

**MAGYAR TELEKOM**

**QUARTERLY FINANCIAL REPORT**

**ANALYSIS OF THE FINANCIAL STATEMENTS FOR THE  
FIRST QUARTER ENDED MARCH 31, 2023**



Budapest – May 10, 2023 – 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 2023, 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 .....	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.....	10
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 Statement 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 Statement of Financial Position - Assets.....	17
3.6.	Interim Consolidated Statement of Financial Position – Liabilities and Equity .....	18
3.7.	Interim Consolidated Statement of Cash Flows.....	19
3.8.	Net debt reconciliation to changes in Statement of Cash Flows.....	20
3.9.	Interim Consolidated Statement 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 Statement of Cash Flows .....	24
3.16.	Capex from Interim Consolidated Statement of Financial Position .....	24
4.	DECLARATION .....	25



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## 1. HIGHLIGHTS

(HUF millions, except ratios)	Q1 2022	Q1 2023	Change (%)
Revenue	174,055	195,870	12.5%
Operating profit	26,777	24,447	(8.7%)
<b>Profit attributable to:</b>			
Owners of the parent	18,453	10,519	(43.0%)
Non-controlling interests	889	1,256	41.3%
	<b>19,342</b>	<b>11,775</b>	<b>(39.1%)</b>
Gross profit	100,898	114,087	13.1%
EBITDA	62,146	58,029	(6.6%)
EBITDA AL	55,815	50,821	(8.9%)
Free cash flow	(533)	(10,725)	n.m.
Free cash flow excl. spectrum licenses	(533)	(10,725)	n.m.
Capex after lease	23,001	23,522	2.3%
Capex after lease excl. spectrum licenses	23,001	23,522	2.3%
Number of employees (closing full equivalent)	6,755	6,660	(1.4%)
	<b>Dec 31, 2022</b>	<b>Mar 31, 2023</b>	<b>Change (%)</b>
Net debt	476,918	489,200	2.6%
Net debt / EBITDA	1.92	2.01	n.a.

- Group revenue grew by 12.5% year-on-year in Q1 2023, thanks to continued strong demand for mobile data coupled with further increases in broadband revenues and higher system integration and IT revenues
- Gross profit improved in line with revenue trends, growing by 13.1% year-on-year in Q1 2023
- Indirect costs were up by 44.7% year-on-year, i.e. by HUF 17.3 billion, reflecting the effect of the supplementary telecommunication tax, four times higher electricity costs, the average 7% increase in the Hungarian wage expense and the inflationary pressure on other costs
- EBITDA AL declined by 8.9% year-on-year to HUF 50.8 billion in Q1 2023, as increases in other costs offset the improvement in gross profit
- Net income was 43.0% lower year-on-year, at HUF 10.5 billion in Q1 2023, primarily driven by lower EBITDA and deteriorating net financial result; adjusted net income was 22.0% lower year-on-year, at HUF 12.1 billion in Q1 2023
- Capex after leases excluding spectrum licenses increased moderately year-on-year to HUF 23.5 billion in Q1 2023, primarily driven by higher spending related to fiber provisioning and installation in Hungary
- Free cash flow, excluding spectrum license fees, was lower year-on-year at HUF 10.7 billion cash outflow in Q1 2023, reflecting higher interest and lease outpayments and the absence of one-off cash inflow from the subsidiary sale recorded in Q1 2022



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

*“Despite facing a highly uncertain economic and business landscape, and an evolving competitive environment within the Hungarian telecommunication industry, we remain focused on delivering superior customer satisfaction by offering gigabit networks and meeting increasing demand for data. The success of these efforts is reflected in the continued expansion of our subscriber base which led to a year-on-year increase of 13.1% in our gross profit for the first quarter of 2023. However, our profitability has been impacted by the current macro environment, as evidenced by an 8.9% decrease in EBITDA AL due to significant cost pressures. In Hungary, our indirect costs, excluding the supplementary telecommunications tax, increased by 28%, primarily due to the sharp increase in our energy prices, in particular the four times higher electricity cost year-on-year. Given the increasing subcontractor costs, unfavorable yield environment and weaker forint, we continue to take proactive steps to address changes in our external environment and leverage our strong position in the market to drive positive momentum in our operating performance.”*

**Public targets**

	<b>2022 Actual</b>	<b>Public guidance for 2023</b>	<b>Outlook for 2024</b>
<b>Revenue</b>	HUF 746.7 billion	5%-10% growth	mid-single digit growth
<b>EBITDA AL</b>	HUF 221.5 billion	5%-10% growth	dynamic growth
<b>Adjusted net income</b>	HUF 63.0 billion	moderate growth	dynamic growth
<b>FCF<sup>1</sup></b>	HUF 50.9 billion	ca. HUF 60 billion	dynamic 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 2022	Q1 2023	Change	Change (%)
Mobile revenue	101,556	112,306	10,750	10.6%
Fixed line revenue	56,884	63,084	6,200	10.9%
SI/IT revenue	15,615	20,480	4,865	31.2%
<b>Revenue</b>	<b>174,055</b>	<b>195,870</b>	<b>21,815</b>	<b>12.5%</b>
Direct costs	(73,157)	(81,783)	(8,626)	(11.8%)
<b>Gross profit</b>	<b>100,898</b>	<b>114,087</b>	<b>13,189</b>	<b>13.1%</b>
Indirect costs	(38,752)	(56,058)	(17,306)	(44.7%)
<b>EBITDA</b>	<b>62,146</b>	<b>58,029</b>	<b>(4,117)</b>	<b>(6.6%)</b>
Depreciation and amortization	(35,369)	(33,582)	1,787	5.1%
<b>Operating profit</b>	<b>26,777</b>	<b>24,447</b>	<b>(2,330)</b>	<b>(8.7%)</b>
Net financial result	(2,971)	(8,655)	(5,684)	(191.3%)
Share of associates' and joint ventures' results	26	-	(26)	(100.0%)
<b>Profit before income tax</b>	<b>23,832</b>	<b>15,792</b>	<b>(8,040)</b>	<b>(33.7%)</b>
Income tax	(4,490)	(4,017)	473	10.5%
<b>Profit for the period</b>	<b>19,342</b>	<b>11,775</b>	<b>(7,567)</b>	<b>(39.1%)</b>
Profit attributable to non-controlling interests	889	1,256	367	41.3%
<b>Profit attributable to owners of the parent</b>	<b>18,453</b>	<b>10,519</b>	<b>(7,934)</b>	<b>(43.0%)</b>

**Total revenue increased by 12.5% year-on-year to HUF 195.9 billion in Q1 2023.** This improvement was primarily driven by strong growth in mobile data, higher system integration and IT revenue and further increase in fixed broadband revenue whilst the introduction of inflation-based fee adjustment to the Hungarian subscription fees also contributed to the increase.

- **Mobile revenue rose by 10.6% year-on-year to HUF 112.3 billion in Q1 2023**, driven by the continued growth in mobile data revenue and the moderate increase in voice-retail revenue.
  - **Voice retail** revenue increased by 4.2% year-on-year to HUF 29.5 billion in Q1 2023 reflecting the positive impact of further customer base expansion in both countries and the Hungarian fee adjustment which offset reductions stemming from lower usage levels.
  - **Voice wholesale** revenue decreased by 5.7% year-on-year to HUF 2.9 billion in Q1 2023, primarily driven by lower related revenues at the Hungarian operation due to lower incoming traffic volumes.
  - **Data** revenue rose by 23.1% year-on-year to HUF 41.4 billion in Q1 2023, driven by continued growth in subscriber numbers and usage levels in both Hungary and North Macedonia.
  - **SMS** revenue was stable year-on-year, amounting to HUF 6.2 billion in Q1 2023, as somewhat lower revenues from mass messaging in Hungary was offset by increases driven by the higher customer base and increased subscription fees.
  - **Mobile equipment** revenue increased by 3.4% year-on-year to HUF 28.0 billion in Q1 2023. Although revenue from customer sales transactions increased further, driven by higher average handset prices at both countries of operation, it was offset by strong rise in the installment sales related present value discount as well as by lower revenue from third party export sales at the Hungarian operation.
  - **Other mobile** revenue rose by HUF 1.0 billion to HUF 4.3 billion in Q1 2023, reflecting the increased interest revenue component in relation to the equipment installment sales related present value discount driven by the sharp increase in the Hungarian base rate year-on-year.



- **Fixed line revenue increased by 10.9% year-on-year, to HUF 63.1 billion in Q1 2023**, thanks primarily to increases in fixed broadband and TV revenues driven by the customer base expansion which was further supported by the favorable impact of the introduction of inflation based-fee adjustment to the Hungarian subscription fees.
  - **Voice retail** revenue was broadly stable year-on-year, amounting to HUF 8.8 billion in Q1 2023, as the decline in the Hungarian operation was mostly offset by higher contribution from North Macedonia.
  - **Broadband retail** revenue increased by 20.7% year-on-year to HUF 21.0 billion in Q1 2023, driven by the positive impact of continued customer base expansion that was coupled with further increases in ARPU.
  - **TV** revenue was up by 10.6% year-on-year to HUF 17.0 billion in Q1 2023, thanks to further expansion of the IPTV subscriber base in both countries coupled with the positive impact of the targeted price increase and the Hungarian fee adjustment measures.
  - **Fixed equipment** revenue declined by 14.0% year-on-year to HUF 3.8 billion in Q1 2023, driven by lower sales volumes in Hungary coupled with strong rise in the installment sales related present value discount.
  - **Data retail** revenue was up by 4.9% year-on-year, amounting to HUF 3.4 billion in Q1 2023 thanks to higher contribution from leased line fixed internet services.
  - **Wholesale** revenue was up by 3.7% year-on-year, amounting to HUF 5.1 billion in Q1 2023, as higher international transit and TV-content re-sale revenues at the North Macedonia operation offset the moderate decline in Hungarian wholesale IP and data revenues.
  - **Other fixed** line revenue rose by HUF 1.3 billion year-on-year to HUF 4.0 billion in Q1 2023, reflecting the increased interest in relation to the equipment installment sales related present value discount.
- **System Integration and IT ('SI/IT') revenues increased by HUF 4.9 billion to HUF 20.5 billion in Q1 2023**, reflecting a more favorable in-year project distribution at the Hungarian operation.

**Direct costs were up by 11.8% year-on-year at HUF 81.8 billion in Q1 2023**, reflecting revenue driven increases at SI/IT service related and other direct costs.

- **Interconnect costs** decreased by 8.5% year-on-year to HUF 5.5 billion in Q1 2023, reflecting lower payments at the Hungarian operation to domestic mobile operators in line with the lower outgoing traffic volumes.
- **SI/IT service-related costs** increased by HUF 3.7 billion year-on-year to HUF 14.8 billion in Q1 2023, in line with the higher revenues.
- **Impairment losses and gains on financial assets and contract assets (bad debt expenses)** was higher by 6.4% year-on-year, amounting to HUF 2.1 billion in Q1 2023 as a combined result of broadly unchanged expenses at the Hungarian operation coupled with higher expenses at the North Macedonian operation driven by one-off impairment costs.
- **Telecom tax** decreased by 4.3% year-on-year to HUF 6.4 billion in Q1 2023, reflecting lower mobile and fixed voice usage of the customer base.
- **Other direct costs** were up by 11.9% year-on-year to HUF 53.0 billion in Q1 2023, driven by higher equipment costs, TV content fees and increase in roaming outpayments.

**Gross profit improved by 13.1% year-on-year to HUF 114.1 billion in Q1 2023**, thanks primarily to a higher contribution from telecommunication services.

**Indirect costs rose by HUF 17.3 billion year-on-year, to HUF 56.1 billion in Q1 2023**, as a combined result of the recently introduced supplementary telecommunication tax, higher other expenses and the absence of one-off gain recognized on the sale of an IT subsidiary in Q1 2022.

- **Employee-related expenses** increased by 6.9% year-on-year, amounting to HUF 19.6 billion in Q1 2023, reflecting the wage increase in effect from January 1, 2023 at the Hungarian operation.
- **Utility tax** rose by 6.8% to HUF 7.8 billion, as the increase in the length of the taxable network due to expiring tax credits from network investments in 2017, offset the positive effect of the tax credit relating to new network investments and upgrades that enable internet access of at least 100 Mbps.
- **Supplementary telecommunication tax**, imposed by the Government of Hungary with its decree issued on June 4, 2022, and levied on the actual business year's annual net sales of electronic telecommunication services was booked in the amount of HUF 7.2 billion in Q1 2023, in line with the increase in the tax base. Supplementary telecommunication tax in relation to Q1 2022 results was booked in Q2 2022, as its introduction was made only following the closing of the period.
- **Other operating expenses** (excluding the utility tax and the supplementary telecommunication tax) rose by HUF 5.0 billion year-on-year to HUF 22.1 billion in Q1 2023, reflecting higher energy costs at the Hungarian operation, particularly electricity, coupled with further cost pressure stemming from the high general inflation.



- **Other operating income** was lower by HUF 3.4 billion year-on-year, amounting to HUF 0.7 billion in Q1 2023, driven by the absence of a one-off HUF 3.3 billion gain realized on the sale of an IT subsidiary in Q1 2022.

**EBITDA declined by 6.6% year-on-year to HUF 58.0 billion in Q1 2023** as the improvement in gross profit was offset by higher indirect costs, including the supplementary telecommunication tax. **EBITDA AL was down by 8.9% year-on-year to HUF 50.8 billion in Q1 2023**, due to aforementioned drivers coupled with higher IFRS 16 lease liability related depreciation and interest expenses, in line with the increasing volume of the related lease liabilities.

**Depreciation and amortization ('D&A') expenses declined by 5.1% year-on-year to HUF 33.6 billion in Q1 2023.** In Hungary the decline was driven by lower software related depreciation expenses thanks to the optimization of the IT infrastructure and the proportionally lower amortization of the spectrum licenses that expired in April 2022 and were since reacquired. In North Macedonia, the lower D&A was reflecting the absence of one-off increases related to shortened useful life and accelerated depreciation in relation to RAN modernization in Q1 2022.

**Profit for the period decreased by HUF 7.6 billion year-on-year to HUF 11.8 billion in Q1 2023**, as lower EBITDA and increasing financial expenses offset the positive impact stemming from the lower D&A.

- **Net financial result** deteriorated from a loss of HUF 3.0 billion in Q1 2022 to a loss of HUF 8.7 billion in Q1 2023. Interest expense increased driven by higher interest related to lease liabilities, installment sales and higher average interest costs. The unfavorable change in other finance expense reflects less favorable results on measurement of derivatives at fair value reflecting the different shifts in the relevant yield curves resulting in a year-on-year deterioration and which offset FX gains related to the strengthening of the forint during the period.
- **Income tax expenses** were lower by 10.5% year-on-year at HUF 4.0 billion in Q1 2023, reflecting the year-on-year lower level of the profit before tax.

**Profit attributable to non-controlling interests increased by HUF 0.4 billion year-on-year to HUF 1.3 billion in Q1 2023**, reflecting improvement in EBITDA coupled with lower D&A at the North Macedonian subsidiary.

## 2.1.2 Group Cash Flows

HUF millions	1-3 months 2022	1-3 months 2023	Change
Net cash generated from operating activities	36,283	32,314	(3,969)
Net cash used in investing activities	(32,310)	(41,243)	(8,933)
Less: (Payments for) / Proceeds from other financial assets	2,983	6,512	3,529
<b>Investing cash flow excluding Payments for / Proceeds from other financial assets - net</b>	<b>(29,327)</b>	<b>(34,731)</b>	<b>(5,404)</b>
Repayment of lease and other financial liabilities	(7,489)	(8,308)	(819)
<b>Free cash flow</b>	<b>(533)</b>	<b>(10,725)</b>	<b>(10,192)</b>
(Payments for) / Proceeds from other financial assets - net	(2,983)	(6,512)	(3,529)
Proceeds from / Repayment of loans and other borrowings - net	1,758	13,752	11,994
Dividends paid to Owners of the parent and Non-controlling interests	-	(1)	(1)
Treasury share purchase	-	-	-
Exchange differences on cash and cash equivalents	3	(305)	(308)
<b>Change in cash and cash equivalents</b>	<b>(1,755)</b>	<b>(3,791)</b>	<b>(2,036)</b>

**Free cash flow (FCF) amounted to HUF 10.7 billion cash outflow in Q1 2023 (Q1 2022: HUF 0.5 billion cash outflow), mainly due to the reasons described below.**

### *Operating cash flow*

**Net cash generated from operating activities** deteriorated to a cash inflow of HUF 32.3 billion in Q1 2023, compared to cash inflow of HUF 36.3 billion in Q1 2022, attributable to the reasons outlined as follows:

- HUF 4.1 billion **negative impact due to lower EBITDA** in Q1 2023
- HUF 4.5 billion **negative change in active working capital**, mainly as a result of:
  - unfavorable change in the balance of telecommunication customer related trade receivables in Hungary (negative impact: ca. HUF 6.0 billion) partially caused by the fee adjustment,



- unfavorable change in handset inventory balances (negative impact: ca. HUF 2.9 billion) mainly due to different within-year procurement dynamics,
- higher increase in net portfolio of installment receivables in Q1 2023 versus Q1 2022 (negative impact: ca. HUF 2.2 billion) as a result of higher sales volume,
- different project seasonality led to favorable changes in SI/IT inventory balances in Hungary (positive impact: ca HUF 1.4 billion),
- improvement in prepaid expenses in Q1 2023 compared to a deterioration in Q1 2022 (positive impact: ca. 1.8 billion) due to change of different services related payments.
- favorable change in the trade balances in North Macedonia (positive impact: ca. HUF 2.3 billion) due to FX rate change impact.
- HUF 3.5 billion **positive change in passive working capital**, primarily driven by
  - higher increase in handset suppliers (positive impact: ca. HUF 6.5 billion) in line with higher inventories,
  - favorable change in balance of taxes not related income taxes (positive impact: ca HUF 5.7 billion) mainly due to recognition of HUF 7.2 billion supplementary telecommunication tax liability in Q1 2023 and change of VAT liability in amount of HUF 1.9 billion,
  - unfavorable change of liabilities to employees (negative impact: ca. HUF 2.5 billion) driven by higher decrease of bonus related liabilities,
  - unfavorable change in the balances of invoiced and non-invoiced trade creditors in Hungary and in North Macedonia in Q1 2023 compared to Q1 2022 (negative impact: ca. HUF 5.6 billion) due to different outpayment timing.
- HUF 3.1 billion **negative change in interest and other financial charges paid** in Q1 2023 compared to Q1 2022, mainly reflecting the higher interest payment related to the loan portfolio due to change of interest rates, higher leased liability related interest and higher bank charges
- HUF 4.7 billion **positive change in other non-cash items**, mainly due to the booking of one-off gain on sale of an IT subsidiary during Q1 2022 supplemented with more significant foreign exchange rate movements leading to FX gains during Q1 2023

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

**Net cash used in investing activities** amounted to HUF 34.7 billion Q1 2023, compared to HUF 29.3 billion in Q1 2022, with a higher cash outflow driven mainly by HUF 5.5 billion **negative effect** related to the income realized on the sale of an IT subsidiary during Q1 2022

*Repayment of lease and other financial liabilities*

**Repayment of lease and other financial liabilities** deteriorated to HUF 8.3 billion in Q1 2023 from HUF 7.5 billion in Q1 2022, primarily driven by HUF 1.0 billion higher lease capital payments – mainly as a result of the negative impact of higher inflation and increase in BUBOR.

**Cash and cash equivalents** deteriorated by HUF 2.0 billion in Q1 2023 compared to Q1 2022. Besides the changes in FCF the deterioration is attributable to the followings:

- **Proceeds from loans and other borrowings** improved by HUF 26.3 billion due to combined effect of the higher drawdown of DT Group loans and the decrease of proceeds from inhouse DT Group funds and in Q1 2023 compared to Q1 2022.
- **Repayments of loans and other borrowings** deteriorated by HUF 14.3 billion due the increase of repayments of inhouse DT Group funds in Q1 2023 compared to Q1 2022.

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, 2022 to March 31, 2023 (see Appendix 3.8 and 3.9) can be observed in the following lines:

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





**Derivative financial instruments contracted with related parties** (current and non-current assets combined) decreased by HUF 6.2 billion from December 31, 2022 to March 31, 2023 mainly as a result of HUF 6.4 billion decrease of the fair value of long-term derivative financial instruments contracted with related parties.

**Financial liabilities to related parties** (current and non-current combined) increased by HUF 11.6 billion from December 31, 2022 to March 31, 2023 due to the combined result of drawdown and FX impact related to of DT Group loans partly offset by the decrease in cash pool liabilities.

**Trade payables** decreased by HUF 31.9 billion from December 31, 2022 to March 31, 2023, reflecting a decrease in outstanding balances of handset, SI/IT, Capex and OPEX suppliers.

**Other liabilities** (current and non-current combined) increased by HUF 5.6 billion from December 31, 2022 to March 31, 2023, reflecting the increase of different tax liabilities (e.g. supplementary telecommunication tax, utility tax, VAT) partially offset by the decrease of the employee related liabilities.

There has not been any other material change in the items of the Consolidated Statement of Financial Position (excl. Equity) in the period from December 31, 2022 to March 31, 2023. 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 2023 and the related explanations provided above in section 2.1.2 Group Cash Flows. The changes in Equity are disclosed in the Equity movement table in the section 3.9 Consolidated Statements of Changes in Equity.

#### **2.1.4 Related party transactions**

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

#### **2.1.5 Contingencies and commitments**

##### **Contingent assets**

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

##### **Contingent liabilities**

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

##### **Guarantees**

Magyar Telekom is also exposed to risks that arise from the possible drawdown of guarantees that in aggregation amounted to a nominal amount of HUF 16.4 billion as at December 31, 2022. 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 2023.

#### **2.1.6 Significant events**

For any significant event that occurred between the end of the quarter (March 31, 2023) and the date publishing of this quarterly financial report, please see our Investor Relations website:

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



## 2.2. Segment reports

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

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

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

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

### 2.2.1 MT-Hungary

	Q1 2022	Q1 2023	Change	Change (%)
<b>HUF millions</b>				
Voice	27,993	28,665	672	2.4%
Non-voice	35,995	43,349	7,354	20.4%
Equipment	24,427	25,002	575	2.4%
Other mobile revenue	2,822	3,669	847	30.0%
<b>Mobile revenue</b>	<b>91,237</b>	<b>100,685</b>	<b>9,448</b>	<b>10.4%</b>
Voice retail	7,631	7,536	(95)	(1.2%)
Broadband retail	16,134	19,457	3,323	20.6%
TV*	13,916	15,565	1,649	11.8%
Equipment	4,407	3,794	(613)	(13.9%)
Other*	9,160	10,310	1,150	12.6%
<b>Fixed line revenue</b>	<b>51,248</b>	<b>56,662</b>	<b>5,414</b>	<b>10.6%</b>
SI/IT revenue	15,072	20,118	5,046	33.5%
<b>Revenue</b>	<b>157,557</b>	<b>177,465</b>	<b>19,908</b>	<b>12.6%</b>
Direct costs	(67,986)	(76,684)	(8,698)	(12.8%)
<b>Gross profit</b>	<b>89,571</b>	<b>100,781</b>	<b>11,210</b>	<b>12.5%</b>
Indirect costs	(34,295)	(43,913)	(9,618)	(28.0%)
Supplementary telecommunication tax	-	(7,210)	(7,210)	n.a.
<b>EBITDA</b>	<b>55,276</b>	<b>49,658</b>	<b>(5,618)</b>	<b>(10.2%)</b>
<b>EBITDA AL</b>	<b>49,198</b>	<b>42,733</b>	<b>(6,465)</b>	<b>(13.1%)</b>
Segment Capex AL excl. spectrum licenses	18,948	20,516	1,568	8.3%
Spectrum licenses	-	-	-	-

\* 2022 values are modified as revenues in the amount of HUF 486 million were reclassified from fixed other revenue to TV revenue in relation to video-on-demand services to better reflect fixed services classification



Operational statistics – access numbers	March 31 2022	March 31 2023	Change (%)
Number of SIM cards	5,726,858	5,986,563	4.5%
Postpaid share in total	64.0%	62.7%	n.a.
Total fixed voice access	1,323,222	1,300,998	(1.7%)
Total retail fixed broadband customers	1,440,162	1,533,783	6.5%
Total TV customers	1,331,843	1,394,752	4.7%

Operational statistics – ARPU (HUF)	Q1 2022	Q1 2023	Change (%)
Blended mobile ARPU	3,747	4,017	7.2%
Postpaid ARPU	5,341	5,851	9.5%
Prepaid ARPU	1,180	1,209	2.5%
M2M ARPU	338	293	(13.3%)
Blended fixed voice ARPU	1,918	1,922	0.2%
Blended fixed broadband ARPU	3,721	4,226	13.6%
Blended TV ARPU*	3,504	3,740	6.7%

\* 2022 values are modified as revenues were reclassified to TV revenue in relation to video-on-demand services to better reflect fixed services classification

**Total revenue for the MT-Hungary segment** rose by 12.6% year-on-year to HUF 177.5 billion in Q1 2023, driven by continued increase in mobile data, broadband and TV service revenues that was coupled with higher SI/IT revenues as well.

- **Mobile revenues** were up 10.4% year-on-year in Q1 2023 thanks primarily to continued growth in mobile data revenues driven by the further expansion of the customer base coupled with the significant rise in average mobile data usage. Customer base expansion coupled with the positive impact of the inflation-based fee adjustment led to increases also in retail voice revenues offsetting the decline in wholesale voice revenue stemming from lower incoming traffic volumes. Equipment sales revenue development reflects the combined impacts of higher revenue from customer sales transactions, driven by higher average handset prices offset by strong rise in the installment sales related present value discount and the decline in third party export sales revenue.
- **Fixed line revenues** grew by 10.6% year-on-year in Q1 2023, thanks to continued customer expansion driven by sustained demand for our gigabit network; number of broadband customers grew by 6.5% and TV customer base expanded by 4.7%. At the same time, ARPU levels also continued to show positive developments as many of the new subscribers connect to the gigabit network whilst the implementation of the inflation-based fee adjustment also contributed to these trends.
- **SI/IT revenue** increased by 33.5% year-on-year, reflecting a more favorable in-year project distribution.

**Gross profit** rose by 12.5% year-on-year in Q1 2023, in line with the favorable revenue trends.

**EBITDA** declined by 10.2% year-on-year and **EBITDA AL** was down by 13.1% year-on-year in Q1 2023, as the supplementary telecommunication tax expense coupled with higher indirect costs, particularly energy, and the absence of IT subsidiary sale gain offset the positive impacts of the favorable underlying performance.

**Capex AL excluding spectrum licenses** was up by 8.3% year-on-year in Q1 2023, amounting to HUF 20.5 billion, primarily driven by higher spending in relation to fiber provisioning and installation in Hungary whilst also reflects the weakening of the forint and strong inflationary pressure present.

**Outlook:** Looking ahead, there are significant uncertainties related to economic and business developments in Hungary, including the 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

	Q1 2022	Q1 2023	Change	Change (%)
<b>HUF millions</b>				
Voice	3,377	3,729	352	10.4%
Non-voice	3,784	4,243	459	12.1%
Equipment	2,625	2,969	344	13.1%
Other mobile revenue	533	682	149	28.0%
<b>Mobile revenue</b>	<b>10,319</b>	<b>11,623</b>	<b>1,304</b>	<b>12.6%</b>
Voice retail	1,232	1,295	63	5.1%
Broadband retail	1,308	1,590	282	21.6%
TV	1,429	1,413	(16)	(1.1%)
Equipment	45	36	(9)	(20.0%)
Other	1,594	1,852	258	16.2%
<b>Fixed line revenue</b>	<b>5,608</b>	<b>6,186</b>	<b>578</b>	<b>10.3%</b>
SI/IT revenue	543	362	(181)	(33.3%)
<b>Revenue</b>	<b>16,470</b>	<b>18,171</b>	<b>1,701</b>	<b>10.3%</b>
Direct costs	(5,207)	(5,945)	(738)	(14.2%)
<b>Gross profit</b>	<b>11,263</b>	<b>12,226</b>	<b>963</b>	<b>8.6%</b>
Indirect costs	(4,481)	(4,658)	(177)	(4.0%)
Supplementary telecommunication tax	-	-	-	-
<b>EBITDA</b>	<b>6,782</b>	<b>7,568</b>	<b>786</b>	<b>11.6%</b>
<b>EBITDA AL</b>	<b>6,529</b>	<b>7,285</b>	<b>756</b>	<b>11.6%</b>
Segment Capex AL excl. spectrum licenses	4,053	3,006	(1,047)	(25.8%)
Spectrum licenses	-	-	-	-

<b>Operational statistics – access numbers</b>	<b>March 31 2022</b>	<b>March 31 2023</b>	<b>Change (%)</b>
Number of mobile SIMs	1,213,465	1,253,210	3.3%
Postpaid share in total	42.3%	45.5%	n.a.
Total fixed voice access	223,860	224,388	0.2%
Total fixed retail broadband customers	198,360	203,918	2.8%
Total TV customers	145,949	147,739	1.2%

**Total revenue in North Macedonia** rose by 10.3% year-on-year to HUF 18.2 billion in Q1 2023 attributable to higher mobile service as well as mobile equipment and fixed broadband revenues whilst also amplified by the strengthening of the Macedonian denar against the Hungarian forint.

- **Mobile revenues** rose by 12.6% year-on-year in forint terms in Q1 2023 primarily driven by further increase in the customer base along with higher data usage and some favorable one-time impact from loyalty scheme settlement, resulted in higher mobile service revenues. At the same time, the increased sales volumes coupled with higher average handset prices led to a rise in mobile equipment sales revenue, also contributing to the increase as well as the increase in visitor revenues that reflect higher traffic volumes.
- **Fixed line revenues** while were up by 10.3% year-on-year in Q1 2023 thanks to higher broadband revenues, driven by the higher customer base and price increases measures as well as increases in wholesale revenues reflecting higher international transit traffic and higher revenues from TV content re-sale.
- **SI/IT revenues** were lower by 33.3% year-on-year in Q1 2023 reflecting less favorable project dynamics as well as fiscal tightening in North Macedonia that resulted in fewer public sector project deliveries.

**Gross profit** increased by 8.6% year-on-year in Q1 2023, reflecting the increase in telecommunication service revenues.

**EBITDA** and **EBITDA AL** both increased by 11.6% year-on-year in Q1 2023 thanks to the improvements in gross profit.



**CAPEX AL excluding spectrum licenses** declined year-on-year by HUF 1.0 billion to HUF 3.0 billion for Q1 2023 reflecting the completion of the RAN modernization, resulting in elevated investment for Q1 2022 as well as seasonally lower TV content capitalization costs.

**Outlook:** Looking ahead, the challenging economic environment, including high inflation and surging energy prices may continue to put pressure on profitability. Competition is also expected to remain intense with Telekom Srbija's entrance to the North Macedonian telecommunication market in 2022.



## 3. APPENDIX

### 3.1. Basis of preparation

This condensed consolidated financial information was prepared in accordance with IAS 34 (Interim Financial Reporting) and should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2022, 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 financial statements for December 31, 2022 have been filed with the Budapest Stock Exchange and the Central Bank of Hungary.

The statutory financial statements for December 31, 2022 were audited and the audit reports were unqualified. It was approved by the shareholders on the Annual General Meeting on April 19, 2023.

Management continuously monitors the progress in the Hungarian economic environment and the effect of the Russian-Ukrainian war, particularly the macroeconomic tendencies and current market conditions. The management pay special attention to the changes on energy prices and look for the possibilities for the provision of cost-effective energy supply. A secure renewable energy procurement has become an important task, thus a short-term PPA contract was signed.

The supplementary telecommunication tax declared in 2022 and payable for years 2022 and 2023, is putting significant pressure on the profitability of the Group. The supplementary telecommunication tax is levied on the actual business year's annual net sales of telecommunication services using progressive rates, appropriately weighted based on the expected full year revenue. The amount of this tax for Q1 2023 is disclosed on a separate line of the Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Considering the general economic factors, the solvency of customers has been assessed and management concluded that there was no need to recognize further allowance for bad debts in Q1 2023.

During the preparation of the Q1 2023 interim financial report, 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.

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

#### **Initial application of standards, interpretations, and amendments in the financial year**

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 financial statements for the year ended December 31, 2022.



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

	Q1 2022 (unaudited)	Q1 2023 (unaudited)	Change	Change (%)
<b>(HUF millions, except per share amounts)</b>				
Mobile revenue	101,556	112,306	10,750	10.6%
Fixed line revenue	56,884	63,084	6,200	10.9%
SI/IT revenue	15,615	20,480	4,865	31.2%
<b>Revenue</b>	<b>174,055</b>	<b>195,870</b>	<b>21,815</b>	<b>12.5%</b>
Interconnect costs	(6,038)	(5,523)	515	8.5%
SI/IT service related costs	(11,165)	(14,837)	(3,672)	(32.9%)
Impairment losses and gains on financial assets and contract assets	(1,944)	(2,069)	(125)	(6.4%)
Telecom tax	(6,633)	(6,350)	283	4.3%
Other direct costs	(47,377)	(53,004)	(5,627)	(11.9%)
<b>Direct costs</b>	<b>(73,157)</b>	<b>(81,783)</b>	<b>(8,626)</b>	<b>(11.8%)</b>
Employee-related expenses	(18,370)	(19,633)	(1,263)	(6.9%)
Depreciation and amortization	(35,369)	(33,582)	1,787	5.1%
Other operating expenses	(24,453)	(29,903)	(5,450)	(22.3%)
Supplementary telecommunication tax	-	(7,210)	(7,210)	n.a.
<b>Operating expenses</b>	<b>(151,349)</b>	<b>(172,111)</b>	<b>(20,762)</b>	<b>(13.7%)</b>
Other operating income	4,071	688	(3,383)	(83.1%)
<b>Operating profit</b>	<b>26,777</b>	<b>24,447</b>	<b>(2,330)</b>	<b>(8.7%)</b>
Interest income	154	621	467	303.2%
Interest expense	(3,414)	(6,343)	(2,929)	(85.8%)
Other finance expense - net	289	(2,933)	(3,222)	n.m.
<b>Net financial result</b>	<b>(2,971)</b>	<b>(8,655)</b>	<b>(5,684)</b>	<b>(191.3%)</b>
Share of associates' and joint ventures' results	26	-	(26)	(100.0%)
<b>Profit before income tax</b>	<b>23,832</b>	<b>15,792</b>	<b>(8,040)</b>	<b>(33.7%)</b>
Income tax	(4,490)	(4,017)	473	10.5%
<b>Profit for the period</b>	<b>19,342</b>	<b>11,775</b>	<b>(7,567)</b>	<b>(39.1%)</b>
<b>Other comprehensive income:</b>				
Items to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translating foreign operations	63	(5,783)	(5,846)	n.m.
Items not to be reclassified to profit or loss in subsequent periods:				
Revaluation of financial assets at FV OCI	80	96	16	20.0%
<b>Other comprehensive income for the year, net of tax</b>	<b>143</b>	<b>(5,687)</b>	<b>(5,830)</b>	<b>n.m.</b>
<b>Total comprehensive income for the period</b>	<b>19,485</b>	<b>6,088</b>	<b>(13,397)</b>	<b>(68.8%)</b>
<b>Profit attributable to:</b>				
Owners of the parent	18,453	10,519	(7,934)	(43.0%)
Non-controlling interests	889	1,256	367	41.3%
	<b>19,342</b>	<b>11,775</b>	<b>(7,567)</b>	<b>(39.1%)</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	18,548	7,024	(11,524)	(62.1%)
Non-controlling interests	937	(936)	(1,873)	n.m.
	<b>19,485</b>	<b>6,088</b>	<b>(13,397)</b>	<b>(68.8%)</b>
<b>Earnings per share (EPS) information:</b>				
Profit attributable to the owners of the Company	18,453	10,519		
Weighted average number of common stock outstanding used for basic/diluted EPS	996,965,004	962,722,519		
<b>Basic / diluted earnings per share (HUF)</b>	<b>18.51</b>	<b>10.93</b>	<b>(7.58)</b>	<b>(41.0%)</b>



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

(HUF millions)	Q1 2022	Q1 2023	Change	Change (%)
Voice retail	28,284	29,483	1,199	4.2%
Voice wholesale	3,086	2,911	(175)	(5.7%)
Data	33,594	41,360	7,766	23.1%
SMS	6,185	6,232	47	0.8%
Equipment	27,052	27,971	919	3.4%
Other mobile revenue	3,355	4,349	994	29.6%
<b>Mobile revenue</b>	<b>101,556</b>	<b>112,306</b>	<b>10,750</b>	<b>10.6%</b>
Voice retail	8,863	8,831	(32)	(0.4%)
Broadband retail	17,442	21,047	3,605	20.7%
TV*	15,345	16,978	1,633	10.6%
Equipment	4,452	3,830	(622)	(14.0%)
Data retail	3,222	3,381	159	4.9%
Wholesale (voice, broadband, data)	4,885	5,067	182	3.7%
Other fixed line revenue*	2,675	3,950	1,275	47.7%
<b>Fixed line revenue</b>	<b>56,884</b>	<b>63,084</b>	<b>6,200</b>	<b>10.9%</b>
SI/IT revenue	15,615	20,480	4,865	31.2%
<b>Revenue</b>	<b>174,055</b>	<b>195,870</b>	<b>21,815</b>	<b>12.5%</b>

\* 2022 values are modified as revenues in the amount of HUF 486 million were reclassified from fixed other revenue to TV revenue in relation to video-on-demand services to better reflect fixed services classification.

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

(HUF millions)	Q1 2022	Q1 2023	Change	Change (%)
Direct costs	(73,157)	(81,783)	(8,626)	(11.8%)
Employee-related expenses	(18,370)	(19,633)	(1,263)	(6.9%)
Depreciation and amortization	(35,369)	(33,582)	1,787	5.1%
Other operating expenses	(24,453)	(29,903)	(5,450)	(22.3%)
<i>Of which utility tax</i>	<i>(7,328)</i>	<i>(7,828)</i>	<i>(500)</i>	<i>(6.8%)</i>
Supplementary telecommunication tax	-	(7,210)	(7,210)	n.a.
<b>Operating expenses</b>	<b>(151,349)</b>	<b>(172,111)</b>	<b>(20,762)</b>	<b>(13.7%)</b>





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

(HUF millions)	Dec 31, 2022 (unaudited)	Mar 31, 2023 (unaudited)	Change	Change (%)
<b>ASSETS</b>				
Cash and cash equivalents	12,861	9,070	(3,791)	(29.5%)
Trade receivables within one year	171,583	168,137	(3,446)	(2.0%)
Other current assets	11,025	10,359	(666)	(6.0%)
Derivative financial instruments contracted with related parties	-	194	194	n.a.
Other current financial assets	1,789	5,558	3,769	210.7%
Contract assets	18,586	21,069	2,483	13.4%
Current income tax receivable	137	2,001	1,864	n.m.
Inventories	25,344	28,533	3,189	12.6%
	<b>241,325</b>	<b>244,921</b>	<b>3,596</b>	<b>1.5%</b>
Assets held for sale	2	1	(1)	(50.0%)
<b>Total current assets</b>	<b>241,327</b>	<b>244,922</b>	<b>3,595</b>	<b>1.5%</b>
Property, plant and equipment	475,708	471,913	(3,795)	(0.8%)
Right-of-use assets	123,739	128,297	4,558	3.7%
Goodwill	212,713	212,713	0	0.0%
Other intangible assets	332,185	326,128	(6,057)	(1.8%)
Investments in associates and joint ventures	-	-	-	-
Deferred tax assets	742	128	(614)	(82.7%)
Trade receivables over one year	22,806	22,269	(537)	(2.4%)
Derivative financial instruments contracted with related parties	31,723	25,299	(6,424)	(20.3%)
Other non-current financial assets	3,796	3,792	(4)	(0.1%)
Contract assets	3,960	3,479	(481)	(12.1%)
Other non-current assets	7,718	7,927	209	2.7%
<b>Total non-current assets</b>	<b>1,215,090</b>	<b>1,201,945</b>	<b>(13,145)</b>	<b>(1.1%)</b>
<b>Total assets</b>	<b>1,456,417</b>	<b>1,446,867</b>	<b>(9,550)</b>	<b>(0.7%)</b>



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

(HUF millions)	Dec 31, 2022 (unaudited)	Mar 31, 2023 (unaudited)	Change	Change (%)
<b>LIABILITIES</b>				
Financial liabilities to related parties	65,700	82,025	16,325	24.8%
Derivative financial instruments contracted with related parties	2,035	3,397	1,362	66.9%
Lease liabilities	26,738	27,856	1,118	4.2%
Trade payables	158,786	126,922	(31,864)	(20.1%)
Other financial liabilities	11,720	11,695	(25)	(0.2%)
Current income tax payable	1,478	1,078	(400)	(27.1%)
Provisions	2,959	2,816	(143)	(4.8%)
Contract liabilities	13,153	11,525	(1,628)	(12.4%)
Other current liabilities	24,355	30,018	5,663	23.3%
	<b>306,924</b>	<b>297,332</b>	<b>(9,592)</b>	<b>(3.1%)</b>
Liabilities held for sale	-	-	-	-
<b>Total current liabilities</b>	<b>306,924</b>	<b>297,332</b>	<b>(9,592)</b>	<b>(3.1%)</b>
Financial liabilities to related parties	98,061	93,342	(4,719)	(4.8%)
Lease liabilities	114,865	115,001	136	0.1%
Corporate bonds	68,531	68,612	81	0.1%
Other financial liabilities	103,918	101,900	(2,018)	(1.9%)
Deferred tax liabilities	14,299	14,315	16	0.1%
Provisions	12,604	13,096	492	3.9%
Contract liabilities	405	480	75	18.5%
Other non-current liabilities	2,034	1,925	(109)	(5.4%)
<b>Total non-current liabilities</b>	<b>414,717</b>	<b>408,671</b>	<b>(6,046)</b>	<b>(1.5%)</b>
<b>Total liabilities</b>	<b>721,641</b>	<b>706,003</b>	<b>(15,638)</b>	<b>(2.2%)</b>
<b>EQUITY</b>				
Common stock	100,580	100,580	0	0.0%
Capital reserves	26,409	26,409	0	0.0%
Treasury stock	(18,600)	(18,600)	0	0.0%
Retained earnings	546,659	557,178	10,519	1.9%
Accumulated other comprehensive income	36,691	33,196	(3,495)	(9.5%)
<b>Total equity of the owners of the parent</b>	<b>691,739</b>	<b>698,763</b>	<b>7,024</b>	<b>1.0%</b>
Non-controlling interests	43,037	42,101	(936)	(2.2%)
<b>Total equity</b>	<b>734,776</b>	<b>740,864</b>	<b>6,088</b>	<b>0.8%</b>
<b>Total liabilities and equity</b>	<b>1,456,417</b>	<b>1,446,867</b>	<b>(9,550)</b>	<b>(0.7%)</b>



### 3.7. Interim Consolidated Statement of Cash Flows

(HUF millions)	1-3 months 2022 (unaudited)	1-3 months 2023 (unaudited)	Change	Change (%)
<b>Cash flows from operating activities</b>				
Profit for the period	19,342	11,775	(7,567)	(39.1%)
Depreciation and amortization	35,369	33,582	(1,787)	(5.1%)
Income tax expense	4,490	4,017	(473)	(10.5%)
Net financial result	2,971	8,655	5,684	191.3%
Share of associates' and joint ventures' result	(26)	-	26	100.0%
Change in assets carried as working capital	4,495	(1)	(4,496)	n.m.
Change in provisions	141	169	28	19.9%
Change in liabilities carried as working capital	(19,080)	(15,550)	3,530	18.5%
Income tax paid	(4,664)	(5,574)	(910)	(19.5%)
Dividend received	-	39	39	n.a.
Interest and other financial charges paid	(3,506)	(6,618)	(3,112)	(88.8%)
Interest received	181	582	401	221.5%
Other non-cash items	(3,430)	1,238	4,668	n.m.
<b>Net cash generated from operating activities</b>	<b>36,283</b>	<b>32,314</b>	<b>(3,969)</b>	<b>(10.9%)</b>
<b>Cash flows from investing activities</b>				
Payments for property plant and equipment (PPE) and intangible assets	(35,183)	(34,923)	260	0.7%
Proceeds from disposal of PPE and intangible assets	356	192	(164)	(46.1%)
Payments for subsidiaries and business units	-	-	-	-
Cash acquired through business combinations	-	-	-	-
Proceeds from disposal of subsidiaries and business units	5,500	-	(5,500)	(100.0%)
Payments for other financial assets	(1,930)	-	1,930	100.0%
Proceeds from other financial assets	(1,053)	(6,512)	(5,459)	n.m.
Payments for interests in associates and joint ventures	-	-	-	-
<b>Net cash used in investing activities</b>	<b>(32,310)</b>	<b>(41,243)</b>	<b>(8,933)</b>	<b>(27.6%)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to Owners of the parent and Non-controlling interests	-	(1)	(1)	n.a.
Proceeds from loans and other borrowings	16,912	43,251	26,339	155.7%
Repayment of loans and other borrowings	(15,154)	(29,499)	(14,345)	(94.7%)
Proceeds from corporate bonds	-	-	-	-
Repayment of lease and other financial liabilities	(7,489)	(8,308)	(819)	(10.9%)
Treasury share purchase	-	-	-	-
<b>Net cash used in financing activities</b>	<b>(5,731)</b>	<b>5,443</b>	<b>11,174</b>	<b>n.m.</b>
Exchange differences on cash and cash equivalents	3	(305)	(308)	n.m.
<b>Change in cash and cash equivalents</b>	<b>(1,755)</b>	<b>(3,791)</b>	<b>(2,036)</b>	<b>(116.0%)</b>
Cash and cash equivalents, beginning of period	13,463	12,861	(602)	(4.5%)
<b>Cash and cash equivalents, end of period</b>	<b>11,708</b>	<b>9,070</b>	<b>(2,638)</b>	<b>(22.5%)</b>



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

HUF millions	Opening Balance at Jan 1, 2023	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, 2023	
						Proceeds from loans and borrowings	Repayment of loans and other borrowings	Proceeds from bonds	Repayment of other financial liability		Other
Related party loans	163,761	-	(579)	(5,798)	-	47,483	(29,500)	-	-	-	175,367
Derivatives from related parties	2,035	-	-	6,813	(5,451)	-	-	-	-	-	3,397
Spectrum fee payable	106,662	-	(1,479)	1,066	-	-	-	(1,040)	-	-	105,209
Bonds	68,531	-	0	81	-	-	-	-	-	-	68,612
Lease liabilities	141,603	-	(1,664)	9,196	-	-	-	(6,278)	-	-	142,857
Debtors overpayment	1,277	-	70	-	-	-	-	-	-	-	1,347
Contingent consideration	150	-	-	-	-	-	-	(150)	-	-	-
Other financial liabilities	7,549	-	(331)	660	-	-	1	(840)	-	-	7,039
- Less cash and cash equivalent	(12,861)	3,791	-	-	-	-	-	-	-	-	(9,070)
- Less other current financial assets	(1,789)	-	(298)	182	579	4,232	-	-	-	-	(5,558)
<b>Net debt</b>	<b>476,918</b>	<b>3,791</b>	<b>(4,281)</b>	<b>12,200</b>	<b>(4,872)</b>	<b>43,251</b>	<b>(29,499)</b>	<b>(8,308)</b>	<b>-</b>	<b>-</b>	<b>489,200</b>
Treasury share purchase											
Dividends paid to Owners of the parent and Non-controlling interest										(1)	
<b>Net Cash used in financing activities</b>										<b>5,443</b>	



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

	HUF millions										
	pieces										
	Shares of common stock	Common stock	Capital reserves	Treasury stock	Retained earnings	Cumulative translation adjustment	Revaluation reserve for FVOCI financial assets – net of tax	Equity of the owners of the parent	Non-controlling interests	Total Equity	
<b>Balance at January 1, 2022</b>	1,042,742,543	104,275	27,379	(19,424)	509,473	30,759	433	652,895	40,080	692,975	
Dividend declared to Owners of the parent	-	-	-	-	-	-	-	-	-	-	
Dividend declared to Non-controlling interests	-	-	-	-	-	-	-	-	-	-	
Treasury share purchase	-	-	-	-	-	-	-	-	-	-	
Capital decrease with cancellation of treasury share	-	-	-	-	-	-	-	-	-	-	
<b>Transactions with owners in their capacity as owners</b>	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income	-	-	-	-	-	49	46	95	48	143	
Profit or loss	-	-	-	-	18,453	-	-	18,453	889	19,342	
<b>Total comprehensive income</b>	-	-	-	-	18,453	49	46	18,548	937	19,485	
<b>Balance at March 31, 2022</b>	1,042,742,543	104,275	27,379	(19,424)	527,926	30,808	479	671,443	41,017	712,460	
Dividend declared to Owners of the parent	-	-	-	-	(15,000)	-	-	(15,000)	-	(15,000)	
Dividend declared to Non-controlling interests	-	-	-	-	-	-	-	-	(4,492)	(4,492)	
Treasury share purchase	-	-	-	(14,609)	-	-	-	(14,609)	-	(14,609)	
Capital decrease with cancellation of treasury share	(36,941,191)	(3,695)	(970)	15,433	(10,768)	-	-	-	-	-	
<b>Transactions with owners in their capacity as owners</b>	(36,941,191)	(3,695)	(970)	824	(25,768)	-	-	(29,609)	(4,492)	(34,101)	
Other comprehensive income	-	-	-	-	-	5,428	(24)	5,404	3,281	8,685	
Profit or loss	-	-	-	-	44,501	-	-	44,501	3,231	47,732	
<b>Total comprehensive income</b>	-	-	-	-	44,501	5,428	(24)	49,905	6,512	56,417	
<b>Balance at December 31, 2022</b>	1,005,801,352	100,580	26,409	(18,600)	546,659	36,236	455	691,739	43,037	734,776	
Dividend declared to Owners of the parent	-	-	-	-	-	-	-	-	-	-	
Dividend declared to Non-controlling interests	-	-	-	-	-	-	-	-	-	-	
Treasury share purchase	-	-	-	-	-	-	-	-	-	-	
Capital decrease with cancellation of treasury share	-	-	-	-	-	-	-	-	-	-	
<b>Transactions with owners in their capacity as owners</b>	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income	-	-	-	-	-	(3,548)	53	(3,495)	(2,192)	(5,687)	
Profit or loss	-	-	-	-	10,519	-	-	10,519	1,256	11,775	
<b>Total comprehensive income</b>	-	-	-	-	10,519	(3,548)	53	7,024	(936)	6,088	
<b>Balance at March 31, 2023</b>	1,005,801,352	100,580	26,409	(18,600)	557,178	32,688	508	698,763	42,101	740,864	
Of which treasury stock	(43,078,833)	-	-	-	-	-	-	-	-	-	
<b>Shares of common stock outstanding</b>	962,722,519	-	-	-	-	-	-	-	-	-	



### 3.10. Exchange rate information

	Q1 2022	Q1 2023	Change (%)
HUF/EUR beginning of period	369.00	400.25	8.5%
HUF/EUR period-end	369.62	380.99	3.1%
HUF/EUR cumulative monthly average	365.74	386.50	5.7%
HUF/MKD beginning of period	5.99	6.51	8.7%
HUF/MKD period-end	5.99	6.18	3.2%
HUF/MKD cumulative monthly average	5.93	6.27	5.7%

### 3.11. Segment information

HUF millions	Q1 2022	Q1 2023	1-3 months 2022	1-3 months 2023
Total MT-Hungary revenue	157,557	177,465	157,557	177,465
Less: MT-Hungary revenue from other segments	(28)	(24)	(28)	(24)
<b>MT-Hungary revenue from external customers</b>	<b>157,529</b>	<b>177,441</b>	<b>157,529</b>	<b>177,441</b>
Total North Macedonia revenue	16,470	18,171	16,470	18,171
Less: North Macedonia revenue from other segments	(13)	(15)	(13)	(15)
<b>North Macedonia revenue from external customers</b>	<b>16,457</b>	<b>18,156</b>	<b>16,457</b>	<b>18,156</b>
Total consolidated revenue of the segments	173,986	195,597	173,986	195,597
Measurement differences to Group revenue	69	273	69	273
<b>Total revenue of the Group</b>	<b>174,055</b>	<b>195,870</b>	<b>174,055</b>	<b>195,870</b>
<b>Segment results (EBITDA)</b>				
Hungary	55,276	49,658	55,276	49,658
North Macedonia	6,782	7,568	6,782	7,568
<b>Total EBITDA of the segments</b>	<b>62,058</b>	<b>57,226</b>	<b>62,058</b>	<b>57,226</b>
Measurement differences to Group EBITDA	88	803	88	803
<b>Total EBITDA of the Group</b>	<b>62,146</b>	<b>58,029</b>	<b>62,146</b>	<b>58,029</b>



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

March 31, 2023 HUF millions	Financial assets				Carrying amount	Fair value
	Amortized cost	FVOCI (Level 1)	FVTPL (Level 2)	FVTPL (Level 3)		
Cash and cash equivalents	9,070	-	-	-	9,070	9,070
Cash-pool receivables	4,232	-	-	-	4,232	4,232
Trade receivables	168,137	-	-	-	168,137	168,137
Trade receivables over 1 year	22,269	-	-	-	22,269	20,086
Derivative financial instruments contracted with related parties	-	-	25,493	-	25,493	25,493
Receivables from group companies	15	-	-	-	15	15
Finance lease receivable	654	-	-	-	654	589
Equity instruments	-	1,486	-	1,400	2,886	2,886
Receivables from asset-related grants	462	-	-	-	462	462
Other current receivables	599	-	-	-	599	599
Other non-current receivables	502	-	-	-	502	452
<b>Total</b>	<b>205,940</b>	<b>1,486</b>	<b>25,493</b>	<b>1,400</b>	<b>234,319</b>	<b>232,021</b>

December 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	12,861	-	-	-	12,861	12,861
Trade receivables	171,583	-	-	-	171,583	171,583
Trade receivables over 1 year	22,806	-	-	-	22,806	19,619
Derivative financial instruments contracted with related parties	-	-	31,723	-	31,723	31,723
Receivables from group companies	1	-	-	-	1	1
Finance lease receivable	767	-	-	-	767	685
Equity instruments	-	1,452	-	1,288	2,740	2,740
Receivables from asset-related grants	838	-	-	-	838	838
Other current receivables	664	-	-	-	664	664
Other non-current receivables	575	-	-	-	575	494
<b>Total</b>	<b>210,095</b>	<b>1,452</b>	<b>31,723</b>	<b>1,288</b>	<b>244,558</b>	<b>241,208</b>

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

March 31, 2023 HUF millions	Financial liabilities			Carrying amount	Fair value
	Measured at amortized cost	FVTPL (Level 2)	FVTPL (Level 3)		
Financial liabilities to related parties	175,367	-	-	175,367	176,527
Derivative financial instruments contracted with related parties	-	3,397	-	3,397	3,397
Trade payables	126,922	-	-	126,922	126,922
Frequency fee payable	105,209	-	-	105,209	71,180
Bonds	68,612	-	-	68,612	49,753
Lease liabilities	142,857	-	-	142,857	122,725
Debtors overpayment	1,347	-	-	1,347	1,347
Other current	5,160	-	-	5,160	5,160
Other non-current	1,879	-	-	1,879	1,642
<b>Total</b>	<b>627,353</b>	<b>3,397</b>	<b>-</b>	<b>630,750</b>	<b>558,652</b>

December 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	163,761	-	-	163,761	165,237
Derivative financial instruments contracted with related parties	-	2,035	-	2,035	2,035
Trade payables	158,786	-	-	158,786	158,786
Frequency fee payable	106,662	-	-	106,662	67,122
Bonds	68,531	-	-	68,531	45,622
Lease liabilities	141,603	-	-	141,603	116,539
Debtors overpayment	1,277	-	-	1,277	1,277
Other current	4,888	-	-	4,888	4,888
Other non-current	2,676	-	-	2,676	2,412
<b>Total</b>	<b>648,184</b>	<b>2,035</b>	<b>-</b>	<b>650,219</b>	<b>563,918</b>



### 3.14. EBITDA reconciliation

(HUF millions)	Q1 2022 MT Group	Q1 2022 MT-Hungary	Q1 2022 North Macedonia	Q1 2023 MT Group	Q1 2023 MT-Hungary	Q1 2023 North Macedonia
EBITDA	62,146	55,276	6,782	58,029	49,658	7,568
IFRS 16 related D&A	(4,937)	(4,714)	(223)	(5,483)	(5,236)	(247)
IFRS 16 related Interest	(1,394)	(1,364)	(30)	(1,725)	(1,689)	(36)
<b>EBITDA after lease</b>	<b>55,815</b>	<b>49,198</b>	<b>6,529</b>	<b>50,821</b>	<b>42,733</b>	<b>7,285</b>

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

(HUF millions)	1-3 months 2022 MT Group	1-3 months 2023 MT Group
Payments for PPE and intangible assets	35,183	34,923
Less spectrum payments	-	-
<b>Payments for PPE and intangible assets excl. spectrum payments</b>	<b>35,183</b>	<b>34,923</b>
+/- Cash adjustments	(12,182)	(11,401)
<b>Capex AL excl. spectrum</b>	<b>23,001</b>	<b>23,522</b>
ROU capex	6,294	10,546
Spectrum capex	-	-
<b>Capex</b>	<b>29,295</b>	<b>34,068</b>

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

(HUF millions)	Q1 2022 MT Group	Q1 2022 MT-Hungary	Q1 2022 North Macedonia	Q1 2023 MT Group	Q1 2023 MT-Hungary	Q1 2023 North Macedonia
Capex AL excl. spectrum licenses	23,001	18,948	4,053	23,522	20,516	3,006
ROU capex	6,294	6,136	158	10,546	10,266	280
Spectrum capex	-	-	-	-	-	-
<b>Capex</b>	<b>29,295</b>	<b>25,084</b>	<b>4,211</b>	<b>34,068</b>	<b>30,782</b>	<b>3,286</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.

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 10, 2023

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, 2022, 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.