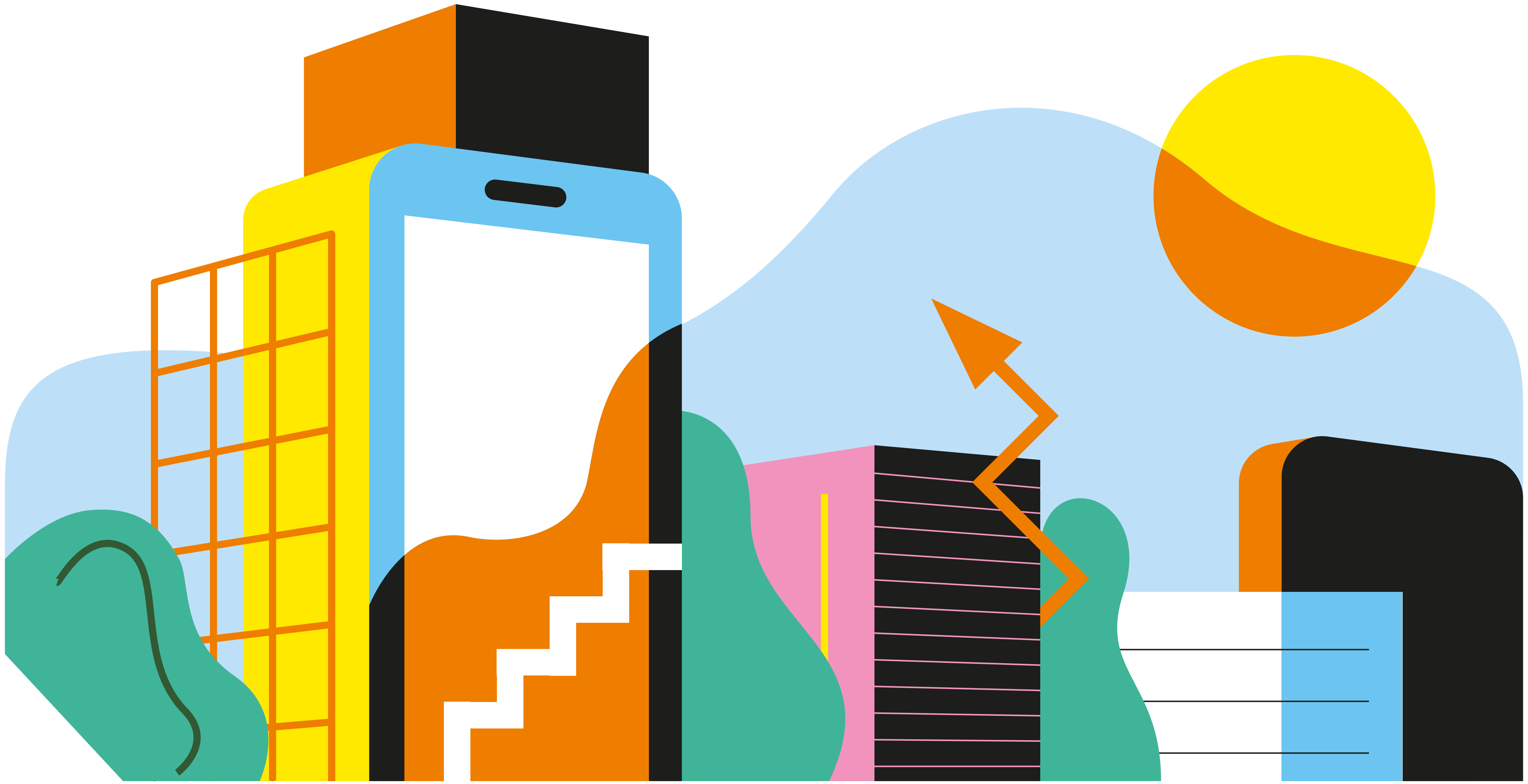
Annual Report 2021

orange™



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Orange Slovensko, a.s.

We always find each other

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Orange Slovensko, a.s. - Member of the Global Orange Group

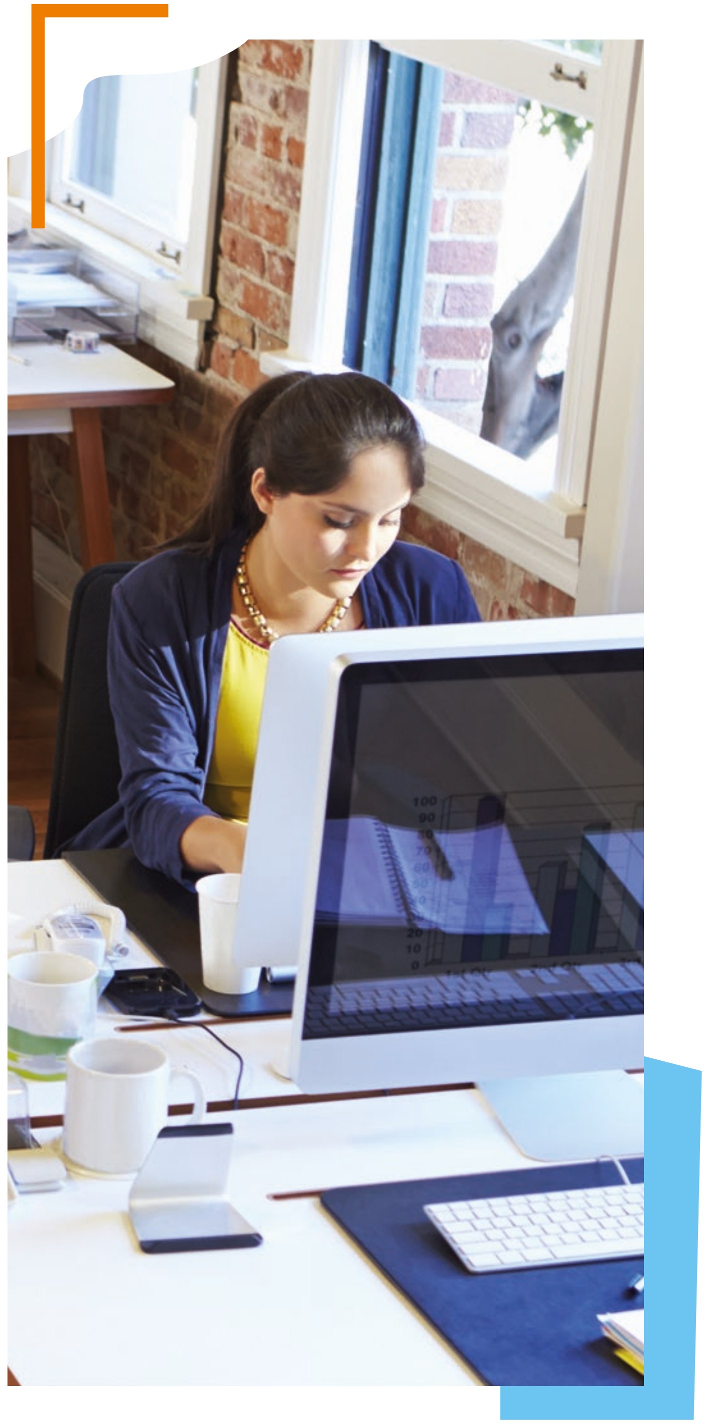
Registered Office
Metodova 8, 821 08 Bratislava,
Slovak Republic

Company Identification Number (IČO)
35697270

Date of Entry in the Commercial Register of the Slovak Republic
3 September 1996

Legal Form
Joint-stock Company

Identification of the Entry in the Commercial Register
Registered in the Bratislava I District Court Commercial Register Section: Sa, Insert No.: 1142/B



Description of the Company

Orange Slovensko, a.s. is a leader in providing comprehensive telecommunications services, and the largest mobile network operator in Slovakia. It has been operating on the Slovak market since 1997.

As at 31 December 2021, Orange Slovensko, a.s. had 2,478 million active mobile network customers, 292 thousand fixed Internet customers, and 161 thousand digital TV customers. As at 31 December 2021, the revenues of Orange Slovensko, a.s. reported according to IFRS standards amounted to EUR 542 million.

Orange Slovensko, a.s. is a member of the international Orange Group, which is one of the world's leading telecommunications operators. As at 31 December 2021, revenues of the Orange Group amounted to EUR 42.5 billion, with 271 million customers using its services in 26 countries around the world.

The company is providing mobile services through the 2G network covering 99,8% of the population, the 3G network available to 95% of the Slovak population, the 4G network available to 99.1% of the Slovak population and even through the 5G network with maximal theoretical speed up to 1 600 Mbit/s. Fixed Internet from Orange, whether via FTTH, DSL or fixed LTE, is the most accessible Internet in Slovakia, with access for almost 1.8 million households, while the fiber-optic network from Orange is available to nearly 560 thousand households in 69 towns of Slovakia.

The quality of services provided by Orange Slovensko, a.s. is compliant with the ISO 9001:2000 certificate criteria; in addition, Orange Slovensko, a.s. holds an environmental management certificate pursuant to the ISO 14001:2004 standard. In Slovakia, Orange is a leader in CSR and corporate philanthropy. This area is covered by Nadácia Orange (Orange Foundation), which public surveys have identified as the most trusted corporate foundation in Slovakia.

The 100% shareholder of Orange Slovensko, a.s. is the Orange Group, via Atlas Services Belgium.

Company Bodies

Board of Directors

Chairman
Mariusz Gatza (since 1 April 2022)
Federico Colom Artola (until 31 March 2022)

Members
Radoslav Barka
Eve Bourdeau
Vladislav Kupka
Eric Maintenay
Zuzana Nemečková

Supervisory Board

Chairman
Pavol Lančarič

Vice-Chairman
Christophe Naulleau

Members
Igor Berta
Jean-Marie Culpin
Gilles Deloison
Bruno Duthoit
Ľuboš Dúbravec
Marc Ricau
Marcela Rédlerová
Christian Urs Luginbühl

Company Management

Chief Executive Officer
Mariusz Gatza (since 1 April 2022)
Federico Colom Artola (until 31 March 2022)

Director of Residential Customers Sales Department
Radoslav Barka

Chief Financial Officer
Eve Bourdeau

Director of Human Resources Department
Ivana Braunsteinerová

Director of Information Systems and Networks
Eric Maintenay

Marketing Director for Residential Customers and Brands
Martin Hromkovič

Director of Customer Service Department
Vladislav Kupka

Director of Sales and Marketing for Business Customers
Zuzana Nemečková

Director of Strategy, Legal and Wholesale Department
Luis de Torres Iglesias

Mariusz Gatza

Chief Executive Officer and Chairman of the Board of Directors (since 1 April 2022)

Born in 1973. He has a master's degree in civil engineering from the Polytechnic University of Bydgoszcz, also studied management at the University of Warsaw and received an MBA from the University of Illinois. He has got more than 20 years of experience in Orange Poland where he has held various senior positions, including Deputy General Manager responsible for business and residential segments. After successfully serving as CEO in Orange Moldova in the years 2020-2022, in April 2022 he became CEO and Chairman of the Board of Directors of Orange Slovensko, a.s.

Federico Colom Artola

Chief Executive Officer and Chairman of the Board of Directors (until 31 March 2022)

Born in 1969. He has a degree in economics from the University of Valencia and an MBA from EOI – Manchester Business School. He has worked in the telecommunications sector for over 24 years and held various positions in business operations, finance and customer service. From 2007 to 2016, he was CFO in Orange Spain and from 2016 he was an Executive Vice-President and Financial Controlling Director in the Orange Group. Since 2019, he has been CEO of Orange Slovensko, a.s. and also the Chairman of the Board of Directors.

Radoslav Barka

Director of Residential Customers Sales Department

Born in 1980. He graduated from the University of Economics in Bratislava and from INSEAD Business School in Paris in 2018. His professional career started at GfK Slovakia as a marketing analyst in 2004. He joined Orange Slovensko, a.s. in 2005 and from 2009 he worked as the marketing manager and deputy of the Sales Director. In 2019, he became Residential Customers Sales Director of Orange Slovensko, a.s.

Eve Bourdeau

Chief Financial Officer

Born in 1982. She has a degree in telecommunication from the INSA LYON University and she also achieved her master’s degree in strategy and international relations at ESSEC Business School in Paris. She worked on various positions within the Orange Group as, for instance, sales, mergers and acquisitions. Between 2010-2013, in the position of Sales Director in Orange France, from 2014 in the position of Financial Director for the Asian and Pacific region in Orange Business Services. She has been Chief Financial Officer in Orange Slovensko, a.s. since September 2020.

Ivana Braunsteinerová

Director of the Human Resources Department

Born in 1974. She received her master’s degree from the Faculty of Arts at Comenius University in Bratislava. She has been working in the field of human resources management since 2002 and worked in a number of automotive companies and retail businesses. From 2011, she worked as HR Country Manager at Lidl Slovak Republic, v.o.s. She joined Orange Slovensko, a.s., in 2018 as Human Resources Director.

Martin Hromkovič

Marketing Director for Residential Customers and Brand

Born in 1974. He graduated from the Faculty of Commerce at the University of Economics in Bratislava. In 1998, he joined Slovnaft as marketing consultant and franchise specialist. Since 2000, he has held various marketing positions at Orange Slovensko, a.s., initially as marketing analyst and later as marketing expert and strategist. In 2019, he became Marketing Director for Residential Customers and Brands.

Vladislav Kupka

Director of Customer Service Department

Born in 1974. He completed his studies at the Faculty of Arts of University of Ss. Cyril and Methodius in Trnava. He started working in sales in 1994, and joined Orange Slovensko, a.s. in 1996. He started his career as a customer centre employee, and one year later he continued as the Back Office trainer, and then as deputy manager. He worked as Back Office manager between 2001 and 2006, later as B2C Department manager, and since July 2008 he has been Director of the Customer Service Department at Orange Slovensko, a.s.

Eric Maintenay

Director of Information Systems and Networks

Born in 1961. He graduated in electrical engineering at the Marseille-Provence University. He has been working in Orange Slovensko, a.s. from 1997 when he started his career as manager of Operations Centre in Banská Bystrica. Between 2002 and 2008, he was responsible for quality and operations activities within the technical division, later he was senior manager for networks and deputy director of Information Systems and Networks. Since July 2020, he has been Director of Information Systems and Networks in Orange Slovensko, a.s.

Zuzana Nemečková

Director of Sales and Marketing for Business Customers

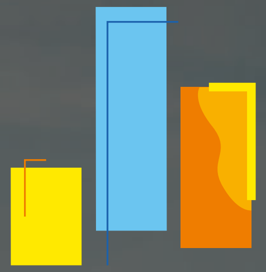
Born in 1970. She graduated from the Faculty of Commerce at the University of Economics in Bratislava. She started working as an assistant to the director in 1993 and later as marketing manager at Tchibo Slovensko, spol. s r.o. In 1996, she became director of the Sales, Marketing and Communication Department at Rajo a.s. From 2001, she worked as Director of the Sales Department at Orange Slovensko, a.s. and in 2019 she became Director of Sales and Marketing for Business Customers.

Luis de Torres Iglesias

Director of Strategy, Legal and Wholesale Department

Born in 1963. He has a degree in economics from Universidad Complutense in Madrid and a degree in law from Universidad Europea in Madrid, and he holds an MBA from Instituto de Empresa in Madrid. He has extensive management experience gained in various executive and senior positions in the international telecommunications sector. Between 2001 and 2006, he was the deputy CFO in Vodafone Spain. From 2008, he held various financial executive positions at Orange Spain, most recently as director for audit, internal controlling and risk management, and previously as a CFO. He joined Orange Slovensko, a.s. in 2019 as Director of Strategy, Legal and Wholesale Department.

We aim for success ...



Revenues
EUR 542 mil.

EBITDAaL
EUR 195 mil.

Investments into networks
EUR 90 mil.

2,478 thousand
Customers of **mobile services**

151 thousand
Customers of **convergent services**

292 thousand
Customers of **fixed internet**

23 thousand
Customers using **eSIM**

161 thousand
TV services activated

1 174
Employees

... we do not forget to help

69 %
of our energy consumption came from **renewable sources**, representing 8,424 tonnes of CO2 that we did not emit (52 GWh from renewable sources), and in addition, we produced 43 MWh of electricity from our own production of renewable sources, thus saving 7 tonnes of CO_2

33,193
Collected old mobile phones

833,439
Customers with **eInvoice** representing 79 % of invoiced customer base

285,396
Benefiting individuals we have reached last year through Nadácia Orange (Orange Foundation)

EUR 236,500
Obtained from the allocation was redistributed by Nadácia Orange (Orange Foundation) to **support grant programs**

Letter from the CEO

We are looking for what unites us

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Letter from the CEO

Dear Ladies and Gentlemen,

I am honored to welcome you to the lines by which I will proudly and gratefully allow myself to guide you through the activities we have implemented, the challenges we have faced and the results we have achieved in the year 2021. Despite the difficult period marked by the global pandemic and restrictions associated with it for the second year in a row, we still remain optimistic after completing the challenging year of 2021, as it was characterized by stable revenues, double-digit growth in customers number of fixed internet, television and converged services. This gives us the necessary trust and self-confidence for the future. Another important moment that is already bringing us the expected results today is our constant effort to provide customers with the highest quality, which is a key pillar of our further development and growth in the long term.

We intensively focus on our higher purpose, which is "to connect people and businesses with best in class digital services for human progress, while achieving shared sustainable growth". Our ambition is to continue building the success story of number 1 mobile player on the Slovak telecommunications market, further extending our growth to convergence, fix broadband and digital services. All activities realized in the past year we brought in line with this strategy and in an effort to make communication even more convenient for our customers.

Convergent services

Although we are still leaders in the mobile market in a difficult competitive environment, our priorities and activities have long-term been directed primarily at connecting services in both mobile and fixed networks. We know that customers expect more than just one service from their operator, they expect quality solutions that meet the specific needs of their household or business. Therefore, we have long-term focused on convergence, i.e. mobile and fixed services in one package. We consider this to be crucial for the long-term success of any telecommunications player. Thanks to the combination of services into one package, we offer our customers higher value and more benefits, at the same time they can use services in the highest quality network in Slovakia, whether mobile or fixed. Combining services and the Love service package with which customers get everything they need for entertainment and communication has been and is our long-term strategic priority.

All the steps we took in 2021, whether it were attractive marketing offers with added value for the customer or expanding the availability of our services, primarily the fixed ones, help us to constantly strengthen our position in convergence. A survey we undertook at the end of the year confirmed to us that the majority of the population considers it meaningful to have all telecommunications services from a single operator, and this finding is clearly confirmed in particular by the reaction of our customers. I am very pleased that we are succeeding in our strategic area - the evidence is more than 30,000 new customers who decided to combine their services into one package in 2021 and thus use the services in the highest quality and most accessible network, mobile and fixed at the same time. The number of customers using converged services at the end of 2021 increased by 27% year-on-year and reached almost 151,000. According to a representative survey, the primary motivation for customers to combine services into one package is a lower price and the opportunity to obtain additional benefits. We have offered them these in the form of extra data, additional discounts or additional services. We are extremely pleased that the benefits of combining services into one package are perceived positively by customers and we expect this trend to continue in the market also in the future.

Fixed network services

In addition to the increase in the number of customers of converged services, we also recorded an increase in the number of fixed internet customers; we also consider the increase in the television services market to be significant.

As of 31 December 2021, Orange recorded 292,000 customers of fixed broadband internet through FTTH, DSL, and fixed LTE technologies, which represents an increase of nearly 17 percent year over year. Optical Internet users account for the largest share, almost

50%. The TV services segment also continued to grow, by almost 24% compared to the same period of the previous year, while the number of activated TV services (FTTx TV, DTH, xDSL TV and OTT TV) exceeded 161,000.

At the end of 2021, our fixed network services could be used by 1.8 mil. households in Slovakia. This means that we have been able to offer fixed internet and television services from Orange to up to 97.2% of households in our territory. As of the last day of 2021, Orange's own optical network was available to 567,989 households in 69 towns. Another 454,951 households in 503 towns and municipalities in our country could use optical services from Orange provided through partner networks.

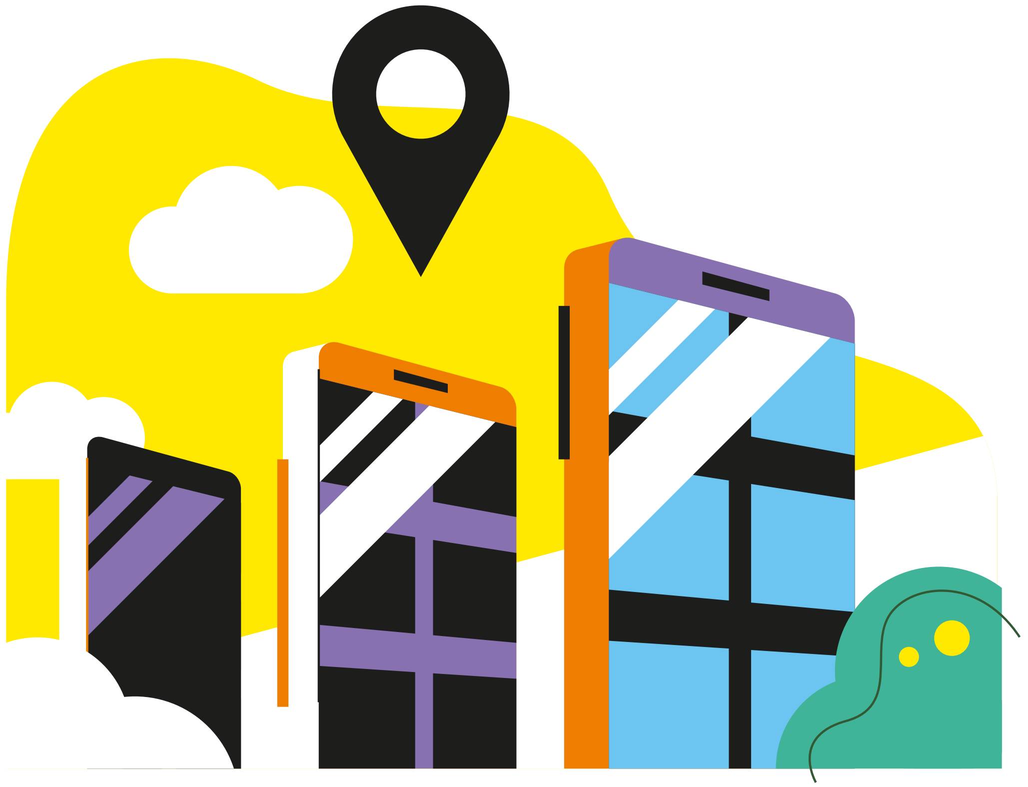
In the field of internet and television, we also brought several novelties last year. The portfolio of our Internet services was enriched by Internet to go. The service is intended for any customer who already has a fixed internet provided by us - with Internet to go added to a fixed connection under advantageous conditions customers also obtain Internet available in their mobile phones.

Television was also a major topic of the past year in Orange. Customers have experienced several changes in the area of provided content, but also in hardware. One of the important milestones was the enrichment of the device offer with a new generation multimedia smart set-top box - the interactive Orange TV Box uses the Android TV operating system, supports 4K content playback and the installation of additional applications. In addition to the user experience, it also emphasizes ecology, as its compact packaging is made from recycled materials and is repeatedly 100% recyclable. Along with the new device, Orange also added a 4K station to the offer.

The offer of premium sports content has also been further expanded. In addition to the top events that our customers have had the opportunity to watch in previous years - including the UEFA Champions League - other premium sports experiences have been added. With the addition of three TV stations, fans of German, Spanish or Italian top level football have also come to meet their expectations. Orange TV currently brings one of the richest sports content among operators in Slovakia.

Mobile network

Thanks to the most extensive modernization of our network from previous years, we were able to start implementing several ambitious projects last year, including the construction of the first true high-speed 5G network. This brings extremely high transmission speeds and low response. We operate a high-speed 5G network in Slovakia in the so-called NSA (Non-standalone) mode, where we use the new 3,500 MHz frequency band together with the existing 4G frequencies. This enables us to reach theoretical speeds at the level of 1,600 Mbit/s when downloading and 160 Mbit/s when uploading files. Compared to previous generations of mobile networks, Orange's 5G network uses the latest Massive MIMO technology, which improves efficiency and data transfer speed. The arrival of the 5G network was a successful completion of a large three-year investment in the modernization of the mobile network in the amount of EUR 144 million.



However, 5th generation networks provide not only higher speeds and lower response, but they also bring a completely new definition of the mobile network. Compared to the previous ones, they have the greatest potential so far to change the way people, but also companies, use technologies. We will fully appreciate the possibilities of the 5G network in the future, but thanks to a joint project of the Faculty of Mechanical Engineering of Slovak University of Technology, Faculty of Informatics and Information Technologies of SUT and our company, in which we demonstrated the integration of the 5G network directly while driving an electric car, we could gain a view into it shortly after launching our high-speed 5G network. It was the first evidence of a revolution 5G networks can convey to us in a few years.

I consider the launch of the high-speed 5G network, which brings along greater comfort from the provided services and an even better customer experience, to be one of the most crucial moments of the pandemic year 2021 in the mobile segment. It was another important step on the path of the best ones, which we have already started to follow some time ago.

Another important moment that confirms our focus on the highest quality is our regain of the award for the highest quality mobile network. Not only did we defend our last year's leadership in mobile network quality, but we even surpassed it. The results of an independent study carried out on an international scale showed that Orange's mobile network is the highest quality network not only in Slovakia, but also has the best quality among the 25 measured networks in Europe. In addition to 4G networks, the study also covered 5G networks for the first time. Winning the second award for the highest quality mobile network in Slovakia is an important recognition for us of our efforts to bring customers the highest quality.

Customers can enjoy the highest quality in the most accessible network with the largest coverage in Slovakia. Orange's mobile 4G network is available to 99.1% of the Slovak population in all 141 towns and 2,225 municipalities in Slovakia, while speeds of up to 680 Mbit/s thanks to 4G + coverage can be enjoyed by almost 29% of the population and up to 55% of the population up to 300 Mbit/s. Thanks to new construction, more than 40 municipalities were added to 4G last year.

Given the fact that already in 2020 we implemented 4G in our entire network, so in the year 2021 we focused mainly on strengthening 4G capacity in the busiest areas. We have expanded the capacity for almost 18% of the population, which has also led to an increase of 4G + coverage for almost 73% of the population. Within 4G +, we currently provide several levels of aggregation in different areas and with different theoretical speeds (200 Mbit/s, 300 Mbit/s, 680 Mbit/s).

The total value of investments in the construction and modernization of mobile and fixed networks, creation and improvement of IT infrastructure, including other investments exceeded EUR 90 million in 2021. We will continue in a similar trend next year, focusing primarily on expanding the availability of the new 5G technology.

The almost 58% year-on-year increase in mobile data traffic in 2021 is no surprise; on the contrary, it is copying trends in customer behavior, which is dominated by the constant need to be online and the associated increased data consumption. The growing trend in data traffic is long-term and we expect this trend to continue also in the coming years. Of the total volume of 66.68 million GB, 88.5% was transferred in the 4G network last year, which represents a year-on-year increase of almost 61%. In the high-speed 5G network, customers have transferred 107.02 thousand GB of data since its launch in May 2021.

Mobile network services

Thanks to the 5G network, we were able to bring our customers the most attractive data package in our offer - the Extra Data package, with which customers gained not only an attractive volume of data at an advantageous price, but also got access to the 5G network. Its attractiveness was appreciated by more than 25,000 customers

who decided to activate it. We also responded to the change in customer behavior and the increased need to use data services by adding extra data to the flat rates. First, we enhanced our unique Go Yoxo student package and added the #datujcelyden (#usedatawholeday) service to its users, which gave them the opportunity to use unlimited free data, initially for any 2 days of the month, which we then extended to any 8 days of the month. We have offered the same option to all customers with Go plans, who can also choose any 8 days during their billing period, when they can use unlimited free data. Not to mention that we offer customers several options for getting extra data for their plan, either within the Mutual for Free group or with the Love service package.

Despite the fact that our market is generally more inclined to plan services, the prepaid card market still has potential and its fans. These are customers who want to be flexible, do not want to be bound or do not need a phone with contribution and want to have their expenses under control. The size of this customer segment is evidenced by the size of our customer base and the total number of customers in the market who use prepaid cards. At the end of 2021, we registered more than 314,000 such customers. We also brought them discounted communication when we enriched the prepaid Prima cards with new advantageous additional packages as well as rewards for regular credit recharging.

In addition to bringing commercial offers, we have also focused on improving our Orange benefits program, which is designed for all our customers who use the Go plans. We have concentrated all benefits, discounts and special personalized offers for our customers in one place directly in the My Orange Customer Zone, where they are clearly arranged into three categories. With this step, we want to make it easier for customers to take advantage of a number of benefits and discounts that we provide as a reward for their loyalty, and to show them also in this way how much we value their loyalty.

As of 31 December 2021, Orange recorded a total of 2.478 million active customers of mobile services, of which almost 1.9 million were customers of mobile billed services. The 2.9% year-on-year decline in the customer base is mainly due to last year's deactivation of inactive SIM cards as part of the largest project in history to migrate customers from old plans to Go plans and the associated clearing of the mobile voice services portfolio. Above all, this activity has brought greater transparency and fairness in

the reporting of the real customer base and a more realistic view of the data related to it. The average revenue per user (ARPU) increased by 10.7% year-on-year and reached EUR 12.30.

Over the past 12 months, 66,335 new customers opted for Orange's simple, fair and transparent offer, they preferred Orange's services and transferred their number from competing operators. The number of customers who decided to prefer the services of other operators in the same period decreased by 22% year-on-year and only slightly exceeded 70,000.

Business customer services

In addition to innovations for the residential customer market, we have been continuously working on improvements for our business customers - whether it has been expanding coverage with quality internet or innovative services to simplify their business.

In addition to further expanding partnership cooperation in sharing optical networks we launched a pilot operation of Internet services over a 60 GHz connection in the second half of 2021. This technology has opened up further possibilities for us to provide advantageous and reliable internet intended mainly for business customers. A fully fledged commercial operation and a new portfolio of services including this technology will enrich our business offer in 2022.

The Internet of Things and its wide range of uses in streamlining business have also been a topic of the past year. We have added special IoT plans to the offer, which connect the customer's devices to the network via IoT SIM cards. IoT plans in combination with the SIM manager solution allow easy control of devices within the Internet of Things, their remote control, monitoring, switching on or off as needed. During the year, we also implemented several solutions in the area of smart parking, monitoring of energy consumption, indoor or outdoor air quality, monitoring of leaks in distribution networks or monitoring of production processes in various industries or agriculture. IoT, as a promising area of services tailored to every business, has the potential to contribute, for instance, enhancing the efficiency and simplifying regular tasks that do not require a creative approach. In this way, employees can be alleviated and they can be allowed to use their potential for other types of activities, but they can also help with a number of other situations that the that customers need to deal with in their business.

And in addition to voice and data services, we have enriched the range of services for entrepreneurs and smaller companies in our stores with IT solutions. From now on, smaller business customers can also be provided this type of service directly at the point of sale.

Customer service

Even the continuing unfavorable situation with the corona crisis did not stop us, on the contrary, it forced us to be more innovative and flexible, thanks to which we more than successfully managed to reflect on customer requirements, bring innovative solutions and manage increased interest in our services. Customers continued to actively use the services of the Customer Line as well as digital assisted channels, such as the web form, Facebook Messenger and chat. In the second half of the year, we brought our customers another innovative solution in the form of a new communication channel WhatsApp, which by the end of the year had become a balanced communication channel for Facebook Messenger in the number of served customers. I have to emphasize that by optimizing processes and increasing the capacity of digital assisted service channels, we managed to slightly increase the number of served customers compared to last year.

The volume of self-service customer operations in the environment of the customer zone and today the completely new mobile application My Orange also grew visibly, where we were able to motivate further digitally skilled customers to actively use and benefit from them - from the original 300,000 in 2020 to almost 350,000 in 2021. Through continuous education of customers, we were able to persuade invoiced customers to actively use electronic invoicing, which brought us closer to almost 80% of the invoiced customer base. Of the other innovations that make communication easier for our customers, I would like to mention the new chatbot. He can understand the customer's free text in chat communication and provide answers to all commonly asked questions so far outside of personalized data, which is the goal of the next phase for the year 2022. At the end of last year we managed to open a complete digital path for customers to purchase and activate services via facial biometrics, so far for customers who opt for our services without facilities.

Our social responsibility

The coronavirus pandemic not only brought along a concern for one's own health and the health of the loved ones, but also highlighted the importance of mental well-being, on which it has a significant impact. In cooperation with the IPčko Civic Association, we organized the first online event called Festival for the Soul, which introduced the importance of mental health to the general public during the pandemic and at the same time provided advice and recommendations from experts on how to cope with this challenging period. We also managed to open a unique contact center called Klub Machovisko, which is a safe haven for all young people who need to entrust their worries to experts. The contact center offers an anonymous safe area for professional assistance as well as space for leisure and development activities.

The last year has also shown us that mental health care inevitably belongs to the school environment. School psychologists and helpline counselors talk about the growing number of educators seeking their professional help and advice in experiencing their own life situation and situations arising in a school environment. As part of the pilot year of the Healthy Soul of the School grant program, we supported 24 projects.

I am extremely proud that thanks to these activities we have managed to win the prestigious Via Bona Slovakia award, which is awarded annually by Pontis Foundation to companies for projects in the field of responsible business and corporate philanthropy in various categories. The Good Community Partner award highlights exceptional

company projects that address societal issues or community support. We managed to be awarded with it for our activities in the field of mental health support. Also thanks to them, mental health in Slovakia is being talked about more intensively. Especially thanks to the activities we do with our partner organizations IPčko, the League for Mental Health and the Child Safety Line.

The protection of the environment and the impacts of climate change, which are affecting the whole world, including Europe, remain a priority for our company. In line with the Paris Agreement, we have set ourselves the goal to achieve net zero carbon emissions by the year 2040. We aim to reduce our CO_2 emissions by 30% by 2025 compared to 2015; increasing the share of renewable energies, which will account for more than 50% of the group's energy mix by 2025, and collecting 30% of old mobile devices compared to total mobile sales per year. One of the significant activities is the Collection of Old Mobile Phones campaign, through which we try to educate the public in the field of sustainability and recycling of electrical waste. It has been active since 2013 and to this day more than 370,000 old mobile phones have been separated and recycled. Last year, also thanks to the cooperation with ASEKOL SK, we collected up to 33,000 mobile devices together with children and our customers, whether in schools or shops.

We have also supported the meaningful Eco Rating initiative. It is a joint initiative of telecommunications companies that aims to provide consumers with consistent and clear information on the environmental impact of the production, transport, use and disposal of mobile phones. Eco Rating allows operators and their customers to evaluate phones more broadly, providing an overview of more sustainable electronics.

Human resources

Without the initiative, support and professional approach of our 1,174 employees and hundreds of our partners, that much optimism or pride would not prevail in these lines, as without them, we would not have been able to achieve any of this. In Orange, we have been operating as flexible as possible since the outbreak of the pandemic, and up to 90% of all our employees have the opportunity to work from virtually anywhere without the need for physical presence in the office. Even after the end of the emergency situation related to pandemic measures, we have the ambition to continue in the most flexible way of employment with great regard for the well-being of our employees, but with the aim to focus on effective cooperation, building of team spirit and corporate culture. I believe that the renovated and adjusted premises in Bratislava and Banská Bystrica will also contribute to this, as we benefited from the time when our employees remained working from home and we renovated the offices.

The pandemic changed the work processes across all sections, as it also did in the field of human resources. I appreciate all the more that our efforts to build the best working conditions for our employees have been appreciated, as they are a fundamental pillar of our business. We have defended the title of Top Employer

Slovakia for the eighth time, as well as the Top Employer Europe and Top Employer Global awards. This success is a repeated confirmation for us that we belong among the leading employers who, despite the difficult and very non-standard pandemic times, create a pleasant working environment for their employees with a focus on their work growth or personal development. We also appreciate the Leading HR Organization 2021 prize, which is awarded by PwC to companies with the most effective human resources management and the best results in the field of personnel management in Slovakia. For the third time in a row, we have become the winners in the information technologies sector.

In the global survey in the field of training and development of Orange Group employees carried out last year, it was our company that achieved the highest participation among all European countries, at up to 50%. The results have given us valuable feedback, which has confirmed that many of the things we do help our employees. For example, distance learning, which became a common part of the COVID-19 pandemic and is currently the most widely used form, is considered by up to 84% of employees to be a suitable form of learning that allows them to develop their skills and knowledge.

Since we have long been striving to keep the use of printed paper to a minimum in our society in the digitization process, we have quite naturally decided to devote time and energy to replacing the physical signing of internal documents and gradually replacing it with digital form wherever this is possible for legislative reasons. I also consider the launch of the system of electronic signing of internal documents, e-Signature, i.e. electronic signature, which brought our employees the comfort of remote signing, a great success.

Financial results

For the second year in a row, the coronavirus pandemic situation had the greatest impact on the overall development of our operational and financial indicators. Total revenues of Orange Slovensko, a.s. as at 31 December 2021, reported in accordance with IFRS 15, increased by 0.2% year-on-year, reaching EUR 542 million. This slight increase is mainly due to an increase in revenues from the sale of equipment, which increased by almost 2% year-on-year in 12 months. I am convinced that without a decline in revenues from equipment sales in the third quarter, which was caused by a shortage of equipment availability due to lack of chips, revenue growth could be higher. This is also indicated by the increase in revenues from the sale of equipment in the last quarter, which was more than 8%. Despite a slight increase in revenues, Orange recorded a slight 0.6 percent revenue decline of EBITDAaL. This was mainly due to increasing pressure on input costs.

Closing words

Ladies and gentlemen, our ambition is to continue to build the success story of the best mobile services provider in the Slovak telecommunications market and further growth in the area of convergence, fixed internet and digital services. We will focus on providing top quality and converged services of the highest quality at a reasonable price. I believe that we will continue to respond quickly and effectively to opportunities such as the growing market demand for new digital communications services with increased demands on their security and useful intelligent solutions that are coming with the new era. We will focus on ensuring that our response to new market trends and changes in the needs of residential and business customers is efficient and correct. This is the key to making development in 2022 as positive as possible for us.

Ladies and gentlemen, allow me to use this space to express my thanks to the shareholder for the trust without which we would not be able to bring our customers new inspirational and relevant products and services. Furthermore, to our employees, who are our most valuable asset, for their daily effort and contribution to our common success and, last but not least, to our customers for choosing us to trust. I look forward to further challenges in 2022. I believe that they will bring us as much inspiration as possible, thanks to which we will be able to connect people daily with everything they care about.

Federico Colom Artola

Chief Executive Officer and
Chairman of the Board of Directors
Orange Slovensko, a.s.

Key Milestones in 2021

Every challenge moves us forward

Key Milestones in 2021

January

Orange became the Top Employer of 2021

For its approach to human resources, Orange has been awarded the title of the Top Employer already for the eighth time, which is a confirmation that it is one of the leading employers with a corporate culture achieving the highest standards in Slovakia and at the same time creates a pleasant working environment for its employees with focus on their professional growth and personal development. At the same time, Orange once again defended important awards - Top Employer Slovakia, Top Employer Europe and Top Employer Global.

February

The new Love benefit for fixed internet

The Love service package is even more advantageous. Customers who set up fixed internet in combination with a voice plan can use it free of charge for the first three months. In addition, Orange now also remits additional fees, so customers do not pay any activation or installation fees.

March

Go Yoxo with unlimited data for free

The Go Yoxo package for students with the new service #usedatawholeday offers its customers an opportunity to use unlimited data throughout the whole day for free. Unlimited data for one day can be activated by the customer up to twice within one billing period, so it can always cover two different days according to the customer´s current needs or preferences.

April

We have started the second phase of GPON-based optical network sharing

Orange continues tto share optical network with Slovak Telekom. Thanks to cooperation of telecommunications operators, Telekom's customers too can now use its optical services also in places where Telekom does not have its own optical network.

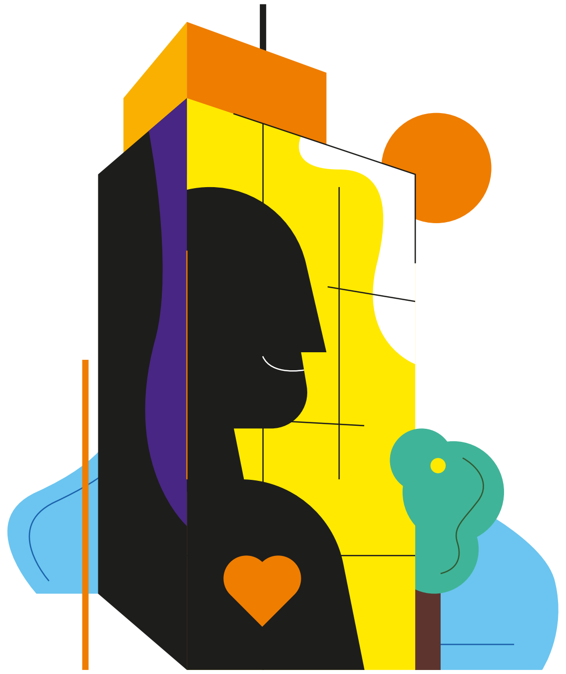
The first Festival for the Soul brought together mental health professionals and the general public

Nadácia Orange (Orange Foundation), in cooperation with the civic association IPčko, organized the first online event - Festival for the Soul. The event raised the importance of mental health during the pandemic to the general public, while providing expert advice and recommendations on how to cope with this challenging pandemic period as well as possible.

May

Orange has launched the first high-speed 5G network in Slovakia, the future of mobile communication

Orange was the first mobile operator in Slovakia to introduce a real high-speed 5G network, which brings greater comfort from provided services and an even better customer experience. At the same time, thanks to the 5G network, it also brought its customers the most attractive data package in its offer - the Extra Data package, with which customers will get not only an attractive volume of data at an advantageous price, but also access to the 5G network.



The Orange TV application is already available for smart TVs with Android TV

Customers can already use the Orange TV application directly on smart TVs with the Android TV operating system. The Orange TV application, which customers can download directly to their smart TV, allows them to fully watch the broadcast and use all the functionalities of TV from Orange. The archive, video rental, favourite titles and other gadgets are thus available to customers on the big screen even without a set-top box.

The crisis helpline has been helping already for a year

The Crisis Helpline, set up for the NGO IPčko by Orange with the support of Nadácia Orange (Orange Foundation), has been helping people cope with difficult life situations for almost a year. Experts and psychologists present on the helpline have successfully helped more than ten thousand people suffering from various mental health issues.

Orange supported children in recycling electrical waste

Last year, Orange supported kindergartens, primary and secondary schools that could show how much they care about our planet. Within the collection of old mobile phones, students from 151 schools handed over up to 18,055 mobile phones, which ended up recycled instead of in trash bins.

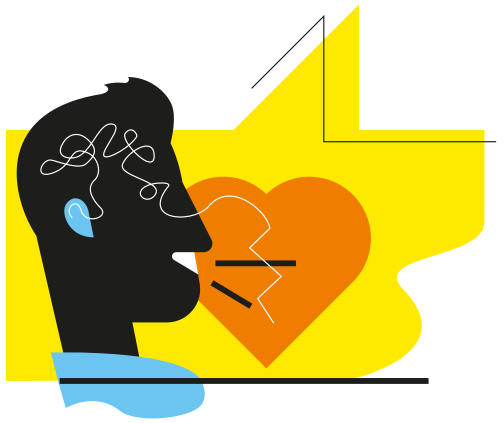
Digital world for everyone - the new grant program of Nadácia Orange (Orange Foundation)

Nadácia Orange (Orange Foundation) decided to support NGO projects that help develop the digital literacy of vulnerable groups endangered by social exclusion and poverty and make their lives easier in the digital age. In the Digital World grant program, it set aside € 100,000 to support the development of digital literacy. The pilot year of the program is focused on vulnerable groups of people who, due to social exclusion or poverty, have no or only limited access to necessary technologies.

June

An additional data package to fixed internet at discounted price

The Internet to go is an attractive novelty that Orange has brought to all its customers with a fixed Internet. With this new data plan as addition



to fixed internet, customers can get not only 5 GB of data for a monthly fee of 3 Eur, which they can use in the highest quality 4G network in Slovakia and the European Union, but also the certainty that they can be really online everywhere - at home and on the go.

Orange in cooperation with the Slovak University of Technology presented the integration of the 5G network directly while driving an electric car

Orange participated in a joint project of the Faculty of Mechanical Engineering and the Faculty of Informatics and Information Technologies SUT - 5G Automotive, which demonstrated the integration of the 5G network directly while driving an electric car. It was the first evidence of a revolution 5G networks could provide in a few years.

Attractive rewards for regular topping up of credit for Prima card customers

Endless weekend calls in the Orange network, infinite weekend messages in the Orange network, or up to 10 GB of weekend data are the rewards Orange has prepared for customers of prepaid Prima cards. They can get them very easily - customers just need to top up their credit regularly.

Nadácia Orange (Orange Foundation) and IPčko have opened a unique Club Machovisko to raise mental health awareness

Nadácia Orange (Orange Foundation) and the civic association IPčko have opened a unique contact centre, the Club Machovisko, which is a safe haven for all young people who need to share their concerns and worries with experts. It is not only a space where young people can find professional help, but it is also an experience and development club designed for the realisation of leisure and development activities.

July

Orange has introduced new additional packages for customers with a prepaid Prima card

Orange continues to make its Prima prepaid cards more attractive and has introduced new additional packages that can make communication with prepaid cards even more attractive and cost-effective - unlimited calls to one number in the Orange network for up to 6 months free or beneficial daily and weekly packages with endless calls or data.

August

Orange has introduced a new smart set-top box

Orange has added a new generation set-top box to its portfolio. Orange TV Box uses the Android TV operating system, supports 4K content playback and installation of additional applications. In addition to user experience, it also puts emphasis on ecology.

Richer content on Orange TV

Orange has added new TV stations to Orange TV offer: Premier Sport 2, Nova Sport 3 and Nova Sport 4. All the highest sports competitions and the best football leagues are already available to Orange TV customers (UEFA Champions League, Bundesliga, La Liga, Serie A).

Orange has improved its loyalty program

Orange continues to improve its benefits program for Orange customers (Orange svojim). All benefits, discounts and special personalized offers can be found by its customers in one place, clearly arranged into three categories directly in the My Orange Customer Zone. In this way, the operator wants to make it easier for customers to make use of a number of benefits and discounts it provides as a reward for their loyalty.

Go Yoxo with more unlimited data for free

Orange has again improved its Go Yoxo package for students and teachers and made the offer #usedatawholeday more attractive. From August, all Go Yoxo customers have the opportunity to choose not only two, but up to eight individual days a month according to their current needs or preferences, during which they will have the opportunity to use unlimited data free of charge.

September

Orange received the prestigious Via Bona Slovakia award for activities in the field of mental health support

Orange has won the prestigious Via Bona Slovakia award, which is awarded annually by Pontis Foundation to companies for projects in the field of responsible business and corporate philanthropy - in the Good Community Partner category. The Good Community Partner award puts emphasis to exceptional company projects that address solutions of societal issues or community support. Orange received it for its mental health support activities.

Orange has started offering a new satellite service "Skylink TV for Orange" provided by its partner

The new service has brought rich television content and many other benefits for the customer in conjunction with other services.

Orange has the best mobile network in Slovakia. Repeatedly.

The mobile network from Orange is the highest quality network in Slovakia and at the same time it is also the highest quality network in Europe. This statement resulted from measurements performed by the renowned company Systemics PAB, which awarded Orange the Best Slovak Mobile Network in the Test for mobile networks, and at the same time Orange ranked first compared to all measured operators in Europe.

Orange motivates children to recycle electrical waste

Orange is continuing in its awareness-raising campaigns aimed at responsible recycling. It supported another round of the Recyclegames program (Recyklohry), which is designed for schools, so students can once again present how much small electrical waste, batteries and old mobile phones they can collect. At the same time, they could compete for a grant from Orange for their green activities at school.

Nadácia Orange (Orange Foundation) has opened a new grant program to support digital education

Nadácia Orange (Orange Foundation) has opened the 8th year of the e-School for the Future grant program. Thanks to funds from Nadácia Orange (Orange Foundation), schools and their teachers have been able to continue to improve their digital skills and technology education, as well as to promote safety and responsible behaviour online. In this way, Orange systematically builds on the commitments from Engage 2025's long-term strategy, which are aimed at solutions concerning the digital divide in society.

October

Christmas offer - the most popular services even more advantageous so that customers stay in touch with their loved ones

Orange introduced its Christmas offer that combines what is really important for customers - it offered the most popular services even more advantageous so that customers can stay in touch with their loved ones as easily as possible. It brought reliable fixed internet with extra discount and no installation fees, advantageous offer of equipment - second smartphone without binding for only 1 euro, #usedatawholeday - unlimited free data for 8 days in a month for all customers with the Go program, extra data, double credit for prepaid customers with prepaid credit, Christmas lottery, MNP bonus and much more.

New grant program for projects focused on teachers' mental health

Nadácia Orange (Orange Foundation) continues in its systematic support of mental health and, on the occasion of World Mental Health Day, it has launched a new Healthy Soul of the School grant program, for which Nadácia Orange (Orange Foundation) has allocated a total of EUR 40,000. Within it, it supports projects dealing with topics such as creating a safe environment of mutual relations at school, education in psychological techniques, development of emotional and social skills, prevention of burnout, acute stress or anxiety, coping with difficult crisis situations for teachers and the like. The program was designed for kindergartens, primary and secondary schools. Non-governmental non-profit organizations dealing with mental health topics and and cooperating with at least one school were also able to participate.

November

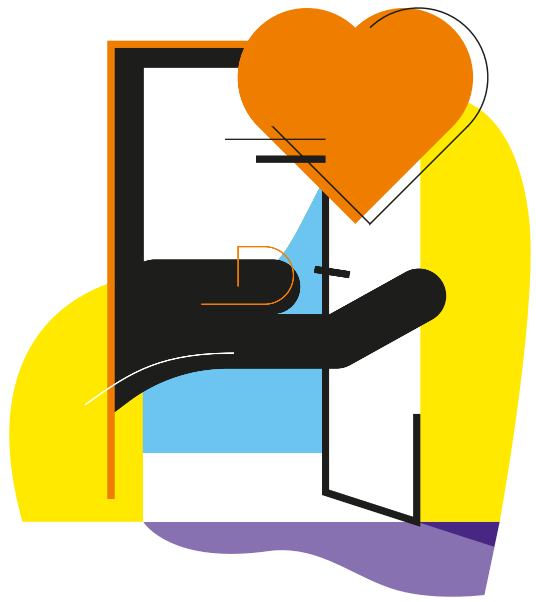
Orange again helped people in need during Christmas time

Nadácia Orange (Orange Foundation), in cooperation with 4 non-governmental organizations, made Christmas time more enjoyable for disadvantaged families through the annual Christmas Aid Fund. It distributed all together EUR 40,000 to the non-governmental organizations One Parent (Jeden rodič), The Way Out (Cesta von), eduRoma and Sun Centre (Centrum Slniečko). Thus each NGO received EUR 10,000.

December

Orange has expanded the coverage of the 5G network

The high-speed 5G network is already available in the centre of Bratislava and its surroundings.



Financial Statement

The right direction leads
to better results

4

Orange Slovensko, a.s.

INDEPENDENT AUDITOR’S REPORT AND SEPARATE FINANCIAL STATEMENTS

(prepared in accordance with International Financial Reporting Standards as adopted by the EU)

Year ended 31 December 2021

Company identification number: 35 69 72 70

Tax identification number: SK2020310578

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Independent Auditors' Report

Deloitte Audit s.r.o.
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Registered in the Business
Register of the District Court Bratislava I
Section Sro, File 4444/B
Company ID: 31 343 414
VAT ID: SK2020325516

Orange Slovensko, a.s.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Supervisory Board and Board of Directors of Orange Slovensko, a.s.:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Orange Slovensko, a.s. (the "Company"), which comprise the separate statement of financial position as at 31 December 2021, and the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

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 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted in 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 the 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 (hereinafter the "Act on Statutory Audit") related to ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of the 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.

Other Matter

The financial statements of Orange Slovensko, a.s. for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on the financial statements on 30 April 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, 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 the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

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

We communicate with 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 the financial statements stated above does not apply to other information in the annual report.

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

As at the issuance date of the auditor's report on the audit of financial statements, the annual report was not available to us.

When we obtain the annual report, we will assess whether the Company's annual report includes information whose disclosure is required under the Act on Accounting, and based on procedures performed during the audit of the financial statements, we will express an opinion on whether:

- Information disclosed in the annual report prepared for 2021 is consistent with the financial statements for the relevant year; and
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, we will disclose whether material misstatements were identified in the annual report based on our understanding of the Company and its position, obtained in the audit of the financial statements.

Bratislava, 13 June 2022

Ing. Zuzana Letková, FCCA
Responsible Auditor
Licence SKAu No. 865

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

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

Separate Statement of Financial Position as at 31 December 2021

In thousands of EUR	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	429,895	423,093
Intangible assets	5	136,229	147,524
Right-of-use assets	6	109,477	101,547
Investments in unconsolidated subsidiaries	7	306	306
Non-current receivables	10	14,745	10,478
Contract assets	11	7,505	8,101
Cost to obtain contract	11	1,992	1,995
Other non-current assets	10	21,173	16,141
		721,322	**709,185**
Current assets			
Inventories	9	14,330	29,837
Trade and other receivables	10	70,415	54,320
Contract assets	11	37,937	38,971
Cost to obtain contract	11	7,457	7,504
Other assets		3,047	6,082
Current income tax receivable		268	2,369
Current financial assets	12	58,797	56,605
Cash and cash equivalents	13	6,512	5,020
		198,763	**200,708**
Total assets		**920,085**	**909,893**

In thousands of EUR	Note	31 December 2021	31 December 2020
EQUITY AND LIABILITIES			
Equity	14		
Share capital		39,222	39,222
Reserves		15,260	15,260
Retained earnings		288,013	276,002
Profit for the year		70,695	71,502
		413,190	**401,986**
Non-current liabilities			
Provisions	16	41,862	43,822
Long-term debt/loan	15	210,000	210,000
Lease liabilities	6	94,881	91,827
Deferred tax liabilities	8	13,055	11,647
Non-current payables	16	8,383	18,943
		368,181	**376,239**
Current liabilities			
Trade payables and other liabilities	17	87,453	96,771
Lease liabilities	6	11,605	11,455
Contract liabilities	11	21,095	21,311
Deferred income	10	18,561	2,131
		138,714	**131,668**
Total equity and liabilities		**920,085**	**909,893**

Separate Statement of Comprehensive Income for the Year Ended 31 December 2021

In thousands of EUR	Note	2021	2020
Revenues	18	**543,096**	**540,916**
External purchases	19	(275,504)	(278,857)
Other operating expenses	20	(17,548)	(15,381)
Other operating income	20	7,789	11,326
Wages and contributions	21	(50,041)	(48,842)
Impairment loss on trade receivables and contract assets	10	(1,686)	(797)
Depreciation and amortization of right-of-use assets	6	(11,998)	(11,140)
Amortisation and depreciation expenses	4, 5	(98,083)	(98,507)
Operating profit		**96,025**	**98,718**
Interest income		1	1
Interest expenses		(1,558)	(3,444)
Interests on lease liabilities		(382)	(811)
Other finance expenses		(33)	(45)
Other finance income		14	225
Profit before tax		**94,067**	**94,644**
Income tax	22	(23,372)	(23,142)
Profit for the year		**70,695**	**71,502**
Other comprehensive income		–	–
Total comprehensive income for the year		**70,695**	**71,502**
Total comprehensive income attributable to:			
Owners of the Company		70,695	71,502

Separate Statement of Changes in Equity for the Year Ended 31 December 2021

In thousands of EUR	Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2020	**39,222**	**15,260**	**305,924**	**360,406**
Total comprehensive income for the year				
Profit for the year	–	–	71,502	71,502
Share based plan	–	–	78	78
Transactions with shareholders				
Dividends paid	–	–	(30,000)	(30,000)
Balance as at 31 December 2020	**39,222**	**15,260**	**347,504**	**401,986**
Balance as at 1 January 2021	**39,222**	**15,260**	**347,504**	**401,986**
Profit for the year	–	–	70,695	70,695
Share based plan	–	–	509	509
Transactions with shareholders				
Dividends paid	–	–	(60,000)	(60,000)
Balance as at 31 December 2021	**39,222**	**15,260**	**358,708**	**413,190**

Separate Statement of Cash Flow for the Year Ended 31 December 2021

In thousands of EUR	Note	2021	2020
Profit for the year		**70,695**	**71,502**
Taxes	22	23,372	23,142
Dividend income		-	(200)
Interest expenses		1,558	3,444
Interest income		(1)	(1)
Depreciation and amortisation of tangible and intangible assets	4,5	98,083	98,507
Depreciation and amortisation of right-of-use - leased assets *	6	11,998	11,139
Increase / (Decrease) in provisions	16	(1,944)	3,753
Increase / (Decrease) in value adjustment to receivables	10	(1,803)	(2,392)
Increase / (Decrease) in value adjustment to inventories	9	(264)	817
Result on disposal of property, plant and equipment	20	950	(769)
Other		-	-
Share based compensation		407	78
Profit from operating activities before changes in working capital		**203,051**	**209,020**
Decrease/(Increase) in trade and other receivables, contract assets, costs to obtain the contract and other assets		(17,827)	30,421
Decrease/(Increase) in inventory		15,772	(10,970)
(Decrease)/Increase in trade liabilities,contract liabilities (including accruals/deferrals of liabilities)	16,17	(5,256)	3,295
Cash generated from operations		**195,739**	**231,766**
Interest received		1	1
Interest paid		(1,142)	(2,857)
Dividends received		-	200
Taxes paid		(19,863)	(26,360)
Cash flows from operating activities		**174,734**	**202,750**

* The effects of IFRS 16 are described in Note 2.

In thousands of EUR	Note	2021	2020
INVESTING ACTIVITY			
Purchase of property, plant and equipment and intangible assets	4, 5	(94,861)	(142,852)
Proceeds from sale of non-current assets		340	869
(Increase) / Decrease in financial assets		(2,192)	(20,322)
Net cash outflow from investing activities		**(96,712)**	**(162,305)**
FINANCING ACTIVITY			
Repayment of lease liabilities interests		(382)	(811)
Repayment of lease liabilities		(16,149)	(10,059)
Dividends paid	14	(60,000)	(30,000)
Net cash outflow from financing activities		**(76,530)**	**(40,870)**
Net increase /(decrease) in cash and cash equivalents		1,492	(425)
Cash and cash equivalents at the beginning of the year	12	5,020	5,444
Cash and cash equivalents at the end of the year	**12**	**6,512**	**5,020**

1) Basis of Preparation

a) Reporting entity's general information

Orange Slovensko, a.s. (hereinafter also referred to as the "Company") is a joint stock company established on 29 July 1996 and incorporated on 3 September 1996 with its registered office at Metodova 8, 821 08 Bratislava, Slovak Republic. In August 2008, Atlas Services Belgium, S.A. acquired all the shares held by Wirefree Services Nederland B.V., which had been the major shareholder since November 2005, when it acquired all the shares held by minority shareholders and became the 100% shareholder of Orange Slovensko, a.s. The Company's principal activity is the establishment and operation of public mobile telecommunication networks at assigned frequencies as well as the operation of fibre-optic cable networks. The Company is not an unlimited guarantor in any other entity. From 2013, the Company is a Payment Institution licensed by the National Bank of Slovakia (NBS). The Company provides different payment services under this licence (i.e. parking, public traffic tickets, donations, etc.).

Approval of the 2020 Financial Statements

On 28 June 2021, the General Meeting approved the Company's 2020 financial statements.

Members of the Company's Bodies

Body	Function	Name
Board of Directors	Chairman and Chief Executive Officer	Federico Colom Artola
	Member	Eve Bourdeau
	Member	Zuzana Nemečková
	Member	Vladislav Kupka
	Member (since 27 July 2021)	Radovan Barka
	Member (since 27 July 2021)	Eric Maintenay
Supervisory Board	Chairman	Pavol Lančarič
	Member	Christophe Naulleau
	Member	Gilles Deloison
	Member	Jean-Marie Culpin
	Member	Marc Ricau
	Member	Bruno Duthoit
	Member	Ľuboš Dúbravec
	Member (until 26 July 2021)	Jean-Marc Vignolles
	Member	Igor Berta
	Member	Marcela Rédlerová
	Member (since 29 September 2021)	Christian Urs Luginbuhl

Employees

	31 december 2021	31 december 2020
Number of employees as at	**1,161**	**1,170**
Of which: managers	119	117
Average number of employees	**1,163**	**1,156**

b) Basis of accounting

The financial statements were prepared for the reporting period from 1 January 2021 to 31 December 2021 in accordance with IFRS as adopted by the EU.

These financial statements are the Company's separate financial statements prepared under Act on Accounting No. 431/2002 Coll. on Accounting, as amended. According to § 17a of the Act on Accounting, the Company prepares financial statements in accordance with IFRS as adopted by the EU. The Company elected to use the exemption from consolidation in accordance with the 7th Directive of the EU as well as with IAS 27.10 and not to present consolidated financial statements (with its 100% owned subsidiaries Orange Corpsec s.r.o. and Orange Finančné služby s.r.o.), which is also incorporated into the Act on Accounting No. 431/2002 Coll. on Accounting, as amended. These financial statements are intended for general use and information; they are not intended for the purpose of any specific user or for the consideration of any specific transaction. Accordingly, users should not rely exclusively on these financial statements when making decisions.

Orange SA (France), the Company's ultimate parent company and the ultimate controlling party, prepares consolidated financial statements in accordance with IFRS as adopted by the EU for a group of companies, which also includes Orange Slovensko a.s. and its subsidiary Orange CorpSec s.r.o.

The consolidated financial statements of Orange SA are available at its registered office at 111, quai du Président Roosevelt, 92130 Issy-les-Moulineaux, France.

c) Functional and presentations currency

The financial statements are presented in EUR, which is the Company's functional currency. All amounts have been rounded to the nearest thousand.

2) Adoption of New and Revised Standards

In the current year, the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB have not issued any new or revised standards or interpretations that could be relevant to the Company's operations for accounting periods beginning on 1 January 2021.

a) Standards and interpretations adopted by EU effective in 2021 but not relevant to the Company's operation

The following standards, amendments, and interpretations adopted by the EU are mandatory for accounting periods beginning on or after 1 January 2020 but did not have any significant impact on the Company's financial statements:

- Phase 2 to Interest Rate Benchmark Reform – (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (effective for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 16 Covid-19-Related Rent Concessions (Effective for annual periods beginning on or after 1 April 2021) - the amendment provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID- 19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

b) Standards, interpretations, and amendments to the existing standards and interpretations not yet effective

- IFRS 17 "Insurance contracts" (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 3 "Business Combinations" - Reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Reference to the Conceptual Framework Available for optional adoption/ effective date deferred indefinitely)

- Amendments to IAS 1 “Presentation of Financial Statements” – Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 16 “Property, plant and equipment” —Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent assets” – Onerous contracts—Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020 Cycle - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 leases, and IAS 41 Agriculture (effective for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The Company anticipates that adopting most of these standards and amendments to the existing standards and interpretations will have no material impact on the Company’s financial statements in the period of initial application.

3) Significant Accounting Policies

a) Statement of compliance

The separate financial statements have been prepared in accordance with IFRS as adopted by the EU and on the going concern assumption. IFRS as adopted by the EU do not currently differ from IFRS as issued by the IASB, except for certain standards and interpretations that have not been effective as at the balance sheet date.

b) Foreign currency

Foreign currency transactions

Transactions denominated in foreign currencies are translated into EUR using the exchange rate of the day prior to the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate valid on the balance sheet date. The exchange rate differences on translation are charged to the result for the period. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into EUR at the foreign exchange rates valid on the dates on which the fair value is determined.

c) Property, plant, and equipment

Owned assets

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if applicable. Cost consists of the price at which the asset was acquired plus the costs related to the acquisition (installation and commissioning, transport, assembling cost, etc). The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate (where relevant) of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. SIM cards, set top boxes are capitalised as an item of property, plant and equipment.

Items of property, plant, and equipment are accounted for on a component-by-component basis at a level that allows for the depreciation of each component over its expected useful life and allows the proper accounting of asset disposal and withdrawal.

Subsequent expenditure

The Company recognises in the carrying amount of an item of property, plant, and equipment the additional costs or cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised as an expense when incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each category of an item of property, plant, and equipment. Land is not depreciated. Depreciation starts when the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

	2021	2020
Mobile RAN equipment	5 to 9 years	6 to 9 years
RAN CW & shelters, power connection	10 years	10 years
RAN CW & tower, pylons, constructions	20 to 28 years	20 to 28 years
Transmission equipment	5 to 10 years	5 to 10 years
Transmission optical fibres	15 years	15 years
Transmission CW & poles, terrestrian cables	20 to 30 years	20 to 30 years
Switching	5 to 8 years	5 to 10 years
Data Network	4 to 5 years	4 to 5 years
Dedicated Platforms	5 years	5 years
Other Network	8 to 10 years	5 to 10 years
IT Non-Network Hardware & Infrastructure	3 to 5 years	3 to 5 years
Buildings	10 to 30 years	10 to 30 years
Other Non-Network Equipment	3 to 10 years	2 to 10 years
Optical fibre control equipment	10 years	10 years
Optical fibre cables	15 years	15 years
CW & poles	28 to 30 years	28 to 30 years
SIM cards	5 to 6 years	5 years
Set top boxes	2 years	2 years

CW – Civil Works, RAN – Radio Access Network

At the Company level, the revision of an individual asset's useful life is performed when indicators of an earlier or later end of life exist. There were no significant changes in the accounting estimates during the period.

d) Intangible assets

Intangible assets acquired separately by the Company are stated at cost less accumulated amortisation and impairment losses if applicable. Intangible assets mainly comprise software and licence for operating the telecommunication network.

Telecommunication licences

Upon the granting of the telecommunication licences (GSM, UMTS, LTE) Orange Slovensko, a.s. is obliged to pay to the Telecommunication Office an one off licence fee and two types of recurrent fees:

- Administrative variable fees
- Spectrum fixed fees

The licence fees and the spectrum fees are capitalised as intangible assets and amortised over the licence period. The administrative fees are expensed as incurred.

Capitalisation of spectrum fees

Spectrum fees are the unavoidable payments computed on the principle of allocated bandwidth and fixed tariff for the whole period to which a licence is granted. Payment is done on a quarterly basis during the whole licence period.

The Company discounts the value of future spectrum fees to their present value and recognizes them as other intangible assets. Related future spectrum fees payables are presented as both current and non-current liability.

Subsequent expenditures

Subsequent expenditures on capitalised intangible assets are capitalised only when they increase the future economic benefits embodied in the specific assets to which they relate. All other expenditures are expensed as incurred.

Amortisation

Intangible assets are amortised from the date they become available for use, using the straight-line method over the following estimated useful lives:

	2021	2020
Software	3 to 10 years	3 to 10 years
Licences	3 to 15 years	6 to 14 years

At the Company level, the revision of an individual asset's useful life is performed when indicators of an earlier or later end of life exist. There were no significant changes in the accounting estimates during the period and their impact was immaterial.

e) Lease agreements

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company considers a contract to be a lease in case that all the following conditions are met:

- the contract involves the use of an identified asset, this may be specified explicitly or implicitly, and
- the Company has the right to obtain substantially all of the economic benefits from use of the asset, and
- the Company has the right to direct the use of the asset.

This policy is applied to contracts entered into on or after 1 January 2019.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The Company applies a practical expedient not to deduct the non-lease component from the contract lease payments.

Leases (the Company as lessee)

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received. Any obligation regarding the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located after the end of lease period is recognized as Asset retirement obligation ("ARO") provision according to the IAS 37. The costs for ARO obligation are recognized in the plant and equipment.

The Company systematically determines the lease term as the period during which leases cannot be cancelled, plus periods covered by any extension options that the lessee is reasonably certain to exercise and by any termination options that the lessee is reasonably certain not to exercise. This period is also defined taking into account any laws and practices specific to each jurisdiction and business sector regarding the firm lease commitment term granted by lessors. The Company nonetheless assesses the enforceable period, based on the circumstances of each lease, taking into account certain indicators such as the existence of more than insignificant penalties in the event of termination by the lessee. To determine the length of this enforceable period, the Company considers the economic importance of the leased asset and the assumptions made in its strategic plan.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. If the lease contains transfer of ownership or call option, the right-of-use asset is depreciated using the straight-line method during the useful life of the asset. Depreciation begins on the date of commencement of the lease. The impairment assessment of the right-of-use asset is carried out in a similar way as impairment assessment of property, plant and equipment described in accounting policy f).

The lease liability is initially measured on the date when the leased asset is made available to the lessee (the lease commencement date). The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

The Company´s incremental borrowing rate was determined based on available financial information relating to the Company. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero (so that the final right-of-use asset will amount to zero). During the accounting period the Company did not recognise the remeasurement of the lease liability due to the above changes.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases for all types of leases that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company has also elected not to recognise right-of-use assets and lease liabilities with low values. The estimated value of an asset is based on the assumption that the asset is new. If the value of the asset cannot be reliably measured, the optional exception is not applied.

The Company recognises right-of-use asset as a part of property, plant and equipment and lease liabilities as a part of short-term and long-term loans and borrowings in the Statement of financial position. The Company recognises lease transactions in the Statement of cash flows as follows:

- principal lease payments as a part of financing activities,
- interest payments on lease liabilities as a part of operating activities (application of requirements for interest paid in accordance with IAS 7),
- payments relating to short-term leases, leases of low-value assets and variable lease payments that are not included in the measurement of lease liabilities within cash flow from operating activities.

After the lease commencement date, the amount of the lease liability may be reassessed to reflect changes introduced in the following main cases;

- a change in term resulting from a contract amendment or a change in assessment of the reasonable certainty that a renewal option will be exercised or a termination option will not be exercised;
- a change in the amount of lease payments, for example following application of a new index or rate in the case of variable payments;
- a change in assessment of whether a purchase option will be exercised;
- any other contractual change, for example a change to the scope of the lease or the underlying asset.

f) Impairment

Financial assets

The Company measures loss allowances for trade receivables, non current receivables and contract assets at an amount equal to lifetime expected credit losses (hereinafter referred to as “ECL”) .

To determine the credit risk of financial assets when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company assumes that the credit risk on a financial asset from domestic customers has increased significantly if it is more than 35 days past due, when the Company initiates termination of the future service deliveries.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECL’s

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are not discounted as the financing component is not considered significant.

All impairment losses are recognized in profit or loss.

Non-financial assets

The carrying amounts of the Company’s assets, other than property, plant and equipment, intangible assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized. Impairment loss is never reversed in case of goodwill.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

g) Investments in subsidiaries

Investments in subsidiaries represent investments in 3 wholly-owned subsidiaries: Orange CorpSec, spol. s r.o., Nadácia Orange (Orange Foundation), and Orange Finančné služby, s.r.o. – all three having the seat on Metodova 8, 821 08 Bratislava.

The Company's investments have been accounted for at acquisition costs, less impairment if any.

h) Inventories

Inventories are stated at the lower of cost and the net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary for completing the sale and selling expenses.

The cost is based on the weighted average principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition.

i) Trade receivables

The trade receivables are mainly short-term with no stated interest rate and are measured at transaction price, subsequent to initial recognition they are stated at their amortised costs using the effective interest rate method, less provisions for any impairment of the receivables.

Those receivables which include deferred payment terms over 12 up to 24 months for the benefit of customers who purchased devices are initially recognised at fair value and discounted and classified according to their remaining maturities. For impairment provision to receivables refer to Note 10.

j) Contract assets and contract liabilities

The timing of revenue recognition may differ from the customer invoicing.

Trade receivables presented in the statement of financial position represent an unconditional right to receive consideration (primarily cash), i.e. the services and goods promised to the customer have been transferred.

Conversely, contract assets mainly concern amounts allocated pursuant to IFRS 15 to consideration for goods and services transferred to a customer, where the unconditional right to collect is subordinated to the transfer of other goods or services under the same contract. This is the case in a bundled offering combining the sale of a equipment and mobile communication services for a fixed period, where the mobile phone is invoiced at a subsidised price leading to the reallocation of a portion of amounts invoiced for telephone communication services to the supply of the mobile phone. The excess of the amount allocated to the mobile phone over the price invoiced is recognized as a contract asset and transferred to the trade receivables as the service is invoiced.

Contract assets, like trade receivables, are subject to the impairment for credit risk. Upon recognition of contract assets, the related impairment loss is recognized at the credit default rate.

Contract liabilities represent amounts paid by customers to the Company before receiving the goods and/or services promised in the contract. This is typically the case for advances from customers or amounts invoiced and paid for goods or services not yet transferred, such as contract payable in advance or prepaid packages (previously recorded in deferred income).

Cost of obtaining a contract

Where a telecommunications services contract is signed via a third-party distributor, this distributor is entitled to receive the remuneration, generally paid in the form of a commission for each contract or invoiced-indexed commission. Where the commission is incremental and would not have been paid in absence of the contract, the commission cost is capitalised in the balance sheet. The Company has adopted the simplification measure authorised by IFRS 15 to recognize the costs of obtaining contracts as an expense when they are incurred if the amortisation period of the asset would otherwise be twelve months or less. The costs of obtaining fixed-period mobile service contracts are capitalised and released to profit and loss on a straight-line basis over the enforceable contract term.

k) Cash and cash equivalents

Cash and cash equivalents consist of balances with banks, and highly-liquid investments with insignificant risk of changes in value.

l) Financial assets

Financial assets are classified as measured at: amortised cost; fair value through other comprehensive income "FVOCI" or fair value through profit or loss "FVTPL". The Company has only financial assets classified at amortised costs.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition.

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.

As at 31 December 2021, the Company holds trade receivables, bank accounts and current cash-pool account held by parent company Orange SA categorised as 'measured at amortised costs'.

m) Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised costs using the effective interest rate method, with interest recognised on an effective yield basis. The Company's financial liabilities relate to overdraft on the current account held by parent company Orange SA (ZERO balance as at 31 December 2021) and long term loan received from the parent company.

n) Borrowing cost

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

o) Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Company records a provision for asset retirement, a provision for retirement benefit cost and a provision for litigations (see Note 16).

p) Trade and other payables

Trade and other payables are recognized initially at fair value. Subsequent to initial recognition they are stated at amortised cost.

q) Revenues

Revenue falls within the application scope of IFRS 15 "Revenue from contracts with customers". Our products and services are offered to customers under service contracts only and contracts combining the equipment used to access services and/or other service offerings. Revenue is recognized net of VAT.

Standalone service offerings (mobile service only, fixed service only, convergence service)

The Company proposes to Mass market and Corporate markets customers a range of fixed-line and mobile telephone services, fixed-line and mobile Internet access services and content offerings (TV, video, media, added-value audio service, etc.). Certain contracts are for a fixed term (generally 12 or 24 months), while others may be terminated at short notice (i.e. monthly arrangements or portions of services).

The service fees are usually billed upfront in 12 different bill days over the month. The Company grants predominantly 14 days payment terms to its customers. Service revenues are recognized over time when the service is rendered, the billed service fees are proportionally split to correct period either based on use (e.g. minutes of traffic) or the period (e.g. monthly service costs).

In minor cases some customers use the prepaid cards, which are recorded as service revenues at the time of actual use (i.e. minutes of traffic). Under certain content offerings, The Company may act solely as an agent enabling the supply by a third-party of goods or services to the customer and not as a principal in the supply of the content. In such cases, revenue is recognized as the net of the amount transferred to the third-party. The Company does not obtain the control over the content prior to selling it to its customers.

Contracts with customers generally do not include a material right, as the price invoiced for contracts and the services purchased and consumed by the customer beyond the specified scope (e.g. additional consumption, options, etc.) generally reflect their standalone selling prices. Service obligations transferred to the customer at the same time are treated as a single obligation.

The initial service connection in the context of a service contract is not considered to be a distinct service and it is recognized as revenue over the average term of the expected contractual relationship.

Convergent services are considered to be the revenues, where the customers do have mobile services and purchase additional services with a convergent discount, i.e. fixed-line internet services. In case the customer purchases both services with a convergent discount the whole revenue is classified as a convergent sale, i.e. the convergent discount is accounted for within revenues from convergent sales together with all services in the convergent offer.

Equipment sales

The Company proposes to Mass market and Corporate markets customers several ways to buy their equipment (primarily mobile phones): equipment sales may be separate from or bundled with a service offering. When separate from a service offering, the amount invoiced is recognized in revenue on delivery and receivable immediately or in instalments usually over a period of up to 24 months. Where payment is received in instalments, the offering comprises a financial component and interest is calculated and deducted from the amount invoiced and recognized over the payment period in net finance costs. When the equipment sale is combined with a service offering, the amount allocated to the equipment (bundled sale – see below) is recognized in revenue on delivery and collected over the service contract. In this case, the Company does not calculate interest based on the contractual analysis of offers and the current level of interest rates, as it was considered not material. This judgement could subsequently be amended in the event of a change in commercial offers or interest rates.

Where the Company purchases and sells equipment to indirect channels, the Company generally retains control until sale to the end-customer (the distributor acts as an agent). Sales proceeds are therefore recognized when the end-customer takes possession of the equipment (on activation). The consideration for the equipment sale is collected either immediately on the transfer of control over the equipment or the consideration is collected via instalments in the period up to 24 months. The instalments are billed to the customers together with monthly service fees.

Bundled equipment and service offerings

The Company proposes numerous offerings to its Mass market and Corporate markets customers comprising equipment (e.g. a mobile terminal) and services (e.g. a communications contract). The bundled contracts have a contractual period with a significant termination penalty.

Both Equipment sale and service revenue are considered as a separate performance obligation from the customer contract, as both equipment sale and service revenues are distinct. The total consideration from the customer contract is allocated to each individual performance obligation based on proportion of stand alone selling prices. To determine the stand alone selling prices, the Company uses an observable price, where the individual selling price of the equipment is considered equal to its purchase cost and logistics expenses plus a commercial margin based on market inputs.

The supply of a set-top box (Internet proprietary box) is neither a separate performance obligation of the Internet access service nor a finance lease, as the Company retains the control of the box during the whole customer contract.

Service offerings to carriers (wholesale)

Three types of commercial agreement are entered into with Operator customers for domestic wholesale activities and International carrier offerings:

- Pay-as-you-go model (PAYG): generally applied where contract services are not covered by a firm volume commitment. Revenue is recognized as revenues from wholesale at point in time when the services are rendered (which corresponds to transfer of control). The billed price for the roaming contracts is decreased for an estimated discount that represents a variable consideration to be given to the customers. The amount of variable consideration is estimated based on the historical experience and expected results of negotiations within a larger group of telecom operators;

- Mixed model: hybrid contract combining the “Pay-as-you-go “ and “Send-or-pay” models, comprising a fixed entry fee providing access to preferential pricing conditions for a given volume (“Send or pay” component) and invoicing of traffic consumption (“Pay-as-you-go” component). Revenue is recognized as revenues from wholesale if it is expected the traffic would not exceed the committed volumes, the revenue is recorded over the contract period.

r) Taxation

Income tax expenses for the year comprise current and deferred tax and special levy.

Current income tax

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Taxable profit differs from profit as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Special levy

Special contribution made by a regulated entity from activities in regulated industries. The base for the levy is the economic result reported for the current accounting period. The monthly levy rate was 0.363% for 2021 (2020: 0.545%) from the operating profit, which is broadly similar to profit in the financial statements. The annual special levy was 4.356 % of operating profit (2020: 6.534 %)

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantially enacted at the balance sheet date including the special levy. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

s) Employee benefits

Long-term service benefits

The Company’s net obligation in respect of long-term service benefits is the amount of future benefits that employees have earned in return for their service in prior periods. The obligation is calculated using actuarial methods and discounted to its present value using a risk free interest rate. The Company’s employee benefits contain only statutory retirement benefits.

4) Property, Plant, and Equipment

In thousands of EUR	Land and buildings	Plant and equipment	Motor vehicles	Fixtures and fittings	Under construction	Total
Cost						
As at 1 January 2020	**4,833**	**904,084**	**5,768**	**28,835**	**43,864**	**987,384**
Additions	-	4,242	-	-	88,438	92,680
Disposals	-	(68,631)	(889)	(154)	-	(69,674)
Transfer	79	94,693	617	1,693	(97,082)	-
As at 31 December 2020	**4,912**	**934,388**	**5,496**	**30,374**	**35,220**	**1,010,390**
As at 1 January 2021	**4,912**	**934,388**	**5,496**	**30,374**	**35,220**	**1,010,390**
Additions	-		-	-	78,350	78,350
Disposals	(2)	(92,396)	(610)	(1,590)	-	(94,598)
Transfer	266	83,415	-	1,271	(84,952)	-
As at 31 December 2021	**5,176**	**925,407**	**4,886**	**30,055**	**28,618**	**994,142**

In thousands of EUR	Land and buildings	Plant and equipment	Motor vehicles	Fixtures and fittings	Under construction	Total
Accumulated depreciation						
As at 1 January 2020	**2,198**	**557,217**	**3,352**	**22,859**	**–**	**585,626**
Charge for the year	301	67,886	865	2,192	–	71,244
Disposals	-	(68,552)	(872)	(152)	–	(69,576)
As at 31 December 2020	**2,499**	**556,551**	**3,345**	**24,899**	**–**	**587,294**
As at 1 January 2021	**2,499**	**556,551**	**3,345**	**24,899**	**–**	**587,294**
Charge for the year	307	67,381	677	2,256	–	70,621
Disposals	-	(91,487)	(607)	(1,574)	–	(93,668)
As at 31 December 2021	**2,806**	**532,445**	**3,415**	**25,581**	**–**	**564,247**

In thousands of EUR	Land and buildings	Plant and equipment	Motor vehicles	Fixtures and fittings	Under construction	Total
Carrying amount						
As at 1 January 2020	2,635	346,867	2,416	5,976	43,864	401,758
As at 31 December 2020	**2,413**	**377,837**	**2,151**	**5,475**	**35,220**	**423,096**
As at 1 January 2021	2,413	377,837	2,151	5,475	35,220	423,096
As at 31 December 2021	**2,370**	**392,962**	**1,471**	**4,474**	**28,618**	**429,895**

As at 31 December 2021, none of the properties were pledged to secure bank loans.

In 2021, transfers from assets under construction to property, plant, and equipment mainly comprised investments to upgrade the existing network, particularly Mobile RAN (Radio Access Network) and Mobile RAN Infrastructure and increase in IP routers equipment & releases.

During 2021, the Company had a disposal in gross value of EUR 94,598 thousand (book value of EUR 930 thousand) relating mainly to old fully depreciated equipment.

Property and equipment, excluding motor vehicles, is insured to a limit of EUR 776,069 thousand (2020: EUR 761,468 thousand). Each motor vehicle is insured to a limit of EUR 5,000 thousand (2020: EUR 5,000 thousand) for damage on health and expenses related to death and EUR 2,000 thousand (2020: EUR 2,000 thousand) for damage caused by destroyed, seized or lost items.

5) Intangible Assets

In thousands of EUR	Software	Telecom licences	Other intangible assets	Under construction	Total
Cost					
As at 1 January 2020	**145,893**	**187,809**	**18,383**	**5,513**	**357,598**
Additions	-	-	-	50,312	50,312
Disposals	-	-	-	-	-
Transfer	10,875	-	441	(11,316)	-
As at 31 December 2020	**156,768**	**187,809**	**18,824**	**44,509**	**407,910**
As at 1 January 2021	**156,768**	**187,809**	**18,824**	**44,509**	**407,910**
Additions	-	-	-	16,510	16,510
Disposals	(2,767)	-	(19)	-	(2,786)
Transfer	21,025	-	744	(21,769)	-
As at 31 December 2021	**175,026**	**187,809**	**19,549**	**39,250**	**421,634**

In thousands of EUR	Software	Telecom licences	Other intangible assets	Under construction	Total
Accumulated amortisation					
As at 1 January 2020	**115,201**	**106,440**	**11,482**	**-**	**233,123**
Charge for the year	14,733	11,163	1,367	-	27,263
Disposals	-	-	-	-	-
As at 31 December 2020	**129,934**	**117,603**	**12,849**	**-**	**260,386**
As at 1 January 2021	**129,934**	**117,603**	**12,849**	**-**	**260,386**
Charge for the year	14,700	11,162	1,491	-	27,353
Disposals	(2,334)	-	-	-	(2,334)
As at 31 December 2021	**142,300**	**128,765**	**14,340**	**-**	**285,405**

In thousands of EUR	Software	Telecom licences	Other intangible assets	Under construction	Total
Carrying amount					
As at 1 January 2020	30,692	81,369	6,901	5,513	124,475
As at 31 December 2020	**26,834**	**70,206**	**5,975**	**44,509**	**147,524**
As at 1 January 2021	26,834	70,206	5,975	44,509	147,524
As at 31 December 2021	**32,726**	**59,044**	**5,209**	**39,250**	**136,229**

In 2020, the addition in “Under construction” mainly comprises the purchase of 5G licence in spectrum 700 MHz in an amount of EUR 37 million. The 5G licence was put to use in January 2022.

6) Lease Agreements

Right-of-use assets

In thousands of EUR	Buildings	Lands for sites	Other	Total
Cost				
As at 1 January 2020	**22,160**	**87,674**	**24**	**109,858**
Additions	355	13,298	-	13,653
As at 31 December 2020	**22,515**	**100,972**	**24**	**123,511**
As at 1 January 2021	**22,515**	**100,972**	**24**	**123,511**
Additions	2,073	12,846	4,814	19,733
As at 31 December 2021	**24,588**	**113,818**	**4,838**	**143,244**
Accumulated amortisation				
As at 1 January 2020	**2,774**	**8,045**	**5**	**10,824**
Charge for the year	2,811	8,326	3	11,140
As at 31 December 2020	**5,585**	**16,371**	**8**	**21,964**
As at 1 January 2021	**5,585**	**16,371**	**8**	**21,964**
Charge for the year	3,200	8,572	31	11,803
As at 31 December 2021	**8,785**	**24,943**	**39**	**33,767**
Carrying amount				
As at 1 January 2020	**19,386**	**79,629**	**19**	**99,034**
As at 31 December 2020	**16,930**	**84,601**	**16**	**101,547**
As at 1 January 2021	**16,930**	**84,601**	**16**	**101,547**
As at 31 December 2021	**15,803**	**88,875**	**4,799**	**109,477**

Lease liabilities

As at 31 December 2021, lease liabilities totalled EUR 106,486 thousand, including non-current lease liabilities of EUR 94,881 thousand and current lease liabilities of EUR 11,605 thousand.

Maturity analysis of lease liabilities is shown in the following table:

In thousands of EUR	31 December 2021	31 December 2020
Less than one year	11,605	11,455
One to five years	48,270	45,197
More than five years	46,611	46,630
	106,486	**103,282**

Statement of comprehensive income

Overview of lease transactions recognised in Statement of comprehensive income is shown in the following table:

In thousands of EUR	31 December 2021	31 December 2020
Interest of lease liabilities	(382)	(811)
Expenses relating to the short-term leases	(13)	(35)
	(395)	**(846)**

Statement of cash flow

Overview of lease transactions recognised in Statement of cash flows is shown in the following table:

In thousands of EUR	31 December 2021	31 December 2020
Total cash outflow for leases	(16,531)	(10,870)
	(16,531)	**(10,870)**

The cash outflows from the lease liabilities represent lease payments and are presented in the cash flow from financing activities.

Fair values

The liabilities were initially discounted to the fair value at a discount rate that ranges from negative rate 0.5% to positive 0.57% p.a. (2020: 0% to 0.86% p.a.). Fair value of the liability using the discount rate of 0.239% (in 2020: negative 0.118%) is EUR 2.3 million (2020: EUR 5.0 million) lower compared to its carrying amount at the balance sheet date.

7) Investments in Subsidiaries

Investment in the Orange CorpSec, spol. s.r.o. subsidiary at a cost of EUR 100 thousand represents an investment in the wholly-owned subsidiary with 100% of voting rights. The subsidiary was registered in the Commercial Register on 1 February 2005.

In 2010, the Company recognised an investment in Nadácia Orange (Orange Foundation) at a cost of EUR 6 thousand, which is considered immaterial for the purpose of these financial statements.

In September 2017, the Company recognized investment in Orange Finančné služby, s.r.o. at a cost of EUR 200 thousand (100% ownership / 100% of voting rights). As at 31 December 2021, the subsidiary had a limited number of transactions which are immaterial to publish.

The table below summarises the Orange CorpSec's financial information:

In thousands of EUR	Assets	Liabilities	Equity	Revenues	Profit/loss for the period
As at 31 December 2021	464	206	258	1,176	56
As at 31 December 2020	522	320	202	1,358	7

8) Deferred Tax Assets And Liabilities

Movement in the deferred tax account is as follows:

In thousands of EUR	31 December 2021	31 December 2020
At beginning of period – net deferred tax liability	11,647	8,822
Income statement	1,408	2,825
At the end of period - net deferred tax liability	**13,055**	**11,647**

Deferred tax assets and deferred tax liabilities are attributable to the items detailed for the current as well as preceding period in the table below:

	31 December 2021			31 December 2020		
In thousands of EUR	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant, and equipment	-	32,505	(32,505)	-	31,271	(31,271)
Rights of use of leased assets	-	26,557	(26,557)	-	25,748	(25,748)
Lease liabilities	27,001	-	27,001	26,188	-	26,188
Inventories	290	-	290	357	-	357
Receivables	1,361	-	1,361	1,384	-	1,384
Accruals	5,286	-	5,286	4,868	-	4,868
Provisions	12,069	-	12,069	12,575	-	12,575
Net deferred tax	**46,007**	**59,062**	**(13,055)**	**45,372**	**57,019**	**(11,647)**

Deferred tax assets and liabilities were offset on the grounds that the Company has the legally-enforceable right to offset their current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

The statutory tax rate for 2021 was 21% (2020: 21%) plus the special levy for the regulated industries of 4.356 % of operating profit (2020: 6.534 %). The rate effective from 1 January 2021 is 25.356% and was used in the deferred tax calculation.

9) Inventories

In thousands of EUR	31 December 2021	31 December 2020
Raw materials and consumables	548	442
Merchandise	14,925	30,803
Provision for slow moving merchandise	(1,143)	(1,408)
	14,330	**29,837**

As at 31 December 2021, no inventories were pledged to secure bank loans. Lower level of merchandise in 2021 is due to global chip shortage which also affected handset production.

Write-down to NRV for slow moving merchandise are recognised under Note 18) line ”Purchased goods and services”.

10) Trade and Other Receivables, Net and Non-Current Receivables

Non-current receivables

Non-current receivables mostly represent receivables from sales of handset with payment on instalments that are payable in more than 12 months. The receivables are discounted to the fair value at 3.44% discount rate (2020: 3.44%). The discount rate must be the prevailing market rate for the type of customers: it is at least equal to the company's marginal borrowing rate plus the expected customer credit loss. The discount rate used at inception remains unchanged over the instalment period.

Other non-current assets

Non-current assets and Deferred income in Current liabilities in the vast majority include the new project - fixed network sharing.

The rest of non-current assets represent the advance payments related to upgrade of the existing network.

Aging structure of trade and other receivables

In thousands of EUR	31 December 2021	31 December 2020
Not past due	59,438	44,379
Past due	39,285	28,179
Trade and other receivables - gross	98,723	72,558
Provision for impairment	(28,309)	(18,238)
Trade and other receivables - net	70,414	54,320

The Company entered into factoring contract with Orange Bank (in 2020: with BBVA) on transfer of the rights on instalment receivables. In November 2021, the Company transferred receivables with the face value of EUR 15 million to Orange Bank and received EUR 14 million in cash and derecognized this amount from balance sheet (2020: face value of EUR 36 million to BBVA and cash received: EUR 34 million). Under the contract the Company continues to collect receivables on their own, so the value of sold receivables is continuously decreasing. The Company transfers all collected cash of transferred receivables to Orange Bank and BBVA immediately. Such transferred rights continue to be monitored by the company on off balance sheet accounts.

In 2021, the Company changed recognition of revenues related to contractual penalties from bundled equipment and services contracts. Until 2020, contractual penalties were considered as a contingent asset and recognized as revenues (and related receivables) only on a cash basis which was not in line with IFRS 15 requirements. The contractual penalty receivable related to recovery of the residual contract asset should have been recognized on the balance sheet as of the issue date of penalty invoice as a transformation of related residual contract asset recognized at the moment of contract inception. Such receivables should have been subject to impairment assessment in the previous periods. In the past, the Company assumed that such receivables were not recoverable and thus 100% bad debt provision should have been recorded. The overall impact of such incorrect accounting treatment on Balance sheet is therefore nil (unrecognised contractual penalty receivables from previous periods of EUR 14 million less 100% provision for expected credit losses of EUR 14 million) and as such it is not material both quantitatively and qualitatively, and could not reasonably be expected to influence decisions of the primary users of general purpose financial statements. Therefore the company did not perform any retrospective correction in line with IAS 8 and IAS 1 respectively.

Since 2021, revenues from contractual penalties are presented as revenue as they incur, whereas customer credit risk is displayed separately as impairment loss expenditure. Based on the recent developments in regulation as well as the Company's improved collection rate, a bad debt provision for expected credit losses has been decreased to 85% of the contractual penalties receivable. Overall impact on the profit and loss account of this change in estimate is EUR 2 million.

Expected credit loss assessment for non-current, trade and other receivables as at 1 January and 31 December 2021

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to audited financial statements, management accounts and cash flow projections and available press information about corporate customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. Expected credit loss "ECL" rate is calculated on delinquency status and actual credit loss experience over the past two years.

The Company uses a provision matrix to calculate expected lifetime credit losses for trade receivable: subscribers, distributors and others. The following table sets total gross book values at default in payment (“Gross”) and the ECL in 2020 calculated with provision matrix for trade receivables:

In thousands of EUR	Weighted-average loss rate in 2021	Gross 31 December 2021	ECL 31 December 2021	Weighted-average loss rate in 2020	Gross 31 December 2020	ECL 31 December 2020
Unbilled and not yet due	0,6%	59,438	370	0,8%	44,379	370
Past due 0-30 days	3%	4,164	125	3%	4,598	138
Past due 31-60 days	22%	590	130	22%	763	168
Past due 61-90 days	33%	438	145	33%	583	192
Past due 91-180 days	42%	1,040	437	42%	1,339	562
Past due 181-360 days	53%	1,942	1,029	53%	2,518	1,335
Past due 361 -720 days	57%	4,526	2,580	57%	3,984	2,271
Past due 721 -1080 days	64%	2,875	1,839	64%	3,311	2,119
Past due 1081 and more days	100%	9,780	9,780	100%	11,083	11,083
Contract penalties	85%	13,930	11,873	-	0	0
Total		**98,723**	**28,308**		**72,558**	**18,238**

The Company has grouped trade receivable according to loss patterns observed in the past and the provision rates are based on days past due. The provision matrix is based on the Company’s historically observed default rates, which are updated on a yearly basis.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated for all customers balances, and the customers are not further segmented, as the collection policy is the same for all customers as well as management is a view that further segmentation will require undue costs and efforts and will not result in more precise information about the impairment provision.

In 2020, new legislation came into force which enables the entities to recover VAT from non-collected receivables with specific age category under specific conditions. Such VAT relief is effective from 1 January 2021. The Company decided to reduce the roll rate model rates applied in 2020 for respective receivables (within 3 years overdue) for VAT, as the VAT is expected to be collected from customers or from VAT returns (state budgets).

Movements in the allowance for doubtful debts

In thousands of EUR	31 December 2021	31 December 2020
Impairment allowance to short term receivables		
At 1 January	**18,238**	**20,482**
Specific provision related to contract penalties	11,873	0
Impairment of trade receivables used during the year	2,575	(510)
Impairment of trade receivables reversed during the year	(4,378)	(1,734)
At 31 December	**28,308**	**18,238**
Impairment allowance to non current receivables		
At 1 January	**48**	**66**
Net creation of provision for impairment Non-current receivables	20	(18)
At 31 December	**68**	**48**

During 2021, there were no receivables written-off which are still subject to enforcement activity.

11) Contract Net Asset And Liabilities

In thousands of EUR	31 December 2021	31 December 2020
Current net contract assets	**45,441**	**47,072**
Customer contract assets	46,133	47,785
Impairment provision	(692)	(713)
Customer net contract assets	**45,441**	**47,072**
Costs of obtaining a contract	9,449	9,499
Costs of obtaining a contract	**9,449**	**9,499**
Contract liabilities	**21,094**	**21,311**
Anticipated spread of subsidy	1,345	262
Deffered revenue - Prepaid telephone cards	6,442	6,967
Deffered revenue - Monthly service fees	11,358	12,021
Connection fees	1,949	2,061
Customer contract net liabilities	**21,094**	**21,311**

For detailed description of Contract assets and liabilities, see Note 3 (j).

Impairment of contract assets

Contract assets, like trade receivables, are subject to the impairment for credit risk. Upon recognition of contract assets, the related impairment loss is recognized at the credit default rate.

Movements on the provision for impairment of contract assets are as follows:

In thousands of EUR	2021	2020
At 1 January	**713**	**842**
Net creation of provision for impairment	(21)	(129)
At 31 December	**692**	**713**

Transaction price allocated to the remaining performance obligations

Contract liability represents in the vast majority the monthly services fees, which will be recorded to revenues in January 2022 and prepaid telephone cards, which will be recorded to revenues broadly during the first half of 2022.

The Company applies the practical expedient and does not disclose information about remaining performance obligations that have originally expected durations of one year or less.

The Company applies the practical expedient and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Company expects to recognise that amount as revenue as at 31 December 2021.

12) Current Financial Assets

The balance of EUR 58,797 thousand (2020: EUR 56,605 thousand) represents the receivable on the cash-pooling account of the Company with Orange SA. On 15 March 2006, the Company signed a Centralised Treasury Management Agreement with France Telecom SA (the successor company Orange SA) with the aim of centralisation and optimisation of affiliated companies' cash surplus under the best technical and financial conditions and ensuring a fine-tuning of the liquidity at the Group level.

Cash balances are not subject to any foreign exchange risk as they are denominated in the local currency. Maximum borrowing headroom is EUR 66 million. The balances bear an interest rate calculated as EONIA (EONIA: Euro Overnight Index Average). Interest is accounted for on a monthly basis and capitalised on the Company's current account. In the event of an overdraft, the interest is paid on a monthly basis and is calculated as EONIA plus the fixed rate of interest. The interest rate was a negative rate 0.505% as at 31 December 2021 (negative rate 0.398% as at 31 December 2020).

13) Cash and Cash Equivalents

In thousands of EUR	31 December 2021	31 December 2020
Cash on hand and cash equivalents	80	84
Bank balances and deposits	6,432	4,936
Cash and cash equivalents in the balance sheet	**6,512**	**5,020**

The Company's cash balance includes current bank accounts and overnight balances with banks. The Company transfers free cash to its current account held by Orange SA, except for a reasonable level held for operational reasons.

14) Equity

Share capital

As at 31 December 2021, the authorised share capital comprised 1,181,755 ordinary shares (2020: 1,181,755), with a nominal value of EUR 33.19 each, 1 ordinary share (2020: 1) with a nominal value of EUR 13.78, and 1 ordinary share (2020: 1) with a nominal value of EUR 0.66. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company.

Reserves

Reserves of EUR 15,260 thousand (2020: EUR 15,260 thousand) relate to the Legal Reserve Fund. The Company is obliged by Slovak law to create a legal reserve totalling a minimum of 5% of net profit (annually) and up to a maximum of 10% of registered share capital.

As the Fund's balance has already reached the maximum balance, no further distribution from the Company's profits is required by law. The Legal Reserve Fund is not available for distribution and should be used to cover future losses arising from business activities, if any.

Dividends

As at the preparation date of these financial statements, the Board of Directors made no decision regarding the amount of dividends to be paid from the 2021 profit.

In June 2021, the shareholders approved a dividend payment of EUR 60 million related to undistributed profits from previous years at their annual general meeting. An amount of EUR 30 million was paid in July 2021 and EUR 30 million was paid in December 2021.

15) Loans and Borrowings

On 30 June 2015, the Company entered into a Credit Facility Agreement with Atlas Services Belgium S.A. The credit facility was drawn down in two tranches: Tranche A in the amount of EUR 110,000 thousand was drawn down as at 30 June 2015 and Tranche B in the amount of EUR 100,000 thousand was drawn down as at 20 June 2016. The credit facility was refinanced in full amount in June 2020.

The final maturity date is 30 June 2024. The Company paid an arrangement fee in June 2020 in the amount of EUR 462 thousand. Interest is paid on a quarterly basis and is calculated as EURIBOR plus 0.73% margin. The interest rate was 0.127% as at 31 December 2021 (0.185% as at 31 December 2020).

The loan is unsecured and the Company may use the funds for general corporate operation purposes.

16) Provisions and Non-Current Payables

Provisions

In thousands of EUR	Provision for Asset Retirement	Other	Total
Balance as at 31 December 2020	**41,702**	**2,120**	**43,822**
Provisions made during the year	-	268	268
Provisions used during the year	(2,173)	(5)	(2,178)
Provisions reversed during the year	-	(50)	(50)
Balance as at 31 December 2021	**39,529**	**2,333**	**41,862**

In thousands of EUR	31 December 2021	31 December 2020
Non-current	41,862	43,822
Current	-	-
	41,862	**43,822**

A provision for asset retirement obligation was recorded in the amount of EUR 41,862 thousand (2020: EUR 41,702 thousand), using the following assumptions based on an expert's study: average costs of site demolition of EUR 10.6 thousand, an average site usage of 15 years, discount rate of 0.239%, dismantling cost index of 3.00% and number of sites of 2,479 (2020: EUR 10.6 thousand, 15 years, -0.118%, 3.00%, and of 2,479 sites, respectively). The Company records the carrying amount of EUR 21,233 thousand (2020: EUR 25,022 thousand) in the asset side of the balance sheet (Note 4).

Other provisions represent a provision for retirement benefit costs EUR 773 thousand and provision for litigations EUR 1,560 thousand.

Non-current payables

Non-current payables of EUR 8,383 thousand (2020: EUR 10,127 thousand) represent long-term liability resulted from the capitalised unavoidable future spectrum fees payable to Telecommunication Office. Short-term liability related to spectrum fees is presented within trade payables and other liabilities EUR 2,078 thousand (2020: EUR 2,078 thousand).

The liabilities were initially discounted to the fair value at a discount rate that ranges from 2.69% to 2.8%. The liability is amortised using the effective interest rate method. Fair value of the liability using the discount rate of 0.239% is EUR 0.9 million higher compared to its carrying amount at the balance sheet date.

17) Trade Payables and Other Liabilities

In thousands of EUR	31 December 2021	31 December 2020
Trade payables	23,183	37,839
Accrued liabilities	36,574	35,991
Tax liabilities (VAT)	9,948	5,083
Liabilities to employees	8,670	8,872
Other current liabilities	9,077	8,986
Total	**87,452**	**96,771**

Accounts payables are classified as current liabilities if the payment is due within one year or less. Trade payables are non-interest bearing and the prevailing credit period on purchases is from one to two months.

Payables within and after maturity

31 December 2021

In thousands of EUR	Within maturity period	Within 360 days overdue	More than 360 days overdue	Total
Trade payables	19,379	3,692	112	23,183
Accrued liabilities	36,574	-	-	36,574
Tax liabilities (VAT)	9,948	-	-	9,948
Liabilities to employees	8,670	-	–	8,670
Other current liabilities	9,076	-	–	9,076
Total	**83,647**	**3,692**	**112**	**87,451**

The payables in category “within 360 days overdue” in the amount of EUR 1.4 million relate to expected credit notes, the remaining payables were either paid or offset with receivables in January 2022.

The amount of EUR 8,816 thousand in Other current liabilities represent the third part of payment for the 5G licence payable in March 2022.

31 December 2020

In thousands of EUR	Within maturity period	Within 360 days overdue	More than 360 days overdue	Total
Trade payables	36,360	1,374	105	37,839
Accrued liabilities	35,991	-	-	35,991
Tax liabilities (VAT)	5,083	-	-	5,083
Liabilities to employees	8,872	-	-	8,872
Other current liabilities	8,986	-	–	8,986
Total	**95,292**	**1,374**	**105**	**96,771**

Liabilities to employees include social fund liabilities:

In thousands of EUR	2021	2020
As at 1 January	**27**	**41**
Additions	453	409
Utilisation	425	423
As at 31 December	**55**	**27**

18) Revenues

Revenues are broken down by product line as follows:

In thousands of EUR	2021	2020
Convergence services	59,095	40,481
Mobile services only	279,436	297,473
Fixed services only	28,251	27,383
IT & integration services	12,895	11,684
Wholesale	33,849	37,072
Equipment sales	119,159	117,085
Other revenues	10,411	9,738
Total revenue	**543,096**	**540,916**

- Convergent services: revenue from convergent Mass market services (Internet + Mobile offerings)
- Mobile services only: mobile service revenue is generated by incoming and outgoing calls (voice, SMS and data), excluding convergent services.
- Fixed services only: revenue from fixed services includes fixed broadband
- IT & integration services: revenue from unified communication and collaboration services (LAN and telephony, advising, integration, project management), hosting and infrastructure services (including Cloud Computing), applications services (customer relations management and other applications services), security services, video conferencing offers as well as sales of equipment related to the above products and services
- Wholesale: roaming revenues from customers of other networks (national and international), revenues from Mobile Virtual Network operators and from network sharing
- Equipment sales: all equipment sales (mobile phones, broadband equipment, connected objects and accessories), excluding sales of equipment related to integration and information technology (i.e. set top boxes)

19) External Purchases

External purchases are presented in the table below:

In thousands of EUR	2021	2020
Cost of equipment sold	100,611	101,742
Purchased goods and services	78,618	79,679
Service fees and interoperator costs	74,905	75,281
Costs associated with non-current assets	3,037	2,504
Other	18,333	19,651
Total external purchases	**275,504**	**278,857**

20) Other Operating Expenses/ (Income), Net

Other operating expenses are presented in the table below:

In thousands of EUR	2021	2020
Brand royalty and management fees	13,031	12,962
FX differences net	21	(112)
Loss on disposal of property, plant and equipment	957	-
Other operating expenses	3,539	2,531
Total other operating expenses	**17,548**	**15,381**

Other operating income is presented in the table below:

In thousands of EUR	2021	2020
Property fees	1,193	1,193
Late payment interest on trade receivables	432	452
Gain on disposal of property, plant and equipment	-	769
Other operating income	6,164	8,912
Total other operating income	**7,789**	**11,326**

21) Wages and Contributions

External purchases are presented in the table below:

In thousands of EUR	2021	2020
Wages and salaries	26,589	25,977
Bonuses and untaken holiday payroll provision	6,033	6,275
Social contribution	14,303	13,904
Other	3,116	2,686
Total wages and contributions	**50,041**	**48,842**

22) Income Tax

Reconciliation of the effective tax rate is shown in the table below:

In thousands of EUR	2021	2020
Income tax payable		
- from operating activities	21,964	20,317
Deferred income tax		
- from operating activities	1,408	2,825
Total income tax	**23,372**	**23,142**

The Slovak Corporate Tax is 21% effective from 1 January 2017.

In thousands of EUR	2021	%	2020	%
Profit before tax	94,067		94,644	
Income tax at the rate of 21% (2019: 21%)	19,754	21,0%	19,875	21,0%
Income tax in respect of prior year	250	0,3%	(3,288)	-3,5%
Special levy 4.356% (2020: 6.54%) for regulated businesses	2,842	3,0%	4,169	4,4%
Impact of adjusting items:				
- permanent differences and other differences	526	0,6%	2,386	2,5%
Total income tax	**23,372**	**24,8%**	**23,142**	**24,5%**

23) Financial Instruments

Risk management policies

The Company's activities expose it to a variety of financial risks, including mainly credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and the economic environment and seeks to minimise potential adverse effects on its financial performance.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders and benefits to other stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of cash and cash equivalents (Note 13), cash pooling (Note 12), long term and short term debt/loan (Note 15) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 14).

The Company reviews the capital structure regularly. Based on the review and the General Meeting's approval, the Company balances its overall capital structure through the payment of dividends, the issue of new debt, or the redemption of existing debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans (as shown in the separate balance sheet) less cash and cash equivalents.

The gearing ratios as at 31 December 2021 and 2020 were as follows:

In thousands of EUR	31 December 2021	31 December 2020
Cash and cash equivalents	(6,512)	(5,020)
Loan	210,000	210,000
Financial (assets)/liabilities	(58,797)	(56,605)
Net debt	144,691	148,375
Equity	413,190	360,406
Gearing ratio (Net debt to equity)	35%	41%

Main Categories of Financial Instruments:

In thousands of EUR	Note	31 December 2021	31 December 2020
Financial assets			
Cash and cash equivalents	13	6,512	5,020
Trade and other receivables	10	70,415	54,320
Current financial assets	12	58,797	56,605
Financial liabilities			
Loan	15	210,000	210,000
Trade payables and other liabilities	16	87,453	96,771
Lease liabilities	6	106,486	103,282

Financial risk management

The Company's activities expose it to financial risks in foreign currency exchange rates and interest rates. The Company does not use any official statistical methods for measuring market risk exposures; however, management's assessments of the Company's exposure to those risks are described below:

Foreign exchange risk

The Company's exposure is to changes in USD, which represents a minor risk in respect of the US dollar's position to the total amount of liabilities/assets, and therefore no sensitivity analysis was performed.

The carrying amounts of the Company's foreign currency denominated assets and liabilities at the reporting date are as follows:

	Liabilities		Assets	
In thousands of EUR	2021	2020	2021	2020
Currency USD	395	818	262	295

Interest rate risk

The Group's Treasury department exercises the policy of cash pooling of the Company's available funds to maximise economic returns and to manage the cash optimisation and centralisation under the best financial conditions for most of the affiliated companies (see Note 12). Such instruments are not exposed to the risk of interest rate fluctuation. Owing to the character of the financial liabilities/ assets, the Company does not assume any risk relating to interest rate movements.

Management has entered into loan contracts which are exposed to floating interest rates in the normal course of business. Management policy is to enter in the variable interest rates borrowing contracts only. Management does not see the need to hedge the interest rates related to these contracts.

An increase or decrease of interest rate (EURIBOR) by 100 basis points, considering all other factors remain unchanged, would cause a decrease or an increase of profitability by EUR 1,704 thousand (2020: EUR 1,818 thousand).

The sensitivities were estimated based on year end balances and the actual results might differ from these estimates.

Management has lease liabilities for which a fixed interest rate was set.

Fair values versus carrying amounts

The fair value of trade and other receivables, cash and cash equivalents, trade and other payables loans and interest bearing borrowings with variable interest rate is approximated by their carrying amounts as at 31 December 2021 as well as at 31 December 2020. The fair values of non current payables are disclosed in Note 16) and lease liabilities in Note 6).

Basis for determining fair values

The fair value of trade and other receivables, cash and cash equivalents, finance lease receivables, trade and other payables, including long term payables (refer to Note 15) loans and interest bearing borrowings is estimated as the present value of the future cash flows discounted at market rate of interest at the reporting date.

Credit risk

Financial instruments that could potentially expose the Company to concentration of counterparty risk consist primarily of trade receivables and cash and cash equivalents.

The Company considers that it has limited concentration in credit risk with respect to trade accounts receivables due to its large and diverse customer base (residential, professional and large business customers) operating in numerous industries and located in many regions. In addition, the maximum value of the counterparty risk on these financial assets is equal to their recognized net book value. An analysis of net trade receivables past due is provided in Note 10.

In addition, should a customer fail to pay any due payment for services, the Company will limit the customer's outgoing calls and, thereafter, the provision of services will be disconnected.

The Company held cash and cash equivalents of EUR 6,512 thousand at 31 December 2021 (2020: EUR 5,020 thousand). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+, based on Standard & Poor's ratings. The Company also held cash at a cash-pooling account with Orange SA.

Impairment on cash and cash equivalents and cash-pool account has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents and cash-pool account have low credit risk based on the external credit ratings of the counterparties.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management monitors risks with rolling 12-month forecasts of the Company's liquidity reserve (comprising loan facility and cash and cash equivalents) on the basis of expected cash flows.

The Group's Treasury department exercises the policy of cash pooling the Company's available funds to maximise economic returns and to manage the cash optimisation and centralisation under the best financial conditions for most of the affiliated companies (see Note 12).

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities without provisions in which the maturity is unknown. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes the principal and interest cash flows if applicable.

Management plan to negotiate the extension of the Final maturity of intercompany loan and it is expected the extension will be agreed based on historical the historical experience.

2021

In thousands of EUR	Note	Year end effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1-5 years	5+ years	Total
Non-current payables	16	–	-	-	-	6,832	1,551	8,383
Non-interest bearing liabilities	17	–	34,287	59,035	1,558	-	-	94,880
Lease liability and interest	6	–	971	1,940	8,694	48,270	46,611	106,486
Loan	15	–	-	-	-	210,000	-	210,000
Interest and commitment fee from Long term loan	15	0.127%	-	67	200	400	-	667
Total			**35,258**	**61,042**	**10,452**	**265,502**	**48,162**	**420,416**

2020

In thousands of EUR	Note	Year end effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1-5 years	5+ years	Total
Non-current payables	16	–	-	-	-	8,434	1,693	10,127
Non-interest bearing liabilities	17	–	25,833	64,436	1,558	-	-	91,827
Lease liability and interest	6	–	984	1,968	8,846	46,371	47,840	106,009
Loan	15	–	-	-	-	210,000	-	210,000
Interest and commitment fee from Long term loan	15	0.185%	-	97	291	971	-	1,359
Total			**26,817**	**66,501**	**10,695**	**265,776**	**49,533**	**419,322**

The following tables detail the Company's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

2021

In thousands of EUR	Note	Year end effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1-5 years	Total
Non-current receivables	10	–	-	-	-	14,745	14,745
Non-interest bearing receivables	10	–	51,227	3,627	15,561		70,415
Cash and cash equivalents	13	0.0%	6,512	-	-	-	6,512
Variable interest rate instruments	12	-0.505%	58,797	-	-	-	58,797
Total			**116,536**	**3,627**	**15,561**	**14,745**	**150,469**

2020

In thousands of EUR	Note	Year end effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1-5 years	Total
Non-current receivables	10	-	-	-	-	10,478	10,478
Non-interest bearing receivables	10	-	41,650	3,041	9,629	-	54,320
Cash and cash equivalents	13	0.0%	5,020	-	-	-	5,020
Variable interest rate instruments	12	-0.398%	56,605	-	-	-	56,605
Total			**103,275**	**3,041**	**9,629**	**10,478**	**126,423**

24) Related Party Transactions

The immediate parent company and the ultimate controlling party of the Company are Atlas Services Belgium, S.A., (from August 2008, up to July 2008: Wirefree Services Nederland B.V.) and Orange SA (incorporated in France), respectively. Transactions with related parties have been conducted under standard business conditions. Receivables, liabilities, purchases and sales with related parties are summarised in the following tables:

In thousands of EUR	31 December 2021	31 December 2020
Liabilities - non current		
Atlas Service Belgium (parent company)	210,000	210,000
Liabilities - current and unbilled supplies		
Orange Brand Services (fellow subsidiary)	2,218	2,232
Orange SA (ultimate control.party)	2,819	4,047
Orange Polska (fellow subsidiary)	868	1,727
Orange CorpSec (subsidiary)	98	159
Other	356	148
	6,359	**8,313**
Dividends paid		
Atlas Service Belgium (parent company)	(60,000)	(30,000)
	(60,000)	**(30,000)**

In thousands of EUR	2021	2020
Purchases		
Orange SA (ultimate control.party)	11,205	7,848
Orange Brand Services (fellow subsidiary)	7,496	7,476
Orange Polska (fellow subsidiary)	2,075	3,782
Atlas Service Belgium (mother company)	399	971
Orange CorpSec (subsidiary)	1,176	1,354
Orange Global International Mobility (fellow subsidiary)	1,188	892
Orange Romania (fellow subsidiary)	203	355
Other	87	92
	23,829	**22,770**

In thousands of EUR	31 December 2021	31 December 2020
Trade accounts receivable - current		
Orange SA (ultimate control.party)	865	363
Orange SA - cash pool account	58,797	56,605
Orange Polska (fellow subsidiary)	223	596
Orange Romania (fellow subsidiary)	328	130
Atlas Service Belgium (parent company)	289	404
Other	776	153
	61,278	**58,251**

In thousands of EUR	2021	2020
Sales		
Orange Polska (fellow subsidiary)	2,791	4,661
Equant (fellow subsidiary)	2,429	2,488
Orange SA (ultimate control.party)	3,972	2,706
Orange Romania (fellow subsidiary)	326	796
Orange Espagna (fellow subsidiary)	99	96
Medi Telecom (fellow subsidiary)	-	792
Other	124	303
	9,741	**11,842**

The following related party transactions are applicable for the Company:

- Management fees, brand fees – transactions mainly with Orange Brand Services and Orange SA (ultimate parent company);
- Intra-group international telecom services – mobile and other telecom services with other group companies; and
- Shared products – mobile and other telecom services with other group companies.

All outstanding balances with these related parties are priced on an arm's length basis are to be settled in cash mostly within 6 months of the reporting date, except for cash pool account and long term debt as these have individual maturities. None of the balances is secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

25) Information on Income and Emoluments of Members of the Statutory Bodies, Supervisory Bodies, and Other Bodies of the Accounting Entity

The income and emoluments of the Company's members of the statutory body, supervisory body and other bodies are summarised in the following table:

In thousands of EUR	2021	2020
Board of directors and Supervisory body	-	-
Executive Management Board	1,532	2,162
Total	**1,532**	**2,162**

26) Commitments and Contingencies

Litigation

The Company is not involved in any legal proceedings outside of the normal course of business except for litigations for which provision was created (see Notes 16). Management does not believe that the resolution of the Company's legal proceedings will have a material adverse effect on its financial position, the result of the operations, or cash flows.

Commitments

The Company has CAPEX commitments in a total amount of EUR 26,870 thousand (2020: EUR 44,453 thousand). The main consists of investment in 2G/3G network in the amount of EUR 3,105 thousand (2020: EUR 15,644 thousand), investments in 4G network assets in the amount of EUR 4,828 thousand (2020: EUR 13,749 thousand) and the other less material investments in long-life assets.

The Company also has OPEX commitments in the total amount of EUR 123,752 thousand (2020: EUR 34,222 thousand) mainly related to the purchase of handsets in the amount of EUR 97,858 thousand (2020: EUR 9,719 thousand) and network maintenance in the amount of EUR 3,975 thousand (2020: EUR 3,561 thousand).

Legal Commitments

The Company has not given any guarantees to third parties in 2021 (2020: EUR 0 thousand).

27) Critical Accounting Estimates, Key Judgements, and Key Sources of Estimate Uncertainty

The preparation of the financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and the associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated useful lives of property, plant, and equipment

Useful lives, which are described in Note 3 (c) and (d), are determined based on the Company's best estimate of the useful lives of long-term assets and are reviewed annually.

A change in estimated useful lives of assets by 10% against the actual depreciation as at 31 December 2021 would have increased / (decreased) the property plant and equipment amounts as shown below:

	31 December 2021		31 December 2020	
In thousands of EUR	Increase	Decrease	Increase	Decrease
Estimated useful life in years +/-10%	6,422	(7,849)	6,477	(7,916)

The sensitivities were estimated based on year end balances and the actual results might differ from these estimates.

Estimated ARO

The Company is obligated to dismantle technical equipment and restore technical sites when it terminates its operation. The provision is based on dismantling costs (on a per-site basis) incurred by the Company to meet its environmental commitments over the asset dismantling and site restorations planning. The provision is assessed on the basis of the identified costs for the current financial year, extrapolated for future years by using the best estimate for the commitment settlement. It is discounted at a risk-free rate. This estimate is revised annually and the provision is consequently adjusted against the relevant asset where appropriate.

Sensitivity of ARO reserves

A change in discount rate by 100 bps and change in dismantling costs by 10% against initial assumption as at 31 December 2021 would have increased / (decreased) the Estimated ARO by the amounts shown below:

	31 December 2021		31 December 2020	
In thousands of EUR	Increase	Decrease	Increase	Decrease
Discount rate +/- 100 bps	5,469	6,415	5,788	6,794
Dismantling costs +/- 10%	3,952	(3,952)	4,170	(4,170)
Length +/- 1 year	1,089	(1,060)	1,302	(1,262)

The sensitivities were estimated based on year end balances and the actual results might differ from these estimates.

Estimated enforceable period

IFRS 15 requires judgements and assumptions regarding the enforceable period of contract. Determining the enforceable period, the Company takes into account the economic logic of the transaction, and also over which period the contractual terms have made the rights and obligations enforceable through exit options, early renewal options and other other business practices. In developing the judgments management used information from the historical behaviour of clients as well as their contractual terms to determine the enforceable period.

Sensitivity of enforceable period

A change in enforceable period by 1 month against initial assumption as at 31 December 2021 would have increased / (decreased) the contract asset with direct impact to equity amount as shown below:

	31 December 2021		31 December 2020	
In thousands of EUR	Increase	Decrease	Increase	Decrease
Enforceable period +/- 1month	1,483	(6,242)	3,248	(5,237)

The sensitivities were estimated based on year end balances and the actual results might differ from these estimates.

Sensitivity of lease term and discount rate for lease liability

A change in discount rate by 100 bps and change in lease term by 1 year against initial assumption as at 31 December 2021 would have increased / (decreased) the lease liability by amounts shown below:

	31 December 2021		31 December 2020	
In thousands of EUR	Increase	Decrease	Increase	Decrease
Discount rate +/- 100bpsonth	(9,339)	10,377	(8,543)	9,485
Length +/- 1year	12,390	(12,375)	9,909	(10,072)

The sensitivities were estimated based on year end balances and the actual results might differ from these estimates.

28) Subsequent Events

The ongoing military conflict in Ukraine and the related sanctions targeted against the Russian Federation may have an impact on European and global economy. The entity does not have any significant direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economic situation may require revisions of certain assumptions and estimates. This may lead to material adjustments to the carrying value of certain assets and liabilities regarding roaming and interconnect business within the next financial year.

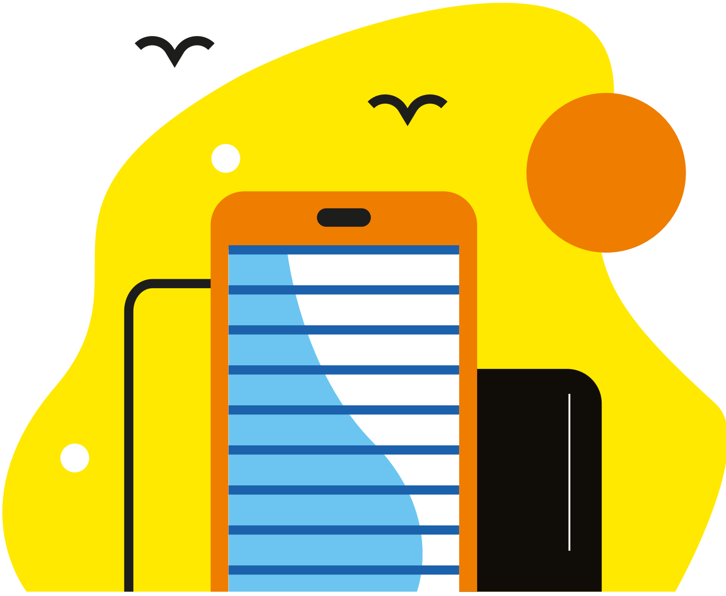
At this stage, management is not able to reliably estimate the impact as events are unfolding day by day. The long-term impact may also affect trading volumes, cash flows, and profitability. Nevertheless, at the date of these financial statements, the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

29) Authorisation Of Financial Statements

The financial statements were authorised for issue by management on 3 June 2022.

Mariusz Gatza
Chief Executive Officer

Eve Bourdeau
Chief Financial Officer



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