

**MAGYAR TELEKOM**

**QUARTERLY FINANCIAL REPORT**

**ANALYSIS OF THE FINANCIAL STATEMENTS FOR THE  
FIRST QUARTER ENDED MARCH 31, 2022**



Budapest – May 11, 2022 – 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 2022, in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU. The quarterly financial report contains unaudited figures for each reporting periods.

## TABLE OF CONTENTS

1.	HIGHLIGHTS .....	3
2.	MANAGEMENT REPORT .....	5
2.1.	Consolidated IFRS Group Results .....	5
2.1.1.	Group Profit and Loss .....	5
2.1.2.	Group Cash Flows.....	7
2.1.3.	Consolidated Statements of Financial Position .....	8
2.1.4.	Related party transactions .....	9
2.1.5.	Contingencies and commitments.....	9
2.1.6.	Significant events.....	9
2.2.	Segment reports.....	9
2.2.1.	MT-Hungary .....	10
2.2.2.	North Macedonia.....	12
3.	APPENDIX .....	14
3.1.	Basis of preparation .....	14
3.2.	Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income – quarterly year-on-year comparison.....	15
3.3.	Revenue breakdown – quarterly year-on-year comparison .....	16
3.4.	Operating expenses breakdown – quarterly year-on-year comparison .....	16
3.5.	Interim Consolidated Statements of Financial Position - Assets.....	17
3.6.	Interim Consolidated Statements of Financial Position – Liabilities and Equity .....	18
3.7.	Interim Consolidated Statements of Cash Flows.....	19
3.8.	Net debt reconciliation to changes in Statements of Cash Flows.....	20
3.9.	Interim Consolidated Statements of Changes in Equity .....	21
3.10.	Exchange rate information .....	22
3.11.	Segment information.....	22
3.12.	Fair value of financial instruments – financial assets.....	23
3.13.	Fair value of financial instruments – financial liabilities.....	23
3.14.	EBITDA reconciliation .....	24
3.15.	Capex from Interim Consolidated Statements of Cash Flows .....	24
3.16.	Capex from Interim Consolidated Statements of Financial Position .....	24
4.	DECLARATION .....	25

<b>Company name:</b>	<b>Magyar Telekom Plc.</b>	<b>Company address:</b>	<b>H-1097 Budapest Könyves Kálmán krt. 36.</b>
<b>IR contacts:</b>	<b>Position:</b>	<b>e-mail address:</b>	<b>investor.relations@telekom.hu</b>
Diana Várkonyi	Head of Investor Relations	Telephone:	E-mail address:
Rita Walfisch	IR manager	+36-1-481-7676	varkonyi.diana.annamaria@telekom.hu
Gabriella Pászti	IR manager	+36-1-457-6084	walfisch.rita@telekom.hu
		+36-1-458-0332	paszti.gabriella@telekom.hu

## 1. HIGHLIGHTS

### Financial highlights:

(HUF millions, except ratios)	Q1 2021	Q1 2022	Change (%)
Revenue	162,299	175,864	8.4%
Operating profit	15,066	26,777	77.7%
<b>Profit attributable to:</b>			
Owners of the parent	8,902	18,453	107.3%
Non-controlling interests	1,159	889	(23.3%)
	<b>10,061</b>	<b>19,342</b>	<b>92.2%</b>
Gross profit	93,131	100,898	8.3%
EBITDA	50,194	62,146	23.8%
EBITDA AL	44,151	55,815	26.4%
Free cash flow	(17,070)	(533)	96.9%
Free cash flow excl. spectrum licenses	(17,070)	(533)	96.9%
Capex after lease	103,128	23,001	(77.7%)
Capex after lease excl. spectrum licenses	20,053	23,001	14.7%
Number of employees (closing full equivalent)	6,982	6,755	(3.3%)
	<b>Dec 31, 2021</b>	<b>Mar 31, 2022</b>	<b>Change (%)</b>
Net debt	472,886	476,444	0.8%
Net debt / EBITDA	1.96	1.89	n.a.

- **Group revenue grew by 8.4% year-on-year in Q1 2022, owing to continued expansion of the customer base as strong demand for mobile data, high bandwidth broadband packages and mobile equipment continued**
- **Gross profit improved in line with revenue expansion, growing by 8.3% year-on-year in Q1 2022**
- **EBITDA AL rose sharply due to favorable business trends and a HUF 3.3 billion one-off gain recognized on the sale of an IT subsidiary, Pan-Inform LLC**
- **Capex AL excluding spectrum licenses rose to HUF 23.0 billion in Q1 2022, driven primarily by major investments at the North Macedonian operation relating to the RAN modernization program and TV content capitalization**
- **Free cash outflow amounted to HUF 0.5 billion in Q1 2022, improving by HUF 16.5 billion year-on-year, driven by the positive underlying results, lower interest payments and the one-off cash inflow from the IT subsidiary sale. Payment for the recently acquired 900 MHz and 1800 MHz frequency bands in the amount of HUF 44.3 billion was made at the beginning of April 2022, rather than in Q1 2022 as originally planned, and so had no impact on free cashflow in the quarter**

### Operational highlights

- **Customer base expansion in Hungary continued into Q1 2022: fixed broadband subscriptions rose by 7.3%, TV customers increased by 6.0% while the mobile SIM base rose by 5.0% year-on-year**
- **Hungarian fiber network penetration continued to rise, reaching almost 30% by end-March 2022**
- **Accelerated growth in mobile data usage was sustained with an 30% year-on-year increase; average monthly usage reached 8.7 GB in Q1 2022**
- **Strong focus on investment in fixed and mobile networks, vital to maintaining superior customer experience, continued in both countries of operation with accelerated fiber roll-out and RAN modernization**

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

*“Despite the fast-changing macroeconomic environment since the start of the year, Magyar Telekom maintained strong momentum across its business lines, delivering 8.4% revenue growth for the quarter. This positive trend was driven by successful expansion of our fixed and mobile customer bases, as well as the accelerated mobile data usage and strong demand for the gigabit capable network experience. We excelled at the latter thanks to our accelerated fiber rollout and RAN modernization in Hungary and North Macedonia, which form a key part of our customer-centric strategy.*

*During the quarter we deployed smart control and conservative approach on our operating expenses grew our gross profit and successfully closed the sale of Pan-Inform LLC, all of which allowed us to significantly increase our EBITDA AL year-on-year in Q1 2022.*

*Looking ahead, we remain strongly committed to continued delivery against our strategic objectives. Taking into account the increased level of uncertainty in our external environment, we maintain our targets for 2022 at present.”*

**Public targets**

	2021 Actual	Public guidance for 2022	Outlook for 2023-2024
Revenue	HUF 700.1 billion	1%-3% growth	moderate annual growth
EBITDA AL	HUF 216.3 billion	3%-5% growth	moderate annual growth
Capex AL <sup>1</sup>	HUF 109.3 billion	broadly stable	-
FCF <sup>1</sup>	HUF 56.2 billion	at least HUF 70 billion	moderate annual growth

<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 2021	Q1 2022	Change	Change (%)
Mobile revenue	90,391	101,145	10,754	11.9%
Fixed line revenue	53,812	57,581	3,769	7.0%
SI/IT revenue	18,096	17,138	(958)	(5.3%)
<b>Revenue</b>	<b>162,299</b>	<b>175,864</b>	<b>13,565</b>	<b>8.4%</b>
Direct costs	(69,168)	(74,966)	(5,798)	(8.4%)
<b>Gross profit</b>	<b>93,131</b>	<b>100,898</b>	<b>7,767</b>	<b>8.3%</b>
Indirect costs	(42,937)	(38,752)	4,185	9.7%
<b>EBITDA</b>	<b>50,194</b>	<b>62,146</b>	<b>11,952</b>	<b>23.8%</b>
Depreciation and amortization	(35,128)	(35,369)	(241)	(0.7%)
<b>Operating profit</b>	<b>15,066</b>	<b>26,777</b>	<b>11,711</b>	<b>77.7%</b>
Net financial result	(1,625)	(2,971)	(1,346)	(82.8%)
Share of associates' and joint ventures' results	-	26	26	n.a.
<b>Profit before income tax</b>	<b>13,441</b>	<b>23,832</b>	<b>10,391</b>	<b>77.3%</b>
Income tax	(3,380)	(4,490)	(1,110)	(32.8%)
<b>Profit for the period</b>	<b>10,061</b>	<b>19,342</b>	<b>9,281</b>	<b>92.2%</b>
Profit attributable to non-controlling interests	1,159	889	(270)	(23.3%)
<b>Profit attributable to owners of the parent</b>	<b>8,902</b>	<b>18,453</b>	<b>9,551</b>	<b>107.3%</b>

**Total revenue increased by 8.4% year-on-year to HUF 175.9 billion in Q1 2022** as strong growth in mobile data and fixed broadband revenue, coupled with higher equipment sales compensated for moderately lower voice and System Integration and IT ('SI/IT') revenue.

- **Mobile revenue rose by 11.9% year-on-year to HUF 101.1 billion in Q1 2022**, driven by growth in mobile data revenue and higher equipment sales which offset lower retail voice revenue at both countries of operation.
  - **Voice retail** revenue declined by 4.5% year-on-year to HUF 28.3 billion in Q1 2022 attributable to competition-driven price pressure coupled with the normalization of usage levels from an elevated base at both countries of operation that offset the positive impact of further expansion of the postpaid customer base.
  - **Voice wholesale** revenue decreased moderately year-on-year to HUF 3.1 billion in Q1 2022, reflecting elevated incoming mobile traffic level in Hungary in the base period due to pandemic related restrictions.
  - **Data** revenue rose by 23.6% year-on-year to HUF 33.7 billion in Q1 2022, driven primarily by continued growth in subscriber numbers as well as higher usage levels in both Hungary and North Macedonia while higher mobile payment revenue in Hungary also contributed to the increase.
  - **SMS** revenue increased by 8.9% year-on-year to HUF 6.2 billion in Q1 2022, driven by higher revenues from mass messaging as well as higher revenues from the increasing postpaid subscriber base in Hungary.
  - **Mobile equipment** revenue rose by 21.3% year-on-year, amounting to HUF 27.1 billion in Q1 2022, reflecting increased demand for higher value smartphones in Hungary and North Macedonia.
  - **Other mobile** revenue rose by 20.6% to HUF 2.9 billion in Q1 2022, driven by higher visitor revenues compared to last year's levels which were significantly affected by the pandemic.
- **Fixed line revenue increased by 7.0% year-on-year, to HUF 57.6 billion in Q1 2022** thanks to increases in fixed broadband and TV revenues driven by the customer base expansion at the Hungarian operation.
  - **Voice retail** revenue declined by 6.6% year-on-year to HUF 8.9 billion in Q1 2022, reflecting the continued slow decline in the Hungarian fixed voice customer base, lower usage levels and general price pressure, particularly within the business market in Hungary.

- **Broadband retail** revenues increased by 22.9% year-on-year to HUF 17.4 billion in Q1 2022, as the positive impact of the continued customer base expansion in both countries and continued migration to higher bandwidth packages in Hungary was further strengthened by the absence of the mandatory monthly fee allowance in place in Hungary in Q1 2021 for students and teachers to help with online education during the pandemic.
  - **TV** revenues were up 7.7% year-on-year to HUF 14.9 billion in Q1 2022, thanks to the further expansion of the IPTV subscriber base in both countries.
  - **Fixed equipment** revenues declined by 6.4% year-on-year to HUF 4.5 billion in Q1 2022, driven by lower sales volumes in Hungary coupled with a higher level of IFRS 15 standard related present value discount due to the rise in interest rates.
  - **Data retail** revenues were slightly up year-on-year, amounting to HUF 3.2 billion in Q1 2022 thanks to higher contribution from leased line fixed internet services at the Hungarian operation.
  - **Wholesale** revenues decreased marginally year-on-year, amounting to HUF 4.9 billion in Q1 2022, due to lower transit traffic as well as lower revenues from the resale of TV content in North Macedonia.
  - **Other fixed** line revenues rose by 9.8% year-on-year to HUF 3.8 billion in Q1 2022, reflecting positive impacts from items including higher late payment fees and increased interest in relation to the IFRS 15 standard related present value discount mentioned above.
- **System Integration (SI) and IT ('SI/IT')** revenues decreased by 5.3% to HUF 17.1 billion in Q1 2022 due to the absence of revenues that were formerly generated by Pan-Inform LLC and the lower revenue from public sector. The decrease of revenue in Hungarian operation was slightly offset by the double-digit increase in North Macedonia.

**Direct costs increased in line with revenues by 8.4% year-on-year to HUF 75.0 billion in Q1 2022**, attributable to higher equipment costs and roaming expenses.

- **Interconnect costs** increased moderately by 1.9% year-on-year to HUF 6.0 billion in Q1 2022, reflecting higher payments at the Hungarian operation to domestic mobile operators in relation to the elevated SMS traffic.
- **SI/IT service-related costs** increased by 2.4% year-on-year to HUF 12.7 billion in Q1 2022, driven by the changed composition of SI/IT projects in North Macedonia resulting in higher related costs and some one-off items at the Hungarian operation.
- **Bad debt expenses** decreased moderately to HUF 1.9 billion, reflecting similar tendencies during the first quarter of 2022 as we experienced during last year.
- **Telecom tax** declined by 2.1% year-on-year to HUF 6.6 billion in Q1 2022, driven by lower fixed and mobile voice traffic which offset the higher SMS traffic at the Hungarian operation.
- **Other direct costs** were up 13.4% year-on-year to HUF 47.7 billion in Q1 2022, driven by higher equipment costs and an increase in roaming outpayments driven by the easing of travel limitations compared to a year earlier.

**Gross profit improved by 8.3% year-on-year to HUF 100.9 billion in Q1 2022**, thanks to a higher contribution from telecommunication services, particularly data, at both countries of operation.

**Indirect costs improved by HUF 4.2 billion year-on-year, to HUF 38.8 billion in Q1 2022**, primarily reflecting the one-off gain on a subsidiary sale as well as lower employee-related expenses.

- **Employee-related expenses** were down by 4.4% year-on-year, amounting to HUF 18.4 billion in Q1 2022, reflecting different timing of bonus provisions, while the impact of the general wage increase was offset by the reduction in headcount.
- **Utility tax** was broadly unchanged year-on-year, amounting to HUF 7.3 billion in Q1 2022, reflecting the combined impact of an increase in the length of the taxable network (mostly due to expiring tax credits from network investments in 2016), offset by the positive effect of the tax credit relating to Magyar Telekom's new network investments and upgrades that enable internet access of at least 100 Mbps.
- **Other operating expenses** (excluding the utility tax) improved moderately year-on-year to HUF 17.1 billion in Q1 2022, as temporary increases in marketing expenses in Hungary and higher energy costs in North Macedonia were offset by savings in IT, network and real estate maintenance and repair costs at the Hungarian operation.
- **Other operating income** was up at HUF 4.1 billion in Q1 2022, driven by one-off profit realized on the sale of a Hungarian IT subsidiary, Pan-Inform LLC.

**EBITDA rose by 23.8% year-on-year to HUF 62.1 billion**, with **EBITDA AL improving by 26.4% year-on-year to HUF 55.8 billion in Q1 2022**, driven by the improvement in gross profit coupled with the one-off subsidiary sale gain.

**Depreciation and amortization ('D&A') expenses were broadly unchanged year-on-year at HUF 35.4 billion in Q1 2022**, as some increase driven by shortened useful life and accelerated depreciation in relation to RAN modernization in North Macedonia was offset by lower depreciation expenses at the Hungarian operation attributable to full copper network retirement in some areas of Hungary.

**Profit for the period rose by HUF 9.3 billion year-on-year to HUF 19.3 billion in Q1 2022**, reflecting higher EBITDA, partly offset by higher financial expenses and income taxes.

- **Net financial result** deteriorated from a loss of HUF 1.6 billion in Q1 2021 to a loss of HUF 3.0 billion in Q1 2022 driven by lower value of gains on the recognition of derivatives at fair value which outweighed the decline in interest expenses.
- **Income tax expenses** increased by HUF 1.1 billion to HUF 4.5 billion in Q1 2022, reflecting the year-on-year higher profit before tax.

**Profit attributable to non-controlling interests declined by HUF 0.3 billion year-on-year to HUF 0.9 billion in Q1 2022**, as higher operating expenses and depreciation offset the gross profit improvement and led to lower net income in North Macedonia.

### 2.1.2 Group Cash Flows

HUF millions	1-3 months 2021	1-3 months 2022	Change
Net cash generated from operating activities	25,713	36,283	10,570
Net cash used in investing activities	(29,854)	(32,310)	(2,456)
Less: (Payments for) / Proceeds from other financial assets	(4,979)	2,983	7,962
<b>Investing cash flow excluding Payments for / Proceeds from other financial assets - net</b>	<b>(34,833)</b>	<b>(29,327)</b>	<b>5,506</b>
Repayment of lease and other financial liabilities	(7,950)	(7,489)	461
<b>Total free cash flow</b>	<b>(17,070)</b>	<b>(533)</b>	<b>16,537</b>
(Payments for) / Proceeds from other financial assets - net	4,979	(2,983)	(7,962)
Proceeds from / Repayment of loans and other borrowings - net	11,931	1,758	(10,173)
Dividends paid to Owners of the parent and Non-controlling interests	-	-	-
Proceeds from corporate bonds	-	-	-
Treasury share purchase	-	-	-
Exchange differences on cash and cash equivalents	(37)	3	40
<b>Change in cash and cash equivalents</b>	<b>(197)</b>	<b>(1,755)</b>	<b>(1,558)</b>

**Free cash flow (FCF) improved to HUF 0.5 billion cash outflow in Q1 2022 (Q1 2021: HUF 17.1 billion cash outflow)**, mainly due to the reasons described below.

#### *Operating cash flow*

**Net cash generated from operating activities** amounted to a cash inflow of HUF 36.3 billion in Q1 2022, compared to cash inflow of HUF 25.7 billion in Q1 2021, attributable to the reasons outlined below:

- HUF 12.0 billion **positive impact due to higher EBITDA** in Q1 2022
- HUF 5.8 billion **negative change in active working capital**, mainly as a result of:
  - lower decrease in SI/IT receivables (negative impact: ca. HUF 2.5 billion) due to different project seasonality,
  - unfavorable change in net portfolio of installment receivables in Q1 2022 vs. Q1 2021 (negative impact: ca. HUF 1.8 billion) as a result of lower sales volume due to the lockdown caused by COVID-19 in 2021,
  - higher increase in the balance of telecommunication customer related trade receivables in Hungary (negative impact: ca. HUF 1.6 billion) mainly caused by unfavorable ageing of receivables,
  - unfavorable change in handset inventory balances (negative impact: ca. HUF 1.2 billion) mainly reflecting supply insecurity due to global shortage of raw materials (especially chip) caused by COVID-19 and consequences of Russian-Ukrainian war, as well as purchases at higher exchange rates,
  - favorable change in advance payment balances in Q1 2022 compared to Q1 2021 (positive impact: ca. HUF 1.2 billion).
- HUF 6.5 billion **positive change in passive working capital**, primarily driven by
  - lower payment of the SI/IT services in Q1 2022 compared to Q1 2021 (positive impact: ca. HUF 6.1 billion) due to different project seasonality,
  - higher payment to handset suppliers (negative impact: ca. HUF 3.1 billion) driven by timing differences in payments complemented with higher purchasing in 2022 in line with higher inventories,

- lower decline in the balances of invoiced and non-invoiced BAU trade creditors (positive impact: HUF 3.5 billion) due to different outpayment timing.
- HUF 1.5 billion **positive change of interest paid** in Q1 2022 compared to Q1 2021, reflecting the combined effect of lower loan related interest payment due to the maturity of a loan in Q1 2021 and temporarily lower payment of bank fee liabilities in Q1 2022
- HUF 3.4 billion **negative change in other non-cash items**, mainly due to the booking of one-off gain on sale of subsidiary Pan-Inform LLC (the support and development operations provided for central digital healthcare services in Hungary and for the related hospital information system) during Q1 2022

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

**Net cash used in investing activities** amounted to HUF 29.3 billion in Q1 2022, compared to HUF 34.8 billion in Q1 2021, with the lower cash outflow driven mainly by HUF 5.5 billion **positive effect** related to the sale of Pan-Inform LLC during Q1 2022

*Repayment of lease and other financial liabilities*

**Repayment of lease and other financial liabilities** improved to HUF 7.5 billion in Q1 2022 from HUF 8.0 billion in Q1 2021, mainly as the lower payment of different long-term supplier invoices more than offset the higher – mainly network related – lease payments.

In Q1 2022 **Cash and cash equivalents** recorded a HUF 1.8 billion negative change compared to a HUF 0.2 billion negative change in Q1 2021. Besides the changes in FCF the deterioration is attributable to the followings:

- **Payments for other financial assets - net** deteriorated by HUF 8.0 billion, primarily due to lower cash inflows from cross currency interest rate (CCIR) swap transactions. This change was supplemented by higher cash outflows from bank deposits over 3 months in net term.
- **Proceeds from loans and other borrowings** decreased by HUF 66.5 billion due to the lower drawdown of DT Group loans supplemented by the periodic decrease of proceeds from inhouse DT Group funds.
- **Repayments of loans and other borrowings** improved by HUF 56.3 billion due the lower repayment of DT Group loans and the periodic decrease of repayments of inhouse DT Group funds.

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, 2021 to March 31, 2022 (see Appendix 3.8) can be observed in the following lines:

- Trade receivables
- Other intangible assets
- Trade payables

**Trade receivables** decreased by HUF 8.7 billion from December 31, 2021 to March 31, 2022 mainly driven by the decrease of SI/IT receivables due to the regular annual project seasonality.

**Other intangible assets** decreased by HUF 8.2 billion from December 31, 2021 to March 31, 2022 due to the higher amount of depreciation recognized and lower level of investments in Other intangible assets.

**Trade payables** decreased by HUF 34.5 billion from December 31, 2021 to March 31, 2022, reflecting a decrease in outstanding balances to handset, SI/IT, Capex and OPEX suppliers.

There have not been any other material changes in the items of the Consolidated Statement of Financial Position in the period from December 31, 2021 to March 31, 2022. 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 2022 and the related explanations provided above in section 2.1.2 Group Cash Flows.



#### 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 provisions have 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 of 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 14.7 billion as at December 31, 2021. In January 2021, Magyar Telekom successfully participated in the auction procedure for the entitlements of frequency use of the 900 MHz and 1800 MHz frequency bands, the precondition of this was the issuance of additional guarantees. Due to the payment of the one-time spectrum fee in April 2022, these guarantees are not applicable at the time of publication of the quarterly financial report. 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 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 2022.

#### 2.1.6 Significant events

For any significant events that occurred between the end of the quarter (March 31, 2022) and the date publishing of this Interim 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 and T-Systems brands. Residential and Small and Medium sized business customers are served by the Telekom brand, while business customers (corporate and public sector customers) are served by the T-Systems 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

HUF millions	Q1 2021	Q1 2022	Change	Change (%)
Voice	28,626	27,993	(633)	(2.2%)
Non-voice	30,285	36,035	5,750	19.0%
Equipment	19,962	24,427	4,465	22.4%
Other mobile revenue	2,017	2,446	429	21.3%
<b>Mobile revenue</b>	<b>80,890</b>	<b>90,901</b>	<b>10,011</b>	<b>12.4%</b>
Voice retail	8,263	7,631	(632)	(7.6%)
Broadband - retail	12,923	16,134	3,211	24.8%
TV	12,434	13,430	996	8.0%
Equipment	4,702	4,407	(295)	(6.3%)
Other	9,708	10,192	484	5.0%
<b>Fixed line revenue</b>	<b>48,030</b>	<b>51,794</b>	<b>3,764</b>	<b>7.8%</b>
SI/IT revenue	17,590	16,563	(1,027)	(5.8%)
<b>Revenue</b>	<b>146,510</b>	<b>159,258</b>	<b>12,748</b>	<b>8.7%</b>
Direct costs	(64,210)	(69,687)	(5,477)	(8.5%)
<b>Gross profit</b>	<b>82,300</b>	<b>89,571</b>	<b>7,271</b>	<b>8.8%</b>
Indirect costs	(38,484)	(34,295)	4,189	10.9%
<b>EBITDA</b>	<b>43,816</b>	<b>55,276</b>	<b>11,460</b>	<b>26.2%</b>
EBITDA AL	37,995	49,198	11,203	29.5%
Segment Capex AL excl. spectrum licenses	18,452	18,948	496	2.7%
Spectrum licenses	83,075	-	(83,075)	n.m.

Operational statistics – access numbers	March 31 2021	March 31 2022	Change (%)
Number of SIM cards	5,456,138	5,726,858	5.0%
Postpaid share in total	63.8%	64.0%	n.a.
Total fixed voice access	1,334,441	1,323,222	(0.8%)
Total retail fixed broadband customers	1,342,192	1,440,162	7.3%
Total TV customers	1,256,161	1,331,843	6.0%

Operational statistics – ARPU (HUF)	Q1 2021	Q1 2022	Change (%)
Blended mobile ARPU	3,604	3,727	3.4%
Postpaid ARPU	5,094*	5,328	4.6%
Prepaid ARPU	1,102	1,180	7.1%
M2M ARPU	471	338	(28.3%)
Blended fixed voice ARPU	2,058	1,918	(6.8%)
Blended fixed broadband ARPU	3,228	3,721	15.3%
Blended TV ARPU	3,323	3,382	1.8%

\*corrected

**Total revenues for the MT-Hungary segment** increased by 8.7% year-on-year to HUF 159.3 billion in Q1 2022, reflecting continued strong customer demand for mobile data, broadband and TV services, as well as an increase in mobile equipment sales which together fully offset lower fixed and mobile voice revenues and the decline in SI/IT sales.

- **Mobile revenues** were up 12.4% year-on-year in Q1 2022 with growth primarily attributable to higher mobile data revenues and equipment sales. These positive developments were owing to the further expansion of the postpaid customer base, continued strong uptake of the mobile data service and significant rise in mobile data usage. Although average voice usage declined from a year earlier, when the pandemic related social distancing limitations led to elevated usage, the increasing mobile data traffic coupled with higher SMS usage led to overall improvement in both the prepaid and postpaid ARPU. Higher equipment sales were primarily attributable to higher average handset prices reflecting both general price increases as well as stronger demand for higher priced smartphones.
- **Fixed line revenues** grew by 7.8% year-on-year in Q1 2022 primarily driven by the continued growth in broadband revenues, reflecting successful monetization of the expanding gigabit network. Customer additions remained elevated with an increasing number of customers opting for high bandwidth packages, supporting positive ARPU development. This increase was further amplified by the absence of the mandatory monthly fee allowance in place in Hungary in Q1 2021 for students and teachers to help with online education during the pandemic. Growth in TV revenue remained mostly driven by the expanding IPTV customer base, while the success of the 'more-for-more' pricing led to some uplift in ARPU. These positive developments were somewhat offset by the decline in voice revenues, from a relatively elevated base, as described above.
- **SI/IT revenue** declined by 5.8% year-on-year in Q1 2022, reflecting to the absence of revenues that were formerly generated by Pan-Inform LLC and the lower revenue from public sector.

**Gross profit** rose by 8.8% year-on-year in Q1 2022, in line with the favorable service revenue trends.

**EBITDA** was up by 26.2% and **EBITDA AL** increased 29.5% year-on-year in Q1 2022, owing to the positive underlying performance, further indirect cost savings and the one-off gain realized in relation to the sale of the Pan-Inform LLC subsidiary.

**Capex AL excluding spectrum licenses** was moderately up year-on-year, amounting to HUF 18.9 billion, reflecting ongoing investments into the fiber rollout program and the continued strong progress in mobile network modernization.

**Spectrum license acquisitions** during Q1 2021 amounted to HUF 83.1 billion. These related to the 900 and 1800 MHz spectrum licenses awarded to Magyar Telekom at the auction held by the National Media and Infocommunications Authority in January 2021. This amount includes a HUF 43.5 billion spectrum fee paid at the beginning of April 2022.

**Outlook:** Looking ahead, there are significant uncertainties related to economic and business developments both in Hungary and worldwide, in addition to changes in the competitive landscape across the Hungarian telecommunication market. Magyar Telekom continuously monitors developments in its external environment and takes proactive steps to leverage opportunities and mitigate risks arising from such changes.

**2.2.2 North Macedonia**

HUF millions	Q1 2021	Q1 2022	Change	Change (%)
Voice	4,153	3,377	(776)	(18.7%)
Non-voice	2,650	3,833	1,183	44.6%
Equipment	2,348	2,625	277	11.8%
Other mobile revenue	350	409	59	16.9%
<b>Mobile revenue</b>	<b>9,501</b>	<b>10,244</b>	<b>743</b>	<b>7.8%</b>
Voice retail	1,229	1,232	3	0.2%
Broadband - retail	1,274	1,308	34	2.7%
TV	1,363	1,429	66	4.8%
Equipment	54	45	(9)	(16.7%)
Other	1,878	1,745	(133)	(7.1%)
<b>Fixed line revenue</b>	<b>5,798</b>	<b>5,759</b>	<b>(39)</b>	<b>(0.7%)</b>
SI/IT revenue	506	575	69	13.6%
<b>Revenue</b>	<b>15,805</b>	<b>16,578</b>	<b>773</b>	<b>4.9%</b>
Direct costs	(5,004)	(5,315)	(311)	(6.2%)
<b>Gross profit</b>	<b>10,801</b>	<b>11,263</b>	<b>462</b>	<b>4.3%</b>
Indirect costs	(3,854)	(4,481)	(627)	(16.3%)
<b>EBITDA</b>	<b>6,947</b>	<b>6,782</b>	<b>(165)</b>	<b>(2.4%)</b>
<b>EBITDA AL</b>	<b>6,725</b>	<b>6,529</b>	<b>(196)</b>	<b>(2.9%)</b>
Segment Capex AL excl. spectrum licenses	1,598	4,053	2,455	153.6%
Spectrum licenses	-	-	-	-

  

Operational statistics – access numbers	March 31 2021	March 31 2022	Change (%)
Number of mobile SIMs	1,089,287	1,213,465	11.4%
Postpaid share in total	47.3%	42.3%	n.a.
Total fixed voice access	221,958	223,860	0.9%
Total fixed retail broadband customers	193,104	198,360	2.7%
Total TV customers	143,328	145,949	1.8%

**Total revenue in North Macedonia** rose by 4.9% year-on-year to HUF 16.6 billion in Q1 2022 thanks to higher mobile data and mobile equipment revenues and increased SI/IT revenue. Revenue growth was partly offset by lower fixed wholesale revenue due to termination of a transit agreement.

- **Mobile revenues** rose by 7.8% year-on-year due to higher mobile data and mobile equipment revenues. This increase was partially offset by lower voice revenue driven by lower average usage levels. Furthermore, in line with the changing user habits towards higher data at the expense of voice usage, the way in which monthly subscription fees are recorded was revised, amplifying underlying changes in the impacted revenue lines.
- **Fixed line revenues** slightly decreased by 0.7% year-on-year, caused by the significant decline in wholesale revenues due to lower domestic incoming transit traffic revenue (as a result of the transit agreement termination) and international incoming traffic revenues. On the other hand, TV and broadband revenue increased further thanks to continued expansion in the multiplay customer base.
- **SI/IT revenues** increased by 13.6% year-on-year thanks to higher revenues from private cloud and system solution projects in Q1 2022.

**Gross profit** improved by 4.3% year-on-year to HUF 11.3 billion, in line with revenue growth.

**EBITDA** was lower by 2.4% and **EBITDA AL** by 2.9% year-on-year, respectively, in Q1 2022 as the moderate gross profit increase was counterbalanced by higher indirect costs mainly due to the energy price increase and higher IT license and network maintenance costs.



**CAPEX AL excluding spectrum licenses** rose year-on-year by 153.6% to HUF 4.1 billion mainly due to the higher investments related to RAN modernization project and the higher TV content capitalization.

**Outlook:** The Company remains committed to meeting surging demand for data services by maintaining and further improving quality infrastructure going forward. At the same time, competition is expected to intensify following the announcement by Telekom Srbija of its intentions to enter the North Macedonian mobile market in Q2 2022. High inflation, including rising energy prices, also represents a key risk factor for 2022. The Company intends to closely monitor market developments and adjust its strategy accordingly to both leverage opportunities and address any threats.

### 3. APPENDIX

#### 3.1. Basis of preparation

This condensed consolidated interim 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, 2021, which were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union. This consolidated interim financial information has not been audited. The statutory accounts for December 31, 2021 have been filed with the Budapest Stock Exchange and the Central Bank of Hungary.

The statutory accounts for December 31, 2021 were audited and the audit report was unqualified. It was approved by the shareholders on the Annual General Meeting on April 12, 2022.

In 2021, the global economic outlook started to improve thanks to the emergence of vaccinations, but the improving trend is overshadowed in 2022 by both domestic and international developments, amplified as a consequence of the negative economic effects of the Russian-Ukrainian war started in February 2022: inflationary pressures, fluctuation of forint exchange rate including weakening of the forint, rising energy prices and supply chain arrears due to limitations in global supply chain capacities. In addition to all of this, in 2022, the Group continues to meet the increased demand for connectivity through its network at a consistently high level.

During the preparation of the Q1 2022 interim financial report, continuing its recent quarterly practice, management updated its goodwill impairment test taking into account the latest available 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 in Q1 2022. Management continuously monitors the solvency of customers and, as a result of such assessment, management concluded that there was no need to recognize further allowance for bad debts in Q1 2022.

Management continuously monitors the recent progress in the Hungarian economic environment, particularly the macroeconomic tendencies, current market conditions, termination of the loan moratorium, potential economic consequences of the Russian-Ukrainian war, introduced sanctions related to the war and assesses their impact on the Group's operations. Altogether, management has not identified any events which would jeopardize the going concern of the Group's operations, furthermore, based on management's assessment of future cashflows, no major adverse changes are expected in the long term.

The principal accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated annual financial statements for the year ended December 31, 2021 with the following exception:

Pronouncement	Title	To be applied by Magyar Telekom from	Changes	Expected impact on the presentation of Magyar Telekom's results of operations and financial position
Amendments to IFRS 3; IAS 16; IAS 37 and Annual Improvements 2018-2020	Business Combinations; Property, Plant and Equipment; Provisions; Contingent Liabilities and Contingent Assets	Jan 1, 2022	Package of narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.	No material impact.

**3.2. Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income – quarterly year-on-year comparison**

(HUF millions, except per share amounts)	Q1 2021 (unaudited)	Q1 2022 (unaudited)	Change	Change (%)
Mobile revenue	90,391	101,145	10,754	11.9%
Fixed line revenue	53,812	57,581	3,769	7.0%
SI/IT revenue	18,096	17,138	(958)	(5.3%)
<b>Revenue</b>	<b>162,299</b>	<b>175,864</b>	<b>13,565</b>	<b>8.4%</b>
Interconnect costs	(5,926)	(6,038)	(112)	(1.9%)
SI/IT service related costs	(12,397)	(12,689)	(292)	(2.4%)
Bad debt expense	(2,038)	(1,944)	94	4.6%
Telecom tax	(6,775)	(6,633)	142	2.1%
Other direct costs	(42,032)	(47,662)	(5,630)	(13.4%)
<b>Direct costs</b>	<b>(69,168)</b>	<b>(74,966)</b>	<b>(5,798)</b>	<b>(8.4%)</b>
Employee-related expenses	(19,221)	(18,370)	851	4.4%
Depreciation and amortization	(35,128)	(35,369)	(241)	(0.7%)
Other operating expenses	(24,522)	(24,453)	69	0.3%
<b>Operating expenses</b>	<b>(148,039)</b>	<b>(153,158)</b>	<b>(5,119)</b>	<b>(3.5%)</b>
Other operating income	806	4,071	3,265	405.1%
<b>Operating profit</b>	<b>15,066</b>	<b>26,777</b>	<b>11,711</b>	<b>77.7%</b>
Interest income	68	154	86	126.5%
Interest expense	(3,570)	(3,414)	156	4.4%
Other finance expense - net	1,877	289	(1,588)	(84.6%)
<b>Net financial result</b>	<b>(1,625)</b>	<b>(2,971)</b>	<b>(1,346)</b>	<b>(82.8%)</b>
Share of associates' and joint ventures' results	-	26	26	n.a.
<b>Profit before income tax</b>	<b>13,441</b>	<b>23,832</b>	<b>10,391</b>	<b>77.3%</b>
Income tax	(3,380)	(4,490)	(1,110)	(32.8%)
<b>Profit for the period</b>	<b>10,061</b>	<b>19,342</b>	<b>9,281</b>	<b>92.2%</b>
<b>Other comprehensive income:</b>				
Items to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translating foreign operations	(360)	63	423	n.m.
Items not to be reclassified to profit or loss in subsequent periods:				
Revaluation of financial assets at FV OCI	65	80	15	23.1%
<b>Other comprehensive income for the year, net of tax</b>	<b>(295)</b>	<b>143</b>	<b>438</b>	<b>n.m.</b>
<b>Total comprehensive income for the period</b>	<b>9,766</b>	<b>19,485</b>	<b>9,719</b>	<b>99.5%</b>
<b>Profit attributable to:</b>				
Owners of the parent	8,902	18,453	9,551	107.3%
Non-controlling interests	1,159	889	(270)	(23.3%)
	<b>10,061</b>	<b>19,342</b>	<b>9,281</b>	<b>92.2%</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	8,692	18,548	9,856	113.4%
Non-controlling interests	1,074	937	(137)	(12.8%)
	<b>9,766</b>	<b>19,485</b>	<b>9,719</b>	<b>99.5%</b>
<b>Earnings per share (EPS) information:</b>				
Profit attributable to the owners of the Company	8,902	18,453		
Weighted average number of common stock outstanding used for basic/diluted EPS	1,020,759,796	996,965,004		
<b>Basic / diluted earnings per share (HUF)</b>	<b>8.72</b>	<b>18.51</b>	<b>9.79</b>	<b>112.3%</b>

**3.3. Revenue breakdown – quarterly year-on-year comparison**

(HUF millions)	Q1 2021	Q1 2022	Change	Change (%)
Voice retail	29,624	28,284	(1,340)	(4.5%)
Voice wholesale	3,155	3,086	(69)	(2.2%)
Data	27,258	33,683	6,425	23.6%
SMS	5,677	6,185	508	8.9%
Equipment	22,310	27,052	4,742	21.3%
Other mobile revenue	2,367	2,855	488	20.6%
<b>Mobile revenue</b>	<b>90,391</b>	<b>101,145</b>	<b>10,754</b>	<b>11.9%</b>
Voice retail	9,492	8,863	(629)	(6.6%)
Broadband retail	14,197	17,442	3,245	22.9%
TV	13,797	14,859	1,062	7.7%
Equipment	4,756	4,452	(304)	(6.4%)
Data retail	3,088	3,223	135	4.4%
Wholesale (voice, broadband, data)	4,988	4,904	(84)	(1.7%)
Other fixed line revenue	3,494	3,838	344	9.8%
<b>Fixed line revenue</b>	<b>53,812</b>	<b>57,581</b>	<b>3,769</b>	<b>7.0%</b>
SI/IT revenue	18,096	17,138	(958)	(5.3%)
<b>Revenue</b>	<b>162,299</b>	<b>175,864</b>	<b>13,565</b>	<b>8.4%</b>

**3.4. Operating expenses breakdown – quarterly year-on-year comparison**

(HUF millions)	Q1 2021	Q1 2022	Change	Change (%)
Direct costs	(69,168)	(74,966)	(5,798)	(8.4%)
Employee-related expenses	(19,221)	(18,370)	851	4.4%
Depreciation and amortization	(35,128)	(35,369)	(241)	(0.7%)
Other operating expenses	(24,522)	(24,453)	69	0.3%
<i>Of which utility tax</i>	<i>(7,252)</i>	<i>(7,328)</i>	<i>(76)</i>	<i>(1.0%)</i>
<b>Operating expenses</b>	<b>(148,039)</b>	<b>(153,158)</b>	<b>(5,119)</b>	<b>(3.5%)</b>



**3.5. Interim Consolidated Statements of Financial Position - Assets**

(HUF millions)	Dec 31, 2021 (unaudited)	Mar 31, 2022 (unaudited)	Change	Change (%)
<b>ASSETS</b>				
Cash and cash equivalents	13,463	11,708	(1,755)	(13.0%)
Trade receivables	158,187	149,495	(8,692)	(5.5%)
Other assets	8,431	9,390	959	11.4%
Other current financial assets	9,419	10,408	989	10.5%
Contract assets	20,745	22,176	1,431	6.9%
Current income tax receivable	1,318	1,763	445	33.8%
Inventories	18,053	20,579	2,526	14.0%
	<b>229,616</b>	<b>225,519</b>	<b>(4,097)</b>	<b>(1.8%)</b>
Assets held for sale	2,286	30	(2,256)	(98.7%)
<b>Total current assets</b>	<b>231,902</b>	<b>225,549</b>	<b>(6,353)</b>	<b>(2.7%)</b>
Property, plant and equipment	437,432	437,777	345	0.1%
Right-of-use assets	122,355	123,409	1,054	0.9%
Goodwill	212,513	212,713	200	0.1%
Other intangible assets	346,149	337,917	(8,232)	(2.4%)
Investments in associates and joint ventures	-	-	-	-
Deferred tax assets	125	127	2	1.6%
Trade receivables over one year	18,953	18,676	(277)	(1.5%)
Other non-current financial assets	20,183	23,362	3,179	15.8%
Contract assets	4,143	3,552	(591)	(14.3%)
Other non-current assets	6,916	7,152	236	3.4%
<b>Total non-current assets</b>	<b>1,168,769</b>	<b>1,164,685</b>	<b>(4,084)</b>	<b>(0.3%)</b>
<b>Total assets</b>	<b>1,400,671</b>	<b>1,390,234</b>	<b>(10,437)</b>	<b>(0.7%)</b>

**3.6. Interim Consolidated Statements of Financial Position – Liabilities and Equity**

(HUF millions)	Dec 31, 2021 (unaudited)	Mar 31, 2022 (unaudited)	Change	Change (%)
<b>LIABILITIES</b>				
Financial liabilities to related parties	38,087	40,452	2,365	6.2%
Lease liabilities	22,328	23,597	1,269	5.7%
Trade payables	142,031	107,488	(34,543)	(24.3%)
Other financial liabilities	55,426	56,346	920	1.7%
Current income tax payable	2,554	2,065	(489)	(19.1%)
Provisions	3,367	3,201	(166)	(4.9%)
Contract liabilities	12,238	11,351	(887)	(7.2%)
Other current liabilities	18,986	21,504	2,518	13.3%
	<b>295,017</b>	<b>266,004</b>	<b>(29,013)</b>	<b>(9.8%)</b>
Liabilities held for sale	350	-	(350)	(100.0%)
<b>Total current liabilities</b>	<b>295,367</b>	<b>266,004</b>	<b>(29,363)</b>	<b>(9.9%)</b>
Financial liabilities to related parties	90,405	90,557	152	0.2%
Lease liabilities	112,076	111,592	(484)	(0.4%)
Corporate bonds	68,215	68,294	79	0.1%
Other financial liabilities	109,231	107,722	(1,509)	(1.4%)
Deferred tax liabilities	16,888	17,660	772	4.6%
Provisions	12,714	13,113	399	3.1%
Contract liabilities	326	465	139	42.6%
Other non-current liabilities	2,474	2,367	(107)	(4.3%)
<b>Total non-current liabilities</b>	<b>412,329</b>	<b>411,770</b>	<b>(559)</b>	<b>(0.1%)</b>
<b>Total liabilities</b>	<b>707,696</b>	<b>677,774</b>	<b>(29,922)</b>	<b>(4.2%)</b>
<b>EQUITY</b>				
Common stock	104,275	104,275	0	0.0%
Capital reserves	27,379	27,379	0	0.0%
Treasury stock	(19,424)	(19,424)	0	0.0%
Retained earnings	509,473	527,926	18,453	3.6%
Accumulated other comprehensive income	31,192	31,287	95	0.3%
<b>Total equity of the owners of the parent</b>	<b>652,895</b>	<b>671,443</b>	<b>18,548</b>	<b>2.8%</b>
Non-controlling interests	40,080	41,017	937	2.3%
<b>Total equity</b>	<b>692,975</b>	<b>712,460</b>	<b>19,485</b>	<b>2.8%</b>
<b>Total liabilities and equity</b>	<b>1,400,671</b>	<b>1,390,234</b>	<b>(10,437)</b>	<b>(0.7%)</b>

**3.7. Interim Consolidated Statements of Cash Flows**

(HUF millions)	1-3 months 2021 (unaudited)	1-3 months 2022 (unaudited)	Change	Change (%)
<b>Cash flows from operating activities</b>				
Profit for the period	10,061	19,342	9,281	92.2%
Depreciation and amortization	35,128	35,369	241	0.7%
Income tax expense	3,380	4,490	1,110	32.8%
Net financial result	1,625	2,971	1,346	82.8%
Share of associates' and joint ventures' result	-	(26)	(26)	n.a.
Change in assets carried as working capital	10,249	4,495	(5,754)	(56.1%)
Change in provisions	791	141	(650)	(82.2%)
Change in liabilities carried as working capital	(25,580)	(19,080)	6,500	25.4%
Income tax paid	(5,072)	(4,664)	408	8.0%
Dividend received	-	-	-	-
Interest and other financial charges paid	(4,958)	(3,506)	1,452	29.3%
Interest received	74	181	107	144.6%
Other non-cash items	15	(3,430)	(3,445)	n.m.
<b>Net cash generated from operating activities</b>	<b>25,713</b>	<b>36,283</b>	<b>10,570</b>	<b>41.1%</b>
<b>Cash flows from investing activities</b>				
Payments for property plant and equipment (PPE) and intangible assets	(35,784)	(35,183)	601	1.7%
Proceeds from disposal of PPE and intangible assets	951	356	(595)	(62.6%)
Payments for subsidiaries and business units	-	-	-	-
Cash acquired through business combinations	-	-	-	-
Proceeds from disposal of subsidiaries and business units	-	5,500	5,500	n.a.
Payments for other financial assets	(51)	(1,930)	(1,879)	n.m.
Proceeds from other financial assets	5,030	(1,053)	(6,083)	n.m.
Payments for interests in associates and joint ventures	-	-	-	-
<b>Net cash used in investing activities</b>	<b>(29,854)</b>	<b>(32,310)</b>	<b>(2,456)</b>	<b>(8.2%)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to Owners of the parent and Non-controlling interests	-	-	-	-
Proceeds from loans and other borrowings	83,370	16,912	(66,458)	(79.7%)
Repayment of loans and other borrowings	(71,439)	(15,154)	56,285	78.8%
Proceeds from corporate bonds	-	-	-	-
Repayment of lease and other financial liabilities	(7,950)	(7,489)	461	5.8%
Treasury share purchase	-	-	-	-
<b>Net cash used in financing activities</b>	<b>3,981</b>	<b>(5,731)</b>	<b>(9,712)</b>	<b>n.m.</b>
Exchange differences on cash and cash equivalents	(37)	3	40	n.m.
<b>Change in cash and cash equivalents</b>	<b>(197)</b>	<b>(1,755)</b>	<b>(1,558)</b>	<b>n.m.</b>
Cash and cash equivalents, beginning of period	14,689	13,463	(1,226)	(8.3%)
<b>Cash and cash equivalents, end of period</b>	<b>14,492</b>	<b>11,708</b>	<b>(2,784)</b>	<b>(19.2%)</b>

**3.8. Net debt reconciliation to changes in Statements of Cash Flows**

HUF millions	Opening Balance at Jan 1, 2022	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, 2022	
						Proceeds from loans and borrowings	Repayment of loans and other borrowings	Proceeds from bonds		Repayment of other financial liability
Related party loans	128,472	-	183	206	-	16,912	(15,154)	-	-	130,619
Derivatives from related parties	20	-	-	606	(236)	-	-	-	-	390
Spectrum fee payable	156,082	-	(828)	1,316	-	-	-	(1,208)	-	155,362
Bonds	68,215	-	-	79	-	-	-	-	-	68,294
Lease liabilities	134,404	-	(1,394)	7,427	-	-	-	(5,248)	-	135,189
Debtors overpayment	1,394	-	(118)	-	-	-	-	-	-	1,276
Contingent consideration	150	-	-	-	-	-	-	-	-	150
Other financial liabilities	7,031	-	(13)	1,295	-	-	-	(1,033)	-	7,280
- Less cash and cash equivalent	(13,463)	1,755	-	-	-	-	-	-	-	(11,708)
- Less other current financial assets	(9,419)	-	(286)	500	(1,203)	-	-	-	-	(10,408)
<b>Net debt</b>	<b>472,886</b>	<b>1,755</b>	<b>(2,456)</b>	<b>11,429</b>	<b>(1,439)</b>	<b>16,912</b>	<b>(15,154)</b>	<b>(7,489)</b>	<b>-</b>	<b>476,444</b>
Treasury share purchase	-	-	-	-	-	-	-	-	-	-
Dividends paid to Owners of the parent and Non-controlling interest	-	-	-	-	-	-	-	-	-	-
<b>Net Cash used in financing activities</b>										<b>(5,731)</b>

**3.9. Interim Consolidated Statements of Changes in Equity**

	HUF millions									
	pieces	Capital reserves		Treasury stock	Retained earnings	Accumulated Other Comprehensive Income		Equity of the owners of the parent	Non-controlling interests	Total Equity
		Common stock	Additional paid in capital			Reserve for equity settled share-based transactions	Cumulative translation adjustment			
<b>Balance at January 1, 2021</b>	<b>1,042,742,543</b>	<b>104,275</b>	<b>27,379</b>	<b>-</b>	<b>465,787</b>	<b>30,242</b>	<b>210</b>	<b>618,684</b>	<b>39,043</b>	<b>657,727</b>
Dividend declared to Owners of the parent	-	-	-	-	-	-	-	-	-	-
Dividend declared to Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Treasury share purchase	-	-	-	-	-	-	-	-	-	-
<b>Transactions with owners in their capacity as owners</b>										
Other comprehensive income	-	-	-	-	-	(245)	35	(210)	(85)	(295)
Profit or loss	-	-	-	-	8,902	-	-	8,902	1,159	10,061
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2021</b>	<b>1,042,742,543</b>	<b>104,275</b>	<b>27,379</b>	<b>(9,209)</b>	<b>474,689</b>	<b>29,997</b>	<b>245</b>	<b>627,376</b>	<b>40,117</b>	<b>667,493</b>
Dividend declared to Owners of the parent	-	-	-	-	(15,311)	-	-	(15,311)	-	(15,311)
Dividend declared to Non-controlling interests	-	-	-	-	-	-	-	-	(3,479)	(3,479)
Treasury share purchase	-	-	-	-	-	(10,215)	-	(10,215)	-	(10,215)
<b>Transactions with owners in their capacity as owners</b>										
Other comprehensive income	-	-	-	-	-	762	188	950	751	1,701
Profit or loss	-	-	-	-	50,095	-	-	50,095	2,691	52,786
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-
<b>Balance at December 31, 2021</b>	<b>1,042,742,543</b>	<b>104,275</b>	<b>27,379</b>	<b>(19,424)</b>	<b>509,473</b>	<b>30,759</b>	<b>433</b>	<b>652,895</b>	<b>40,080</b>	<b>692,975</b>
Dividend declared to Owners of the parent	-	-	-	-	-	-	-	-	-	-
Dividend declared to Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Treasury share purchase	-	-	-	-	-	-	-	-	-	-
<b>Transactions with owners in their capacity as owners</b>										
Other comprehensive income	-	-	-	-	-	49	46	95	48	143
Profit or loss	-	-	-	-	18,453	-	-	18,453	889	19,342
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-
<b>Balance at March 31, 2022</b>	<b>1,042,742,543</b>	<b>104,275</b>	<b>27,379</b>	<b>(19,424)</b>	<b>527,926</b>	<b>30,808</b>	<b>479</b>	<b>671,443</b>	<b>41,017</b>	<b>712,460</b>
Of which treasury stock	(45,777,539)	-	-	-	-	-	-	-	-	-
<b>Shares of common stock outstanding</b>	<b>996,965,004</b>									

**3.10. Exchange rate information**

	Q1 2021	Q1 2022	Change (%)
HUF/EUR beginning of period	365.13	369.00	1.1%
HUF/EUR period-end	363.73	369.62	1.6%
HUF/EUR cumulative monthly average	361.32	365.74	1.2%
HUF/MKD beginning of period	5.92	5.99	1.2%
HUF/MKD period-end	5.90	5.99	1.5%
HUF/MKD cumulative monthly average	5.86	5.93	1.2%

**3.11. Segment information**

HUF millions	Q1 2021	Q1 2022
Total MT-Hungary revenue	146,510	159,258
Less: MT-Hungary revenue from other segments	(32)	(28)
<b>MT-Hungary revenue from external customers</b>	<b>146,478</b>	<b>159,230</b>
Total North Macedonia revenue	15,805	16,578
Less: North Macedonia revenue from other segments	(14)	(13)
<b>North Macedonia revenue from external customers</b>	<b>15,791</b>	<b>16,565</b>
Total consolidated revenue of the segments	162,269	175,795
Measurement differences to Group revenue	30	69
<b>Total revenue of the Group</b>	<b>162,299</b>	<b>175,864</b>
<b>Segment results (EBITDA)</b>		
Hungary	43,816	55,276
North Macedonia	6,947	6,782
<b>Total EBITDA of the segments</b>	<b>50,763</b>	<b>62,058</b>
Measurement differences to Group EBITDA	(569)	88
<b>Total EBITDA of the Group</b>	<b>50,194</b>	<b>62,146</b>

**3.12. Fair value of financial instruments – financial assets**

March 31, 2022 HUF millions	Financial assets				Carrying amount	Fair value
	Amortized cost	FVOCI (Level 1)	FVTPL (Level 2)	FVTPL (Level 3)		
Cash and cash equivalents	11,708	-	-	-	11,708	11,708
Bank deposits with original maturities over 3 months	5,862	-	-	-	5,862	5,862
Trade receivables	149,495	-	-	-	149,495	149,495
Trade receivables over 1 year	18,676	-	-	-	18,676	17,102
Derivative financial instruments contracted with related parties	-	-	20,251	-	20,251	20,251
Finance lease receivable	847	-	-	-	847	800
Equity instruments	-	1,380	-	1,149	2,529	2,529
Receivables from asset-related grants	2,810	-	-	-	2,810	2,810
Other current receivables	782	-	-	-	782	782
Other non-current receivables	689	-	-	-	689	626
<b>Total</b>	<b>190,869</b>	<b>1,380</b>	<b>20,251</b>	<b>1,149</b>	<b>213,649</b>	<b>211,965</b>

December 31, 2021 HUF millions	Financial assets				Carrying amount	Fair value
	Amortized cost	FVOCI (Level 1)	FVTPL (Level 2)	FVTPL (Level 3)		
Cash and cash equivalents	13,463	-	-	-	13,463	13,463
Bank deposits with original maturities over 3 months	4,061	-	-	-	4,061	4,061
Trade receivables	158,187	-	-	-	158,187	158,187
Trade receivables over 1 year	18,953	-	-	-	18,953	17,799
Derivative financial instruments contracted with related parties	-	-	16,715	-	16,715	16,715
Finance lease receivable	896	-	-	-	896	881
Equity instruments	-	1,292	-	1,181	2,473	2,473
Receivables from asset-related grants	3,507	-	-	-	3,507	3,507
Other current receivables	1,220	-	-	-	1,220	1,220
Other non-current receivables	730	-	-	-	730	979
<b>Total</b>	<b>201,017</b>	<b>1,292</b>	<b>16,715</b>	<b>1,181</b>	<b>220,205</b>	<b>219,285</b>

**3.13. Fair value of financial instruments – financial liabilities**

March 31, 2022 HUF millions	Financial liabilities			Carrying amount	Fair value
	Measured at amortized cost	FVTPL (Level 2)	FVTPL (Level 3)		
Financial liabilities to related parties	130,619	390	-	131,009	131,009
Trade payables	107,488	-	-	107,488	107,488
Frequency fee payable	155,362	-	-	155,362	133,396
Bonds	68,294	-	-	68,294	54,297
Lease liabilities	135,189	-	-	135,189	126,288
Debtors overpayment	1,276	-	-	1,276	1,276
Contingent consideration	-	-	150	150	150
Other current	4,768	-	-	4,768	4,768
Other non-current	2,357	-	155	2,512	2,535
<b>Total</b>	<b>605,353</b>	<b>390</b>	<b>305</b>	<b>606,048</b>	<b>561,207</b>

December 31, 2021 HUF millions	Financial liabilities			Carrying amount	Fair value
	Measured at amortized cost	FVTPL (Level 2)	FVTPL (Level 3)		
Financial liabilities to related parties	128,472	20	-	128,492	128,492
Trade payables	142,031	-	-	142,031	142,031
Frequency fee payable	156,082	-	-	156,082	145,425
Bonds	68,215	-	-	68,215	58,070
Lease liabilities	134,404	-	-	134,404	132,003
Debtors overpayment	1,394	-	-	1,394	1,394
Contingent consideration	-	-	150	150	150
Other current	4,123	-	-	4,123	4,123
Other non-current	2,764	-	144	2,908	2,961
<b>Total</b>	<b>637,485</b>	<b>20</b>	<b>294</b>	<b>637,799</b>	<b>614,649</b>

**3.14. EBITDA reconciliation**

(HUF millions)	Q1 2021 MT Group	Q1 2021 MT-Hungary	Q1 2021 North Macedonia	Q1 2022 MT Group	Q1 2022 MT-Hungary	Q1 2022 North Macedonia
EBITDA	50,194	43,816	6,947	62,146	55,276	6,782
IFRS 16 related D&A	(4,585)	(4,392)	(193)	(4,937)	(4,714)	(223)
IFRS 16 related Interest	(1,458)	(1,429)	(29)	(1,394)	(1,364)	(30)
<b>EBITDA after lease</b>	<b>44,151</b>	<b>37,995</b>	<b>6,725</b>	<b>55,815</b>	<b>49,198</b>	<b>6,529</b>

**3.15. Capex from Interim Consolidated Statements of Cash Flows**

(HUF millions)	1-3 months 2021 MT Group	1-3 months 2022 MT Group
Payments for PPE and intangible assets	35,784	35,183
Less spectrum payments	-	-
<b>Payments for PPE and intangible assets excl. spectrum payments</b>	<b>35,784</b>	<b>35,183</b>
+/- Cash adjustments	(15,731)	(12,182)
<b>Capex AL excl. spectrum</b>	<b>20,053</b>	<b>23,001</b>
ROU capex	2,984	6,294
Spectrum capex	83,075	-
<b>Capex</b>	<b>106,112</b>	<b>29,295</b>

**3.16. Capex from Interim Consolidated Statements of Financial Position**

(HUF millions)	Q1 2021 MT Group	Q1 2021 MT-Hungary	Q1 2021 North Macedonia	Q1 2022 MT Group	Q1 2022 MT-Hungary	Q1 2022 North Macedonia
Capex AL excl. spectrum licenses	20,053	18,455	1,598	23,001	18,948	4,053
ROU capex	2,984	2,849	135	6,294	6,136	158
Spectrum capex	83,075	83,075	-	-	-	-
<b>Capex</b>	<b>106,112</b>	<b>104,379</b>	<b>1,733</b>	<b>29,295</b>	<b>25,084</b>	<b>4,211</b>





#### 4. DECLARATION

We the undersigned declare that to the best of our knowledge this report prepared in accordance with International Financial Reporting Standards (IFRS) 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 of the financial year.

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 11, 2022

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, 2021, available on our website at <http://www.telekom.hu> which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.