Slovak Telekom, a.s.

# INDEPENDENT AUDITOR'S REPORT
# ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS
# AND INDEPENDENT AUDITOR'S REPORT
# ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED IN THE EUROPEAN UNION
# AS AT 31 DECEMBER 2024

AND

# REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

# Annual report 2024

Slovak Telekom

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# 01 An introduction to the Slovak Telekom Group

# A foreword by the CEO

Dear ladies and gentlemen,

The second half of 2024 was a period of development, innovation, and responsible business for Slovak Telekom. We continued to invest in our technological infrastructure, strengthened customer benefits, and actively participated in social initiatives that reflect our values. Thanks to stable growth, innovative solutions, and the trust of our customers, we once again confirmed our position as a market leader.

Investments and top-notch connectivity are one of the top priorities in our corporate strategy. We invest huge resources in the digitalization of Slovakia every year, and are making considerable progress in terms of fixed and mobile connectivity. In the area of fixed services, we have already provided **optical network coverage for 1.226 million households** - and thanks to strategic partnerships, we have managed to expand the infrastructure to other regions even faster and more efficiently. In the mobile network, we focused on the development of the **5G network - which by the end of the year covered more than 70% of the population of Slovakia**, whereby we expanded coverage not only in cities, but also in hundreds of new municipalities and popular tourist areas.

We strive to bring new technologies wherever our customers are situated. We focus on a top-notch customer experience and new services. That's why we deployed our Wi-Fi Manager solution - which also includes parental control tools. We introduced an attractive roaming offer outside the EU so that customers don't have to worry about data even when on their holidays, and several eSIM solutions which make their lives and the use of their devices even easier.

One of the highlights of 2024 was the Christmas campaign in which we brought customers an attractive combination of a robust offer, as well as a number of experiences and gifts on our Magenta Moments platform. Its uniqueness also lay in the leitmotif of the **"Bubbles"** campaign, which resonated with the message expressed in our **#respect** initiative. The creative concept was dedicated to the topic of overcoming communication barriers in society; it resonated not only in Slovakia, but also in other countries in the Deutsche Telekom Group.

Responsibility towards society is one of our key pillars. During the September 2024 floods, we helped people and customers in the affected regions. The **ENTER platform** - which successfully contributed to the development of digital education for teachers and students - received the Digital Force award for its contribution. Last year, we also contributed to the theme of digital society by strengthening the topic of education for seniors in the area of digital security. We successfully continued to implement sustainable projects and initiatives focused on circularity and reducing the carbon footprint. I am proud of the Slovak Telekom team - which was able to bring solutions that improve the lives of our customers and society as a whole.

2024 was a year of continued massive investment, development, innovation, and positive changes in the customer experience. It was also a year in which we focused on winning the hearts of our customers, as well as our employees. In doing so, we enabled their professional growth, development and created an environment in which everyone can be themselves.

The conditions around us are changing, new challenges are approaching. I believe in our ability to seize them, and - combined with the successful implementation of our strategy - succeed as a digital telco leader.

Melinda Szabó
CEO

# 2024 milestones

## JUNE

**Telekom expands Connect my watch to feature a long-awaited brand**
Apple smartwatch support has been added to the Connect my watch service. The service is available for Apple Watch Cellular Series 4 and above.

**Even more sports content**
Telekom launched the new Nova Sport 5 and Nova Sport 6 stations on June 7, 2024 - bringing Formula 1 races, MotoGP and - at the end of the summer - matches from the new UEFA Champions League format.

**Young people create a video clip for Telekom and Gleb**
Telekom and rapper Gleb presented a new video clip created by young people as part of a campaign for the SWIPE product.

**New roaming for 115 countries**
The attractive roaming bundle for countries outside the EU includes three packages. In addition, customers also receive 500 MB for free for the first 24 hours after landing in the respective country.

## JULY

**Telekom made Bratislava dance with two music events in two days**
Telekom once again brought a number of remarkable DJs and artists to Bratislava as part of the "A Summer to Remember" series of events. The next day, a party powered by SWIPE for rap lovers followed - headlined by GLEB.

## AUGUST

**Wi-Fi Manager for easier network management**
The free Wi-Fi Manager service allows customers to disconnect and connect devices to the Internet, share passwords via QR code, change Wi-Fi names and passwords, and other functions via the Telekom app. The service also provides parental tools for regulating Internet access in the home.

## SEPTEMBER

**The EKO coupon campaign collects almost 20,000 pieces of hardware**
The campaign was met with a positive response from customers, with nearly 20,000 pieces of hardware collected. Due to its great success, the campaign was extended for additional months.

**Telekom donates 100,000 Euros to flood relief**
Telekom decided to donate 100,000 Euros to help people in areas affected by the devastating floods that hit Slovakia in September, and furthermore announced an employee fundraiser and tripled the amount donated by its employees.

**Respect Day Anniversary with endless data and special offers**
Telekom celebrates Respect Day on September 18th with special offers for customers to express #respect on the internet and social networks.

**Magenta Security for comprehensive device protection**
Telekom launched a new security solution - Magenta Security - at the end of September which protects Android OS PCs, laptops, and smartphones. The service has three levels depending on the number of devices, as the number of hardware devices used in homes continues to increase.

## OCTOBER

**Senior safety in a second campaign**
Telekom launched the second wave of a campaign focused on the safety of seniors. During the month of respect for the elderly, the campaign warned against various types of fraud, and announced another year of the "Mature for the Digital Age" grant call.

**Telekom launches its Christmas special**
The robust Christmas special offer consisted of hardware combinations, MIXI packages, and new products for SWIPE. There were also Christmas TV programs and several waves of Magenta Moments special offers.

## NOVEMBER

**Telekom expands 5G network, covering 66% of the population**
Among the new locations are seven new cities, 150 new municipalities, and tourist areas such as Mýto pod Ďumbierom and Oravská Lesná.

## DECEMBER

**Magenta Moments with other special offers and A-list films**
During December, new thematic specials were added – in particular a series of A-list films exclusively for Magenta Moments. The offer includes new releases from Sony, the European hit The Count of Monte Cristo, and the Czech Oscar-nominated Waves.

**Telekom and Apple bring easier iPhone and iPad eSIM transfer**
Telekom - in collaboration with Apple – introduced a new feature for eSIM. Customers can now transfer their eSIM to another Apple device directly through the iPhone settings without having to contact customer service or visit a store.

**5G network for 70% of the population**
Telekom once again expanded its 5G network coverage - reaching 102 cities and 1,019 municipalities in Slovakia by the end of the year Tourist areas were also once again added: Vrátna dolina, Oščadnica-Veľká Rača, Skalka, and Krahule.

# The Slovak Telekom Group profile

**Slovak Telekom group is part of the worldwide Deutsche Telekom group of companies. The unmisstakeable graphic symbol of the associated companies is the magenta "T", which also represents the international values recognized by the employees of all the companies.**

### Identical values for all Deutsche Telekom Group companies:

- Customer satisfaction and enthusiasm are our driving force.
- We act responsibly and with respect.
- Together or separately - we are one team.
- The best place for performance and growth.
- I am T - count on me.

### Composition of the group

The Slovak Telekom Group consists of the Slovak Telekom, a.s. parent company (hereinafter Slovak Telekom) and its subsidiaries - Telekom Sec, s.r.o. (hereinafter Telekom Sec), and DIGI SLOVAKIA, s.r.o. (hereinafter referred to as DIGI SLOVAKIA).

The sole shareholder of Slovak Telekom (Demerged Company) decided in accordance with the Transformations Act on demerger by spin-off by merger whereby, as part of the implementation of the transformation process, the Demerged Company was divided by spin off a selected part of the assets of the Demerged Company and merged with Slovak Telekom Infra, a.s. (Successor Company), on the effective date as at 1 June 2024. The Group has assessed the demerger by spin-off by merger and concluded that the demerger by spin-off by merger does not lead to the loss of control by Demerged Company over Successor Company. As the result, Slovak Telekom consolidates Slovak Telekom Infra, a.s.

As a provider of complex telecommunications services, the Slovak Telekom Group provides its customers with fixed network services, internet connections, digital and cable television services, data services, end-user equipment sales, call centre services, mobile communications, and security services (Telekom Sec).

All information in this annual report which is presented in connection with the Slovak Telekom group concerns all the companies that make up the group.

The accounting Slovak Telekom unit does not have an organizational component abroad.

### A member of Deutsche Telekom

Slovak Telekom is part of the multinational Deutsche Telekom Group. Deutsche Telekom is the world's leading telecommunications company, providing services to more than 250 million customers in 50 countries. The majority shareholder of Slovak Telekom is Deutsche Telekom Europe B.V. with a 100% share. The ultimate parent company of Slovak Telekom is Deutsche Telekom AG.

All required financial and non-financial information - including the requirements of EU Regulation 2020/852 establishing a framework to facilitate sustainable investments that are not included in this annual report will be included in Deutsche Telekom's annual report.

# Governing bodies

## Executive management

**Melinda Szabó**
**Chief Executive Office (as of June 1, 2024) and Vice-Chair of the Board of Directors**
Melinda Szabó has more than 25 years of experience in the telecommunications business, and has spent a significant part of her professional career at Magyar Telekom, and several years at Vodafone and other companies.

In July 2018, Melinda was appointed to the position of Chief Commercial Officer for Residential Services at Magyar Telekom, and in January 2020 became the Commercial Director of Magyar Telekom - with her scope of responsibilities expanded to the SoHo and SMB segments. From September 2022, she worked in the position of Senior Vice President for B2C Growth Europe at Deutsche Telekom and reported directly to Dominique Leroy, member of Deutsche Telekom's board of directors for the European segment. As of June 1, 2024, Melinda is the CEO of Slovak Telekom and T-Mobile Czech Republic.

**Pavel Hadrbolec**
**Chief Financial Officer**
Pavel Hadrbolec has a wealth of experience in the telecommunications industry. In 2000, Pavel joined the then Oskar (now Vodafone) - where he took care of long-term planning and cash flow in various analytical and project positions, thereby helping to bring a third operator to the Czech market. From 2004, Pavel worked at T-Mobile Czech Republic, where he held several professional and managerial positions in the financial division and played an important role in the integration of T-Systems and GTS. Between 2016 and 2019, Hadrbolec served as vice president of performance management for Europe at parent company Deutsche Telekom. Since April 1, 2019, Pavel has been CFO at Slovak Telekom and T-Mobile Czech Republic.

**Jitka Adámková**
**Chief Human Resources Officer**
Jitka Adámková is a Doctor of Law (Masaryk University, Brno) and holds an MBA. Jitka started her professional career as a labour law specialist in Zbrojovka Brno, and since 2002 she has combined her professional development with the energy industry – first working as HR director at Jihomoravská plynárenská, and later for the entire RWE group in the Czech Republic - where she participated in restructuring projects to a significant extent. Up until 2014, coordinated HR CEE activities within innogy, then for three years she worked as an executive & COO at innogy Customer Services in the Czech Republic. She eventually moved to the position of Senior Vice President for Applied Excellence & Change in the Essen headquarters of the innogy group. Jitka Adámková brings extensive management experience from the international environment to the Deutsche Telekom Group.

**Vladan Peković**
**Chief Technology and IT Officer**
Vladan Pekovič studied electronics at the University of Podgorica and gradually completed courses at ESMT Berlin, ESSEC Business School, and Duke University. Between 2000 and 2004, gained a wealth of experience in technological positions at Ericsson in the USA, Mexico, and Algeria. He worked as the director of the technology division at M:Tel for two years, and in July 2009 joined the Deutsche Telekom group. He first held a post in Montenegro as program director, and subsequently as Director of Network and Operations. He leater worked in Poland for a year, and in 2014 became director of IT and Technology in Montenegro. In November 2017, joined Telekom Romania as IT and Technology Director. After three years, he became the CEO of Telekom Romania, and after a further year gained the position of technology and IT director at Slovak Telekom and T-Mobile Czech Republic.

**Peter Laco**
**Chief Commercial Officer Enterprise Segment**
Peter Laco graduated from the Bratislava University of Economics, and a few years later received an MBA degree at Nottingham Trent University in Great Britain. Between 2002 and 2011, Peter gained extensive management experience at KPMG Slovakia. Between 2012 and 2018, he worked at IBM, where he was initially the director of the software division, then later sales director and head of the Slovak branch. Peter came to Slovak Telekom from KPMG - where he gained further experience in the field of management, sales and consulting services. From September 2020, he worked in the position of head of sales to corporate customers, and in June 2021 he became director of the Enterprise segment.

**Martina Kandera**
**Chief Commerical Officer Mass Market Segment (since 17. 6. 2024)**
Martina Kandera worked for Slovak Telekom for almost 20 years and gradually gained a wealth of experience in the field of sales and customer channel management, was responsible for the VSE and SME segments, and led several programs in the retail sector.

In January 2022, Martina moved to a new position directly at Deutsche Telekom headquarters where she managed the Channel Strategy Europe segment in which she developed and implemented a new sustainable and forward-looking channel strategy alongside all countries across the many subsidiaries of the DT parent group. At the same time, Martina successfully managed the One Call Center project and the international Winners Circle reward program. At Slovak Telekom, Martina has held the new position of Director of the Commercial Mass Market Division since June 17, 2024.

## Board of Directors

**Chair:**
- Armin Sumesgutner (since 29. 4. 2020)

**Vice-Chair and CEO:**
- Melinda Szabó (since 1. 6. 2024)

**Member:**
- Danijela Bujic (since 1. 10. 2021)

## Supervisory Board

**Chair:**
- Mirela Seserko (since 1. 3. 2024)

**Members:**
- Martin Švec (since 2. 10. 2020)
- Peter Vražda (since 20. 3. 2023)

## Audit Committee

**Chair:**
- Danijela Bujic (since 11. 3. 2022)

**Members:**
- Martin Švec (since 20. 3. 2023)
- Vladimir Lucev (since 1. 3. 2024)

# 02 Business activity report

# Technologies, products and services

When developing and improving its services and products, Slovak Telekom focuses primarily on top-notch customer experience and taking into account customer needs. Therefore, Telekom has been investing in top-notch connectivity for a long time - with optical networks and 5G connectivity currently playing a key role. Telekom is active in both B2C and B2B segments, introducing innovative technologies and modern services that contribute to increasing the level of digitalization of the country. In June-December 2024 the Group has reached consolidated revenues 519.184 million EUR.

## TOP connectivity: fast internet via fibre optics and 5G

Slovak Telekom is traditionally the largest investor, and continues to perceive the optical network as the future for fixed connectivity. In addition to its own construction, Slovak Telekom has also gradually concluded agreements with several distribution companies - in January with Východoslovenská distribučná spoločnosť (Eastern Slovak Distribution), and in the autumn with Stredoslovenská distribučná (Central Slovak Distribution), thereby reaching an agreement with all three major companies in Slovakia. Mutual agreements allow Slovak Telekom to provide its own portfolios of services such as Magio TV, Magio internet, and Magenta 1 via its partners' optical networks.

The expansion is thus being successfully implemented in both directions. Over 100 thousand new households with optical network coverage were added in 2024, and by the end of the year coverage had reached 1.226 million households.

In the area of mobile networks, the focus remains on the best network consistency - which is also proven by several assessments and tests by independent companies. Telekom passed tests by Ookla and nPerf which confirms the correct strategy for 4G and 5G networks.

In the second half of 2024, the 5G network was further expanded - ensuring fast and stable connectivity for even more customers. As of December 31, 2024, 5G coverage reached 70.1% of the population of Slovakia, with a signal deployed in 102 cities and 1,019 municipalities. This growth represented a significant step in building a modern digital ecosystem.

High-quality connectivity was also extended beyond large and medium-sized cities. In order to improve the customer experience, coverage was also extended to tourist areas such as Vrátna dolina, Oščadnica-Veľká Rača, Skalka, and Krahule so that visitors would have high-speed internet in both the winter and summer seasons.

To better inform customers, a new interactive coverage map was deployed which allows customers to easily verify the availability of services in specific locations. The map shows the coverage of 2G, 4G and 5G networks in detail - taking into account the differences between indoor and outdoor coverage. Telekom thus continues to fulfil its commitment to expanding high-quality digital services throughout Slovakia.

## TOP services: Magenta 1 with new features, Wi-Fi Manager, and the Christmas special offer

In March, Telekom renewed the **Magenta 1** service package offer and provides two main advantages: a discount on the entire service package or a wide range of benefits. The range of benefits expanded throughout the year – initially including seven types: HBO Max, Canal+, Extra TV packages, Magio TV more, Faster optical internet, 2x more + data donation and Wow Wi-Fi. In June, the Cartoon Network and Discovery Networks content pair was added. At the end of September, the new Magenta Security package and the full version of the Voyo streaming service were deployed.

In June, the expanded **Connect my watch** service was launched with support for Apple smartwatches, and thus the eSIM card reached a new group of users.

An equally important moment was the launch of a **new roaming offer** which offers three much more advantageous packages for purchase in 115 countries outside the EU. In addition, the customer also receives a 500 MB data package every month for the first 24 hours while they decide on the ideal solution for surfing.

In August, the **Wi-Fi Manager** service was launched with new features, parental controls, and an accompanying advertising campaign. In addition to the Wow Wi-Fi service, this is another feature for top-notch connectivity on Telekom's optical network and confirmation that Wow Internet is also equipped with value-added specialties and a better customer experience.

At the end of the summer, the **Magio TV program portfolio** was expanded to include additional TV channels - Nova Sport 5 and Nova Sport 6 were added, along with the new UEFA Champions League format which is broadcast in parallel on these two TV channels.

The **Magenta Security** service was launched in September. Telekom brings a solution not only for one, but for a much larger number of devices such as PCs, laptops, Smartphones, and tablets to households and smaller businesses. The customer chooses from three service variants depending on the number of hardware devices used.

At the end of October, Telekom launched a robust **Christmas campaign** which included a rich special hardware offer providing various combinations of two or three devices for one service. For the first time, Telekom also introduced the option of taking up to four devices with one flat rate, internet, and TV - namely a smartphone, smart watch, headphones, and smart tag accessories from Samsung.

Another part of the Christmas campaign was the expansion of the new **SWIPE** platform. A new level of rewards was launched - the so-called Diamond ticket which offers the opportunity to win a ticket to a European festival. The special Christmas offer of prepaid cards once again included attractive **MIXI packages** with large amounts of data at low prices.

Telekom also included special TV programs in its special Christmas offer last year:
- **Magio Concerts** – This exclusive music channel offered a selection of the best live concerts by world stars, as well as legendary musical performances from prestigious festivals.
- **Magio Comedy** – A channel full of fun and humour where viewers find popular comedy films, stand-up shows, and iconic Slovak and Czech comedies.
- **Magio Fitness** – A unique program for everyone who wishes to stay active during the holidays. The professional training sessions on Magio TV were led by well-known trainer Maroš Molnár along with professional instructors from the Fitshaker service - who prepared a series of exercises for different levels of physical fitness.

Finally, the special Christmas offer also included the new Magenta Moments loyalty program. Throughout the year, the program brought a number of exclusive offers and new features directly in the Telekom application itself. The Christmas campaign featured four thematic waves: Gifts to please, Holiday Adventures, The Delicate Taste of Christmas, and The Magic of Shared Moments.

The specialty of the special Magenta Moments offer was the inclusion of the Perplexity Pro AI tool for free for 12 months, and 10 movie hits such as Garfield the Movie, the fourth installment of Bad Boys, Spider-Man: Into the Spider-Verse, Gran Turismo, and the Czech hit Vlny (Waves). Customers could also find these benefits directly in the Magenta Moments special offer.

## TOP hardware: the Apple iPhone 16 series, "Samsung flip phones", and other hits

The hardware portfolio traditionally expands in the two main seasons. The first half of the year saw the arrival of potential hits such as the Samsung Galaxy A25, A35, and A55, as well as the flagship Galaxy S24, and from Telekom's own workshop - the duo of new products T Phone 2 and T Phone 2 Pro.

In the second half of the year, the eagerly-anticipated new models from Samsung arrived: the foldable Galaxy Z Flip 6 and Z Fold 6 phones. In September, a whole new series from Apple was launched: the iPhone 16, the iPhone 16 Plus, the iPhone 16 Pro i, and the iPhone 16 Pro Max.

Throughout the year, wearable models also expanded - bestsellers such as the Samsung Galaxy Watch7 and the Apple Watch Series 10 arrived. Manufacturers such as Xiaomi, Honor, and Motorola also delivered a lot of further hardware which regularly ranked in the top sales charts for individual months.

Telekom continued to expand its portfolio of "green mobile phones". As an active ESG player, Telekom focuses on sustainable projects and recycling. For this reason - after the Apple iPhone 12 and iPhone 12 Pro - other recycled models appeared in the portfolio: the iPhone 13 and the iPhone 13 mini.

For Telekom, environmental protection is part of fulfilling its strategic goals at the ESG level. This requires action on several levels, starting with the extraction of minerals. Telekom decided to motivate its customers by collecting old mobile phones - which in most cases end up unused in households. After collection, they are handed over for professional recycling which results in the reuse of precious metals usable in the production of microchips. For each mobile phone handed over, customers could receive an **EKO coupon worth up to €70** which they could then use when purchasing a new device.

# T-Business:
# New features for B2B customers

## New projects, certifications, and product innovations

Telekom regularly brings services that help companies digitize their business to the market. This year was no exception. Telekom has prepared several services for its corporate customers. The first of them is **Backup Solution**, a user-friendly and affordable cloud service for backing up corporate data, providing automatic encrypted backup of all data to the cloud, eliminating the need to purchase expensive equipment and maintain it. Data, documents, photos, and videos are backed up automatically - including operating and operational systems. Backup Solution allows you to restore previous versions of data in the event of a mistake. Data is encrypted before being sent to the cloud and access is secured with an encryption key, while the data is accessible from anywhere via a web interface. In addition - in the case of consultations - it provides support from specialists in the Slovak language.

For companies that need to manage their PBXs, the new **All4BS Communication** is available. All4BS Communication is a centralized and managed PBX for all types of companies which brings synergy of multiple communication channels - enabling modern and simple communication with customers from a single application. The service also offers a mobile call centre, chatbots, and voicebots for automatic call and message handling, and additional services such as call recording and voice analysis.

## Telekom Cloud service receives ISO certification

In addition to launching new services, Telekom has also received a very important security certificate. Telekom provides its customers with secure cloud solutions in accordance with relevant legal regulations and international standards. Thanks to this product, Telekom Cloud - after meeting all mandatory conditions and a successful audit - received **ISO 27017** certification.

## A new series of exclusive B2B meetings designed for business customers

In autumn, Slovak Telekom successfully organized a series of exclusive meetings called Vertical Events which were intended for corporate customers. These events were held with the aim of presenting innovative product solutions and current market trends in selected industries. These events brought participants valuable information and inspiration for their business, enabled them to establish new contacts and gain an overview of the latest trends and technologies.

## Innovations in communication and technological advances

In the area of B2B communication, Telekom focused on improving the customer experience and redesigning its B2B websites on the Telekom.sk portal. When creating a new design that reflects customer requirements, UX studies were conducted with selected companies and respondents on new sample pages. Based on their suggestions and recommendations, improvements were implemented in the new interface. These modifications not only simplified the original websites, but also created the basis for new parts of the website that support new services for the B2B segment.

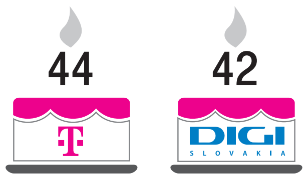
The B2B portal Moja Firma - through which corporate customers can self-manage selected Slovak Telekom services - also received highly positive feedback. The portal is gaining popularity year-on-year thanks to continuous UX testing and collecting feedback from customers - who are a valuable source of information.

# Human resources and employees

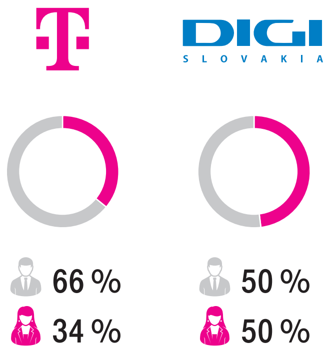
## The group in numbers

In 2024 Slovak Telekom employed 2,365 internal employees. In the same period, the subsidiary DIGI Slovakia employed 110 internal employees.

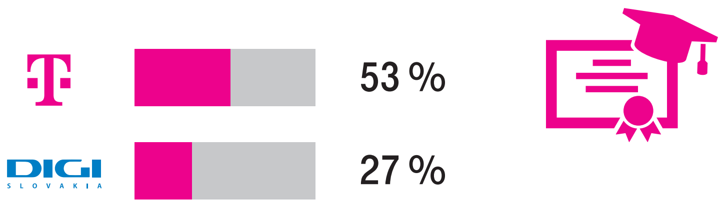
Average age of employees of Slovak Telekom and its subsidiaries in 2024




Percentage distribution of men and women in Slovak Telekom and its subsidiaries in 2024




Percentage of employees of Slovak Telekom and companies in the ST group with a university degree.




The remaining employees had completed secondary education with a high school diploma.

## Diversity, inclusion, and employee equality

As part of a large internal and external "In this company, we can be ourselves" employer brand campaign, we successfully addressed multiple areas to fulfil this premise to employees regardless of gender, nationality, sexual orientation, and other differences or instances of uniqueness.

We consider it a great success that we were able to organize a conference with foreign guests and our top management at which our employees representing various minorities as speakers with the aim of cultivating tolerance, respect and understanding appeared.

We have also been able to support our parents with maternity leave with regular communication about company events, tips, and development opportunities such as a retraining program to support digital skills, as well as the full implementation of the Parent Hub program to support their return to the company through flexible working.

Last year, we continued to systematically promote women in leadership roles. We held several tailor-made workshops, connected women through mentoring, and organized the first of a series of Women Inspirofest sessions. We also targeted women's engagement - especially in areas where they are underrepresented - through Girl's Day, trainee programs, and hackathons with universities and colleges.

We also recently supported the creation of a community of LGBTQ+ employees who decided to support the theme of tolerance, respect, and equality from the bottom up.

Last but not least, we organized several company-wide events as part of the Healthy Body program to raise awareness of mental and physical health issues.

## A healthy company

Not only physical health, but also the mental well-being of employees is crucial for the proper functioning of the company. Telekom is aware of the importance of this balance, which is why it organized Mental Health Days in the fall. These days were full of various activities aimed at supporting the mental health and well-being of employees.

As part of the Mental Health Days, various workshops, thematic lectures and consultations with psychologists were held. Employees had the opportunity to participate in lectures on topics such as stress management, relaxation techniques and improving mental resilience. In addition, individual consultations with psychologists were also available in which employees could solve their personal problems and receive professional advice. The program also included massages which were held in Bratislava, Žilina, Košice, and Banská Bystrica. These massages were aimed at relieving tension and stress that often accumulate in everyday working life. In total, almost 250 employees participated in this event - which indicates a great interest and need for such activities.

There was also great interest in donating blood in the second half of the year. Telekom regularly organizes donation events which are very popular among employees. During this period, 67 employees participated in blood donation, and donated more than 30 litres of blood in total. This noble act not only helps save lives, but also strengthens the community spirit and solidarity among employees. In addition, we launched a step challenge that motivated employees to be active. The goal was to achieve a certain number of steps per day, thereby supporting a healthy lifestyle and improving the physical condition of our employees. The challenge was met with a great response and many employees participated - improving their health and at the same time entering a competition for attractive prizes.

## Shared knowledge

In addition to individual professional development plans for specific positions, employees also have access to the T-University development platform which offers free lessons. Any employee who wishes to invest time and energy in their personal growth can voluntarily participate in T-University activities.

In the period from June 1 to December 31, 2024, 461 employees participated in 1,671 activities at T-University, with the total number of participations in all development activities reaching 4,770.

The highest participation was recorded in courses focused primarily on digital skills.

- Morning Digi Talks
- English tenses clearly explained once and for all
- What has happened in the world of AI in the last two months?
- Communication Club
- Choosing the best AI tools
- How to open and communicate uncomfortable topics
- LinkedIn Basic

In the autumn, T-Univerzity held the "Kickstart your career development at T-University" days - which aimed to raise awareness of internal career growth opportunities. 867 employees participated, and received the opportunity to try out various activities, such as participating in interviews, visiting an assessment centre, and participating in various development workshops. The greatest interest was shown in the following topics:

- Hogan - personality diagnostics
- Make the right decision!
- Motivation in Practice: Neuroscience Tips for Energy and Efficiency in Everyday Work
- Personal development and time management
- Create your own digital twin

## Employer and branding activities

In the second half of the year, we continued our employer branding campaigns following the main theme of “Being Yourself” which cover the area of diversity and inclusion. Our efforts were focused on creating an inclusive work environment where every employee can be authentic and be themselves.

In the autumn, we actively participated in several major events with high school and university students such as ReadyCON and Night of Chances Business. These events provided us with the opportunity to introduce young talents to our corporate culture and values, as well as to introduce them to career opportunities at Slovak Telekom. At these events, we presented professional topics such as digital innovations, artificial intelligence, and cybersecurity - thereby demonstrating that we are a modern and technologically advanced company.

We also continued our collaboration with the Women in Action project as part of our participation in Equal Pay Day. This initiative is important to us as it promotes equal pay and highlights the importance of fair treatment of employees regardless of gender. Our participation in Equal Pay Day is proof of our commitment to equality and inclusion in the workplace.

All these activities are aimed at presenting Slovak Telekom as an interesting, modern, and potential employer for the future. We want everyone who becomes part of our team to have the opportunity to be authentic and feel accepted. Our corporate culture is built on the values of diversity, inclusion, and respect - which makes us an attractive employer for diverse talents.

## Talent development

In 2024, we launched the second generation of the Talent Pool program which involved 63 people. The Talent Pool is based on 4 inspiring pillars (leadership, health-energy-movement, digital skills, and work visits), personal coaching, mentoring and - last but not least - communication with leaders. At the same time, 17 people were actively involved in the intensive T-Challengers program, in which talents learn in specific projects with real impacts.

# Communication

## Marketing communication

Communication continued from June 2024 in the set trend of the "Respect" concept, with an emphasis on the customer experience and needs

The SWIPE youth program campaign continued in June, and was succeeded in the summer by communication regarding advantageous roaming in countries outside of the European Union. The autumn covered the Wi-Fi Manager service, and the year was concluded with an extremely successful Christmas campaign.

**Advantageous roaming outside the EU (July-August 2024)**
During the summer holidays, Telekom introduced new data packages to its flat-rate plans which made affordable data available in most countries outside the European Union. The campaign used visuals of popular holiday destinations from different parts of the world accompanied by welcoming greetings in local languages. For example: an iconic shot of the statue of Jesus from Brazil was used, accompanied by the greeting "olá", which means "hello" in the local Portuguese.

The campaign was broadcast on television in the form of sponsorship and had a strong outdoor advertising (OOH) presence, as well as in digital media -  including social networks, audio ads, and podcast sponsorship.

**A Summer to Remember (júl 2024)**
In recent years, sunny July days have been reserved for a music event which Telekom organizes in cooperation with its electronic music brand Electronic Beats. The campaign called "A Summer To Remember" brought this year a two-day music event which was visited by 4,000 visitors and artists such as Ki/Ki, Horsegiirl, Slovak performers Dušan Vlk and Temný Rudo, and the star of the rap scene - Gleb.

**Wi-Fi Manager (August-October 2024)**
Continuous innovation helps improve the customer experience - which is why Telekom focused on communicating the improved functionalities of Telekom's internet Wi-Fi Manager service in the fall of 2024. A TV ad dramatized the benefit of controlling the connection of individual devices to home Wi-Fi in a funny story in which parents turn off their children's Wi-Fi connection when it is time to focus on other things. Parents always jokingly blamed these "outages" in front of their children on Telekom. In addition to television, the advertisement was featured in the digital environment, on social networks, and in various BTL media.

**Telekom calls for help (August-September 2024)**
Just like in 2023, last year Telekom continued its campaign aimed at raising awareness of the need for blood donation in the summer months. In a campaign titled "Telekom calls for help", the operator used its infoline as the primary communication medium. Customers waiting to be connected to the operator had the opportunity to listen to a campaign message encouraging them to donate blood. The campaign was a success - year-on-year donors increased by 6%, and a total of 12,400 litres of blood were collected.

**The 'Bubbles' Christmas Campaign (November-December 2024)**
It has become a tradition for the Deutsche Telekom Group in Europe to use a joint Christmas campaign. In 2024, Slovak Telekom – along with the MUW Saatchi & Saatchi Bratislava agency - took on the creation of the most important campaign of the year for the second time in a row.

The agency created an iconic TV commercial about a friendship between two girls who live in two separate fairy-tale worlds located inside glass "bubbles". The girls eventually manage to overcome these barriers as their friendship becomes strong enough to connect both worlds. The campaign reflects the phenomenon of creating "social bubbles" where people close themselves off and communicate only with those with whom they share the same beliefs and opinions. At the same time, with the message "Where barriers end, connections are created", the campaign encourages people to look for more things that unite them, and not divide them.

The advertisement became very popular on social networks in 2024 - and not only domestic, but also foreign professional periodicals compared it to the best global campaigns of the year.

Special activities were also communicated on social networks. For example, the story of the girls from the commercial began to be published as an illustrated series on the Telekom SK Instagram account, and was later published as a book - with customers being able to compete for a limited edition book. Two almost unconnected social bubbles also came together. Heavy metal fan Cikindeles and the lovely Blue Grandma decorated a Christmas tree together and discovered many things that connected them. Both then shared this content with their followers - allowing them to peek into another imaginary "bubble".

**Awards**

In 2024, many of Telekom's communication campaigns won awards for creativity, effectiveness, and original use of media. Here is an overview of them:

- **The Golden Nail (Zlatý klinec) Creativity Competition 2024**
  - 4x Gold:
    - SWIPE – "Your-style ad", Category: Craft/Best Film Craft
    - SWIPE – "Your-style ad", Category: Media/Branded Content
    - News that no one wants to read; category: Promo & Activation/Direct Marketing
    - 2023 Christmas Campaign "Mutual respect is the most beautiful gift"; Campaign/Integrated Campaign category
  - 4x Silver:
    - SWIPE – "Your-style ad", Category: Craft/Best Artdirection
    - 2023 Christmas campaign "Mutual respect is the most beautiful gift"; category: Film/Television commercial & cinema commercial over 15 seconds
    - SWIPE – "Your-style ad", Category: Campaign/Integrated Campaign
    - News that no one wants to read; category: Campaign/Small budget campaign
  - 2x Bronze:
    - News that no one wants to read, category: Media/Classic media
    - News that no one wants to read, category: ESG Social
  - Client of the evening
    - Telekom

- **The 2024 Golden Drum International Creativity Competition**
  - 4 x Silver – Campaign: News that no one wants to read
  - 2 x Bronze – Campaign: SWIPE– "Your-style ad"

- **ADC*E International Creativity Competition 2024**
  - 1 x Bronze – Campaign: SWIPE – "Your-style ad"

- **EUROBEST Festival Of Creativity**
  - 1 x Bronze – Campaign: SWIPE – "Your-style ad"

- **EFFIE Advertising Effectiveness Competition**
  - 1 x Gold – Campaign: SWIPE– "Your-style ad", category Brand Purpose/Brand building
  - 1 x Bronze – When Telekom Calls for Help campaign, category: Brands/commercial ESG brand projects

- **FLEMA Media Awards 2024**
  - 1 x Gold – SWIPE campaign – "Your-style ad", category: Best Customer Engagement category

## External Communication

During the first five months of the year, a number of new services and milestones were communicated - from the FIS downhill skiing World Cup in Jasná and the parallel deployment of the 5G network in the resort, the new Magenta 1, the launch of Magenta Moments, the launch of new services such as Connect my watch or Second hardware in instalments, the launch of SWIPE, to the launch of T Phone 2 and T Phone 2 Pro.

The seven months between June and December brought further new features, and external communication continued to cover corporate, product, brand, and CSR topics.

In June, the long-awaited new **Connect my watch** feature was released for **Apple** smartphones, and the launch of a new **attractive roaming package to 115 countries outside the EU** had an even greater impact. To mark this occasion, the external communications team held the final press conference of the first half of the year.

The summer period featured the DT **Summer of Youth** initiative, and the first ever **SWIPE party** - which took place day after day on the Tyršov embankment in Bratislava.

In the product area, an advertising campaign was launched for Wi-Fi Manager, as well as the new foldable Samsung Galaxy Z Flip 6 and Z Fold 6 phones.

The autumn period was marked by the flood situation in the Czech Republic and Slovakia. Although Slovakia was not affected as massively as the Czech Republic and Moravia, several days were quite critical and the team dealt with many journalistic questions, as well as the announcement of the collection and the provision of a donation of 100,000 Euros.

In October - during Respect for the Elderly month - Telekom launched a **new campaign focused on seniors and their safety.** Over the course of several weeks, multiple formats and features were deployed in which representatives focused on practical advice and examples of how to avoid fraud.

As is now a tradition, the end of October featured the **Christmas press conference** which was held at the CINEMAX multiplex in Bratislava. The conference started with the presentation of the Bubbles TV ad which was deployed in 11 European countries, and gradually several phases of the product range, services, and surprises in Magenta Moments were also introduced.

**The Christmas special offer** and the campaign resonated in the following weeks and months. Firstly, through the introduction of new thematic special offers every two weeks, and then gradually through the introduction of MIXI packages and other surprises.

# Social responsibility

"We won't stop until everyone is involved" and the values: "We are here for the customer. Always get it done. Act with respect and honesty. Team together, team apart, I am T - rely on me and Stay curious and develop" are the basic pillars of responsible business conduct (hereinafter referred to as "SR") of Slovak Telekom, as well as "Act responsibly".

The SR strategy focuses on four key areas:
1) A climate-neutral future
2) Circularity
3) The best team in the industry
4) A digital future.
Each area has defined specific ambitions, and in 2024 we continued with the transition plan on how to achieve these ambitions. Detailed indicators and their fulfilment are part of the consolidated CSR report by parent company Deutsche Telekom AG.

We are proud that our efforts in the field of responsible business were additionally recognized by experts, and in June 2024, we won the main VIA Bona Responsible Large Company 2023 award and VIA Bona Fair Player award for the Respect communication platform and for spreading awareness about the need for blood donation, with real results.

Thanks to the activities in the ECCO2 program aimed at reducing the CO2 and energy burden of our business, and despite the increase in new technologies related predominantly to the development of 5G and digitalization, through the modernization of networks, data centres and streamlining the environmental burden of administrative buildings and the vehicle fleet, we managed to reduce CO2 emissions by 5% year-on-year and reduce the energy burden by 3%. The largest energy burden is electricity - which we cover 100% from sustainable sources. At the end of the year, we launched the first photovoltaic power plant for the Tajov Data Centre.

At Slovak Telekom - in addition to our Environmental Policy - we regularly pass re-certification according to ISO 14 001 for the Environmental Management System (EMS) and ISO 50 001 for Energy Efficiency Management (EnMS).

In support of the circular economy which helps save the planet's resources, customers rent fixed network and TV devices which gives us full control over their life cycle. For mobile phones, we try to motivate customers to bring their devices to Telekom stores, from where they are transferred to Námestovo to the Ekoray company for ecological disposal. In May, we launched the Eco Coupon campaign, thanks to which we managed to collect devices from customers at a level of more than 6% of annual sales. Various components from old unused devices can thus be reused and thereby reduce the extraction of the planet's resources. As part of cooperation with CEEV Živica, education in schools on the importance of recycling electronic waste continues.

In addition to disposal, we also focus on how to get our products to the customer in the most environmentally friendly way possible - which is why we deal with sustainable packaging. Wherever possible, we use recyclable packaging and eliminate unnecessary plastics. As part of supporting innovation, we tested returnable packaging at Telekom and we are proud that thanks to this support, Corplex won the 2023 VIA Bona Green Company award. Following on from the pilot operation, we now deliver 80% of our products and services in returnable packaging via a courier company and we are working to further increase this percentage.

A digital society cannot thrive without digitally-educated people. Our activities are primarily aimed at children, teachers, and seniors. For children and teachers, we continued with ENTER program activities, and for seniors in the spring and autumn we focused on educating them about telephone scams.

Through a preferential flat rate, we involve the visually and hearing-impaired in the digital world. In addition, we have mobile phones with special Corvus software for the visually impaired - thanks to which they become an important tool not only for connecting with the world, but also for improving the quality of people’s lives. The latest model with Corvus support is the current bestseller: the Samsung Galaxy A25. Almost 500,000 Slovaks benefited from our activities in the field of digital inclusion in 2024.

In addition to strategic activities, the weaker and disadvantaged groups in our society whom we help through the Telekom Endowment Fund are not forgotten.

We are here not only for our customers; we also endeavour to be a stable partner in unpredictable situations, and to lend a helping hand in crisis situations. In 2024, there were floods in the autumn. Telekom provided €100,000 to support the victims and tripled every €1 donated by Telekom employees in the employee collection. Through the Slovak Catholic Charity, Telekom supported the victims with almost €120,000 and with free services on prepaid cards.

# DIGI Slovakia

**18th year on the market marked by increasing service quality**
DIGI SLOVAKIA, s.r.o. (hereinafter referred to as "DIGI SLOVAKIA") aims to provide quality and reliable services while maintaining affordable prices. Every year DIGI SLOVAKIA brings more value to customers in the form of new content with the aim of achieving ever higher customer satisfaction.

**Non-biding services**
DIGI SLOVAKIA continues to sell non-binding services. For customers who want to avoid initial fees for setting up the service, DIGI SLOVAKIA offers an installation bonus or activation bonus, or the option of self-installation.

**An expanded television portfolio**
In 2024, the television portfolio was expanded to feature new television stations such as Nova Sport 5, Nova Sport 6, Premier Sport 3, Markíza Klasik, Love Nature, and Prima Cool SK. Another novelty is the inclusion of the CANAL+ streaming service, which customers can receive as a benefit. Many new channels are also available with the new Internet TV.

**The most sport on DIGI**
In 2024, DIGI SLOVAKIA continued to provide stations with hundreds of football broadcasts from the best leagues in the world. Customers could watch the Champions League, the English Premier League, the Spanish La Liga, the German Bundesliga, and the Italian Serie A on the exclusive sports channels Premier Sport, Canal+ Sport and Nova Sport. In addition to football, viewers could also watch attractive tennis broadcasts, UFC combat sports, cycling, skiing, NFL, and many other sports events.

**A new product portfolio – Internet services and TV over the Internet**
In May 2024, DIGI SLOVAKIA launched new service packages. Improved internet - provided on the Slovak Telekom network as well as on the DIGI SLOVAKIA network - can be set up on both optical and metallic networks. The declared maximum connection speeds - depending on the available technology - reach up to 400 Mbit/s, and internet services can also be ordered in a combined package along with the Internet television service. This provides a great selection of stations, an archive included in the price of the basic package, and a video library.

**VOYO and CANAL+ benefits**
DIGI provides its customers with the Voyo start benefit - which offers free viewing of 5 videos from selected Voyo content every 30 days. There is also the option of paying to activate the full version of Voyo.

Customers who have CANAL+ stations in their television package are also entitled to a benefit in the form of the CANAL+ streaming service which provides hundreds of hours of film entertainment and much more.

**Social responsibility**
DIGI SLOVAKIA once again supported the mountain film festival in 2024: Mountains and the City.

# 03 **Financial Statements**

Slovak Telekom, a.s.

# Consolidated Financial Statements

## prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Independent Auditor's Report

for the period from 1 June 2024 to 31 December 2024

## Contents

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## Slovak Telekom, a.s.

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Supervisory Board and Board of Directors of Slovak Telekom, a.s.:

### REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited consolidated financial statements of Slovak Telekom, a.s. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1 June 2024 to 31 December 2024, and notes to consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the period from 1 June 2024 to 31 December 2024 in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended, as amended (hereinafter the "Act on Statutory Audit") related to independence and ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matters

We draw attention to Note 2.1 to consolidated financial statements stating that the Company prepared consolidated financial statements for the period from 1 June 2024 to 31 December 2024 due to the transaction of the Company's demerger undertaken with effect from 1 June 2024. All profit and loss items are presented for the period from 1 June 2024 to 31 December 2024. The preceding reporting period is the period from 1 January 2024 to 31 May 2024; therefore, the amounts disclosed in consolidated financial statements are not fully comparable. Our opinion is not modified in respect of this matter.

We draw attention to Note 31 to consolidated financial statements describing the uncertainty related to the outcome of the lawsuits filed against the Company. Our opinion is not modified in respect of this matter.

#### Responsibilities of Management and Those Charged with Governance for Consolidated Financial Statements

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

This is a translation of the original auditor's report issued in the Slovak language to the accompanying consolidated financial statements translated into the English language.

In preparing consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether consolidated 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 International Standards on Auditing 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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of consolidated 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 Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of consolidated financial statements, including the disclosures, and whether consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance about, inter alia, the planned scope and time schedule of the audit and significant audit findings, including all material deficiencies of internal control identified during our audit.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

**Report on Information Disclosed in the Annual Report**

The statutory body is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting"). Our opinion on consolidated financial statements stated above does not apply to other information in the annual report.

In connection with the audit of consolidated financial statements, it is our responsibility to gain an understanding of the information disclosed in the annual report and assess whether such information is materially inconsistent with consolidated financial statements or our knowledge of the entity and its position obtained in the audit of consolidated financial statements, or otherwise appears to be materially misstated.

We assessed whether the Group's annual report includes information whose disclosure is required by the Act on Accounting.

Based on procedures performed during the audit of consolidated financial statements, in our opinion:

- Information disclosed in the annual report prepared for the period from 1 June 2024 to 31 December 2024 is consistent with consolidated financial statements for the relevant period; and
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, based on our understanding of the Group and its position, obtained in the audit of consolidated financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issuance of this auditor's report. There are no findings that should be reported in this regard.

Bratislava, 21 March 2025

Ing. Peter Jaroš, FCCA
Responsible Auditor
Licence UDVA No. 1047

On behalf of
Deloitte Audit s.r.o.
Licence SKAu No. 014

# Consolidated Income Statement

for the period from 1 June 2024 to 31 December 2024 and for the period from 1 January to 31 May 2024

| thousands of EUR | Notes | 6–12/2024 | 1–5/2024 |
|---|---|---|---|
| **Revenue from contracts with customers** | 4 | 519,184 | 348,906 |
| Other operating income | 5 | 18,254 | 5,543 |
| Staff costs | 6 | (82,935) | (48,797) |
| Material and equipment | | (81,813) | (39,946) |
| Depreciation, amortisation and impairment losses | 11, 12, 13 | (104,547) | (72,294) |
| Interconnection fees and other telecommunication services | | (26,210) | (16,607) |
| Net impairment losses on financial and contract assets | 15,17 | (7,163) | (5,867) |
| Own work capitalised | 6 | 5,809 | 4,400 |
| Other operating costs | 7 | (116,105) | (66,379) |
| **Operating profit** | | 124,474 | 108,959 |
| Financial income | 8 | 2,338 | 2,328 |
| Financial expense | 9 | (3,753) | (2,058) |
| **Net financial result** | | (1,415) | 270 |
| **Profit before tax** | | 123,059 | 109,229 |
| Income tax expense | 10 | (47,157) | (26,516) |
| **Profit for the year** | | 75,902 | 82,713 |
| **Profit is attributable to** | | | |
| Owner of Slovak Telekom, a.s. | | 78,051 | 82,713 |
| Non-controlling interests | | (2,149) | - |
| **Profit for the year** | | 75,902 | 82,713 |

The consolidated financial statements on pages 26 to 78 were authorised for issue on behalf of the Board of Directors of the Group on 21 March 2025 and signed on their behalf by:

Melinda Szabó
Vice-chairman of the Board of Directors
Chief Executive Officer

# Consolidated Statement of Comprehensive Income

for the period from 1 June 2024 to 31 December 2024 and for the period from 1 January to 31 May 2024

| thousands of EUR | Notes | 6–12/2024 | 1–5/2024 |
|---|---|---|---|
| **Profit for the year** | | 75,902 | 82,713 |
| **Other comprehensive income / (expense)** | | | |
| Fair value (loss) / gain arising on hedging instruments | 16 | (556) | 9,358 |
| Deferred tax (expense) / income | 10 | (147) | (1,965) |
| **Other comprehensive (loss) / gain to be reclassified to profit or loss in subsequent years, net of tax** | | (703) | 7,393 |
| (Loss) / gain on remeasurement of defined benefit plans | 23 | (1,951) | 1,272 |
| Deferred tax income / (expense) | 10 | 475 | (267) |
| **Other comprehensive (loss) / gain not to be reclassified to profit or loss in subsequent years, net of tax** | | (1,476) | 1,005 |
| **Other comprehensive (loss) / gain for the year, net of tax** | | (2,179) | 8,398 |
| **Total comprehensive income for the year, net of tax** | | 73,723 | 91,111 |
| Total comprehensive income for the period is attributable to: | | | |
| Owners of Slovak Telekom, a.s. | | 75,872 | 91,111 |
| Non-controlling interests | | (2,149) | - |
| | | 73,723 | 91,111 |

# Consolidated Statement of Financial Position

| thousands of EUR | Notes | 31.12.2024 | 31.05.2024 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | 11 | 330,369 | 332,000 |
| Property and equipment | 12 | 848,192 | 822,413 |
| Right-of-use assets | 13 | 102,881 | 103,081 |
| Derivative financial instruments | 16 | 8,802 | 9,358 |
| Deferred tax | 10 | 3,517 | 2,207 |
| Other receivables | 15 | 21,902 | 16,659 |
| Contract assets | 17 | 7,723 | 6,805 |
| Contract costs | 17 | 18,540 | 18,216 |
| Prepaid expenses and other assets | 18 | 16,998 | 10,965 |
| | | 1,358,924 | 1,321,704 |
| **Current assets** | | | |
| Inventories | 19 | 26,327 | 22,304 |
| Loans | 20 | 91,900 | 10,000 |
| Trade and other receivables | 15 | 185,979 | 169,120 |
| Contract assets | 17 | 21,637 | 19,509 |
| Contract costs | 17 | 19,285 | 16,719 |
| Current income tax receivable | | 5,835 | 186 |
| Prepaid expenses and other assets | 18 | 13,456 | 11,298 |
| Cash and cash equivalents | 21 | 42,106 | 46,290 |
| | | 406,525 | 295,426 |
| **TOTAL ASSETS** | | 1,765,449 | 1,617,130 |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' equity** | | | |
| Issued capital | 22 | 864,113 | 864,138 |
| Statutory reserve fund | 22 | 172,823 | 172,825 |
| Other | | 5,073 | 7,230 |
| Retained earnings and profit for the year | | 206,160 | 132,708 |
| Capital and reserves attributable to owners of Slovak Telekom, a.s. | | 1,248,169 | 1,176,901 |
| Non-controlling interests | | 2,477 | - |
| **Total equity** | | 1,250,646 | 1,176,901 |
| | | | |
| **Non-current liabilities** | | | |
| Deferred tax liability | 10 | 73,960 | 51,895 |
| Lease liabilities | 25 | 86,059 | 85,194 |
| Provisions | 23 | 36,364 | 33,635 |
| Other payables | 24 | 13,072 | 20,550 |
| Contract liabilities | 17 | 41,602 | 33,090 |
| | | 251,057 | 224,364 |
| **Current liabilities** | | | |
| Provisions | 23 | 31,711 | 26,077 |
| Trade and other payables | 24 | 133,199 | 101,560 |
| Contract liabilities | 17 | 35,007 | 33,046 |
| Other liabilities | 24 | 44,155 | 31,346 |
| Lease liabilities | 25 | 17,090 | 16,007 |
| Current income tax liabilities | | 2,584 | 7,829 |
| | | 263,746 | 215,865 |
| **Total liabilities** | | 514,803 | 440,229 |
| **TOTAL EQUITY AND LIABILITIES** | | 1,765,449 | 1,617,130 |

# Consolidated Statement of Changes in Equity

for the period from 1 June 2024 to 31 December 2024 and for the period from 1 January to 31 May 2024

| thousands of EUR | Note | Issued capital | Statutory reserve fund | Other | Retained earnings | Subtotal Equity | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Period from 1 June 2024 to 31 December 2024** | | | | | | | | |
| As at 1 June 2024 | | 864,138 | 172,825 | 7,230 | 132,708 | 1,176,901 | - | 1,176,901 |
| Profit for the year | | - | - | - | 78,051 | 78,051 | (2,149) | 75,902 |
| Other comprehensive income | | - | - | (2,179) | - | (2,179) | - | (2,179) |
| Total comprehensive income | | - | - | (2,179) | 78,051 | 75,872 | (2,149) | 73,723 |
| Transactions with shareholder: | | | | | | | | - |
| Other changes in equity | | - | - | 22 | - | 22 | - | 22 |
| Reclassification to noncontrolling interest | | (25) | (2) | - | (4,599) | (4,626) | 4,626 | - |
| Dividends | 22 | | - | - | - | - | - | - |
| At 31 December 2024 | | 864,113 | 172,823 | 5,073 | 206,160 | 1,248,169 | 2,477 | 1,250,646 |
| **Period from 1 January 2024 to 31 May 2024** | | | | | | | | |
| As at 1 January 2024 | | 864,113 | 172,823 | (1,172) | 206,867 | 1,242,631 | - | 1,242,631 |
| Profit for the year | | - | - | - | 82,713 | 82,713 | - | 82,713 |
| Other comprehensive income | | - | - | 8,398 | - | 8,398 | - | 8,398 |
| Total comprehensive income | | - | - | 8,398 | 82,713 | 91,111 | - | 91,111 |
| Transactions with shareholder: | | | | | | | | |
| Other changes in equity | | 25 | 2 | 4 | (1) | 30 | - | 30 |
| Dividends | 22 | - | - | - | (156,871) | (156,871) | - | (156,871) |
| At 31 May 2024 | | 864,138 | 172,825 | 7,230 | 132,708 | 1,176,901 | - | 1,176,901 |

# Consolidated Statement of Cash flows

for the period from 1 June 2024 to 31 December 2024 and for the period from 1 January to 31 May 2024

| thousands of EUR | Notes | 31.12.2024 | 31.05.2024 |
|---|---|---|---|
| **Operating activities** | | | |
| **Profit before tax** | | 123,059 | 109,229 |
| Depreciation, amortisation and impairment losses | 11, 12, 13 | 104,547 | 72,294 |
| Interest expense, net | | 1,443 | (156) |
| (Gain) / loss on disposal of intangible assets and property and equipment | 5, 7 | (6,261) | (697) |
| Gain on disposal of subsidiary | 1, 5 | - | - |
| Other non-cash items | | 2,669 | 4,372 |
| Change in provisions | 23 | 274 | (2,211) |
| Change in trade receivables and other assets | | (46,317) | (4,660) |
| Change in inventories | | (5,174) | 690 |
| Change in trade payables and other liabilities | | 66,797 | (28,549) |
| **Cash from operating activities** | | 241,037 | 150,312 |
| Income taxes paid | | (36,968) | (22,870) |
| **Net cash from operating activities** | | 204,069 | 127,442 |
| **Investing activities** | | | |
| Purchase of intangible assets and property and equipment | 11, 12, 28 | (107,907) | (68,611) |
| Proceeds from disposal of intangible assets and property and equipment | | 8,753 | 1,593 |
| Disbursement of loans | | (106,900) | (58,000) |
| Repayment of loans | | 25,000 | 138,000 |
| Net cash from cash pooling | 15 | (6,954) | 4,000 |
| Interest received | | 2,210 | 2,993 |
| Other cash (paid for) / from investing activities | | 84 | 52 |
| **Net cash used in investing activities** | | (185,714) | 20,027 |
| **Financing activities** | | | |
| Dividends paid | 22 | - | (156,871) |
| Repayment of financial liabilities | 28 | (11,582) | (7,301) |
| Repayment of principal portion of lease liabilities | | (8,324) | (8,372) |
| Interest paid | | (3,009) | (1,567) |
| Other cash from financing activities | | 400 | 28 |
| **Net cash used in financing activities** | | (22,515) | (174,083) |
| Effect of exchange rate changes on cash and cash equivalents | | (24) | 41 |
| Net increase in cash and cash equivalents | | (4,184) | (26,573) |
| Cash and cash equivalents at 1 June / 1 January | 21 | 46,290 | 72,863 |
| **Cash and cash equivalents as at 31 December 2024 and 31 May 2024** | 21 | 42,106 | 46,290 |

# Notes to the Consolidated Financial Statements

Index to the notes to the consolidated financial statements

# 1. General information

These consolidated financial statements have been prepared for Slovak Telekom, a. s. ("the Company"or "Slovak Telekom") and its subsidiaries DIGI SLOVAKIA, s.r.o. ("DIGI") and Telekom Sec, s. r. o. ("Telekom Sec") (together "the Group"). As a result of demerger, Slovak Telekom is consolidating also company Slovak Telekom Infra, a.s. („Slovak Telekom Infra", refer to Note 2.1).

Slovak Telekom is a joint-stock company incorporated on 1 April 1999 in the Slovak Republic. The Company's registered office is located at Bajkalská 28, 817 62 Bratislava. The business registration number (IČO) of the Company is 35 763 469 and the tax identification number (DIČ) is 202 027 3893. The Company is registered with the Business Register of the Municipal Court Bratislava III, section Sa, insert No.: 2081/B. For shareholders overview of the Company refer to Note 22.

Slovak Telekom is the largest Slovak multimedia operator providing its products and services under the Telekom brand via fixed and mobile networks. In terms of fixed networks the Company is the largest optical fibre and metallic cable broadband internet provider in the country (FTTX, ADSL and VDSL), providing digital television through state-of-the-art IPTV and DVB-S2 satellite technology. In the field of mobile communications the Company provides internet connectivity via several high-speed data transmission technologies namely 2G (GPRS/EDGE), 4G (LTE, LTE-CA) and 5G.

Slovak Telekom's customers receive roaming services in mobile operator networks in destinations all over the world. Slovak Telekom is considered the leader in the provision of telecommunication services to the most demanding segment of business customers, both in terms of the respective range of services as well as in terms of quality.

Slovak Telekom provides services via authorisations for strong portfolio of radio frequencies: the LTE licence (bands 800 MHz and 2600 MHz) valid until 31 December 2028, authorisation for the provision of mobile services on 900 MHz and 1800 MHz frequency bands, which is valid up to 31 December 2025, and the UMTS licence for 2100 MHz frequency band (including the 28/29 GHz frequency band for backhaul connections), which is valid up to 31 August 2026. Additionally, Slovak Telekom has the authorisation to use the 3700 MHz frequency band in Bratislava, valid until 31 August 2025. At the end of 2020, Telekom has acquired the authorisation for 700 MHz frequency band, valid until 31 December 2040. In May 2022, Slovak Telekom has obtained the authorisation to use the 3700–3800 MHz frequency band, valid from 1.9.2025 until 31.12.2045.

Slovak Telekom holds the following investments in fully consolidated direct subsidiaries:

| Name and registered office | Activity | Share and voting rights 31.12.2024 | Share and voting rights 31.05.2024 |
|---|---|---|---|
| DIGI SLOVAKIA, s. r. o. ("DIGI") Röntgenova 26, 851 01 Bratislava | TV services, broadband services and TV channels production | 100% | 100% |
| Telekom Sec, s. r. o. ("Telekom Sec") Bajkalská 28, 817 62 Bratislava | Security services | 100% | 100% |
| Slovak Telekom Infra, a.s. ("Slovak Telekom Infra") Bajkalská 28, 821 09 Bratislava - Ružinov | Rental of passive telecommunication infrastructure | 0% | 0% |

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

On 1 September 2013 the Group acquired 100% share capital and voting rights in DIGI.

For more detail related to Slovak Telekom Infra consolidation refer to note 2.1 Basis of preparation.

## Members of the Statutory Boards at 31 December 2024

### Board of Directors

**Chairman:**
- Armin Sumesgutner (since 29.04.2020)

**Vice-chairman:**
- Jose Severino Perdomo Lorenzo (until 31.05.2024)
- Melinda Szabó (since 01.06.2024)

**Member:**
- Danijela Bujic (since 01.10.2021)

### Supervisory Board

**Chairman:**
- Mirela Seserko (since 01.03.2024)
- Martin Renner (until 29.02.2024)

**Members:**
- Peter Vražda (since 20.03.2023)
- Martin Švec (since 02.10.2020)

### Audit committee

**Members:**
- Vladimir Lucev (since 01.03.2024)
- Danijela Bujic (since 11.10.2021, chair since 11.3.2022)
- Martin Švec (since 20.03.2023)

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

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

## 2. Accounting policies

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

Changes to significant accounting policies are described in Note 2.19.

### 2.1 Basis of preparation

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

The Group companies' functional currency is the Euro ("EUR"), the financial statements are presented in Euros and all values are rounded to the nearest thousands, except where otherwise indicated.

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

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards as adopted by EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.18.

The financial statements have been prepared for the period from 1 June to 31 December 2024. All profit and loss items in these financial statements represents period from 1 June 2024 to 31 December 2024. All profit and loss items for comparative period represents period from 1 January 2024 to 31 May 2024. Therefore, the amounts presented in the financial statements are not entirely comparable. The extraordinary financial statements for the period from 1 January 2024 to 31 May 2024 and ordinary financial statements for the period from 1 June 2024 to 31 December 2024 are issued as a result of a demerger transaction that took place on the effective date as at 1 June 2024.

The sole shareholder of Slovak Telekom, a.s. (Demerged Company) decided in accordance with the Transformations Act on demerger by spin-off by merger whereby, as part of the implementation of the transformation process, the Demerged Company was divided by spin off a selected part of the assets of the Demerged Company and merged with Slovak Telekom Infra, a.s. (Successor Company), on the effective date as at 1 June 2024. Demerged Company and Successor Company have the same sole shareholder, company Deutsche Telekom Europe B.V. The spinned off assets (and associated liabilities) represent a non-reciprocal distribution of net assets.

The Group has assessed the demerger by spin-off by merger and concluded that according to IFRS 10 (Consolidated financial statements) the demerger by spin-off by merger does not lead to the loss of control by Demerged Company over Successor Company. As the result, Slovak Telekom, a.s. consolidates Slovak Telekom Infra, a.s.. The consolidation of Slovak Telekom Infra, a.s. is considered the significant judgement and it may change in the future if the underlying facts and circumstances change in a way, that would lead to loss of control over Slovak Telekom Infra, a.s. (Note 2.18).

The spinned off assets and liabilities at 1 June 2024 were as follows: total assets in the amount of EUR 35,183 thousand, total liabilities in the amount of EUR 30,584 thousand and equity represented by retained earnings in the amount of EUR 4,599 thousand.

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

**Basis of consolidation**
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using uniform accounting policies.

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

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

Business combinations are accounted for using the acquisition method. The consideration paid on an acquisition is measured as the fair value of the assets transferred, shares issued, or liabilities undertaken at the date of acquisition. The excess of the consideration paid on an acquisition over the fair value of the net assets and contingent liabilities of the subsidiary acquired is recorded as goodwill. The consideration payable includes the fair value of any asset or liability resulting from a contingent consideration arrangement. If the amount of contingent consideration (a liability) changes as a result of a post-acquisition event (such as meeting an earnings target), the change is recognised in accordance with IFRS 9 in profit or loss. Put option on share held in subsidiary by minority shareholders is classified as a financial liability. The corresponding amount is reclassified from equity (non-controlling interest). Subsequent measurement of the liability is at fair value profit or loss in accordance with IFRS 9.3.3.3.

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

Costs directly attributable to the acquisition are expensed.

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

### 2.2 Property and equipment

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

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

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

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

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

| | |
|---|---|
| Buildings, constructions and leasehold improvements | 8 to 50 years |
| Operating equipment: | |
| Network technology equipment | 4 to 33 years |
| Transport vehicles, hardware and office equipment | 2 to 20 years |

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

Residual values and useful lives of property and equipment are reviewed and adjusted in accordance with IAS 8, where appropriate, at each financial year-end. For further details on groups of assets influenced by the most recent useful life revisions refer to Note 2.18.

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

## 2.3 Intangible assets

Intangible assets acquired separately are recognised when control over them is assumed and are initially measured at acquisition cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and provision for impairment, where required. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. With the exception of goodwill, intangible assets have a finite useful life and are amortised using the straight-line method over their estimated useful lives.
The assets' useful lives are reviewed and adjusted in accordance with IAS 8, as appropriate, at each financial year-end. For further details on the groups of assets influenced by the most recent useful life revisions refer to Note 2.18

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

| | |
|---|---|
| Software | 3 to 23 years |
| Telecommunications licences | 5 to 23 years |
| Content licences | 1 to 4 years |
| Customer relationships | 8 to 15 years |

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

**Software and licences**
Development costs directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

a) it is technically feasible to complete the software product so that it will be available for use;
b) management intends to complete the software product and use or sell it;
c) there is an ability to use or sell the software product;
d) it can be demonstrated how the software product will generate probable future economic benefits;
e) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
f) the expenditures attributable to the software product during its development can be reliably measured.

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

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

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

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

**Goodwill**
Goodwill arises on the acquisition of subsidiaries and represents an excess of the consideration transferred and the non-controlling interest in the acquiree (measured either at fair value or at the proportionate share of the of the acquired entity's net identifiable assets) over the net fair value of net identifiable assets acquired, liabilities and contingent liabilities of the acquiree. Following initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill is not amortised, but it is tested for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (Note 14). Carrying value of the cash generating unit ("CGU") to which goodwill belongs to is compared to its recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Fair values less costs to sell of CGU's with allocated goodwill tested for impairment are in Level 3 of the fair value hierarchy.

## 2.4 Leases

### 2.4.1 Right-of-use assets

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

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

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

| | |
|---|---|
| Space on telecommunication infrastructure of third parties | 5 years |
| Rooftops | 8 years |
| Land to install own telecommunication equipment | 30 years |
| Exclusive easements | 30 years |
| Shops | 20 years |
| Technical space | 33 years |
| Office space | 20 years |
| Ducts and Pipes | 35 years |
| Vehicles | 5 years |
| Office and other general use equipment | 4 years |
| Leased lines | 20 years |

### 2.4.2 Lease liabilities

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

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

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

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

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

### 2.4.3 IFRS 16 recognition exemptions

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

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

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

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

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

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

lease payments are recognised as an expense over the lease term.

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

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

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

### 2.4.4 Subleases

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

### 2.4.5 Lease accounting – the Group as a lessor

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

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

## 2.5 Impairment of non-financial assets

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

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

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

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

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

Impairment is determined by assessing the recoverable amount of CGU to which the goodwill relates. For more details on impairment of goodwill refer to Note 14.

### 2.6 Inventories

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

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

### 2.7 Cash and cash equivalents

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

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

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

### 2.8 Financial assets

The Group classifies its financial assets as follows:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss ("FVTPL")

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

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

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

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

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

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

**Financial assets at fair value through profit or loss**
The Group uses currency forward contracts to economically hedge its estimated cash flows. The Group decided to account for these contracts as "held for trading derivatives". As such, the Group did not apply hedge accounting in 6–12/2024 and 1–5/2024 and all currency forward contracts are recognised as held for trading derivatives with changes in fair value being reflected in profit or loss. Furthermore, the Group uses commodity derivative to mitigate exposure to power price volatility for non-speculative purposes and applied hedge accounting in accordance with IFRS 9 requirements. As such, the derivative is measured at fair value with the effective portion from changes in fair value being reflected in comprehensive income and ineffective portion in profit and loss.

Financial assets at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value. Unrealised gains and losses arising from revaluation of financial assets to the fair value as well as realised gains and losses are recognised in profit or loss.

## 2.9 Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets. Regarding loss allowances for trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment (e.g. expected GDP growth and expected changes in unemployment rate). For lease receivables, contract assets and trade receivables with a significant financing component, an entity can choose as an accounting policy either to apply the general model for measuring loss allowance or always to measure the loss allowance at an amount equal to the lifetime ECL. The Group has chosen the latter policy.

The Group has applied the general impairment model to loans provided to related parties. Where the expected lifetime of an asset is  less than 12 months, expected losses are measured at its expected lifetime. Currently the loans are in Stage 1. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. ECLs for loans were assessed but not booked as they are not material.

The loans from DTAG group to not give rise to a significant credit risk. These loans are settled through the group intercompany clearing centre and therefore classified to category Baa1 for which ECL is calculated.

The expected credit losses of significant assets are measured on an individual basis. The expected credit losses of remaining financial assets are measured by grouping together these assets with similar risk characteristics and applying provision matrix.

An impairment loss is calculated as the difference between an asset's gross amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.

## 2.10 Financial liabilities

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

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

## 2.11 Prepaid expenses

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

## 2.12 Provisions and contingent liabilities

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

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

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

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

## 2.13 Employee benefit obligations

**Retirement and other long-term employee benefits**
The Group provides retirement and other long-term benefits under both defined contribution and defined benefit plans.

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

The Group also provides defined retirement and jubilee benefit plans granting certain amounts of pension or jubilee payments that an employee will receive on retirement, usually dependant on one or more factors such as an age, years of service and compensation. These benefits are unfunded. The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The last calculation was prepared on 31 December 2024. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rate of weighted-average yields for high-quality (Bloomberg Aa*) - non-cancellable, non-putable corporate bonds. The currency and term of the bonds are broadly consistent with the currency and estimated term of the benefit obligations. Past service costs are recognised immediately in consolidated income statement. Remeasurement gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised in the period in which they occur within other comprehensive income for retirement benefits and within the consolidated income statement for jubilee benefits. Current service cost, past service cost and curtailment gain are included within wages and salaries under staff costs. Interest costs are included within financial expense.

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

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

## 2.14 Revenue recognition

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

The Group recognises revenue as follows:

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

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

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

When the Group acts as a reseller of another party's branded digital goods or services with a virtually unlimited supply (e.g. software licenses, cloud services, streaming services), it acts as principal if it has a selling price discretion and is primarily responsible, meaning it is the only party which the customer enters into a contract with and the only party that is responsible towards the customer for providing support and handling complaints and product issues. In this case revenue is recognised on a gross basis, otherwise net revenue is recognised.

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

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

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

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

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

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

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

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

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

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

**System solutions / IT revenue**
Contracts on network services, which consist of installations and operations of communication networks for customers, have an average duration of 2 to 3 years. Revenue from voice and data services is recognised under such contracts when voice and data are used by a customer. Revenue from system integration contracts comprising delivery of customised products and/or services is recognised when the control of that customised complex solution is transferred to a customer (solution is delivered to and accepted by a customer). Contracts are usually separated into distinct milestones which indicate completion, delivery and acceptance of a defined project phase. Upon completion of a milestone the Group is entitled to issue an invoice and to a payment.  Revenue is recognized over time or at point in time based on contract conditions assessed in line with IFRS 15 criteria.

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

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

**Interest and dividends**
Interest income is recognised using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

## 2.15 Operating profit

Operating profit is defined as a result before income taxes and financial income and expenses. For financial income and expenses refer to Notes 8 and 9 respectively.

## 2.16 Foreign currency translation

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

## 2.17 Taxes

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

**Current income tax**
Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted as of the statement of financial position date. For the year 2024 statutory current income tax rate is 21% (24% for periods starting from 1 January 2025).

Current income tax includes additional levy imposed by the Slovak government on regulated industries effective from 1 September 2012. In 2024, the levy of 4.356% per annum (31.05.2024: 4.356% per annum, for periods starting 1 January 2025:18.912% per annum) is applied on the basis calculated as the profit before tax determined in accordance with the Slovak Accounting Standards multiplied by ratio of regulated revenues (according to Act on Electronic Communications Nr. 351/2011) on total revenues.

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

**Deferred tax**
Deferred tax is calculated at the statement of financial position date using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts, multiplied by income tax rate valid for future periods.

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

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

Deferred tax assets and deferred tax liabilities is offsets if, and only if, those relate to income taxes levied by the same taxation authority on the same taxable entity.

## 2.18 Significant accounting judgements, estimates and assumptions

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

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

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

The Group reviewed useful lives of non-current assets during 6–12/2024 and changed accounting estimates where appropriate. The table summarizes net increase or (decrease) in depreciation or amortisation charge for total non-current assets for the following periods:

| thousands of EUR | 6–12/2024 | 2025 | 2026 | 2027 | 2028 and after |
|---|---|---|---|---|---|
| Non-current assets | (988) | (823) | (1,011) | (1,035) | 3,857 |

**Customer relationships**
The Group maintains record of customer relationships obtained during the acquisition of control of DIGI (Note 11) and regularly evaluates appropriateness of useful lives used to amortise these intangible assets on the basis of churn of customers acquired through the business combinations. No changes to useful lives were necessary in 6–12/2024 and 1–5/2024.

**Assessment of impairment of goodwill**
The 2010 legal merger with T-Mobile led to recognition of goodwill. Goodwill is tested annually for impairment as further described in Note 2.5 using estimates detailed in Note 14.

**Joint operation**
The Group has entered into a networksharing agreement („NSA") with CETIN Networks, s.r.o („CETIN"). The subject of the agreement is the provision of active and passive network services between the parties which is based on the geographic split of the Slovak Republic's territory. The main aim of the agreement is increased quality of the services for end customers and the overall costs reduction for network operation.

The Group has assessed rights and obligations arising from the networksharing agreement and determined that the agreement is in the scope of IFRS 11 Joint operations. The contract with CETIN is not concluded through special purpose vehicles and does not provide rights to net assets of the joint arrangement as such the joint arrangement is classified as joint operations. The Group has full control over the active infrastructure used in the joint operations and accounts for those assets as own assets.  With regards to the passive infrastructure, despite the fact those assets are legally owned by the individual joint operators, the Group accounts for the passive infrastructure subject to NSA as shared assets (it means 50 % of each of the passive infrastructure asset subject to NSA).

The Group contributes at carrying amount, specifically the Group derecognises 50 % of the net book value of the asset with the impact to income statement. CETIN's contributions to the joint operation are initially measured at fair value, specifically the Group recognizes 50 % of the fair value of the asset contributed by CETIN with impact to income statement.

The Group's contributions represent outflow of economic resources in the form of disposed assets, whereas the counter-party's contributions represent inflow of economic resources from the standpoint of the Group's financial statements and are recognized through other operating income.  The net impact of the formation of the joint operations from 1 June till 31 December 2024 is EUR 4,137 thousand (from 1 January till 31 May 2024: EUR 1,381 thousand).

CETIN and the Group incur income and expenses related to the operation of the network in the geographic territory they are responsible for and subsequently perform mutual recharges. Income and expenses incurred based on the contract are of the same nature. Those transactions are considered to be the transactions of the joint operation rather than transactions between the joint operators.  As such, those are presented in net values. In certain cases, residual balances are presented as other operating income and other operating expenses.

As the result of the NSA, approximately 238 sites (rooftops and ground-based towers) will be either sold or dismantled. The Group has reassessed the lease term of the related lease contracts and determined the fixed end date of the leases based on the estimated time of the sale or dismantle.

Furthermore, the current lease term of the evergreen contracts with 3rd parties, which are in the scope of NSA, were reassessed and prolonged effectively from the date of their contribution to NSA in order to cover at least the average useful live of the active equipment (rooftops) and to cover at least the term of NSA (ground-based towers). The financial effect of the reassessment is the increase in right-of-use assets (Note 13) and corresponding lease liabilities (Note 25) in the total amount of EUR 6,473 thousand.

**Consolidation of Slovak Telekom Infra, a.s.**
According to IFRS 10 (International Financial Reporting Standards), the decisive factor for a decision of deconsolidation is the loss of control. According to IFRS 10.6 and 10.7, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. According to IFRS 10.11, power arises from rights. In most cases, assessing power can be straightforward when the control over an investee is directly and solely derived from the voting rights. In complex situations involving contractual arrangements, it is required to refer to IFRS 10.B3 for the assisting guidance on the assessment of the control.

The Group has assessed, based on IFRS 10.B3 assisting guidance, the demerger by spin-off by merger and concluded that according to IFRS 10 (Consolidated financial statements) the demerger by spin-off by merger does not lead to the loss of control by Demerged Company over Successor Company. This conclusion is based on the analysis of the complex contractual arrangements between the companies, which mainly include the master lease agreement ("MLA") and long-term service agreement ("LSA"). The power to affect the key variable returns (revenue, net profit and cash flow) is most significantly directed by the existing contractual provisions in MLA and LSA related, among others, to the rollout of new sites, pricing flexibility and the ability to carry out the deployment of new sites on the revenue side as well as the management of ground leases, maintenance and decommissioning of sites on the cost side. These are considered as relevant activities and are directed to the significant extent by Slovak Telekom a.s.

As such, Slovak Telekom, a.s. controls Slovak Telekom Infra, a.s. through these strong contractual arrangements, despite having no investment share and voting rights after the demerger.

The aforementioned conclusion is considered the significant judgement, and it may change in the future if the underlying facts and circumstances (mainly the contractual provisions in MLA and LSA) change in a way, that would lead to loss of control over Slovak Telekom Infra, a.s.

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

**Asset retirement obligation**
The Group enters into lease contracts for land and premises on which mobile communication network masts and other assets are sited. The Group is committed by these contracts to dismantle the masts and restore the land and premises to their original condition. Management anticipates the probable settlement date of the obligation to equal useful life of assets, which is estimated to be from 5 to 33 years. The remaining useful life of assets ranges from 1 to 33 years at 31 December 2024.

Management's determination of the amount of the asset retirement obligation (Note 23) involves the following estimates (in addition to the estimated timing of crystallisation of the obligation):

a) an appropriate risk-adjusted, pre-tax discount rate commensurate with the Group's credit standing;
b) the amounts necessary to settle future obligations;
c) inflation rate.

If probable settlement date of the obligation related to masts was shortened by 10 years it would cause an increase of asset retirement obligation by EUR 1,527 thousand (31.05.2024: increase by EUR 1,643 thousand). If the inflation rate increased by 0.5%, it would cause an increase of asset retirement obligation by EUR 1,230 thousand (31.05.2024: increase by EUR 1,202 thousand). If the risk-adjusted, pre-tax discount rate increased by 0.5%, it would cause a decrease of asset retirement obligation by EUR 1,130 thousand (31.05.2024: decrease by EUR 1,105 thousand). If the amounts necessary to settle future obligations increased by 10%, it would cause an increase of asset retirement obligation by EUR 2,625 thousand (31.05.2024: increase by EUR 2,512 thousand).

**Provisions and contingent liabilities**
The Group is a participant in several lawsuits and regulatory proceedings. When considering the recognition of a provision, management judges the probability of future outflows of economic resources and its ability to reliably estimate such future outflows. If these recognition criteria are met a provision is recorded in the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Such judgments and estimates are continually reassessed taking into consideration the developments of the legal cases and proceedings and opinion of lawyers and other subject matter experts involved in resolution of the cases and proceedings. The factors considered for individual cases are described in Notes 23 and 31.

**Critical judgements in determining lease term**
The lease term assessment for evergreen leases (i.e. with no specified contract maturity) is performed on a portfolio basis. The lease term determination is usually linked to the estimated useful life of telecommunication equipment installed on infrastructure, building or land of third parties.

In case of evergreen lease contracts for office space, shops and technical space, lease term has been assessed in different manner, considering all circumstances and facts that create an economic (dis)incentive to terminate the contracts, e. g. location of the asset, existence of significant leasehold improvements that would be lost if the lease were terminated, costs associated with sourcing an alternative place and historical lease durations. Based on that, the Group has come to conclusion that expected lease term is 20 years for office space and shops and 33 years for technical space.

If the expected lease term of office space and shops was shortened by 10 years (from 20 years to 10 years) it would cause a decrease in the lease liability by EUR 4,668 thousand (31.05.2024: EUR 6,376 thousand). If the expected lease term was prolonged by 10 years (from 20 years to 30 years) it would cause an increase in the lease liability by EUR 5,988 thousand (31.05.2024: EUR 9,024 thousand).

If the expected lease term of technical space was shortened by 10 years (from 33 years to 23 years) it would cause a decrease in the lease liability by EUR 6,850 thousand (31.05.2024: EUR 7,262 thousand). If the expected lease term was prolonged by 10 years (from 33 years to 43 years) it would cause an increase in the lease liability by EUR 6,730 thousand (31.05.2024: EUR 8,869 thousand). Assumed calculation is prepared on the basis of the subsequent extension of initial lease term after it's expiry by 10 years.

## 2.19 Adoption of IFRS during the year

**Standards, interpretations and amendments to published standards effective for the Group's accounting period beginning on 1 June 2024**

In period 6–12/2024 the Company did not apply any new standards and amendments for the first time.

**New standards and interpretations not yet adopted**
The impact on the Group's financial statements of new standards, amendments to the standards and interpretations endorsed by EU which are not yet effective and have not been early adopted is being analysed as of the date of the issuance of these financial statements and the final impact is unknown yet.

# 3. Financial risk management

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

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

The Group also concluded derivate swap contract which is a virtual power purchase agreement to manage cash flow variability. The Group is exposed to variability in the price of power due to the electricity consumption in the mobile network and related administrative building. Risk management strategy is focused on limiting the impacts of commodity price risks to acceptable levels defined in Risk management strategy. The hedging strategy and the extent of hedge coverage are aligned with the DT Strategy Team and have been approved by local management. Hedge accounting practices are conducted in accordance with these established principles. In accordance with the Risk management strategy, the risk management objective is that Group entered into a derivative commodity contract where they pay fixed leg and receive the float leg based on price development on underlying assets represented by hourly national spot price published by short-term electricity market operator OKTE.

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

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

## 3.1 Market risk

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

### 3.1.1 Foreign currency risk

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

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

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

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

The Group's foreign currency risk relates mainly to the changes in USD and CZK foreign exchange rates, with immaterial risk related to financial assets and financial liabilities denominated in other foreign currencies.

The carrying amounts of the Group's USD and CZK denominated monetary assets and monetary liabilities at the reporting date are as follows:

| thousands of EUR | 31.12.2024 | 31.05.2024 | 31.12.2024 | 31.05.2024 |
|---|---|---|---|---|
| | USD | USD | CZK | CZK |
| Monetary assets | 247 | 534 | 549 | 686 |
| Monetary liabilities | (1,589) | (975) | (5,033) | (2,409) |
| | (1,342) | (440) | (4,484) | (1,723) |

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

| thousands of EUR | | 31.12.2024 | 31.05.2024 |
|---|---|---|---|
| Profit after tax | Depreciation of USD by 10% | 102 | 32 |
| | Appreciation of USD by 10% | (102) | (32) |

| thousands of EUR | | 31.12.2024 | 31.05.2024 |
|---|---|---|---|
| Profit after tax | Depreciation of CZK by 10% | 14 | 6 |
| | Appreciation of CZK by 10% | (14) | (6) |

### 3.1.2 Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group entered into a Master agreement on Upstream loans with DTAG in October 2008 based on which the Group can provide loans to DTAG. Currently, there is outstanding loan in amount of EUR 91,900 thousand (31.05.2024: EUR 10,000 thousand) at fixed interest rate (Note 20). The Group has no material financial instruments with variable interest rates as at 31 December 2024.

### 3.1.3 Other price risk

Other price risk arises on financial instruments because of changes in commodity prices. The Group entered into derivative swap to mitigate volatility exposure for energy prices.

The following table details the sensitivity of other components of equity to a 10% increase/decrease in the reference prices and 5% increase/decrease in electricity volumes with all other variables held as constant. The 10% and 5% change represents management's assessment of the reasonably possible change in the variables.

| thousands of EUR | | 31.12.2024 | 31.05.2024 |
|---|---|---|---|
| Impact on other components of equity | Decrease in reference prices 10% | (4,224) | (4,279) |
| | Increase in reference prices 10% | 4,224 | 4,279 |

| thousands of EUR | | 31.12.2024 | 31.05.2024 |
|---|---|---|---|
| Impact on other components of equity | Decrease in electricity volume 5% | (23) | (23) |
| | Increase in electricity volume 5% | 4 | 4 |

### 3.2 Credit risk

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

The Group is exposed to credit risk from its operating activities and certain investing activities. The Group's credit risk policy defines products, maturities of products and limits for financial counterparties. The Group limits credit exposure to individual financial institutions on the basis of the credit ratings assigned to these institutions by reputable rating agencies and these limits are reviewed on a regular basis. The Group deposits free cash into financial instruments such as financial investments in the form of loans to DTAG. The Group is exposed to concentration of credit risk from holding loan receivable in the amount of EUR 91,900 thousand (31.05.2024: EUR 10,000 thousand) provided to DTAG (Germany) and trade receivables from DTAG and other entities in DT Group in amount of EUR 40,394 thousand (31.05.2024: EUR 30,659 thousand). The concentration of credit risk for trade receivables other than from entities in DT Group is limited due to the fact that the customer base is large and unrelated.

The Group's cash and cash equivalents are held with major regulated financial institutions; the two largest ones hold approximately 76% and 23% (31.05.2024: 81% and 12%).

For credit ratings see the following tables:

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Loans (Note 20) | | |
| Baa1 | 91,900 | 10,000 |
| | 91,900 | 10,000 |

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Cash and cash equivalents (Note 21) | | |
| A2 | 32,100 | 43,527 |
| A3 | 9,482 | - |
| Aa3 | 258 | 2,458 |
| Not rated | 266 | 105 |
| | 42,106 | 46,090 |

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

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

Impairment is recognized both upon initial recognition and at each subsequent reporting date at an amount equal to the lifetime expected credit losses. Objective evidence of impairment for a portfolio of receivables includes the Group's past experience of collecting payments, changes in the internal and external ratings of customers, current conditions and the Group's view of economic conditions over the expected lives of receivables.

In respect of financial assets, which comprise cash and cash equivalents, intra-group loans, trade and other receivables and cash pooling, the Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. The Group considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before contractual payments are 90 days past due. For example, in case of an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group assesses its financial investments at each reporting date for credit losses. Significant financial assets are assessed individually. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Credit loss in respect of a financial asset is calculated as the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive discounted at the original effective interest rate. Credit losses are recognised in the income statement.

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

| | | Past due | | | | | |
|---|---|---|---|---|---|---|---|
| thousands of EUR | Not past due | < 30 days | 31–90 days | 91–180 days | 181–365 days | > 365 days | Total |
| At 31 December 2024 | | | | | | | |
| Trade and other receivables, gross | 207,022 | 7,513 | 4,048 | 3,992 | 6,498 | 20,501 | 249,574 |
| Trade and other receivables, net | 193,303 | 6,513 | 2,260 | 1,487 | 1,680 | 2,638 | 207,881 |
| Allowance for receivables | (13,719) | (1,000) | (1,788) | (2,505) | (4,818) | (17,863) | (41,693) |

| | | Past due | | | | | |
|---|---|---|---|---|---|---|---|
| thousands of EUR | Not past due | < 30 days | 31–90 days | 91–180 days | 181–365 days | > 365 days | Total |
| At 31 May 2024 | | | | | | | |
| Trade and other receivables, gross | 180,477 | 7,438 | 6,339 | 5,200 | 6,973 | 15,784 | 222,211 |
| Trade and other receivables, net | 169,664 | 6,533 | 3,774 | 2,016 | 1,855 | 1,907 | 185,779 |
| Allowance for receivables | (10,813) | (905) | (2,565) | (3,184) | (5,088) | (13,877) | (36,432) |

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

| | | Past due | | | | | |
|---|---|---|---|---|---|---|---|
| | Not past due | < 30 days | 31–90 days | 91–180 days | 181–365 days | > 365 days | > 3600 days |
| At 31 December 2024 | 2 % | 13 % | 40 % | 63 % | 74 % | 92 % | 100 % |
| At 31 May 2024 | 2 % | 13 % | 40 % | 63 % | 74 % | 92 % | 100 % |

No significant individually assessed trade receivables were included in the loss allowance in 6–12/2024 or 1–5/2024.

Management believes that no additional loss allowance is necessary for trade receivables for which there is a significant increase in credit risk since initial recognition because of the fact that these receivables are from creditworthy customers who have a good track record with the Group. This is also supported by the historical default rates. Management also believes that currently no additional loss allowance is necessary for trade receivables that are either not past due or for which no objective evidence of impairment exists. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 15, 20 and 21. For sensitivity of impairment charge of uncollectible receivables refer to Note 15.

### 3.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risks are monitored using several techniques, such as Maturity Gap Analysis (which compares cash inflows and outflows over various time periods), Cash Flow Forecasting, and examining the Cash Conversion Cycle to evaluate liquidity requirements and challenges. Short-term highly liquid assets of the Group (such as cash and cash equivalents, cash pooling receivable and intercompany short-term loans) exceed total balance of Group´s payables without Trade and other receivables and other current assets taken into account, therefore liquidity risk of the Group is considered to be low:

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Cash and cash equivalents | 42,106 | 46,090 |
| Cash pooling receivable (included in Trade and other receivables) | 22,702 | 15,729 |
| Loans | 91,900 | 10,000 |
| | 156,708 | 71,819 |

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

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

| thousands of EUR | On demand | Less than 3 months | 3 to 12 months | Over 1 year | Total |
|---|---|---|---|---|---|
| At 31 December 2024 | | | | | |
| Trade and other payables | 7,951 | 104,690 | 20,557 | 13,073 | 146,271 |
| | | | | | |
| At 31 May 2024 | | | | | |
| Trade and other payables | 3,586 | 87,330 | 10,644 | 20,550 | 122,110 |

For maturity of lease liabilities refer to Note 25.

Trade and other payables, which are past due as at 31 December 2024, are in amount of EUR 6,278 thousand (out of which EUR 4,793 thousand are Trade and other payables past due not more than 30 days). Trade and other payables, which were past due as at 31 May 2024, were in amount of EUR 1,909 thousand (out of which EUR 1,830 thousand were Trade and other payables past due not more than 30 days.)

#### 3.3.1 Offsetting financial assets and liabilities

The following financial assets and liabilities are subject to offsetting:

| thousands of EUR | Gross amounts | Offsetting | Net amounts |
|---|---|---|---|
| At 31 December 2024 | | | |
| Current financial assets – Trade receivables | 1,479 | (839) | 640 |
| Current financial liabilities – Trade payables | 2,236 | (839) | 1,397 |
| | | | |
| At 31 May 2024 | | | |
| Current financial assets – Trade receivables | 3,693 | (2,609) | 1,084 |
| Current financial liabilities – Trade payables | 3,460 | (2,609) | 851 |

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

### 3.4 Capital management

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

The Company's management proposes to the owner of the Company (through the Board of Directors) to approve dividend payments or adopt other changes in the Company's equity capital in order to optimize the capital structure of the Group. This can be achieved primarily by adjusting the amount of dividends paid to the shareholder, or alternatively, by returning capital to the shareholder by capital reductions, issue new shares or sell assets to reduce debt. The Group also takes into consideration any applicable guidelines of the ultimate parent company. No changes were made to the objectives, policies or processes in 6–12/2024.

The capital structure of the Group consists of equity attributable to shareholder, comprising issued capital, statutory reserve fund, retained earnings and other components of equity (Note 22). Management of the Group manages capital measured in terms of shareholder's equity amounting to EUR 1,250,646 thousand at 31 December 2024 (31 May 2024: EUR 1,176,901 thousand).

### 3.5 Fair values

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

#### 3.5.1 Recurring fair value measurement

Recurring fair value measurements are those that the accounting standards require or permit in the consolidated statement of financial position at the end of each reporting year.

| thousands of EUR | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Recurring fair value measurements at 31 December 2024 | | | |
| Financial assets at FVTPL | | | |
| Hedging derivatives – cash flow hedge | - | - | 8,802 |

Development of the carrying amounts of the financial assets and financial liabilities assigned to Level 3

| thousands of EUR | Derivative financial assets in cash flow hedges: energy forward agreements | Derivative financial liabilities in cash flow hedges: energy forward agreements |
|---|---|---|
| | | |
| Carrying amount as of June 1, 2024 | 9,358 | - |
| Additions (including first-time classification as Level 3) | - | - |
| Decreases in fair value recognized in profit/loss (including losses on disposal) | - | - |
| Increases in fair value recognized in profit/loss (including gains on disposal) | - | - |
| Decreases in fair value recognized directly in equity | (556) | - |
| Increases in fair value recognized directly in equity | - | - |
| Disposals (including last classification as Level 3) | - | - |
| Currency translation effects recognized directly in equity | - | - |
| **Carrying amount as of December 31, 2024** | 8,802 | - |

The amounts are included in line "Derivative financial instruments" of the statement of financial position and in line "Fair value gain arising on hedging instruments "in the statement of comprehensive income.

### 3.5.2 Non-recurring fair value measurement

Non-recurring fair value measurements are fair value measurements that are required or permitted by other IFRSs to be measured in the statement of financial position in particular circumstances.

| thousands of EUR | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Non-recurring fair value measurements at 31 December 2024 | | | |
| Non-financial assets at fair value | | | |
| Property, plant and equipment | - | - | 7,632 |
| Right-of-use assets | - | - | 5,583 |

The Group accounts for counter-parties' contribution into joint operations at fair value in accordance with IFRS 11. Furthermore, non-financial assets were valued by external valuation service provider using cost approach including own data or other best available information in the circumstances in line with IFRS 13 requirements.

### 3.5.3 Financial assets and financial liabilities not measured at fair value

The fair value of other financial assets and financial liabilities approximate their carrying amounts at the statement of financial position date. The loans are short-term. For further details on loans refer to Notes 3.2 and 20. Non-current receivables and non-current payables are discounted unless the effect of discounting was inconsiderable.

### 3.6 Presentation of financial instruments by measurement category

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| ASSETS | | |
| Financial assets at amortised cost | | |
| Trade and other receivables (Note 15) | 207,881 | 185,779 |
| Derivative financial instruments (Note 16) | 8,802 | 9,358 |
| Loans (Note 20) | 91,900 | 10,000 |
| Cash and cash equivalents (Note 21) | 42,106 | 46,090 |
| | | |
| LIABILITIES | | |
| Financial liabilities at amortised cost | | |
| Trade and other payables (Note 24) – other than those at fair value through profit or loss | 146,271 | 122,110 |
| Lease liabilities (Note 25) | 103,149 | 101,201 |

## 4. Revenue from contracts with customers

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| | | |
| Fixed network revenue | 200,983 | 141,962 |
| Mobile network revenue | 201,288 | 140,315 |
| Terminal equipment | 84,623 | 46,823 |
| System solutions / IT | 26,820 | 17,237 |
| Other | 5,470 | 2,569 |
| | 519,184 | 348,906 |

For assets and liabilities related to contracts with customers or cost to obtain a contract with customer refer to Note 17.

## 5. Other operating income

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Gain on disposal of property and equipment and intangible assets, net | 6,261 | 697 |
| Gain from material sold | 361 | 143 |
| Reversal of impairment of property and equipment (Note 11, 12, 13) | 786 | 267 |
| Income from reinvoicing of services | 5,110 | 2,282 |
| Other | 5,736 | 2,154 |
| | 18,254 | 5,543 |

The significant increase in Other category is described in Note 2.18 Significant accounting judgements, estimates and assumptions.

## 6. Staff costs

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Wages and salaries | 64,546 | 34,521 |
| Defined contribution pension costs | 7,994 | 6,041 |
| Other social security contributions | 10,395 | 8,235 |
| | 82,935 | 48,797 |

| | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Number of employees at year end | 2,481 | 2,493 |
| Average number of employees during the year | 2,493 | 2,503 |

Majority of own work capitalized in amount of EUR 5,809 thousand (1–5/2024: EUR 4,400 thousand) represents capitalization of staff costs of internal employees.

For expenses resulting from termination, retirement and jubilee benefits (included in Staff costs) refer to Note 23.

## 7. Other operating costs

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Repairs and maintenance | 10,164 | 6,041 |
| Marketing costs | 13,160 | 4,433 |
| Energy | 11,807 | 7,683 |
| Printing and postage | 1,945 | 1,421 |
| Logistics | 2,154 | 1,179 |
| Rentals and leases (not in scope of IFRS 16) | 1,018 | 924 |
| IT services | 7,737 | 3,661 |
| Dealer commissions | 14,764 | 8,712 |
| Recurring frequency and other fees to Regulatory Authority | 1,818 | 1,287 |
| Content fees | 19,173 | 11,518 |
| Legal and regulatory claims (Note 31) | (822) | (186) |
| Property related costs | 1,688 | 984 |
| Consultancy | 2,565 | 1,025 |
| Services related to delivery of solutions for customers | 15,432 | 9,662 |
| Fees paid to group companies | 4,685 | 3,324 |
| Other | 8,817 | 4,711 |
| | 116,105 | 66,379 |

## 8. Financial income

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Interest income | 2,310 | 2,214 |
| Foreign exchange gains, net | 28 | 114 |
| | 2,338 | 2,328 |

## 9. Financial expense

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Interest expense from lease | 2,211 | 1,472 |
| Other interest expense | 1,542 | 586 |
| | 3,753 | 2,058 |

## 10. Taxation

The major components of income tax expense for the period from 1 June to 31 December 2024 and for the period from 1 January to 31 May 2024 are:

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Current tax expense | 26,269 | 26,388 |
| Current tax expense of prior periods | - | 174 |
| Deferred tax income | 21,082 | (3,030) |
| Levy on regulated industries | 1,961 | 2,984 |
| Levy on regulated industries of prior years | (2,155) | - |
| Income tax expense reported in the income statement | 47,157 | 26,516 |

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

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Profit before income tax | 123,059 | 109,229 |
| | | |
| Income tax calculated at the statutory rate of 21% (1–5/2024: 21%) | 25,842 | 22,938 |
| Effect of non-taxable income and tax non-deductible expenses: | | |
| Cost related to legal and regulatory claims | - | (329) |
| Other tax non-deductible items, net | 665 | 749 |
| Tax charge in respect of prior years | - | 174 |
| Levy on regulated industries | (194) | 2,984 |
| Adjustment of the deferred tax not affecting P/L | 5,078 | - |
| Change in the tax rate - income tax/ special levy rate | 15,766 | - |
| Income tax at the effective tax rate of 38% (1–5/2024: 24%) | 47,157 | 26,516 |

In period 6–12/2024, the effective tax rate has increased to 38% compared to 24% in period 1–5/2024. This increase is primarily due to the change in the income tax rate (increase in the income tax rate from 21% to 24% as of January 1, 2025) and the change in the rate of the special levy in regulated industries (increase in the monthly rate from 0.00363 to 0.01576 as of January 1, 2025). The total impact is an increase in the deferred tax liability of EUR 15,766 thousand.

Deferred tax assets (liabilities) for the years ended 31 December 2024 and 31 May 2024 are attributable to the following items:

| thousands of EUR | 1 June 2024 | Through income statement | Through statement of comprehensive income | 31 December 2024 |
|---|---|---|---|---|
| Difference between carrying and tax value of fixed assets | (78,194) | (11,184) | - | (89,378) |
| Lease liabilities | 20,998 | (543) | - | 20,455 |
| Staff cost accruals | 1,883 | 2,953 | - | 4,836 |
| Allowance for bad debts | 5,794 | 1,740 | - | 7,534 |
| Termination benefits | 963 | 521 | - | 1,484 |
| Retirement benefit obligation | 1,969 | 314 | 475 | 2,758 |
| Asset retirement obligation | 3,453 | 771 | - | 4,224 |
| Derivative financial instruments | (1,965) | - | (147) | (2,112) |
| Contract assets | (6,288) | (1,505) | - | (7,793) |
| Contract costs | (7,337) | (1,741) | - | (9,078) |
| Contract liability | 1,559 | 159 | - | 1,718 |
| Special levy | (380) | (8,772) | - | (9,152) |
| Other | 7,857 | (3,796) | - | 4,061 |
| Net deferred tax liability | (49,688) | (21,083) | 328 | (70,443) |

| thousands of EUR | 1 January 2024 | Through income statement | Through statement of comprehensive income | 31 May 2024 |
|---|---|---|---|---|
| Difference between carrying and tax value of fixed assets | (84,055) | 5,861 | - | (78,194) |
| Lease liabilities | 19,188 | 1,810 | - | 20,998 |
| Staff cost accruals | 3,540 | (1,657) | - | 1,883 |
| Allowance for bad debts | 5,635 | 159 | - | 5,794 |
| Termination benefits | 1,170 | (207) | - | 963 |
| Retirement benefit obligation | 2,159 | 77 | (267) | 1,969 |
| Asset retirement obligation | 5,227 | (1,774) | - | 3,453 |
| Derivative financial instruments | - | - | (1,965) | (1,965) |
| Contract assets | (6,572) | 284 | - | (6,288) |
| Contract costs | (6,777) | (560) | - | (7,337) |
| Contract liability | 1,473 | 86 | - | 1,559 |
| Special levy | - | (380) | - | (380) |
| Other | 8,526 | (669) | - | 7,857 |
| Net deferred tax liability | (50,486) | 3,030 | (2,232) | (49,688) |

Deferred tax asset of EUR 3,517 thousand (31.05.2024: EUR 2,207 thousand) is recognised in respect of subsidiary DIGI and Slovak Telekom Infra and deferred tax liability of EUR 73,960 thousand (31.05.2024: EUR 51,895 thousand) in respect of Slovak Telekom. The Group offsets deferred tax assets and deferred tax liabilities if, and only if, those relate to income taxes levied by the same taxation authority on the same taxable entity.

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Deferred tax asset to be settled within 12 months | 2,955 | 2,212 |
| Deferred tax asset to be settled after more than 12 months | 958 | - |
| Deferred tax liability to be settled after more than 12 months | (396) | (5) |
| Net deferred tax asset | 3,517 | 2,207 |

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Deferred tax asset to be settled within 12 months | 26,322 | 20,180 |
| Deferred tax asset to be settled after more than 12 months | 25,444 | 29,513 |
| Deferred tax liability to be settled within 12 months | (18,042) | (6,965) |
| Deferred tax liability to be settled after more than 12 months | (107,684) | (94,623) |
| Net deferred tax liability | (73,960) | (51,895) |

The Slovak Republic has implemented legislation to ensure global minimum taxation in accordance with Pillar II of the OECD and the corresponding EU Directive. The Slovak legislation was adopted in December 2023 and the legislation is applicable from 2024.

The potential tax burden has been estimated based on the information available at the balance sheet date (historical information, planning data, Group reporting as of 31 December 2023 and 31 December 2024, etc.). Based on this assessment, the Group expects that it will not be subject to minimum taxation in 2024, either by demonstrating that it meets the temporary safe harbor criteria (i.e. based on the qualified report the simplified effective tax rate for a jurisdiction is at least 15% for 2024) or by demonstrating minimum taxation based on detailed calculations according to the GLoBE rules. Therefore, no minimum tax is due as of the balance sheet date.

In addition, the Group uses the exemption in IAS 12.4A, according to which no deferred taxes are recognized in connection with the global minimum taxation.

## 11. Intangible assets

| thousands of EUR | Software | Telecommu-nication licences | Other licences and rights | Internally developed intangible assets | Goodwill | Customer relation-ships | Intangibles under con-struction | Total |
|---|---|---|---|---|---|---|---|---|
| At 1 June 2024 | | | | | | | | |
| Cost | 493,165 | 184,766 | 37,776 | 50,636 | 101,934 | 29,298 | 39,241 | 936,816 |
| Accumulated amortisation | (394,194) | (128,293) | (23,894) | (37,438) | - | (20,997) | - | (604,816) |
| Net book value | 98,971 | 56,473 | 13,882 | 13,198 | 101,934 | 8,301 | 39,241 | 332,000 |
| Additions | 11,726 | - | 8,346 | 90 | - | - | 15,704 | 35,866 |
| Amortisation charge | (16,085) | (5,902) | (13,128) | (1,240) | - | (1,139) | - | (37,494) |
| Transfers | 6,177 | - | (325) | 255 | - | - | (6,107) | - |
| At 31 December 2024 | | | | | | | | |
| Cost | 502,479 | 184,766 | 40,117 | 50,981 | 101,934 | 29,298 | 48,838 | 958,413 |
| Accumulated amortisation | (401,693) | (134,195) | (31,342) | (38,678) | - | (22,136) | - | (628,044) |
| Net book value | 100,786 | 50,571 | 8,775 | 12,303 | 101,934 | 7,162 | 48,838 | 330,369 |

Customer relationships were recognised at acquisition of subsidiary DIGI with total net book value at 31 December 2024 of EUR 7,162 thousand (31.05.2024: EUR 8,301 thousand). Intangibles under construction are represented by low valued items of software or licenses acquired in current year, but not yet put in use.

For cost and impairment of goodwill refer to Note 14.

| thousands of EUR | Software | Telecommu-nication licences | Other licences and rights | Internally developed intangible assets | Goodwill | Customer relation-ships | Intangibles under con-struction | Total |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2024 | | | | | | | | |
| Cost | 480,200 | 184,766 | 35,395 | 49,628 | 101,934 | 29,298 | 49,941 | 931,162 |
| Accumulated amortisation | (389,846) | (124,078) | (27,868) | (36,577) | - | (20,183) | - | (598,552) |
| Net book value | 90,354 | 60,688 | 7,527 | 13,051 | 101,934 | 9,115 | 49,941 | 332,610 |
| Additions | 6,734 | - | 12,960 | 23 | - | - | 4,389 | 24,106 |
| Amortisation charge | (10,503) | (4,215) | (8,323) | (861) | - | (814) | - | (24,716) |
| Disposals | (1) | - | 1 | - | - | - | - | - |
| Transfers | 12,387 | - | 1,717 | 985 | - | - | (15,089) | - |
| At 31 May 2024 | | | | | | | | |
| Cost | 493,165 | 184,766 | 37,776 | 50,636 | 101,934 | 29,298 | 39,241 | 936,816 |
| Accumulated amortisation | (394,194) | (128,293) | (23,894) | (37,438) | - | (20,997) | - | (604,816) |
| Net book value | 98,971 | 56,473 | 13,882 | 13,198 | 101,934 | 8,301 | 39,241 | 332,000 |

## 12. Property and equipment

| thousands of EUR | Land, buildings and structures | Telecommu-nications line network | Telecommu-nications equipment | Other | Capital work in progress including advances | Total |
|---|---|---|---|---|---|---|
| At 1 June 2024 | | | | | | |
| Cost | 138,206 | 1,300,775 | 674,881 | 200,060 | 156,873 | 2,470,795 |
| Accumulated depreciation | (88,247) | (855,378) | (546,705) | (158,052) | - | (1,648,382) |
| Net book value | 49,959 | 445,397 | 128,176 | 42,008 | 156,873 | 822,413 |
| Additions | 193 | 12,228 | 31,217 | 12,197 | 29,575 | 85,410 |
| Depreciation charge | (1,608) | (25,918) | (22,472) | (6,268) | - | (56,266) |
| Reversal of impairment | 501 | - | - | - | - | 501 |
| Disposals | (493) | (267) | (337) | (2,551) | (218) | (3,866) |
| Transfers | 531 | 9,011 | 8,059 | 662 | (18,263) | - |
| At 31 December 2024 | | | | | | |
| Cost | 136,249 | 1,321,694 | 687,067 | 199,641 | 167,967 | 2,512,618 |
| Accumulated depreciation | (87,166) | (881,243) | (542,424) | (153,593) | - | (1,664,426) |
| Net book value | 49,083 | 440,451 | 144,643 | 46,048 | 167,967 | 848,192 |

Property and equipment, excluding motor vehicles, is locally insured to a limit of EUR 25,000 thousand (31.05.2024: EUR 25,000 thousand). Any loss exceeding local limit is insured by DTAG Global Insurance Program up to EUR 725,000 thousand (31.05.2024: EUR 725,000 thousand). The Group has the third-party liability insurance for all motor vehicles.

| thousands of EUR | Land, buildings and structures | Telecommu-nications line network | Telecommu-nications equipment | Other | Capital work in progress including advances | Total |
|---|---|---|---|---|---|---|
| At 1 January 2024 | | | | | | |
| Cost | 137,394 | 1,285,245 | 670,445 | 200,062 | 154,942 | 2,448,088 |
| Accumulated depreciation | (87,686) | (836,962) | (544,203) | (157,764) | - | (1,626,615) |
| Net book value | 49,708 | 448,283 | 126,242 | 42,298 | 154,942 | 821,473 |
| Additions | 1 | 7,117 | 8,219 | 3,227 | 24,078 | 42,642 |
| Depreciation charge | (1,203) | (18,655) | (16,005) | (4,561) | - | (40,424) |
| Impairment charge | - | - | - | (57) | - | (57) |
| Reversal of impairment | 267 | - | - | - | - | 267 |
| Disposals | (10) | (82) | (119) | (966) | (311) | (1,488) |
| Transfers | 1,196 | 8,734 | 9,839 | 2,067 | (21,836) | - |
| At 31 May 2024 | | | | | | |
| Cost | 138,206 | 1,300,775 | 674,881 | 200,060 | 156,873 | 2,470,795 |
| Accumulated depreciation | (88,247) | (855,378) | (546,705) | (158,052) | - | (1,648,382) |
| Net book value | 49,959 | 445,397 | 128,176 | 42,008 | 156,873 | 822,413 |

## 13. Right of use assets

The Group has lease contracts for various items:

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

b) exclusive easements - an easement is a legal right to use, access, or cross another's property (such as land or common area in a building) for a specific limited purpose. Easements are granted mainly for the reasons to pass a cable over, under, or through an existing area of land. They are usually parts of buildings acquired within sale and leaseback transactions, when the Group sells a building but has an easement right to use part of that building to access technological equipment. The easement right and selling price are interdependent because they are negotiated as part of the same package. There is no rent charged for the easement right to use the asset as it is already incorporated in the lower selling price, therefore the Group estimates market price of lease payments for this type of lease,

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

d) operations buildings (less frequently in residential buildings) to place and operate technical equipment, e.g. servers, network equipment, etc. and also few operations buildings on third-party land,

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

f) vehicles – passenger cars used by the Group's employees.

Set out below, are the carrying amounts of the Group's right-of-use assets as at 31 December 2024 and at 31 May 2024.

| thousands of EUR | Leased land | Leased buildings | Leased technical equipment and machinery | Total |
|---|---|---|---|---|
| At 1 June 2024 | | | | |
| Cost | 46,053 | 112,530 | 13,351 | 171,934 |
| Accumulated depreciation | (14,382) | (49,851) | (4,620) | (68,853) |
| Net book value | 31,671 | 62,679 | 8,731 | 103,081 |
| Additions | 6,722 | 653 | 3,906 | 11,281 |
| Depreciation charge | (2,793) | (6,471) | (1,523) | (10,787) |
| Reversal of impairment | 285 | - | - | 285 |
| Disposals | (258) | (611) | (110) | (979) |
| At 31 December 2024 | | | | |
| Cost | 52,139 | 111,495 | 16,816 | 180,450 |
| Accumulated depreciation | (16,512) | (55,245) | (5,812) | (77,569) |
| Net book value | 35,627 | 56,250 | 11,004 | 102,881 |

Disposals arose due to contract terminations or modifications (shortening of lease term or decrease of lease payment).

| thousands of EUR | Leased land | Leased buildings | Leased technical equipment and machinery | Total |
|---|---|---|---|---|
| At 1 January 2024 | | | | |
| Cost | 35,492 | 109,263 | 12,150 | 156,905 |
| Accumulated depreciation | (13,790) | (45,612) | (3,951) | (63,353) |
| Net book value | 21,702 | 63,651 | 8,199 | 93,552 |
| Additions | 11,567 | 3,933 | 1,670 | 17,170 |
| Depreciation charge | (1,514) | (4,627) | (956) | (7,097) |
| Disposals | (84) | (278) | (182) | (544) |
| At 31 May 2024 | | | | |
| Cost | 46,053 | 112,530 | 13,351 | 171,934 |
| Accumulated depreciation | (14,382) | (49,851) | (4,620) | (68,853) |
| Net book value | 31,671 | 62,679 | 8,731 | 103,081 |

Pursuant to IFRS 16 single lessee accounting model, the Group recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments (Note 25).

## 14. Impairment of goodwill

For impairment testing, the goodwill acquired in business combinations has been allocated to individual cash-generating units:

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| T-Mobile | 73,313 | 73,313 |
| DIGI | 28,621 | 28,621 |
| | 101,934 | 101,934 |

**T-Mobile (Mobile telecommunication business)**
The goodwill was recognised at the acquisition of T-Mobile in December 2004. The recoverable amount of the cash-generating unit was determined using cash flows projections based on the four-year financial plans that present the management's best estimate on market participants' assumptions and expectations. Cash flows beyond the four-year period were extrapolated using 1.00% growth rate (31.05.2024: 1.00%). The growth rate does not exceed the long-term average growth rate for the market in which the cash-generating unit operates. The Group used discount rate of 5.65% (31.05.2024: 5.54%). Further key assumptions on which management has based its determination of the recoverable amount of the cash-generating unit include the development of revenue, customer acquisition and retention costs, churn rates, capital expenditures and market share, which are based on past performance and management's expectations for the future. Input parameters used to determine the recoverable amount are classified in Level 3 in accordance with IFRS 13. The recoverable amount of the cash-generating unit based on value in use calculation exceeded its carrying value. Management believes that any reasonably possible change in the key assumptions on which the cash-generating unit's recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

**DIGI**
The recoverable amounts of the cash-generating units were determined using cash flows projections based on the three-year financial plans that have been approved by management and are also used for internal purposes of the cash-generating units. Cash flows beyond the three-year period were extrapolated using a 1.00% growth rate (31.05.2024: 1.00%). The growth rate does not exceed the long-term average growth rate for the market in which the cash-generating units operate.

The Group used following discount rates:

| | 6–12/2024 | 1–5/2024 |
|---|---|---|
| DIGI (TV business) | 6,55% | 6,51% |

Further key assumptions on which management has based its determination of the recoverable amounts of the cash-generating units include the development of revenue, customer acquisition and retention costs, capital expenditures and market share, which are based on past performance and management's expectations for the future. Input parameters used to determine the recoverable amount are classified in Level 3 in accordance with IFRS 13. The recoverable amounts of the cash-generating units based on value in use calculation exceeded their carrying amounts in 6–12/2024 and 1–5/2024. If the Group in 6–12/2024 used the growth rate lower by 0.5% with all other parameters unchanged, the carrying amount of cash-generating unit would decrease below its recoverable amount by EUR 1,043 thousand. If the Group in 6–12/2024 used the discount rate higher by 0.5% with all other parameters unchanged, carrying amount of cash-generating unit would decrease below its recoverable amount by EUR 1,319 thousand. Management believes that any reasonably possible change in the key assumptions in 6–12/2024 on which the cash-generating unit's recoverable amounts are based would not cause its carrying amounts to exceed its recoverable amounts.

## 15. Trade and other receivables

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Non-current | | |
| Receivables from instalment sale | 21,397 | 16,273 |
| Finance lease receivables | 505 | 386 |
| | 21,902 | 16,659 |
| Current | | |
| Trade receivables | 158,495 | 143,143 |
| Other receivables | 3,155 | 3,934 |
| Cash pooling receivable | 22,702 | 15,729 |
| Finance lease receivables | 1,627 | 6,314 |
| | 185,979 | 169,120 |

Trade receivables are net of an allowance of EUR 41,693 thousand (31.05.2024: EUR 36,432 thousand). If the allowance percentage increases by 1% in each relevant ageing group (except where there is 100% allowance created), the charge for the year would be by EUR 1,775 thousand higher (31.05.2024: EUR 1,696 thousand).

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

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| At 1 June / 1 January | 36,432 | 34,068 |
| Charge for the year, net | 6,498 | 6,129 |
| Utilised | (1,237) | (3,765) |
| At 31 December / 31 May | 41,693 | 36,432 |

## 16. Derivatives

The Group is committed to reducing their greenhouse gas emissions and meeting sustainability targets. To mitigate exposure to power price volatility, the Group has entered into a Virtual Power Purchase Agreement (VPPA) centered on wind-generated power. This agreement aims to cover approx. 60% of annual power needs of the Group, which averages to about 40 GWh per year. The agreement utilizes Guarantees of Origin (host contract) to certify the renewable energy sourced. The Group applies own-use exemption and treats GoO as executory contract.

With a carrying amount as of 31 December 2024 equal to EUR 8,802 thousand (31.05.2024: EUR 9,358 thousand), the embedded derivative in a REC (Renewable Energy Ceritificates) with a hedging relationship assigned to Level 3 and carried under derivative financial assets relates to the virtual power purchase agreement entered into by the Group on April 2, 2024. The transaction price at the inception of the VPPA was zero and no day 1 gain or loss was recognized.

Under the virtual power purchase agreement the Group will receive variable amounts based on the facilities' actual energy output and the current energy prices and will pay fixed amounts per unit of energy generated throughout the term of the contract. The virtual power purchase agreement is measured using valuation model because no observable market prices are available. The value of the derivative is significantly influenced by future energy prices on the relevant markets.

In estimating the market prices of electricity, the Group uses a combination of market quotations from established platforms like EEX (European Energy Exchange), and third-party expert input for the parts of the forward curve that are not liquid. This combination of third-party data and unobservable volume estimates triggers the Level 3 fair value hierarchy classification of the VPPA's fair value in line with IFRS 13. The nominal value of the contract is 34,040 thousand EUR for expected 40 GWh/year.

**Application of hedge accounting**
The Group has designated the VPPA cash flow hedge relationship at its origination. It met the effectiveness requirements in accordance with IFRS 9 with regards to economic relationship, determined through reference prices with economic relationship between the hedging instrument and the hedged item exists as the underlying asset of hedging instrument matches the underlying price component of the power delivery contracts. Furthermore, the designated forecasted volume of the monthly power consumption in MWh matches the VPPA volumes based on the expected annual generated volumes. The credit risk of the Group and the counterparty affect only the changes of the fair value of the hedging instrument. The Group determines hedge ratio as the relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting (Hedging notional: Hedged power price risk exposure). The incorporated hedge ratio is defined in line with the nature of risk being hedged and the economic relationship of the hedged item and the hedging instrument and is therefore 1:1. In other words, 1 MWh of forecasted purchases is hedged with 1 MWh of VPPA production volume. The actual hedge ratio is monitored monthly at each reporting date and upon a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first. Potential sources of ineffectiveness are identified as mismatch between actual VPPA Volume and designated volume of hedged item. Furthermore, hedge ineffectiveness can arise if there is a discrepancy between the actual volume in the VPPA and the electricity consumption. Creditworthiness of VPPA parties in hedge ineffectiveness can occur if the Group or the Seller experiences financial instability or credit rating downgrades and non-linear movement in prices which could be the main source of ineffectiveness in this hedge relationship specifically the difference in the floating price index applied in the calculation of the fair value of hedged item (base-load price) and hedging instrument.

The impact of the hedging instruments on the statement of financial position is, as follows:

| thousands of EUR | Notional Amount | Carrying amount of the hedging instrument | | Line item in the statement of financial position | Change in fair value used for measuring ineffectiveness for the period |
|---|---|---|---|---|---|
| | | Assets | Liabilities | | |
| As at 31 December 2024 | | | | | |
| Commodity derivative | 34,040 | 8,802 | - | Derivative financial instruments | - |
| As at 31 May 2024 | | | | | |
| Commodity derivative | 35,520 | 9,358 | - | Derivative financial instruments | - |

The impact of the hedged item is as follows:

| thousands of EUR | Nominal amount of the hedged item | | Change in value used for calculating hedge ineffectiveness | Balance in cash flow reserve for continuing hedges | Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied |
|---|---|---|---|---|---|
| | Assets | Liabilities | | | |
| As at 31 December 2024 | | | | | |
| Commodity derivative | - | 12,451 | (545) | 8,802 | - |
| As at 31 May 2024 | | | | | |
| Commodity derivative | - | 13,812 | 11,104 | 9,358 | |

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

| thousands of EUR | Total hedging gain/(loss) recognised in OCI | Ineffectiveness recognised in profit or loss | Line item in the statement of profit or loss | Amount reclassified from OCI to profit or loss | Line item in the statement of profit or loss |
|---|---|---|---|---|---|
| As at 31 December 2024 | | | | | |
| Highly probable forecast purchases | 8,802 | - | Fair value gain/(loss) arising on hedging instruments | - | n/a |
| Electricity purchases | - | - | n/a | - | n/a |
| As at 31 May 2024 | | | | | |
| Highly probable forecast purchases | 9,358 | - | Fair value gain/(loss) arising on hedging instruments | - | n/a |
| Electricity purchases | - | - | n/a | - | n/a |

## 17. Assets and liabilities related to contracts with customers

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

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

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

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

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| **Non-current assets** | | |
| Contract assets | 8,901 | 7,585 |
| Loss allowance | (1,178) | (780) |
| | 7,723 | 6,805 |
| | | |
| Contract costs | 18,540 | 18,216 |
| | 18,540 | 18,216 |
| **Current assets** | | |
| Contract assets | 23,263 | 21,555 |
| Loss allowance | (1,626) | (2,046) |
| | 21,637 | 19,509 |
| | | |
| Contract costs | 19,285 | 16,719 |
| | 19,285 | 16,719 |
| **Non-current liabilities** | | |
| Contract liabilities | 41,602 | 33,090 |
| | 41,602 | 33,090 |
| **Current liabilities** | | |
| Contract liabilities | 35,007 | 33,046 |
| | 35,007 | 33,046 |

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period amounted to EUR 11,161 thousand (31.05.2024: EUR 15,572 thousand).

Transaction price allocated to the performance obligations that are unsatisfied as of the end of reporting period amounted to EUR 367,354 thousand (31.05.2024: EUR 381,514 thousand). Management expects that the transaction price allocated to the unsatisfied contracts as of 31 December 2024 will be recognised as revenue as follows: EUR 282,235 thousand during first year; EUR 81,739 thousand during second year and EUR 3,380 thousand during third-fifth year (31.05.2024: EUR 288,269 thousand during first year; EUR 90,197 thousand during second year and EUR 3,048 thousand during third-sixth year).

Wages and salaries include also amortisation of costs to obtain a contract with customer in the amount EUR 961 thousand (1–5/2024: EUR 764 thousand) (Note 6).

Dealers commission includes also amortisation of costs to obtain a contract with customer in the amount EUR 13,044 thousand (1–5/2024: EUR 9,831 thousand) (Note 7).

## 18. Prepaid expenses and other assets

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Non-current | | |
| Other prepaid expenses | 16,998 | 10,965 |
| | 16,998 | 10,965 |
| Current | | |
| Other prepaid expenses | 5,596 | 5,427 |
| Advance payments | 7,293 | 5,438 |
| Other assets | 567 | 433 |
| | 13,456 | 11,298 |

## 19. Inventories

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Materials | 7,322 | 7,717 |
| Goods | 19,005 | 14,587 |
| | 26,327 | 22,304 |

Inventories are net of an allowance of EUR 3,172 thousand (31.05.2024: EUR 2,410 thousand). The write-down of inventories in the amount of EUR 1,151 thousand (31.05.2024: EUR 758 thousand) was recognised in cost of material and equipment.

## 20. Loans

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Loans to Deutsche Telekom AG | 91,900 | 10,000 |
| | 91,900 | 10,000 |

The loans granted to Deutsche Telekom AG were not secured. Loans outstanding at 31 December 2024 were provided from August to December 2024 and were repayable from January to April 2025 (31.05.2024: provided in May 2024, repayable in June 2024). For credit ratings see Note 3.2.

## 21. Cash and cash equivalents

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Cash and cash equivalents | 42,106 | 46,290 |
| | 42,106 | 46,290 |

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

## 22. Shareholders' equity

On 18 June 2015 Deutsche Telekom Europe B.V. became the sole shareholder of Slovak Telekom.

As at 31 December 2024, Slovak Telekom had authorised and issued 86,411,300 ordinary shares (31.05.2024: 86,411,300) with a par value of EUR 10.00 per share (31.05.2024: EUR 10.00 per share). All the shares issued were fully subscribed. All the shares represent the rights of shareholder to participate in the managing of Slovak Telekom, on the profit and liquidation balance upon the winding-up of Slovak Telekom with liquidation.

The statutory reserve fund is set up in accordance with Slovak law and is not distributable. The reserve is created from retained earnings to cover possible future losses.

Category Other in the Consolidated statement of changes in equity covers mainly changes of equity from retirement benefits (Note 23) and the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/losses. There were no reclassifications from the cash flow hedge reserve to profit or loss during the period.

The Financial statements of the Group for the year ended 31 May 2024 were authorised for issue on behalf of the Board of Directors of Slovak Telekom on 25 October 2024.

On 26 November 2024 Deutsche Telekom Europe B.V. while performing competences of the General meeting of Slovak Telekom approved transfer of the prior period profit to retained earnings. Statutory profit of EUR 156,871 thousand for period 1–12/2023 was paid in the form of dividends in May 2024, which amounted to EUR 1.82 per share.

Approval of the 31 December 2024 profit distribution will take place at the Annual General Meeting scheduled for April 2025.

## 23. Provisions

| thousands of EUR | Legal and regulatory claims | Asset retirement obligation | Termination benefits | Employee benefits | Other | Total |
|---|---|---|---|---|---|---|
| | (Note 31) | | | | | |
| At 1 June 2024 | 10,155 | 25,080 | 4,586 | 9,562 | 10,329 | 59,712 |
| Arising during the year | 4,587 | 748 | 6,183 | 2,329 | 3,821 | 17,668 |
| Utilised | (3,324) | (368) | (1,212) | (67) | (1,056) | (6,027) |
| Reversals | (334) | (55) | (3,374) | (333) | (293) | (4,389) |
| Interest impact | - | 830 | - | 207 | 28 | 1,065 |
| Transfer within provisions | (451) | - | - | - | 451 | - |
| Transfer to current liabilities | - | - | - | - | 46 | 46 |
| At 31 December 2024 | 10,633 | 26,235 | 6,183 | 11,698 | 13,326 | 68,075 |
| | | | | | | |
| Non-current | - | 23,388 | - | 11,698 | 1,278 | 36,364 |
| Current | 10,633 | 2,847 | 6,183 | - | 12,048 | 31,711 |
| | 10,633 | 26,235 | 6,183 | 11,698 | 13,326 | 68,075 |

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| | | |
| Non-current | 36,364 | 33,635 |
| Current | 31,711 | 26,077 |
| | 68,075 | 59,712 |

**Asset retirement obligation**
The Group is subject to obligations for dismantlement, removal and restoration of assets associated with its cell site lease agreements (Note 2.18). Cell site lease agreements may contain clauses requiring restoration of the leased site at the end of the lease term, creating an asset retirement obligation.

**Termination benefits**
The restructuring of the Group operations resulted in headcount reduction of 59 employees in periods 6–12/2024 (1–5/2024: 50 employees). The Company expects a further headcount reduction of 209 employees in year 2025 as a result of an ongoing restructuring program. A detailed formal plan that specifies the number of staff involved and their locations and functions was defined and authorised by management and announced to the trade unions. The amount of compensation to be paid for terminating employment was calculated by reference to the collective agreement. The termination payments are expected to be paid within next 12 months of the statement of financial position date and are recognised in full in the period 6–12/2024.

In period 6–12/2024 the Group recognised an expense resulting from termination benefits in amount of EUR 1,179 thousand (1- 5/2024: EUR 1,101 thousand) in staff costs.

**Retirement and jubilee benefits**
The Group provides benefit plans for all its employees. Provisions are created for benefits payable in respect of retirement and jubilee benefits. One-off retirement benefits and their probable settlement date are dependent on employees fulfilling the required conditions to enter retirement. Jubilee benefits and their probable settlement date are dependent on the number of years of service with the Group. The benefit entitlements are determined from the respective employee's monthly remuneration or as a defined particular amount.

| thousands of EUR | Retirement benefits | Jubilee | Total |
|---|---|---|---|
| Present value of the defined benefit obligation | | | |
| At 1 June 2024 | 9,380 | 182 | 9,562 |
| Current service cost | 340 | 12 | 352 |
| Interest cost | 203 | 4 | 207 |
| Benefits paid | (53) | (14) | (67) |
| Remeasurement of defined benefit plans | 1,952 | 25 | 1,977 |
| Curtailment | (333) | - | (333) |
| At 31 December 2024 | 11,489 | 209 | 11,698 |

| thousands of EUR | Retirement benefits | Jubilee | Total |
|---|---|---|---|
| Present value of the defined benefit obligation | | | |
| At 1 January 2024 | 10,284 | 222 | 10,506 |
| Current service cost | 243 | 9 | 252 |
| Interest cost | 145 | 3 | 148 |
| Benefits paid | (20) | (9) | (29) |
| Remeasurement of defined benefit plans | (1,272) | (43) | (1,315) |
| At 31 May 2024 | 9,380 | 182 | 9,562 |

Remeasurement of defined benefit plans related to retirement benefits in amount of EUR 1,952 thousand consists of change in demographic assumptions in amount of EUR 2,285 thousand and change in financial assumptions in amount of EUR 327 thousand partially netted by change in experience adjustments in amount of EUR 660 thousand.

The curtailment gain in amount of EUR 333 thousand as at 31 December 2024 resulted mainly from a reduction in the number of participants covered by the retirement plan that occurred in 2024 or was announced for 2025. For period ended as of 31 May 2024 involuntary fluctuation was used in calculation model instead of curtailment gain. There were no special events causing any new past service cost during period ended as at 31 December 2024.

Principal actuarial assumptions used in determining the defined benefit obligation for period ended as at 31 December 2024 include the discount rate of 3.37% (31.05.2024: 3.75%). The expected expense for period ended as at 31 December 2024 has been determined based on the discount rate as at the beginning of the accounting period of 3.75% (31.05.2024: 3.46%). Average retirement age is 63 years and 2 months (31.05.2024: 63 years and 2 months). The expected growth of nominal wages over the long term is 2.0% (31.05.2024: 2.0%). The remaining weighted average duration of the defined benefit obligation is 10.0 years (31.05.2024: 10.1 years). Fluctuation of employees is also considered in determining the defined benefit obligation.

The sensitivity analysis for the significant actuarial assumptions as at 31 December 2024 and 31 May 2024 is as follows:

| thousands of EUR | (Decrease) / increase of employee benefits provision | |
|---|---|---|
| | 31.12.2024 | 31.05.2024 |
| Change of actuarial assumption: | | |
| Discount rate change +100 bp / -100 bp | (1,042) / 1,211 | (721) / 821 |
| Salary change +0.50% / -0.50% | 587 / (550) | 402 / (380) |

## 24. Trade and other payables

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Non-current | | |
| Financial liabilities for capitalised content licences | 460 | 340 |
| Financial liabilities for frequency licences | 12,456 | 20,070 |
| Other payables | 156 | 140 |
| | 13,072 | 20,550 |
| Current | | |
| Trade payables | 52,862 | 30,123 |
| Uninvoiced deliveries | 56,913 | 52,068 |
| Financial liabilities for capitalised content licences | 12,262 | 15,885 |
| Financial liabilities for frequency licences | 7,614 | - |
| Other payables | 3,548 | 3,484 |
| | 133,199 | 101,560 |

## 25. Lease liabilities

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Up to 1 year | 17,090 | 16,007 |
| 1 to 5 years | 50,376 | 48,387 |
| Over 5 years | 35,683 | 36,807 |
| Total other lease liabilities | 103,149 | 101,201 |

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Up to 1 year | 20,340 | 19,424 |
| 1 to 5 years | 59,021 | 57,416 |
| Over 5 years | 41,594 | 41,735 |
| Total undiscounted cash flows (lease liability) | 120,955 | 118,575 |

Pursuant to IFRS 16 single lessee accounting model, the Group recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments (Note 13).

## 26. Impact from leasing contracts

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

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Depreciation expense of right-of-use assets (Note 13) | 10,787 | 7,097 |
| Reversal of impairment of right-of-use assets (Note 13) | (285) | - |
| (Gain) / Loss from disposal of right-of-use assets | (39) | 221 |
| Interest expense on lease liabilities (Note 9) | 2,211 | 1,472 |
| At 31 December / 31 May | 12,674 | 8,790 |

## 27. Other liabilities

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Current | | |
| Amounts due to employees | 31,332 | 19,873 |
| Other tax liabilities | 6,553 | 6,003 |
| Other liabilities | 6,270 | 5,470 |
| | 44,155 | 31,346 |

Amounts due to employees include social fund liabilities:

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| At 1 June / 1 January | 1,333 | 593 |
| Additions | 563 | 1,412 |
| Utilisation | (1,013) | (672) |
| At 31 December / 31 May | 883 | 1,333 |

## 28. Cash flow disclosures

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

| thousands of EUR | Financial liabilities (Note 24) | Lease liabilities (Note 25) |
|---|---|---|
| At 1 June 2024 | 36,296 | 101,202 |
| Additions | 8,078 | 11,282 |
| Non-cash movements | - | (213) |
| Cash used in financing activities | (11,582) | (11,333) |
| Accretion of interest | - | 2,211 |
| At 31 December 2024 | 32,792 | 103,149 |

| thousands of EUR | | |
|---|---|---|
| At 1 January 2024 | 30,097 | 92,728 |
| Additions | 13,500 | 17,169 |
| Non-cash movements | - | (228) |
| Cash used in financing activities | (7,301) | (9,939) |
| Accretion of interest | - | 1,472 |
| At 31 May 2024 | 36,296 | 101,202 |

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

## 29. Commitments

The Group's purchase commitments were as follows:

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Acquisition of property and equipment | 44,732 | 60,478 |
| Acquisition of intangible assets | 21,778 | 16,381 |
| Purchase of services and inventory | 180,910 | 146,608 |
| | 247,420 | 223,467 |

## 30. Related party transactions

| thousands of EUR | Receivables | | Payables | | Commitments | |
|---|---|---|---|---|---|---|
| | 31.12.2024 | 31.05.2024 | 31.12.2024 | 31.05.2024 | 31.12.2024 | 31.05.2024 |
| DTAG | 114,840 | 25,844 | 3,602 | 2,515 | 44 | 145 |
| Other entities in DTAG Group | 17,454 | 14,815 | 14,619 | 14,327 | 6,044 | 1,015 |
| | 132,294 | 40,659 | 18,221 | 16,842 | 6,088 | 1,160 |

The Group conducts business with its ultimate parent, Deutsche Telekom AG and its subsidiaries, associates and joint ventures.

| thousands of EUR | DTAG | | Other entities in DTAG group | |
|---|---|---|---|---|
| | 6–12/2024 | 1–5/2024 | 6–12/2024 | 1–5/2024 |
| Sales and income | | | | |
| Interconnect / roaming revenues | - | - | 5,894 | 3,578 |
| System solutions / IT revenues | - | - | 2,734 | 1,990 |
| Income from reinvoicing of services | 96 | 71 | 6,230 | 3,242 |
| Other revenue / income | 2,031 | 2,085 | 3,037 | 1,973 |
| | 2,127 | 2,156 | 17,895 | 10,783 |
| Purchases | | | | |
| Interconnect / roaming costs | - | - | 6,722 | 3,677 |
| Customer solutions | - | - | 902 | 1,043 |
| IT services | - | - | 3,856 | 1,479 |
| Expenses from reinvoicing of services | 3,460 | 2,238 | 1,238 | 1,059 |
| Other purchases | 477 | 1,400 | 4,202 | 6,128 |
| | 3,937 | 3,638 | 16,920 | 13,386 |

Other purchases include data services, management, consultancy, other services and purchases of fixed assets. In period 6–12/2024 the Group purchased fixed assets in amount of EUR 1,185 thousand (1–5/2024: EUR 3,556 thousand) from related parties.

As at 31.12.2024 the Group granted a short-term loan of EUR 91,900 thousand (31.05.2024: EUR 10,000) to Deutsche Telekom AG.

In 2016 the Group signed an ICT contract with a duration of 80 months with T-Systems International GmbH (“TSI”). Currently was the contract prolonged until 2026. Within this contract, the Group acts as the main subcontractor for the restructuring of the Allianz communication network in the selected countries. DTAG Group entities in relevant countries are service providers for the Group. In period 6–12/2024 the Group recognised revenue with TSI in amount of EUR 1,333 thousand (1–5/2024: EUR 966 thousand), and expenses with other DTAG Group entities in amount of EUR 950 thousand (1–5/2024: EUR 584 thousand).

Deutsche Telekom as the ultimate parent Group controlling Slovak Telekom is a related party to the Federal Republic of Germany. Slovak Telekom had no individually significant transactions with the Federal Republic of Germany or entities that it controls, jointly controls or where Federal Republic of Germany can exercise significant influence in either 6–12/2024 or 1–5/2024.

**Compensation of key management personnel**
The key management personnel as at 31 December 2024, 13 in number (31.05.2024: 13) include members of the Management Board, Board of Directors and Supervisory Board.

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

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Short term employee benefits | 1,164 | 2,095 |
| Defined contribution pension plan benefits | 20 | 15 |
| Share based compensations | 65 | 307 |
| | 1,249 | 2,417 |

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Management Board | 1,246 | 2,414 |
| Board of Directors | - | - |
| Supervisory Board | 3 | 3 |
| | 1,249 | 2,417 |

The Group offers several long-term incentive plans to its executive management members with a new package being launched each year and with each tranche lasting for 4 years. A total provision of EUR 1,690 thousand has been recognised as at 31 December 2024 (31.05.2024: EUR 1,314 thousand). In period 6–12/2024 the Company recognised an expense resulting from these long-term incentive plans in amount of EUR 376 thousand (1–5/2024: revenues of EUR 7 thousand) in Staff costs.

## 31. Contingencies

**Legal and regulatory cases**
On 17 October 2014 the European Commission sent an infringement decision to the Group in case AT 39.523 (hereinafter “the EC Decision”). EC Decision found the Group (and DTAG, as parent company) liable for breach of competition law (margin squeeze and refusal to deal) in relation to ULL for the period 12 August 2005 – 31 December 2010 and imposed a fine of EUR 38,838 thousand on DTAG and the Group, jointly and severally. The fine was paid by the Group in January 2015. Judicial review was closed by Court of Justice’s judgment of March 2021 confirming the EC Decision in major part, although court did find, that European Commission did not prove that the infringement occurred before 2006 and decreased imposed fine accordingly.

As of 31 December 2024, three cases are pending following the EC Decision. Three competitors of the Group filed action against Slovak Telekom with the civil court in Bratislava in 2015, 2017 and 2022. These claims seek compensation for damages allegedly incurred due to Group's abuse of its dominant market position, as determined by the EC Decision and amount to EUR 218,867 thousand plus interest. Interest is claimed starting from period the alleged damage occurred. Proceeding ongoing at a court of first instance. These financial statements do not include any provisions for potential losses (neither claimed principal nor accrued interest) related to these cases as the Group has assessed that it is more likely than not that there will be no future cash outflows connected with these cases. Final outcome of the cases following the EC Decision is uncertain.

In 2009, the Anti-Monopoly Office of Slovak Republic (“AMO”) imposed on Group a penalty of EUR 17,453 thousand for abusing its dominant position by price squeeze and tying practices on several relevant markets (voice, data and network access services on its fixed network) (the “AMO Decision”). Administrative court confirmed Group’s arguments in major part, however later on rejected those arguments without proper reasoning and judicial review was closed in June 2021 upholding AMO Decision fully. The Group filed a complaint with Constitutional Court. The penalty was paid in October 2017.

As of 31 December 2024, there are two cases pending, where two competitors filed actions against Group in 2013 and 2015 seeking damages allegedly incurred due to Group’s conduct as determined by the AMO Decision. The claimants contend that they incurred lost profit amounting to EUR 108,610 thousand plus interest. Interest is claimed starting from period the alleged damage occurred. All cases are pending at the first instance court. These financial statements do not include any provisions for potential losses (neither claimed principal nor accrued interest) related to these cases as the Group has assessed that it is more likely than not that there will be no future cash outflows connected with these cases.  Final outcome of the cases following the AMO decision is uncertain.

As of 31 December 2024, there is a number of other various cases pending in the cumulative amount of EUR 32,513 thousand. These financial statements do not include any provisions for potential losses (neither claimed principal nor accrued interest) related to these cases as the Group has assessed that it is more likely than not that there will be no future cash outflows connected with these cases. Final outcome of the cases is uncertain.

As of 31 December 2024, the Group recognised provision for all known and quantifiable risks related to proceedings against the Group, which represent the Group's best estimate of the amounts, which are more likely than not to be paid. The actual amounts of penalties, if any, are dependent on a number of future events the outcome of which is uncertain, and, as a consequence, the amount of provision may change at a future date.

The Group is otherwise involved in legal and regulatory proceedings in the normal course of business.

## 32. Audit fees and other fees

The Group obtained following services from the audit company Deloitte audit, s.r.o:

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Audit services | 411 | 209 |
| Other non audit services | 17 | 11 |
| | 428 | 220 |

## 33. Events after reporting year

There were no other events, which have occurred subsequent to the period-end, which would have a material impact on the financial statements at 31 December 2024.

Slovak Telekom, a.s.

# Separate Financial Statements

## prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Independent Auditor's Report

for the period from 1 June 2024 to 31 December 2024

## Contents

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## Slovak Telekom, a.s.

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Supervisory Board and Board of Directors of Slovak Telekom, a.s.:

### REPORT ON THE AUDIT OF SEPARATE FINANCIAL STATEMENTS

#### Opinion

We have audited separate financial statements of Slovak Telekom, a.s. (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the income statement, statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 1 June 2024 to 31 December 2024, and notes to separate financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the period from 1 June 2024 to 31 December 2024 in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Separate Financial Statements* section of our report. We are independent of the Company in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended, as amended (hereinafter the "Act on Statutory Audit") related to independence and ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matters

We draw attention to Note 2.1 to separate financial statements stating that the Company prepared separate financial statements for the period from 1 June 2024 to 31 December 2024 due to the transaction of the Company's demerger undertaken with effect from 1 June 2024. All profit and loss items are presented for the period from 1 June 2024 to 31 December 2024. The preceding reporting period is period from 1 January 2024 to 31 May 2024; therefore, the amounts disclosed in separate financial statements are not fully comparable. Our opinion is not modified in respect of this matter.

We draw attention to Note 34 to separate financial statements describing the uncertainty related to the outcome of the lawsuits filed against the Company. Our opinion is not modified in respect of this matter.

#### Responsibilities of Management and Those Charged with Governance for Separate Financial Statements

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

This is a translation of the original auditor's report issued in the Slovak language to the accompanying separate financial statements translated into the English language.

In preparing separate 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether separate 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 International Standards on Auditing 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 separate financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of separate 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 separate 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 separate financial statements, including the disclosures, and whether separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance about, inter alia, the planned scope and time schedule of the audit and significant audit findings, including all material deficiencies of internal control identified during our audit.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

**Report on Information Disclosed in the Annual Report**

The statutory body is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting"). Our opinion on separate financial statements stated above does not apply to other information in the annual report.

In connection with the audit of separate financial statements, it is our responsibility to gain an understanding of the information disclosed in the annual report and assess whether such information is materially inconsistent with separate financial statements or our knowledge of the entity and its position obtained in the audit of the separate financial statements, or otherwise appears to be materially misstated.

We assessed whether the Company's annual report includes information whose disclosure is required by the Act on Accounting.

Based on procedures performed during the audit of separate financial statements, in our opinion:

- Information disclosed in the annual report prepared for the period from 1 June 2024 to 31 December 2024 is consistent with separate financial statements for the relevant period; and
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, based on our understanding of the Company and its position, obtained in the audit of separate financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issuance of this auditor's report. There are no findings that should be reported in this regard.

Bratislava, 21 March 2025

Ing. Peter Jaroš, FCCA
Responsible Auditor
Licence UDVA No. 1047

On behalf of
Deloitte Audit s.r.o.
Licence SKAu No. 014

# Income Statement

for the period from 1 June to 31 December 2024 and for the period from 1 January to 31 May 2024

| thousands of EUR | Notes | 6–12/2024 | 1–5/2024 |
|---|---|---|---|
| **Revenue from contracts with customers** | 4 | 499,613 | 335,372 |
| Other operating income | 5 | 18,382 | 6,294 |
| Staff costs | 6 | (78,972) | (47,769) |
| Material and equipment | | (83,358) | (39,828) |
| Depreciation, amortisation and impairment losses | 11, 12, 13 | (100,714) | (68,484) |
| Interconnection fees and other telecommunication services | | (25,038) | (15,908) |
| Net impairment losses on financial and contract assets | 17, 19 | (6,745) | (5,618) |
| Own work capitalised | 6 | 5,506 | 4,298 |
| Dividends from subsidiaries | 33 | - | 5,235 |
| Other operating costs | 7 | (120,054) | (60,889) |
| **Operating profit** | | 108,620 | 112,703 |
| Financial income | 8 | 2,233 | 2,331 |
| Financial expense | 9 | (14,307) | (2,050) |
| **Net financial result** | | 12,074 | 281 |
| **Profit before tax** | | 96,546 | 112,984 |
| Income tax expense | 10 | (42,386) | (26,255) |
| **Profit for the year** | | 54,160 | 86,729 |

The financial statements on pages 79 to 131 were authorised for issue on behalf of the Board of Directors of the Company on 21 March 2025 and signed on their behalf by:

..........................................................
Melinda Szabó
Vice-chairman of the Board of Directors
Chief Executive Officer

# Statement of Comprehensive Income

for the period from 1 June to 31 December 2024 and for the period from 1 January to 31 May 2024

| thousands of EUR | Notes | 6–12/2024 | 1–5/2024 |
|---|---|---|---|
| **Profit for the year** | | 54,160 | 86,729 |
| **Other comprehensive income / (expense)** | | | |
| Fair value (loss) / gain arising on hedging instruments | 18 | (556) | 9,358 |
| Deferred tax (expense) / income | 10 | (147) | (1,965) |
| **Other comprehensive (loss) / gain to be reclassified to profit or loss in subsequent years, net of tax** | | (703) | 7,393 |
| (Loss) / gain on remeasurement of defined benefit plans | 25 | (1,951) | 1,272 |
| Deferred tax income / (expense) | 10 | 474 | (267) |
| **Other comprehensive (loss) / gain not to be reclassified to profit or loss in subsequent years, net of tax** | | (1,477) | 1,005 |
| **Other comprehensive (loss) / gain for the year, net of tax** | | (2,180) | 8,398 |
| **Total comprehensive income for the year, net of tax** | | 51,980 | 95,127 |

# Statement of Financial Position

| thousands of EUR | Notes | 31.12.2024 | 31.05.2024 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | 11 | 292,155 | 291,202 |
| Property and equipment | 12 | 829,418 | 801,720 |
| Right-of-use assets | 13 | 164,607 | 84,568 |
| Investments in subsidiaries | 16 | 44,168 | 48,496 |
| Derivative financial instruments | 18 | 8,802 | 9,358 |
| Other receivables | 17 | 21,901 | 16,659 |
| Contract assets | 19 | 7,723 | 6,806 |
| Contract costs | 19 | 18,540 | 18,216 |
| Prepaid expenses and other assets | 20 | 16,998 | 10,965 |
| | | 1,404,312 | 1,287,990 |
| **Current assets** | | | |
| Inventories | 21 | 24,496 | 20,095 |
| Loans | 22 | 80,000 | 10,000 |
| Trade and other receivables | 17 | 184,188 | 167,758 |
| Contract assets | 19 | 21,637 | 19,509 |
| Contract costs | 19 | 19,284 | 16,719 |
| Current income tax receivable | | 5,093 | - |
| Prepaid expenses and other assets | 20 | 11,714 | 9,280 |
| Assets classified as held for distribution to owners | 14 | - | 35,183 |
| Cash and cash equivalents | 23 | 29,782 | 32,681 |
| | | 376,194 | 311,225 |
| **TOTAL ASSETS** | | 1,780,506 | 1,599,215 |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' equity** | | | |
| Issued capital | 24 | 864,113 | 864,113 |
| Statutory reserve fund | 24 | 172,823 | 172,823 |
| Other | | 5,072 | 7,229 |
| Retained earnings and profit for the year | | 188,427 | 138,866 |
| **Total equity** | | 1,230,435 | 1,183,031 |
| | | | |
| **Non-current liabilities** | | | |
| Deferred tax liability | 10 | 69,066 | 50,107 |
| Lease liabilities | 27 | 162,799 | 70,422 |
| Provisions | 25 | 23,735 | 21,403 |
| Other payables | 26 | 12,772 | 20,262 |
| Contract liabilities | 19 | 41,603 | 33,090 |
| | | 309,975 | 195,284 |
| **Current liabilities** | | | |
| Provisions | 25 | 27,227 | 22,290 |
| Trade and other payables | 26 | 123,115 | 89,693 |
| Contract liabilities | 19 | 32,283 | 29,792 |
| Other liabilities | 29 | 40,849 | 28,625 |
| Lease liabilities | 27 | 16,622 | 12,220 |
| Liabilities associated with assets classified as held for distribution to owners | 30 | - | 30,583 |
| Current income tax liability | | - | 7,697 |
| | | 240,096 | 220,900 |
| **Total liabilities** | | 550,071 | 416,184 |
| **TOTAL EQUITY AND LIABILITIES** | | 1,780,506 | 1,599,215 |

# Statement of Changes In Equity

for the period from 1 June to 31 December 2024 and for the period from 1 January to 31 May 2024

| thousands of EUR | Notes | Issued capital | Statutory reserve fund | Other | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| **Period from 1 June 2024 to 31 December 2024** | | | | | | |
| At 1 June 2024 | | 864,113 | 172,823 | 7,229 | 138,866 | 1,183,031 |
| Profit for the year | | - | - | - | 54,160 | 54,160 |
| Other comprehensive income | | - | - | (2,180) | - | (2,180) |
| Total comprehensive income | | - | - | (2,180) | 54,160 | 51,980 |
| Transactions with shareholder: | | | | | | |
| Other changes in equity | | - | - | 23 | (4,599) | (4,576) |
| Dividends | | - | - | - | - | - |
| At 31 December 2024 | | 864,113 | 172,823 | 5,072 | 188,427 | 1,230,435 |
| **Period from 1 January 2024 to 31 May 2024** | | | | | | |
| At 1 January 2024 | | 864,113 | 172,823 | (1,172) | 209,008 | 1,244,772 |
| Profit for the year | | - | - | - | 86,729 | 86,729 |
| Other comprehensive expense | | - | - | 8,398 | - | 8,398 |
| Total comprehensive income | | - | - | 8,398 | 86,729 | 95,127 |
| Transactions with shareholder: | | | | | | |
| Other changes in equity | | - | - | 3 | - | 3 |
| Dividends | 24 | - | - | - | (156,871) | (156,871) |
| At 31 May 2024 | | 864,113 | 172,823 | 7,229 | 138,866 | 1,183,031 |

# Statement of Cash Flows

for the period from 1 June to 31 December 2024 and for the period from 1 January to 31 May 2024

| thousands of EUR | Notes | 31.12.2024 | 31.05.2024 |
|---|---|---|---|
| **Operating activities** | | | |
| **Profit before tax** | | 96,546 | 112,984 |
| Depreciation, amortisation and impairment losses | 11, 12, 13 | 100,714 | 68,483 |
| Interest expense, net | | 7,784 | (165) |
| (Gain) / loss on disposal of intangible assets and property and equipment | 5, 7 | 16,076 | (694) |
| Dividend income from subsidiaries | 33 | - | (5,235) |
| Other non-cash items | | (3,698) | 35,401 |
| Change in provisions | 25 | (29) | (2,899) |
| Change in trade receivables and other assets | | (51,059) | 5,353 |
| Change in inventories | | (6,310) | 2,454 |
| Change in trade payables and other liabilities | | 84,896 | (64,085) |
| **Cash from operating activities** | | 244,920 | 151,597 |
| Income taxes paid | | (35,890) | (22,483) |
| Dividends received | 33 | - | 5,235 |
| **Net cash from operating activities** | | 209,030 | 134,349 |
| **Investing activities** | | | |
| Purchase of intangible assets and property and equipment | 11, 12, 31 | (119,260) | (58,522) |
| Proceeds from disposal of intangible assets and property and equipment | | 5,358 | 3,214 |
| Disbursement of loans | | (95,000) | (58,000) |
| Repayment of loans | | 25,000 | 138,000 |
| Net cash from cash pooling | 17 | (6,954) | 4,000 |
| Interest received | | 2,148 | 2,993 |
| Other cash (paid for) / from investing activities | | 9,442 | (18,663) |
| **Net cash used in investing activities** | | (179,266) | 13,022 |
| **Financing activities** | | | |
| Dividends paid | 24 | - | (156,871) |
| Repayment of financial liabilities | 31 | (7,899) | (5,866) |
| Repayment of principal portion of lease liabilities | | (15,474) | (8,227) |
| Interest paid | | (9,490) | (1,558) |
| **Net cash used in financing activities** | | (32,863) | (172,522) |
| Effect of exchange rate changes on cash and cash equivalents | | - | (6) |
| Cash and cash equivalents held for distribution to owners | 14 | 200 | (200) |
| Net increase / (decrease) in cash and cash equivalents | | (2,899) | (25,357) |
| Cash and cash equivalents at 1 June / 1 January | 23 | 32,681 | 58,038 |
| **Cash and cash equivalents as at 31 December 2024 and 31 May 2024** | 23 | 29,782 | 32,681 |

# Notes to the Separate Financial Statements

Index to the notes to the financial statements

# 1. General information

Slovak Telekom, a.s. ("the Company" or "Slovak Telekom") is a joint-stock company incorporated on 1 April 1999 in the Slovak Republic. The Company's registered office is located at Bajkalská 28, 817 62 Bratislava. The business registration number (IČO) of the Company is 35 763 469 and the tax identification number (DIČ) is 202 027 3893. The Company is registered with the Business Register of the Municipal Court Bratislava III, section Sa, insert No.: 2081/B. For shareholders overview of the Company refer to Note 24.

Slovak Telekom is the largest Slovak multimedia operator providing its products and services under the Telekom brand via fixed and mobile networks. In terms of fixed networks the Company is the largest optical fibre and metallic cable broadband internet provider in the country (FTTX, ADSL and VDSL), providing digital television through state-of-the-art IPTV and DVB-S2 satellite technology. In the field of mobile communications the Company provides internet connectivity via several high-speed data transmission technologies – namely 2G (GPRS/EDGE), 4G (LTE, LTE-CA) and 5G. Slovak Telekom's customers receive roaming services in mobile operator networks in destinations all over the world. Slovak Telekom is considered the leader in the provision of telecommunication services to the most demanding segment of business customers, both in terms of the respective range of services as well as in terms of quality.

Slovak Telekom provides services via authorisations for strong portfolio of radio frequencies: the LTE licence (bands 800 MHz and 2600 MHz) valid until 31 December 2028, authorisation for the provision of mobile services on 900 MHz and 1800 MHz frequency bands, which is valid up to 31 December 2025, and the UMTS licence for 2100 MHz frequency band (including the 28/29 GHz frequency band for backhaul connections), which is valid up to 31 August 2026. Additionally, Slovak Telekom has the authorisation to use the 3700 MHz frequency band in Bratislava, valid until 31 August 2025. At the end of 2020, Telekom has acquired the authorisation for 700 MHz frequency band, valid until 31 December 2040. In May 2022, the Company has obtained the authorisation to use the 3700–3800 MHz frequency band, valid from 1.9.2025 until 31.12.2045.

## Members of the Statutory Boards at 31 December 2024

### Board of Directors

**Chairman:**
- Armin Sumesgutner (since 29.04.2020)

**Vice-chairman:**
- Jose Severino Perdomo Lorenzo (until 31.05.2024)
- Melinda Szabó (since 01.06.2024)

**Member:**
- Danijela Bujic (since 01.10.2021)

### Supervisory Board

**Chairman:**
- Mirela Seserko (since 01.03.2024)
- Martin Renner (until 29.02.2024)

**Members:**
- Peter Vražda (since 20.03.2023)
- Martin Švec (since 02.10.2020)

### Audit committee

**Members:**
- Vladimir Lucev (since 01.03.2024)
- Danijela Bujic (since 11.10.2021, chair since 11.3.2022)
- Martin Švec (since 20.03.2023)

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

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

## 2. Accounting policies

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

Changes to significant accounting policies are described in Note 2.21.

### 2.1 Basis of preparation

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

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

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

The financial statements have been prepared for the period from 1 June to 31 December 2024. All profit and loss items in these financial statements represents period from 1 June 2024 to 31 December 2024. All profit and loss items for comparative period represents period from 1 January 2024 to 31 May 2024. Therefore, the amounts presented in the financial statements are not entirely comparable. The extraordinary financial statements for the period from 1 January 2024 to 31 May 2024 and ordinary financial statements for the period from 1 June 2024 to 31 December 2024 are issued as a result of a demerger transaction that took place on the effective date as at 1 June 2024. Such presentation follows Slovak accounting requirements.

**Demerger of passive infrastructure and its subsequent lease**
The sole shareholder of Slovak Telekom, a.s. (Demerged Company) decided in accordance with the Transformations Act on demerger by spin-off by merger whereby, as part of the implementation of the transformation process, the Demerged Company was divided by spin off a selected part of the assets of the Demerged Company and merged with Slovak Telekom Infra, a.s. (Successor Company), on the effective date as at 1 June 2024. Demerged Company and Successor Company have the same sole shareholder, company Deutsche Telekom Europe B.V. The spinned off assets (and associated liabilities) represent a non-reciprocal distribution of net assets.

The spinned off assets and liabilities at 1 June 2024 were as follows: total assets in the amount of EUR 35,183 thousand, total liabilities in the amount of EUR 30,584 thousand and equity represented by retained earnings in the amount of EUR 4,599 thousand.

The Company will continue in using the spinned off assets based on the master lease agreement concluded with Slovak Telekom Infra, a.s. (Successor Company). As a result, the Company has recognised right of use assets and lease liabilities in the amount of EUR 102,871 thousand at 1 June 2024.

## IMPACT OF DEMERGER TRANSACTION

| thousands of EUR | Notes | Slovak Telekom 31 May 2024 | Impact of the demerger 1 June 2024 | Slovak Telekom 1 June 2024 after demerger |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | 11 | 291,202 | - | 291,202 |
| Property and equipment | 12 | 801,720 | - | 801,720 |
| Right-of-use assets | 13 | 84,568 | 102,871 | 187,439 |
| Investments in subsidiaries | 16 | 48,496 | - | 48,496 |
| Derivative financial instruments | 18 | 9,358 | - | 9,358 |
| Other receivables | 17 | 16,659 | - | 16,659 |
| Contract assets | 19 | 6,806 | - | 6,806 |
| Contract costs | 19 | 18,216 | - | 18,216 |
| Prepaid expenses and other assets | 20 | 10,965 | - | 10,965 |
| | | 1,287,990 | 102,871 | 1,390,861 |
| **Current assets** | | | | |
| Inventories | 21 | 20,095 | - | 20,095 |
| Loans | 22 | 10,000 | - | 10,000 |
| Trade and other receivables | 17 | 167,758 | - | 167,758 |
| Contract assets | 19 | 19,509 | - | 19,509 |
| Contract costs | 19 | 16,719 | - | 16,719 |
| Prepaid expenses and other assets | 20 | 9,280 | - | 9,280 |
| Assets classified as held for distribution to owners | 14 | 35,183 | (35,183) | - |
| Cash and cash equivalents | 23 | 32,681 | - | 32,681 |
| | | 311,225 | (35,183) | 276,042 |
| **TOTAL ASSETS** | | 1,599,215 | 67,688 | 1,666,903 |
| | | | | |
| **EQUITY AND LIABILITIES** | | | | |
| **Shareholders' equity** | | | | |
| Issued capital | 24 | 864,113 | - | 864,113 |
| Share premium | 24 | 172,823 | - | 172,823 |
| Other reserves | 24 | 7,229 | - | 7,229 |
| Retained earnings and profit for the year | | 138,866 | (4,599) | 134,267 |
| **Total equity** | | 1,183,031 | (4,599) | 1,178,432 |
| | | | | |
| **Non-current liabilities** | | | | |
| Deferred tax liability | 10 | 50,107 | - | 50,107 |
| Lease liabilities | 27 | 70,422 | 98,322 | 168,744 |
| Provisions | 25 | 21,403 | - | 21,403 |
| Other payables | 26 | 20,262 | - | 20,262 |
| Contract liabilities | 19 | 33,090 | - | 33,090 |
| | | 195,284 | 98,322 | 293,606 |
| **Current liabilities** | | | | |
| Provisions | 25 | 22,290 | - | 22,290 |
| Trade and other payables | 26 | 89,693 | - | 89,693 |
| Contract liabilities | 19 | 29,792 | - | 29,792 |
| Other liabilities | 29 | 28,625 | - | 28,625 |
| Lease liabilities | 27 | 12,220 | 4,548 | 16,768 |
| Liabilities associated with assets classified as held for distribution to owners | | 30,583 | (30,583) | - |
| Current income tax liability | | 7,697 | - | 7,697 |
| | | 220,900 | (26,035) | 194,865 |
| **Total liabilities** | | 416,184 | 72,287 | 488,471 |
| **TOTAL EQUITY AND LIABILITIES** | | 1,599,215 | 67,688 | 1,666,903 |

**Statement of compliance**
These financial statements are the separate financial statements of the Company and have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU") and it includes also additional information required by local legislation. These financial statements should be read together with the consolidated financial statements in order to obtain full information on the financial position, results of operations and changes in financial position of the Company and its subsidiaries.

The consolidated financial statements for the period from 1 June 2024 to 31 December 2024 have been prepared in compliance with International Financial Reporting Standards as adopted by the European Union ("EU"). The consolidated financial statements are available at the Company's registered office, on the internet page of the Company and in the public administration information system (the Register) administered by the Ministry of Finance of the Slovak Republic.

## 2.2 Property and equipment

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

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

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

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

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

| | |
|---|---|
| Buildings, constructions and leasehold improvements | 8 to 50 years |
| Operating equipment: | |
| Network technology equipment | 4 to 33 years |
| Transport vehicles, hardware and office equipment | 2 to 20 years |

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

Residual values and useful lives of property and equipment are reviewed and adjusted in accordance with IAS 8, where appropriate, at each financial year-end. For further details on groups of assets influenced by the most recent useful life revisions refer to Note 2.20.

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

## 2.3 Non-current assets held for distribution to owners

A non-current asset (or disposal group) is classified as held for distribution to owners when the entity is committed to distribute the asset (or disposal group) to the owners.

For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly probable. For the distribution to be highly probable, actions to complete the distribution must have been initiated and should be expected to be completed within one year from the date of classification. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution will be withdrawn. The probability of shareholders' approval is considered as part of the assessment of whether the distribution is highly probable.

Non-current asset (or disposal group) that is classified as held for distribution to owners is measured at the lower of carrying amount and fair value less costs to distribute.
The Company presents assets classified as held for distribution to owners separately from other assets on the face of the statement of financial position.

For detail related to assets classified as held for distribution to owners refer to Note 14.

## 2.4 Intangible assets

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

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

| | |
|---|---|
| Software | 3 to 23 years |
| Telecommunications licences | 5 to 23 years |
| Content licences | 1 to 4 years |

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

**Software and licences**
Development costs directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

a) it is technically feasible to complete the software product so that it will be available for use;
b) management intends to complete the software product and use or sell it;
c) there is an ability to use or sell the software product;
d) it can be demonstrated how the software product will generate probable future economic benefits;
e) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
f) the expenditures attributable to the software product during its development can be reliably measured.

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

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

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

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

**Goodwill**

Goodwill previously recognised through the acquisition of the fully owned subsidiary T-Mobile was separately recognised in the statement of financial position of the integrated company Slovak Telekom as at 1 July 2010. Following initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill is not amortised but it is tested for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (Note 15). Carrying value of the cash generating unit ("CGU") to which goodwill belongs to is compared to its recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Fair values less costs to sell of CGU's with allocated goodwill tested for impairment are in Level 3 of the fair value hierarchy.

## 2.5 Leases

### 2.5.1. Right-of-use assets

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

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

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

| | |
|---|---|
| Space on telecommunication infrastructure of other parties | 5, 8, 20 years |
| Rooftops | 8 years |
| Land to install own telecommunication equipment | 30 years |
| Exclusive easements | 30 years |
| Shops | 20 years |
| Technical space | 33 years |
| Office space | 20 years |
| Ducts and Pipes | 35 years |
| Vehicles | 5 years |
| Office and other general use equipment | 4 years |
| Leased lines | 20 years |

### 2.5.2. Lease liabilities

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

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

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

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

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

### 2.5.3. IFRS 16 recognition exemptions

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

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

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

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

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

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

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

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

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

### 2.5.4. Subleases

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

### 2.5.5. Lease accounting – the Company as a lessor

Leased out property and equipment where all the substantial benefits and risks usually connected with the ownership were transferred from the Company to lessee is classified as finance lease. The underlying asset is derecognised and the respective short term and long-term lease payments, net of finance charges are recognised as current and non-current financial assets. Payments received under operating leases are recorded in the income statement on a straight-line basis over the period of the lease.

## 2.6 Investments in subsidiaries

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

## 2.7 Impairment of non-financial assets

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

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

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

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

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

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

Impairment is determined by assessing the recoverable amount of CGU to which the goodwill relates. For more details on impairment of goodwill refer to Note 15.

### 2.8 Inventories

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

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

### 2.9 Cash and cash equivalents

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

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

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

### 2.10 Financial assets

The Company classifies its financial assets as follows:

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

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

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

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

**Financial assets at amortised cost (debt instruments)**
The Company measures financial assets at amortised cost if both of the following conditions are met:

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

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

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

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

**Financial assets at fair value through profit or loss**
The Company uses currency forward contracts to economically hedge its estimated cash flows. The Company decided to account for these contracts as "held for trading derivatives". As such, the Company did not apply hedge accounting in 6–12/2024 and 1–5/2024 and all currency forward contracts are recognised as held for trading derivatives with changes in fair value being reflected in profit or loss. Furthermore, the Company uses commodity derivative to mitigate exposure to power price volatility for non-speculative purposes and applied hedge accounting in accordance with IFRS 9 requirements. As such, the derivative is measured at fair value with the effective portion from changes in fair value being reflected in comprehensive income and ineffective portion in profit and loss.

Financial assets at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value. Unrealised gains and losses arising from revaluation of financial assets to the fair value as well as realised gains and losses are recognised in profit or loss.

## 2.11 Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets. Regarding loss allowances for trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment (e.g. expected GDP growth and expected changes in unemployment rate). For lease receivables, contract assets and trade receivables with a significant financing component, an entity can choose as an accounting policy either to apply the general model for measuring loss allowance or always to measure the loss allowance at an amount equal to the lifetime ECL. The Company has chosen the latter policy.

The Company has applied the general impairment model to loans provided to related parties. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime. Currently the loans are in Stage 1. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. ECLs for loans were assessed but not booked as they are not material.

The loans from DTAG group to not give rise to a significant credit risk. These loans are settled through the group intercompany clearing centre and therefore classified to category Baa1 for which ECL is calculated.

The expected credit losses of significant assets are measured on an individual basis. The expected credit losses of remaining financial assets are measured by grouping together these assets with similar risk characteristics and applying provision matrix.

An impairment loss is calculated as the difference between an asset's gross amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.

## 2.12 Financial liabilities

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

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

## 2.13 Prepaid expenses

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

## 2.14 Provisions and contingent liabilities

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

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

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

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

## 2.15 Employee benefit obligations

**Retirement and other long-term employee benefits**
The Company provides retirement and other long-term benefits under both defined contribution and defined benefit plans.

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

The Company also provides defined retirement and jubilee benefit plans granting certain amounts of pension or jubilee payments that an employee will receive on retirement, usually dependant on one or more factors such as an age, years of service and compensation. These benefits are unfunded. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The last calculation was prepared on 31 December 2024. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rate of weighted-average yields for high-quality (Bloomberg Aa*) - non-cancellable, non-putable corporate bonds. The currency and term of the bonds are broadly consistent with the currency and estimated term of the benefit obligations. Past service costs are recognised immediately in income statement. Remeasurement gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised in the period in which they occur within other comprehensive income for retirement benefits and within the income statement for jubilee benefits. Current service cost, past service cost and curtailment gain are included within wages and salaries under staff costs. Interest costs are included within financial expense.

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

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

## 2.16 Revenue recognition

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

The Company recognises revenue as follows:

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

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

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

When the Company acts as a reseller of another party's branded digital goods or services with a virtually unlimited supply (e.g. software licenses, cloud services, streaming services), it acts as principal if it has a selling price discretion and is primarily responsible, meaning it is the only party which the customer enters into a contract with and the only party that is responsible towards the customer for providing support and handling complaints and product issues. In this case revenue is recognised on a gross basis, otherwise net revenue is recognised.

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

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

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

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

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

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

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

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

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

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

**System solutions / IT revenue**
Contracts on network services, which consist of installations and operations of communication networks for customers, have an average duration of 2 to 3 years. Revenue from voice and data services is recognised under such contracts when voice and data are used by a customer. Revenue from system integration contracts comprising delivery of customised products and/or services is recognised when the control of that customised complex solution is transferred to a customer (solution is delivered to and accepted by a customer). Contracts are usually separated into distinct milestones which indicate completion, delivery and acceptance of a defined project phase. Upon completion of a milestone the Company is entitled to issue an invoice and to a payment. Revenue is recognized over time or at point in time based on contract conditions assessed in line with IFRS 15 criteria.

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

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

**Interest and dividends**
Interest income is recognised using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

### 2.17 Operating profit

Operating profit is defined as a result before income taxes and financial income and expenses. For financial income and expenses refer to Notes 8 and 9 respectively.

### 2.18 Foreign currency translation

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

### 2.19 Taxes

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

**Current income tax**
Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted as of the statement of financial position date. For the year 2024 statutory current income tax rate is 21% (24% for periods starting from 1 January 2025).

Current income tax includes additional levy imposed by the Slovak government on regulated industries effective from 1 September 2012. In 2024, the levy of 4.356% per annum (31.05.2024: 4.356% per annum, for periods starting 1 January 2025:18,912% per annum) is applied on the basis calculated as the profit before tax determined in accordance with the Slovak Accounting Standards multiplied by ratio of regulated revenues (according to Act on Electronic Communications Nr. 351/2011) on total revenues.

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

**Deferred tax**
Deferred tax is calculated at the statement of financial position date using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts, multiplied by income tax rate valid for future periods.

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

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

### 2.20 Significant accounting judgements, estimates and assumptions

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

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

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

The Company reviewed useful lives of non-current assets during 6–12/2024 and changed accounting estimates where appropriate. The table summarizes net increase or (decrease) in depreciation or amortisation charge for total non-current assets for the following periods:

| thousands of EUR | 6–12/2024 | 2025 | 2026 | 2027 | 2028 and after |
|---|---|---|---|---|---|
| Non-current assets | (988) | (823) | (1,011) | (1,035) | 3,857 |

**Assessment of impairment of goodwill**
The 2010 legal merger with T-Mobile led to recognition of goodwill. Goodwill is tested annually for impairment as further described in Note 2.7 using estimates detailed in Note 15.

**Joint operation**
The Company has entered into a networksharing agreement („NSA") with CETIN Networks, s.r.o („CETIN"). The subject of the agreement is the provision of active and passive network services between the parties which is based on the geographic split of the Slovak Republic's territory. The main aim of the agreement is increased quality of the services for end customers and the overall costs reduction for network operation.

The Company has assessed rights and obligations arising from the networksharing agreement and determined that the agreement is in the scope of IFRS 11 Joint operations. The contract with CETIN is not concluded through special purpose vehicles and does not provide rights to net assets of the joint arrangement as such the joint arrangement is classified as joint operations.

The Company's financial statements present contribution to the joint operation based on legal form. Therefore, the Company contributes primarily at carrying amount of right-of-use assets through the master lease agreement with Slovak Telekom Infra a.s., specifically the Company derecognises 50 % of the current book value of the right-of-use with the impact to income statement. CETIN's contributions to the joint operation are initially measured at fair value, specifically the Company recognizes 50 % of the fair value of the property, plant and equipment assets and lease contracts contributed by CETIN with impact to income statement.

The Company's contributions represent outflow of economic resources in the form of disposed assets, whereas the counter-party's contributions represent inflow of economic resources from the standpoint of the Company's financial statements and are recognized through other operating income. The net impact of the formation of the joint operations from 1 January till 31 December 2024 is EUR 6,188 thousand.

CETIN and the Company incur income and expenses related to the operation of the network in the geographic territory they are responsible for and subsequently perform mutual recharges. Income and expenses incurred based on the contract are of the same nature. Those transactions are considered to be the transactions of the joint operation rather than transactions between the joint operators. As such, those are presented in net values. In certain cases, residual balances are presented as other operating income and other operating expenses.

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

**Asset retirement obligation**
The Company enters into lease contracts for land and premises on which mainly mobile communication network masts and other assets are sited. The Company is committed by these contracts to dismantle the masts and restore the land and premises to their original condition. Management anticipates the probable settlement date of the obligation to equal useful life of assets, which is estimated to be from 5 to 33 years. The remaining useful life of assets ranges from 1 to 33 years at 31 December 2024.

Management's determination of the amount of the asset retirement obligation (Note 25) involves the following estimates (in addition to the estimated timing of crystallisation of the obligation):

a) an appropriate risk-adjusted, pre-tax discount rate commensurate with the Company's credit standing;
b) the amounts necessary to settle future obligations;
c) inflation rate.

If probable settlement date of the obligation related to masts was shortened by 10 years it would cause an increase of asset retirement obligation by EUR 254 thousand (31.05.2024: increase by EUR 1,643 thousand). If the inflation rate increased by 0.5%, it would cause an increase of asset retirement obligation by EUR 555 thousand (31.05.2024: increase by EUR 1,202 thousand). If the risk-adjusted, pre-tax discount rate increased by 0.5%, it would cause a decrease of asset retirement obligation by EUR 509 thousand (31.05.2024: decrease by EUR 1,105 thousand). If the amounts necessary to settle future obligations increased by 10%, it would cause an increase of asset retirement obligation by EUR 1,361 thousand (31.05.2024: increase by EUR 2,512 thousand).

**Provisions and contingent liabilities**
The Company is a participant in several lawsuits and regulatory proceedings. When considering the recognition of a provision, management judges the probability of future outflows of economic resources and its ability to reliably estimate such future outflows. If these recognition criteria are met a provision is recorded in the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Such judgments and estimates are continually reassessed taking into consideration the developments of the legal cases and proceedings and opinion of lawyers and other subject matter experts involved in resolution of the cases and proceedings. The factors considered for individual cases are described in Notes 25 and 34.

**Critical judgements in determining lease term**
The lease term assessment for evergreen leases (i.e. with no specified contract maturity) is performed on a portfolio basis. The lease term determination is usually linked to the estimated useful life of telecommunication equipment installed on infrastructure, building or land of third parties.

In case of evergreen lease contracts for office space, shops and technical space, lease term has been assessed in different manner, considering all circumstances and facts that create an economic (dis)incentive to terminate the contracts, e. g. location of the asset, existence of significant leasehold improvements that would be lost if the lease were terminated, costs associated with sourcing an alternative place and historical lease durations. Based on that, the Company has come to conclusion that expected lease term is 20 years for office space and shops and 33 years for technical space.

If the expected lease term of office space and shops was shortened by 10 years (from 20 years to 10 years) it would cause a decrease in the lease liability by EUR 3,950 thousand (31.05.2024: EUR 5,543 thousand). If the expected lease term was prolonged by 10 years (from 20 years to 30 years) it would cause an increase in the lease liability by EUR 4,693 thousand (31.05.2024: EUR 7,615 thousand).

If the expected lease term of technical space was shortened by 10 years (from 33 years to 23 years) it would cause a decrease in the lease liability by EUR 6,846 thousand (31.05.2024: EUR 7,258 thousand). If the expected lease term was prolonged by 10 years (from 33 years to 43 years) it would cause an increase in the lease liability by EUR 6,725 thousand (31.05.2024: EUR 8,865 thousand). Assumed calculation is prepared on the basis of the subsequent extension of initial lease term after it's expiry by 10 years.

As part of the master lease agreement, the Company leases two groups of the assets.The lease term of the assets which are in the scope of NSA was determined in the way to cover at least the term of NSA and for the remainder, i.e. the assets which are out of scope of NSA, the lease term is determined to be 8 years.

If the expected lease term of the assets out of scope of NSA is prolonged by 8 years, it would cause an increase in the lease liability by EUR 6,618 thousand. If the expected lease term for the assets in the scope of NSA is shortened by 10 years, it would cause a decrease in the lease liability by EUR 23,875 thousand.

### 2.21 Adoption of IFRS during the year

**Standards, interpretations and amendments to published standards effective for the Company's accounting period beginning on 1 June 2024**

In period 6–12/2024 the Company did not apply any new standards and amendments for the first time.

**New standards and interpretations not yet adopted**
The impact on the Company's financial statements of new standards, amendments to the standards and interpretations endorsed by EU which are not yet effective and have not been early adopted is being analysed as of the date of the issuance of these financial statements and the final impact is unknown yet.

## 3. Financial risk management

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

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

The Company also concluded derivate swap contract which is a virtual power purchase agreement to manage cash flow variability. Company is exposed to variability in the price of power due to the electricity consumption in the mobile network and related administrative building. Risk management strategy is focused on limiting the impacts of commodity price risks to acceptable levels defined in Risk management strategy. The hedging strategy and the extent of hedge coverage are aligned with the DT Strategy Team and have been approved by local management. Hedge accounting practices are conducted in accordance with these established principles. In accordance with the Risk management strategy, the risk management objective is that Company entered into a derivative commodity contract where they pay fixed leg and receive the float leg based on price development on underlying assets represented by hourly national spot price published by short-term electricity market operator OKTE.

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

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

### 3.1 Market risk

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

#### 3.1.1 Foreign currency risk

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

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

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

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

The Company's foreign currency risk relates mainly to the changes in USD and CZK foreign exchange rates, with immaterial risk related to financial assets and financial liabilities denominated in other foreign currencies.

The carrying amounts of the Company's USD and CZK denominated monetary assets and monetary liabilities at the reporting date are as follows:

| thousands of EUR | 31.12.2024 | 31.05.2024 | 31.12.2024 | 31.05.2024 |
|---|---|---|---|---|
| | USD | USD | CZK | CZK |
| Monetary assets | 167 | 418 | 549 | 686 |
| Monetary liabilities | (1,583) | (964) | (5,027) | (2,409) |
| | (1,416) | (546) | (4,478) | (1,723) |

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

| thousands of EUR | | 31.12.2024 | 31.05.2024 |
|---|---|---|---|
| | | | |
| Profit after tax | Depreciation of USD by 10% | 108 | 40 |
| | Appreciation of USD by 10% | (108) | (40) |

| thousands of EUR | | 31.12.2024 | 31.05.2024 |
|---|---|---|---|
| | | | |
| Profit after tax | Depreciation of CZK by 10% | 14 | 6 |
| | Appreciation of CZK by 10% | (14) | (6) |

#### 3.1.2 Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company entered into a Master agreement on Upstream loans with DTAG in October 2008 based on which the Company can provide loans to DTAG. Currently, there is outstanding loan in amount of EUR 80,000 thousand (31.05.2024: EUR 10,000 thousand) at fixed interest rate (Note 22). The Company has no material financial instruments with variable interest rates as at 31 December 2024.

### 3.1.3 Other price risk

Other price risk arises on financial instruments because of changes in commodity prices. The Company entered into derivative swap to mitigate volatility exposure for energy prices.

The following table details the sensitivity of other components of equity to a 10% increase/decrease in the reference prices and 5% increase/decrease in electricity volumes with all other variables held as constant. The 10% and 5% change represents management's assessment of the reasonably possible change in the variables.

| thousands of EUR | | 31.12.2024 | 31.05.2024 |
|---|---|---|---|
| Impact on other components of equity | Decrease in reference prices 10% | (4,224) | (4,279) |
| | Increase in reference prices 10% | 4,224 | 4,279 |

| thousands of EUR | | 31.12.2024 | 31.05.2024 |
|---|---|---|---|
| Impact on other components of equity | Decrease in electricity volume 5% | (23) | (23) |
| | Increase in electricity volume 5% | 4 | 4 |

### 3.2 Credit risk

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

The Company is exposed to credit risk from its operating activities and certain investing activities. The Company's credit risk policy defines products, maturities of products and limits for financial counterparties. The Company limits credit exposure to individual financial institutions on the basis of the credit ratings assigned to these institutions by reputable rating agencies and these limits are reviewed on a regular basis. The Company deposits free cash into financial instruments such as financial investments in the form of loans to DTAG. The Company is exposed to concentration of credit risk from holding loan receivable in the amount of EUR 80,000 thousand (31.05.2024: EUR 10,000 thousand) provided to DTAG (Germany) and trade receivables from DTAG, subsidiaries and other entities in DT Group in amount of EUR 42,319 thousand (31.05.2024: EUR 32,427 thousand). The concentration of credit risk for trade receivables other than from entities in DT Group is limited due to the fact that the customer base is large and unrelated.

The Company's cash and cash equivalents are held with major regulated financial institutions; the two largest ones hold approximately 86% and 13% (31.05.2024: 95% and 4%).

For credit ratings see the following tables:

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Loans (Note 22) | | |
| Baa1 | 80,000 | 10,000 |
| | 80,000 | 10,000 |

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Cash and cash equivalents (Note 23) | | |
| A2 | 25,666 | 32,581 |
| A3 | 3,865 | - |
| Not rated | 251 | 100 |
| | 29,782 | 32,681 |

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

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

Impairment is recognized both upon initial recognition and at each subsequent reporting date at an amount equal to the lifetime expected credit losses. Objective evidence of impairment for a portfolio of receivables includes the Company's past experience of collecting payments, changes in the internal and external ratings of customers, current conditions and the Company's view of economic conditions over the expected lives of receivables.

In respect of financial assets, which comprise cash and cash equivalents, intra-group loans, trade and other receivables and cash pooling, the Company's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. The Company considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before contractual payments are 90 days past due. For example, in case of an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Company assesses its financial investments at each reporting date for credit losses. Significant financial assets are assessed individually. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Credit loss in respect of a financial asset is calculated as the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive discounted at the original effective interest rate. Credit losses are recognised in the income statement.

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

| | | | Past due | | | | |
|---|---|---|---|---|---|---|---|
| thousands of EUR | Not past due | < 30 days | 31–90 days | 91–180 days | 181–365 days | > 365 days | Total |
| At 31 December 2024 | | | | | | | |
| Trade and other receivables, gross | 205,518 | 7,309 | 3,840 | 3,812 | 6,147 | 19,429 | 246,055 |
| Trade and other receivables, net | 191,799 | 6,384 | 2,178 | 1,441 | 1,649 | 2,638 | 206,089 |
| Allowance for receivables | (13,719) | (925) | (1,662) | (2,371) | (4,498) | (16,791) | (39,966) |

| | | | Past due | | | | |
|---|---|---|---|---|---|---|---|
| thousands of EUR | Not past due | < 30 days | 31–90 days | 91–180 days | 181–365 days | > 365 days | Total |
| At 31 May 2024 | | | | | | | |
| Trade and other receivables, gross | 179,323 | 7,229 | 6,029 | 4,871 | 6,291 | 15,761 | 219,504 |
| Trade and other receivables, net | 168,591 | 6,392 | 3,697 | 1,994 | 1,859 | 1,884 | 184,417 |
| Allowance for receivables | (10,732) | (837) | (2,332) | (2,877) | (4,432) | (13,877) | (35,087) |

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

| | Not past due | < 30 days | Past due 31–90 days | 91–180 days | 181–365 days | > 365 days | > 3600 days |
|---|---|---|---|---|---|---|---|
| At 31 December 2024 | 2 % | 13 % | 40 % | 63 % | 74 % | 92 % | 100 % |
| At 31 May 2024 | 2 % | 13 % | 40 % | 63 % | 74 % | 92 % | 100 % |

No significant individually assessed trade receivables were included in the loss allowance in 6–12/2024 or 1–5/2024.

Management believes that no additional loss allowance is necessary for trade receivables for which there is a significant increase in credit risk since initial recognition because of the fact that these receivables are from creditworthy customers who have a good track record with the Company. This is also supported by the historical default rates. Management also believes that currently no additional loss allowance is necessary for trade receivables that are either not past due or for which no objective evidence of impairment exists.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 17, 22 and 23. For sensitivity of impairment charge of uncollectible receivables refer to Note 17.

### 3.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash or another financial asset. Liquidity risks are monitored using several techniques, such as Maturity Gap Analysis (which compares cash inflows and outflows over various time periods), Cash Flow Forecasting, and examining the Cash Conversion Cycle to evaluate liquidity requirements and challenges.

Short-term highly liquid assets of the Company (such as cash and cash equivalents, cash pooling receivable and intercompany short-term loans) cover significant part of Company´s payables without Trade and other receivables and other current assets taken into account, therefore liquidity risk of the Company is considered to be low:

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Cash and cash equivalents | 29,782 | 32,681 |
| Cash pooling receivable (included in Trade and other receivables) | 22,702 | 15,729 |
| Loans | 80,000 | 10,000 |
| | 132,484 | 58,410 |

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

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

| thousands of EUR | On demand | Less than 3 months | 3 to 12 months | Over 1 year | Total |
|---|---|---|---|---|---|
| At 31 December 2024 | | | | | |
| Trade and other payables | 9,731 | 95,584 | 17,799 | 12,773 | 135,887 |
| | | | | | |
| At 31 May 2024 | | | | | |
| Trade and other payables | 3,548 | 79,511 | 6,634 | 20,262 | 109,955 |

For maturity of lease liabilities refer to Note 27.

Trade and other payables, which are past due as at 31 December 2024, are in amount of EUR 6,278 thousand (out of which EUR 4,793 thousand are Trade and other payables past due not more than 30 days.) Trade and other payables, which were past due as at 31 May 2024, were in amount of EUR 1,870 thousand (out of which EUR 1,791 thousand were Trade and other payables past due not more than 30 days.)

The Company has granted credit limit to subsidiary DIGI SLOVAKIA, s.r.o. in amount of EUR 5,000 thousand with interest rate 1M Euribor + 1% margin. The limit was not used as at 31 December 2024.

### 3.3.1 Offsetting financial assets and liabilities

The following financial assets and liabilities are subject to offsetting:

| thousands of EUR | Gross amounts | Offsetting | Net amounts |
|---|---|---|---|
| At 31 December 2024 | | | |
| Current financial assets – Trade receivables | 1,479 | (839) | 640 |
| Current financial liabilities – Trade payables | 2,236 | (839) | 1,397 |
| | | | |
| At 31 May 2024 | | | |
| Current financial assets – Trade receivables | 3,693 | (2,609) | 1,084 |
| Current financial liabilities – Trade payables | 3,460 | (2,609) | 851 |

For the Company's accounting policy on offsetting refer to Note 2.10. Balances of Trade receivables and Trade payables are presented on a net basis in the statement of financial position.

### 3.4 Capital management

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

The Company's management proposes to the owner of the Company (through the Board of Directors) to approve dividend payments or adopt other changes in the Company's equity capital in order to optimize the capital structure of the Company. This can be achieved primarily by adjusting the amount of dividends paid to the shareholder, or alternatively, by returning capital to the shareholder by capital reductions, issue new shares or sell assets to reduce debt. The Company also takes into consideration any applicable guidelines of the ultimate parent company. No changes were made to the objectives, policies or processes in 6–12/2024.

The capital structure of the Company consists of equity attributable to shareholder, comprising issued capital, statutory reserve fund, retained earnings and other components of equity (Note 24). Management of the Company manages capital measured in terms of shareholder's equity amounting to EUR 1,230,435 thousand at 31 December 2024 (31.05.2024: EUR 1,183,031 thousand).

### 3.5 Fair values

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

### 3.5.1 Recurring fair value measurement

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting year.

| thousands of EUR | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Recurring fair value measurements at 31 December 2024 | | | |
| Financial assets at FVTPL | | | |
| Hedging derivatives – cash flow hedge | - | - | 8,802 |

Development of the carrying amounts of the financial assets and financial liabilities assigned to Level 3

| thousands of EUR | Derivative financial assets in cash flow hedges: energy forward agreements | Derivative financial liabilities in cash flow hedges: energy forward agreements |
|---|---|---|
| | | |
| Carrying amount as of May 31, 2024 | 9,358 | - |
| Additions (including first-time classification as Level 3) | - | - |
| Decreases in fair value recognized in profit/loss (including losses on disposal) | - | - |
| Increases in fair value recognized in profit/loss (including gains on disposal) | - | - |
| Decreases in fair value recognized directly in equity | (556) | - |
| Increases in fair value recognized directly in equity | - | - |
| Disposals (including last classification as Level 3) | - | - |
| Currency translation effects recognized directly in equity | - | - |
| **Carrying amount as of December 31, 2024** | 8,802 | - |

The amounts are included in line “Derivative financial instruments” of the statement of financial position and in line “Fair value (loss) / gain arising on hedging instruments“ in the statement of comprehensive income.

### 3.5.2 Non-recurring fair value measurement

Non-recurring fair value measurements are fair value measurements that are required or permitted by other IFRSs to be measured in the statement of financial position in particular circumstances.

| thousands of EUR | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| Non-recurring fair value measurements at 31 December 2024 | | | |
| Non-financial assets at fair value | | | |
| Property, plant and equipment | - | - | 8,430 |
| Right-of-use assets | - | - | 5,743 |

The Company accounts for counter-parties’ contribution into joint operations at fair value in accordance with IFRS 11. Furthermore, non-financial assets were valued by external valuation service provider using cost approach with regards to property, plant and equipment including own data for leases or other best available information in the circumstances in line with IFRS 13 requirements.

### 3.5.3 Financial assets and financial liabilities not measured at fair value

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

### 3.6 Presentation of financial instruments by measurement category

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| ASSETS | | |
| Financial assets at amortised cost | | |
| Trade and other receivables (Note 17) | 206,089 | 184,417 |
| Derivative financial instruments (Note 18) | 8,802 | 9,358 |
| Loans (Note 22) | 80,000 | 10,000 |
| Cash and cash equivalents (Note 23) | 29,782 | 32,681 |
| | | |
| LIABILITIES | | |
| Financial liabilities at amortised cost | | |
| Trade and other payables (Note 26) | 135,887 | 109,955 |
| Lease liabilities (Note 27) | 179,421 | 82,642 |

## 4. Revenue from contracts with customers

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| | | |
| Fixed network revenue | 184,847 | 129,979 |
| Mobile network revenue | 201,327 | 140,353 |
| Terminal equipment | 81,947 | 44,971 |
| System solutions / IT | 26,874 | 17,277 |
| Other | 4,618 | 2,792 |
| | 499,613 | 335,372 |

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

## 5. Other operating income

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| | | |
| Gain on disposal of property and equipment and intangible assets, net | 3,192 | 915 |
| Gain from material sold | 359 | 143 |
| Reversal of impairment of property and equipment (Notes 11, 12, 13) | 786 | 266 |
| Income from reinvoicing of services | 5,922 | 2,730 |
| Other | 8,123 | 2,240 |
| | 18,382 | 6,294 |

The significant increase in Other category is described in Note 2.20 Significant accounting judgements, estimates and assumptions.

## 6. Staff costs

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| | | |
| Wages and salaries | 61,387 | 33,947 |
| Defined contribution pension costs | 7,696 | 5,856 |
| Other social security contributions | 9,889 | 7,966 |
| | 78,972 | 47,769 |

| | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Number of employees at year end | 2,365 | 2,368 |
| Average number of employees during the year | 2,372 | 2,378 |

Majority of own work capitalized in amount of EUR 5,506 thousand (1–5/2024: EUR 4,298 thousand) represents capitalization of staff costs of internal employees.

For expenses resulting from termination, retirement and jubilee benefits (included in Staff costs) refer to Note 25.

## 7. Other operating costs

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Repairs and maintenance | 9,828 | 6,031 |
| Loss on disposal of Rights of use assets | 13,525 | 221 |
| Marketing costs | 12,235 | 3,961 |
| Energy | 10,996 | 7,612 |
| Printing and postage | 1,844 | 1,297 |
| Logistics | 2,134 | 1,175 |
| Rentals and leases (not in scope of IFRS 16) | 1,006 | 884 |
| IT services | 7,661 | 3,613 |
| Dealer commissions | 14,663 | 8,657 |
| Frequency fees | 1,802 | 1,276 |
| Content fees | 13,359 | 7,802 |
| Legal and regulatory claims (Note 34) | (754) | (186) |
| Property related costs | 1,683 | 981 |
| Consultancy | 2,412 | 989 |
| Customer solutions | 14,317 | 9,553 |
| Fees paid to group companies | 4,685 | 3,324 |
| Other | 8,658 | 3,699 |
| | 120,054 | 60,889 |

The significant increase in Loss on disposal of Right of use assets is described in Note 2.20 Significant accounting judgements, estimates and assumptions.

## 8. Financial income

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Interest income | 2,195 | 2,215 |
| Foreign exchange gains, net | 38 | 116 |
| | 2,233 | 2,331 |

## 9. Financial expense

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Interest expense from lease | 8,652 | 1,463 |
| Impairment of investments in subsidiaries (Note 16) | 4,328 | - |
| Other interest expense | 1,327 | 587 |
| | 14,307 | 2,050 |

The significant increase in Interest expense from lease relates to the transaction described in Note 2.1.

## 10. Taxation

The major components of income tax expense for the period from 1 June to 31 December 2024 and for the period from 1 January to 31 May 2024 are:

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Current tax expense | 23,409 | 25,755 |
| Current tax expense of prior years | - | 335 |
| Deferred tax expenses / (income) | 19,286 | (2,720) |
| Levy on regulated industries | 1,831 | 2,885 |
| Levy on regulated industries of prior years | (2,140) | - |
| Income tax expense reported in the income statement | 42,386 | 26,255 |

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

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Profit before income tax | 96,546 | 112,984 |
| Income tax calculated at the statutory rate of 21% (1–5/2024: 21%) | 20,275 | 23,727 |
| Effect of non-taxable income and tax non-deductible expenses: | | |
| Dividends | - | (1,099) |
| Cost related to legal and regulatory claims | - | (40) |
| Creation / (release) of impairment on shares in Group companies | 909 | - |
| Other tax non-deductible items, net | 839 | 447 |
| Tax charge in respect of prior years | - | 335 |
| Other taxes | (309) | 2,885 |
| Change in the tax rate - income tax / special levy rate | 15,594 | - |
| Adjustment of the deferred tax not affecting P/L | 5,078 | - |
| Income tax at the effective tax rate of 44% (1–5/2024: 23%) | 42,386 | 26,255 |

In period 6–12/2024, the effective tax rate has increased to 44% compared to 23% in period 1–5/2024. This increase is primarily due to the change in the income tax rate (increase in the income tax rate from 21% to 24% as of January 1, 2025) and the change in the rate of the special levy in regulated industries (increase in the monthly rate from 0.00363 to 0.01576 as of January 1, 2025). The total impact is an increase in the deferred tax liability of EUR 15,594 thousand.

Deferred tax assets (liabilities) for the periods ended 31 December 2024 and 31 May 2024 are attributable to the following items:

| thousands of EUR | 1 June 2024 | Through income statement | Through statement of comprehensive income | 31 December 2024 |
|---|---|---|---|---|
| Difference between carrying and tax value of fixed assets | (71,617) | (36,322) | - | (107,939) |
| Lease liabilities | 17,281 | 27,217 | - | 44,498 |
| Staff cost accruals | 1,883 | 2,953 | - | 4,836 |
| Allowance for bad debts | 5,551 | 1,645 | - | 7,196 |
| Termination benefits | 962 | 522 | - | 1,484 |
| Retirement benefit obligation | 1,969 | 315 | 474 | 2,758 |
| Asset retirement obligation | 2,700 | 566 | - | 3,266 |
| Derivative financial instruments | (1,965) | - | (147) | (2,112) |
| Contract assets | (6,288) | (1,505) | - | (7,793) |
| Contract costs | (7,336) | (1,742) | - | (9,078) |
| Contract liability | 1,571 | 147 | - | 1,718 |
| Special levy | (380) | (8,772) | - | (9,152) |
| Other | 5,562 | (4,310) | - | 1,252 |
| Net deferred tax liability | (50,107) | (19,286) | 327 | (69,066) |

| thousands of EUR | 1 January 2024 | Through income statement | Transfer to liabilities associated with assets classified as held for distribution to owners | Through statement of comprehensive income | 31 May 2024 |
|---|---|---|---|---|---|
| Difference between carrying and tax value of fixed assets | (82,053) | 5,789 | 4,647 | - | (71,617) |
| Lease liabilities | 19,188 | 1,810 | (3,717) | - | 17,281 |
| Staff cost accruals | 3,511 | (1,628) | - | - | 1,883 |
| Allowance for bad debts | 5,356 | 195 | - | - | 5,551 |
| Termination benefits | 1,169 | (207) | - | - | 962 |
| Retirement benefit obligation | 2,159 | 77 | - | (267) | 1,969 |
| Asset retirement obligation | 5,228 | (1,773) | (755) | - | 2,700 |
| Derivative financial instruments | - | - | - | (1,965) | (1,965) |
| Contract assets | (6,572) | 284 | -- | - | (6,288) |
| Contract costs | (6,776) | (560) | - | - | (7,336) |
| Contract liability | 1,770 | (199) | - | - | 1,571 |
| Special levy | - | (380) | - | - | (380) |
| Other | 6,324 | (688) | (74) | - | 5,562 |
| Net deferred tax liability | (50,696) | 2,720 | 101 | (2,232) | (50,107) |

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Deferred tax asset to be settled within 12 months | 27,302 | 17,896 |
| Deferred tax asset to be settled after more than 12 months | 48,597 | 20,437 |
| Deferred tax liability to be settled within 12 months | (18,042) | (7,345) |
| Deferred tax liability to be settled after more than 12 months | (126,923) | (81,095) |
| Net deferred tax liability | (69,066) | (50,107) |

The Slovak Republic has implemented legislation to ensure global minimum taxation in accordance with Pillar II of the OECD and the corresponding EU Directive. The Slovak legislation was adopted in December 2023 and the legislation is applicable from 2024.

The potential tax burden has been estimated based on the information available at the balance sheet date (historical information, planning data, DTAG Group reporting as of 31 December 2023 and 31 December 2024, etc.). Based on this assessment, the Company expects that it will not be subject to minimum taxation in 2024, either by demonstrating that it meets the temporary safe harbour criteria (i.e. based on the qualified report the simplified effective tax rate for a jurisdiction is at least 15% for 2024) or by demonstrating minimum taxation based on detailed calculations according to the GLoBE rules. Therefore, no minimum tax is due as of the balance sheet date.

In addition, the Company uses the exemption in IAS 12.4A, according to which no deferred taxes are recognized in connection with the global minimum taxation.

## 11. Intangible assets

| thousands of EUR | Software | Telecommu-nication licences | Other licences and rights | Internally developed intangible assets | Goodwill | Intangibles under construction | Total |
|---|---|---|---|---|---|---|---|
| At 1 June 2024 | | | | | | | |
| Cost | 492,616 | 184,765 | 31,013 | 50,636 | 73,313 | 38,924 | 871,267 |
| Accumulated amortisation | (394,041) | (128,293) | (20,293) | (37,438) | - | - | (580,065) |
| Net book value | 98,575 | 56,472 | 10,720 | 13,198 | 73,313 | 38,924 | 291,202 |
| Additions | 11,721 | - | 5,946 | 90 | - | 15,933 | 33,690 |
| Amortisation charge | (15,932) | (5,902) | (9,663) | (1,240) | - | - | (32,737) |
| Transfers | 6,177 | - | - | 255 | - | (6,432) | - |
| Disposals | (1) | - | 1 | - | - | - | - |
| At 31 December 2024 | | | | | | | |
| Cost | 501,928 | 184,765 | 33,496 | 50,981 | 73,313 | 48,425 | 892,908 |
| Accumulated amortisation | (401,388) | (134,195) | (26,492) | (38,678) | - | - | (600,753) |
| Net book value | 100,540 | 50,570 | 7,004 | 12,303 | 73,313 | 48,425 | 292,155 |

Goodwill was recognised at the merger of Slovak Telekom with T-Mobile on 1 July 2010 and arose on the Slovak Telekom's acquisition of the controlling interest in T-Mobile at 31 December 2004. Intangibles under construction are represented by low valued items of software or licenses acquired in current year, but not yet put in use.

| thousands of EUR | Software | Telecommu-nication licences | Other licences and rights | Internally developed intangible assets | Goodwill | Intangibles under construction | Total |
|---|---|---|---|---|---|---|---|
| At 1 January 2024 | | | | | | | |
| Cost | 480,162 | 184,765 | 30,434 | 49,628 | 73,313 | 48,958 | 867,260 |
| Accumulated amortisation | (389,779) | (124,078) | (24,895) | (36,576) | - | - | (575,328) |
| Net book value | 90,383 | 60,687 | 5,539 | 13,052 | 73,313 | 48,958 | 291,932 |
| Additions | 6,733 | - | 10,547 | 23 | - | 4,071 | 21,374 |
| Amortisation charge | (10,505) | (4,215) | (6,099) | (862) | - | - | (21,681) |
| Transfers | 12,387 | - | 733 | 985 | - | (14,105) | - |
| Reclassification to held for distribution to owners (Note 14) | (423) | - | - | - | - | - | (423) |
| At 31 May 2024 | | | | | | | |
| Cost | 492,616 | 184,765 | 31,013 | 50,636 | 73,313 | 38,924 | 871,267 |
| Accumulated amortisation | (394,041) | (128,293) | (20,293) | (37,438) | - | - | (580,065) |
| Net book value | 98,575 | 56,472 | 10,720 | 13,198 | 73,313 | 38,924 | 291,202 |

## 12. Property and equipment

| thousands of EUR | Land, buildings and structures | Telecommu-nications line network | Transmission and switching equipment | Other | Capital work in progress including advances | Total |
|---|---|---|---|---|---|---|
| At 1 June 2024 | | | | | | |
| Cost | 134,714 | 1,297,398 | 674,276 | 127,080 | 155,872 | 2,389,340 |
| Accumulated depreciation | (84,967) | (852,397) | (546,135) | (104,121) | - | (1,587,620) |
| Net book value | 49,747 | 445,001 | 128,141 | 22,959 | 155,872 | 801,720 |
| Additions | 168 | 12,303 | 31,258 | 11,964 | 28,788 | 84,481 |
| Depreciation charge | (1,598) | (25,814) | (22,516) | (4,817) | - | (54,745) |
| Impairment charge | - | - | - | - | - | - |
| Reversal of impairment | 501 | - | - | - | - | 501 |
| Disposals | (527) | (270) | (277) | (1,248) | (217) | (2,539) |
| Transfers | 531 | 8,887 | 8,012 | 379 | (17,809) | - |
| At 31 December 2024 | | | | | | |
| Cost | 133,216 | 1,318,267 | 686,413 | 134,778 | 166,634 | 2,439,308 |
| Accumulated depreciation | (84,394) | (878,160) | (541,795) | (105,541) | - | (1,609,890) |
| Net book value | 48,822 | 440,107 | 144,618 | 29,237 | 166,634 | 829,418 |

Property and equipment, excluding motor vehicles, is locally insured to a limit of EUR 25,000 thousand (31.05.2024: EUR 25,000 thousand). Any loss exceeding local limit is insured by DTAG Global Insurance Program up to EUR 725,000 thousand (31.05.2024: EUR 725,000 thousand). The Company has the third-party liability insurance for all motor vehicles.

| thousands of EUR | Land, buildings and structures | Telecommu-nications line network | Transmission and switching equipment | Other | Capital work in progress including advances | Total |
|---|---|---|---|---|---|---|
| At 1 January 2024 | | | | | | |
| Cost | 137,239 | 1,281,941 | 669,852 | 181,575 | 153,622 | 2,424,229 |
| Accumulated depreciation | (87,535) | (834,056) | (543,641) | (143,341) | - | (1,608,573) |
| Net book value | 49,704 | 447,885 | 126,211 | 38,234 | 153,622 | 815,656 |
| Additions | 1 | 7,043 | 8,208 | 3,130 | 24,052 | 42,434 |
| Depreciation charge | (1,203) | (18,580) | (15,997) | (4,010) | - | (39,790) |
| Impairment charge | - | - | - | (57) | - | (57) |
| Reversal of impairment | 266 | - | - | - | - | 266 |
| Disposals | (10) | (82) | (119) | (964) | (312) | (1,487) |
| Transfers | 1,196 | 8,735 | 9,838 | 1,721 | (21,490) | - |
| Reclassification to assets held for distribution to owners (Note 14) | (207) | - | - | (15,095) | - | (15,302) |
| At 31 May 2024 | | | | | | |
| Cost | 134,714 | 1,297,398 | 674,276 | 127,080 | 155,872 | 2,389,340 |
| Accumulated depreciation | (84,967) | (852,397) | (546,135) | (104,121) | - | (1,587,620) |
| Net book value | 49,747 | 445,001 | 128,141 | 22,959 | 155,872 | 801,720 |

## 13. Right-of-use assets

The Company has lease contracts for various items:

a) space on telecommunication infrastructure of third parties, rooftops and land to install own telecommunications equipment – the Company uses the space/area on third party landlords' land to construct its own masts or transmission towers. These masts and towers are used for telecommunications equipment (e.g. antennas) of the Company,
b) exclusive easements - an easement is a legal right to use, access, or cross another's property (such as land or common area in a building) for a specific limited purpose. Easements are granted mainly for the reasons to pass a cable over, under, or through an existing area of land. They are usually parts of buildings acquired within sale and leaseback transactions, when the Company sells a building but has an easement right to use part of that building to access technological equipment. The easement right and selling price are interdependent because they are negotiated as part of the same package. There is no rent charged for the easement right to use the asset as it is already incorporated in the lower selling price, therefore the Company estimates market price of lease payments for this type of lease,
c) shops – retail space in a building or a shopping mall,
d) operations buildings (less frequently in residential buildings) to place and operate technical equipment, e.g. servers, network equipment, etc. and also few operations buildings on third-party land,
e) office space - office space serves the Company's employees with space where they can execute their work,
f) vehicles – passenger cars used by the Company's employees.

Set out below, are the carrying amounts of the Company's right-of-use assets as at 31 December 2024 and at 31 May 2024.

| thousands of EUR | Leased land | Leased buildings | Leased technical equipment and machinery | Total |
|---|---|---|---|---|
| At 1 June 2024 | | | | |
| Cost | 45,540 | 76,134 | 13,311 | 134,985 |
| Accumulated depreciation | (14,200) | (31,615) | (4,602) | (50,417) |
| Net book value | 31,340 | 44,519 | 8,709 | 84,568 |
| Additions | 2,226 | 3,899 | 106,853 | 112,978 |
| Depreciation charge | (2,768) | (4,226) | (6,238) | (13,232) |
| Reversal of impairment | 285 | - | - | 285 |
| Disposals | (255) | (366) | (19,371) | (19,992) |
| At 31 December 2024 | | | | |
| Cost | 47,133 | 78,892 | 100,082 | 226,107 |
| Accumulated depreciation | (16,305) | (35,066) | (10,129) | (61,500) |
| Net book value | 30,828 | 43,826 | 89,953 | 164,607 |

The significant additions and disposals are described in more detail in Note 2.1 and Note 2.20.
Disposals arose due to contract terminations or modifications (shortening of lease term or decrease of lease payment).

| thousands of EUR | Leased land | Leased buildings | Leased technical equipment and machinery | Total |
|---|---|---|---|---|
| At 1 January 2024 | | | | |
| Cost | 35,492 | 107,361 | 12,148 | 155,001 |
| Accumulated depreciation | (13,789) | (44,583) | (3,950) | (62,322) |
| Net book value | 21,703 | 62,778 | 8,198 | 92,679 |
| Additions | 11,567 | 3,872 | 1,670 | 17,109 |
| Depreciation charge | (1,514) | (4,486) | (956) | (6,956) |
| Disposals | (85) | (277) | (182) | (544) |
| Reclassification to asets held for distributions to owners (Note 14) | (331) | (17,368) | (21) | (17,720) |
| At 31 May 2024 | | | | |
| Cost | 45,540 | 76,134 | 13,311 | 134,985 |
| Accumulated depreciation | (14,200) | (31,615) | (4,602) | (50,417) |
| Net book value | 31,340 | 44,519 | 8,709 | 84,568 |

Pursuant to IFRS 16 single lessee accounting model, the Company recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments (Note 27).

## 14. Asset held for distribution to owners

The transaction is described in more detail in Note 2.1 Basis of preparation.

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Property and equipment (Note 12) | - | 15,302 |
| Intangible assets (Note 11) | - | 423 |
| Right of use assets (Note 13) | - | 17,720 |
| Prepaid expenses | - | 1,519 |
| Trade receivables | - | 19 |
| Cash and cash equivalents | - | 200 |
| | - | 35,183 |

## 15. Impairment of goodwill

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| T-Mobile | 73,313 | 73,313 |
| | 73,313 | 73,313 |

The goodwill previously recognised at the acquisition of T-Mobile was recognised in the separate statement of the financial position of the Company upon the legal merger of the Company and T-Mobile on 1 July 2010. The recoverable amount of the cash-generating unit was determined using cash flows projections based on the four-year financial plans that present the management's best estimate on market participants' assumptions and expectations. Cash flows beyond the four-year period were extrapolated using 1.00% growth rate (31.05.2024: 1.00%). The growth rate does not exceed the long-term average growth rate for the market in which the cash-generating unit operates. The Company used discount rate of 5.65% (31.05.2024: 5.54%). Further key assumptions on which management has based its determination of the recoverable amount of the cash-generating unit include the development of revenue, customer acquisition and retention costs, churn rates, capital expenditures and market share, which are based on past performance and management's expectations for the future. Input parameters used to determine the recoverable amount are classified in Level 3 in accordance with IFRS 13. The recoverable amount of the cash-generating unit based on value in use calculation exceeded its carrying value. Management believes that any reasonably possible change in the key assumptions on which the cash-generating unit's recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

## 16. Investments in subsidiaries

Slovak Telekom holds the following investments in fully consolidated direct subsidiaries:

| Name and registered office | Activity | Share and voting rights 31.12.2024 | Share and voting rights 31.05.2024 |
|---|---|---|---|
| DIGI SLOVAKIA, s. r. o. ("DIGI")<br>Röntgenova 26, 851 01 Bratislava | TV services, broadband services and TV channels production | 100% | 100 % |
| Telekom Sec, s. r. o. (”Telekom Sec”)<br>Bajkalská 28, 817 62 Bratislava | Security services | 100% | 100 % |

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

| thousands of EUR | Cost of investment 31.12.2024 | Cost of investment 31.05.2024 | Profit / (loss) 6–12/2024 | Profit / (loss) 1–5/2024 | Net assets 31.12.2024 | Net assets 31.05.2024 |
|---|---|---|---|---|---|---|
| DIGI SLOVAKIA, s. r. o. | 44,096 | 48,424 | 529 | 1,826 | 8,023 | 7,393 |
| Telekom Sec, s. r. o. | 72 | 72 | (1) | - | 52 | 53 |
| | 44,168 | 48,496 | | | | |

Financial data for subsidiaries are based on their separate financial statements and for periods 1–5/2024 and 6–12/2024 from monthly results as at 31.12.2024.

Cost of investment in DIGI in amount of EUR 44,096 thousand is net of total impairment of EUR 8,266 thousand (Note 9) as the carrying amount of investment exceeded its recoverable amount.

## 17. Trade and other receivables

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Non-current | | |
| Receivables from instalment sale | 21,396 | 16,273 |
| Finance lease receivables | 505 | 386 |
| | 21,901 | 16,659 |
| Current | | |
| Trade receivables | 157,117 | 141,795 |
| Cash pooling receivable | 22,702 | 15,729 |
| Other receivables | 2,742 | 3,919 |
| Finance lease receivables | 1,627 | 6,315 |
| | 184,188 | 167,758 |

Trade receivables are net of an allowance of EUR 39,966 thousand (31.05.2024: EUR 35,087 thousand). If the allowance percentage increases by 1% in each relevant ageing group (except where there is 100% allowance created), the charge for the period would be by EUR 1,769 thousand higher (31.05.2024: EUR 1,691 thousand).

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

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| At 1 June / 1 January | 35,087 | 32,956 |
| Charge for the year, net | 6,116 | 5,896 |
| Utilised | (1,237) | (3,765) |
| At 31 December / 31 May | 39,966 | 35,087 |

## 18. Derivatives

The Company is committed to reduce their greenhouse gas emissions and to meet sustainability targets. To mitigate exposure to power price volatility, the Company has entered into a Virtual Power Purchase Agreement (VPPA) centered on wind-generated power. This agreement aims to cover approx. 60% of annual power needs of the Company, which averages to about 40 GWh per year. The agreement utilizes Guarantees of Origin (host contract) to certify the renewable energy sourced. The Company applies own-use exemption and treats GoO as executory contract.

With a carrying amount as of 31 December 2024 equal to EUR 8,802 thousand (31.05.2024: EUR 9,358 thousand), the embedded derivative in a REC (Renewable Energy Ceritificates) with a hedging relationship assigned to Level 3 and carried under derivative financial assets relates to the virtual power purchase agreement entered into by the Company on April 2, 2024. The transaction price at the inception of the VPPA was zero and no day 1 gain or loss was recognized.

Under the virtual power purchase agreement the Company will receive variable amounts based on the facilities' actual energy output and the current energy prices and will pay fixed amounts per unit of energy generated throughout the term of the contract. The virtual power purchase agreement is measured using valuation model because no observable market prices are available. The value of the derivative is significantly influenced by future energy prices on the relevant markets.

In estimating the market prices of electricity, the Company uses a combination of market quotations from established platforms like EEX (European Energy Exchange), and third-party expert input for the parts of the forward curve that are not liquid. This combination of third-party data and unobservable volume estimates triggers the Level 3 fair value hierarchy classification of the VPPA's fair value in line with IFRS 13. The nominal value of the contract is 34,040 thousand EUR for expected 40 GWh/year.

**Application of hedge accounting**
The Company has designated the VPPA cash flow hedge relationship at its origination. It met the effectiveness requirements in accordance with IFRS 9 with regards to economic relationship, determined through reference prices with economic relationship between the hedging instrument and the hedged item exists as the underlying asset of hedging instrument matches the underlying price component of the power delivery contracts. Furthermore, the designated forecasted volume of the monthly power consumption in MWh matches the VPPA volumes based on the expected annual generated volumes. The credit risk of the Company and the counterparty affect only the changes of the fair value of the hedging instrument. The Company determines hedge ratio as the relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting (Hedging notional: Hedged power price risk exposure). The incorporated hedge ratio is defined in line with the nature of risk being hedged and the economic relationship of the hedged item and the hedging instrument and is therefore 1:1. In other words, 1 MWh of forecasted purchases is hedged with 1 MWh of VPPA production volume. The actual hedge ratio is monitored monthly at each reporting date and upon a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first. Potential sources of ineffectiveness are identified as mismatch between actual VPPA Volume and designated volume of hedged item. Furthermore, hedge ineffectiveness can arise if there is a discrepancy between the actual volume in the VPPA and the electricity consumption. Creditworthiness of VPPA parties in hedge ineffectiveness can occur if the Company or the Seller experiences financial instability or credit rating downgrades and non-linear movement in prices which could be the main source of ineffectiveness in this hedge relationship specifically the difference in the floating price index applied in the calculation of the fair value of hedged item (base-load price) and hedging instrument.

The impact of the hedging instruments on the statement of financial position is as follows:

| thousands of EUR | Notional Amount | Carrying amount of the hedging instrument | | Line item in the statement of financial position | Change in fair value used for measuring ineffectiveness for the period |
|---|---|---|---|---|---|
| | | Assets | Liabilities | | |
| As at 31 December 2024 | | | | | |
| Commodity derivative | 34,040 | 8,802 | - | Derivative financial instruments | - |
| As at 31 May 2024 | | | | | |
| Commodity derivative | 35,520 | 9,358 | - | Derivative financial instruments | - |

The impact of the hedged item is as follows:

| thousands of EUR | Nominal amount of the hedged item | | Change in value used for calculating hedge ineffectiveness | Balance in cash flow reserve for continuing hedges | Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied |
|---|---|---|---|---|---|
| | Assets | Liabilities | | | |
| As at 31 December 2024 | | | | | |
| Commodity derivative | - | 12,451 | (545) | 8,802 | - |
| As at 31 May 2024 | | | | | |
| Commodity derivative | - | 13,812 | 11,104 | 9,358 | |

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income (OCI) is, as follows:

| thousands of EUR | Total hedging gain/(loss) recognised in OCI | Ineffectiveness recognised in profit or loss | Line item in the statement of profit or loss | Amount reclassified from OCI to profit or loss | Line item in the statement of profit or loss |
|---|---|---|---|---|---|
| As at 31 December 2024 | | | | | |
| Highly probable forecast purchases | 8,802 | - | Fair value gain/(loss) arising on hedging instruments | - | n/a |
| Electricity purchases | - | - | n/a | - | n/a |
| As at 31 May 2024 | | | | | |
| Highly probable forecast purchases | 9,358 | - | Fair value gain/(loss) arising on hedging instruments | - | n/a |
| Electricity purchases | - | - | n/a | - | n/a |

## 19. Assets and liabilities related to contracts with customers

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

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

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

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

| v tis. EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| **Non-current assets** | | |
| Contract assets | 8,901 | 7,586 |
| Loss allowance | (1,178) | (780) |
| | 7,723 | 6,806 |
| Contract costs | 18,540 | 18,216 |
| | 18,540 | 18,216 |
| **Current assets** | | |
| Contract assets | 23,263 | 21,555 |
| Loss allowance | (1,626) | (2,046) |
| | 21,637 | 19,509 |
| Contract costs | 19,284 | 16,719 |
| | 19,284 | 16,719 |
| **Non-current liabilities** | | |
| Contract liabilities | 41,603 | 33,090 |
| | 41,603 | 33,090 |
| **Current liabilities** | | |
| Contract liabilities | 32,283 | 29,792 |
| | 32,283 | 29,792 |

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period amounted to EUR 11,132 thousand (1–5/2024: EUR 12,849 thousand).

Transaction price allocated to the performance obligations that are unsatisfied as of the end of reporting period amounted to EUR 367,354 thousand (31.05.2024: EUR 381,514 thousand). Management expects that the transaction price allocated to the unsatisfied contracts as of 31 December 2024 will be recognised as revenue as follows: EUR 282,235 thousand during first year; EUR 81,739 thousand during second year and EUR 3,380 thousand during third-fifth year (31.05.2024: EUR 288,269 thousand during first year; EUR 90,197 thousand during second year and EUR 3,048 thousand during third-sixth year).

Wages and salaries include also amortisation of costs to obtain a contract with customer in the amount of EUR 961 thousand (1–5/2024: EUR 764 thousand) (Note 6).

Dealers commission includes also amortisation of costs to obtain a contract with customer in the amount of EUR 13,044 thousand (1 5/2024: EUR 9,831 thousand) (Note 7).

## 20. Prepaid expenses and other assets

| v tis. EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Non-current | | |
| Other prepaid expenses | 16,998 | 10,965 |
| | 16,998 | 10,965 |
| Current | | |
| Other prepaid expenses | 4,057 | 3,603 |
| Advance payments | 7,066 | 5,225 |
| Other assets | 591 | 452 |
| | 11,714 | 9,280 |

## 21. Inventories

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Materials | 5,490 | 5,508 |
| Goods | 19,006 | 14,587 |
| | 24,496 | 20,095 |

Inventories are net of an allowance of EUR 3,077 thousand (31.05.2024: EUR 2,327 thousand). The write-down of inventories in the amount of EUR 1,139 thousand (1–5/2024: EUR 1,179 thousand) was recognised in cost of material and equipment.

## 22. Loans

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Loans to Deutsche Telekom AG | 80,000 | 10,000 |
| | 80,000 | 10,000 |

The loans granted to Deutsche Telekom AG were not secured. Loans outstanding at 31 December 2024 were provided in December 2024 and were repayable in January 2025 (31.05.2024: provided in May 2024 and were repayable in June 2024). For credit ratings see Note 3.2.

## 23. Cash and cash equivalents

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Cash and cash equivalents | 29,782 | 32,681 |
| | 29,782 | 32,681 |

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

## 24. Shareholders' equity

On 18 June 2015 Deutsche Telekom Europe B.V. became the sole shareholder of Slovak Telekom.

As at 31 December 2024, Slovak Telekom had authorised and issued 86,411,300 ordinary shares (31.05.2024: 86,411,300) with a par value of EUR 10.00 per share (31.05.2024: EUR 10.00 per share). All the shares issued were fully subscribed. All the shares represent the rights of shareholder to participate in the managing of Slovak Telekom, on the profit and liquidation balance upon the winding-up of Slovak Telekom with liquidation.

The statutory reserve fund is set up in accordance with Slovak law and is not distributable. The reserve is created from retained earnings to cover possible future losses.

Category Other in the Statement of changes in equity covers mainly changes of equity from retirement benefits (Note 25) and the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/losses. There were no reclassifications from the cash flow hedge reserve to profit or loss during the period.

The Financial statements of the Company for the year ended 31 May 2024 were authorised for issue on behalf of the Board of Directors of Slovak Telekom on 25 October 2024.

On 26 November 2024 Deutsche Telekom Europe B.V. while performing competences of the General meeting of Slovak Telekom approved transfer of the prior period profit of EUR 86,729 thousand to retained earnings. Statutory profit of EUR 156,871 thousand for period 1–12/2023 was paid in the form of dividends in May 2024, which amounted to EUR 1.82 per share.

Approval of the 31 December 2024 profit distribution will take place at the Annual General Meeting scheduled for April 2025.

## 25. Provisions

| thousands of EUR | Legal and regulatory claims (Note 34) | Asset retirement obligation | Termination benefits | Employee benefits | Other | Total |
|---|---|---|---|---|---|---|
| At 1 June 2024 | 6,368 | 12,849 | 4,586 | 9,562 | 10,328 | 43,693 |
| Arising during the year | 3,555 | 746 | 6,183 | 2,329 | 3,821 | 16,634 |
| Utilised | (3,324) | (334) | (1,212) | (67) | (1,056) | (5,993) |
| Reversals | - | (56) | (3,374) | (333) | (293) | (4,056) |
| Interest impact | - | 402 | - | 207 | 29 | 638 |
| Transfer within provisions | (451) | - | - | - | 451 | - |
| Transfer to current liabilities | - | - | - | - | 46 | 46 |
| At 31 December 2024 | 6,148 | 13,607 | 6,183 | 11,698 | 13,326 | 50,962 |
| Non-current | - | 10,760 | - | 11,698 | 1,277 | 23,735 |
| Current | 6,148 | 2,847 | 6,183 | - | 12,049 | 27,227 |
| | 6,148 | 13,607 | 6,183 | 11,698 | 13,326 | 50,962 |

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Non-current | 23,735 | 21,403 |
| Current | 27,227 | 22,290 |
| | 50,962 | 43,693 |

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

**Termination benefits**
The restructuring of the Company's operations resulted in headcount reduction of 59 employees in period June – December 2024 (1– 5/2024: 50 employees). The Company expects a further headcount reduction of 209 employees in year 2025 as a result of an ongoing restructuring program. A detailed formal plan that specifies the number of staff involved and their locations and functions was defined and authorised by management and announced to the trade unions. The amount of compensation to be paid for terminating employment was calculated by reference to the collective agreement. The termination payments are expected to be paid within 12 months of the statement of financial position date and are recognised in full in the current period.

In period June – December 2024 the Company recognised an expense resulting from termination benefits in amount of EUR 1,179 thousand (1- 5/2024: EUR 1,101 thousand) in staff costs.

**Retirement and jubilee benefits**
The Company provides benefit plans for all its employees. Provisions are created for benefits payable in respect of retirement and jubilee benefits. One-off retirement benefits and their probable settlement date are dependent on employees fulfilling the required conditions to enter retirement. Jubilee benefits and their probable settlement date are dependent on the number of years of service with the Company. The benefit entitlements are determined from the respective employee's monthly remuneration or as a defined particular amount.

| thousands of EUR | Retirement benefits | Jubilee | Total |
|---|---|---|---|
| Present value of the defined benefit obligation | | | |
| At 1 June 2024 | 9,380 | 182 | 9,562 |
| Current service cost | 340 | 12 | 352 |
| Interest cost | 203 | 4 | 207 |
| Benefits paid | (53) | (14) | (67) |
| Remeasurement of defined benefit plans | 1,952 | 25 | 1,977 |
| Curtailment | (333) | - | (333) |
| At 31 December 2024 | 11,489 | 209 | 11,698 |

| thousands of EUR | Retirement benefits | Jubilee | Total |
|---|---|---|---|
| Present value of the defined benefit obligation | | | |
| At 1 January 2024 | 10,284 | 222 | 10,506 |
| Current service cost | 243 | 9 | 252 |
| Interest cost | 145 | 3 | 148 |
| Benefits paid | (20) | (9) | (29) |
| Remeasurement of defined benefit plans | (1,272) | (43) | (1,315) |
| At 31 May 2024 | 9,380 | 182 | 9,562 |

Remeasurement of defined benefit plans related to retirement benefits in amount of EUR 1,952 thousand consists of change in demographic assumptions in amount of EUR 2,285 thousand and change in financial assumptions in amount of EUR 327 thousand partially netted by change in experience adjustments in amount of EUR 660 thousand.

The curtailment gain in amount of EUR 333 thousand as at 31 December 2024 resulted mainly from a reduction in the number of participants covered by the retirement plan that occurred in 2024 or was announced for 2025. For period ended as of 31 May 2024 involuntary fluctuation was used in calculation model instead of curtailment gain. There were no special events causing any new past service cost during period ended as at 31 December 2024.

Principal actuarial assumptions used in determining the defined benefit obligation for period ended as at 31 December 2024 include the discount rate of 3.37% (31.05.2024: 3.75%). The expected expense for period ended as at 31 December 2024 has been determined based on the discount rate as at the beginning of the accounting period of 3.75% (31.05.2024: 3.46%). Average retirement age is 63 years and 2 months (31.05.2024: 63 years and 2 months). The expected growth of nominal wages over the long term is 2.0% (31.05.2024: 2.0%). The remaining weighted average duration of the defined benefit obligation is 10.0 years (31.05.2024: 10.1 years). Fluctuation of employees is also considered in determining the defined benefit obligation.

The sensitivity analysis for the significant actuarial assumptions as at 31 December 2024 and 31 May 2024 is as follows:

| thousands of EUR | (Decrease) / increase of employee benefits provision | |
|---|---|---|
| | 31.12.2024 | 31.05.2024 |
| Change of actuarial assumption: | | |
| Discount rate change +100 bp / -100 bp | (1,042) / 1,211 | (721) / 821 |
| Salary change +0.50% / -0.50% | 587 / (550) | 402 / (380) |

## 26. Trade and other payables

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Non-current | | |
| Financial liabilities for capitalised content licences | 160 | 52 |
| Financial liabilities for frequency licences | 12,456 | 20,070 |
| Other payables | 156 | 140 |
| | 12,772 | 20,262 |
| Current | | |
| Trade payables | 51,940 | 28,700 |
| Uninvoiced deliveries | 51,107 | 46,221 |
| Financial liabilities for capitalised content licences | 9,504 | 11,875 |
| Financial liabilities for frequency licences | 7,614 | - |
| Other payables | 2,950 | 2,897 |
| | 123,115 | 89,693 |

## 27. Lease liabilities

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Up to 1 year | 16,622 | 12,220 |
| 1 to 5 years | 39,465 | 34,028 |
| Over 5 years | 123,334 | 36,394 |
| Total other lease liabilities | 179,421 | 82,642 |

| | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Up to 1 year | 30,766 | 15,199 |
| 1 to 5 years | 103,132 | 47,326 |
| Over 5 years | 185,371 | 35,744 |
| Total undiscounted cash flows (lease liability) | 319,269 | 98,269 |

The significant increase in the lease liability is described in more detail in Note 2.1 Basis of preparation.

Pursuant to IFRS 16 single lessee accounting model, the Company recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments (Note 13).

## 28. Impact from leasing contracts

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

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Depreciation expense of right-of-use assets (Note 13) | 13,232 | 6,955 |
| Impairment of right-of-use assets (Note 13) | - | - |
| Reversal of impairment of right-of-use assets (Note 13) | (285) | - |
| (Gain) / Loss from disposal of right-of-use assets | 19,268 | 221 |
| Other income | - | - |
| Interest cost on lease liabilities (Note 9) | 8,652 | 1,463 |
| At 31 December / 31 May | 40,867 | 8,639 |

## 29. Other liabilities

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Current | | |
| Amounts due to employees | 30,184 | 19,145 |
| Other tax liabilities | 6,322 | 5,568 |
| Other liabilities | 4,343 | 3,912 |
| | 40,849 | 28,625 |

Amounts due to employees include social fund liabilities:

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| At 1 June / 1 January | 1,310 | 575 |
| Additions | 545 | 1,399 |
| Utilisation | (995) | (664) |
| At 31 December / 31 May | 860 | 1,310 |

## 30. Liabilities associated with assets classified as held for distribution to owners

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Lease liabilities (Note 31) | - | 17,700 |
| Asset retirement obligation provision (Note 25) | - | 12,231 |
| Other liabilities | - | 551 |
| Deferred tax | - | 101 |
| At 31 December / 31 May | - | 30,583 |

The transaction is described in more detail in Note 2.1 Basis of preparation.

## 31. Cash flow disclosures

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

| thousands of EUR | Financial liabilities (Note 26) | Lease liabilities (Note 27) |
|---|---|---|
| At 1 June 2024 | 31,997 | 82,642 |
| Additions | 5,636 | 112,978 |
| Non-cash movements | - | 112 |
| Cash used in financing activities | (7,899) | (24,964) |
| Accretion of interest | - | 8,652 |
| At 31 December 2024 | 29,734 | 179,420 |
| | | |
| At 1 January 2024 | 27,065 | 91,784 |
| Additions | 10,798 | 17,108 |
| Non-cash movements | - | (228) |
| Cash used in financing activities | (5,866) | (9,785) |
| Accretion of interest | - | 1,463 |
| Reclassification to liabilities associated with assets classified as held for distribution to owners (Note 30) | - | (17,700) |
| At 31 May 2024 | 31,997 | 82,642 |

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

## 32. Commitments

The Company's purchase commitments were as follows:

| thousands of EUR | 31.12.2024 | 31.05.2024 |
|---|---|---|
| Acquisition of property and equipment | 44,732 | 60,478 |
| Acquisition of intangible assets | 21,778 | 16,381 |
| Purchase of services and inventory | 171,013 | 143,604 |
| | 237,523 | 220,463 |

## 33. Related party transactions

| | Receivables | | Payables | | Commitments | |
|---|---|---|---|---|---|---|
| thousands of EUR | 31.12.2024 | 31.05.2024 | 31.12.2024 | 31.05.2024 | 31.12.2024 | 31.05.2024 |
| DTAG | 102,886 | 25,844 | 3,602 | 2,515 | 44 | 2,011 |
| Subsidiaries | 1,498 | 1,786 | (5) | (13) | 6 | 171 |
| Other entities in DTAG Group | 17,935 | 14,797 | 16,387 | 14,103 | 6,044 | 12,374 |
| | 122,319 | 42,427 | 19,984 | 16,605 | 6,094 | 14,556 |

The Company conducts business with its subsidiaries (DIGI, Telekom Sec,) as well as with its ultimate parent, Deutsche Telekom AG and its subsidiaries, associates and joint ventures.

| | DTAG | | Subsidiaries | | Other related parties | |
|---|---|---|---|---|---|---|
| thousands of EUR | 6–12/2024 | 1–5/2024 | 6–12/2024 | 1–5/2024 | 6–12/2024 | 1–5/2024 |
| Sales and income | | | | | | |
| Interconnect / roaming revenues | - | - | 650 | 427 | 5,894 | 3,578 |
| System solutions / IT revenues | - | - | 54 | 40 | 2,734 | 1,990 |
| Income from reinvoicing of services | 96 | 71 | 1,910 | 1,253 | 7,037 | 3,631 |
| Dividends | - | - | - | 5,235 | - | - |
| Other revenue / income | 1,865 | 2,009 | 671 | 441 | 2,967 | 1,809 |
| | 1,961 | 2,080 | 3,286 | 7,396 | 18,632 | 11,008 |
| Purchases | | | | | | |
| Interconnect / roaming costs | - | - | 4 | 3 | 7,046 | 3,929 |
| Customer solutions | - | - | 3 | - | 902 | 1,043 |
| IT services | - | - | - | - | 3,835 | 1,479 |
| Expenses from reinvoicing of services | 3,460 | 2,238 | - | - | 4,779 | 2,945 |
| Other purchases | 446 | 279 | 209 | 103 | 16,583 | 4,214 |
| | 3,906 | 2,517 | 216 | 106 | 33,145 | 13,610 |

Other purchases include data services, lease payments, management, consultancy, other services, inventory and purchases of fixed assets. During period 6–12/2024 the Company paid lease payments in amount of EUR 9,690 thousand (1–5/2024: EUR 59 thousand) to related parties and purchased fixed assets in amount of EUR 1,206 thousand (1–5/2024: EUR 294 thousand) from related parties. As at 31 December 2024, the Company has right-of-use assets from related parties with a net book value in the amount of EUR 79,387 thousand (1–5/2024: 350 thousand) and respective lease liabilities of EUR 100,597 thousand (1–5/2024: 354 thousand).

As at 31.12.2024 the Company granted a short-term loan of EUR 80,000 thousand (31.05.2024: EUR 10,000) to Deutsche Telekom AG.

In March 2024 the General meeting of DIGI declared a dividend of EUR 5,235 thousand. Dividends were paid in March 2024. There was no other dividend declared by other subsidiaries in period 6–12/2024 and 1–5/2024.

In 2016 the Company signed an ICT contract with a duration of 80 months with T-Systems International GmbH ("TSI"). Currently was the contract prolonged until 2026. Within this contract, the Company acts as the main subcontractor for the restructuring of the Allianz communication network in the selected countries. DTAG Company entities in relevant countries are service providers for the Company. In period 6–12/2024 the Company recognised revenue with TSI in amount of EUR 1,333 thousand (1–5/2024: EUR 966 thousand), and expenses with other DTAG Company entities in amount of EUR 950 thousand (1–5/2024: EUR 584 thousand).

Deutsche Telekom as the ultimate parent company controlling Slovak Telekom is a related party to the Federal Republic of Germany. Slovak Telekom had no individually significant transactions with the Federal Republic of Germany or entities that it controls, jointly controls or where Federal Republic of Germany can exercise significant influence in either 6–12/2024 or 1–5/2024.

**Compensation of key management personnel**
The key management personnel as at 31 December 2024, 13 in number (31.05.2024: 13) include members of the Management Board, Board of Directors and Supervisory Board.

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

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Short term employee benefits | 1,164 | 2,095 |
| Defined contribution pension plan benefits | 20 | 15 |
| Share based compensations | 65 | 307 |
| | 1,249 | 2,417 |

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Management Board | 1,246 | 2,414 |
| Board of Directors | - | - |
| Supervisory Board | 3 | 3 |
| | 1,249 | 2,417 |

The Company offers several long-term incentive plans to its executive management members with a new package being launched each year and with each tranche lasting for 4 years. A total provision of EUR 1,690 thousand has been recognised as at 31 December 2024 (31.05.2024: EUR 1,314 thousand). In period 6–12/2024 the Company recognised an expense resulting from these long-term incentive plans in amount of EUR 376 thousand (1–5/2024: revenues of EUR 7 thousand) in Staff costs.

## 34. Contingencies

**Legal and regulatory cases**
On 17 October 2014 the European Commission sent an infringement decision to the Company in case AT 39.523 (hereinafter “the EC Decision”). EC Decision found the Company (and DTAG, as parent company) liable for breach of competition law (margin squeeze and refusal to deal) in relation to ULL for the period 12 August 2005 – 31 December 2010 and imposed a fine of EUR 38,838 thousand on DTAG and the Company, jointly and severally. The fine was paid by the Company in January 2015. Judicial review was closed by Court of Justice’s judgment of March 2021 confirming the EC Decision in major part, although court did find, that European Commission did not prove that the infringement occurred before 2006 and decreased imposed fine accordingly.

As of 31 December 2024, three cases are pending following the EC Decision. Three competitors of the Company filed action against Slovak Telekom with the civil court in Bratislava in 2015, 2017 and 2022. These claims seek compensation for damages allegedly incurred due to Company's abuse of its dominant market position, as determined by the EC Decision and amount to EUR 218,867 thousand plus interest. Interest is claimed starting from period the alleged damage occurred. Proceeding ongoing at a court of first instance. These financial statements do not include any provisions for potential losses (neither claimed principal nor accrued interest) related to these cases as the Company has assessed that it is more likely than not that there will be no future cash outflows connected with these cases. Final outcome of the cases following the EC Decision is uncertain.

In 2009, the Anti-Monopoly Office of Slovak Republic (“AMO”) imposed on Company a penalty of EUR 17,453 thousand for abusing its dominant position by price squeeze and tying practices on several relevant markets (voice, data and network access services on its fixed network) (the “AMO Decision”). Administrative court confirmed Company’s arguments in major part, however later on rejected those arguments without proper reasoning and judicial review was closed in June 2021 upholding AMO Decision fully. The Company filed a complaint with Constitutional Court. The penalty was paid in October 2017.

As of 31 December 2024, there are two cases pending, where two competitors filed actions against Company in 2013 and 2015 seeking damages allegedly incurred due to Company's conduct as determined by the AMO Decision. The claimants contend that they incurred lost profit amounting to EUR 108,610 thousand plus interest. Interest is claimed starting from period the alleged damage occurred. All cases are pending at the first instance court. These financial statements do not include any provisions for potential losses (neither claimed principal nor accrued interest) related to these cases as the Company has assessed that it is more likely than not that there will be no future cash outflows connected with these cases. Final outcome of the cases following the AMO decision is uncertain.

As of 31 December 2024, there is a number of other various cases pending in the cumulative amount of EUR 32,513 thousand. These financial statements do not include any provisions for potential losses (neither claimed principal nor accrued interest) related to these cases as the Company has assessed that it is more likely than not that there will be no future cash outflows connected with these cases. Final outcome of the cases is uncertain.

As of 31 December 2024, the Company recognised provision for all known and quantifiable risks related to proceedings against the Company, which represent the Company's best estimate of the amounts, which are more likely than not to be paid. The actual amounts of penalties, if any, are dependent on a number of future events the outcome of which is uncertain, and, as a consequence, the amount of provision may change at a future date.

The Company is otherwise involved in legal and regulatory proceedings in the normal course of business.

## 35. Audit fees and other fees

The Company obtained following services from the audit company Deloitte audit, s.r.o.

| thousands of EUR | 6–12/2024 | 1–5/2024 |
|---|---|---|
| Audit services | 339 | 202 |
| Other non audit services | 17 | 11 |
| | 356 | 213 |

## 36. Events after the reporting year

There were no events, which have occurred subsequent to the period-end, which would have a material impact on the financial statements at 31 December 2024.

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