents, and securities available for sale or held for trading (+) | | |
| B. 7. | Expenditures for non-current borrowings provided to other accounting entities in the consolidated group (-) | | |
| B. 8. | Income from the repayment of non-current borrowings provided to other accounting entities in the consolidated group (+) | | |
| B. 9. | Expenditures for non-current borrowings provided to third parties, excluding borrowings provided to accounting entities in the consolidated group (-) | | |

| <i>Item</i> | <i>Description</i> | <i>Current period</i> | <i>Previous period</i> |
|-------------|---|-----------------------|------------------------|
| B. 10. | Income from the repayment of borrowings provided to third parties, excluding borrowings provided to accounting entities in the consolidated group (+) | | |
| B. 11. | Interest income, excluding income allocated to operating activities (+) | | |
| B. 12. | Income from dividends and other shares in profit, excluding income allocated to operating activities (+) | | |
| B. 13. | Expenditures related to derivatives, excluding items available for sale or held for trading, and if such expenditures are deemed to be cash flows from financing activities (-) | | |
| B. 14. | Income related to derivatives, excluding items available for sale or held for trading, and income is deemed to be cash flows from financing activities (+) | | |
| B. 15. | Expenditures on the corporate income tax of the accounting entity if the tax may be included in investing activities (-) | | |
| B. 16. | Income of extraordinary extent or frequency related to investing activities (+) | | |
| B. 17. | Expenditures of extraordinary extent or frequency related to investing activities (-) | | |
| B. 18. | Other income related to investing activities (+) | | |
| B. 19. | Other expenditures related to investing activities (-) | | |
| B. | Net cash used in investing activities (sum of B. 1. to B. 19.) | (10,881,941) | (17,214,016) |
| | Cash flows from financing activities | | |
| C. 1. | Cash flows in equity (sum of C. 1. 1. to C. 1. 8.) | | |
| C. 1. 1. | Income from subscribed shares (+) | | |
| C. 1. 2. | Income from other contributions to equity made by shareholders, or a natural person who is an accounting entity (+) | | |
| C. 1. 3. | Monetary gifts received (+) | | |
| C. 1. 4. | Income from shareholders for the settlement of loss (+) | | |
| C. 1. 5. | Expenditures for the acquisition or repurchase of own shares (-) | | |
| C. 1. 6. | Expenditures related to the reduction of reserves set up by the accounting entity (-) | | |
| C. 1. 7. | Expenditures for the disbursement of a share in equity by the accounting entity's shareholders, or by a natural person who is an accounting entity (-) | | |
| C. 1. 8. | Expenditures for other reasons related to equity reduction (-) | | |
| C. 2. | Cash flows from non-current and current liabilities from financing activities (sum of C. 2. 1. to C. 2. 9.) | | |
| C. 2. 1. | Income from the issuance of debt securities (+) | | |
| C. 2. 2. | Expenditures for the settlement of liabilities from debt securities (-) | | |

| <i>Item</i> | <i>Description</i> | <i>Current period</i> | <i>Previous period</i> |
|----------------|---|-----------------------|------------------------|
| 2. | | | |
| C. 2. 3. | Income from loans provided by a bank or branch of a foreign bank, excluding loans provided in connection with the undertaking of the accounting entity's core business activities (+) | | |
| C. 2. 4. | Expenditures for the repayment of loans provided by a bank or a branch of a foreign bank, excluding loans provided in connection with the undertaking of the accounting entity's core business activities (-) | | |
| C. 2. 5. | Income from borrowings received (+) | | |
| C. 2. 6. | Expenditures for the repayment of borrowings (-) | | |
| C. 2. 7. | Expenditures for the settlement of liabilities from the use of an asset which is the subject of a contract for the purchase of a leased item (-) | | |
| C. 2. 8. | Income from other long-term and short-term liabilities resulting from the accounting entity's financing activities, excluding income presented separately in other parts of the cash flow statement (+) | | |
| C. 2. 9. | Expenditures for the repayment of other long-term and short-term liabilities resulting from the accounting entity's financing activities, excluding expenditures presented separately in other parts of the cash flow statement (-) | | |
| C. 3. | Expenditures for interest paid, excluding those allocated to operating activities (-) | | |
| C. 4. | Expenditures for dividends and other profit shares paid, excluding those allocated to operating activities (-) | | |
| C. 5. | Expenditures related to derivatives, excluding those available for sale or held for trading, or those deemed to be cash flows from invest activities (-) | | |
| C. 6. | Income related to derivatives, excluding those available for sale or held for trading or if deemed to be cash flows from investing activities (+) | | |
| C. 7. | Expenditures for the accounting entity's corporate income tax if they may be allocated to financing activities (-) | | |
| C. 8. | Income of extraordinary extent or frequency related to financing activities (+) | | |
| C. 9. | Expenditures of extraordinary extent or frequency related to financing activities (-) | | |
| C. | Net cash from financing activities (sum of C. 1. to C. 9.) | | |
| D. | Net increase or net decrease in cash (+/-), (sum of A+ B + C) | 0 | 0 |
| E. | Cash and cash equivalents at the beginning of the accounting period (+/-) | 0 | 0 |
| F. | Cash and cash equivalents at the end of the accounting period before factoring in exchange rate differences calculated at the balance sheet date (+/-) | 0 | 0 |
| G. | Exchange rate differences calculated for cash and cash equivalents at the balance sheet date (+/-) | | |
| H. | Balance of cash and cash equivalents at the end of the accounting period, adjusted for exchange rate differences at the balance sheet date (+/-) | 0 | 0 |

Explanatory notes:

- **Cash** means cash in hand (ready money), ready money equivalents, cash on current accounts in domestic banks or branches of foreign banks, on an overdraft account, and part of the balance of the account "Cash in transit" relating to a transfer between a current account and cash on hand or between two bank accounts.
- **Cash equivalents** mean current financial assets readily convertible to a known amount of cash, and which are subject to an insignificant risk of a change in value during the three months following the balance sheet date (e.g. term bank deposits with a maximum of three-month's notice, liquid securities held for trading, or preference shares that the accounting entity has acquired and which are due within three months of the balance sheet date).