

**MAGYAR TELEKOM**

**QUARTERLY FINANCIAL REPORT**

**ANALYSIS OF THE FINANCIAL STATEMENTS FOR THE  
FIRST QUARTER ENDED MARCH 31, 2024**



Budapest – May 15, 2024 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB, hereinafter: Company), the leading Hungarian telecommunications service provider, today reported its consolidated financial results for the first quarter of 2024, in accordance with IFRS Accounting Standards as adopted by the EU (hereinafter: quarterly financial report). The quarterly financial report contains unaudited figures.

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## 1. HIGHLIGHTS

(HUF millions, except ratios)	1-3 months 2023	1-3 months 2024	Change (%)
Revenue	195,870	224,229	14.5%
Operating profit	24,447	49,340	101.8%
<b>Profit attributable to:</b>			
Owners of the parent	10,519	33,679	220.2%
Non-controlling interests	1,256	1,337	6.4%
	<b>11,775</b>	<b>35,016</b>	<b>197.4%</b>
Adjusted profit attributable to owners of the parent	12,131	38,054	213.7%
Gross profit	114,087	135,458	18.7%
EBITDA	58,029	84,593	45.8%
EBITDA AL	50,821	76,967	51.4%
Free cash flow	(10,725)	(904)	91.6%
Free cash flow excl. spectrum licenses	(10,725)	(904)	91.6%
Capex after lease	23,522	19,739	(16.1%)
Capex after lease excl. spectrum licenses	23,522	19,739	(16.1%)
Number of employees (closing full equivalent)	6,660	6,749	1.3%
	<b>Dec 31, 2023</b>	<b>Mar 31, 2024</b>	<b>Change (%)</b>
Net debt	430,640	427,517	(0.7%)
Net debt / EBITDA	1.50	1.36	n.a.

- Group revenue increased by 14.5% year-on-year in Q1 2024, owing to continued growth in mobile data and fixed broadband service uptake and the positive effects of inflation-based fee adjustments in the Hungarian operation.
- Gross profit improved in line with revenue trends, growing 18.7% year-on-year in Q1 2024.
- Indirect costs were lower by 9.3% year-on-year in Q1 2024, reflecting of more favorable energy costs coupled with the positive impact from the elimination of the utility tax which together offset the increases in employee related expenses, and the supplementary telecommunication tax.
- EBITDA AL, consequently, increased by 51.4% year-on-year in Q1 2024, with majority of the improvement stemming from the growth in gross profit performance that was coupled with positive impact of the repeal of the utility tax.
- Net income in Q1 2024 amounted to HUF 33.7 billion, against HUF 10.5 billion in Q1 2023, reflecting EBITDA growth partly mitigated by higher D&A and income tax expense.
- Adjusted net income was HUF 38.1 billion in Q1 2024, representing a HUF 25.9 billion increase year-on-year, in line with improvements in underlying profitability.
- Capex after lease excluding spectrum licenses was down 16.1% year-on-year, amounting to HUF 19.7 billion in Q1 2024, driven by different within-year dynamic of the annual CPE procurements in Hungary and the absence of accelerated investments to RAN modernization and seasonally lower TV content capitalization costs in North Macedonia.
- Free cash flow, excluding spectrum license fees, amounted to cash outflow of HUF 0.9 billion in Q1 2024, representing an improvement of HUF 9.8 billion year-on-year. Improvements driven by the profitability growth was partially mitigated by higher working capital needs related to the expanding revenue base and different vendor outpayment dynamics.



**Tibor Rékasi, Magyar Telekom CEO, commented:**

*"I am pleased to report a strong first quarter of 2024 for Magyar Telekom, both financially and operationally. Revenue increased by 14.5% year-on-year, while EBITDA AL grew by 51.4% thanks to a strong top line performance and the positive impact of the termination of the utility tax. Operationally, we continued to progress our key strategic initiative, the Digitization of Hungary, adding new gigabit-capable access points to our fixed network to reach over 3.7 million households and businesses with this technology. We also made good progress in the radio network modernization of our mobile network, reaching an 82% readiness by the end of March 2024. Our focus on offering seamless connectivity and an outstanding customer experience is paying off and we were able to satisfy our customers' growing demand for mobile data and fixed broadband services.*

*Looking ahead, we remain committed to maintaining our solid market positions and operational momentum, allowing us to meet our public targets for Revenue and EBITDA AL. Whilst with regards to adjusted net income we now target to reach ca. HUF 140 billion and with regards to the free cashflow to reach ca. HUF 130 billion thanks to the more favorable than anticipated yield environment and the lower deterioration in working capital."*

**Public targets**

	<b>2023 Actual</b>	<b>Guidance for 2024</b>	<b>Updated guidance for 2024</b>
<b>Revenue</b>	HUF 849.4 billion	5%-10% growth	5%-10% growth
<b>EBITDA AL</b>	HUF 257.9 billion	20%-25% growth	20%-25% growth
<b>Adjusted net income</b>	HUF 93.6 billion	ca. HUF 130 billion	ca. HUF 140 billion
<b>FCF<sup>1</sup></b>	HUF 86.8 billion	ca. HUF 120 billion	ca. HUF 130 billion

<sup>1</sup> Excluding spectrum licenses



## 2. MANAGEMENT REPORT

### 2.1. Consolidated IFRS Group Results

#### 2.1.1 Group Profit and Loss

(HUF millions)	Q1 2023	Q1 2024	Change	Change (%)
Mobile revenue	112,306	130,909	18,603	16.6%
Fixed line revenue	63,084	72,571	9,487	15.0%
SI/IT revenue	20,480	20,749	269	1.3%
<b>Revenue</b>	<b>195,870</b>	<b>224,229</b>	<b>28,359</b>	<b>14.5%</b>
Direct costs	(81,783)	(88,771)	(6,988)	(8.5%)
<b>Gross profit</b>	<b>114,087</b>	<b>135,458</b>	<b>21,371</b>	<b>18.7%</b>
Indirect costs	(56,058)	(50,865)	5,193	9.3%
<b>EBITDA</b>	<b>58,029</b>	<b>84,593</b>	<b>26,564</b>	<b>45.8%</b>
Depreciation and amortization	(33,582)	(35,253)	(1,671)	(5.0%)
<b>Operating profit</b>	<b>24,447</b>	<b>49,340</b>	<b>24,893</b>	<b>101.8%</b>
Net financial result	(8,655)	(7,805)	850	9.8%
Share of associates' and joint ventures' results	-	-	-	-
<b>Profit before income tax</b>	<b>15,792</b>	<b>41,535</b>	<b>25,743</b>	<b>163.0%</b>
Income tax	(4,017)	(6,519)	(2,502)	(62.3%)
<b>Profit for the period</b>	<b>11,775</b>	<b>35,016</b>	<b>23,241</b>	<b>197.4%</b>
Profit attributable to non-controlling interests	1,256	1,337	81	6.4%
<b>Profit attributable to owners of the parent</b>	<b>10,519</b>	<b>33,679</b>	<b>23,160</b>	<b>220.2%</b>

**Total revenue increased by 14.5% year-on-year to HUF 224.2 billion in Q1 2024.** This improvement was driven by strong growth in mobile data revenues and increases in fixed broadband revenue, both reflecting the underlying business growth whilst the positive impact of the inflation-based fee adjustment in Hungary led to higher subscription fee revenues across all service lines. These increases were now coupled with higher revenues from mobile and fixed equipment sales as well.

- **Mobile revenue rose by 16.6% year-on-year to HUF 130.9 billion in Q1 2024,** driven by the continued growth in mobile data revenue and higher equipment sales.
  - **Voice retail** revenue increased by 10.1% year-on-year to HUF 32.5 billion in Q1 2024, reflecting the positive impact of the expanding subscriber base and the Hungarian fee adjustment which offset reductions stemming from lower usage levels.
  - **Voice wholesale** revenue decreased by 35.0% year-on-year to HUF 1.9 billion in Q1 2024, as a result of the reduction in the Hungarian mobile termination rates effective from January 1, 2024. The rates were cut from HUF 1.6461 /minute to HUF 0.7678/minute in line with EU regulations.
  - **Data** revenue rose by 25.0% year-on-year to HUF 51.7 billion in Q1 2024, as the continued growth in subscriber numbers and usage levels in both Hungary and North Macedonia were further amplified by the Hungarian fee adjustment impacts.
  - **SMS** revenue was higher by 9.0% year-on-year, amounting to HUF 6.8 billion in Q1 2024, primarily reflecting the effect of the inflation-based fee adjustment.
  - **Mobile equipment** revenue rose by 17.0% year-on-year, amounting to HUF 32.7 billion in Q1 2024. The increase was thanks to higher sales volume in both operations driven by seasonal promotions as well as higher revenues from third party export sales whilst also reflecting lower installment sales related present value discount in Hungary in the current period in line with the decline in interest rates.
  - **Other mobile** revenue rose to HUF 5.4 billion in Q1 2024, driven by higher visitor revenue in both countries and the increased interest revenue in relation to prior periods' equipment installment sales.



- **Fixed line revenue increased by 15.0% year-on-year, to HUF 72.6 billion in Q1 2024**, thanks primarily to increases in fixed broadband and TV revenue driven by the customer base expansions as well as the favorable impact of the inflation-based fee adjustment applied to the Hungarian subscription fees.
  - **Voice retail** revenue was up by 1.2% year-on-year to HUF 8.9 billion in Q1 2024, as the decline in the Hungarian customer base and usage level was offset by the fee adjustment effects.
  - **Broadband retail** revenue increased by 22.5% year-on-year to HUF 25.8 billion in Q1 2024, driven by the positive impact of continued customer base expansion coupled with the further increases in the ARPU levels at both operations.
  - **TV** revenue was up by 13.5% year-on-year to HUF 19.3 billion in Q1 2024, driven by the further expansion of the Hungarian IPTV subscriber base coupled with the positive impacts of the fee adjustment.
  - **Fixed equipment** revenue was higher by HUF 1.4 billion year-on-year, amounting to HUF 5.2 billion in Q1 2024, reflecting higher average equipment prices, increase in sales volumes and lower installment sales related present value discount.
  - **Data retail** revenue was up by 11.5% year-on-year, amounting to HUF 3.8 billion in Q1 2024, thanks to the continued increase in leased line fixed internet service revenue.
  - **Wholesale** revenue increased by 3.5% year-on-year, to HUF 5.2 billion in Q1 2024, driven by higher infrastructure service related and wholesale IP and data revenues in Hungary that outweighed the lower voice wholesale revenues witnessed in both countries of operation.
  - **Other fixed line** revenue rose by 9.5% year-on-year to HUF 4.3 billion in Q1 2024, reflecting higher fixed device rental revenue.
- **System Integration and IT ('SI/IT') revenue remained broadly stable year-on-year, amounting to HUF 20.7 billion in Q1 2024**, reflecting the year-on-year similar customer demand developments on our key markets.

**Direct costs were up by 8.5% year-on-year at HUF 88.8 billion in Q1 2024**, driven by higher equipment costs, parallel to the increase in sales and an increase in bad debt expenses, reflecting primarily the higher revenue base.

- **Interconnect costs** declined by 21.6% year-on-year to HUF 4.3 billion in Q1 2024, reflecting the cut in the Hungarian mobile termination rates, effective from January 1, 2024.
- **SI/IT service-related costs** remained broadly stable year-on-year, amounting to HUF 15.1 billion in Q1 2024, in line with the related revenue developments.
- **Impairment losses and gains on financial assets and contract assets (bad debt expenses)** was higher by HUF 1.3 billion or 64.2% year-on-year, amounting to HUF 3.4 billion in Q1 2024, in line with the higher revenue base, including increase in instalment sales revenue and also reflecting less favorable aging structure of the customer receivables at the Hungarian operation.
- **Telecom tax** was broadly unchanged year-on-year, amounting to HUF 6.3 billion in Q1 2024, as lower overall fixed voice usage and decline in mobile voice traffic generated by business customers were offset by higher voice minutes used by the expanding residential subscriber base.
- **Other direct costs** were up by 12.5% year-on-year at HUF 59.6 billion in Q1 2024, primarily driven by higher equipment costs, in line with higher related sales volumes, and an increase in TV content fees.

**Gross profit improved by 18.7% year-on-year to HUF 135.5 billion in Q1 2024**, thanks to higher service revenues partly mitigated by increase in the equipment sales related costs and bad debt expenses.

**Indirect costs were lower by 9.3% year-on-year, at HUF 50.9 billion in Q1 2024**, primarily driven by the elimination of the utility tax in Hungary.

- **Employee-related expenses** increased by 10.9% year-on-year, amounting to HUF 21.8 billion in Q1 2024, reflecting primarily the wage increase in effect from July 1, 2023 at the Hungarian operation.
- **Utility tax** was repealed effective from January 1, 2024, resulting in a HUF 7.8 billion improvement year-on-year, as in previous years, utility tax for the full year had to be accounted for in the first quarter in line with relevant IFRS accounting rules.
- **Supplementary telecommunication tax** was up by HUF 1.6 billion, amounting to HUF 8.9 billion in Q1 2024, reflecting the revenue increase.
- **Other operating expenses** (excluding the utility tax and the supplementary telecommunication tax) decreased by 4.2% year-on-year to HUF 21.1 billion in Q1 2024, driven by lower energy costs that could offset inflation-driven cost pressures on other expenses.
- **Other operating income** was HUF 0.9 billion in Q1 2024, in line with earlier trends.



**EBITDA increased by 45.8% year-on-year to HUF 84.6 billion in Q1 2024** driven by the improvement in gross profit coupled with the positive impact of the elimination of the utility tax. **EBITDA AL was up by 51.4% year-on-year to HUF 77.0 billion in Q1 2024.**

**Depreciation and amortization ('D&A') expenses were up by 5.0% year-on-year, amounting to HUF 35.3 billion in Q1 2024,** reflecting increases in IFRS 16 right-of-use asset related depreciation expenses coupled with temporarily higher depreciation related to software licenses.

**Profit for the period rose by 197.4% or HUF 23.2 billion year-on-year to HUF 35.0 billion in Q1 2024.** Improvement was driven by the strong growth in EBITDA.

- **Net financial result** improved from a loss of HUF 8.7 billion in Q1 2023 to a loss of HUF 7.8 billion in Q1 2024. Improvement in net interest expense was driven by lower overall loan balances more and favorable liquidity positions leading to lower related costs. The unfavorable change in other finance expense primarily reflects the different quarterly movements of the HUF during the period resulting in higher FX losses in Q1 2024 vs Q1 2023. These were partially offset by unrealized gains on derivative positions.
- **Income tax expenses** were up by 62.3% or HUF 2.5 billion year-on-year at HUF 6.5 billion in Q1 2024, reflecting the year-on-year higher profit levels resulting in higher trade and income taxes as well.

**Profit attributable to non-controlling interests increased by 6.4% year-on-year to HUF 1.3 billion in Q1 2024,** reflecting the improvement in the operational result of the North Macedonian subsidiary.

**Adjusted net income (profit attributable to owners of the parent)** was HUF 38.1 billion in Q1 2024, representing a HUF 25.9 billion increase year-on-year, in line with improvements in underlying profitability. **Adjustments** to reported net income **of HUF 4.4 billion** in Q1 2024 are driven by unrealized FX losses coupled with some realized gains on those CCIR swap positions that related to those loans which were refinanced during Q1 2024 to achieve a more balanced debt maturity structure.

## 2.1.2 Group Cash Flows

HUF millions	1-3 months 2023	1-3 months 2024	Change
Net cash generated from operating activities	32,314	42,094	9,780
Net cash used in investing activities	(41,243)	(18,090)	23,153
Less: (Payments for) / Proceeds from other financial assets	6,512	(15,684)	(22,196)
<b>Investing cash flow excluding Payments for / Proceeds from other financial assets - net</b>	<b>(34,731)</b>	<b>(33,774)</b>	<b>957</b>
Repayment of lease and other financial liabilities	(8,308)	(9,224)	(916)
<b>Free cash flow</b>	<b>(10,725)</b>	<b>(904)</b>	<b>9,821</b>
(Payments for) / Proceeds from other financial assets - net	(6,512)	15,684	22,196
Proceeds from / (Repayment of) loans and other borrowings - net	13,752	(21,657)	(35,409)
Dividends paid to Owners of the parent and Non-controlling interests	(1)	(1)	-
Treasury share purchase	-	-	-
Exchange differences on cash and cash equivalents	(305)	266	571
<b>Change in cash and cash equivalents</b>	<b>(3,791)</b>	<b>(6,612)</b>	<b>(2,821)</b>

**Free cash flow (FCF) amounted to HUF 0.9 billion cash outflow in Q1 2024 (Q1 2023: HUF 10.7 billion cash outflow) mainly due to the reasons described below.**

### *Operating cash flow*

**Net cash generated from operating activities** significantly improved to a cash inflow of HUF 42.1 billion in Q1 2024, compared to cash inflow of HUF 32.3 billion in Q1 2023, attributable to the reasons outlined as follows:

- HUF 26.6 billion **positive impact due to higher EBITDA** in Q1 2024.
- HUF 6.2 billion **negative change in active working capital**, mainly as a result of:
  - different project seasonality led to unfavorable changes in SI/IT inventory (negative impact: ca. 0.9 billion) and SI/IT trade receivables balances (negative impact: ca. HUF 3.0 billion) in Q1 2024 compared to Q1 2023 in Hungary,



- unfavorable change in the balance of telecommunication customer related trade receivables in Hungary (negative impact: ca. HUF 4.5 billion) mainly driven by higher third-party export sales in Q1 2024, and the impact of the inflation-based fee adjustment, implemented in March 2024, was partially offset by more favorable timing of customer payments,
  - unfavorable change in the trade receivables balances in North Macedonia (negative impact: ca. HUF 3.4 billion) mainly caused by different SI/IT project seasonality boosted by the significant effect of the weakening of the HUF vs MKD in Q1 2024 compared to the strengthen of the HUF vs MKD in Q1 2023,
  - favorable change in handset inventory balances in Q1 2024 compared to Q1 2023 (positive impact: ca. HUF 7.2 billion) mainly due to different within-year procurement dynamics.
- HUF 8.3 billion **negative change in passive working capital**, primarily driven by:
    - higher decrease in handset supplier balances (negative impact: ca. HUF 12.7 billion) in line with lower inventories and higher outpayments,
    - higher payments of SI/IT services in Q1 2024 compared Q1 2023 (negative impact: ca. HUF 2.4 billion) due to different project seasonality,
    - favorable changes in contract liabilities aggregate balances in Q1 2024 compared to Q1 2023 (positive impact: ca. HUF 3.8 billion) mainly driven by deferred net revenue,
    - favorable change of liabilities to employees (positive impact: ca. HUF 2.7 billion) driven by the absence of one-off compensation paid in Q1 2023.
  - HUF 0.6 billion **negative change in interest and other financial charges paid** in Q1 2024 compared to Q1 2023, mainly reflecting the different timing in interest payment related to the loan portfolio.
  - HUF 0.9 billion **positive change in interest received** in Q1 2024 compared to Q1 2023 due to changing market environment.
  - HUF 2.1 billion **negative change in other non-cash items**, mainly due to more significant foreign exchange rate movements leading to FX losses in Q1 2024 versus gains in Q1 2023.

*Investing cash flow excluding payments for / proceeds from other financial assets – net*

**Net cash used in investing activities** amounted to HUF 33.8 billion in Q1 2024, compared to HUF 34.7 billion in Q1 2023, with the lower cash outflow driven mainly by the following:

- HUF 1.0 billion **positive change in payments for PPE and intangible assets** mainly driven by the following:
  - HUF 3.7 billion positive change mainly driven by lower level of CPE procurement dynamics in Hungary and seasonally decrease in TV content capitalization in North Macedonia,
  - HUF 2.7 billion negative change reflecting to higher outpayments to Capex creditors due to different seasonality.

*Repayment of lease and other financial liabilities*

**Repayment of lease and other financial liabilities** deteriorated to HUF 9.2 billion in Q1 2024 from HUF 8.3 billion in Q1 2023, primarily driven by HUF 1.5 billion higher outflow related to trade payables with extended payment term in Q1 2024, partially offset by HUF 0.8 billion lower lease payment in Q1 2024.

**Cash and cash equivalents** deteriorated by HUF 2.8 billion in Q1 2024 compared to Q1 2023. Besides the changes in FCF the improvement is attributable to the followings:

- **Proceeds from loans and other borrowings** improved by HUF 42.7 billion due to combined effect of the higher drawdown of DT Group loans and the decrease of proceeds from inhouse DT Group funds in Q1 2024 compared to Q1 2023.
- **Repayments of loans and other borrowings** deteriorated by HUF 78.1 billion due to the combined effect of the increase of repayments of DT Group loans and decrease of repayments of inhouse DT Group funds in Q1 2024 compared to Q1 2023.
- **Exchange differences on cash and cash equivalents** improved by HUF 0.6 billion due to the MKD/HUF foreign exchange rate movement during Q1 2024.

The financial and operating statistics are available on the following website:

[http://www.telekom.hu/about\\_us/investor\\_relations/financial](http://www.telekom.hu/about_us/investor_relations/financial)

### 2.1.3 Consolidated Statements of Financial Position

The most significant changes in the balances of the Consolidated Statements of Financial Position from December 31, 2023 to March 31, 2024 (see Appendix 3.8 and 3.9) can be observed in the following lines:



- Derivative financial instruments contracted with related parties (current and non-current assets combined)
- Other financial assets (current and non-current combined)
- Other intangible assets
- Financial liabilities to related parties (current and non-current liabilities combined)
- Trade payables
- Other liabilities (current and non-current combined)

**Derivative financial instruments contracted with related parties** (current and non-current combined) decreased by HUF 12.3 billion from December 31, 2023 to March 31, 2024 mainly related to accumulated fair value realized earlier on cross-currency swaps where the underlying loans were repaid in Q1 2024.

**Other financial assets** (current and non-current combined) increased by HUF 8.4 billion from December 31, 2023 to March 31, 2024 mainly as a result of HUF 6.4 billion increase of in cash pool receivables.

**Other intangible assets** decreased by HUF 6.2 billion from December 31, 2023 to March 31, 2024, mainly as a result of HUF 4.0 billion change in concessions and licenses.

**Financial liabilities to related parties** (current and non-current combined) decreased by HUF 11.7 billion from December 31, 2023 to March 31, 2024 due to the combined effect of repayment and re-financing of DT Group loans.

**Trade payables** decreased by HUF 48.4 billion from December 31, 2023 to March 31, 2024, reflecting a decrease in outstanding balances to handset, SI/IT, Capex and OPEX suppliers.

**Other liabilities** (current and non-current combined) increased by HUF 7.7 billion from December 31, 2023 to March 31, 2024, reflecting mainly the growth of supplementary telecommunication tax liability.

There has not been any other material change in the items of the Consolidated Statement of Financial Position in the period from December 31, 2023 to March 31, 2024. The less significant changes in balances of the Consolidated Statements of Financial Position are largely explained by the items of the Consolidated Statement of Cash Flows for 2024 and the related explanations provided above in section 2.1.2 Group Cash Flows. The changes in Equity are disclosed in the Equity movement table in section 3.10 Consolidated Statements of Changes in Equity.

#### 2.1.4 Related party transactions

The significant changes in the volume of related party transactions have been disclosed in sections 2.1.2 Group Cash Flows and 2.1.3 Consolidated Statement of Financial Position. There have not been any other significant changes in related party transactions since the most recent annual financial report.

#### 2.1.5 Contingencies and commitments

##### Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of uncertain future events not within the control of the Group. These assets are not recognized in the statement of financial position. The Group has no contingencies where the inflow of economic benefits would be probable and material.

##### Contingent liabilities

No provision has been recognized for these cases as management estimates that it is unlikely that these claims originating from past events would result in any material economic outflows from the Group, or the amount of the obligation cannot be measured with sufficient reliability. Makedonski Telekom has a contingent liability in the amount of MKD 240.0 million (claimed amount) in respect to a court case for damage compensation against Makedonski Telekom for alleged abuse of the dominant position on the market for access to data transfer networks. Based on legal advice and strong legal arguments presented in the court procedure, management believes that it is not probable that the court procedure will result in liability of the claimed size.

##### Guarantees

Magyar Telekom is also exposed to risks that arise from the possible drawdown of guarantees that in aggregation amounted to a nominal amount of HUF 16.1 billion as at December 31, 2023. The guarantees were issued by banks on behalf of Magyar Telekom as collateral to secure the fulfillment of the Group's certain contractual or tender related obligations.

The Group has been doing its best to deliver on its contractual obligations and expects to continue to do so in the future. Even so disputes may emerge from time to time with our partners and sometimes these can result in the drawdown of the guarantees. These utilizations of the bank guarantees are not related and have no significant effect on the solvency of the Group.



## Commitments

There has been no material change in the nature and amount of our commitments in 2024.

### 2.1.6 Material events

For any material event that occurred between the end of the quarter (March 31, 2024) and the date publishing of this quarterly financial report, please see our Investor Relations website:

[http://www.telekom.hu/about\\_us/investor\\_relations/investor\\_news](http://www.telekom.hu/about_us/investor_relations/investor_news)

## 2.2. Segment reports

The Group's segments are reported in a manner consistent with the internal reporting provided to the CODMs, the key management of Magyar Telekom Plc. From 2020 the Chief Executive Officer (CEO) and the other Chief Officers together (Chief Officers) fulfill the chief operating decision maker (CODM) function in the Group. The Chief Officers assess the performance of the Group and make their decisions. Magyar Telekom's operating segments are: MT-Hungary and North Macedonia.

The MT-Hungary segment operates in Hungary, providing mobile and fixed line telecommunications, TV distribution, information communication and system integration services to millions of residential and business customers under the Telekom brand. Residential, Small and Medium sized business as well as business customers (corporate and public sector customers) are now served by the unified Telekom brand. The MT-Hungary segment is also responsible for the wholesale of mobile and fixed line services within Hungary, and performs strategic and cross-divisional management, as well as support functions on behalf of the Group, including Procurement, Treasury, Real Estate, Accounting, Tax, Legal and Internal Audit. This segment is also responsible for the Group's points of presence in Bulgaria and Romania, where it primarily provides wholesale services to local companies and operators.

The North Macedonia segment is responsible for the Group's full-scale mobile and fixed line telecommunications operations in North Macedonia.

The following tables present financial information related to these reportable segments. Such information is regularly provided to the Company's Management and reconciled with the corresponding Group numbers. This information includes several key indicators of profitability that are considered for the purposes of assessing performance and allocating resources. It is the Management's belief that Revenue, EBITDA, EBITDA AL and Capex, Capex AL are the most appropriate indicators for monitoring each segment's performance and are most consistent with how the Group's results are reported in the statutory financial statements.



## 2.2.1 MT-Hungary

	Q1 2023	Q1 2024	Change	Change (%)
<b>HUF millions</b>				
Voice	28,665	29,852	1,187	4.1%
Non-voice	43,349	53,999	10,650	24.6%
Equipment	25,002	29,327	4,325	17.3%
Other mobile revenue	3,669	4,650	981	26.7%
<b>Mobile revenue</b>	<b>100,685</b>	<b>117,828</b>	<b>17,143</b>	<b>17.0%</b>
Voice retail	7,536	7,625	89	1.2%
Broadband retail	19,457	24,023	4,566	23.5%
TV	15,565	17,893	2,328	15.0%
Equipment	3,794	5,212	1,418	37.4%
Other	10,310	11,091	781	7.6%
<b>Fixed line revenue</b>	<b>56,662</b>	<b>65,844</b>	<b>9,182</b>	<b>16.2%</b>
SI/IT revenue	20,118	20,426	308	1.5%
<b>Revenue</b>	<b>177,465</b>	<b>204,098</b>	<b>26,633</b>	<b>15.0%</b>
Direct costs	(76,684)	(82,562)	(5,878)	(7.7%)
<b>Gross profit</b>	<b>100,781</b>	<b>121,536</b>	<b>20,755</b>	<b>20.6%</b>
Indirect costs	(43,913)	(36,390)	7,523	17.1%
Supplementary telecommunication tax	(7,210)	(8,874)	(1,664)	(23.1%)
<b>EBITDA</b>	<b>49,658</b>	<b>76,272</b>	<b>26,614</b>	<b>53.6%</b>
EBITDA AL	42,733	68,948	26,215	61.3%
Segment Capex AL excl. spectrum licenses	20,516	17,669	(2,847)	(13.9%)
Spectrum licenses	-	-	-	-

<b>Operational statistics – access numbers</b>	<b>March 31 2023</b>	<b>March 31 2024</b>	<b>Change (%)</b>
Number of SIM cards	5,986,563	6,323,547	5.6%
Postpaid share in total	62.7%	60.5%	n.a.
Total fixed voice access	1,300,998	1,250,899	(3.9%)
Total retail fixed broadband customers	1,533,783	1,609,358	4.9%
Total TV customers	1,394,752	1,432,582	2.7%

<b>Operational statistics – ARPU (HUF)</b>	<b>Q1 2023</b>	<b>Q1 2024</b>	<b>Change (%)</b>
Blended mobile ARPU	4,017	4,439	10.5%
Postpaid ARPU	5,851	6,793	16.1%
Prepaid ARPU	1,209	1,280	5.9%
M2M ARPU	293	251	(14.2%)
Blended fixed voice ARPU	1,922	2,010	4.6%
Blended fixed broadband ARPU	4,226	4,955	17.3%
Blended TV ARPU	3,740	4,174	11.6%

**Total revenue for the MT-Hungary segment** rose by 15.0% year-on-year to HUF 204.1 billion in Q1 2024, driven by continued increase in mobile data and broadband usage as well as the implemented inflation-based fee adjustment leading to increases in subscription fees.

- Mobile revenue** was up by 17.0% year-on-year in Q1 2024, thanks to increasing service revenue coupled with higher revenues from equipment sales. The further expansion of the postpaid customer base and growing demand for M2M SIM cards together led to 5.6% growth year-on-year in total number of SIM cards. Although voice usage continued to trend downward, the fee adjustment to subscription fees fully compensated for this decline whilst, data usage continued to grow dynamically, leading to further increases in ARPU levels. Equipment sales revenue development reflects higher sales volume driven by



seasonal promotions which was coupled with higher revenues from third party export sales and lower installment sales related present value discount.

- **Fixed line revenue** grew by 16.2% year-on-year in Q1 2024. This growth is equally attributable to the continued expansion of the broadband and TV customer bases, migration of subscribers to the gigabit technology networks as well as the inflation-based fee adjustment contributing to underlying trends and leading to significant ARPU uplift.
- **SI/IT revenue** remained broadly stable year-on-year in Q1 2024, reflecting the year-on-year similar customer demand developments on our key markets.

**Gross profit** rose by 20.6% year-on-year in Q1 2024, in line with the positive revenue trends.

**EBITDA** increased by 53.6% year-on-year and **EBITDA AL** was up by 61.3% year-on-year in Q1 2024, as the improvement in underlying profitability was strengthened by the positive impact of the elimination of the utility tax.

**Capex AL excluding spectrum licenses** was lower by 13.9% year-on-year in Q1 2024, amounting to HUF 17.7 billion, driven by different within-year dynamic of the annual CPE procurements.

**Outlook:** Economic and business developments in Hungary have raised many challenges in the past years. Magyar Telekom closely monitors the development of its external environment to take proactive steps, leverage opportunities and mitigate risks arising from any change in the environment.

## 2.2.2 North Macedonia

HUF millions	Q1 2023	Q1 2024	Change	Change (%)
Voice	3,729	3,768	39	1.0%
Non-voice	4,243	4,489	246	5.8%
Equipment	2,969	3,401	432	14.6%
Other mobile revenue	682	701	19	2.8%
<b>Mobile revenue</b>	<b>11,623</b>	<b>12,359</b>	<b>736</b>	<b>6.3%</b>
Voice retail	1,295	1,299	4	0.3%
Broadband retail	1,590	1,713	123	7.7%
TV	1,413	1,348	(65)	(4.6%)
Equipment	36	30	(6)	(16.7%)
Other	1,852	1,758	(94)	(5.1%)
<b>Fixed line revenue</b>	<b>6,186</b>	<b>6,148</b>	<b>(38)</b>	<b>(0.6%)</b>
SI/IT revenue	362	323	(39)	(10.8%)
<b>Revenue</b>	<b>18,171</b>	<b>18,830</b>	<b>659</b>	<b>3.6%</b>
Direct costs	(5,945)	(6,245)	(300)	(5.0%)
<b>Gross profit</b>	<b>12,226</b>	<b>12,585</b>	<b>359</b>	<b>2.9%</b>
Indirect costs	(4,658)	(4,619)	39	0.8%
Supplementary telecommunication tax	-	-	-	-
<b>EBITDA</b>	<b>7,568</b>	<b>7,966</b>	<b>398</b>	<b>5.3%</b>
<b>EBITDA AL</b>	<b>7,285</b>	<b>7,664</b>	<b>379</b>	<b>5.2%</b>
Segment Capex AL excl. spectrum licenses	3,006	2,003	(1,003)	(33.4%)
Spectrum licenses	-	-	-	-



Operational statistics – access numbers	March 31 2023	March 31 2024	Change (%)
Number of mobile SIMs	1,253,210	1,266,310	1.0%
Postpaid share in total	45.5%	46.6%	n.a.
Total fixed voice access	224,388	228,611	1.9%
Total fixed retail broadband customers	203,918	211,395	3.7%
Total TV customers	147,739	151,088	2.3%

**Total revenue in North Macedonia** increased by 3.6% year-on-year to HUF 18.8 billion in Q1 2024, thanks to growth in mobile data and fixed broadband revenues coupled with higher equipment sales.

- **Mobile revenue** rose by 6.3% year-on-year in Q1 2024, driven by further increase in the postpaid customer base resulting in higher mobile service revenue as well as growth in equipment sales reflecting higher average handset prices and sales volumes, triggered by some seasonal promotions.
- **Fixed line revenue** was broadly stable year-on-year in Q1 2024, as increase in broadband revenues driven by the expansion of the customer base and higher ARPU were offset by lower wholesale revenues due to lower international transit traffic volumes.
- **SI/IT revenue** was lower by 10.8% year-on-year in Q1 2024.

**Gross profit** increased by 2.9% year-on-year in Q1 2024, reflecting the increase in service revenues.

**EBITDA** increased by 5.3% year-on-year and **EBITDA AL** was up by 5.2% year-on-year in Q1 2024, thanks to the improvements in gross profit coupled with more favorable energy costs leading to savings in operating expenses.

**CAPEX AL** declined by HUF 1.0 billion year-on-year to HUF 2.0 billion in Q1 2024, reflecting the absence of accelerated investments to RAN modernization as well as seasonally lower TV content capitalization costs.

**Outlook:** Looking ahead, competition is expected to remain intense with Telekom Srbija's increasing presence on the North Macedonian telecommunication market which may exert pressure on the profitability of the operators.



## 3. APPENDIX

### 3.1. Basis of preparation and initial application, interpretations and amendments of standards

This condensed consolidated financial information was prepared in accordance with IAS 34 (Interim Financial Reporting) and should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2023, which were prepared in accordance with IFRS Accounting Standards as adopted by the European Union. This consolidated financial information has not been audited.

The statutory financial statements for December 31, 2023 were audited and the audit reports were unqualified. It was approved by the shareholders at the Annual General Meeting on April 16, 2024. The statutory financial statements for December 31, 2023 have been filed with the Budapest Stock Exchange and the National Bank of Hungary.

The principal accounting policies followed by the Group and the critical estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2023. There were not any new accounting principle amendments or interpretations adopted by European Union during the first quarter of 2024.

### 3.2. Macroeconomic environment and critical accounting estimates, climate disclosures

Management continuously monitors the progress in the Hungarian economic environment and the effect of the wars, particularly on the macroeconomic tendencies and current market conditions.

The impact of inflation and the fluctuations in the forint exchange rate still put pressure on the Group's costs. The Group remains committed to focusing on the delivery of its strategic objectives. The management pays special attention to the changes on energy prices and look for the possibilities for the provision of cost-effective energy supply. To secure renewable energy procurement sources has become an important task, thus a 3-year physical power purchase agreement (PPA) was concluded in 2022, which, from 2023, partially replaces the purchase of renewable energy certificates that were previously considered a sole source. The Group remains committed to its environmental strategy and will continue its work by seeking new opportunities, such as concluding long-term PPAs.

In preparing the interim financial report, management has made judgments and estimates about the future:

- During the updating of the goodwill impairment test the management has taken into account the period-end book values, EUR/HUF exchange rate, and weighted average cost of capital and as a result of that, no impairment was needed to be recognized.
- Considering the general economic factors, the solvency of customers has been assessed and management concluded that there was no need to recognize further one-off allowance for bad debts in the first quarter of 2024.
- No further material impairment needed to be recognized in the first quarter of 2024.

Magyar Telekom has published its Sustainability report for the year 2023 ([https://www.telekom.hu/static-tr/sw/file/Sustainability\\_Report\\_2023.pdf](https://www.telekom.hu/static-tr/sw/file/Sustainability_Report_2023.pdf)) at the same time with the publication of the Annual Financial Statements for the year 2023. During the first quarter of 2024 there were no new material information, events and circumstances to be disclosed.

Altogether, the management has not identified any events which would threaten the going concern of the Group's operations, and no major adverse changes are expected in the long-term.



### 3.3. Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income – quarterly year-on-year comparison

	Q1 2023 (unaudited)	Q1 2024 (unaudited)	Change	Change (%)
<b>(HUF millions, except per share amounts)</b>				
Mobile revenue	112,306	130,909	18,603	16.6%
Fixed line revenue	63,084	72,571	9,487	15.0%
SI/IT revenue	20,480	20,749	269	1.3%
<b>Revenue</b>	<b>195,870</b>	<b>224,229</b>	<b>28,359</b>	<b>14.5%</b>
Interconnect costs	(5,523)	(4,329)	1,194	21.6%
SI/IT service related costs	(14,837)	(15,101)	(264)	(1.8%)
Impairment losses and gains on financial assets and contract assets	(2,069)	(3,398)	(1,329)	(64.2%)
Telecom tax	(6,350)	(6,305)	45	0.7%
Other direct costs	(53,004)	(59,638)	(6,634)	(12.5%)
<b>Direct costs</b>	<b>(81,783)</b>	<b>(88,771)</b>	<b>(6,988)</b>	<b>(8.5%)</b>
Employee-related expenses	(19,633)	(21,780)	(2,147)	(10.9%)
Depreciation and amortization	(33,582)	(35,253)	(1,671)	(5.0%)
Other operating expenses	(29,903)	(21,137)	8,766	29.3%
Supplementary telecommunication tax	(7,210)	(8,857)	(1,647)	(22.8%)
<b>Operating expenses</b>	<b>(172,111)</b>	<b>(175,798)</b>	<b>(3,687)</b>	<b>(2.1%)</b>
Other operating income	688	909	221	32.1%
<b>Operating profit</b>	<b>24,447</b>	<b>49,340</b>	<b>24,893</b>	<b>101.8%</b>
Interest income	621	1,516	895	144.1%
Interest expense	(6,343)	(5,409)	934	14.7%
Other finance expense - net	(2,933)	(3,912)	(979)	(33.4%)
<b>Net financial result</b>	<b>(8,655)</b>	<b>(7,805)</b>	<b>850</b>	<b>9.8%</b>
Share of associates' and joint ventures' results	-	-	-	-
<b>Profit before income tax</b>	<b>15,792</b>	<b>41,535</b>	<b>25,743</b>	<b>163.0%</b>
Income tax	(4,017)	(6,519)	(2,502)	(62.3%)
<b>Profit for the period</b>	<b>11,775</b>	<b>35,016</b>	<b>23,241</b>	<b>197.4%</b>
<b>Other comprehensive income:</b>				
Items to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translating foreign operations	(5,783)	4,012	9,795	n.m.
Items not to be reclassified to profit or loss in subsequent periods:				
Revaluation of financial assets at FV OCI	96	399	303	315.6%
<b>Other comprehensive income for the year, net of tax</b>	<b>(5,687)</b>	<b>4,411</b>	<b>10,098</b>	<b>n.m.</b>
<b>Total comprehensive income for the period</b>	<b>6,088</b>	<b>39,427</b>	<b>33,339</b>	<b>n.m.</b>
<b>Profit attributable to:</b>				
Owners of the parent	10,519	33,679	23,160	220.2%
Non-controlling interests	1,256	1,337	81	6.4%
	<b>11,775</b>	<b>35,016</b>	<b>23,241</b>	<b>197.4%</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	7,024	36,376	29,352	417.9%
Non-controlling interests	(936)	3,051	3,987	n.m.
	<b>6,088</b>	<b>39,427</b>	<b>33,339</b>	<b>n.m.</b>
<b>Earnings per share (EPS) information:</b>				
Profit attributable to the owners of the Company	10,519	33,679		
Weighted average number of common stock outstanding used for basic/diluted EPS	962,722,519	929,781,149		
<b>Basic / diluted earnings per share (HUF)</b>	<b>10.93</b>	<b>36.22</b>	<b>25.29</b>	<b>231.4%</b>



### 3.4. Revenue breakdown – quarterly year-on-year comparison

(HUF millions)	Q1 2023	Q1 2024	Change	Change (%)
Voice retail	29,483	32,450	2,967	10.1%
Voice wholesale	2,911	1,893	(1,018)	(35.0%)
Data	41,360	51,698	10,338	25.0%
SMS	6,232	6,790	558	9.0%
Equipment	27,971	32,728	4,757	17.0%
Other mobile revenue	4,349	5,350	1,001	23.0%
<b>Mobile revenue</b>	<b>112,306</b>	<b>130,909</b>	<b>18,603</b>	<b>16.6%</b>
Voice retail	8,831	8,935	104	1.2%
Broadband retail	21,047	25,781	4,734	22.5%
TV	16,978	19,273	2,295	13.5%
Equipment	3,830	5,242	1,412	36.9%
Data retail	3,381	3,771	390	11.5%
Wholesale (voice, broadband, data)	5,067	5,242	175	3.5%
Other fixed line revenue	3,950	4,327	377	9.5%
<b>Fixed line revenue</b>	<b>63,084</b>	<b>72,571</b>	<b>9,487</b>	<b>15.0%</b>
SI/IT revenue	20,480	20,749	269	1.3%
<b>Revenue</b>	<b>195,870</b>	<b>224,229</b>	<b>28,359</b>	<b>14.5%</b>

### 3.5. Operating expenses breakdown – quarterly year-on-year comparison

(HUF millions)	Q1 2023	Q1 2024	Change	Change (%)
Direct costs	(81,783)	(88,771)	(6,988)	(8.5%)
Employee-related expenses	(19,633)	(21,780)	(2,147)	(10.9%)
Depreciation and amortization	(33,582)	(35,253)	(1,671)	(5.0%)
Other operating expenses	(29,903)	(21,137)	8,766	29.3%
<i>Of which utility tax</i>	<i>(7,828)</i>	<i>-</i>	<i>-</i>	<i>n.a.</i>
Supplementary telecommunication tax	(7,210)	(8,857)	(1,647)	(22.8%)
<b>Operating expenses</b>	<b>(172,111)</b>	<b>(175,798)</b>	<b>(3,687)</b>	<b>(2.1%)</b>



### 3.6. Interim Consolidated Statement of Financial Position - Assets

(HUF millions)	Dec 31, 2023 (unaudited)	Mar 31, 2024 (unaudited)	Change	Change (%)
<b>ASSETS</b>				
Cash and cash equivalents	13,514	6,902	(6,612)	(48.9%)
Trade receivables within one year	199,249	207,831	8,582	4.3%
Other current assets	8,455	8,231	(224)	(2.6%)
Derivative financial instruments contracted with related parties	7,663	634	(7,029)	(91.7%)
Other current financial assets	6,132	14,239	8,107	132.2%
Contract assets	17,358	17,652	294	1.7%
Current income tax receivable	131	533	402	306.9%
Inventories	32,428	29,845	(2,583)	(8.0%)
	<b>284,930</b>	<b>285,867</b>	<b>937</b>	<b>0.3%</b>
Assets held for sale	346	295	(51)	(14.7%)
<b>Total current assets</b>	<b>285,276</b>	<b>286,162</b>	<b>886</b>	<b>0.3%</b>
Property, plant and equipment	476,892	476,590	(302)	(0.1%)
Right-of-use assets	121,960	126,290	4,330	3.6%
Goodwill	212,713	212,713	-	0.0%
Other intangible assets	314,659	308,485	(6,174)	(2.0%)
Investments in associates and joint ventures	-	-	-	-
Deferred tax assets	123	126	3	2.4%
Trade receivables over one year	25,060	23,901	(1,159)	(4.6%)
Derivative financial instruments contracted with related parties	9,632	4,318	(5,314)	(55.2%)
Other non-current financial assets	4,381	4,672	291	6.6%
Contract assets	3,697	3,730	33	0.9%
Other non-current assets	9,438	10,484	1,046	11.1%
<b>Total non-current assets</b>	<b>1,178,555</b>	<b>1,171,309</b>	<b>(7,246)</b>	<b>(0.6%)</b>
<b>Total assets</b>	<b>1,463,831</b>	<b>1,457,471</b>	<b>(6,360)</b>	<b>(0.4%)</b>



### 3.7. Interim Consolidated Statement of Financial Position – Liabilities and Equity

(HUF millions)	Dec 31, 2023 (unaudited)	Mar 31, 2024 (unaudited)	Change	Change (%)
<b>LIABILITIES</b>				
Financial liabilities to related parties	93,648	48,213	(45,435)	(48.5%)
Derivative financial instruments contracted with related parties	120	10	(110)	(91.7%)
Lease liabilities	26,940	28,929	1,989	7.4%
Trade payables	166,413	118,062	(48,351)	(29.1%)
Other financial liabilities	12,250	10,831	(1,419)	(11.6%)
Current income tax payable	2,753	2,050	(703)	(25.5%)
Provisions	2,808	2,563	(245)	(8.7%)
Contract liabilities	13,818	15,964	2,146	15.5%
Other current liabilities	28,434	36,269	7,835	27.6%
	<b>347,184</b>	<b>262,891</b>	<b>(84,293)</b>	<b>(24.3%)</b>
Liabilities held for sale	-	-	-	-
<b>Total current liabilities</b>	<b>347,184</b>	<b>262,891</b>	<b>(84,293)</b>	<b>(24.3%)</b>
Financial liabilities to related parties	47,847	81,582	33,735	70.5%
Lease liabilities	109,623	113,652	4,029	3.7%
Corporate bonds	68,854	68,936	82	0.1%
Other financial liabilities	98,667	97,139	(1,528)	(1.5%)
Deferred tax liabilities	11,714	13,643	1,929	16.5%
Provisions	12,329	12,605	276	2.2%
Contract liabilities	358	454	96	26.8%
Other non-current liabilities	1,586	1,473	(113)	(7.1%)
<b>Total non-current liabilities</b>	<b>350,978</b>	<b>389,484</b>	<b>38,506</b>	<b>11.0%</b>
<b>Total liabilities</b>	<b>698,162</b>	<b>652,375</b>	<b>(45,787)</b>	<b>(6.6%)</b>
<b>EQUITY</b>				
Common stock	97,156	97,156	-	0.0%
Capital reserves	25,509	25,509	-	0.0%
Treasury stock	(18,600)	(18,600)	-	0.0%
Retained earnings	585,866	619,545	33,679	5.7%
Accumulated other comprehensive income	33,536	36,233	2,697	8.0%
<b>Total equity of the owners of the parent</b>	<b>723,467</b>	<b>759,843</b>	<b>36,376</b>	<b>5.0%</b>
Non-controlling interests	42,202	45,253	3,051	7.2%
<b>Total equity</b>	<b>765,669</b>	<b>805,096</b>	<b>39,427</b>	<b>5.1%</b>
<b>Total liabilities and equity</b>	<b>1,463,831</b>	<b>1,457,471</b>	<b>(6,360)</b>	<b>(0.4%)</b>



### 3.8. Interim Consolidated Statement of Cash Flows

(HUF millions)	1-3 months 2023 (unaudited)	1-3 months 2024 (unaudited)	Change	Change (%)
<b>Cash flows from operating activities</b>				
Profit for the period	11,775	35,016	23,241	197.4%
Depreciation and amortization	33,582	35,253	1,671	5.0%
Income tax expense	4,017	6,519	2,502	62.3%
Net financial result	8,655	7,805	(850)	(9.8%)
Share of associates' and joint ventures' result	-	-	-	n.a.
Change in assets carried as working capital	(1)	(6,231)	(6,230)	n.m.
Change in provisions	169	(221)	(390)	n.m.
Change in liabilities carried as working capital	(15,550)	(23,808)	(8,258)	(53.1%)
Income tax paid	(5,574)	(5,744)	(170)	(3.0%)
Dividend received	39	-	(39)	(100.0%)
Interest and other financial charges paid	(6,618)	(7,193)	(575)	(8.7%)
Interest received	582	1,515	933	160.3%
Other non-cash items	1,238	(817)	(2,055)	n.m.
<b>Net cash generated from operating activities</b>	<b>32,314</b>	<b>42,094</b>	<b>9,780</b>	<b>30.3%</b>
<b>Cash flows from investing activities</b>				
Payments for property plant and equipment (PPE) and intangible assets	(34,923)	(33,884)	1,039	3.0%
Proceeds from disposal of PPE and intangible assets	192	110	(82)	(42.7%)
Payments for subsidiaries and business units	-	-	-	n.a.
Cash acquired through business combinations	-	-	-	-
Proceeds from disposal of subsidiaries and business units	-	-	-	n.a.
Payments for other financial assets	-	(1,575)	(1,575)	n.a.
Proceeds from other financial assets	(6,512)	17,259	23,771	n.m.
Payments for interests in associates and joint ventures	-	-	-	-
<b>Net cash used in investing activities</b>	<b>(41,243)</b>	<b>(18,090)</b>	<b>23,153</b>	<b>56.1%</b>
<b>Cash flows from financing activities</b>				
Dividends paid to Owners of the parent and Non-controlling interests	(1)	(1)	-	0.0%
Proceeds from loans and other borrowings	43,251	85,914	42,663	98.6%
Repayment of loans and other borrowings	(29,499)	(107,571)	(78,072)	(264.7%)
Proceeds from corporate bonds	-	-	-	-
Repayment of lease and other financial liabilities	(8,308)	(9,224)	(916)	(11.0%)
Treasury share purchase	-	-	-	-
<b>Net cash used in financing activities</b>	<b>5,443</b>	<b>(30,882)</b>	<b>(36,325)</b>	<b>n.m.</b>
Exchange differences on cash and cash equivalents	(305)	266	571	n.m.
<b>Change in cash and cash equivalents</b>	<b>(3,791)</b>	<b>(6,612)</b>	<b>(2,821)</b>	<b>(74.4%)</b>
Cash and cash equivalents, beginning of period	12,861	13,514	653	5.1%
<b>Cash and cash equivalents, end of period</b>	<b>9,070</b>	<b>6,902</b>	<b>(2,168)</b>	<b>(23.9%)</b>



### 3.9. Net debt reconciliation to changes in Statement of Cash Flows

HUF millions	Opening Balance at January 1, 2024	Changes in cash and cash equivalents	Changes affecting cash flows from operating activities	Changes in financial liabilities without cash movement	Changes affecting cash flows from investing activities	Changes affecting cash flows from financing activities				Closing Balance at March 31, 2024
						Proceeds from loans and borrowings	Repayment of loans and other borrowings	Repayment of lease and other financial liabilities	Other	
Related party loans	141,495	-	(1,940)	5,450	-	92,361	(107,571)	-	-	129,795
Derivatives from related parties	120	-	-	559	(669)	-	-	-	-	10
Spectrum fee payable	101,518	-	(1,011)	1,013	-	-	-	(1,220)	-	100,300
Bonds	68,854	-	(1,046)	1,128	-	-	-	-	-	68,936
Lease liabilities	136,563	-	(1,803)	13,327	-	-	-	(5,506)	-	142,581
Debtors overpayment	1,357	-	200	-	-	-	-	-	-	1,557
Contingent consideration	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	8,042	-	(1,128)	1,697	-	-	-	(2,498)	-	6,113
- Less cash and cash equivalent	(13,514)	6,612	-	-	-	-	-	-	-	(6,902)
- Less other current financial assets and derivative financial instruments	(13,795)	-	(104)	(1,773)	7,246	6,447	-	-	-	(14,873)
<b>Net debt</b>	<b>430,640</b>	<b>6,612</b>	<b>(6,832)</b>	<b>21,401</b>	<b>6,577</b>	<b>85,914</b>	<b>(107,571)</b>	<b>(9,224)</b>	<b>-</b>	<b>427,517</b>
Treasury share purchase									-	
Dividends paid to Owners of the parent and Non-controlling interest									(1)	
<b>Net Cash used in financing activities</b>									<b>(30,882)</b>	



### 3.10. Interim Consolidated Statement of Changes in Equity

	pieces		HUF millions							
	Shares of common stock	Common stock	Capital reserves	Treasury stock	Retained earnings	Accumulated Other Comprehensive Income		Non-controlling interests	Total Equity	
						Cumulative translation adjustment	Revaluation reserve for FVOCI financial assets – net of tax			Equity of the owners of the parent
<b>Balance at January 1, 2023</b>	1,005,801,352	100,580	26,409	(18,600)	546,659	36,236	455	691,739	43,037	734,776
Dividend declared to Owners of the parent	-	-	-	-	-	-	-	-	-	-
Dividend declared to Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Treasury share purchase	-	-	-	-	-	-	-	-	-	-
Capital decrease with cancellation of treasury share	-	-	-	-	-	-	-	-	-	-
<b>Transactions with owners in their capacity as owners</b>	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	(3,548)	53	(3,495)	(2,192)	(5,687)
Profit or loss	-	-	-	-	10,519	-	-	10,519	1,256	11,775
<b>Total comprehensive income</b>	-	-	-	-	10,519	(3,548)	53	7,024	(936)	6,088
<b>Balance at March 31, 2023</b>	1,005,801,352	100,580	26,409	(18,600)	557,178	32,688	508	698,763	42,101	740,864
Dividend declared to Owners of the parent	-	-	-	-	(29,459)	-	-	(29,459)	-	(29,459)
Dividend declared to Non-controlling interests	-	-	-	-	-	-	-	-	(4,474)	(4,474)
Treasury share purchase	-	-	-	(14,609)	-	-	-	(14,609)	-	(14,609)
Capital decrease with cancellation of treasury share	(34,242,485)	(3,424)	(900)	14,609	(10,285)	-	-	-	-	-
<b>Transactions with owners in their capacity as owners</b>	(34,242,485)	(3,424)	(900)	-	(39,744)	-	-	(44,068)	(4,474)	(48,542)
Other comprehensive income	-	-	-	-	-	230	110	340	378	718
Profit or loss	-	-	-	-	68,432	-	-	68,432	4,197	72,629
<b>Total comprehensive income</b>	-	-	-	-	68,432	230	110	68,772	4,575	73,347
<b>Balance at December 31, 2023</b>	971,558,867	97,156	25,509	(18,600)	585,866	32,918	618	723,467	42,202	765,669
Dividend declared to Owners of the parent	-	-	-	-	-	-	-	-	-	-
Dividend declared to Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Treasury share purchase	-	-	-	-	-	-	-	-	-	-
Capital decrease with cancellation of treasury share	-	-	-	-	-	-	-	-	-	-
<b>Transactions with owners in their capacity as owners</b>	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	2,469	228	2,697	1,714	4,411
Profit or loss	-	-	-	-	33,679	-	-	33,679	1,337	35,016
<b>Total comprehensive income</b>	-	-	-	-	33,679	2,469	228	36,376	3,051	39,427
<b>Balance at March 31, 2024</b>	971,558,867	97,156	25,509	(18,600)	619,545	35,387	846	759,843	45,253	805,096
Of which treasury stock	(41,777,718)	-	-	-	-	-	-	-	-	-
<b>Shares of common stock outstanding</b>	929,781,149	-	-	-	-	-	-	-	-	-



### 3.11. Exchange rate information

	Q1 2023	Q1 2024	Change (%)
HUF/EUR beginning of period	400.25	382.78	(4.4%)
HUF/EUR period-end	380.99	395.83	3.9%
HUF/EUR cumulative monthly average	386.50	389.43	0.8%
HUF/MKD beginning of period	6.51	6.22	(4.5%)
HUF/MKD period-end	6.18	6.44	4.2%
HUF/MKD cumulative monthly average	6.27	6.32	0.8%

### 3.12. Segment information

HUF millions	Q1 2023	Q1 2024
Total MT-Hungary revenue	177,465	204,098
Less: MT-Hungary revenue from other segments	(24)	(23)
<b>MT-Hungary revenue from external customers</b>	<b>177,441</b>	<b>204,075</b>
Total North Macedonia revenue	18,171	18,830
Less: North Macedonia revenue from other segments	(15)	(14)
<b>North Macedonia revenue from external customers</b>	<b>18,156</b>	<b>18,816</b>
Total consolidated revenue of the segments	195,597	222,891
Measurement differences to Group revenue	273	1,338
<b>Total revenue of the Group</b>	<b>195,870</b>	<b>224,229</b>
<b>Segment results (EBITDA)</b>		
Hungary	49,658	76,272
North Macedonia	7,568	7,966
<b>Total EBITDA of the segments</b>	<b>57,226</b>	<b>84,238</b>
Measurement differences to Group EBITDA	803	355
<b>Total EBITDA of the Group</b>	<b>58,029</b>	<b>84,593</b>



### 3.13. Fair value of financial instruments – financial assets

March 31, 2024 HUF millions	Financial assets				Carrying amount	Fair value
	Amortized cost	FVOCI (Level 1)	FVTPL (Level 2)	FVTPL (Level 3)		
Cash and cash equivalents	6,902	-	-	-	6,902	6,902
Bank deposits with original maturities over 3 months	1,584	-	-	-	1,584	1,584
Cash-pool receivables	11,416	-	-	-	11,416	11,416
Trade receivables within one year	207,831	-	-	-	207,831	207,831
Trade receivables over one year	23,901	-	-	-	23,901	22,116
Derivative financial instruments contracted with related parties	-	-	4,952	-	4,952	4,952
Finance lease receivable	909	-	-	-	909	823
Equity instruments	-	2,216	-	1,400	3,616	3,616
Other current receivables	986	-	-	-	986	986
Other non-current receivables	400	-	-	-	400	369
<b>Total</b>	<b>253,929</b>	<b>2,216</b>	<b>4,952</b>	<b>1,400</b>	<b>262,497</b>	<b>260,595</b>

December 31, 2023 HUF millions	Financial assets				Carrying amount	Fair value
	Amortized cost	FVOCI (Level 1)	FVTPL (Level 2)	FVTPL (Level 3)		
Cash and cash equivalents	13,514	-	-	-	13,514	13,514
Bank deposits with original maturities over 3 months	-	-	-	-	-	-
Cash-pool receivables	4,969	-	-	-	4,969	4,969
Trade receivables within one year	199,249	-	-	-	199,249	199,249
Trade receivables over one year	25,060	-	-	-	25,060	23,110
Derivative financial instruments contracted with related parties	-	-	17,295	-	17,295	17,295
Finance lease receivable	955	-	-	-	955	803
Equity instruments	-	1,712	-	1,400	3,112	3,112
Other current receivables	1,077	-	-	-	1,077	1,077
Other non-current receivables	400	-	-	-	400	385
<b>Total</b>	<b>245,224</b>	<b>1,712</b>	<b>17,295</b>	<b>1,400</b>	<b>265,631</b>	<b>263,514</b>

### 3.14. Fair value of financial instruments – financial liabilities

March 31, 2024 HUF millions	Financial liabilities			Carrying amount	Fair value
	Measured at amortized cost	FVTPL (Level 2)	FVTPL (Level 3)		
Financial liabilities to related parties	129,795	-	-	129,795	134,239
Derivative financial instruments contracted with related parties	-	10	-	10	10
Trade payables	118,062	-	-	118,062	118,062
Frequency fee payable	100,300	-	-	100,300	75,765
Bonds	68,936	-	-	68,936	59,285
Lease liabilities	142,581	-	-	142,581	129,935
Debtors' overpayment	1,557	-	-	1,557	1,557
Other current liabilities	4,287	-	-	4,287	4,287
Other non-current liabilities	1,826	-	-	1,826	1,740
<b>Total</b>	<b>567,344</b>	<b>10</b>	<b>-</b>	<b>567,354</b>	<b>524,880</b>

December 31, 2023 HUF millions	Financial liabilities			Carrying amount	Fair value
	Measured at amortized cost	FVTPL (Level 2)	FVTPL (Level 3)		
Financial liabilities to related parties	141,495	-	-	141,495	141,976
Derivative financial instruments contracted with related parties	-	120	-	120	120
Trade payables	166,413	-	-	166,413	166,413
Frequency fee payable	101,518	-	-	101,518	80,858
Bonds	68,854	-	-	68,854	59,379
Lease liabilities	136,563	-	-	136,563	125,973
Debtors' overpayment	1,357	-	-	1,357	1,357
Other current liabilities	5,952	-	-	5,952	5,952
Other non-current liabilities	2,090	-	-	2,090	2,000
<b>Total</b>	<b>624,242</b>	<b>120</b>	<b>-</b>	<b>624,362</b>	<b>584,028</b>



### 3.15. EBITDA reconciliation

(HUF millions)	Q1 2023 MT Group	Q1 2023 MT-Hungary	Q1 2023 North Macedonia	Q1 2024 MT Group	Q1 2024 MT-Hungary	Q1 2024 North Macedonia
EBITDA	58,029	49,658	7,568	84,593	76,272	7,966
IFRS 16 related D&A	(5,483)	(5,236)	(247)	(5,823)	(5,559)	(264)
IFRS 16 related Interest	(1,725)	(1,689)	(36)	(1,803)	(1,765)	(38)
<b>EBITDA after lease</b>	<b>50,821</b>	<b>42,733</b>	<b>7,285</b>	<b>76,967</b>	<b>68,948</b>	<b>7,664</b>

### 3.16. Adjusted profit attributable to owners of the parent reconciliation

(HUF millions)	Q1 2023	Q1 2024	Change	Change (%)
Profit attributable to the owners of the parent	10,519	33,679	23,160	220.2%
Changes in depreciation and amortization	-	-	-	-
Changes in net financial result*	1,612	4,375	2,763	171.4%
Changes in income tax	-	-	-	-
<b>Total adjusting factors</b>	<b>1,612</b>	<b>4,375</b>	<b>2,763</b>	<b>171.4%</b>
<b>Adjusted profit attributable to owners of the parent</b>	<b>12,131</b>	<b>38,054</b>	<b>25,923</b>	<b>213.7%</b>

\* Related to unrealized FX gains and losses and derivative fair value changes

### 3.17. Capex from Interim Consolidated Statement of Cash Flows

(HUF millions)	1-3 months 2023 MT Group	1-3 months 2024 MT Group
Payments for PPE and intangible assets	34,923	33,884
Less spectrum payments	-	-
<b>Payments for PPE and intangible assets excl. spectrum payments</b>	<b>34,923</b>	<b>33,884</b>
+/- Cash adjustments	(11,401)	(14,145)
<b>Capex AL excl. spectrum</b>	<b>23,522</b>	<b>19,739</b>
ROU capex	10,546	10,232
Spectrum capex	-	-
<b>Capex</b>	<b>34,068</b>	<b>29,971</b>

### 3.18. Capex from Interim Consolidated Statement of Financial Position

(HUF millions)	Q1 2023 MT Group	Q1 2023 MT-Hungary	Q1 2023 North Macedonia	Q1 2024 MT Group	Q1 2024 MT-Hungary	Q1 2024 North Macedonia
Capex AL excl. spectrum licenses	23,522	20,516	3,006	19,739	17,736	2,003
ROU capex	10,546	10,266	280	10,232	10,077	155
Spectrum capex	-	-	-	-	-	-
<b>Capex</b>	<b>34,068</b>	<b>30,782</b>	<b>3,286</b>	<b>29,971</b>	<b>27,813</b>	<b>2,158</b>



## 4. DECLARATION

We the undersigned declare that to the best of our knowledge this report prepared in accordance with IFRS Accounting Standards as adopted by the EU, gives a true and fair view of the assets, liabilities, financial position and profit or loss of Magyar Telekom Plc. and its consolidated undertakings. In addition, the report gives a fair view of the position, development and performance of Magyar Telekom Plc. and its consolidated undertakings and contains risk factors and uncertainties relating to future events.

Independent Auditor's Report was not prepared on the Quarterly financial report.

Tibor Rékasi  
Chief Executive Officer, member of the Board

Daria Aleksandrovna Dodonova  
Chief Financial Officer, member of the Board

Budapest, May 15, 2024

This investor news 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 financial statements for the year ended December 31, 2023, available on our website at <http://www.telekom.hu> which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.