

**MAGYAR TELEKOM**

**QUARTERLY FINANCIAL REPORT**

**ANALYSIS OF THE FINANCIAL STATEMENTS FOR THE  
FOURTH QUARTER ENDED DECEMBER 31, 2021**

Budapest – February 23, 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 fourth quarter and full year of 2021, in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU (hereinafter: quarterly financial report). The quarterly financial report contains unaudited figures for each reporting period.

## 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 .....	9
2.1.4 Related party transactions .....	9
2.1.5 Contingencies and commitments.....	9
2.1.6 Significant events.....	10
2.2. Segment reports .....	10
2.2.1 MT-Hungary .....	11
2.2.2 North Macedonia.....	12
3. APPENDIX .....	14
3.1. Basis of preparation .....	14
3.2. Consolidated Statements of Profit or Loss and Other Comprehensive Income – quarterly year-on-year comparison .....	16
3.3. Consolidated Statements of Profit or Loss and Other Comprehensive Income – year-to-date comparison .....	17
3.4. Revenue breakdown – quarterly year-on-year comparison .....	18
3.5. Revenue breakdown – year-to-date comparison .....	18
3.6. Operating expenses breakdown – quarterly year-on-year comparison.....	19
3.7. Operating expenses breakdown – year-to-date comparison.....	19
3.8. Consolidated Statements of Financial Position - Assets .....	20
3.9. Consolidated Statements of Financial Position – Liabilities and Equity .....	21
3.10. Consolidated Statements of Cash Flows .....	22
3.11. Net debt reconciliation to changes in Statements of Cash Flows .....	23
3.12. Consolidated Statements of Changes in Equity.....	24
3.13. Exchange rate information .....	25
3.14. Segment information .....	25
3.15. Fair value of financial instruments – financial assets .....	26
3.16. Fair value of financial instruments – financial liabilities .....	26
3.17. EBITDA reconciliation .....	27
3.18. Capex from Consolidated Statements of Cash Flows .....	27
3.19. Capex from Consolidated Statements of Financial Position .....	27
4. DECLARATION .....	28

<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)	Q4 2020	Q4 2021	Change (%)	1-12 months 2020	1-12 months 2021	Change (%)
Revenue	188,875	193,592	2.5%	673,048	700,120	4.0%
Operating profit	25,931	25,666	(1.0%)	84,824	92,809	9.4%
<b>Profit attributable to:</b>						
Owners of the parent	14,810	18,718	26.4%	42,364	58,997	39.3%
Non-controlling interests	1,155	122	(89.4%)	3,953	3,850	(2.6%)
	<b>15,965</b>	<b>18,840</b>	<b>18.0%</b>	<b>46,317</b>	<b>62,847</b>	<b>35.7%</b>
Gross profit	97,943	97,151	(0.8%)	375,560	388,429	3.4%
EBITDA	62,617	64,931	3.7%	225,882	240,771	6.6%
EBITDA AL	56,636	58,581	3.4%	202,625	216,263	6.7%
Free cash flow				15,272	55,168	261.2%
Free cash flow excl. spectrum licenses				69,512	56,245	(19.1%)
Capex after lease	31,060	38,943	25.4%	197,631	193,432	(2.1%)
Capex after lease excl. spectrum licenses	31,060	37,866	21.9%	106,049	109,280	3.0%
Number of employees (closing full equivalent)				7,132	6,786	(4.9%)
				<b>Dec 31, 2020</b>	<b>Dec 31, 2021</b>	<b>Change (%)</b>
Net debt				417,433	472,886	13.3%
Net debt / EBITDA				1.85	1.96	n.a.

- Group revenue grew by 2.5% year-on-year in Q4 2021, thanks to further increases in mobile data and fixed broadband resulting in an annual 4.0% increase in group revenues
- Gross profit was moderately lower year-on-year in Q4 2021 as revenue expansion was counterbalanced by one-off bad debt impairment.
- EBITDA AL was up 3.4% year-on-year Q4 2021 and 6.7% in 2021 reflecting strong market momentum coupled with efficient cost control
- Capex AL excluding spectrum licenses rose strongly year-on-year in Q4 2021 mostly driven by network investments and amounted to HUF 109.3 billion in full year 2021
- Free cash flow excl. spectrum licenses (i.e. without one-time spectrum license fees) amounted to HUF 56.2 billion for 2021, with year-on-year decline driven by higher investment spending and less favorable working capital developments
- Magyar Telekom's Board of Directors proposes for approval to the General Meeting a total dividend payment of HUF 15.0 billion for the 2021 financial year. In addition, the Board also targets a share buyback program of up to HUF 14.6 billion which is to result in an overall shareholder remuneration of up to HUF 29.6 billion.

### Operational highlights

- During 2021, we managed to increase our Hungarian gigabit capable fixed network by over 440 thousand access points allowing for gigabit speed on 69% of our footprint
- Average monthly mobile data consumption amongst Hungarian customers continued to rise sharply, recording again an increase of over 30% year-on-year
- Mobile radio network modernization program was launched in North Macedonia as well to allow for improving quality and increasing capacity of the network and prepare for the launch of 5G services
- Magyar Telekom's 'AA' ESG rating was reaffirmed at MSCI

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

*“Our performance in 2021 demonstrates the success with which we addressed the external challenges arising from the Covid-19 pandemic. Thanks to our efforts to respond promptly to rapidly changing consumer needs, we continued to provide enhanced quality of service and additional support to our customers throughout the year. Considerable ongoing investment in our networks has enabled Magyar Telekom to provide sought-after seamless connectivity. As a result, an increasing number of clients chose Magyar Telekom as their preferred telecommunication provider, allowing us to deliver year-on-year revenue and EBITDA AL growth of 4.0% and 6.7%, respectively, ahead of our targets for the year. Our strong investment in the business is reflected in moderately higher Capex versus our initial targets. This, coupled with temporary unfavorable working capital developments, resulted in a lower than expected free cash flow of HUF 56.2 billion.*

*Looking ahead, we expect to sustain this positive commercial momentum in 2022, which is likely to lead to revenue growth of 1% to 3%, with EBITDA AL growing by 3% to 5%, supported by cost control measures. Network quality remains a significant differentiator for the Company and to preserve this, we intend to maintain the steady pace of our fiber roll-out and mobile network modernization program. As a result, investment levels are expected to remain broadly stable year-on-year. Free cash flow, excluding spectrum license payments, is forecast to increase to at least HUF 70 billion in 2022, thanks to positive trends in EBITDA AL and working capital.”*

**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)	Q4 2020	Q4 2021	Change	Change (%)	1-12 months 2020	1-12 months 2021	Change	Change (%)
Mobile revenue	97,909	107,059	9,150	9.3%	364,589	389,387	24,798	6.8%
Fixed line revenue	57,957	58,618	661	1.1%	219,004	223,865	4,861	2.2%
SI/IT revenue	33,009	27,915	(5,094)	(15.4%)	89,455	86,868	(2,587)	(2.9%)
<b>Revenue</b>	<b>188,875</b>	<b>193,592</b>	<b>4,717</b>	<b>2.5%</b>	<b>673,048</b>	<b>700,120</b>	<b>27,072</b>	<b>4.0%</b>
Direct costs	(90,932)	(96,441)	(5,509)	(6.1%)	(297,488)	(311,691)	(14,203)	(4.8%)
<b>Gross profit</b>	<b>97,943</b>	<b>97,151</b>	<b>(792)</b>	<b>(0.8%)</b>	<b>375,560</b>	<b>388,429</b>	<b>12,869</b>	<b>3.4%</b>
Indirect costs	(35,326)	(32,220)	3,106	8.8%	(149,678)	(147,658)	2,020	1.3%
<b>EBITDA</b>	<b>62,617</b>	<b>64,931</b>	<b>2,314</b>	<b>3.7%</b>	<b>225,882</b>	<b>240,771</b>	<b>14,889</b>	<b>6.6%</b>
Depreciation and amortization	(36,686)	(39,265)	(2,579)	(7.0%)	(141,058)	(147,962)	(6,904)	(4.9%)
<b>Operating profit</b>	<b>25,931</b>	<b>25,666</b>	<b>(265)</b>	<b>(1.0%)</b>	<b>84,824</b>	<b>92,809</b>	<b>7,985</b>	<b>9.4%</b>
Net financial result	(6,230)	(2,526)	3,704	59.5%	(23,846)	(13,696)	10,150	42.6%
Share of associates' and joint ventures' results	-	-	-	n.a.	(66)	-	66	100.0%
<b>Profit before income tax</b>	<b>19,701</b>	<b>23,140</b>	<b>3,439</b>	<b>17.5%</b>	<b>60,912</b>	<b>79,113</b>	<b>18,201</b>	<b>29.9%</b>
Income tax	(3,736)	(4,300)	(564)	(15.1%)	(14,595)	(16,266)	(1,671)	(11.4%)
<b>Profit for the period</b>	<b>15,965</b>	<b>18,840</b>	<b>2,875</b>	<b>18.0%</b>	<b>46,317</b>	<b>62,847</b>	<b>16,530</b>	<b>35.7%</b>
Profit attributable to non-controlling interests	1,155	122	(1,033)	(89.4%)	3,953	3,850	(103)	(2.6%)
<b>Profit attributable to owners of the parent</b>	<b>14,810</b>	<b>18,718</b>	<b>3,908</b>	<b>26.4%</b>	<b>42,364</b>	<b>58,997</b>	<b>16,633</b>	<b>39.3%</b>

**Total revenue increased by 2.5% year-on-year to HUF 193.6 billion in Q4 2021**, or 4.0% year-on-year to HUF 700.1 billion for the full year, primarily driven by increases in telecommunication service revenue, particularly mobile data which offset the lower System Integration and IT (SI/IT) sales in both countries of operation.

- **Mobile revenue increased by 9.3% year-on-year to HUF 107.1 billion in Q4 2021**, driven by further growth in mobile data and SMS revenue, coupled with an increase in equipment sales in Hungary.
  - **Voice retail** revenue was down by 4.6% year-on-year to HUF 29.2 billion in Q4 2021, as a result of lower average prices and lower North Macedonian usage levels which offset the positive impact of the expanding customer bases.
  - **Voice wholesale** revenue increased by 2.1% year-on-year to HUF 3.2 billion in Q4 2021, reflecting higher incoming mobile traffic in Hungary.
  - **Data** revenue rose by 19.0% year-on-year to HUF 31.4 billion during the quarter, driven by a combination of strong growth in subscriber numbers and further increases in usage levels in both countries.
  - **SMS** revenue was up by 19.6% year-on-year to HUF 6.4 billion in Q4 2021, reflecting a strong rise in mass SMS volumes in Hungary and higher revenue from the expanding postpaid subscriber base in both countries.
  - **Mobile equipment** revenue rose by 15.6% year-on-year to HUF 34.6 billion in Q4 2021 driven by higher average handset prices and sales volumes in Hungary, coupled with an increase in third party export sales.
  - **Other mobile** revenue decreased by 9.8% to HUF 2.2 billion during the period, driven by lower late payment revenue in Hungary.
- **Fixed line revenue increased by 1.1% year-on-year, to HUF 58.6 billion in Q4 2021** as improvements in broadband and TV revenue offset the decline in voice revenue and lower equipment sales.
  - **Voice retail** revenue declined by 5.8% year-on-year to HUF 9.2 billion during the period, as usage levels normalized, especially among enterprise customers in Hungary, partly compensated by one-off revenue from compensations to universal service providers in North Macedonia.

- **Broadband retail** revenue increased by 14.8% year-on-year to HUF 16.9 billion, as a result of strong growth in the customer base, particularly in Hungary, and the upward trend in Hungarian ARPU, reflecting a strong shift in customer demand towards higher bandwidth packages.
- **TV** revenue was up 7.7% year-on-year to HUF 14.5 billion in Q4 2021, primarily driven by further expansion of the IPTV subscriber base in both countries.
- **Fixed equipment** revenue declined by 19.0% year-on-year to HUF 5.9 billion, largely as a consequence of fewer equipment sales transactions in Hungary, reflecting a very strong performance in the base period.
- **Data retail** revenue was broadly stable year-on-year, amounting to HUF 3.2 billion in Q4 2021 as general competition-driven price pressure offset the higher contribution from leased line fixed internet services in both countries.
- **Wholesale** revenue continued to increase year-on-year, amounting to HUF 5.1 billion for the period, driven by higher wholesale data revenues.
- **Other fixed line** revenue was 16.4% lower year-on-year at HUF 3.8 billion in Q4 2021, reflecting lower media and content related revenues in Hungary.
- **System Integration and IT revenue was lower by 15.4% year-on-year to HUF 27.9 billion in Q4 2021** and declined moderately by 2.9% to HUF 86.9 billion for the full year 2021. Quarterly performance reflects different seasonal patterns in Hungarian project revenue with year-on-year lower revenues in the fourth quarter, coupled with the absence of major customized solution projects in North Macedonia.

**Direct costs increased by 6.1% year-on-year to HUF 96.4 billion in Q4 2021**, and by 4.8% year-on-year to HUF 311.7 billion for the full year, largely driven by higher bad debt and equipment expenses.

- **Interconnect costs** increased by 8.0% year-on-year to HUF 6.3 billion in Q4 2021, primarily reflecting a combination of higher off-network mobile voice and SMS traffic in Hungary, which resulted in higher payments to domestic mobile operators.
- **SI/IT service-related costs** declined year-on-year in line with revenue and amounted to HUF 20.3 billion in Q4 2021.
- **Bad debt expenses** were up by HUF 2.7 billion at HUF 5.2 billion in Q4 2021 due to a forward-looking impairment recognized in the amount of HUF 3.2 billion at the Hungarian operation, reflecting a possible deterioration of the solvency of customers, driven by unfavorable macroeconomic tendencies and the impacts of the termination of a loan moratorium in Hungary expected for mid-2022, coupled with higher write-off in North Macedonia. This offset the positive impact of favorable aging of receivables at the Hungarian operation.
- **Telecom tax** remained stable year-on-year, amounting to HUF 6.7 billion for the period, reflecting the combined impact of declining fixed but increasing mobile traffic.
- **Other direct costs** were up 11.1% year-on-year to HUF 57.9 billion in Q4 2021, primarily driven by higher equipment costs coupled with increased roaming and TV outpayments, with the latter reflecting the expanding TV customer base.

**Gross profit was down 0.8% year-on-year to HUF 97.2 billion in Q4 2021** as one-off bad debt provision counterbalanced positive organic performance. Nevertheless, gross profit for the full year improved by 3.4% year-on-year to HUF 388.4 billion thanks to the increasing contribution of telecommunication services in both countries.

**Indirect costs were lower by 8.8% year-on-year at HUF 32.2 billion in Q4 2021**, and by 1.3% year-on-year at HUF 147.7 billion for the full year, thanks to lower employee related expenses which offset the lower level of other operating income.

- **Employee-related expenses** declined by HUF 4.6 billion year-on-year, amounting to HUF 16.0 billion in Q4 2021, thanks to the positive impact of the lower average headcount, lower severance expenses year-on-year at the Hungarian operation, coupled with lower bonus expenses, reflecting different timing of related bookings within the year.
- **Other operating expenses** were 4.8% lower year-on-year at HUF 17.5 billion for the quarter, thanks to the positive contribution of cost optimization measures, particularly relating to maintenance and repair expenses and advisory costs.
- **Other operating income** was lower by HUF 2.3 billion at HUF 1.3 billion in Q4 2021, due to the absence of income from real estate sales in Hungary.

**EBITDA rose by 3.7% year-on-year to HUF 64.9 billion for the quarter**, with **EBITDA AL improving by 3.4% year-on-year to HUF 58.6 billion**. For the full year, EBITDA rose by 6.6%, and EBITDA AL by 6.7% year-on-year. These improvements were primarily driven by the increase in service revenue coupled with savings in employee related expenses.

**Depreciation and amortization (D&A) expenses rose by 7.0% year-on-year to HUF 39.3 billion in Q4 2021**. In Hungary higher D&A expenses were related to capitalization and shortened useful life of software whilst in North Macedonia the increase reflects shortened useful life and accelerated depreciation in relation to RAN modernization.

**Profit for the period increased by 18.0% year-on-year to HUF 18.8 billion in Q4 2021** and was up by 35.7% at HUF 62.8 billion for the full year. The increase was attributable to strong operational performance, improved cost efficiency and more favorable financial results.

- **Net financial result** improved by HUF 3.7 billion year-on-year, amounting to a loss of HUF 2.5 billion in Q4 2021. Although interest expenses increased due to higher spectrum payment liabilities and the absence of a one-off interest provision reversal at the North Macedonian operation booked in Q4 2020, more favorable results on the measurement of derivatives at fair value reflecting the different shifts in the relevant yield curves led to a significant year-on-year improvement
- **Income tax expenses** rose by 15.1% year-on-year to HUF 4.3 billion in Q4 2021 in line with higher profit before tax.

**Profit attributable to non-controlling interests declined by HUF 1.0 billion year-on-year to HUF 0.1 billion in Q4 2021**, driven by one-off cost items in D&A and interest expenses that offset the positive impact of the favorable underlying developments at the North Macedonian subsidiary.

### 2.1.2 Group Cash Flows

HUF millions	1-12 months 2020	1-12 months 2021	Change
Net cash generated from operating activities	185,955	194,770	8,815
Net cash used in investing activities	(148,102)	(101,402)	46,700
Less: (Payments for) / Proceeds from other financial assets	2,533	(9,228)	(11,761)
<b>Investing cash flow excluding Payments for / Proceeds from other financial assets - net</b>	<b>(145,569)</b>	<b>(110,630)</b>	<b>34,939</b>
Repayment of lease and other financial liabilities	(25,114)	(28,972)	(3,858)
<b>Total free cash flow</b>	<b>15,272</b>	<b>55,168</b>	<b>39,896</b>
(Payments for) / Proceeds from other financial assets	(2,533)	9,228	11,761
Proceeds from / Repayment of loans and other borrowings - net	(53,589)	(36,737)	16,852
Dividends paid to Owners of the parent and Non-controlling interests	(24,516)	(18,788)	5,728
Proceeds from corporate bonds	70,834	-	(70,834)
Treasury share purchase	(5,218)	(10,215)	(4,997)
Exchange differences on cash and cash equivalents	1,041	118	(923)
<b>Change in cash and cash equivalents</b>	<b>1,291</b>	<b>(1,226)</b>	<b>(2,517)</b>

**Free cash flow (FCF) improved to HUF 55.2 billion in 2021 (2020: HUF 15.3 billion), mainly due to the reasons described below.**

#### *Operating cash flow*

**Net cash generated from operating activities** amounted to a cash inflow of HUF 194.8 billion in 2021, compared to cash inflow of HUF 186.0 billion in 2020, attributable to the reasons outlined below:

- HUF 14.9 billion **positive impact due to higher EBITDA** in 2021
- HUF 17.5 billion negative change in active working capital, mainly as a result of:
  - lower decrease in SI/IT receivables (negative impact: ca. HUF 8.2 billion) due to different project seasonality including the effect of 2019 year-end peak in project settlement,
  - unfavorable change in handset inventory balances (negative impact: ca. HUF 2.9 billion) mainly reflecting supply insecurity due to shortage of raw materials (especially chip) caused by COVID-19,
  - higher increase in the balance of telecommunication customer related trade receivables (negative impact: ca. HUF 2.2 billion) mainly caused by higher sales,
  - unfavorable change in advance payment balances in 2021 compared to 2020 (negative impact: ca. HUF 2.7 billion),
  - unfavorable change in net portfolio of installment receivables in 2021 vs. 2020 (negative impact: ca. HUF 0.9 billion) as a result of the opposite effect of the higher sales volume and change in expected loss due to loan moratorium risk in 2021.
- HUF 2.0 billion **positive change in provisions**, mainly reflecting reduction in provision for litigation risks and penalties in the base period against some increases in 2021

- HUF 8.0 billion **positive change in passive working capital**, primarily driven by
  - lower payment to handset suppliers (positive impact: ca. HUF 11.1 billion) driven by timing differences in payments complemented with higher purchasing in 2021 in line with higher inventories,
  - favorable change in contract liabilities (positive impact: ca. HUF 1.7 billion) mainly due to change of SI/IT related advance payments received from customers,
  - higher decline in the balances of invoiced and non-invoiced BAU trade creditors (negative impact: HUF 4.2 billion) due to different seasonality.
- HUF 1.8 billion **negative change in income tax paid** mainly driven by the one-off energy saving investment tax credit disclosed in 2021 under cash flows from investing activities. Accordingly, the utilized tax credit reduced the amount of actually paid tax by HUF 2.3 billion.
- HUF 3.1 billion **positive change in other non-cash items**, mainly due to the lower net results from real estate sales recorded in 2021 compared to 2020 supplemented with the more significant foreign exchange rate movements leading to FX losses during 2020

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

**Net cash used in investing activities** amounted to HUF 110.6 billion in 2021, compared to HUF 145.6 billion in 2020, with the lower cash outflow driven mainly by the following:

- HUF 42.2 billion **positive effect** in payments for PPE and intangible assets mainly by the following:
  - HUF 54.6 billion positive change due to the absence payment for spectrum license fees in Hungary,
  - HUF 2.3 billion positive effect of the corporate income tax settlement of energy efficiency tax credit,
  - HUF 8.4 billion negative change reflecting to higher payments to Capex creditors due to different seasonality,
  - HUF 6.3 billion negative change due to higher investment in different areas (e.g. mobile network modernization in Hungary: HUF 4.5 billion negative effect, network technology in North Macedonia: HUF 3.2 billion negative effect, network technology in Hungary: HUF 1.9 billion positive effect).

For further information please see in section 2.2 Segment reports.

*Repayment of lease and other financial liabilities*

**Repayment of lease and other financial liabilities** increased to HUF 29.0 billion in 2021 from HUF 25.1 billion in 2020, mainly due to higher network related lease payments and higher payment of different long-term supplier invoices.

In 2021 **Cash and cash equivalents** recorded a HUF 1.2 billion negative change compared to a HUF 1.3 billion positive change in 2020. Besides the changes in FCF the deterioration is attributed to the followings:

- **Payments for other financial assets - net** improved by HUF 11.8 billion, primarily due to higher cash inflows from cross currency interest rate (CCIR) swap transactions. The closing of CCIR swap transactions is related to the repayment of two 130.0 million EUR denominated DT loan in Q1 and Q3 2021. This change was supplemented by higher cash inflows from bank deposits over 3 months in net term.
- **Proceeds from loans and other borrowings** decreased by HUF 29.4 billion due to the lower drawdown of DT Group loans partially offset by the periodic increase of proceeds from inhouse DT Group funds. For further information please see in section 3.1 Basis of preparation.
- **Repayments of loans and other borrowings** improved by HUF 46.3 billion due the lower repayment of DT Group loans and the periodic decrease of repayments of inhouse DT Group funds. For further information please see in section 3.1 Basis of preparation.
- **Dividends paid to Owners of the parent and Non-controlling interests** declined by HUF 5.7 billion mainly due to lower dividend payment from Magyar Telekom as the dividend per share (DPS) was reduced from HUF 20 in 2020 to HUF 15 in 2021.
- **Proceeds from bonds** were lower by HUF 70.8 billion in 2021 due to the bond issuance in 2020.
- **Treasury share purchase** increased by HUF 5.0 billion due to the higher repurchase in 2021.
- **Exchange differences on cash and cash equivalents** declined by HUF 0.9 billion due to the higher MKD/HUF foreign exchange rate movement during 2020.

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, 2020 to December 31, 2021 (see Appendix 3.8) can be observed in the following lines:

- Other financial assets (current and non-current combined)
- Other intangible assets
- Financial liabilities to related parties (current and non-current combined)
- Other financial liabilities (current and non-current combined)
- Treasury stock

**Other financial assets** (current and non-current combined) decreased by HUF 23.5 billion from December 31, 2020 to December 31, 2021 mainly as a result of a HUF 19.8 billion decrease in cash pool receivables as well as HUF 4.0 billion decrease of derivative financial instruments contracted with related parties.

**Other intangible assets** increased by HUF 60.5 billion from December 31, 2020 to December 31, 2021 mainly reflecting the acquisition of spectrum licenses. The present value of the future annual band fees to be paid by Magyar Telekom until 2042 and the one-time spectrum fee to be paid until Q1 2022 were capitalized in March 2021 in the amount of HUF 83.1 billion.

**Financial liabilities to related parties** (current and non-current combined) decreased by HUF 59.3 billion from December 31, 2020 to December 31, 2021 due to the combined result of repayments and drawdowns of short- and long-term DT Group loans which were partly offset by the increase in cash pool liabilities.

**Other financial liabilities** (current and non-current combined) increased by HUF 78.3 billion from December 31, 2020 to December 31, 2021, mainly due to the recognition of present value of the future annual band fees and one-time spectrum fee for spectrum licenses.

**Treasury stock** increased by HUF 10.2 billion from December 31, 2020 to December 31, 2021 as a result of a repurchase of treasury shares.

There have not been any other material changes in the items of the Consolidated Statement of Financial Position in the period from December 31, 2020 to December 31, 2021. 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 2021 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. 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. Such utilization of the bank guarantees happened in an amount of HUF 133.0 million in January 2022 which is not related and has 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 2021.

### 2.1.6 Significant events

T-Systems Magyarország Zrt. signed a sales purchase agreement on the sale of its subsidiary Pan-Inform Kft., the scope of the agreement covers the support and development operations provided for central healthcare services in Hungary and the related hospital information system. The closing of the transaction and the settlement of the HUF 5.5 billion purchase price took place at the end of January 2022.

For any other significant events that occurred between the end of the quarter (December 31, 2021) 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 Company 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	Q4 2020	Q4 2021	Change	Change (%)	1-12 months 2020	1-12 months 2021	Change	Change (%)
Voice	29,494	28,665	(829)	(2.8%)	119,035	114,793	(4,242)	(3.6%)
Non-voice	29,033	34,662	5,629	19.4%	112,091	131,397	19,306	17.2%
Equipment	26,715	31,704	4,989	18.7%	86,930	94,452	7,522	8.7%
Other mobile revenue	2,046	1,935	(111)	(5.4%)	8,941	9,283	342	3.8%
<b>Mobile revenue</b>	<b>87,288</b>	<b>96,966</b>	<b>9,678</b>	<b>11.1%</b>	<b>326,997</b>	<b>349,925</b>	<b>22,928</b>	<b>7.0%</b>
Voice retail	8,457	7,781	(676)	(8.0%)	34,488	32,062	(2,426)	(7.0%)
Broadband - retail*	13,430	15,596	2,166	16.1%	52,567	57,666	5,099	9.7%
TV	12,124	13,089	965	8.0%	47,175	51,046	3,871	8.2%
Equipment	7,237	5,871	(1,366)	(18.9%)	22,042	19,232	(2,810)	(12.7%)
Other*	10,890	10,284	(606)	(5.6%)	40,632	40,302	(330)	(0.8%)
<b>Fixed line revenue</b>	<b>52,138</b>	<b>52,621</b>	<b>483</b>	<b>0.9%</b>	<b>196,904</b>	<b>200,308</b>	<b>3,404</b>	<b>1.7%</b>
SI/IT revenue	30,774	27,133	(3,641)	(11.8%)	85,391	84,238	(1,153)	(1.4%)
<b>Revenue</b>	<b>170,200</b>	<b>176,720</b>	<b>6,520</b>	<b>3.8%</b>	<b>609,292</b>	<b>634,471</b>	<b>25,179</b>	<b>4.1%</b>
Direct costs	(83,390)	(90,318)	(6,928)	(8.3%)	(276,018)	(290,697)	(14,679)	(5.3%)
<b>Gross profit</b>	<b>86,810</b>	<b>86,402</b>	<b>(408)</b>	<b>(0.5%)</b>	<b>333,274</b>	<b>343,774</b>	<b>10,500</b>	<b>3.2%</b>
Indirect costs	(30,506)	(27,868)	2,638	8.6%	(133,014)	(130,740)	2,274	1.7%
<b>EBITDA</b>	<b>56,304</b>	<b>58,534</b>	<b>2,230</b>	<b>4.0%</b>	<b>200,260</b>	<b>213,034</b>	<b>12,774</b>	<b>6.4%</b>
EBITDA AL	50,506	52,405	1,899	3.8%	177,794	189,385	11,591	6.5%
Segment Capex AL excl. spectrum licenses	28,186	32,329	4,143	14.7%	93,705	94,128	423	0.5%
Spectrum licenses	-	-	-	-	91,582	83,075	(8,507)	(9.3%)

Operational statistics – access numbers	December 31 2020	December 31 2021	Change (%)
Number of SIM cards	5,427,445	5,633,817	3.8%
Postpaid share in total*	63.9%	64.0%	n.a.
Total fixed voice access	1,339,116	1,326,219	(1.0%)
Total retail fixed broadband customers *	1,321,110	1,416,740	7.2%
Total TV customers	1,238,262	1,315,839	6.3%

Operational statistics – ARPU (HUF)	Q4 2020	Q4 2021	Change (%)	1-12 months 2020	1-12 months 2021	Change (%)
Blended mobile ARPU	3,592	3,754	4.5%	3,566	3,629	1.8%
Postpaid ARPU *	5,079	5,341	5.2%	5,093	5,132	0.8%
Prepaid ARPU	1,155	1,193	3.3%	1,093	1,156	5.8%
M2M ARPU *	485	369	(23.9%)	509	389	(23.6%)
Blended fixed voice ARPU	2,100	1,952	(7.0%)	2,126	2,005	(5.7%)
Blended fixed broadband ARPU *	3,413	3,702	8.5%	3,433	3,507	2.2%
Blended TV ARPU	3,296	3,360	1.9%	3,288	3,346	1.8%

\*2020 values changed due to re-presentation

**Total revenue for the MT-Hungary segment** in Q4 2021 increased by 3.8% year-on-year to HUF 176.7 billion, and by 4.1% to HUF 634.5 billion for the full year. The improvement was driven by continued strong customer demand for mobile data, fixed broadband, and TV services coupled with an increase in equipment sales which offset the decline in SI/IT revenue.

- Mobile revenue** increased by 11.1% year-on-year in Q4 2021 to HUF 97.0 billion. Growth was mainly attributable to the significant increase in mobile data revenues and considerably higher year-on-year equipment sales, with the latter a result of higher average handset prices, growth in the overall sales volumes and increase in third party export sales. The upward trend in non-voice revenue also reflects a significant increase in SMS revenue due to higher mass SMS volumes in the corporate segment. These favorable trends, together with positive roaming revenue trajectories, more than offset the decline in voice revenue, leading to positive ARPU development across all customer groups.

- **Fixed line revenue** grew by 0.9% year-on-year to HUF 52.6 billion during the quarter. Positive development was primarily driven by the continued growth in broadband revenues owing to successful monetization of the expanding gigabit network. Customer additions remained elevated and migration to higher bandwidth packages continued, supporting positive ARPU development. The increase in TV revenue was once again driven by the expanding IPTV customer base, as well as the successful more-for-more pricing which led to an uplift in ARPU. Positive momentum in service revenue was partly offset by declines in fixed equipment revenue, owing to differences in the seasonality of related sales campaigns and the lower multimedia revenues reflected in other revenues.
- **SI/IT revenue** declined by 11.8% year-on-year to HUF 27.1 billion in Q4 2021, reflecting the different seasonal patterns in Hungarian project revenue.

**Gross profit** was moderately lower year-on-year in Q4 2021, as a result of the aforementioned one-off bad debt impairment. For the full year, gross profit rose by 3.2% thanks to favorable telecommunication service revenue trends.

**EBITDA** improved by 4.0% year-on-year in Q4 2021, with EBITDA AL up 3.8% for the same period, reflecting savings in indirect costs. For the full year 2021, EBITDA rose by 6.4% with EBITDA AL up 6.5% thanks to the combined impact of higher telecommunication service contribution and cost efficiency measures.

**Capex AL excluding spectrum licenses** was up by HUF 4.1 billion year-on-year to HUF 32.3 billion in Q4 2021, which led to total investments of HUF 94.1 billion for the full year. Capex related to the mobile network modernization program increased; however, spending related to the fixed network, partly in relation to the gigabit-rollout program and network capacity, was lower than in the same period of 2020, resulting in broadly stable year-on-year investment level.

**Outlook:** Looking ahead, while there are significant uncertainties related to economic and business developments demand for telecommunications services is expected to remain strong with digitalization continuing to be of vital importance. To ensure the reliability and security of our networks and our leading position on the market, the management remains committed to investing in our infrastructure and maintaining its customer centric operational approach.

## 2.2.2 North Macedonia

HUF millions	Q4 2020	Q4 2021	Change	Change (%)	1-12 months 2020	1-12 months 2021	Change	Change (%)
Voice	4,286	3,774	(512)	(11.9%)	16,223	16,681	458	2.8%
Non-voice	2,722	3,158	436	16.0%	10,439	11,815	1,376	13.2%
Equipment	3,202	2,880	(322)	(10.1%)	9,548	9,407	(141)	(1.5%)
Other mobile revenue	412	284	(128)	(31.1%)	1,383	1,562	179	12.9%
<b>Mobile revenue</b>	<b>10,622</b>	<b>10,096</b>	<b>(526)</b>	<b>(5.0%)</b>	<b>37,593</b>	<b>39,465</b>	<b>1,872</b>	<b>5.0%</b>
Voice retail	1,258	1,369	111	8.8%	5,065	5,001	(64)	(1.3%)
Broadband - retail*	1,286	1,305	19	1.5%	4,929	5,130	201	4.1%
TV	1,355	1,423	68	5.0%	5,180	5,457	277	5.3%
Equipment	91	62	(29)	(31.9%)	314	221	(93)	(29.6%)
Other*	1,796	1,827	31	1.7%	6,633	7,699	1,066	16.1%
<b>Fixed line revenue</b>	<b>5,786</b>	<b>5,986</b>	<b>200</b>	<b>3.5%</b>	<b>22,121</b>	<b>23,508</b>	<b>1,387</b>	<b>6.3%</b>
SI/IT revenue	2,246	782	(1,464)	(65.2%)	4,075	2,630	(1,445)	(35.5%)
<b>Revenue</b>	<b>18,654</b>	<b>16,864</b>	<b>(1,790)</b>	<b>(9.6%)</b>	<b>63,789</b>	<b>65,603</b>	<b>1,814</b>	<b>2.8%</b>
Direct costs	(7,596)	(6,163)	1,433	18.9%	(21,654)	(21,149)	505	2.3%
<b>Gross profit</b>	<b>11,058</b>	<b>10,701</b>	<b>(357)</b>	<b>(3.2%)</b>	<b>42,135</b>	<b>44,454</b>	<b>2,319</b>	<b>5.5%</b>
Indirect costs	(4,780)	(4,299)	481	10.1%	(16,546)	(16,676)	(130)	(0.8%)
<b>EBITDA</b>	<b>6,278</b>	<b>6,402</b>	<b>124</b>	<b>2.0%</b>	<b>25,589</b>	<b>27,778</b>	<b>2,189</b>	<b>8.6%</b>
<b>EBITDA AL</b>	<b>6,095</b>	<b>6,181</b>	<b>86</b>	<b>1.4%</b>	<b>24,798</b>	<b>26,919</b>	<b>2,121</b>	<b>8.6%</b>
Segment Capex AL excl. spectrum licenses	2,874	5,532	2,658	92.5%	12,324	15,144	2,820	22.9%
Spectrum licenses	-	1,077	1,077	n.a.	-	1,077	1,077	n.a.

Operational statistics – access numbers	December 31 2020	December 31 2021	Change (%)
Number of mobile SIMs	1,104,714	1,215,086	10.0%
Postpaid share in total	46.7%	44.5%	n.a.
Total fixed voice access	221,017	223,996	1.3%
Total fixed retail broadband access	191,100	197,340	3.3%
Total TV customers	142,495	145,894	2.4%

\*2020 value changed due to re-presentation

**Total revenue in North Macedonia** was down by 9.6% year-on-year at HUF 16.9 billion in Q4 2021, driven by a sharp decline in SI/IT revenue coupled with lower mobile equipment sales and a temporary decline in mobile voice revenues. Total revenue for the full year increased by 2.8% to HUF 65.6 billion, thanks to improvements in telecommunication service revenue that could fully offset lower SI/IT sales.

- **Mobile revenue** was down by 5.0% year-on-year in Q4 2021, as the further increase in mobile data revenue could not offset the decline in voice revenues and lower equipment sales. This voice revenue decline reflects a temporary discount provided to customers as part of a year-end promotion, as well as reduction in usage versus a year earlier when the pandemic measures led to elevated voice traffic levels.
- **Fixed line revenue** continued to increase, by 3.5% year-on-year in Q4 2021, thanks to further expansion in the TV and broadband subscriber bases, coupled with one-off revenue from universal service provider compensation.
- **SI/IT revenue** declined to HUF 0.8 billion in Q4 2021 from an elevated HUF 2.2 billion in Q4 2020, due to the absence of major customized solution projects which positively impacted revenues a year earlier.

**Gross profit** was lower by 3.2% year-on-year in Q4 2021, reflecting the decline in revenue whilst was up by 5.5% year-on-year for the full year thanks to overall annual increase in sales.

**EBITDA** and **EBITDA AL** rose by 2.0% and 1.4% year-on-year in Q4 2021, respectively, thanks to lower indirect costs owing to lower employee related, marketing and billing expenses that compensated for the lower gross profit level. For the full year, both EBITDA and EBITDA AL grew by 8.6% thanks to the combined impact of higher telecommunication service contribution and cost saving measures.

**Capex AL excluding spectrum licenses** rose by HUF 2.7 billion year-on-year in Q4 2021, reflecting higher spending on radio network modernization and fiber rollout. Capex excluding spectrum licenses was higher by 2.8 billion year-on-year at HUF 15.1 billion for the full year. In addition, HUF 1.1 billion was invested in a spectrum license related to usage rights for 2x15 MHz frequencies on the 2,100 MHz band for 8 years.

**Outlook:** Demand for telecommunication, and particularly data services, is expected to remain strong and the Company remains committed to meeting surging demand by maintaining quality infrastructure going forward. At the same time, with the entrance of Telekom Srbija to the North Macedonian telecommunication market, competition is expected to intensify. 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, 2020, 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, 2020 have been filed with the Budapest Stock Exchange and the Central Bank of Hungary.

The statutory accounts for December 31, 2020 were audited and the audit report was unqualified. It was approved by the Board of Directors on April 16, 2021 based on the authorization set out in Section 9 (2) of Government Decree no. 502/2020. (XI. 16.), the Board of Directors adopted the resolutions in the matters set on the published agenda of the Annual General Meeting convened for April 16, 2021 but not held due to the situation caused by the coronavirus pandemic (COVID-19).

In 2020, coronavirus spread globally, and it has gained significant negative impact both socially and economically. In 2021, the global economic outlook started to improve thanks to the emergence of vaccinations, but the further waves of the pandemic and further economic events evoke uncertainties regarding the recovery.

The management of the Group pays particular attention to monitor the impact of the pandemic on operations and continuously provide and will provide further updates to stakeholders as the situation evolves. Furthermore, the Group's management is in close communication with local state institutions and remains compliant with official guidelines.

Magyar Telekom responded to the COVID-19 situation swiftly. The Group continues to meet the increased demand for connectivity through its network and has not identified any events which could jeopardize the going concern of its operation furthermore based on the management's assessment of future cashflows and no underperformance is expected in the long term.

During the preparation of the annual financial report 2021, continuing its recent quarterly practice the management updated its goodwill impairment test again 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 at year-end 2021.

The management continuously monitors the recent progress in the Hungarian economic environment, particularly the macroeconomic tendencies, current market conditions, the termination of the loan moratorium and they concluded these may have unfavorable effects on the solvency of our customers. Consequently, forward-looking impairment was recognized in the amount of HUF 3.2 billion. The management concluded there is no reason to modify the bad debt ratios used previously for the portfolios.

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 exceptions:

Pronouncement	Title	Applied by Magyar Telekom from	Changes	Impact on the presentation of Magyar Telekom's results of operations and financial position
Amendments to IFRS 4	Insurance Contracts - Deferral of IFRS 9	Jan 1, 2021	Deferral of first-time application of IFRS 9 for insurance companies.	Not applicable.
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	Jan 1, 2021	The amendments address the impact of modifications of financial instruments required as a direct consequence of the IBOR reform, hedge accounting requirements, and the accompanying disclosures.	No impact based on internal assessment.
Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond June 30, 2021	April 1, 2021*	Extension of practical expedient until June 30, 2022 for lessee accounting of rent concessions granted due to the COVID-19 pandemic.	Not applied.

\* Earlier application is permissible. Magyar Telekom already decided in the 2020 financial year not to apply the practical expedient.

In Q1 2021 in order to increase the consistency with the annual report and to follow general industry practice the Company has conducted the revision of presentation hierarchy of financial reports. As a result of harmonization, some details and breakdowns are



presented in separate tables in the interim reports and there are some minor adjustments in the order and wording. With the changes described above, the information provided by the financial report is remained the same, all comparative information in this interim report was presented or disclosed earlier, in the interim or the annual statements of preceding years. Management believes these changes ensure more transparent and consistent financial information to our investors.

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

(HUF millions, except per share amounts)	Q4 2020 (unaudited)	Q4 2021 (unaudited)	Change	Change (%)
Mobile revenue	97,909	107,059	9,150	9.3%
Fixed line revenue	57,957	58,618	661	1.1%
SI/IT revenue	33,009	27,915	(5,094)	(15.4%)
<b>Revenue</b>	<b>188,875</b>	<b>193,592</b>	<b>4,717</b>	<b>2.5%</b>
Interconnect costs	(5,852)	(6,322)	(470)	(8.0%)
SI/IT service related costs	(23,711)	(20,281)	3,430	14.5%
Bad debt expense	(2,485)	(5,180)	(2,695)	(108.5%)
Telecom tax	(6,731)	(6,730)	1	0.0%
Other direct costs	(52,153)	(57,928)	(5,775)	(11.1%)
<b>Direct costs</b>	<b>(90,932)</b>	<b>(96,441)</b>	<b>(5,509)</b>	<b>(6.1%)</b>
Employee-related expenses	(20,578)	(16,024)	4,554	22.1%
Depreciation and amortization	(36,686)	(39,265)	(2,579)	(7.0%)
Other operating expenses	(18,414)	(17,539)	875	4.8%
<b>Operating expenses</b>	<b>(166,610)</b>	<b>(169,269)</b>	<b>(2,659)</b>	<b>(1.6%)</b>
Other operating income	3,666	1,343	(2,323)	(63.4%)
<b>Operating profit</b>	<b>25,931</b>	<b>25,666</b>	<b>(265)</b>	<b>(1.0%)</b>
Interest income	398	101	(297)	(74.6%)
Interest expense	(2,117)	(3,491)	(1,374)	(64.9%)
Other finance expense - net	(4,511)	864	5,375	n.m.
<b>Net financial result</b>	<b>(6,230)</b>	<b>(2,526)</b>	<b>3,704</b>	<b>59.5%</b>
Share of associates' and joint ventures' results	-	-	-	-
<b>Profit before income tax</b>	<b>19,701</b>	<b>23,140</b>	<b>3,439</b>	<b>17.5%</b>
Income tax	(3,736)	(4,300)	(564)	(15.1%)
<b>Profit for the period</b>	<b>15,965</b>	<b>18,840</b>	<b>2,875</b>	<b>18.0%</b>
<b>Other comprehensive income:</b>				
Items to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translating foreign operations	217	2,470	2,253	n.m.
Items not to be reclassified to profit or loss in subsequent periods:				
Revaluation of financial assets at FV OCI	35	130	95	271.4%
<b>Other comprehensive income for the year, net of tax</b>	<b>252</b>	<b>2,600</b>	<b>2,348</b>	<b>n.m.</b>
<b>Total comprehensive income for the period</b>	<b>16,217</b>	<b>21,440</b>	<b>5,223</b>	<b>32.2%</b>
<b>Profit attributable to:</b>				
Owners of the parent	14,810	18,718	3,908	26.4%
Non-controlling interests	1,155	122	(1,033)	(89.4%)
	<b>15,965</b>	<b>18,840</b>	<b>2,875</b>	<b>18.0%</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	14,971	20,258	5,287	35.3%
Non-controlling interests	1,246	1,182	(64)	(5.1%)
	<b>16,217</b>	<b>21,440</b>	<b>5,223</b>	<b>32.2%</b>
<b>Earnings per share (EPS) information:</b>				
Profit attributable to the owners of the Company	14,810	18,718		
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>14.51</b>	<b>18.77</b>	<b>4.26</b>	<b>29.4%</b>



**3.3. Consolidated Statements of Profit or Loss and Other Comprehensive Income – year-to-date comparison**

(HUF millions, except per share amounts)	1-12 months 2020 (unaudited)	1-12 months 2021 (unaudited)	Change	Change (%)
Mobile revenue	364,589	389,387	24,798	6.8%
Fixed line revenue	219,004	223,865	4,861	2.2%
SI/IT revenue	89,455	86,868	(2,587)	(2.9%)
<b>Revenue</b>	<b>673,048</b>	<b>700,120</b>	<b>27,072</b>	<b>4.0%</b>
Interconnect costs	(22,079)	(24,959)	(2,880)	(13.0%)
SI/IT service related costs	(63,314)	(62,065)	1,249	2.0%
Bad debt expense	(9,717)	(11,012)	(1,295)	(13.3%)
Telecom tax	(27,614)	(26,826)	788	2.9%
Other direct costs	(174,764)	(186,829)	(12,065)	(6.9%)
<b>Direct costs</b>	<b>(297,488)</b>	<b>(311,691)</b>	<b>(14,203)</b>	<b>(4.8%)</b>
Employee-related expenses	(79,004)	(75,880)	3,124	4.0%
Depreciation and amortization	(141,058)	(147,962)	(6,904)	(4.9%)
Other operating expenses	(76,516)	(75,739)	777	1.0%
<b>Operating expenses</b>	<b>(594,066)</b>	<b>(611,272)</b>	<b>(17,206)</b>	<b>(2.9%)</b>
Other operating income	5,842	3,961	(1,881)	(32.2%)
<b>Operating profit</b>	<b>84,824</b>	<b>92,809</b>	<b>7,985</b>	<b>9.4%</b>
Interest income	676	362	(314)	(46.4%)
Interest expense	(11,319)	(13,767)	(2,448)	(21.6%)
Other finance expense - net	(13,203)	(291)	12,912	97.8%
<b>Net financial result</b>	<b>(23,846)</b>	<b>(13,696)</b>	<b>10,150</b>	<b>42.6%</b>
Share of associates' and joint ventures' results	(66)	-	66	100.0%
<b>Profit before income tax</b>	<b>60,912</b>	<b>79,113</b>	<b>18,201</b>	<b>29.9%</b>
Income tax	(14,595)	(16,266)	(1,671)	(11.4%)
<b>Profit for the period</b>	<b>46,317</b>	<b>62,847</b>	<b>16,530</b>	<b>35.7%</b>
<b>Other comprehensive income:</b>				
Items to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translating foreign operations	8,947	1,007	(7,940)	(88.7%)
Items not to be reclassified to profit or loss in subsequent periods:				
Revaluation of financial assets at FV OCI	50	399	349	n.m.
<b>Other comprehensive income for the year, net of tax</b>	<b>8,997</b>	<b>1,406</b>	<b>(7,591)</b>	<b>(84.4%)</b>
<b>Total comprehensive income for the period</b>	<b>55,314</b>	<b>64,253</b>	<b>8,939</b>	<b>16.2%</b>
<b>Profit attributable to:</b>				
Owners of the parent	42,364	58,997	16,633	39.3%
Non-controlling interests	3,953	3,850	(103)	(2.6%)
	<b>46,317</b>	<b>62,847</b>	<b>16,530</b>	<b>35.7%</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	47,769	59,737	11,968	25.1%
Non-controlling interests	7,545	4,516	(3,029)	(40.1%)
	<b>55,314</b>	<b>64,253</b>	<b>8,939</b>	<b>16.2%</b>
<b>Earnings per share (EPS) information:</b>				
Profit attributable to the owners of the Company	42,364	58,997		
Weighted average number of common stock outstanding used for basic/diluted EPS	1,027,117,481	1,007,460,789		
<b>Basic / diluted earnings per share (HUF)</b>	<b>41.25</b>	<b>58.56</b>	<b>17.31</b>	<b>42.0%</b>

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

(HUF millions)	Q4 2020	Q4 2021	Change	Change (%)
Voice retail	30,602	29,194	(1,408)	(4.6%)
Voice wholesale	3,178	3,245	67	2.1%
Data	26,416	31,432	5,016	19.0%
SMS	5,339	6,388	1,049	19.6%
Equipment	29,917	34,584	4,667	15.6%
Other mobile revenue	2,457	2,216	(241)	(9.8%)
<b>Mobile revenue</b>	<b>97,909</b>	<b>107,059</b>	<b>9,150</b>	<b>9.3%</b>
Voice retail	9,715	9,150	(565)	(5.8%)
Broadband retail	14,716	16,901	2,185	14.8%
TV	13,479	14,512	1,033	7.7%
Equipment	7,328	5,933	(1,395)	(19.0%)
Data retail	3,175	3,205	30	0.9%
Wholesale (voice, broadband, data)	4,940	5,070	130	2.6%
Other fixed line revenue	4,604	3,847	(757)	(16.4%)
<b>Fixed line revenue</b>	<b>57,957</b>	<b>58,618</b>	<b>661</b>	<b>1.1%</b>
SI/IT revenue	33,009	27,915	(5,094)	(15.4%)
<b>Revenue</b>	<b>188,875</b>	<b>193,592</b>	<b>4,717</b>	<b>2.5%</b>

**3.5. Revenue breakdown – year-to-date comparison**

(HUF millions)	1-12 months 2020	1-12 months 2021	Change	Change (%)
Voice retail	123,292	118,652	(4,640)	(3.8%)
Voice wholesale	11,966	12,822	856	7.2%
Data	101,840	118,816	16,976	16.7%
SMS	20,690	24,396	3,706	17.9%
Equipment	96,478	103,859	7,381	7.7%
Other mobile revenue	10,323	10,842	519	5.0%
<b>Mobile revenue</b>	<b>364,589</b>	<b>389,387</b>	<b>24,798</b>	<b>6.8%</b>
Voice retail	39,553	37,063	(2,490)	(6.3%)
Broadband retail	57,496	62,796	5,300	9.2%
TV	52,355	56,503	4,148	7.9%
Equipment	22,356	19,453	(2,903)	(13.0%)
Data retail	12,254	12,704	450	3.7%
Wholesale (voice, broadband, data)	19,355	20,010	655	3.4%
Other fixed line revenue	15,635	15,336	(299)	(1.9%)
<b>Fixed line revenue</b>	<b>219,004</b>	<b>223,865</b>	<b>4,861</b>	<b>2.2%</b>
SI/IT revenue	89,455	86,868	(2,587)	(2.9%)
<b>Revenue</b>	<b>673,048</b>	<b>700,120</b>	<b>27,072</b>	<b>4.0%</b>

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

(HUF millions)	Q4 2020	Q4 2021	Change	Change (%)
Direct costs	(90,932)	(96,441)	(5,509)	(6.1%)
Employee-related expenses	(20,578)	(16,024)	4,554	22.1%
Depreciation and amortization	(36,686)	(39,265)	(2,579)	(7.0%)
Other operating expenses	(18,414)	(17,539)	875	4.8%
<i>Of which utility tax</i>	-	-	-	-
<b>Operating expenses</b>	<b>(166,610)</b>	<b>(169,269)</b>	<b>(2,659)</b>	<b>(1.6%)</b>

**3.7. Operating expenses breakdown – year-to-date comparison**

(HUF millions)	1-12 months 2020	1-12 months 2021	Change	Change (%)
Direct costs	(297,488)	(311,691)	(14,203)	(4.8%)
Employee-related expenses	(79,004)	(75,880)	3,124	4.0%
Depreciation and amortization	(141,058)	(147,962)	(6,904)	(4.9%)
Other operating expenses	(76,516)	(75,739)	777	1.0%
<i>Of which utility tax</i>	(7,215)	(7,332)	(117)	(1.6%)
<b>Operating expenses</b>	<b>(594,066)</b>	<b>(611,272)</b>	<b>(17,206)</b>	<b>(2.9%)</b>

**3.8. Consolidated Statements of Financial Position - Assets**

(HUF millions)	Dec 31, 2020 (unaudited)	Dec 31, 2021 (unaudited)	Change	Change (%)
<b>ASSETS</b>				
Cash and cash equivalents	14,689	13,463	(1,226)	(8.3%)
Trade receivables	158,857	158,187	(670)	(0.4%)
Other assets	6,022	8,431	2,409	40.0%
Other current financial assets	42,487	9,419	(33,068)	(77.8%)
Contract assets	16,878	20,745	3,867	22.9%
Current income tax receivable	473	1,318	845	178.6%
Inventories	18,395	18,053	(342)	(1.9%)
	<b>257,801</b>	<b>229,616</b>	<b>(28,185)</b>	<b>(10.9%)</b>
Assets held for sale	489	2,286	1,797	367.5%
<b>Total current assets</b>	<b>258,290</b>	<b>231,902</b>	<b>(26,388)</b>	<b>(10.2%)</b>
Property, plant and equipment	432,436	437,432	4,996	1.2%
Right-of-use assets	121,335	122,355	1,020	0.8%
Goodwill	213,137	212,513	(624)	(0.3%)
Other intangible assets	285,680	346,149	60,469	21.2%
Investments in associates and joint ventures	-	-	-	-
Deferred tax assets	118	125	7	5.9%
Trade receivables over one year	18,566	18,953	387	2.1%
Other non-current financial assets	10,614	20,183	9,569	90.2%
Contract assets	3,923	4,143	220	5.6%
Other non-current assets	5,795	6,916	1,121	19.3%
<b>Total non-current assets</b>	<b>1,091,604</b>	<b>1,168,769</b>	<b>77,165</b>	<b>7.1%</b>
<b>Total assets</b>	<b>1,349,894</b>	<b>1,400,671</b>	<b>50,777</b>	<b>3.8%</b>

**3.9. Consolidated Statements of Financial Position – Liabilities and Equity**

(HUF millions)	Dec 31, 2020 (unaudited)	Dec 31, 2021 (unaudited)	Change	Change (%)
<b>LIABILITIES</b>				
Financial liabilities to related parties	98,350	38,087	(60,263)	(61.3%)
Lease liabilities	20,712	22,328	1,616	7.8%
Trade payables	148,326	142,031	(6,295)	(4.2%)
Other financial liabilities	12,204	55,426	43,222	354.2%
Current income tax payable	432	2,554	2,122	491.2%
Provisions	3,603	3,367	(236)	(6.6%)
Contract liabilities	10,998	12,238	1,240	11.3%
Other current liabilities	22,198	18,986	(3,212)	(14.5%)
	<b>316,823</b>	<b>295,017</b>	<b>(21,806)</b>	<b>(6.9%)</b>
Liabilities held for sale	-	350	350	n.a.
<b>Total current liabilities</b>	<b>316,823</b>	<b>295,367</b>	<b>(21,456)</b>	<b>(6.8%)</b>
Financial liabilities to related parties	89,456	90,405	949	1.1%
Lease liabilities	111,820	112,076	256	0.2%
Corporate bonds	67,904	68,215	311	0.5%
Other financial liabilities	74,163	109,231	35,068	47.3%
Deferred tax liabilities	18,621	16,888	(1,733)	(9.3%)
Provisions	10,109	12,714	2,605	25.8%
Contract liabilities	361	326	(35)	(9.7%)
Other non-current liabilities	2,910	2,474	(436)	(15.0%)
<b>Total non-current liabilities</b>	<b>375,344</b>	<b>412,329</b>	<b>36,985</b>	<b>9.9%</b>
<b>Total liabilities</b>	<b>692,167</b>	<b>707,696</b>	<b>15,529</b>	<b>2.2%</b>
<b>EQUITY</b>				
Common stock	104,275	104,275	0	0.0%
Capital reserves	27,379	27,379	0	0.0%
Treasury stock	(9,209)	(19,424)	(10,215)	(110.9%)
Retained earnings	465,787	509,473	43,686	9.4%
Accumulated other comprehensive income	30,452	31,192	740	2.4%
<b>Total equity of the owners of the parent</b>	<b>618,684</b>	<b>652,895</b>	<b>34,211</b>	<b>5.5%</b>
Non-controlling interests	39,043	40,080	1,037	2.7%
<b>Total equity</b>	<b>657,727</b>	<b>692,975</b>	<b>35,248</b>	<b>5.4%</b>
<b>Total liabilities and equity</b>	<b>1,349,894</b>	<b>1,400,671</b>	<b>50,777</b>	<b>3.8%</b>

**3.10. Consolidated Statements of Cash Flows**

(HUF millions)	1-12 months 2020 (re-presented, unaudited)	1-12 months 2021 (unaudited)	Change	Change (%)
<b>Cash flows from operating activities</b>				
Profit for the period	46,317	62,847	16,530	35.7%
Depreciation and amortization	141,058	147,962	6,904	4.9%
Income tax expense	14,595	16,266	1,671	11.4%
Net financial result	23,846	13,696	(10,150)	(42.6%)
Share of associates' and joint ventures' result	66	-	(66)	(100.0%)
Change in assets carried as working capital	10,535	(6,994)	(17,529)	n.m.
Change in provisions	(536)	1,503	2,039	n.m.
Change in liabilities carried as working capital	(13,627)	(5,605)	8,022	58.9%
Income tax paid	(12,700)	(14,471)	(1,771)	(13.9%)
Dividend received	52	57	5	9.6%
Interest and other financial charges paid	(19,913)	(19,935)	(22)	(0.1%)
Interest received	283	331	48	17.0%
Other non-cash items	(4,021)	(887)	3,134	77.9%
<b>Net cash generated from operating activities</b>	<b>185,955</b>	<b>194,770</b>	<b>8,815</b>	<b>4.7%</b>
<b>Cash flows from investing activities</b>				
Payments for property plant and equipment (PPE) and intangible assets	(153,113)	(110,906)	42,207	27.6%
Proceeds from disposal of PPE and intangible assets	7,843	1,953	(5,890)	(75.1%)
Payments for subsidiaries and business units	(567)	(1,677)	(1,110)	(195.8%)
Cash acquired through business combinations	-	-	-	-
Proceeds from disposal of subsidiaries and business units	268	-	(268)	(100.0%)
(Payments for) / Proceeds from other financial assets	(2,533)	9,228	11,761	n.m.
Payments for interests in associates and joint ventures	-	-	-	-
<b>Net cash used in investing activities</b>	<b>(148,102)</b>	<b>(101,402)</b>	<b>46,700</b>	<b>31.5%</b>
<b>Cash flows from financing activities</b>				
Dividends paid to Owners of the parent and Non-controlling interests	(24,516)	(18,788)	5,728	23.4%
Proceeds from loans and other borrowings	216,127	186,699	(29,428)	(13.6%)
Repayment of loans and other borrowings	(269,716)	(223,436)	46,280	17.2%
Proceeds from corporate bonds	70,834	-	(70,834)	(100.0%)
Repayment of lease and other financial liabilities	(25,114)	(28,972)	(3,858)	(15.4%)
Treasury share purchase	(5,218)	(10,215)	(4,997)	(95.8%)
<b>Net cash used in financing activities</b>	<b>(37,603)</b>	<b>(94,712)</b>	<b>(57,109)</b>	<b>(151.9%)</b>
Exchange differences on cash and cash equivalents	1,041	118	(923)	(88.7%)
<b>Change in cash and cash equivalents</b>	<b>1,291</b>	<b>(1,226)</b>	<b>(2,517)</b>	<b>n.m.</b>
Cash and cash equivalents, beginning of period	13,398	14,689	1,291	9.6%
<b>Cash and cash equivalents, end of period</b>	<b>14,689</b>	<b>13,463</b>	<b>(1,226)</b>	<b>(8.3%)</b>

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

HUF millions	Opening Balance at Jan 1, 2021	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 December 31, 2021
						Proceeds from loans and borrowings	Repayment of loans and other borrowings	Proceeds from bonds	Repayment of other financial liability	
Related party loans	187,793		(5,040)	2,224		166,931	(223,436)			128,472
Derivatives from related parties	13			736	(729)					20
Spectrum fee payable	76,084		(3,464)	88,143					(4,681)	156,082
Bonds	67,904		(1,015)	1,326						68,215
Lease liabilities	132,532		(4,717)	26,635					(20,046)	134,404
Debtors overpayment	1,309		85							1,394
Contingent consideration	427			(97)	(180)					150
Other financial liabilities	8,547		(2,531)	5,260					(4,245)	7,031
- Less cash and cash equivalent	(14,689)	1,226								(13,463)
- Less other current financial assets	(42,487)		(1,757)	1,790	13,267	19,768				(9,419)
<b>Net debt</b>	<b>417,433</b>	<b>1,226</b>	<b>(18,439)</b>	<b>126,017</b>	<b>12,358</b>	<b>186,699</b>	<b>(223,436)</b>		<b>(28,972)</b>	<b>472,886</b>
Treasury share purchase									(10,215)	
Dividends paid to Owners of the parent and Non-controlling interest									(18,788)	
<b>Net Cash used in financing activities</b>									<b>(94,712)</b>	

**3.12. Consolidated Statements of Changes in Equity**

	HUF millions											
	pieces	Shares of common stock	Common stock	Capital reserves		Treasury stock	Retained earnings	Accumulated Other Comprehensive Income		Equity of the owners of the parent	Non-controlling interests	Total Equity
				Additional paid in capital	Reserve for equity settled share-based transactions			Cumulative translation adjustment	Revaluation reserve for FVOCI financial assets – net of tax			
<b>Balance at January 1, 2020</b>		1,042,742,543	104,275	27,379	0	(3,991)	444,278	24,863	184	596,988	35,166	632,154
Dividend declared to Owners of the parent		-	-	-	-	-	(20,855)	-	-	(20,855)	-	(20,855)
Dividend declared to Non-controlling interests		-	-	-	-	-	-	-	-	-	(3,668)	(3,668)
Treasury share purchase		-	-	-	(5,218)	-	-	-	-	(5,218)	-	(5,218)
<b>Transactions with owners in their capacity as owners</b>		-	-	-	(5,218)	-	(20,855)	-	-	(26,073)	(3,668)	(29,741)
Other comprehensive income		-	-	-	-	-	-	5,379	26	5,405	3,592	8,997
Profit or loss		-	-	-	-	-	42,364	-	-	42,364	3,953	46,317
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	-	-
<b>Balance at December 31, 2020</b>		1,042,742,543	104,275	27,379	0	(9,209)	465,787	30,242	210	618,684	39,043	657,727
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>		-	-	-	(10,215)	-	(15,311)	-	-	(25,526)	(3,479)	(29,005)
Other comprehensive income		-	-	-	-	-	-	517	223	740	666	1,406
Profit or loss		-	-	-	-	-	58,997	-	-	58,997	3,850	62,847
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	-	-
<b>Balance at December 31, 2021</b>		1,042,742,543	104,275	27,379	0	(19,424)	509,473	30,759	433	652,895	40,080	692,975
Of which treasury stock		(45,777,539)	-	-	-	-	-	-	-	-	-	-
<b>Shares of common stock outstanding</b>		996,965,004	-	-	-	-	-	-	-	-	-	-



**3.13. Exchange rate information**

	Q4 2020	Q4 2021	Change (%)	1-12 months 2020	1-12 months 2021	Change (%)
HUF/EUR beginning of period	364.65	360.52	(1.1%)	330.52	365.13	10.5%
HUF/EUR period-end	365.13	369.00	1.1%	365.13	369.00	1.1%
HUF/EUR cumulative monthly average	364.24	364.13	0.0%	352.72	358.69	1.7%
HUF/MKD beginning of period	5.91	5.84	(1.2%)	5.38	5.92	10.0%
HUF/MKD period-end	5.92	5.99	1.2%	5.92	5.99	1.2%
HUF/MKD cumulative monthly average	5.90	5.90	0.0%	5.72	5.82	1.7%

**3.14. Segment information**

HUF millions	Q4 2020	Q4 2021	1-12 months 2020	1-12 months 2021
Total MT-Hungary revenues	170,200	176,720	609,292	634,471
Less: MT-Hungary revenues from other segments	(43)	(31)	(135)	(119)
<b>MT-Hungary revenues from external customers</b>	<b>170,157</b>	<b>176,689</b>	<b>609,157</b>	<b>634,352</b>
Total North Macedonia revenues	18,654	16,864	63,789	65,603
Less: North Macedonia revenues from other segments	(17)	(14)	(71)	(57)
<b>North Macedonia revenues from external customers</b>	<b>18,637</b>	<b>16,850</b>	<b>63,718</b>	<b>65,546</b>
Total consolidated revenue of the segments	188,794	193,539	672,875	699,898
Measurement differences to Group revenue	81	53	173	222
<b>Total revenue of the Group</b>	<b>188,875</b>	<b>193,592</b>	<b>673,048</b>	<b>700,120</b>
<b>Segment results (EBITDA)</b>				
MT-Hungary	56,304	58,534	200,260	213,034
North Macedonia	6,278	6,402	25,589	27,778
<b>Total EBITDA of the segments</b>	<b>62,582</b>	<b>64,936</b>	<b>225,849</b>	<b>240,812</b>
Measurement differences to Group EBITDA	35	(5)	33	(41)
<b>Total EBITDA of the Group</b>	<b>62,617</b>	<b>64,931</b>	<b>225,882</b>	<b>240,771</b>

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

December 31, 2021 HUF millions	Financial assets				Carrying amount	Fair value
	Amortized cost	FVOCI (Level1)	FVTPL (Level2)	FVTPL (Level3)		
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>

December 31, 2020 HUF millions	Financial assets				Carrying amount	Fair value
	Amortized cost	FVOCI (Level1)	FVTPL (Level2)	FVTPL (Level3)		
Cash and cash equivalents	14,689				14,689	14,689
Bank deposits with original maturities over 3 months	2,925				2,925	2,925
Cash-pool receivables	19,768				19,768	19,768
Trade receivables	158,857				158,857	158,857
Trade receivables over 1 year	18,566				18,566	17,950
Derivative financial instruments contracted with related parties			20,696		20,696	20,696
Finance lease receivable	1,151				1,151	1,041
Equity instruments		839		1,193	2,032	2,032
Receivables from asset-related grants	4,794				4,794	4,794
Other current receivables	867				867	867
Other non-current receivables	868				868	888
<b>Total</b>	<b>222,485</b>	<b>839</b>	<b>20,696</b>	<b>1,193</b>	<b>245,213</b>	<b>244,507</b>

**3.16. Fair value of financial instruments – financial liabilities**
**Financial liabilities - carrying amounts and FV**

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>

December 31, 2020 HUF millions	Financial liabilities			Carrying amount	Fair value
	Measured at amortized cost	FVTPL (Level 2)	FVTPL (Level 3)		
Financial liabilities to related parties	187,793	13		187,806	187,806
Trade payables	148,326			148,326	148,326
Frequency fee payable	76,084			76,084	85,202
Bonds	67,904			67,904	68,053
Lease liabilities	132,532			132,532	140,320
Debtors overpayment	1,309			1,309	1,309
Contingent consideration			427	427	427
Other current	5,947			5,947	5,947
Other non-current	2,470		130	2,600	2,633
<b>Total</b>	<b>622,365</b>	<b>13</b>	<b>557</b>	<b>622,935</b>	<b>640,023</b>

**3.17. EBITDA reconciliation**

(HUF millions)	Q4 2020 MT Group	Q4 2020 MT-Hungary	Q4 2020 North Macedonia	Q4 2021 MT Group	Q4 2021 MT-Hungary	Q4 2021 North Macedonia
EBITDA	62,617	56,304	6,278	64,931	58,534	6,402
IFRS 16 related D&A	(4,571)	(4,419)	(152)	(4,951)	(4,758)	(193)
IFRS 16 related Interest	(1,410)	(1,379)	(31)	(1,399)	(1,371)	(28)
<b>EBITDA after lease</b>	<b>56,636</b>	<b>50,506</b>	<b>6,095</b>	<b>58,581</b>	<b>52,405</b>	<b>6,181</b>

(HUF millions)	1-12 months 2020 MT Group	1-12 months 2020 MT-Hungary	1-12 months 2020 North Macedonia	1-12 months 2021 MT Group	1-12 months 2021 MT-Hungary	1-12 months 2021 North Macedonia
EBITDA	225,882	200,260	25,589	240,771	213,034	27,778
IFRS 16 related D&A	(17,850)	(17,179)	(671)	(18,874)	(18,128)	(746)
IFRS 16 related Interest	(5,407)	(5,287)	(120)	(5,634)	(5,521)	(113)
<b>EBITDA after lease</b>	<b>202,625</b>	<b>177,794</b>	<b>24,798</b>	<b>216,263</b>	<b>189,385</b>	<b>26,919</b>

**3.18. Capex from Consolidated Statements of Cash Flows**

(HUF millions)	1-12 months 2020 MT Group	1-12 months 2021 MT Group
Payments for PPE and intangible assets	153,113	110,906
Less spectrum payments	(54,240)	(1,077)
<b>Payments for PPE and intangible assets excl. spectrum payments</b>	<b>98,873</b>	<b>109,829</b>
+/- Cash adjustments	7,176	(549)
<b>Capex AL excl. spectrum</b>	<b>106,049</b>	<b>109,280</b>
ROU capex	36,930	22,940
Spectrum capex	91,582	84,152
<b>Capex</b>	<b>234,561</b>	<b>216,372</b>

**3.19. Capex from Consolidated Statements of Financial Position**

(HUF millions)	Q4 2020 MT Group	Q4 2020 MT-Hungary	Q4 2020 North Macedonia	Q4 2021 MT Group	Q4 2021 MT-Hungary	Q4 2021 North Macedonia
Capex AL excl. spectrum licenses	31,060	28,186	2,874	37,866	32,334	5,532
ROU capex	24,640	24,379	261	8,506	7,856	650
Spectrum capex	-	-	-	1,077	-	1,077
<b>Capex</b>	<b>55,700</b>	<b>52,565</b>	<b>3,135</b>	<b>47,449</b>	<b>40,190</b>	<b>7,259</b>

(HUF millions)	1-12 months 2020 MT Group	1-12 months 2020 MT-Hungary	1-12 months 2020 North Macedonia	1-12 months 2021 MT Group	1-12 months 2021 MT-Hungary	1-12 months 2021 North Macedonia
Capex AL excl. spectrum licenses	106,049	93,725	12,324	109,280	94,136	15,144
ROU capex	36,930	36,178	752	22,940	21,803	1,137
Spectrum capex	91,582	91,582	-	84,152	83,075	1,077
<b>Capex</b>	<b>234,561</b>	<b>221,485</b>	<b>13,076</b>	<b>216,372</b>	<b>199,014</b>	<b>17,358</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, February 23, 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, 2020, 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.