

MAGYAR TELEKOM GROUP INVESTOR PRESENTATION

April 2023



DISCLAIMER

This investor presentation contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore should not have undue reliance placed upon them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors are described in, among other things, our Annual Reports for the year ended December 31, 2021 available on our website at <http://www.telekom.hu>.

In addition to figures prepared in accordance with IFRS, Magyar Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA AL, EBITDA margin, and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For further information relevant to the interpretation of these terms, please refer to the chapter “Financial and operational data set”, which is posted on Magyar Telekom’s Investor Relations webpage at www.telekom.hu/investor_relations.




STRATEGY AND MARKET POSITION

OVERVIEW – MAGYAR TELEKOM AT A GLANCE

Overview

- Integrated operations in Hungary and North Macedonia
 - Leading telecommunications service provider in both countries
 - Leading SI/IT service provider in Hungary
- Majority owned by Deutsche Telekom (61.4%)
- EUR 1.1bn market capitalization¹
- Stock exchange listings
 - Primary listing on Budapest Stock Exchange
 - Level I ADR program, ADSs traded on the OTC Market

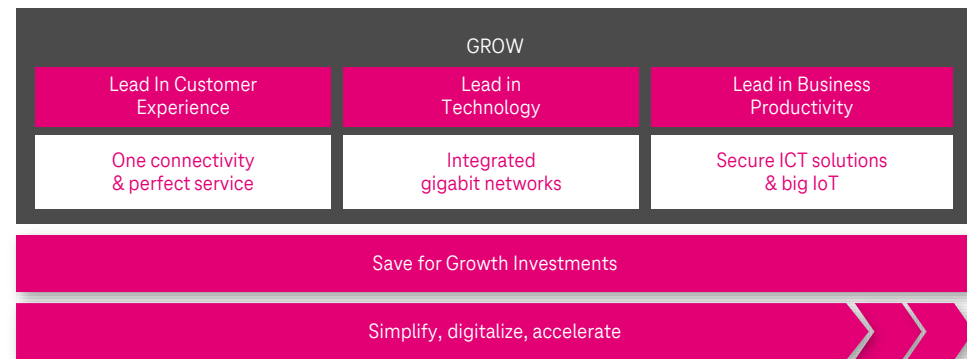
Main services offered

	Mobile	Copper	Coax	Fiber
	✓	✓	✓	✓
	✓	✓	✓	✓
	✓	✓	✓	✓

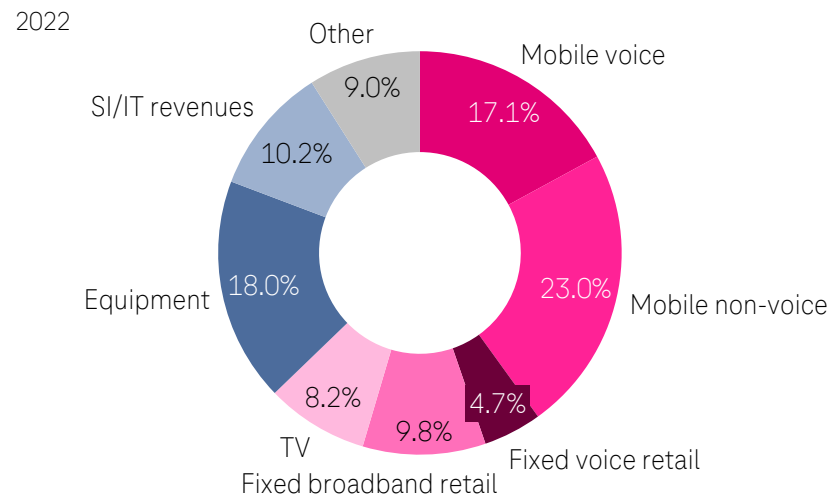
¹ As of April 3, 2023



Pillars of transformation



Revenue composition



2022 STRATEGIC PRIORITIES

Network

- Gigabit network rollout: additional 370 thousand new access points expand coverage to 3.4m
- Ongoing RAN modernization supporting growing demand for increased capacity



~77%

gigabit capable fixed network



60%

of the RAN modernization program completed

Customers

- Continued strong momentum in mobile data and gigabit broadband demand
- Successful monetization of network investments reflected in ARPU trends



10GB

average monthly mobile data usage in 2022 (up 25% YoY)



> 1.2 million

customers connected through Gigabit capable network

Resilience

- Inflation-based fee adjustment clause effective in customer contracts
- Energy cost control measures launched to mitigate increase in wholesale prices



Other operating expenses under pressure



6% saving

in electricity consumption YoY

MSCI
ESG RATINGS



CCC B BB BBB A AA **AAA**



2023 STRATEGIC OBJECTIVES AND TARGETS

**#1 CHOICE OF
CUSTOMERS**

**DIGITALLY NATIVE
BUSINESS**

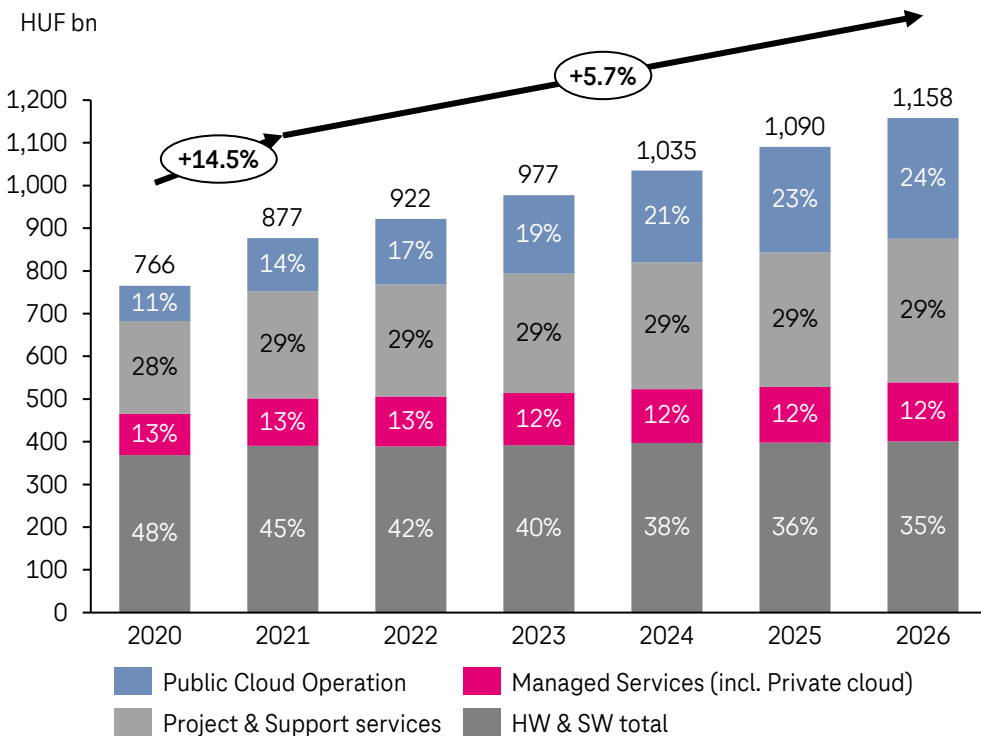


**UNDISRUPTABLE
TELEKOM**

**MOST ADMIRABLE
COMMUNITY**

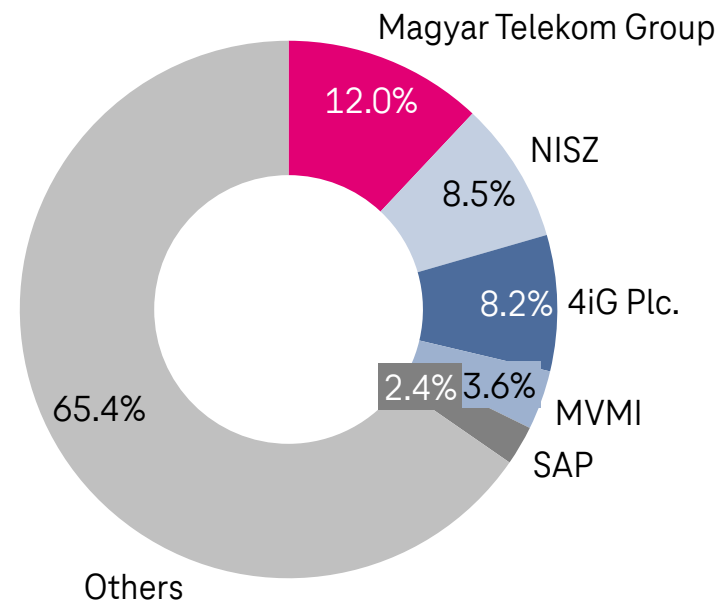
IT MARKET IN HUNGARY: 2020-2026

Total B2B IT market ²



- Magyar Telekom's position as the only fully integrated ICT company in Hungary challenged by 4iG
- Magyar Telekom's total revenue-based IT market share is ca. 9%²

IT Services market shares^{1,2}



- IT Services market in Hungary is very fragmented
- Presence of government owned players (NISZ, MVMI) and major international players, such as Microsoft, SAP, HCLTech, Oracle, DXC, S&T
- Strengthening local players, such as: 4iG, Delta, i-Cell
- Magyar Telekom is the market leader with 12% market share in the IT Services market
- Future focus areas: IT Security, Cloud, Managed Services

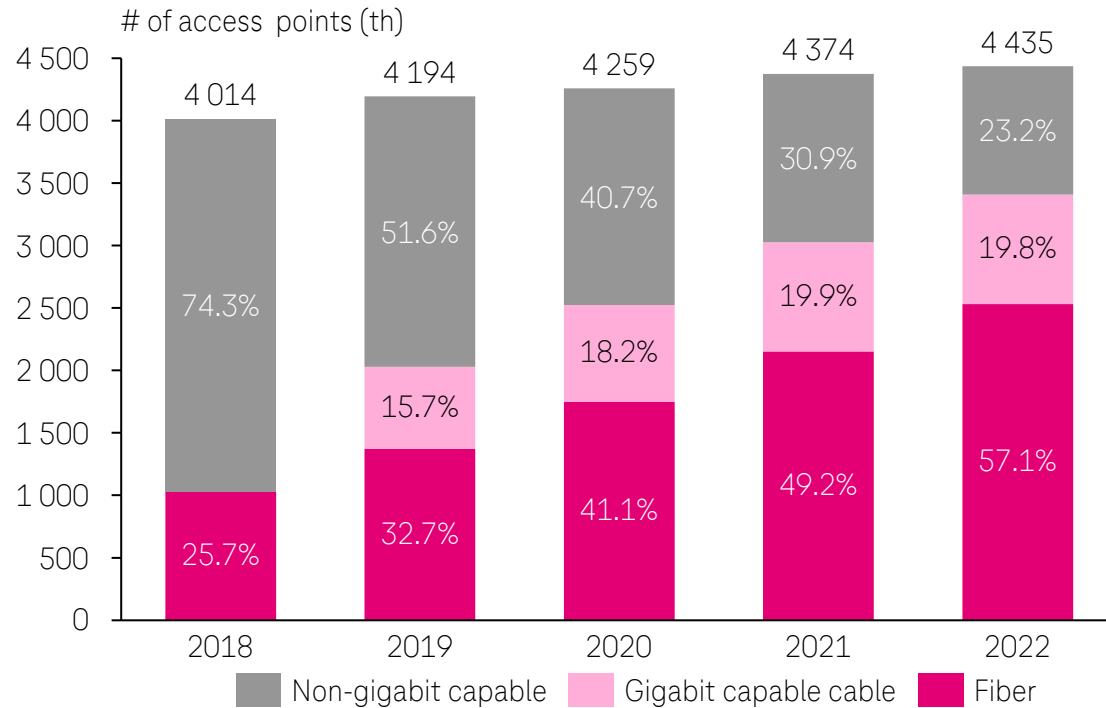


¹ IT market share in B2B segment

² Source: IDC 2022 (based on 2021 facts); market size calculated by demand side, while market shares by supply side data

NETWORK DEVELOPMENTS IN HUNGARY

Fixed network developments

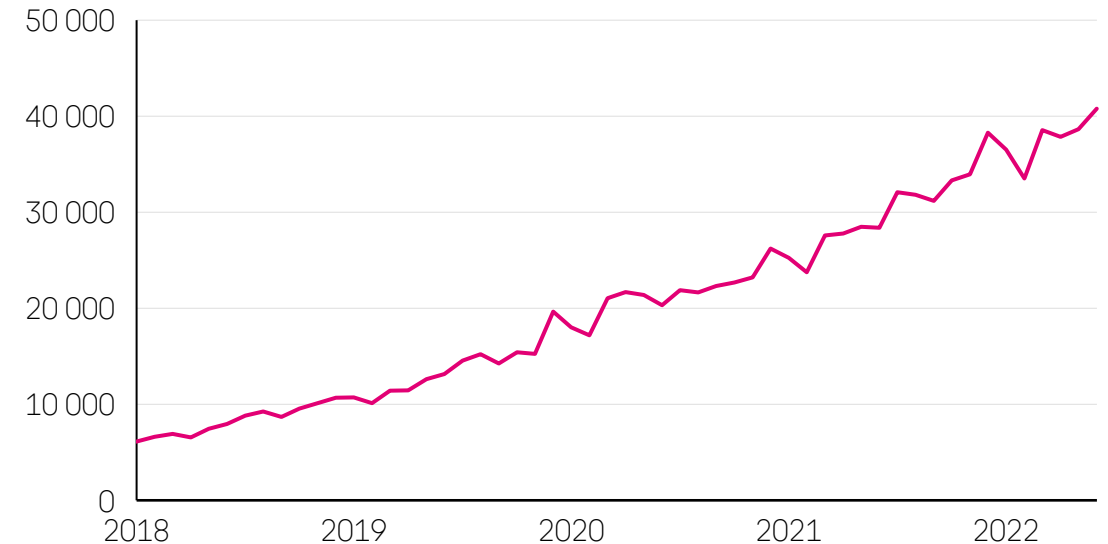


- Continued fiber rollout to provide seamless connectivity to expanding customer base
- Gradual copper retirement to increase efficiency
- Gigabit availability at 3.4 mn access points, with penetration improving dynamically, currently stands at ca 35%



Mobile data usage developments

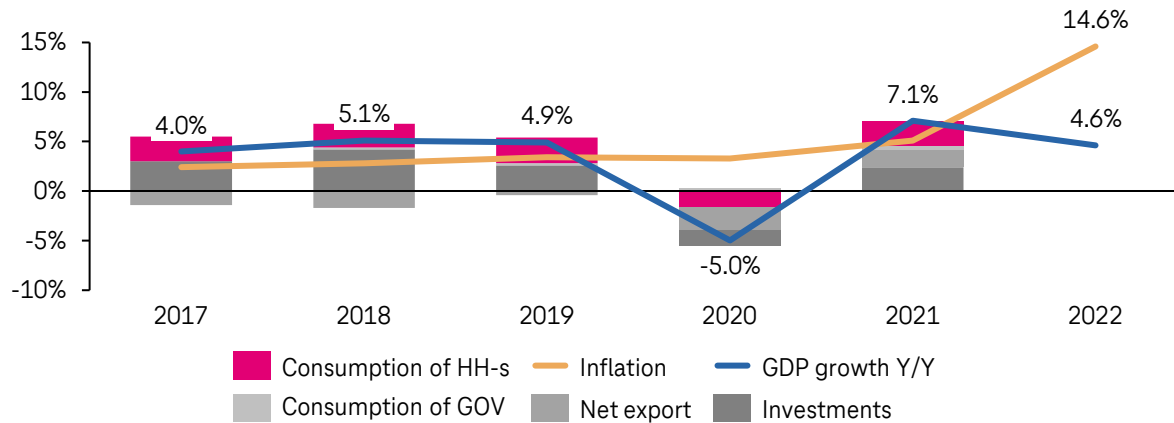
Total monthly mobile traffic (GB thousand)



- Ongoing RAN modernization to increase capacity and availability
- Completion of 3G switch-off supporting energy savings and efficient spectrum usage
- Mobile data traffic increases steadily driven by expanding customer base and growth in data usage

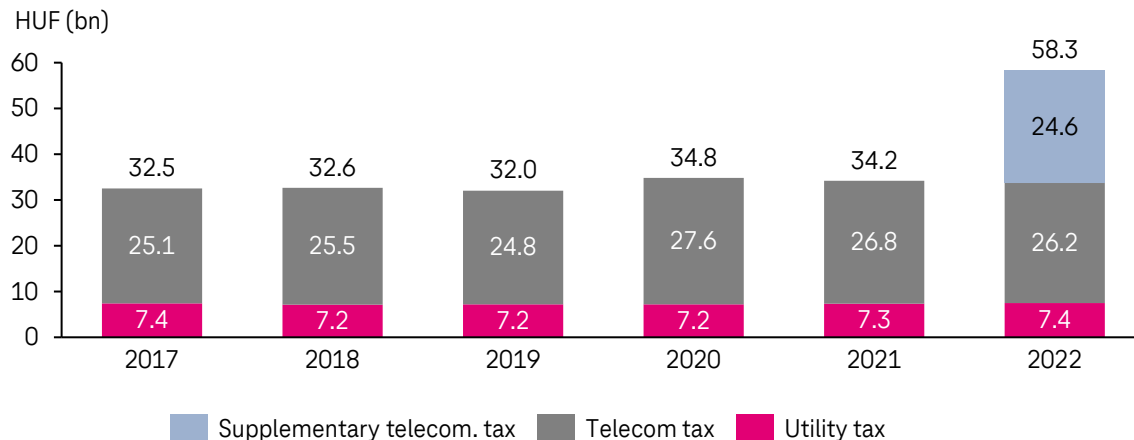
HUNGARIAN ECONOMIC ENVIRONMENT

Growth structure & Domestic demand



- Magyar Telekom leveraged positive trends of domestic demand in the past periods
- Investment levels show volatility due to EU fund cycles
- GDP growth slowed down in H2 2022 due to pressures on household consumption and tighter fiscal policy
- Inflation rose sharply in 2022

Taxes levied on Magyar Telekom



- Temporary revenue-based sector tax levied between 2010-2012
- Permanent traffic-based telecom tax introduced in July 2012 and increased in August 2013
- Permanent tax on utility and telecom networks levied in 2013
- Temporary, revenue-based supplementary telecommunication tax introduced in June 2022, payable for the years 2022 and 2023

GUIDANCE, OUTLOOK AND SHAREHOLDER REMUNERATION

2023 PUBLIC GUIDANCE AND 2024 OUTLOOK

	2022 results	2023 guidance	2024 outlook
REVENUE	HUF 746.7 bn	5%-10% growth	mid-single digit growth
EBITDA AL	HUF 221.5 bn	5%-10% growth	dynamic growth
Adjusted net income	HUF 63.0 bn	moderate growth	dynamic growth
FCF ¹	HUF 50.9 bn	ca HUF 60bn	dynamic growth

¹ EXCLUDING SPECTRUM LICENSES

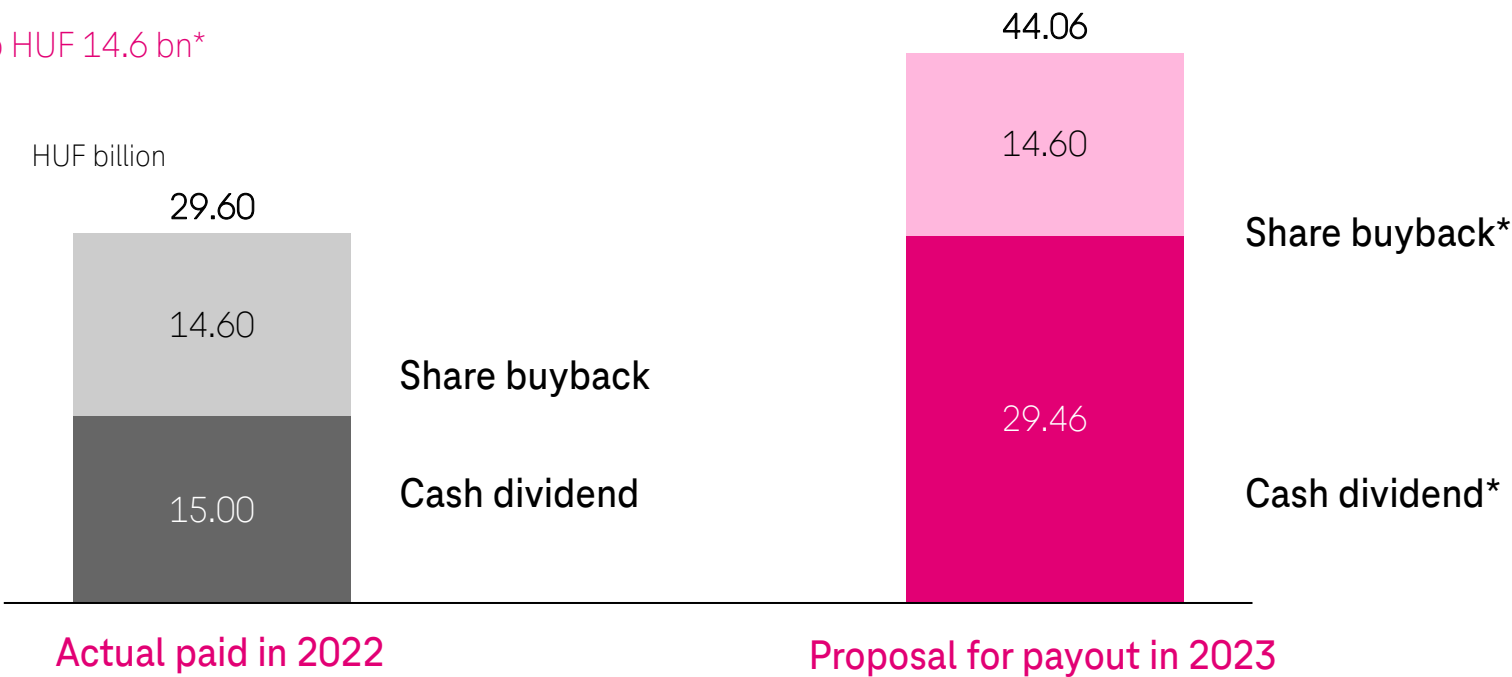


SHAREHOLDER REMUNERATION AFTER 2022 RESULTS

On the 23rd of February 2022, The Board of Directors of Magyar Telekom Nyrt. (the "Company") approved the shareholder remuneration policy applicable for earnings in 2022-2024 which envisages growth in annual shareholder remuneration as a combination of **dividend payments and share buybacks** in line with improvements in the Company's financial performance.

Total shareholder remuneration is proposed to be up to HUF 44.06 billion or equal to ca. **70% of the 2022 adjusted net income**:

- 1) **cash dividend of HUF 29.46 bn*** (corresponding to HUF 30.60 dividend per share)
- 2) **share buyback up to HUF 14.6 bn***



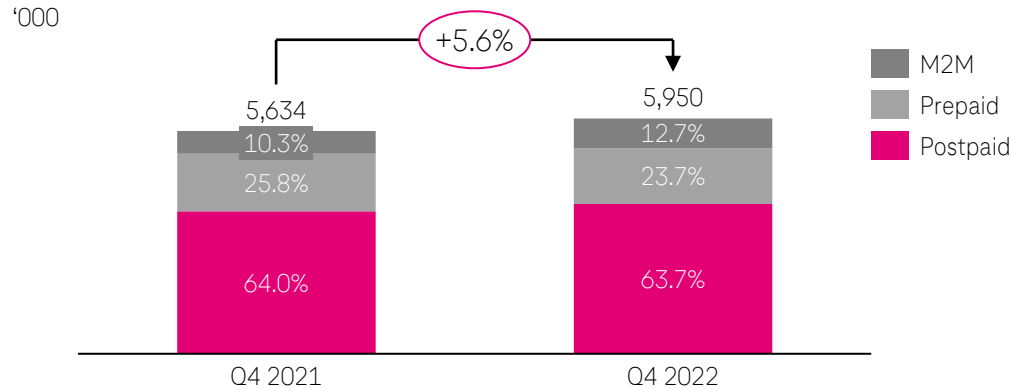
*SUBJECT TO THE NECESSARY AGM APPROVALS

A close-up, macro photograph of a pink rose, showing the intricate details of its petals and the glistening water droplets on their surface. The lighting is soft, creating a gentle gradient of pink tones.

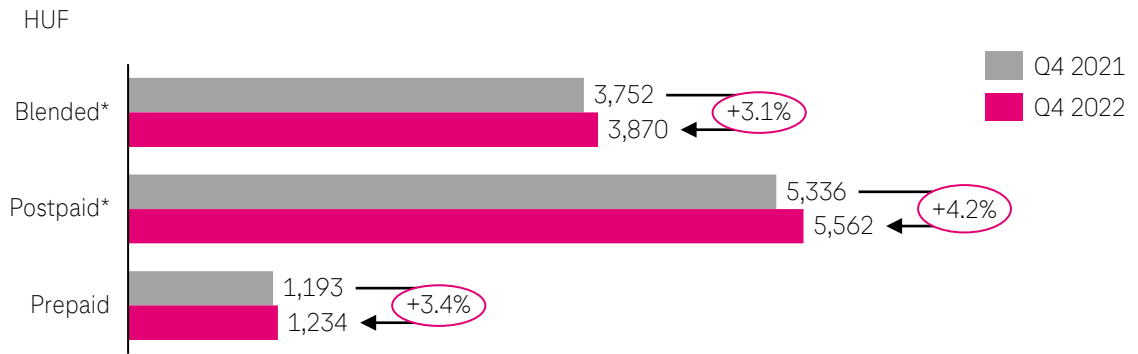
Q4 2022 RESULTS

GROWING DEMAND FOR DATA CONTINUES TO DRIVE POSITIVE ARPU MOMENTUM

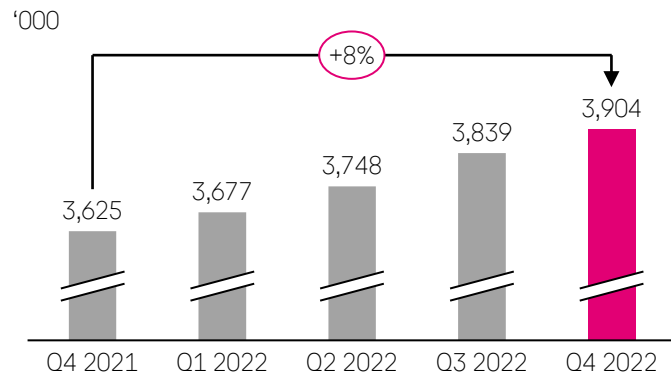
Mobile SIMs



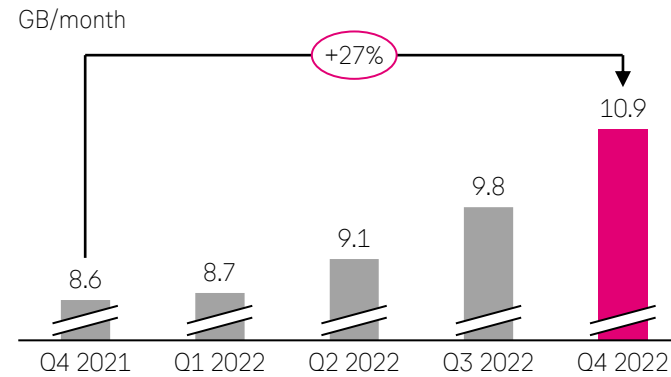
Mobile ARPU



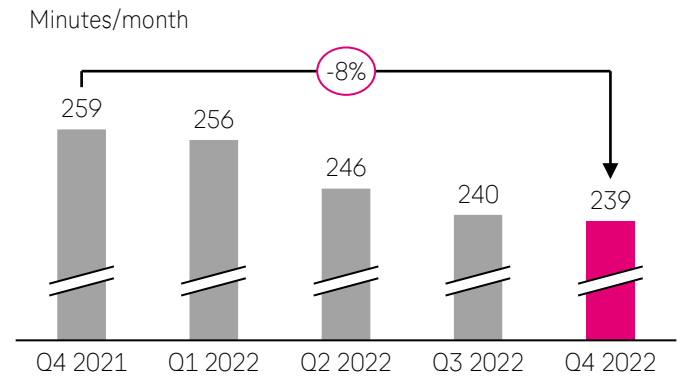
Mobile data SIMs



Mobile broadband usage



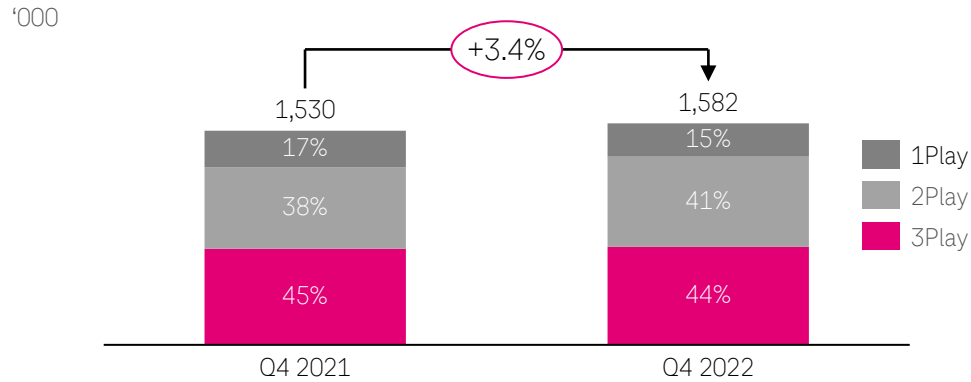
Mobile voice usage



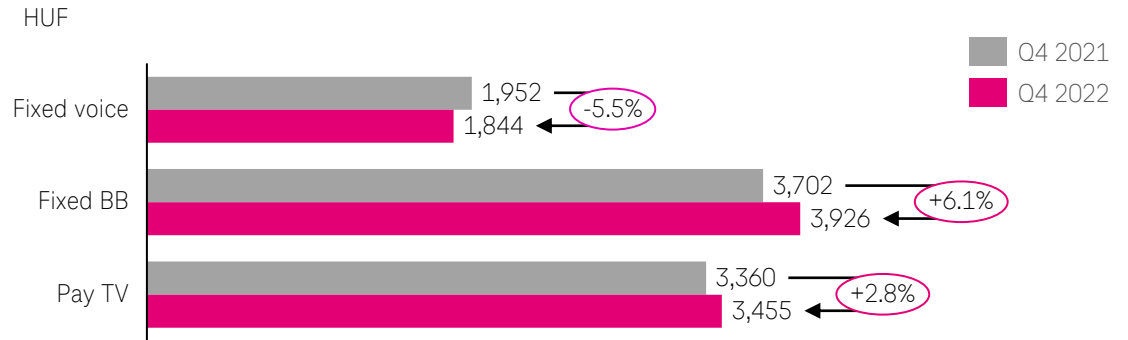
*2021 values have been restated

CONTINUED CUSTOMER BASE EXPANSION FUELLED BY GROWING FIBER PENETRATION

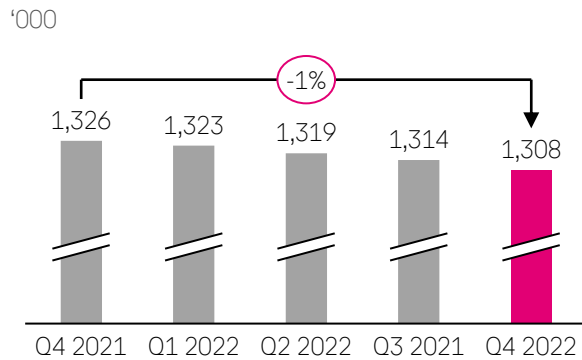
Fixed line multiplay residential subscribers



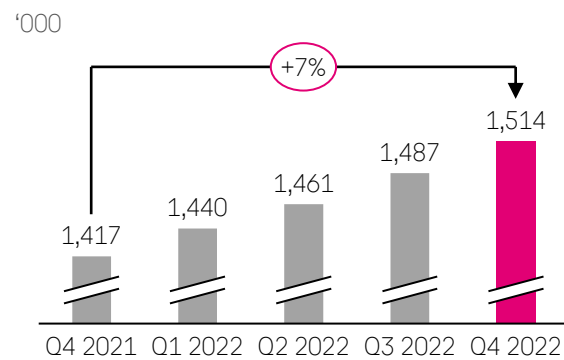
Fixed Voice, BB and TV ARPU



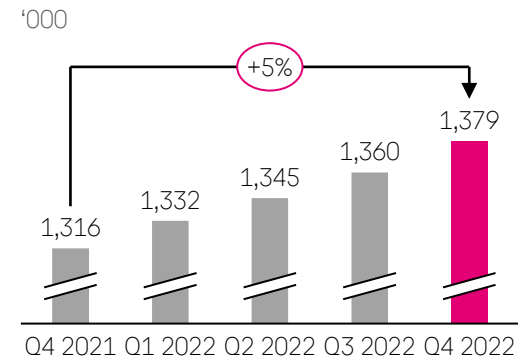
Fixed voice customers



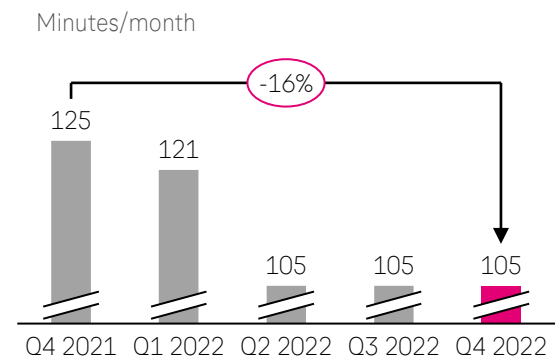
Fixed broadband customers



Pay TV customers

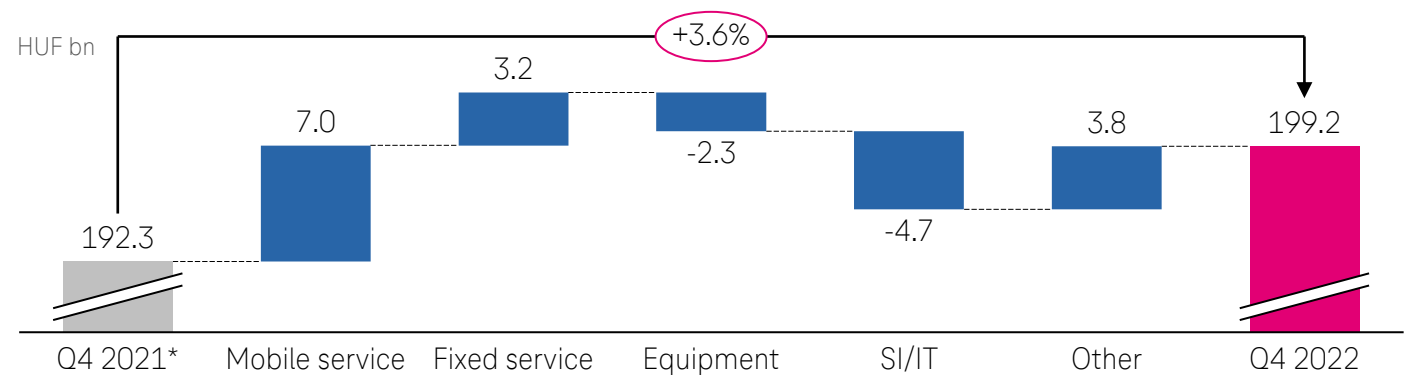


Fixed voice usage



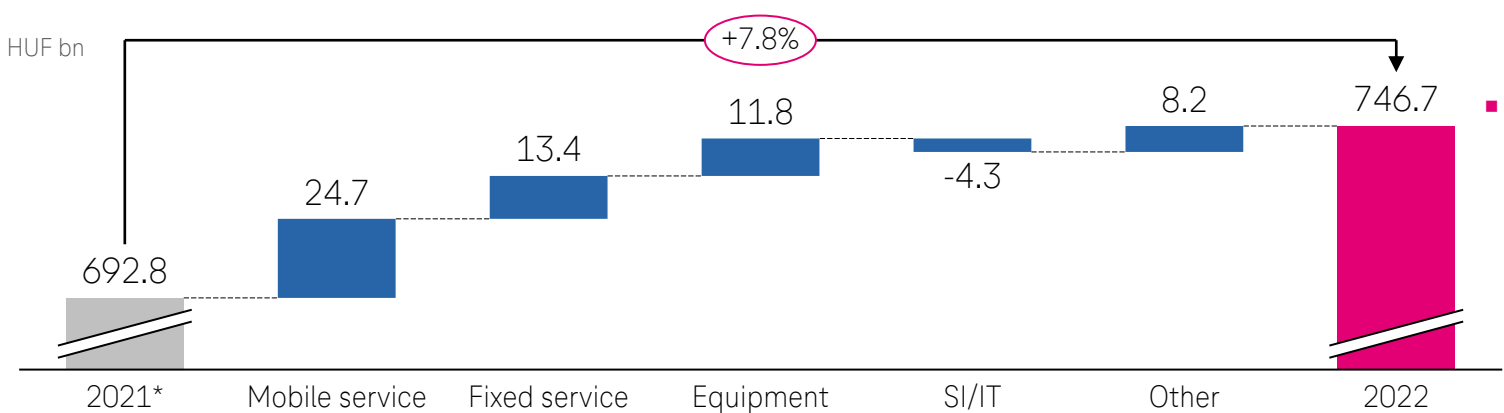
REVENUE GROWTH DRIVEN BY SUSTAINED COMMERCIAL MOMENTUM

Revenue, Q4 2022 vs Q4 2021*



- Growth in mobile service revenues driven by strong demand for data
- Fixed service growth attributable to strong demand for broadband and TV services
- Increased average equipment prices drive equipment sales upward with Q4 2022 negatively impacted by higher discount rates and lower third-party export revenues
- SI/IT trends reflect fiscal tightening in Hungary and the subsequent decline in public sector project deliveries, coupled with the absence of healthcare business unit revenues

Revenue, FY 2022 vs FY 2021*

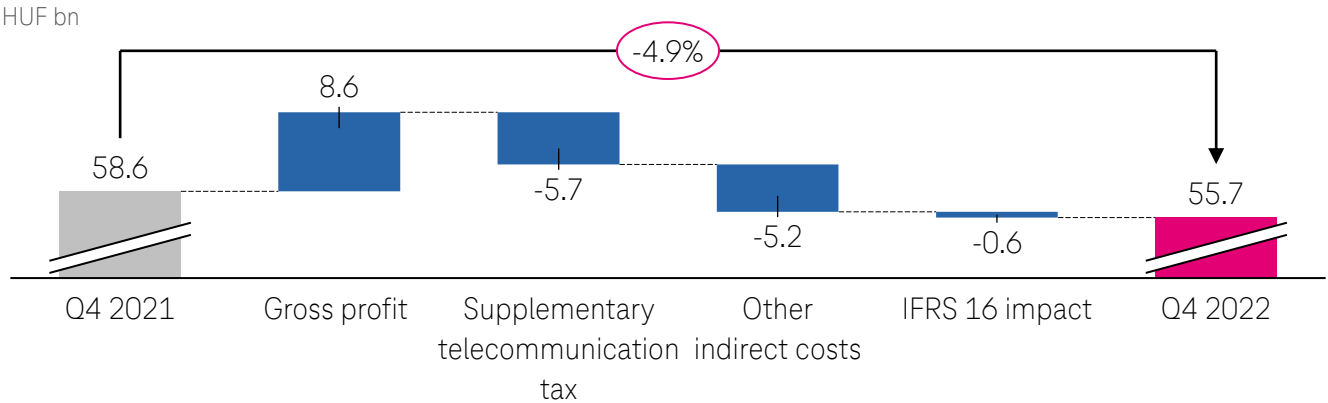


*2021 values have been restated



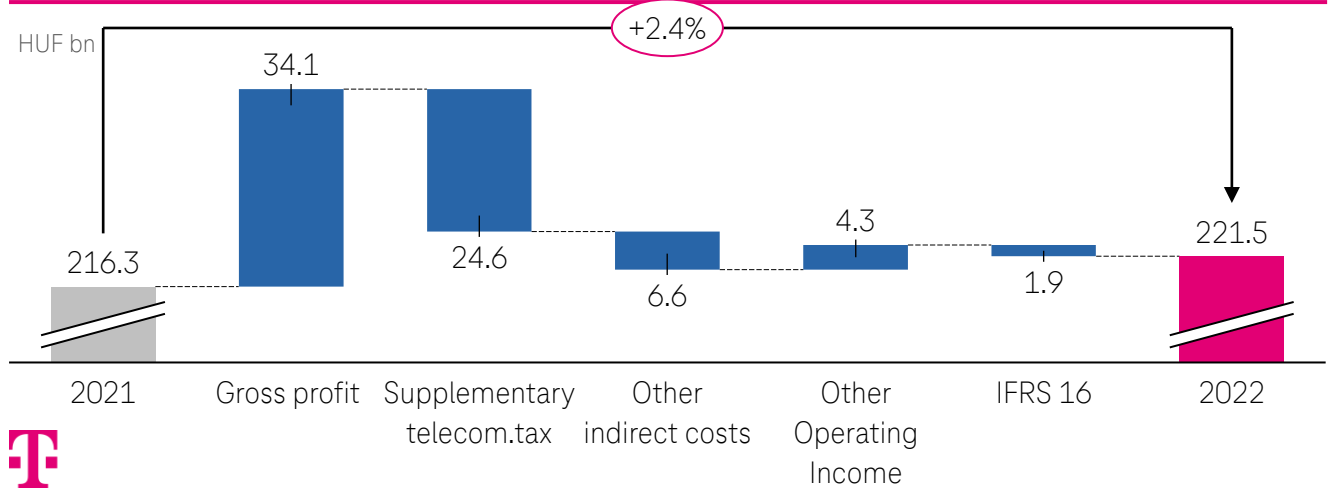
EBITDA AL PERFORMANCE IMPACTED BY EXTERNAL HEADWINDS

EBITDA AL, Q4 2022 vs Q4 2021



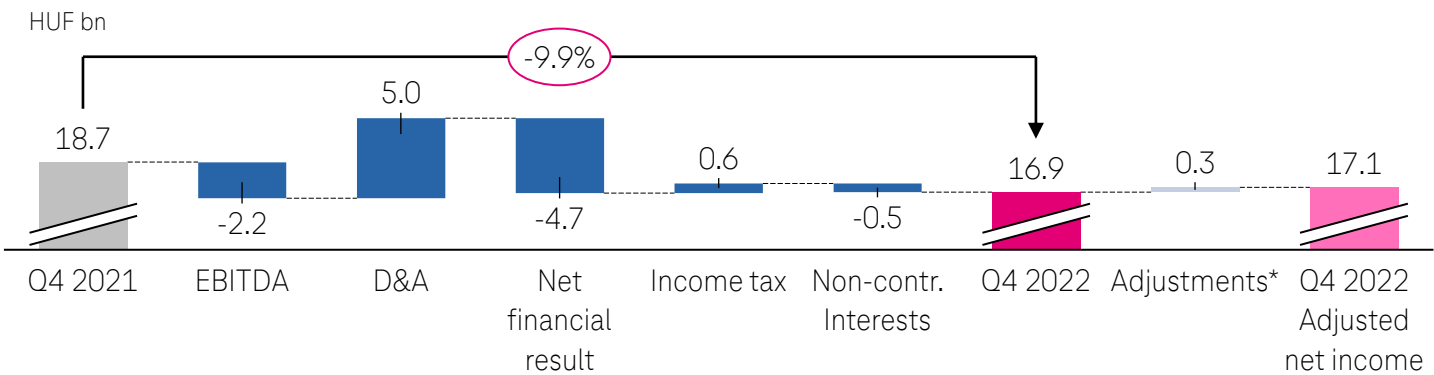
- Increase in gross profit attributable to positive underlying telecommunication service developments
- Recently imposed supplementary telecommunication tax booked in relation to revenue generated during 2022
- Increase in indirect costs mainly driven by weakening of the HUF coupled with general inflationary pressure, most heavily impacting energy expenses in particular heating costs in Hungary and electricity in North Macedonia
- 2022 other operating income growth reflects HUF 3.3 bn subsidiary sale gain
- Increasing IFRS16 impact driven by growing lease liability base

EBITDA AL, FY 2022 vs FY 2021



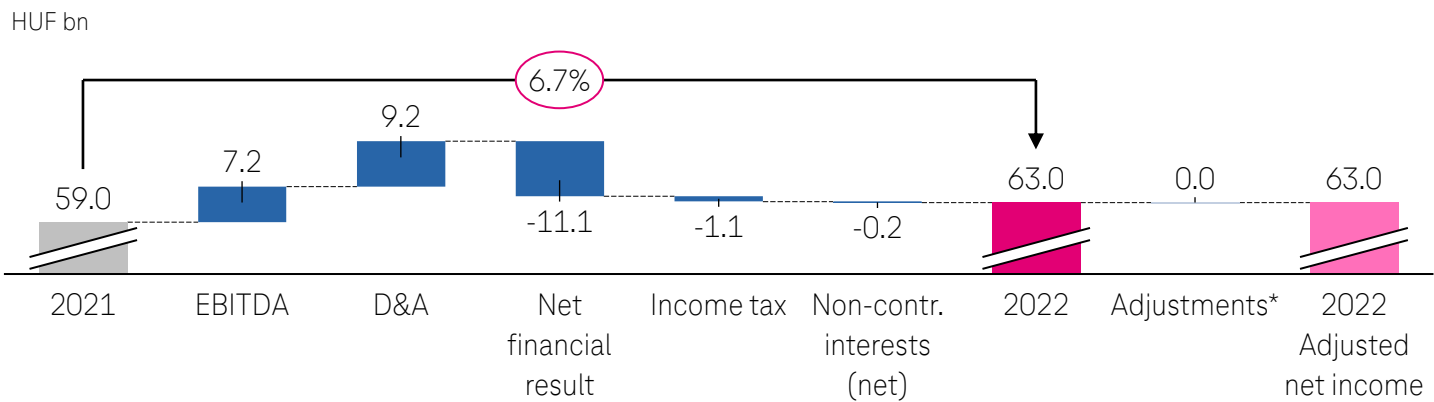
SUPPLEMENTARY TELECOMMUNICATION TAX AND WEAKENING FORINT WEIGH ON NET PROFIT

Net income (and adjusted net income), Q4 2022 vs Q4 2021



- Lower D&A reflects copper network retirement, lower SW-related D&A expenses and lower spectrum-related amortization in Hungary
- Net financial result trend driven by higher interest expense and lower derivative fair value related gains

Net income (and adjusted net income), FY 2022 vs FY 2021



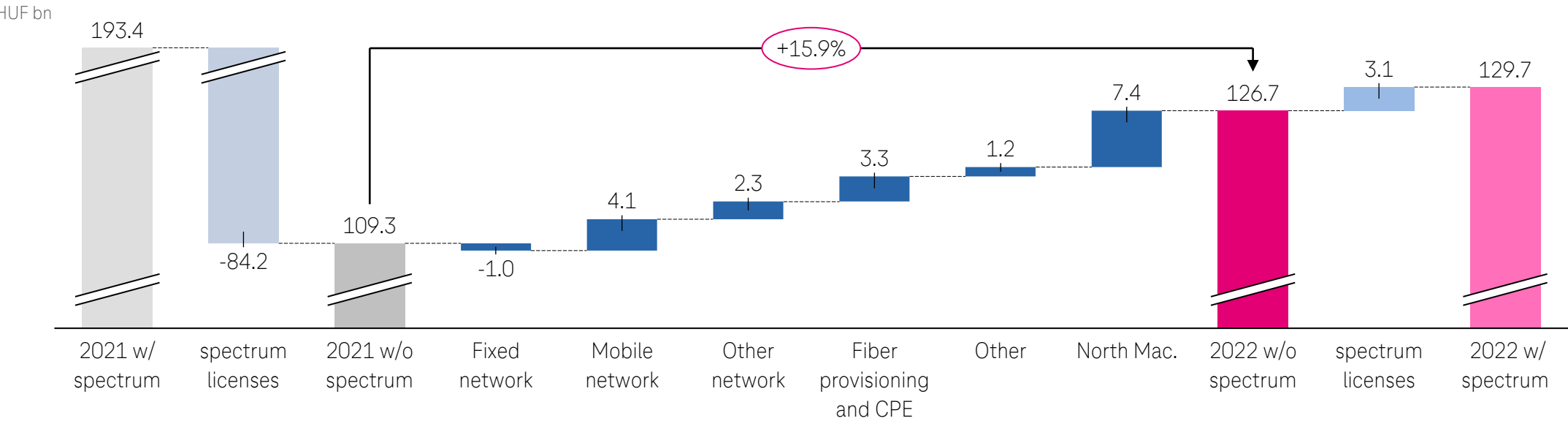
- Net income adjustments relate to non-realized gains on measuring derivatives at fair value and non-realized FX losses, which broadly offset each other



*Unaudited

CAPEX PRESSURE FROM WEAKENING FORINT AND COST INFLATION

CAPEX AL, 2022 vs 2021

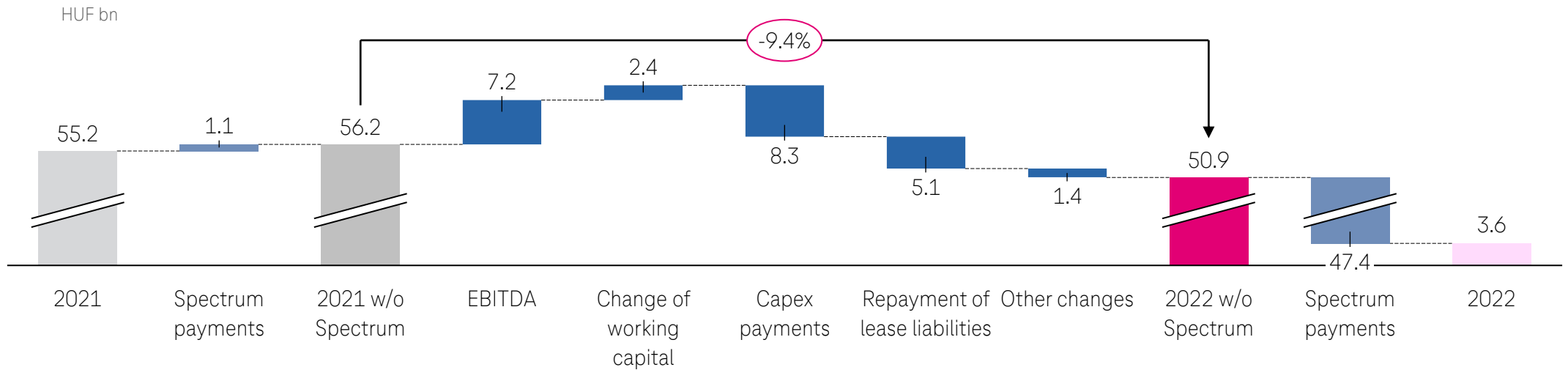


- Lower level of investment in fixed network reflects gradual slowdown in roll-out pace in Hungary with coverage reaching almost 77%
- RAN modernization in Hungary continues with strong growth in capacities
- Continued strong demand for fiber connections demonstrated by higher CPE and provisioning costs
- Weakening forint and the strong cost inflation weigh on capex at the Hungarian operation
- Increased investment in North Macedonia, driven by RAN modernization and temporarily higher TV content capitalization costs
- Spectrum license capex in 2022 is related to the 700MHz and 3.6GHz licenses in North Macedonia



FREE CASHFLOW REFLECTS CHALLENGING EXTERNAL ENVIRONMENT

Free cashflow, 2022 vs 2021



- Improvement in EBITDA despite supplementary telecommunication tax charge, thanks to strong underlying performance
- Working capital changes reflect higher equipment sales instalment receivable balances driven by higher annual sales volumes, partly offset by lower invoiced outpayments due to a different timing of payments
- Increased capex outpayments due to weakening of the forint and strong inflationary pressure
- Increase in rental payments related to the acquisition of earlier leased fiber network
- Spectrum payments in 2022 related to acquisition of 900MHz and 1800MHz licenses in Hungary and 700MHz and 3.6GHz licenses in North

DELIVERY AGAINST 2022 FINANCIAL TARGETS

	2021 results	2022 guidance	2022 results (change YoY)
REVENUE	HUF 692.8 bn	ca 5% growth	HUF 746.7 bn (+7.8%)
EBITDA AL	HUF 216.3 bn	moderate decline	HUF 221.5 bn (+2.4%)
CAPEX AL ¹	HUF 109.3 bn	broadly stable	HUF 126.7 bn (+15.9%)
FCF ¹	HUF 56.2 bn	moderate decline	HUF 50.9 bn (-9.4%)

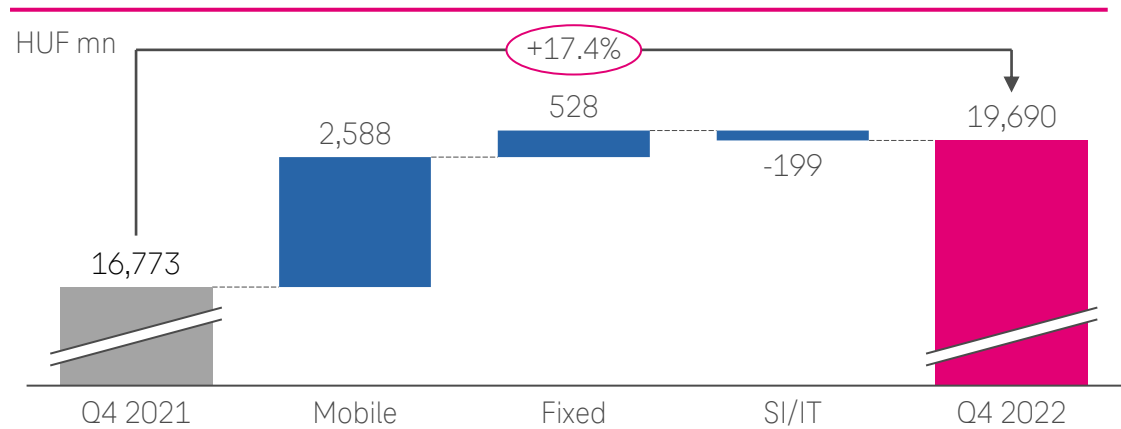
¹ EXCLUDING SPECTRUM LICENSES

The background is a vibrant pink color. On the left side, there is a close-up of a pink rose, showing its petals and some water droplets. On the right side, there is a faint, stylized question mark. The text 'Back-up' is written in a bold, white, sans-serif font on the left side of the image.

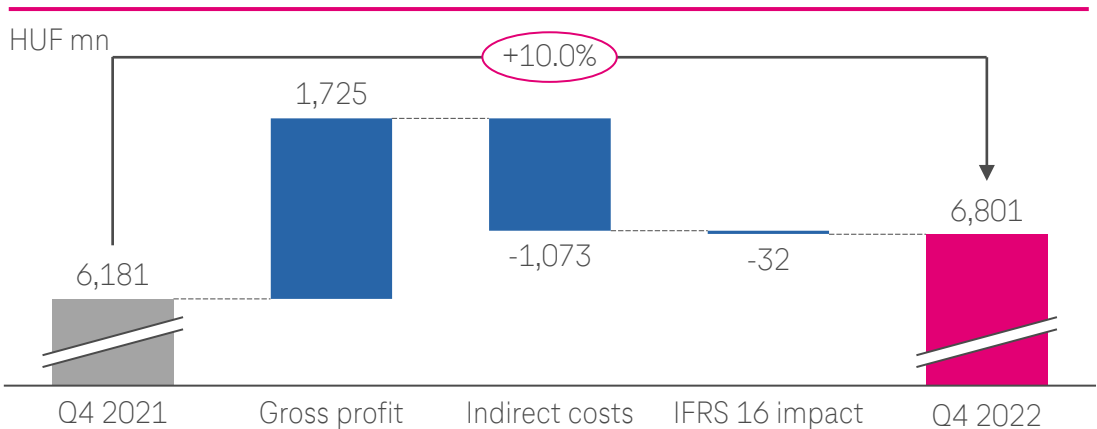
Back-up

NORTH MACEDONIA: Q4 AND FULL YEAR 2022 RESULTS

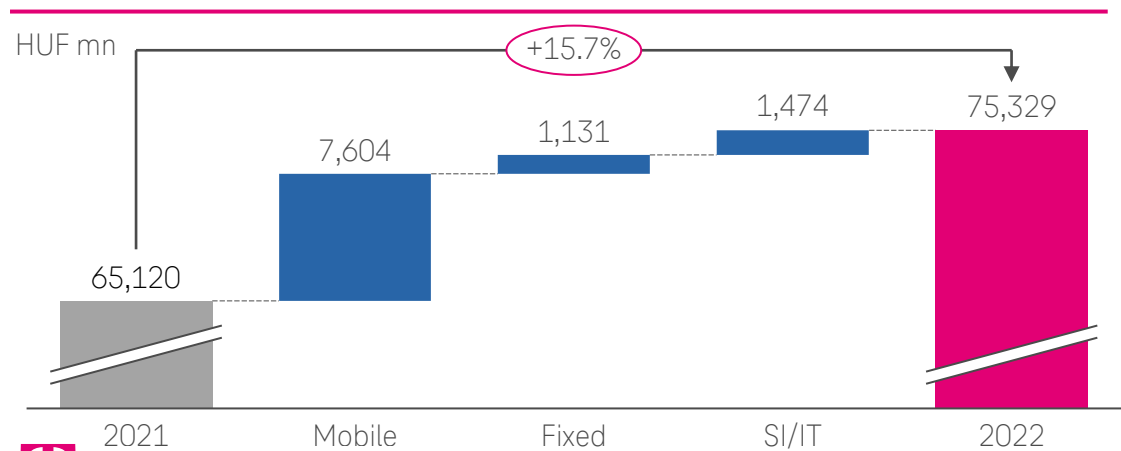
Revenues, Q4 2022 vs Q4 2021*



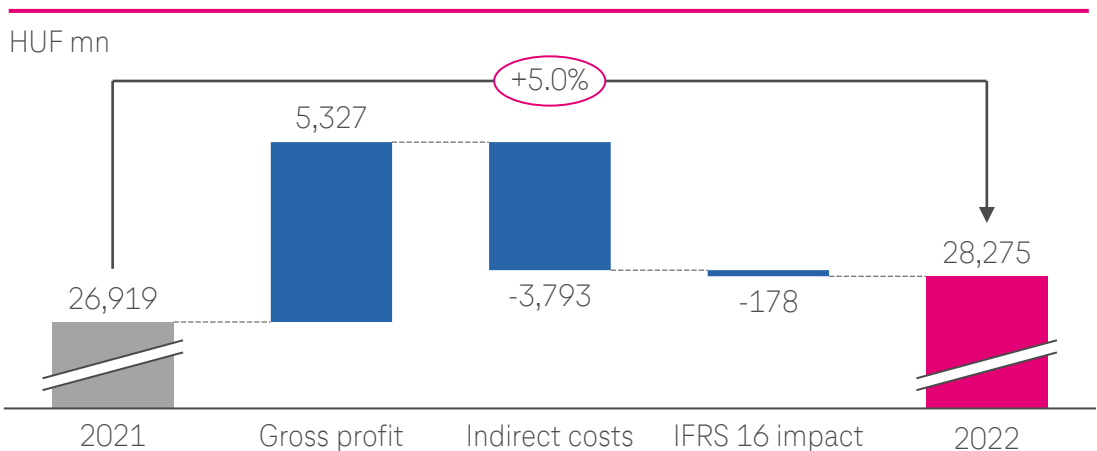
EBITDA AL, Q4 2022 vs Q4 2021



Revenues, FY 2022 vs FY 2021*



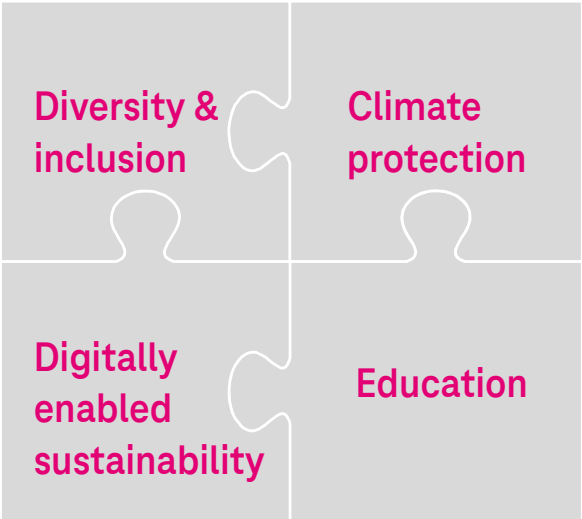
EBITDA AL, FY 2022 vs FY 2021



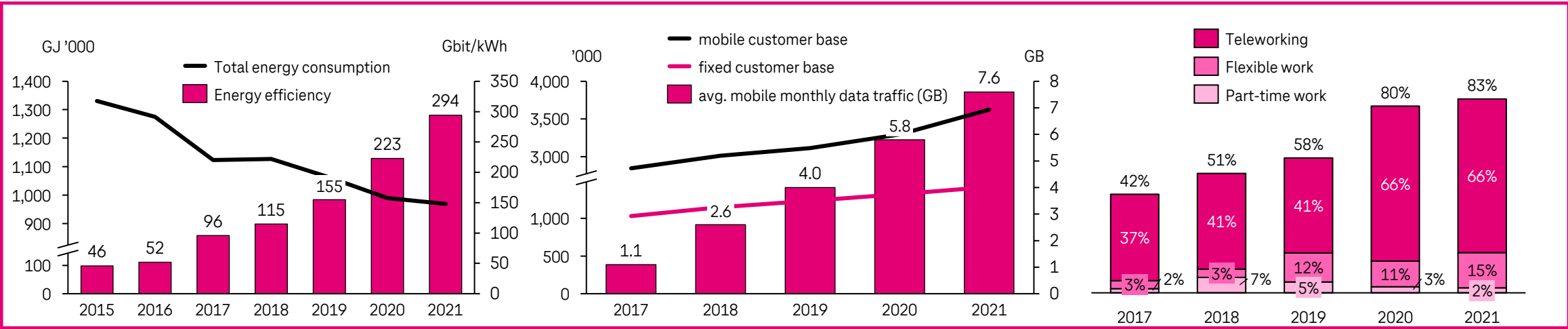
*2021 values have been restated

SUSTAINABILITY STRATEGY 2016-2021 AND ACHIEVEMENTS

- Diversity: comprehensive targets safeguarding governance, diversity and inclusion, workplace flexibility and others
- Digitally enabled sustainability: promotion of sustainable digital services



- Climate protection: decreasing operational emission and offering green products to customers
 - ✓ carbon neutral operation for the 6th year in a row (Scope 1, 2)
 - ✓ Green 1 GB mobile option
- Education: assuming a role in educating the public and our customers by reaching more and more people in Hungary
 - ✓ Over 2.5 million people in Hungary reached with educational programs



SUSTAINABILITY STRATEGY 2021 - 2025 - 2030

		2025 Target	2030 Target
I. Climate protection	Scope 1 + 2 (direct & indirect emissions)	<ul style="list-style-type: none"> keep at net zero (by an overall 16% decrease in consumption) 	<ul style="list-style-type: none"> keep at net zero (by 84% decrease compared to 2015)
	Scope 3 (emissions of our suppliers & customers attributable to us)	<ul style="list-style-type: none"> decrease by minimum 20% 	<ul style="list-style-type: none"> decrease by 30%
II. Digitization	Digitization of Hungary	<ul style="list-style-type: none"> 4 million gigabit-ready households 67% 5G coverage 	<ul style="list-style-type: none"> gigabit accessibility to 100% of our customers nationwide 5G coverage
	Digital inclusion & responsibility	<ul style="list-style-type: none"> over 4 million responsible digitally mature people 	<ul style="list-style-type: none"> 6 million responsible digitally mature people
III. Diversity & inclusion	Inclusive workplace	<ul style="list-style-type: none"> 100% accessible workplace min. 35% female management ratio 	<ul style="list-style-type: none"> 100% accessible services min. 40% female representation in total leadership roles
	Accessible services	<ul style="list-style-type: none"> 100% WCAG compliance 	<ul style="list-style-type: none"> 100% accessible services

Magyar Telekom is dedicated to maintain it's leading role as a sustainable company and ICT provider.
We do more and more to achieve the above and enable more and more people to do so, too.

COMPANY'S ESG EFFORTS CONTINUE TO GAIN EXTERNAL RECOGNITION

Ratings



- Outstanding MSCI ESG rating of AAA



- „B” Rating with „Prime” status for the 4th year in a row
- Magyar Telekom received top3 telco ranking in 2020



- “A-” rating for climate change
- “A” rating for supply chain
- Among the top 8% assessed for supplier engagement on climate change in 2022

Index inclusion



Magyar Telekom remains a constituent of the FTSE4Good Index Series following a recent index review with a 99-percentile rank in telecommunications

- CECE Socially Responsible Investment index

Reporting framework

- GRI standard on comprehensive level (with external assurance in accordance with ISAE 3000)
- Further efforts to improve sustainability reporting in line with TCFD and SASB requirements

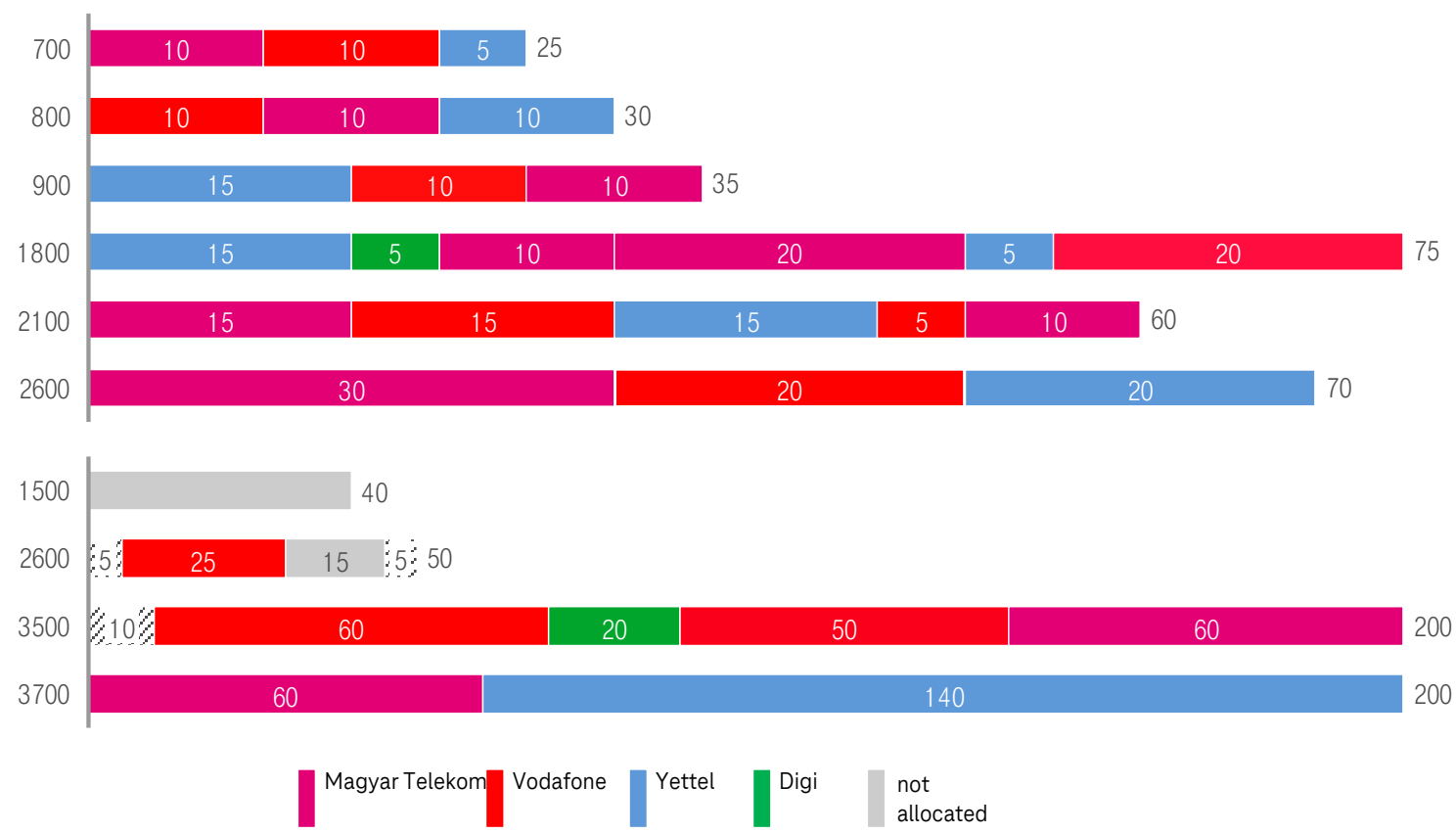
OTHER AWARDS AND RECOGNITIONS IN 2022

- Zyntern.com #1 most attractive employer
- PwC Hungary – Most Attractive Workplace (Telecommunication category)
- Randstad Most Attractive Workplace (Telecommunication sector)
- Open Minded Companies Award „Most Tolerant Company” Prize
- IPRA Golden World Award
- CMA Content and Marketing Award



HUNGARIAN MOBILE SPECTRUM

Spectrum allocation (MHz)



For further questions please contact the IR department:

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