Deutsche Telekom IT Solutions Slovakia

ANNUAL REPORT 2023



DEUTSCHE TELEKOM IT SOLUTIONS

Annual Report Deutsche Telekom IT Solutions Slovakia 2023

ANNUAL REPORT 2023

Deutsche Telekom IT Solutions Slovakia

- Deutsche Telekom Systems Solutions Slovakia s.r.o.
- Deutsche Telekom IT & Telecommunications Slovakia s.r.o.



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Foreword by Managing Director



There is no doubt that 2023 has been another successful year for our brand, Deutsche Telekom IT Solutions Slovakia. We continued our Agile journey by implementing a FlexOrg model in large parts of our organization, placing our customers even more at the center of everything we do. We organized numerous events to strengthen "The Power of We: Connections" and were honored to host Living Culture Day for the entire DTAG group at our Košice location.

Deutsche Telekom Systems Solutions Slovakia s.r.o. and Deutsche Telekom IT & Telecommunications Solutions Slovakia s.r.o. recorded a stable order situation based on our diversified service offerings, resulting in a growth in revenue. We continued our journey into vertical service provisioning in defined industries and successfully extended our capabilities in the Software Development arena.

We can now provide Sovereign Cloud services "made in Košice" to ensure that all digital information, including stored data and software, is compliant with data sovereignty laws and regulations.

Alongside numerous internal and external events to promote our innovation capabilities, we built a solid foundation in the Artificial Intelligence (AI) space, providing services for

the Deutsche Telekom Group and educating local communities on "everyday AI."

We expanded our footprint in the Low Code application development area and implemented several use cases with local companies to reduce CO2 emissions.

As a matter of course, we enhanced our well-proven service provisioning in the areas of Cloud Computing, Network Services, and Cyber Security.

We are utmost committed to Environmental, Social, and Governmental topics (ESG) and focus on issues where we can contribute the most to the Region of Košice. As such, we further reduced direct and indirect emissions in 2023 and are on track to become climate neutral.

Social Responsibility remains close to our hearts, and we continuously seek to give back to the community, especially in education and digital literacy. In 2023, we supported various levels of schools, donated IT equipment to educational institutions, and extended our collaboration with numerous non-profit organizations in the region.

It is also worth mentioning that these efforts did not go unnoticed, and we were pleased to receive several prestigious awards in 2023, such as Best IT Company.

Hence, I am excited to continue our journey - we have a solid foundation on which we can build. Lastly, I would like to thank all colleagues and partners for their utmost support and contribution, which made it an exciting and successful year again.

Best wishes, and I am looking forward to seeing you soon,



Andreas Truls, Managing Director
of Deutsche Telekom IT Solutions

Company profile



Our brand Deutsche Telekom IT Solutions Slovakia entered the life of Košice region in January 2006 under the name T-Systems Slovakia and has been inextricably linked with this region ever since. We proved this the very next year when we became one of the founding members of Košice IT Valley association.

Over the last decade, we have managed to grow from scratch to become the second largest employer in the eastern part of the country with more than 4.000 employees. Thanks to our highly qualified and motivated employees, we are the company with the fastest growth in added value within the IT industry in Slovakia. Our goal is to proactively find new ways to improve and continuously transform into the type of company providing innovative services.

The following are the official names of the two legal entities belonging to the common brand Deutsche Telekom IT Solutions Slovakia:

- Deutsche Telekom Systems Solutions Slovakia s.r.o.
- Deutsche Telekom IT & Telecommunications Slovakia s.r.o.

Our commitment to serving clients and contributing to the IT industry goes beyond the Košice region. We also have our premises in Bratislava, where we have been actively engaged in delivering innovative IT solutions and services. This dual presence in both eastern and western Slovakia allows us to cater to a broader spectrum of clients and contribute to the technological advancement of the country.

As part of our strategic activities, we are transforming our company into a modern information and communications technology services provider, stepping towards a future based on digital technologies. We implement these steps to move our business from a project-driven model to an innovative and product-oriented company model (where we supply and manage products and services during their lifecycle to the customer).

Where can one see our services?

You will not find the production coming from Deutsche Telekom IT Solutions Slovakia in a store or warehouse. People encounter our services only indirectly, but daily - when buying articles of renowned brands or petrol or cars. Taken literally, when the ICT services are provided reliably, an ordinary consumer will not realize that a part of the ICT they use is provided remotely by Deutsche Telekom IT Solutions Slovakia. Our company has in its customers portfolio the leading brands from the automotive, telecommunications and oil industries, as well as financial and consulting services.



Company Management 2023

Management of Deutsche Telekom IT Solutions Slovakia



Andreas Truls

Managing Director of Deutsche Telekom IT Solutions Slovakia



Ondrej Šestina

Vice President of Finance and Controlling



Igor Stančik

Vice President of Human Resources



Juraj Girman

Vice President of Telekom IT



Portfolio of our services and products in 2023

PORTFOLIO OF DELIVERED SERVICES

Operating under the unified brand of "Deutsche Telekom IT Solutions Slovakia," we specialize in providing information and communication solutions through outsourcing (ITO). Additionally, we serve as outsourcing partners for software development (SDO) and business process management (BPO). ICT outsourcing stands out as a key avenue for improving economic performance, optimizing resource utilization, and enhancing flexibility for both our corporate and public sector clients. It facilitates faster and more cost-effective customer access to innovations and technological advancements. Primarily, outsourcing is a strategic approach to cost reduction. In practice, this may involve the partial or complete takeover of activities performed by the ICT departments of our clients' companies or other providers of ICT services.

DEUTSCHE TELEKOM SYSTEMS SOLUTIONS SLOVAKIA S.R.O.

Delivery and operation of ICT solutions and services

ICT SERVICES FOR COMPUTING (SERVER) SYSTEMS

In this section of our portfolio, we manage, operate, and deploy shared ICT platforms as well as cloud platforms, which serve as the foundation for customer-specific solutions. Our main competencies include:

- ICT service lifecycle management for Global Data Centers networking and security,
- ICT service lifecycle management for global shared Infrastructure as a Service (IaaS), private cloud computing and virtualization solutions (incl. storage, back-up, and recovery of data solutions),
- ICT service lifecycle management for managed solutions on public cloud platforms (Azure, AWS, Google, OTC),
- Implementation and operation of solutions on Sovereign Cloud infrastructure for customers with elevated data security requirements,
- Operation of a platform as a service (PaaS) focused on global SAP products and "SAP/HANA."

ICT SERVICES FOR CUSTOMER SYSTEMS AND APPLICATIONS

With this portfolio we manage, operate, and deploy customer-specific systems and dedicat-

ed ICT solutions that underpin our customers' core businesses in several industrial sectors. Our main competences include:

- Virtualized systems from all major server solution providers (including solutions based on private, public, and hybrid clouds), especially tailored for the automotive, manufacturing, and public sectors.
- Customer and business sector-specific databases and middleware solution delivery & management,
- Customer portals, application, risk/security, and data analytics solution delivery & management, including Big Data platforms

Solutions and services for business processes outsourcing

BPO SERVICES FOR FINANCE & CONTROLLING

With this portfolio we act as a shared business services center towards our sister companies within T-Systems International network. Our main competences include:

- Global order-to-cash management (contracts, order entry, billing, account receivables),
- Global purchase-to-pay management (cost controlling, charging, and pre-closing operations),
- Global shared services for finance & controlling (reporting, master data management, user account management, etc.),
- Development and lifecycle management of T-Systems global business intelligence (BI) platform.

SALES, PRE-SALES, AND CONSULTANCY

This portfolio focuses on advanced services for both T-Systems International and Deutsche Telekom Group. Our main competences include:

- Global business partners for finance & controlling,
- Global support for the transformation of ERP software packages and modules,
- Sales, pre-sales, and technical consultancy for both European Union customers and local customers in Slovak Republic in public sector and in the segments of manufacturing, automotive, and healthcare.

Shared services supporting digitalization and transformation

MANAGEMENT, TRANSFORMATION AND DESIGN OF ICT SOLUTIONS

This portfolio acts as an interface between our global customers, their ICT leadershipand our solution delivery and operation teams. Our offering includes:

- Global service delivery, customer account management, and new transactions
- Design of complex customer solutions and ICT architectures,
- Project management and transformation of customer ICT systems and solutions.

DIGITAL SOLUTIONS AND DEVELOPMENT OF DIGITAL APPLICATIONS

As part of this part of our portfolio, we add strong supply and operational competencies and offer our customers software engineering and consultation. Our main competences include:

- Development of the platform of private cloud, Future Cloud Infrastructure, and software-defined platform,
- Development of software solutions for private and public cloud platforms (Azure, AWS),
- Development of software solutions for automation and digitalization of customer processes,
- Development of solutions utilizing Edge Computing principles and campus Edge/5G elements.
- Development of cybersecurity solutions and the Open Sovereign Cloud platform,
- Development of solutions based on artificial intelligence (AI), Meta-/Omniverse, and low-/no-code principles.

DEUTSCHE TELEKOM IT & TELECOMMUNICATIONS SLOVAKIA S.R.O.

Delivery and operation of ICT solutions and services

ICT SERVICES FOR TELECOMMUNICATION SYSTEMS

This segment of our portfolio focuses on the design, management, and operation of solutions for long-distance and remote communication, typically catering to our global clients or clients with geographically dispersed offices. Our primary competencies include:

- Voice and video services, including VoIP, VPN, WAN, MAN, and telepresence,
- Network and security related ICT services for local and wide-area networks,

- Optimization of network capacity and performance,
- Development and operation of software-defined network and security solutions,
- Development and operation of a converged cloud platform SASE, based on SD-WAN and Edge technologies.

ICT SERVICES FOR CUSTOMER SYSTEMS AND APPLICATIONS

With this portfolio we manage, operate, and deploy customer-specific systems and dedicated ICT solutions that support our customers' core businesses in several industries. Our main competences include:

- Virtualized application solutions based on all major IT infrastructure providers (including for private, public, and hybrid clouds) with a focus on the telecommunications sector,
- Customer, sales, and business databases, as well as middleware solutions for the telecommunications sector.
- Customer portals, applications, risk/security management solutions, and data analytics solutions.

Shared services supporting digitalization and transformation

MANAGEMENT, TRANSFORMATION AND DESIGN OF ICT SOLUTIONS

This portfolio acts as an interface between our global group's internal customers, their ICT leadership and our solution delivery and operation teams. Our offering includes:

- Global service delivery for application operations, customer account management, and new transactions,

- Design of customer solutions and ICT architectures for telecommunications cloud applications,
- Project management and transformation of existing telecommunications ICT systems and solutions.

APPLICATION AND SOFTWARE SOLUTIONS DEVELOPMENT

With this part of our portfolio, we complement our strong delivery and operational competences, particularly for our global group's internal customers, and offer also advanced software engineering, consulting, and development capabilities. Our main competences include:

- Software development, testing and consulting for SAP solutions,
- Software development, testing and consulting for non-SAP solutions,
- Automation of internal ICT processes, engineering, and application development for automation,
- Development of smart solutions based on artificial intelligence, machine learning, language processing, etc., for automated support of telecommunication solutions (AIOps),
- Applied research in Virtual and Augmented Reality, development of applications for educational and healthcare segments.

A brief look at 2023



REFLECTING ON 2023: A BRIEF RETROSPECTIVE

Upon the global stage, the year 2023 unfolded as an exceptionally successful period for the Deutsche Telekom group, evident in the substantial trust accorded to the Deutsche Telekom business brand by analysts. Our group achieved global recognition, securing the 11th position as the most valuable brand—a distinction firmly secured in both the EU and the European telecommunications sector. Despite this significant triumph, we remained steadfast in our commitment to transformation. The objective persisted in cultivating a comprehensive customer perspective and addressing their evolving needs more effectively. Within this ongoing transformation, we not only cheered for our achievements but also created new opportunities for our experts in the global T-Systems and Telekom family.

In terms of structural transformation, our entity Deutsche Telekom IT & Telecommunications Slovakia operated in 2023 with two specialized business divisions. One functioned as an outsourcing center for Telekom Deutschland GmbH, managing a portfolio that included telecommunications lines, computer network management at both WAN and LAN levels, and T-Security solutions. This encompassed offerings such as Security Operations Centers (SOC). The division's renewed focus in 2023 was underscored by a name change to Telekom Business Customers, clearly emphasizing its primary mission.

The second division is integral to the business model of Deutsche Telekom IT GmbH, serving as both an internal provider of ICT solutions for the entire DT Group and an in-house software development center. Thanks to this specialization at the local division level, we have strengthened our capacity to offer more value-added services to internal customers, such as software-defined network solutions or the development of new applications based on natural language, virtual, or augmented reality. Within the entity, this shift is evident in the growth of job opportunities, particularly those with high added value.

In 2023, DT Systems Solutions Slovakia successfully completed a transformative

project, aiming to establish an integrated portfolio perspective for a more responsive approach to the evolving needs of our customers. This initiative resulted in a consolidated "Cloud Services" division emergence from the original technological divisions. This division is adept at addressing customer IT requirements across various levels, from IT infrastructure (data centers, communication networks, data storage, private or public clouds) to the support and management of customer applications and ERP solutions.

Simultaneously, the "Growth Portfolio" division underwent a parallel transformation, evolving into the "Digital Services" division. In 2023, it particularly focused on advancing digital software solutions, playing a pivotal role as a supplier and developer for software and digital applications. Notably, it served distinguished German automotive companies and public institutions of the European Union.

Completing the triad, the third division in this entity functions as a center for shared business services in corporate finance and controlling.

In 2023, our brand Deutsche Telekom IT Solutions celebrated its 17th anniversary of operation in Slovakia. It has become a firmly established Slovak company, and its impact on the national economy was recognized in 2023 during the prestigious IT Gala evening, where we received the title of "IT Company of the Year." This accolade, earned for the second time in our history, attests to the company's vitality. Another testament to the brand's viability was its prominent position in the "Best Employer of the Year 2023" survey, where the company secured a second place in the category IT and telecommunications in Slovakia. Looking to the future, our ambitions are higher, aiming to elevate the Deutsche Telekom brand to the forefront in terms of employer attractiveness, brand appeal, and its position as a digitalization partner, especially in the context of Slovakia.

Our positive performance did not significantly impact changes in the number of employees. Compared to 2022, the size in terms of the number of employees in Slovakia remained unchanged, reaching 4.300 employees, equivalent to 3.906 FTE. (In 2023 DT SYSO SK had 2.844 employees, equivalent to 2.519 FTE, and DT ITTEL SK had 1.480 employees, equivalent to

1.387 FTE.)
We do not perceive this development negatively, as it aligns with our strategy to shift our focus from quantitative growth to the quality of competencies. Particularly, we aim to deepen and strengthen our expertise in software development and increase the share of customer roles. In this regard, there has been an increase in roles with higher added value by approximately 70 (primarily in the entity DT ITTEL), along with a simultaneous decrease in simpler roles by 87 (in the entity DT SYSO, largely). A visible external sign of the shift in our focus remains the significant shortage of senior candidates in the job market – a situation familiar to most companies in Europe. The state of the job market is also evident in the need for intensive work with candidates. In our entities, 1.900 job interviews were conducted, but only about 400 new employees were hired. Therefore, the success rate averaged 1:5.
Thanks to a more targeted portfolio and despite an unfavorable global security situation, both of our entities in Slovakia have experienced a positive impact on their financial performance. Under the DT ITSO Slovakia brand, we recorded a cumulative overall revenue increase of 7% between both entities, reaching an absolute figure of eur 203,4 million. This growth was driven by improved performance in DT Systems Solutions Slovakia, particularly in the areas of software development and digital solutions. In DT IT & Telecommunications, the increase in demand in the Telekom Business Customers division also contributed to this growth. We have also experienced strong demand for our outsourcing services in finance and controlling, especially for new BI solutions for financial and personnel controlling. We take pride in this performance, highlighting the stability of our operations in Slovakia. Together, we can convert approximately three-quarters of our revenues into added value, reaching a level of eur 160 million.

As the unified brand DT IT Solutions, in 2023, we held a prominent position among providers of ICT solutions. Our market position is primarily influenced by demand from abroad, representing the core of our business model—outsourcing and nearshoring. However, looking ahead, we have ambitions to establish a strong position both in the region and within Slovakia:

OUR POSITION IN THE NATIONAL ECONOMY

Largest employers 2023 (total)	**Position 13.**
Largest ICT Solution Providers 2023	**Position 5.**
Companies with the highest returns in 2023 (excluding financials)	**Position 127.**
Cumulative contribution to regional GDP 2006-2023	**1,56 mld eur**

In 2023, we delivered digital and digitization projects for significant clients, including European institutions and leading European manufacturers, supporting their internal strategies such as e-mobility, smart mobility, and the digitalization of their business models. Our digital and software division saw an increase in person-

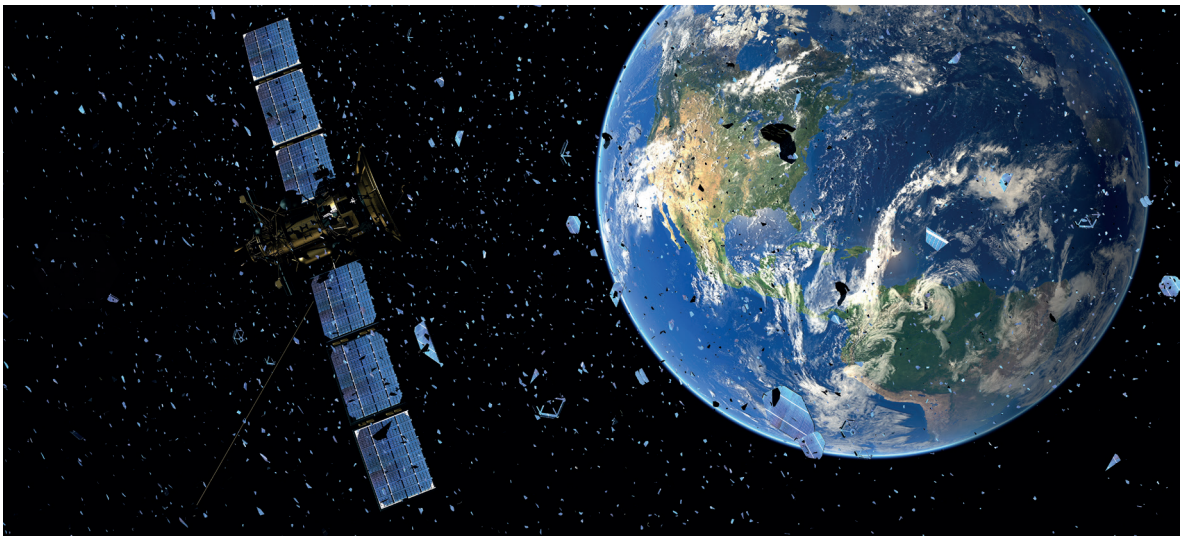
nel to over a hundred employees, a positive trend, but due to a shortage of qualified workers, it represented half of what realistic demand dictated!

The year 2023 continued with the satisfactory performance of solutions based on Microsoft Azure and AWS platforms. We developed a new product for our global group, introduced to the market in 2023 as Sovereign Cloud, which gained its first customers supported directly from Košice in the same year. Why this solution? Public cloud is recognized today to expedite digitalization for many European firms. However, in certain sectors, accessing public clouds and reaping its benefits can be more complex. Sovereignty in the name of our product means customer sovereignty over their data in the cloud. The client has full control over how, where, and by whom their data is processed in the cloud, its physical location at any given time, and the encryption requirements upon leaving the cloud. This new solution signifies contributions in terms of commercial, operational, and software sovereignty – providing the customer with a higher degree of control and flexibility and simultaneously ensuring higher data security and privacy protection.

One of our new products was further developed to create internal capacity for consultation and enable our customers to quickly create prototypes for their ideas. This would improve their processes by using the product's feature that turns their experts into what we call lay developers. The value of the product based on the low-code programming platform and ecosystem principle lies in enabling up to 10 times faster delivery of functional software (solutions, applications) without the need to outsource the work to a specialized external team of developers. This approach helps us (and our customers) shift the focus from missing roles to various critical skills that can be developed among existing employees, thus putting into practice themes like "co-creation." We aimed to respond to a growing trend in many sectors where organizations address the shortage of ICT personnel by involving and qualifying experts in other roles for programming. This simultaneously leads to a shift in the job market's interest in positions—placing emphasis on specific skills that represent an opportunity for customers to attempt faster strategic differentiation through the

digital skills of their employees. The mentioned low code as a technical competence was complemented by providing entire development teams within the concept of so-called Scrum teams as a service (Scrum-TaaS).

The innovative ideas of our employees were once again transformed into innovative products and, through them, into innovative technologies. Our activities in utilizing virtual and augmented reality led to obtaining an order to develop a solution based on the concept of the so-called metaverse, or Omniverse technology. In 2023, we initiated and achieved multiple successes through collaborative endeavors with the Faculty of Electrical Engineering and Informatics at the Technical University in Košice. These initiatives were specifically focused on crafting a solution to prevent collisions among satellites and space debris in Earth's orbit. The success of these "space" initiatives earned recognition at the European level from the European Space Agency (ESA) and paved the way for establishing a Slovak space research cluster, with our company playing a crucial role as a founding member.



In the past year, our brand actively participated in several national initiatives and working groups that addressed challenges strategically relevant to our entities. We were involved in launching the concept of an innovation hub at the Ministry of Health of the Slovak Republic, which includes a working group of the AmCham Chamber dedicated to healthcare and its digitization. Similarly, we actively engaged in the digitalization working group of AmCham and the preparation of the action plan for digital transformation in Slovakia for the Ministry of Investment, Regional Development, and Informatization of the Slovak Republic (MIRRI). We are pleased that our leaders and senior managers received prestigious nominations, such as the Council of Government for Research and the Council of Government for Specialized Education and took positions like the National Guarantor for the qualification verification system in ICT services and projects. Our manager represented the Slovak ICT sector as the vice-chairman of the Sector Council for ICT and led the development of the national strategy for human resources in the ICT sector.

In terms of broader social responsibility, in 2023, we continued our commitment to providing scholarship programs for computer science students in Košice. Through the T-UNI program, we successfully supported an additional 15 graduates, all of whom subsequently joined our workforce. We remained dedicated to fostering the accelerated career development of ICT students and offered financial scholarships, which could amount to up to 5.000 Euros during their engineering studies.

As part of the national initiative Digital Skills and its Digital Competence Coordinators Program in Slovak schools, we conducted training sessions for over three hundred Slovak teachers in new agile methods. Additionally, we directly engaged with almost five hundred children, pupils, and students throughout Slovakia. Our ambitions for the development of the knowledge economy in Slovakia materialized in the establishment of more than 30 computer classrooms in Slovak schools. Furthermore, we contributed by donating nearly a thousand pieces of various computing equipment to educational and nonprofit organizations.



Financial report for 2023 and financial indicators

Revenues of Deutsche Telekom Systems Solutions Slovakia s.r.o. for the year 2023

Type of Service	2023
Operation and remote administration of operating systems and virtual ICT infrastructures	66.106.422
Operation and remote administration of SAP platform	21.677.016
Operation, administration, and monitoring of remote telecommunication items	1.886.841
Operations and remote administration of customer applications	10.052.198
ICT Service Management and support	16.452.258
Project Management & Project Delivery	1.863.467
Others	19.592.295
TOTAL:	**137.630.497**

FINANCIAL INDICATORS

The current, quick ratio stands as 5,7, which reflects the company's high ability to meet its obligations. The profitability of sales reaches 6,96%, signifying that for every 1 euro in revenue, there is a profit of 6,96 eur. The overall indebtedness (debt ratio) of the company is 17%, with 83% stemming from equity. The increase in revenue from services compared to 2022 amounts to 9.235.559 eur (total revenues for 2023 are 137.630.497 eur), attributed to increased service rates and expanded service delivery.

Revenues of Deutsche Telekom IT & Telecommunications Slovakia s.r.o. for the year 2023

Type of Service	2023
Operation and remote administration of operating systems and virtual ICT infrastructures	2.563.876
Operations and remote administration of customer applications	51.719.477
Operation, administration, and monitoring of remote telecommunication items	18.193.199
Others	4.567.928
TOTAL:	**77.044.480**

FINANCIAL INDICATORS

The current, quick ratio stands as 1,5, which reflects the company's good ability to meet its obligations.
The profitability of sales reaches 5,63%, signifying that for every 1 euro in revenue, there is a profit of 5,63 euros.
The overall indebtedness (debt ratio) of the company is 62%, with 38% stemming from equity.
The increase in revenue from services compared to 2022 amounts to 3.548.112 EUR (total revenues for 2023 are 77.044.480 eur). This growth is attributed to an increase in volume and the expansion of the portfolio of delivered services.

Other information

RISK ASSESSMENT

The company performs the risk assessment regularly on a quarter basis. In 2023 only one significant risk that could pose a serious threat to the company had been identified – a risk related to the Fusion project. The following possible business impact was identified - missing revenue to cover costs, loss of reputation on the external market if redeployment was not successful.

EVENTS THAT OCCURRED AFTER 31 DECEMBER 2023 UNTIL THE DATE OF THE FINANCIAL STATEMENTS FOR THE YEAR 2023:

No events requiring disclosure or reporting in the financial statements for 2023 occurred between December 31, 2023, and the date of the financial statements.

INFORMATION ABOUT THE ACQUISITION OF TREASURY SHARES, PROVISIONAL SHARE CERTIFICATES AND INTERESTS AND SHARES, PROVISIONAL SHARE CERTIFICATES AND INTERESTS OF A CONTROLLING ENTITY:

The company did not acquire any treasury shares, provisional share certificates and interests and/or shares, provisional share certificates and interests of a controlling entity.

SCIENCE AND RESEARCH

No Research and Development activities are reported in 2023.

ORGANISATIONAL UNIT

The accounting entity has no organizational unit abroad.


Vision,
mission,
and values

VISION 2030: A PRODUCT COMPANY FOR THE DIGITAL AGE

The market surrounding us is undergoing dynamic changes, spurred by various trends and technological advancements. In the media, the year 2023 has been labeled as the year when artificial intelligence finally manifested itself and took center stage, with a notable impact on automation in both the ICT and industrial contexts, garnering serious attention. However, this is not the sole transformation at play.

Technologies linked to the Internet of Things, along with associated edge campuses, software-defined solutions (with their implications for network management, security, and shared platforms), have been progressing dynamically. Additionally, 2023 witnessed pressure on organizations across all sectors to elevate their level of digitization. Many customers in traditional industries view digitization as a pivotal competency to navigate the prevailing uncertainties in the economic landscape, tackle disrupted supply chains, and address the persistent shortage of qualified workforce – a challenge that has characterized recent years.

In alignment with the Deutsche Telekom brand, we remain committed to introducing state-of-the-art technologies, such as Omniverse and Sovereign Cloud, to the market. Simultaneously, we champion new work methodologies that foster innovation, including agile, DevOps, and AIOps. Our global ambition is to serve as a driving force and a trusted partner for steering the digitalization journey of our customers' businesses.

The core of our strategy remains centered on augmenting the value we provide to our customers. This involves a gradual transition, shaping our identity as a company with a primary commitment to addressing the business needs of our customers, empowering them to achieve greater success. Technically, this implies a substantial expansion of our portfolio, moving beyond the

currently prevalent solutions that govern and supervise ICT infrastructure. Our aim is to transition from the role of an ICT service provider to that of an advisor, designer, and developer of digital solutions, ultimately evolving into a company that actively conceives and delivers innovative products for our clients. In 2024, we intend to enhance our shift from an ICT solutions provider to a digital consultant and pioneer in digitalization by investing in the broader adoption and development of solutions leveraging artificial intelligence.

Soon, the cloud will constitute the predominant form of delivering ICT solutions, not only for large enterprises but also for small and medium-sized businesses. The cloud is often seen as the initial step towards digitizing customers' business activities. Therefore, we will strive to support our customers in these endeavors, automating our transformation processes to help them migrate and efficiently transform their legacy solutions into cloud platforms seamlessly. The ability to transform business into the cloud will simplify the life of every entrepreneur or company embarking on the path of digitization. Partnering with Deutsche Telekom on this journey will not only make it easier but also more transparent and cost-effective. Additionally, we recognize the growing volume of data our customers work with. As the demand for processing, consolidating, and analyzing this data increases, we plan to expand our offerings in areas such as Elastic Search as a Service and Business Intelligence (BI) as a Service. These products serve as examples of how we assist customers in working with their data and extracting valuable insights for their businesses.

In the future, we plan to raise awareness about tools for more intelligent support in managing ICT processes. These tools serve as a visible example of how artificial intelligence technologies can expedite and simplify decision-making in business. Additionally, within our local company, we aim to implement various AI solutions, not only to talk about them but also to offer our customers the opportunity to experience their specific functionality, benefits, and working style with artificial intelligence. We believe that the adoption of AI will depend more on the so-called "CX element" (Customer Experience) than on the technological or IT element and its performance.

We will continue collaborating with other "Magenta" companies in Slovakia, focusing on initiatives developed in 2023 through partnerships with startups entering rapid client acquisition. Together, we aim to enhance scalability. Our plans involve introducing new digital and manufacturing digitization solutions for local businesses, using virtual and augmented reality, and analytical tools for big data.

Our roadmap involves an effort to elevate our competencies, not only providing support for existing solutions but also spearheading agile, transformative projects. These initiatives will be centered around designing, innovating, and assuming greater responsibility for significant segments of the global value chain. Emphasizing the need for agile organizational transformation, we will extend this capability to the market by offering our expertise to potential partners in Slovakia. Additionally, we aspire to broaden our footprint in supporting the education sector. We aim to establish education sector support, creating an official hub for the Edu Scrum methodology in Slovakia under our company's leadership.

Leveraging our experience in supporting agile communities, we plan to create new ones focusing on competencies in artificial intelligence, cloud solutions, and security within the company. This extends to supporting educational initiatives in these technologies. Our aim is to provide expertise that directly enhances our customers' business models, emphasizing transformation and expanding human capacities, especially in the automotive, manufacturing, healthcare, and public transportation sectors.

Our strategic focus remains on clients in manufacturing, automotive, and healthcare. While these sectors are already heavily automated, they are under pressure to transform further-from manufacturers to mobility service providers, traditional vehicles to autonomous and electric ones, and from conventional to connected and smart vehicles. These trends impact the entire ecosystem, including tier 1 or 2 suppliers and OEM partners.

The pressure for further digitization is so significant that around 2025, the market expects 40% of the revenues and profits of today's manufacturing companies to come from different business models and activities than production itself! In this context,

our DT Systems Solutions entity plans to expand its competencies as a developer and creator of digital solutions for clients in the automotive and manufacturing sectors. We also aim to contribute to the successful establishment of a new automotive plant in the Košice region. Our ambition is to support the dual strategy of this new plant (and the entire sector) for the highly volatile market of today: On one hand, our digital solutions are intended to help manufacturing plants optimize existing processes and, through automation, reduce their cost footprint—not only in their production but increasingly across the overall supply chain. On the other hand, we can develop new technological solutions, directly supporting their ambitions in smart mobility, software-defined, and smart operations. Our strategic goal is to make digitization more than just a necessity, turning it into a topic that brings specific benefits to manufacturers. In line with this, our DT Systems Solutions division plans to introduce solutions supporting virtual operations, remote vehicle, and machinery control, and



utilizing the latest advancements in 5G and Edge Computing. These solutions transform conventional manufacturing into self-organized entities with smart sensors, enabling seamless communication between devices, robots, and entire production lines. The interconnected setup facilitates collaboration across the supply chain, including various partners.

Our research activities in artificial intelligence offer technicians the ability to swiftly identify and address faulty components using virtual or augmented reality, preventing disruptions in production. Despite sounding like sci-fi, these solutions are already a reality, powered by advanced ICT technologies like cloud computing, extensive databases, big data, artificial intelligence, and high-speed data transfer capabilities through 5G campus networks. With our vertical focus on the manufacturing sector, DT IT Solutions is poised to apply our expertise in digital and cloud solutions to benefit key players in the local Slovak economy.

Career development and Education



Najzamestnávateľ 2023 (The Best Employer 2023)

In the recent Najzamestnávateľ 2023 (The Best Employer 2023) public vote, Deutsche Telekom IT Solutions proudly secured the 2nd place in the IT and Telecommunications category. This accolade underscores our dedication to prioritizing the well-being and development of our valued team. It serves as a motivator, propelling us to further enhance our initiatives aimed at fostering employee satisfaction and growth. We extend heartfelt thanks to everyone who supported us in this public vote.

Work Life Coaching Program

Employee mental health is a key part of a company's success. A program like the Work Life Coaching Program enables organizational performance, increases employee engagement and loyalty, promotes a positive work environment, and improves company profitability and success. It provides employees with the tools for mental resilience, increased motivation, self-awareness, and balanced well-being to thrive at work and at home.

We offer our employees and their families a customized Work Life Coaching Program.

Highly trained professionals are available to any employee at any time. Psychological, legal, and financial advice are provided free of charge and confidentially.

Staff and experts work together to find solutions, for example, to problems related to stress at work, changes in work or private life, tensions in working relationships, problems in the family, with a partner or children, interpersonal problems, as well as problems with debt. In exceptional cases, crisis intervention and urgent psychological care are also available through consultants.

The consultants prepared specialized leaflets for employees on topics such as:

- The journey out of loneliness
- Protecting children in the online world
- Overcoming failure
- Mental Health
- Impostor syndrome
- Emotion as our compass

In 2023, we hosted a few webinars for employees to support their mental health or provide advice on a range of topics:

- The world has changed - how to cope better with challenging situations
- Basics of investing
- Burnout syndrome: How to avoid burning out
- Know your inner saboteurs
- Assertive communication
- Anger management for parents
- Children’s emotional intelligence
- Digital kids
- Efficiency and organization of work
- How to better manage conflicts at home and at work
- The magic of Christmas in the present moment

Shares2You Program

People are always the key to success. Therefore, we want to further strengthen employees' identification with the company and promote entrepreneurial thinking and acting by giving them access to the opportunities that Telekom shares offer.

We introduced an employee share program, which offers our employees the opportunity to invest in Deutsche Telekom shares. A special highlight of the program is: For every 2 shares employees buy, they will get 1 bonus share.

Employee development

At the heart of our company are our employees, and our commitment revolves around providing them with avenues for growth, nurturing their professional skills, and consistently elevating the quality of services delivered to our customers. Investing in their education and development forms a crucial aspect of our strategy, laying the groundwork for future-focused skills. These skills, meticulously identified, encompass domains like architecture, solution design and engineering, data analysis, and cloud solutions. Pairing with IT skills, agility, strategic and analytical thinking, customer focus, business mindset, and strengthening leadership abilities go hand in hand.

In 2023, online education firmed up its position as the standard and sought-after training method, with over three-quarters of all sessions conducted online. We conducted a total of 1,154 training sessions, 37% of which addressed the specific needs of our workforce in internal sessions. Within Deutsche Telekom IT Solutions Slovakia, our 223 internal trainers, serving as regular employees, actively contribute to our internal trainers' community. This com-

munity spans ICT, soft skills, methodologies, languages, and even dual education. The primary goal of this community is mutual support, experience exchange, ongoing development, and the generation of innovative ideas. Internal trainers play a pivotal role, regularly convening within the community to educate colleagues in their areas of expertise. In 2023, we facilitated 424 internal educational activities and training sessions.

Throughout 2023, our employees actively engaged in training, participating 6.993 times in response to processed training requests. Collectively, they invested 151.246 hours in our training sessions, translating to nearly 5 days per employee dedicated to personal development and education. Beyond organized training, employees have access to e-learning platforms, offering diverse courses, certificates, videos, books, audiobooks, and more. These platforms ensure participation in numerous courses provided by renowned international universities, available anytime, anywhere.



In 2023, our employees engaged in learning various technologies such as Programming, SAP technology, Linux, DevOps, Network Security, AWS, and VMware. While it is crucial to educate and advance employees within their expertise, they also participated in training beyond IT focus. This primarily included various soft skills, leadership, and quality and process-oriented training. We witnessed the highest increase in certified employees in areas such as Agile & Scrum, DevOps, and LAN.

Considering the future preferences of our current and prospective customers, we view a communication in the German language as an essential skill. In addition to organized language courses, internally and externally, employees have unlimited access to an e-learning platform focused on English and German.

Our company supports the education of employees in the financial and controlling departments. In 2023, ACCA, one of the world's largest and fastest-growing international accounting and auditing institutions, recognized us as an employer consistently supporting the study of our employees with specific tools. Alongside the "Professional Development" status we have held since 2020, we also attained the "Trainee Development Platinum" status. As one of the few IT companies in Slovakia, we provide our employees with this exceptional level of development and education.

Dual Education – 10 years anniversary

Dual education has become the choice of many students upon completing their studies. Since 2013, Deutsche Telekom IT Solutions Slovakia has been offering, in collaboration with the Secondary Vocational School of Electrical Engineering in Košice (Stredná odborná škola elektrotechnická v Košiciach), a dual education program in the field of Information and Communication technologies. We are the first ICT company to provide dual education opportunities, preparing graduates for specific roles across various domains.

Our students, pioneers in Slovakia, follow the successful German model, earning a certificate from the Slovak-German Chamber of Commerce equivalent to the certificates received by students in Germany. Dual education combines theoretical teaching and practical training within our company. Emphasis is placed on developing knowledge, ICT skills, and soft skills (such as interpersonal skills) through extensive educational and work experience in our company. Practical education constitutes up to 70%, while theory makes up 30% of the total study time. The education takes place both in the school and the premises of Deutsche Telekom IT Solutions Slovakia. We successfully conducted 94 online interviews, receiving positive feedback on this interview format. Based on this experience, we plan to continue with online interviews, leveraging the digital world to its maximum potential.

For the academic year 2023/2024, we have enrolled 29 new students, bringing the total across all three years to 82 students. In the 2022/23 academic year, 79 students participated in dual education, with 24 students successfully graduated in June and became our employees. Among them, 20 achieved the German certificate "FachInfomatiker" and now hold positions such as ICT administrators, application or cloud administrators, junior application developers, ABAP developers, or Scrum masters. Their career progression may lead to roles in engineering or consulting.

The entire educational process is facilitated by three Personal Development Managers who support, consult, guide, and evaluate students. Additionally, 21 internal trainers, including 16 certified instructors (some with DSIHK certificates, some with RÚZ certificates, and new instructors awaiting certification), are an integral part of the system.

Dual education celebrated its tenth anniversary in 2023 having prepared 181 graduates for the professional world, with 118 still working at Deutsche Telekom IT Solutions Slovakia. This milestone prompted reflection on the program's successes and paid tribute to those who played a key role in its development.

This year, we were honored with the AHK Slovakia Special Award for Vocational Education 2023. Students also succeeded in creating virtual reality to assist children during medical examinations, currently undergoing approval and documentation creation.

Moreover, our dual-education students participated in the Technical University's Tech Day innovation conference to learn about future technologies and the International Engineering Fair in Brno. Traditionally, they also volunteered at the UVP Haniska shelter (Union of Mutual Aid for People and Dogs) near Košice, helping improve spaces, walking dogs, and providing financial assistance for the dogs' needs.

Educational activities within the region

In 2023, our commitment to various educational and outreach projects in the region continued to thrive. A noteworthy collaboration involved partnering with the American Chamber of Commerce in Slovakia for their program "Skills for Success - From University to Workplace." This initiative, supported by companies within the Business Service Centers Forum and under the auspices of the American Chamber of Commerce, is designed to nurture soft and transferable skills in university students. In 2023, we facilitated 2 out of the 6 modules offered to Pavol Jozef Šafárik University students in both the summer and winter semesters.

Additionally, our contributions extended to the "Train the Trainer" program, an accredited initiative by the American Chamber of Commerce that focuses on soft skills curriculum for high school and university educators. Furthermore, our collaboration with the Technical University of Košice presented unique opportunities to support educators and researchers across various faculties, engaging a total of 60 teachers with the thematic contribution of "Scrum in Practice."

Digital Competence Coordinators Programme

Deutsche Telekom IT Solutions Slovakia proudly partners with a national initiative dedicated to promoting education and developing digital skills, particularly among teachers. Our employees actively contribute to the Digital Competence Coordinators Program as lecturers and coaches – volunteers offering insights into Scrum in practice and, more recently, Edu Scrum. In 2023, we deepened our involvement, launching an advanced continuation of the Scrum basics for program graduates. The overarching goal of the programme is to support IT education and assist schools in utilizing digital technologies more effectively and creatively. Digital coordinators/teachers bring knowledge gained through the program to their schools, becoming consultants for colleagues, aiding in the integration of information technologies into the teaching process.

Within the topics we provide, Scrum in Practice for Beginners and Scrum in Practice for Advanced, teachers acquaint themselves with the Scrum methodology as one of the agile approaches to iteratively solving tasks, achieving results applicable in both school environments and collaborations with students and fellow teachers. Our employee volunteers work with teachers through experiential, interactive, and practical methods, utilizing collaborative tools and resources like Lego Mindstorms® and Lego Spike. Through agile approaches, we enable teachers to experience Scrum firsthand, cultivating habits of iteration, communication about problems, task sharing among team members, and more for a deeper understanding of the subject.

Nearly 100 teachers from across Slovakia encountered Scrum in the 2022/23 school year with the aim of innovating educational forms and working with students. Currently, 10 teachers are testing a pilot module, delving deeper into Edu Scrum, and gaining additional practical experience with this agile approach. Deutsche Telekom IT Solutions Slovakia

aspires to have teachers equipped with the necessary know-how, supporting students in strengthening their digital skills and integrating information technologies into their lives.



T KIDS

As a part of our efforts to contribute to local communities and schools, and in our commitment to inspire children and young individuals, we proudly introduce our T KIDS team. Comprising enthusiastic volunteers from our employees, their passion lies in inspiring both children and their teachers, providing them with opportunities to learn something new, get excited about innovative problem-solving approaches, discover, and develop their potential, including programming and teamwork, all in a fun and engaging manner.

T KIDS plays a crucial role in preparing children and educators for the upcoming era, where adaptability to constant change is a fundamental skill. Our team members design distinctive and interactive activities, delivered through workshops and webinars, to instill curiosity, foster growth, and encourage children to fearlessly explore new realms, experiment with innovative study approaches, and reach their goals. Leading by example, we highlight how the latest IT technologies and modern methodologies are applicable not only within an IT company but also in schools and daily life. In this interactive environment, teachers gain firsthand experience with innovative education methods, leveraging modern IT tools and agile methodologies, fostering agile skills and competencies, and inspiring one another for new avenues of collaboration with their students. Children experientially learn about robotics, the basics of block programming, agile methodologies, the importance of teamwork and communication, creativity, empathy, all while developing their critical and analytical thinking.

T KIDS is the winner of the Telekom Team Award 2021 and has been a long-term partner of the national Digital Skills initiative. In 2023, T KIDS engaged with over 300 teachers and almost 500 students from primary, secondary, and even high schools in its programs.



Corporate Social Responsibility in 2023



Corporate Social Responsibility (CSR) has evolved into a pivotal element of our business endeavors, underscoring our dedication to social, environmental, and ethical principles. As a prominent global information and communication enterprise, Deutsche Telekom has integrated CSR seamlessly into its corporate identity. Our focus remains on making a positive contribution to both society and the environment, extending our impact across the region and throughout Slovakia.

Sustainable business practices, environmental protection, and carbon footprint reduction

Deutsche Telekom IT Solutions is deeply committed to fostering sustainable business practices, prioritizing environmental protection, and actively reducing its carbon footprint.

Efforts to minimize our ecological impact include a focus on energy conservation and the reduction of greenhouse gas emissions. We have implemented energy-efficient technologies across our infrastructure, data centers, and network operations, contributing significantly to our sustainability goals.

Since 2020, we have exclusively utilized 100% renewable energy, a substantial investment aimed at enhancing our overall energy efficiency. Strategies like maintaining a temperature of 20 degrees and optimizing airflow in heating, ventilation, and air conditioning systems have resulted in reduced energy consumption. Furthermore, we have trimmed office spaces by 30%, with plans to further cut them by 50% by the end of 2024. This not only yields cost savings but also significantly lowers our carbon footprint.

Addressing the environmental impact of transportation, we introduced 12 electric vehicle charging stations in March 2023 and are progressively transitioning our fleet to electric service cars. Employees are encouraged to use electric scooters and bicycles, promoting eco-friendly commuting options.

Our commitment to environmental protection extends to the responsible management of electronic waste. By extending the lifespan of IT devices, we donated 1.240 devices to schools and organizations in 2023, reducing electronic waste by 3,4 tons and cutting our

carbon footprint by 210 tons.

Sustainability initiatives are ingrained in our organizational culture, involving employees in various efforts. In 2023, our employees planted 401 trees in the High Tatras, mitigating the carbon footprint by 4 tons. A new ecosystem—a frog pond in the Košice city park—was created, enhancing local environmental conditions. Employees actively volunteered in planting vegetation around the pond.

Within our premises, we have introduced textile recycling containers, encouraging responsible disposal of old clothing to reduce material consumption and CO2 emissions in textile production

Participation in annual environmental events like Earth Day, Earth Hour, World Environment Day, European Mobility Week, and more reflects our ongoing commitment. At Deutsche Telekom IT Solutions Slovakia, we believe that environmental responsibility and sustainable development are integral to a successful business, ensuring efficiency and sustainability for a better future.

Education and Digital Inclusion

In alignment with our dedication to social progress, Deutsche Telekom IT Solutions channels investments into education-related initiatives and the advancement of information and communication skills. Our commitment extends to supporting diverse educational programs with a primary focus on enhancing digital literacy and equipping the workforce for the challenges of the digital age. Through collaborative efforts with educational institutions and non-profit organizations, we actively foster opportunities for individuals to acquire the essential skills required for a digitally driven future.

A noteworthy example of our commitment to CSR in education is our partnership with the Carpathian Foundation, where we provide support to innovative schools, teachers, and students in the eastern Slovak region. In the school year 2022/2023, we inaugurated the "School of the Future" grant program, allocating 20,000 euros to support 10 projects. These projects addressed various aspects, including robotics, 3D modeling, critical thinking development, cyberbullying awareness, and combating misinformation.

Charitable Engagement and Volunteerism

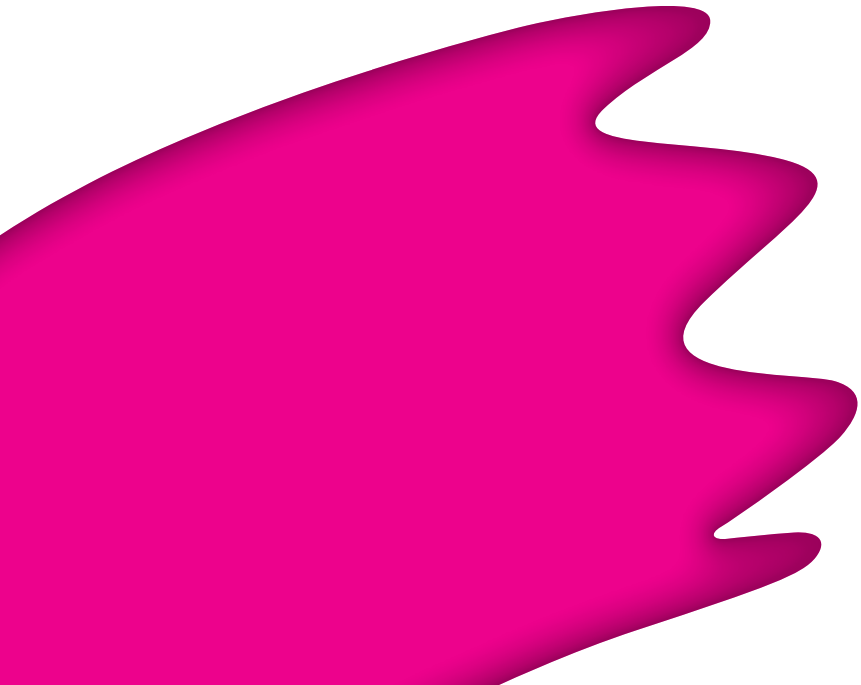
The employees of Deutsche Telekom IT Solutions Slovakia consistently exhibit a strong commitment to charitable endeavors, generously dedicating their time and energy to assist others. Our volunteering initiatives focus on local and regional levels, emphasizing enduring support for organizations such as the Carpathian Foundation, Smile as a Gift, Dedo Foundation, and other non-governmental organizations in eastern Slovakia.

In the year 2023, over 180 employees from our company actively participated in the nationwide initiative "Our City"(Naše mesto), conducted under the auspices of the Pontis Foundation. Their collective efforts revitalized green areas, parks, and playgrounds within the city, contributing significantly to a cleaner and more pleasant environment. Furthermore, employees regularly contribute to charitable collections, providing support for diverse causes, including food donations, clothing drives, and toy collections aimed at aiding children in need.

Human Rights, Inclusion, and Employee Diversity

At Deutsche Telekom IT Solutions Slovakia, upholding human rights and ethical standards is a paramount focus across all our operations. Acknowledging the significance of fostering a diverse and inclusive workplace, we actively champion equal opportunities for our employees. Initiatives such as diversity training and flexible working conditions play a pivotal role in nurturing a positive and inclusive corporate culture. Our commitment to corporate social responsibility extends beyond the realm of information and communication services. We proactively participate in initiatives addressing environmental challenges, advocating for digital inclusion, supporting employee well-being, and contributing to societal development. By seamlessly integrating CSR into our core business strategy, we not only meet the expectations of an increasingly socially conscious customer base but also set a benchmark for the entire information and telecommunications sector. Our unwavering dedication is to make a positive impact on society and the environment, solidifying our position as a socially responsible company.







DEUTSCHE TELEKOM IT SOLUTIONS

