

MAGYAR TELEKOM

HALF-YEAR REPORT

**ANALYSIS OF THE FINANCIAL STATEMENTS FOR THE
SECOND QUARTER ENDED JUNE 30, 2024**



Budapest – August 7, 2024 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB, hereinafter: Company), the leading Hungarian telecommunications service provider, today reported its consolidated financial results for the second quarter and first half of 2024, in accordance with IFRS Accounting Standards as adopted by the EU (hereinafter: half-year report). The half-year report contains unaudited figures.

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1. HIGHLIGHTS

(HUF millions, except ratios)	Q2 2023	Q2 2024	Change (%)	1-6 months 2023	1-6 months 2024	Change (%)
Revenue	208,090	240,607	15.6%	403,960	464,836	15.1%
Operating profit	41,025	61,245	49.3%	65,472	110,585	68.9%
Profit attributable to:						
Owners of the parent	22,258	43,361	94.8%	32,777	77,040	135.0%
Non-controlling interests	1,417	1,280	(9.7%)	2,673	2,617	(2.1%)
	23,675	44,641	88.6%	35,450	79,657	124.7%
Adjusted profit attributable to owners of the parent	25,658	44,000	71.5%	37,789	82,054	117.1%
Gross profit	125,232	151,467	20.9%	239,319	286,925	19.9%
EBITDA	75,921	97,150	28.0%	133,950	181,743	35.7%
EBITDA AL	68,603	89,808	30.9%	119,424	166,775	39.6%
Free cash flow				6,971	36,694	426.4%
Free cash flow excl. spectrum licenses				7,284	36,694	403.8%
Capex after lease	26,035	26,564	2.0%	49,557	46,303	(6.6%)
Capex after lease excl. spectrum licenses	25,449	26,564	4.4%	48,971	46,303	(5.4%)
Number of employees (closing full equivalent)				6,644	6,747	1.6%
				Dec 31, 2023	June 30, 2024	Change (%)
Net debt				430,640	449,067	4.3%
Net debt / EBITDA				1.50	1.34	n.a.

- Group revenue increased by 15.6% year-on-year in Q2 2024, driven by growth in service revenue that was strongly supported by the inflation-based fee adjustment at the Hungarian operation, whilst higher equipment sales and SI/IT revenue also contributed to the quarterly increase.
- Gross profit improved in line with revenue trends, growing 20.9% year-on-year in Q2 2024.
- EBITDA AL increased by 30.9% year-on-year in Q2 2024, thanks to the improvement in gross profit performance that could more than compensate for the increase in employee related expenses.
- Net income in Q2 2024 amounted to HUF 43.4 billion, against HUF 22.3 billion in Q2 2023, reflecting EBITDA growth partly mitigated by higher income tax expense.
- Capex after lease excluding spectrum licenses amounted to HUF 46.3 billion in H1 2024, representing a 6.6% reduction year-on-year, driven by different within-year dynamic of the annual CPE procurements in Hungary coupled with lower network investments and seasonally lower TV content capitalization costs in North Macedonia.
- Free cash flow, excluding spectrum license fees, amounted to HUF 36.7 billion in H1 2024, representing an improvement of HUF 29.4 billion year-on-year attributable to growth in profitability partially mitigated by higher working capital needs related to the expanding revenue base and different vendor outpayment dynamics.
- Net debt reached HUF 449.1 billion by the end of June 2024, reflecting dividend payment of HUF 41.5 billion and share buyback of HUF 22.3 billion in Q2 2024.



Tibor Rékasi, Magyar Telekom CEO, commented:

“I am delighted to report a strong set of results for the second quarter of 2024. Central to Magyar Telekom’s success is our customer-centric approach and our ability to provide a gigabit experience on our fixed and mobile networks. By the halfway point of 2024, we had reached 3.8 million households and businesses with gigabit-capable fixed technology. We increased our outdoor population-based 5G coverage to reach 70%, and we made further progress in the radio network modernization of our mobile network, reaching 87% readiness.

Operationally, our network provides an excellent foundation to ensure outstanding customer experience and fulfill our customers’ data needs. Financially, I am pleased to report that in the second quarter revenue increased by 15.6% year-on-year, while EBITDA AL grew by 30.9% due to strong revenue generation and the success of our cost mitigation initiatives.

Looking ahead, this strong performance and more favorable commercial outlook means that we are now targeting revenue growth of approximately 10% and EBITDA AL growth of approximately 25% for full year 2024. Consequently, we are also upgrading our guidance for adjusted net income to approximately HUF 150 billion, with a projected free cashflow generation of approximately HUF 140 billion.”

Public targets

	2023 Actual	Guidance for 2024	Updated guidance for 2024
Revenue	HUF 849.4 billion	5%-10% growth	ca. 10% growth
EBITDA AL	HUF 257.9 billion	20%-25% growth	ca. 25% growth
Adjusted net income	HUF 93.6 billion	ca. HUF 140 billion	ca. HUF 150 billion
FCF ¹	HUF 86.8 billion	ca. HUF 130 billion	ca. HUF 140 billion

¹ Excluding spectrum licenses



2. MANAGEMENT REPORT

2.1. Consolidated IFRS Group Results

2.1.1 Group Profit and Loss

(HUF millions)	Q2 2023	Q2 2024	Change	Change (%)	1-6 months 2023	1-6 months 2024	Change	Change (%)
Mobile revenue	121,328	140,647	19,319	15.9%	233,634	271,556	37,922	16.2%
Fixed line revenue	67,101	76,886	9,785	14.6%	130,185	149,457	19,272	14.8%
SI/IT revenue	19,661	23,074	3,413	17.4%	40,141	43,823	3,682	9.2%
Revenue	208,090	240,607	32,517	15.6%	403,960	464,836	60,876	15.1%
Direct costs	(82,858)	(89,140)	(6,282)	(7.6%)	(164,641)	(177,911)	(13,270)	(8.1%)
Gross profit	125,232	151,467	26,235	20.9%	239,319	286,925	47,606	19.9%
Indirect costs	(49,311)	(54,317)	(5,006)	(10.2%)	(105,369)	(105,182)	187	0.2%
EBITDA	75,921	97,150	21,229	28.0%	133,950	181,743	47,793	35.7%
Depreciation and amortization	(34,896)	(35,905)	(1,009)	(2.9%)	(68,478)	(71,158)	(2,680)	(3.9%)
Operating profit	41,025	61,245	20,220	49.3%	65,472	110,585	45,113	68.9%
Net financial result	(11,992)	(7,900)	4,092	34.1%	(20,647)	(15,705)	4,942	23.9%
Share of associates' and joint ventures' results	-	-	-	-	-	-	-	n.a.
Profit before income tax	29,033	53,345	24,312	83.7%	44,825	94,880	50,055	111.7%
Income tax	(5,358)	(8,704)	(3,346)	(62.4%)	(9,375)	(15,223)	(5,848)	(62.4%)
Profit for the period	23,675	44,641	20,966	88.6%	35,450	79,657	44,207	124.7%
Profit attributable to non-controlling interests	1,417	1,280	(137)	(9.7%)	2,673	2,617	(56)	(2.1%)
Profit attributable to owners of the parent	22,258	43,361	21,103	94.8%	32,777	77,040	44,263	135.0%

Total revenue increased by 15.6% year-on-year to HUF 240.6 billion in Q2 2024. This improvement was driven by the combined impact of continued strong demand for mobile data and fixed broadband services and the positive impact of the inflation-based fee adjustment in Hungary leading to higher subscription fee revenue across all service lines. These increases were coupled with higher mobile equipment sales and increase in SI/IT revenue, both reflecting favorable external impacts.

- **Mobile revenue rose by 15.9% year-on-year to HUF 140.6 billion in Q2 2024**, driven by the continued growth in mobile data revenue and higher equipment sales.
 - **Voice retail** revenue increased by 12.7% year-on-year to HUF 36.2 billion in Q2 2024, reflecting the positive impact of the expanding user base and the Hungarian fee adjustment which offset reductions stemming from lower usage levels.
 - **Voice wholesale** revenue decreased by 36.0% year-on-year to HUF 1.9 billion in Q2 2024, as a result of the reduction in the Hungarian mobile termination rates effective from January 1, 2024.
 - **Data** revenue rose by 24.3% year-on-year to HUF 57.2 billion in Q2 2024, as the continued growth in subscriber numbers and usage levels in both Hungary and North Macedonia were further amplified by the Hungarian fee adjustment impacts.
 - **SMS** revenue was higher by 11.8% year-on-year, amounting to HUF 7.6 billion in Q2 2024, thanks to increasing revenue from mass SMS services and the positive effect of the inflation-based fee adjustment.
 - **Mobile equipment** revenue rose by 13.7% year-on-year, amounting to HUF 32.4 billion in Q2 2024. The increase was driven by higher average handset prices as well as higher revenue from third party export sales whilst it was also reflecting lower installment sales related present value discount in Hungary in the current period in line with the decline in interest rates.
 - **Other mobile** revenue rose by 7.9% year-on-year to HUF 5.4 billion in Q2 2024, driven primarily by the increased interest revenue in relation to prior periods' equipment installment sales.
- **Fixed line revenue increased by 14.6% year-on-year, to HUF 76.9 billion in Q2 2024**, reflecting the increases in fixed broadband and TV revenue driven by the customer base expansions as well as the favorable impact of the inflation-based fee adjustment applied to the Hungarian subscription fees.



- **Voice retail** revenue was up by 3.9% year-on-year to HUF 9.3 billion in Q2 2024, as the impact of decline in the Hungarian customer base and usage level was offset by the fee adjustment effects.
 - **Broadband retail** revenue increased by 23.5% year-on-year to HUF 28.6 billion in Q2 2024, driven by the positive impact of continued customer base expansion coupled with the further increases in the ARPU levels at both operations.
 - **TV** revenue was up by 13.8% year-on-year to HUF 20.7 billion in Q2 2024, as a result of the further expansion of the Hungarian IPTV subscriber base coupled with the positive impacts of the fee adjustment.
 - **Fixed equipment** revenue was higher by HUF 0.9 billion year-on-year, amounting to HUF 4.8 billion in Q2 2024, reflecting primarily lower installment sales related present value discount.
 - **Data retail** revenue was up by 12.7% year-on-year, amounting to HUF 3.9 billion in Q2 2024, thanks to the continued increase in leased line fixed internet service revenue and the positive impacts of the fee adjustment.
 - **Wholesale** revenue increased by 8.9% year-on-year, to HUF 5.5 billion in Q2 2024, driven by higher infrastructure service related and wholesale IP and data revenue in Hungary.
 - **Other fixed line** revenue was lower by 8.2% year-on-year to HUF 4.0 billion in Q2 2024, reflecting lower fixed device rental revenue.
- **System Integration and IT ('SI/IT')** revenue rose by 17.4% year-on-year, amounting to HUF 23.1 billion in Q2 2024, thanks to higher revenue from major projects at the Hungarian operation.

Direct costs were up by 7.6% year-on-year at HUF 89.1 billion in Q2 2024, primarily driven by higher equipment costs, parallel to the increase in sales.

- **Interconnect costs** declined by 14.9% year-on-year to HUF 4.9 billion in Q2 2024, reflecting the cut in the Hungarian mobile termination rates, effective from January 1, 2024.
- **SI/IT service-related costs** were up by 4.1% year-on-year, amounting to HUF 15.4 billion in Q2 2024, as year-on-year higher project delivery was partly offset by the lower cost content of the current projects.
- **Impairment losses and gains on financial assets and contract assets (bad debt expenses)** was higher by HUF 0.7 billion or 29.9% year-on-year, amounting to HUF 3.1 billion in Q2 2024, in line with the higher revenue base at the Hungarian operation and also reflecting the recognition of one-off impairment in North Macedonia.
- **Telecom tax** was broadly unchanged year-on-year, amounting to HUF 6.5 billion in Q2 2024, as lower overall fixed voice usage and decline in mobile voice traffic generated by business customers were offset by higher voice minutes used by the expanding residential subscriber base.
- **Other direct costs** were up by 10.8% year-on-year at HUF 59.3 billion in Q2 2024, primarily driven by higher equipment costs, in line with higher related sales volumes, and an increase in TV content fees.

Gross profit improved by 20.9% year-on-year to HUF 151.5 billion in Q2 2024, thanks to higher service revenue partly mitigated by increase in the equipment sales related costs.

Indirect costs were up by 10.2% year-on-year, at HUF 54.3 billion in Q2 2024, primarily driven by higher employee related expenses in both operations.

- **Employee-related expenses** increased by 22.8% year-on-year, amounting to HUF 25.0 billion in Q2 2024, attributable to the wage increases that are in effect from July 1, 2023 as well as May 1, 2024 at the Hungarian operation and from January 1, 2024 at the North Macedonian operation as well as to one-off expenses in North Macedonia.
- **Supplementary telecommunication tax** was up by HUF 1.6 billion, amounting to HUF 9.1 billion in Q2 2024, reflecting the revenue increase.
- **Other operating expenses** (excluding supplementary telecommunication tax) decreased by 6.1% year-on-year to HUF 21.0 billion in Q2 2024, driven by lower energy costs that could offset inflation-driven cost pressures on other expenses.
- **Other operating income** was HUF 0.8 billion in Q2 2024, in line with earlier trends.

EBITDA increased by 28.0% year-on-year to HUF 97.2 billion in Q2 2024 driven by the improvement in gross profit. **EBITDA AL was up by 30.9% year-on-year to HUF 89.8 billion in Q2 2024.**

Depreciation and amortization ('D&A') expenses were up by 2.9% year-on-year, amounting to HUF 35.9 billion in Q2 2024, reflecting higher depreciation related to software licenses.

Profit for the period rose by 88.6% year-on-year to HUF 44.6 billion in Q2 2024 driven primarily by the growth in EBITDA.

- **Net financial result** improved from a loss of HUF 12.0 billion in Q2 2023 to a loss of HUF 7.9 billion in Q2 2024. Improvement in net interest expense was attributable primarily to lower interest costs related to the loan portfolio as well as decline in



instalment sales related interest expenses. The favorable change in other finance expense reflects the different quarterly movements of the exchange rate and yield curves leading to lower derivative measurement related losses in Q2 2024 vs Q2 2023.

- **Income tax expenses** were up by 62.4% year-on-year at HUF 8.7 billion in Q2 2024, reflecting the year-on-year higher profit levels resulting in higher income taxes.

Profit attributable to non-controlling interests decreased by 9.7% year-on-year to HUF 1.3 billion in Q2 2024, reflecting the increase in indirect costs at the North Macedonian subsidiary.

Adjusted net income (profit attributable to owners of the parent) was HUF 44.0 billion in Q2 2024 vs HUF 25.7 billion in Q2 2023, reflecting the improvements in underlying profitability. **Adjustments** to reported net income of **HUF 0.6 billion** in Q2 2024 are driven by changes in the value of loans and related hedging derivatives.

2.1.2 Group Cash Flows

HUF millions	1-6 months 2023	1-6 months 2024	Change
Net cash generated from operating activities	81,234	105,520	24,286
Net cash used in investing activities	(71,451)	(37,674)	33,777
Less: (Payments for) / Proceeds from other financial assets	13,889	(12,960)	(26,849)
Investing cash flow excluding Payments for / Proceeds from other financial assets - net	(57,562)	(50,634)	6,928
Repayment of lease and other financial liabilities	(16,701)	(18,192)	(1,491)
Free cash flow	6,971	36,694	29,723
(Payments for) / Proceeds from other financial assets - net	(13,889)	12,960	26,849
Proceeds from / (Repayment of) loans and other borrowings - net	50,767	12,600	(38,167)
Dividends paid to Owners of the parent and Non-controlling interests	(29,584)	(41,475)	(11,891)
Treasury share purchase	(14,609)	(22,363)	(7,754)
Exchange differences on cash and cash equivalents	(594)	319	913
Change in cash and cash equivalents	(938)	(1,265)	(327)

Free cash flow (FCF) amounted to HUF 36.7 billion cash inflow in H1 2024 (H1 2023: HUF 7.0 billion cash inflow) mainly due to the reasons described below.

Operating cash flow

Net cash generated from operating activities significantly improved to a cash inflow of HUF 105.5 billion in H1 2024, compared to cash inflow of HUF 81.2 billion in H1 2023, attributable to the reasons outlined as follows:

- HUF 47.8 billion **positive impact due to higher EBITDA** in H1 2024.
- HUF 6.3 billion **negative change in active working capital**, mainly as a result of:
 - unfavorable change in the trade receivables (negative impact: ca. HUF 4.3 billion) and inventory balances (negative impact: ca. HUF 0.8 billion) in North Macedonia boosted by the significant effect of the weakening of the HUF vs MKD in H1 2024 compared to the strengthen of the HUF vs MKD in H1 2023,
 - different project seasonality led to unfavorable changes in SI/IT inventory (negative impact: ca. 1.8 billion) and SI/IT trade receivables balances (negative impact: ca. HUF 0.6 billion) in H1 2024 compared to H1 2023 in Hungary,
 - unfavorable change in receivables from taxes not related to income taxes (negative impact: ca HUF 2.2 billion) mainly due to the higher supplementary telecommunication tax advance payment for 2024 compared to 2023,
 - different project seasonality led to unfavorable changes in contract assets aggregate balances in H1 2024 versus H1 2023 (negative impact: ca. HUF 1.0 billion),
 - unfavorable change in prepaid expenses in H1 2024 compared to H1 2023 (negative impact: ca. 0.9 billion) due to change of different services related payments,
 - favorable change in handset inventory balances in Hungary in H1 2024 compared to H1 2023 (positive impact: ca. HUF 6.7 billion) mainly due to different within-year procurement dynamics.



- HUF 12.5 billion **negative change in passive working capital**, primarily driven by:
 - higher decrease in handset supplier balances (negative impact: ca. HUF 10.1 billion) in line with lower inventories and higher outpayments,
 - unfavorable changes in balance of taxes not related to incomes taxes in H1 2024 compared to H1 2023 (negative impact: ca. HUF 7.8 billion) mainly driven by absence of utility tax and higher supplementary telecommunication tax payment in 2024,
 - favorable change of liabilities to employees (positive impact: ca. HUF 4.8 billion) driven by the absence of one-off compensation paid in H1 2023.
- HUF 2.3 billion **negative change in income taxes paid** in H1 2024 compared to H1 2023, mainly reflecting higher local business tax and higher corporate income tax payment due to improving profit figures.
- HUF 1.1 billion **positive change in interest received** in H1 2024 compared to H1 2023 due to changing market environment.
- HUF 3.2 billion **negative change in other non-cash items**, mainly due to more significant foreign exchange rate movements leading to FX losses in H1 2024 versus gains in H1 2023.

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

Net cash used in investing activities amounted to HUF 50.6 billion in H1 2024, compared to HUF 57.6 billion in H1 2023 reflecting less payments for PPE and intangible assets mainly driven by the lower level of CPE procurement dynamics and payments to Capex creditors in Hungary.

Repayment of lease and other financial liabilities

Repayment of lease and other financial liabilities deteriorated to HUF 18.2 billion in H1 2024 from HUF 16.7 billion in H1 2023, primarily driven by HUF 1.5 billion higher outflow related to trade payables with extended payment term in H1 2024.

Cash and cash equivalents deteriorated by HUF 0.3 billion in H1 2024 compared to H1 2023. Besides the changes in FCF the decline is attributable to the followings:

- **Proceeds from loans and other borrowings** improved by HUF 46.1 billion due to combined effect of the higher drawdown of DT Group loans and the increase of proceeds from inhouse DT Group funds in H1 2024 compared to H1 2023.
- **Repayments of loans and other borrowings** deteriorated by HUF 84.2 billion due to the combined effect of the increase of repayments of DT Group loans and increase of repayments of inhouse DT Group funds in H1 2024 compared to H1 2023.
- HUF 11.9 billion higher **dividend** was **paid** in H1 2024 versus H1 2023.
- HUF 7.8 billion higher cash outflow related to **treasury share purchase** in H1 2024 compared to H1 2023.
- **Exchange differences on cash and cash equivalents** improved by HUF 0.9 billion due to the MKD/HUF foreign exchange rate movement during H1 2024.

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

http://www.telekom.hu/about_us/investor_relations/financial

2.1.3 Consolidated Statements of Financial Position

The most significant changes in the balances of the Consolidated Statements of Financial Position from December 31, 2023 to June 30, 2024 (see Appendix 3.11 and 3.12) can be observed in the following lines:

- Trade receivables within one year
- Other assets (current and non-current combined)
- Derivative financial instruments contracted with related parties (current and non-current assets combined)
- Other intangible assets
- Financial liabilities to related parties (current and non-current liabilities combined)
- Trade payables
- Common stock
- Treasury stock



Trade receivables within one year increased by HUF 10.0 billion from December 31, 2023 to June 30, 2024 mainly driven by the impact of the inflation-based fee adjustment implemented in H1 2024.

Other assets (current and non-current combined) increased by HUF 12.8 billion from December 31, 2023 to June 30, 2024 mainly driven by a HUF 11.9 billion advance payment of supplementary profit tax.

Derivative financial instruments contracted with related parties (current and non-current combined) decreased by HUF 12.5 billion from December 31, 2023 to June 30, 2024 mainly related to accumulated fair value realized earlier on cross-currency swaps where the underlying loans were repaid in H1 2024.

Other intangible assets declined by HUF 14.6 billion from December 31, 2023 to June 30, 2024, mainly as a result of HUF 8.1 billion decrease in concessions and licenses.

Financial liabilities to related parties (current and non-current combined) increased by HUF 11.6 billion from December 31, 2023 to June 30, 2024 due to the combined effect of repayment and re-financing of DT Group loans and increase in balance of cash pool liabilities.

Trade payables decreased by HUF 42.8 billion from December 31, 2023 to June 30, 2024, reflecting a decrease in outstanding balances to handset, SI/IT, Capex and OPEX suppliers.

Common stock decreased by HUF 3.3 billion from December 31, 2023 to June 30, 2024 as a result of the cancellation of 32,941,370 pieces of dematerialized series "A" ordinary shares, owned by the Company (treasury shares), each with the face value of HUF 100.

Treasury stock increased from December 31, 2023 to June, 2024 primarily as a result of HUF 22.3 billion purchase of total of 21,200,065 Magyar Telekom ordinary shares and capital decrease through treasury shares in HUF 14.6 billion.

There has not been any other material change in the items of the Consolidated Statement of Financial Position in the period from December 31, 2023 to June 30, 2024. The less significant changes in balances of the Consolidated Statements of Financial Position are largely explained by the items of the Consolidated Statement of Cash Flows for 2024 and the related explanations provided above in section 2.1.2 Group Cash Flows. The changes in Equity are disclosed in the Equity movement table in section 3.13 Consolidated Statements of Changes in Equity.

2.1.4 Related party transactions

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

2.1.5 Contingencies and commitments

Contingent assets

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

Contingent liabilities

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

Guarantees

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

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

Commitments

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



2.1.6 Material events

For any material event that occurred between the end of the quarter (June 30, 2024) and the date publishing of this quarterly financial report, please see our Investor Relations website:

http://www.telekom.hu/about_us/investor_relations/investor_news



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

	Q2 2023	Q2 2024	Change	Change (%)	1-6 months 2023	1-6 months 2024	Change	Change (%)
HUF millions								
Voice	31,253	34,072	2,819	9.0%	59,918	63,924	4,006	6.7%
Non-voice	48,548	60,082	11,534	23.8%	91,897	114,081	22,184	24.1%
Equipment	25,781	29,408	3,627	14.1%	50,783	58,735	7,952	15.7%
Other mobile revenue	4,255	4,651	396	9.3%	7,924	9,301	1,377	17.4%
Mobile revenue	109,837	128,213	18,376	16.7%	210,522	246,041	35,519	16.9%
Voice retail	7,739	8,043	304	3.9%	15,275	15,668	393	2.6%
Broadband retail	21,575	26,809	5,234	24.3%	41,032	50,832	9,800	23.9%
TV	16,864	19,395	2,531	15.0%	32,429	37,288	4,859	15.0%
Equipment	3,806	4,758	952	25.0%	7,600	9,970	2,370	31.2%
Other	10,942	11,041	99	0.9%	21,252	22,132	880	4.1%
Fixed line revenue	60,926	70,046	9,120	15.0%	117,588	135,890	18,302	15.6%
SI/IT revenue	19,203	22,692	3,489	18.2%	39,321	43,118	3,797	9.7%
Revenue	189,966	220,951	30,985	16.3%	367,431	425,049	57,618	15.7%
Direct costs	(77,683)	(83,491)	(5,808)	(7.5%)	(154,367)	(166,053)	(11,686)	(7.6%)
Gross profit	112,283	137,460	25,177	22.4%	213,064	258,996	45,932	21.6%
Indirect costs	(36,902)	(39,217)	(2,315)	(6.3%)	(80,815)	(75,607)	5,208	6.4%
Supplementary telecommunication tax	(7,494)	(9,120)	(1,626)	(21.7%)	(14,704)	(17,994)	(3,290)	(22.4%)
EBITDA	67,887	89,123	21,236	31.3%	117,545	165,395	47,850	40.7%
EBITDA AL	60,840	82,086	21,246	34.9%	103,573	151,034	47,461	45.8%
Segment Capex AL excl. spectrum licenses	23,136	24,423	1,287	5.6%	43,652	42,092	(1,560)	(3.6%)
Spectrum licenses	586	-	(586)	-	586	-	(586)	-



Operational statistics – access numbers	June 30 2023	June 30 2024	Change (%)
Number of SIM cards	6,089,109	6,389,130	4.9%
Postpaid share in total	62.0%	59.5%	n.a.
Total fixed voice access	1,290,235	1,232,137	(4.5%)
Total retail fixed broadband customers	1,553,205	1,621,919	4.4%
Total TV customers	1,405,235	1,435,238	2.1%

Operational statistics – ARPU (HUF)	Q2 2023	Q2 2024	Change (%)	1-6 months 2023	1-6 months 2024	Change (%)
Blended mobile ARPU	4,399	4,910	11.6%	4,209	4,676	11.1%
Postpaid ARPU	6,516	7,643	17.3%	6,183	7,218	16.7%
Prepaid ARPU	1,314	1,398	6.4%	1,261	1,339	6.2%
M2M ARPU	280	254	(9.5%)	286	253	(11.7%)
Blended fixed voice ARPU	1,990	2,160	8.5%	1,956	2,085	6.6%
Blended fixed broadband ARPU	4,622	5,480	18.6%	4,424	5,218	17.9%
Blended TV ARPU	4,015	4,509	12.3%	3,878	4,342	12.0%

Total revenue for the MT-Hungary segment rose by 16.3% year-on-year to HUF 221.0 billion in Q2 2024, driven by continued increase in mobile data and broadband usage as well as the implemented inflation-based fee adjustment leading to increases in subscription fees. The year-on-year higher equipment sales and SI/IT revenue also contributed the overall revenue growth.

- **Mobile revenue** was up by 16.7% year-on-year in Q2 2024, thanks to increasing service revenue coupled with higher revenue from equipment sales. The continued growth in the number of SIM cards were primarily driven by increase of M2M usage. At the same time, postpaid customer base has expanded moderately year-on-year as increases in the residential customer base were mitigated by reduction in public sector subscribers, also negatively impacting mobile data subscriber trends. With regards to usage, downward trend in voice usage continued, however, the fee adjustment to subscription fees fully compensated for this decline whilst, data usage continued to grow, leading to further increases in ARPU levels. Equipment sales revenue increase reflects higher average handset prices coupled with higher revenue from third party export sales and lower installment sales related present value discount.
- **Fixed line revenue** grew by 15.0% year-on-year in Q2 2024. The increases were continued to be driven by the combined impacts of expansion of the broadband and TV customer bases, migration of subscribers to gigabit technology networks as well as the ARPU uplifts supported also by the implemented inflation-based fee adjustment.
- **SI/IT revenue** was up by 18.2% year-on-year in Q2 2024, thanks to higher revenue from major projects.

Gross profit rose by 22.4% year-on-year in Q2 2024, in line with the positive revenue trends.

EBITDA increased by 31.3% year-on-year and **EBITDA AL** was up by 34.9% year-on-year in Q2 2024, thanks to the improvement in underlying profitability.

Capex AL excluding spectrum licenses was lower by 3.6% year-on-year in the first half of 2024, amounting to HUF 42.1 billion, as lower level of investments in CPE, attributable primarily to different within-year dynamic offset the one-off increase in the asset retirement obligations.

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



2.2.2 North Macedonia

	Q2 2023	Q2 2024	Change	Change (%)	1-6 months 2023	1-6 months 2024	Change	Change (%)
HUF millions								
Voice	3,779	4,002	223	5.9%	7,508	7,770	262	3.5%
Non-voice	4,263	4,700	437	10.3%	8,506	9,189	683	8.0%
Equipment	2,671	2,952	281	10.5%	5,640	6,353	713	12.6%
Other mobile revenue	778	783	5	0.6%	1,460	1,484	24	1.6%
Mobile revenue	11,491	12,437	946	8.2%	23,114	24,796	1,682	7.3%
Voice retail	1,257	1,305	48	3.8%	2,552	2,604	52	2.0%
Broadband retail	1,566	1,763	197	12.6%	3,156	3,476	320	10.1%
TV	1,367	1,353	(14)	(1.0%)	2,780	2,701	(79)	(2.8%)
Equipment	27	23	(4)	(14.8%)	63	53	(10)	(15.9%)
Other	1,783	1,958	175	9.8%	3,635	3,716	81	2.2%
Fixed line revenue	6,000	6,402	402	6.7%	12,186	12,550	364	3.0%
SI/IT revenue	458	382	(76)	(16.6%)	820	705	(115)	(14.0%)
Revenue	17,949	19,221	1,272	7.1%	36,120	38,051	1,931	5.3%
Direct costs	(5,206)	(5,691)	(485)	(9.3%)	(11,151)	(11,936)	(785)	(7.0%)
Gross profit	12,743	13,530	787	6.2%	24,969	26,115	1,146	4.6%
Indirect costs	(4,704)	(5,534)	(830)	(17.6%)	(9,362)	(10,153)	(791)	(8.4%)
Supplementary telecommunication tax	-	-	-	-	-	-	-	-
EBITDA	8,039	7,996	(43)	(0.5%)	15,607	15,962	355	2.3%
EBITDA AL	7,768	7,691	(77)	(1.0%)	15,053	15,355	302	2.0%
Segment Capex AL excl. spectrum licenses	2,276	1,888	(388)	(17.0%)	5,282	3,891	(1,391)	(26.3%)
Spectrum licenses	-	-	-	-	-	-	-	-

Operational statistics – access numbers	June 30 2023	June 30 2024	Change (%)
Number of mobile SIMs	1,270,387	1,272,358	0.2%
Postpaid share in total	45.2%	46.7%	n.a.
Total fixed voice access	225,640	229,527	1.7%
Total fixed retail broadband customers	207,186	213,016	2.8%
Total TV customers	148,713	153,157	3.0%

Total revenue in North Macedonia increased by 7.1% year-on-year to HUF 19.2 billion in Q2 2024, thanks to growth in mobile voice, mobile data and fixed broadband revenue coupled with higher equipment sales whilst also supported by the year-on-year strengthening of the denar against the forint.

- **Mobile revenue** rose by 8.2% year-on-year in Q2 2024 in forint terms, driven by further increase in the postpaid customer base resulting in higher mobile service revenue as well as further growth in equipment sales reflecting higher average handset prices.
- **Fixed line revenue** increased by 6.7% year-on-year in Q2 2024 in forint terms, thanks primarily to increase in broadband revenue driven by the expansion of the customer base and higher ARPU's.
- **SI/IT revenue** was lower by 16.6% year-on-year in Q2 2024, reflecting lower revenue from the public sector due to completion of earlier projects.

Gross profit increased by 6.2% year-on-year in Q2 2024, reflecting the increase in service revenue.

EBITDA declined moderately year-on-year and **EBITDA AL** was down by 1.0% year-on-year in Q2 2024, as increases in revenue were offset by higher employee related expenses owing to wage increase implemented from January 1, 2024 as well as some one-off costs.

CAPEX AL declined by HUF 1.4 billion year-on-year to HUF 3.9 billion in H1 2024 driven by lower network related investments and temporarily lower TV content capitalization costs.



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



3. APPENDIX

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

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

The consolidated and separate financial statements of Magyar Telekom for December 31, 2023 were audited and the audit reports were unqualified. They were approved by the shareholders at the Annual General Meeting on April 16, 2024 and have been published as required by the relevant laws and regulations.

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, 2023, with the following exception:

Pronouncement	Title	Applied by Magyar Telekom from	Changes	Impact on the presentation of Magyar Telekom's results of operations and financial position
Standards adopted by the EU				
Amendments to IAS 1	Presentation of Financial Statements	01.01.2024	Classification of Liabilities as Current or Non-current and Deferral of Effective Date.	No material impact.
Amendments to IFRS 16 Leases	Lease Liability in a Sale and Leaseback	01.01.2024	The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.	No material impact.
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures	Disclosures: Supplier Finance Arrangements	01.01.2024	The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk	No material impact.

3.2. Macroeconomic environment and critical accounting estimates, climate disclosures

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

The impact of inflation and the permanently weak forint exchange rate still put pressure on the Group's costs. The Group remains committed to focusing on the delivery of its strategic objectives. The management pays special attention to the changes on energy prices and look for the possibilities for the provision of cost-effective energy supply. To secure renewable energy procurement



sources has become an important task, thus a 3-year physical power purchase agreement (PPA) was concluded in 2022, which, from 2023, partially replaces the purchase of renewable energy certificates that were previously considered a sole source. This commitment to renewable energy has been strengthened by extending the existing PPA to a 10-year term. Furthermore, Magyar Telekom has signed four additional physical PPAs across new locations, also with a duration of 10 years. The Group remains committed to its environmental strategy and will continue its work by seeking new opportunities, such as concluding long-term PPAs.

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

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

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



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

	Q2 2023 (unaudited)	Q2 2024 (unaudited)	Change	Change (%)
(HUF millions, except per share amounts)				
Mobile revenue	121,328	140,647	19,319	15.9%
Fixed line revenue	67,101	76,886	9,785	14.6%
SI/IT revenue	19,661	23,074	3,413	17.4%
Revenue	208,090	240,607	32,517	15.6%
Interconnect costs	(5,701)	(4,850)	851	14.9%
SI/IT service related costs	(14,830)	(15,439)	(609)	(4.1%)
Impairment losses and gains on financial assets and contract assets	(2,354)	(3,059)	(705)	(29.9%)
Telecom tax	(6,422)	(6,453)	(31)	(0.5%)
Other direct costs	(53,551)	(59,339)	(5,788)	(10.8%)
Direct costs	(82,858)	(89,140)	(6,282)	(7.6%)
Employee-related expenses	(20,318)	(24,955)	(4,637)	(22.8%)
Depreciation and amortization	(34,896)	(35,905)	(1,009)	(2.9%)
Other operating expenses	(22,379)	(21,012)	1,367	6.1%
Supplementary telecommunication tax	(7,494)	(9,120)	(1,626)	(21.7%)
Operating expenses	(167,945)	(180,132)	(12,187)	(7.3%)
Other operating income	880	770	(110)	(12.5%)
Operating profit	41,025	61,245	20,220	49.3%
Interest income	975	1,161	186	19.1%
Interest expense	(6,157)	(5,051)	1,106	18.0%
Other finance expense - net	(6,810)	(4,010)	2,800	41.1%
Net financial result	(11,992)	(7,900)	4,092	34.1%
Share of associates' and joint ventures' results	-	-	-	-
Profit before income tax	29,033	53,345	24,312	83.7%
Income tax	(5,358)	(8,704)	(3,346)	(62.4%)
Profit for the period	23,675	44,641	20,966	88.6%
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translating foreign operations	(2,622)	(458)	2,164	82.5%
Items not to be reclassified to profit or loss in subsequent periods:				
Revaluation of financial assets at FV OCI	(55)	345	400	n.m.
Other comprehensive income for the year, net of tax	(2,677)	(113)	2,564	95.8%
Total comprehensive income for the period	20,998	44,528	23,530	112.1%
Profit attributable to:				
Owners of the parent	22,258	43,361	21,103	94.8%
Non-controlling interests	1,417	1,280	(137)	(9.7%)
	23,675	44,641	20,966	88.6%
Total comprehensive income attributable to:				
Owners of the parent	20,548	43,313	22,765	110.8%
Non-controlling interests	450	1,215	765	170.0%
	20,998	44,528	23,530	112.1%
Earnings per share (EPS) information:				
Profit attributable to the owners of the Company	22,258	43,361		
Weighted average number of common stock outstanding used for basic/diluted EPS	949,690,768	928,025,171		
Basic / diluted earnings per share (HUF)	23.44	46.72	23.28	99.3%



3.4. Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income – year-to-date comparison

(HUF millions, except per share amounts)	1-6 months 2023 (unaudited)	1-6 months 2024 (unaudited)	Change	Change (%)
Mobile revenue	233,634	271,556	37,922	16.2%
Fixed line revenue	130,185	149,457	19,272	14.8%
SI/IT revenue	40,141	43,823	3,682	9.2%
Revenue	403,960	464,836	60,876	15.1%
Interconnect costs	(11,224)	(9,179)	2,045	18.2%
SI/IT service related costs	(29,667)	(30,540)	(873)	(2.9%)
Impairment losses and gains on financial assets and contract assets	(4,423)	(6,457)	(2,034)	(46.0%)
Telecom tax	(12,772)	(12,758)	14	0.1%
Other direct costs	(106,555)	(118,977)	(12,422)	(11.7%)
Direct costs	(164,641)	(177,911)	(13,270)	(8.1%)
Employee-related expenses	(39,951)	(46,735)	(6,784)	(17.0%)
Depreciation and amortization	(68,478)	(71,158)	(2,680)	(3.9%)
Other operating expenses	(52,282)	(42,149)	10,133	19.4%
Supplementary telecommunication tax	(14,704)	(17,977)	(3,273)	(22.3%)
Operating expenses	(340,056)	(355,930)	(15,874)	(4.7%)
Other operating income	1,568	1,679	111	7.1%
Operating profit	65,472	110,585	45,113	68.9%
Interest income	1,596	2,677	1,081	67.7%
Interest expense	(12,500)	(10,460)	2,040	16.3%
Other finance expense - net	(9,743)	(7,922)	1,821	18.7%
Net financial result	(20,647)	(15,705)	4,942	23.9%
Share of associates' and joint ventures' results	-	-	-	n.a.
Profit before income tax	44,825	94,880	50,055	111.7%
Income tax	(9,375)	(15,223)	(5,848)	(62.4%)
Profit for the period	35,450	79,657	44,207	124.7%
Other comprehensive income:				
Items to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translating foreign operations	(8,405)	3,554	11,959	n.m.
Items not to be reclassified to profit or loss in subsequent periods:				
Revaluation of financial assets at FV OCI	41	744	703	n.m.
Other comprehensive income for the year, net of tax	(8,364)	4,298	12,662	n.m.
Total comprehensive income for the period	27,086	83,955	56,869	210.0%
Profit attributable to:				
Owners of the parent	32,777	77,040	44,263	135.0%
Non-controlling interests	2,673	2,617	(56)	(2.1%)
	35,450	79,657	44,207	124.7%
Total comprehensive income attributable to:				
Owners of the parent	27,572	79,689	52,117	189.0%
Non-controlling interests	(486)	4,266	4,752	n.m.
	27,086	83,955	56,869	210.0%
Earnings per share (EPS) information:				
Profit attributable to the owners of the Company	32,777	77,040		
Weighted average number of common stock outstanding used for basic/diluted EPS	949,690,768	928,903,160		
Basic / diluted earnings per share (HUF)	34.51	82.94	48.43	140.3%



3.5. Revenue breakdown – quarterly year-on-year comparison

(HUF millions)	Q2 2023	Q2 2024	Change	Change (%)
Voice retail	32,120	36,210	4,090	12.7%
Voice wholesale	2,912	1,864	(1,048)	(36.0%)
Data	46,025	57,196	11,171	24.3%
SMS	6,786	7,586	800	11.8%
Equipment	28,452	32,360	3,908	13.7%
Other mobile revenue	5,033	5,431	398	7.9%
Mobile revenue	121,328	140,647	19,319	15.9%
Voice retail	8,996	9,348	352	3.9%
Broadband retail	23,141	28,572	5,431	23.5%
TV	18,231	20,748	2,517	13.8%
Equipment	3,833	4,781	948	24.7%
Data retail	3,491	3,933	442	12.7%
Wholesale (voice, broadband, data)	5,076	5,527	451	8.9%
Other fixed line revenue	4,333	3,977	(356)	(8.2%)
Fixed line revenue	67,101	76,886	9,785	14.6%
SI/IT revenue	19,661	23,074	3,413	17.4%
Revenue	208,090	240,607	32,517	15.6%

3.6. Revenue breakdown – year-to-date comparison

(HUF millions)	1-6 months 2023	1-6 months 2024	Change	Change (%)
Voice retail	61,603	68,660	7,057	11.5%
Voice wholesale	5,823	3,757	(2,066)	(35.5%)
Data	87,385	108,894	21,509	24.6%
SMS	13,018	14,376	1,358	10.4%
Equipment	56,423	65,088	8,665	15.4%
Other mobile revenue	9,382	10,781	1,399	14.9%
Mobile revenue	233,634	271,556	37,922	16.2%
Voice retail	17,827	18,283	456	2.6%
Broadband retail	44,188	54,353	10,165	23.0%
TV	35,209	40,021	4,812	13.7%
Equipment	7,663	10,023	2,360	30.8%
Data retail	6,872	7,704	832	12.1%
Wholesale (voice, broadband, data)	10,143	10,769	626	6.2%
Other fixed line revenue	8,283	8,304	21	0.3%
Fixed line revenue	130,185	149,457	19,272	14.8%
SI/IT revenue	40,141	43,823	3,682	9.2%
Revenue	403,960	464,836	60,876	15.1%



3.7. Operating expenses breakdown – quarterly year-on-year comparison

(HUF millions)	Q2 2023	Q2 2024	Change	Change (%)
Direct costs	(82,858)	(89,140)	(6,282)	(7.6%)
Employee-related expenses	(20,318)	(24,955)	(4,637)	(22.8%)
Depreciation and amortization	(34,896)	(35,905)	(1,009)	(2.9%)
Other operating expenses	(22,379)	(21,012)	1,367	6.1%
<i>Of which utility tax</i>	161	-	(161)	<i>n.a.</i>
Supplementary telecommunication tax	(7,494)	(9,120)	(1,626)	(21.7%)
Operating expenses	(167,945)	(180,132)	(12,187)	(7.3%)

3.8. Operating expenses breakdown – year-to-date comparison

(HUF millions)	1-6 months 2023	1-6 months 2024	Change	Change (%)
Direct costs	(164,641)	(177,911)	(13,270)	(8.1%)
Employee-related expenses	(39,951)	(46,735)	(6,784)	(17.0%)
Depreciation and amortization	(68,478)	(71,158)	(2,680)	(3.9%)
Other operating expenses	(52,282)	(42,149)	10,133	19.4%
<i>Of which utility tax</i>	(7,667)	-	7,667	<i>n.a.</i>
Supplementary telecommunication tax	(14,704)	(17,977)	(3,273)	(22.3%)
Operating expenses	(340,056)	(355,930)	(15,874)	(4.7%)



3.9. Interim Consolidated Statement of Financial Position - Assets

(HUF millions)	Dec 31, 2023 (unaudited)	June 30, 2024 (unaudited)	Change	Change (%)
ASSETS				
Cash and cash equivalents	13,514	12,249	(1,265)	(9.4%)
Trade receivables within one year	199,249	209,254	10,005	5.0%
Other current assets	8,455	19,720	11,265	133.2%
Derivative financial instruments contracted with related parties	7,663	1,363	(6,300)	(82.2%)
Other current financial assets	6,132	3,624	(2,508)	(40.9%)
Contract assets	17,358	17,746	388	2.2%
Current income tax receivable	131	129	(2)	(1.5%)
Inventories	32,428	27,881	(4,547)	(14.0%)
	284,930	291,966	7,036	2.5%
Assets held for sale	346	245	(101)	(29.2%)
Total current assets	285,276	292,211	6,935	2.4%
Property, plant and equipment	476,892	480,830	3,938	0.8%
Right-of-use assets	121,960	122,863	903	0.7%
Goodwill	212,713	212,713	-	0.0%
Other intangible assets	314,659	300,066	(14,593)	(4.6%)
Investments in associates and joint ventures	-	-	-	-
Deferred tax assets	123	129	6	4.9%
Trade receivables over one year	25,060	21,601	(3,459)	(13.8%)
Derivative financial instruments contracted with related parties	9,632	3,465	(6,167)	(64.0%)
Other non-current financial assets	4,381	4,966	585	13.4%
Contract assets	3,697	3,648	(49)	(1.3%)
Other non-current assets	9,438	10,924	1,486	15.7%
Total non-current assets	1,178,555	1,161,205	(17,350)	(1.5%)
Total assets	1,463,831	1,453,416	(10,415)	(0.7%)



3.10. Interim Consolidated Statement of Financial Position – Liabilities and Equity

(HUF millions)	Dec 31, 2023 (unaudited)	June 30, 2024 (unaudited)	Change	Change (%)
LIABILITIES				
Financial liabilities to related parties	93,648	71,125	(22,523)	(24.1%)
Derivative financial instruments contracted with related parties	120	3	(117)	(97.5%)
Lease liabilities	26,940	27,647	707	2.6%
Trade payables	166,413	123,588	(42,825)	(25.7%)
Other financial liabilities	12,250	10,680	(1,570)	(12.8%)
Current income tax payable	2,753	4,076	1,323	48.1%
Provisions	2,808	1,345	(1,463)	(52.1%)
Contract liabilities	13,818	12,312	(1,506)	(10.9%)
Other current liabilities	28,434	31,354	2,920	10.3%
	347,184	282,130	(65,054)	(18.7%)
Liabilities held for sale	-	-	-	-
Total current liabilities	347,184	282,130	(65,054)	(18.7%)
Financial liabilities to related parties	47,847	81,929	34,082	71.2%
Lease liabilities	109,623	110,235	612	0.6%
Corporate bonds	68,854	69,018	164	0.2%
Other financial liabilities	98,667	95,666	(3,001)	(3.0%)
Deferred tax liabilities	11,714	16,395	4,681	40.0%
Provisions	12,329	16,634	4,305	34.9%
Contract liabilities	358	426	68	19.0%
Other non-current liabilities	1,586	1,360	(226)	(14.2%)
Total non-current liabilities	350,978	391,663	40,685	11.6%
Total liabilities	698,162	673,793	(24,369)	(3.5%)
EQUITY				
Common stock	97,156	93,862	(3,294)	(3.4%)
Capital reserves	25,509	24,644	(865)	(3.4%)
Treasury stock	(18,600)	(26,354)	(7,754)	(41.7%)
Retained earnings	585,866	610,895	25,029	4.3%
Accumulated other comprehensive income	33,536	36,185	2,649	7.9%
Total equity of the owners of the parent	723,467	739,232	15,765	2.2%
Non-controlling interests	42,202	40,391	(1,811)	(4.3%)
Total equity	765,669	779,623	13,954	1.8%
Total liabilities and equity	1,463,831	1,453,416	(10,415)	(0.7%)



3.11. Interim Consolidated Statement of Cash Flows

(HUF millions)	1-6 months 2023 (unaudited)	1-6 months 2024 (unaudited)	Change	Change (%)
Cash flows from operating activities				
Profit for the period	35,450	79,657	44,207	124.7%
Depreciation and amortization	68,478	71,158	2,680	3.9%
Income tax expense	9,375	15,223	5,848	62.4%
Net financial result	20,647	15,705	(4,942)	(23.9%)
Share of associates' and joint ventures' result	-	-	-	-
Change in assets carried as working capital	(8,959)	(15,219)	(6,260)	(69.9%)
Change in provisions	(667)	(1,065)	(398)	(59.7%)
Change in liabilities carried as working capital	(22,677)	(35,155)	(12,478)	(55.0%)
Income tax paid	(10,743)	(13,027)	(2,284)	(21.3%)
Dividend received	111	109	(2)	(1.8%)
Interest and other financial charges paid	(13,276)	(13,298)	(22)	(0.2%)
Interest received	1,449	2,558	1,109	76.5%
Other non-cash items	2,046	(1,126)	(3,172)	n.m.
Net cash generated from operating activities	81,234	105,520	24,286	29.9%
Cash flows from investing activities				
Payments for property plant and equipment (PPE) and intangible assets	(57,796)	(51,040)	6,756	11.7%
Proceeds from disposal of PPE and intangible assets	301	406	105	34.9%
Payments for subsidiaries and business units	(67)	-	67	100.0%
Cash acquired through business combinations	-	-	-	-
Proceeds from disposal of subsidiaries and business units	-	-	-	-
Payments for other financial assets	(13,889)	(2,333)	11,556	83.2%
Proceeds from other financial assets	-	15,293	15,293	n.a.
Payments for interests in associates and joint ventures	-	-	-	-
Net cash used in investing activities	(71,451)	(37,674)	33,777	47.3%
Cash flows from financing activities				
Dividends paid to Owners of the parent and Non-controlling interests	(29,584)	(41,475)	(11,891)	(40.2%)
Proceeds from loans and other borrowings	100,367	146,447	46,080	45.9%
Repayment of loans and other borrowings	(49,600)	(133,847)	(84,247)	(169.9%)
Proceeds from corporate bonds	-	-	-	-
Repayment of lease and other financial liabilities	(16,701)	(18,192)	(1,491)	(8.9%)
Treasury share purchase	(14,609)	(22,363)	(7,754)	(53.1%)
Net cash used in financing activities	(10,127)	(69,430)	(59,303)	n.m.
Exchange differences on cash and cash equivalents	(594)	319	913	n.m.
Change in cash and cash equivalents	(938)	(1,265)	(327)	(34.9%)
Cash and cash equivalents, beginning of period	12,861	13,514	653	5.1%
Cash and cash equivalents, end of period	11,923	12,249	326	2.7%



3.12. Net debt reconciliation to changes in Statement of Cash Flows

HUF millions	Opening Balance at January 1, 2024	Changes in cash and cash equivalents	Changes affecting cash flows from operating activities	Changes in financial liabilities without cash movement	Changes affecting cash flows from investing activities	Changes affecting cash flows from financing activities				Closing Balance at June 30, 2024
						Proceeds from loans and borrowings	Repayment of loans and other borrowings	Repayment of lease and other financial liabilities	Other	
Related party loans	141,495	-	(2,188)	6,116	-	141,478	(133,847)	-	-	153,054
Derivatives from related parties	120	-	-	1,809	(1,926)	-	-	-	-	3
Spectrum fee payable	101,518	-	(2,010)	2,014	-	-	-	-	(2,451)	99,071
Bonds	68,854	-	(1,077)	1,241	-	-	-	-	-	69,018
Lease liabilities	136,563	-	(3,490)	17,360	-	-	-	-	(12,551)	137,882
Debtors overpayment	1,357	-	193	-	-	-	-	-	-	1,550
Contingent consideration	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	8,042	-	(1,170)	2,043	-	-	-	-	(3,190)	5,725
- Less cash and cash equivalent	(13,514)	1,265	-	-	-	-	-	-	-	(12,249)
- Less other current financial assets and derivative financial instruments	(13,795)	-	(118)	(2,621)	6,578	4,969	-	-	-	(4,987)
Net debt	430,640	1,265	(9,860)	27,962	4,652	146,447	(133,847)	(18,192)	-	449,067
Treasury share purchase									(22,363)	
Dividends paid to Owners of the parent and Non-controlling interest									(41,475)	
Net Cash used in financing activities									(69,430)	



3.13. Interim Consolidated Statement of Changes in Equity

	HUF millions										
	pieces	Shares of common stock	Common stock	Capital reserves	Treasury stock	Retained earnings	Accumulated Other Comprehensive Income			Non-controlling interests	Total Equity
							Cumulative translation adjustment	Revaluation reserve for FVOCI financial assets – net of tax	Equity of the owners of the parent		
Balance at January 1, 2023		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	-	-	-	-	-	(29,460)	-	-	(29,460)	-	(29,460)
Dividend declared to Non-controlling interests	-	-	-	-	-	-	-	-	-	(4,474)	(4,474)
Treasury share purchase	-	-	-	-	(14,609)	-	-	-	(14,609)	-	(14,609)
Capital decrease with cancellation of treasury share	(34,242,485)	(3,424)	(900)	(900)	14,608	(10,284)	-	-	-	-	-
Transactions with owners in their capacity as owners		(34,242,485)	(3,424)	(900)	(1)	(39,744)	-	-	(44,069)	(4,474)	(48,543)
Other comprehensive income	-	-	-	-	-	-	(5,226)	21	(5,205)	(3,159)	(8,364)
Profit or loss	-	-	-	-	-	32,777	-	-	32,777	2,673	35,450
Total comprehensive income						32,777	(5,226)	21	27,572	(486)	27,086
Balance at June 30, 2023		971,558,867	97,156	25,509	(18,601)	539,692	31,010	476	675,242	38,077	713,319
Dividend declared to Owners of the parent	-	-	-	-	-	1	-	-	1	-	1
Dividend declared to Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Treasury share purchase	-	-	-	-	-	-	-	-	-	-	-
Capital decrease with cancellation of treasury share	-	-	-	-	1	(1)	-	-	-	-	-
Transactions with owners in their capacity as owners					1	(1)	-	-	1	-	1
Other comprehensive income	-	-	-	-	-	-	1,908	142	2,050	1,345	3,395
Profit or loss	-	-	-	-	-	46,174	-	-	46,174	2,780	48,954
Total comprehensive income						46,174	1,908	142	48,224	4,125	52,349
Balance at December 31, 2023		971,558,867	97,156	25,509	(18,600)	585,866	32,918	618	723,467	42,202	765,669
Dividend declared to Owners of the parent	-	-	-	-	-	(41,561)	-	-	(41,561)	-	(41,561)
Dividend declared to Non-controlling interests	-	-	-	-	-	-	-	-	-	(6,077)	(6,077)
Treasury share purchase	-	-	-	-	(22,363)	-	-	-	(22,363)	-	(22,363)
Capital decrease with cancellation of treasury share	(32,941,370)	(3,294)	(865)	(865)	14,609	(10,450)	-	-	-	-	-
Transactions with owners in their capacity as owners		(32,941,370)	(3,294)	(865)	(7,754)	(52,011)	-	-	(63,924)	(6,077)	(70,001)
Other comprehensive income	-	-	-	-	-	-	2,227	422	2,649	1,649	4,298
Profit or loss	-	-	-	-	-	77,040	-	-	77,040	2,617	79,657
Total comprehensive income						77,040	2,227	422	79,689	4,266	83,955
Balance at June 30, 2024		938,617,497	93,862	24,644	(26,354)	610,895	35,145	1,040	739,232	40,391	779,623
Of which treasury stock		(30,036,413)	-	-	-	-	-	-	-	-	-
Shares of common stock outstanding		908,581,084									



3.14. Exchange rate information

	Q2 2023	Q2 2024	Change (%)	1-6 months 2023	1-6 months 2024	Change (%)
HUF/EUR beginning of period	380.99	395.83	3.9%	400.25	382.78	(4.4%)
HUF/EUR period-end	371.13	395.15	6.5%	371.13	395.15	6.5%
HUF/EUR cumulative monthly average	373.37	392.00	5.0%	379.94	390.72	2.8%
HUF/MKD beginning of period	6.18	6.44	4.2%	6.51	6.22	(4.5%)
HUF/MKD period-end	6.03	6.42	6.5%	6.03	6.42	6.5%
HUF/MKD cumulative monthly average	6.07	6.37	4.9%	6.17	6.35	2.9%

3.15. Segment information

HUF millions	Q2 2023	Q2 2024	1-6 months 2023	1-6 months 2024
Total MT-Hungary revenue	189,966	220,951	367,431	425,049
Less: MT-Hungary revenue from other segments	(22)	(30)	(46)	(53)
MT-Hungary revenue from external customers	189,944	220,921	367,385	424,996
Total North Macedonia revenue	17,949	19,221	36,120	38,051
Less: North Macedonia revenue from other segments	(14)	(14)	(29)	(28)
North Macedonia revenue from external customers	17,935	19,207	36,091	38,023
Total consolidated revenue of the segments	207,879	240,128	403,476	463,019
Measurement differences to Group revenue	211	479	484	1,817
Total revenue of the Group	208,090	240,607	403,960	464,836
Segment results (EBITDA)				
Hungary	67,887	89,123	117,545	165,395
North Macedonia	8,039	7,996	15,607	15,962
Total EBITDA of the segments	75,926	97,119	133,152	181,357
Measurement differences to Group EBITDA	(5)	31	798	386
Total EBITDA of the Group	75,921	97,150	133,950	181,743



3.16. Fair value of financial instruments – financial assets

June 30, 2024 HUF millions	Financial assets				Carrying amount	Fair value
	Amortized cost	FVOCI (Level 1)	FVTPL (Level 2)	FVTPL (Level 3)		
Cash and cash equivalents	12,249	-	-	-	12,249	12,249
Bank deposits with original maturities over 3 months	2,370	-	-	-	2,370	2,370
Cash-pool receivables	-	-	-	-	-	-
Trade receivables within one year	209,254	-	-	-	209,254	209,254
Trade receivables over one year	21,601	-	-	-	21,601	20,075
Derivative financial instruments contracted with related parties	-	-	4,828	-	4,828	4,828
Finance lease receivable	845	-	-	-	845	802
Equity instruments	-	2,595	-	1,400	3,995	3,995
Other current receivables	1,012	-	-	-	1,012	1,012
Other non-current receivables	368	-	-	-	368	353
Total	247,699	2,595	4,828	1,400	256,522	254,938

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

3.17. Fair value of financial instruments – financial liabilities

June 30, 2024 HUF millions	Financial liabilities			Carrying amount	Fair value
	Measured at amortized cost	FVTPL (Level 2)	FVTPL (Level 3)		
Financial liabilities to related parties	153,054	-	-	153,054	157,110
Derivative financial instruments contracted with related parties	-	3	-	3	3
Trade payables	123,588	-	-	123,588	123,588
Frequency fee payable	99,071	-	-	99,071	75,292
Bonds	69,018	-	-	69,018	60,625
Lease liabilities	137,882	-	-	137,882	123,244
Debtors' overpayment	1,550	-	-	1,550	1,550
Other current liabilities	4,094	-	-	4,094	4,094
Other non-current liabilities	1,631	-	-	1,631	1,537
Total	589,888	3	-	589,891	547,043

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



3.18. EBITDA reconciliation

(HUF millions)	Q2 2023 MT Group	Q2 2023 MT-Hungary	Q2 2023 North Macedonia	Q2 2024 MT Group	Q2 2024 MT-Hungary	Q2 2024 North Macedonia
EBITDA	75,921	67,887	8,039	97,150	89,123	7,996
IFRS 16 related D&A	(5,617)	(5,383)	(234)	(5,655)	(5,390)	(265)
IFRS 16 related Interest	(1,701)	(1,664)	(37)	(1,687)	(1,647)	(40)
EBITDA after lease	68,603	60,840	7,768	89,808	82,086	7,691
Other D&A (unallocated)	(29,279)	n.a.	n.a.	(30,250)	n.a.	n.a.
Other Financial result (unallocated)	(10,291)	n.a.	n.a.	(6,213)	n.a.	n.a.
Profit before tax	29,033	n.a.	n.a.	53,345	n.a.	n.a.

(HUF millions)	1-6 months 2023 MT Group	1-6 months 2023 MT-Hungary	1-6 months 2023 North Macedonia	1-6 months 2024 MT Group	1-6 months 2024 MT-Hungary	1-6 months 2024 North Macedonia
EBITDA	133,950	117,545	15,607	181,743	165,395	15,962
IFRS 16 related D&A	(11,100)	(10,619)	(481)	(11,478)	(10,949)	(529)
IFRS 16 related Interest	(3,426)	(3,353)	(73)	(3,490)	(3,412)	(78)
EBITDA after lease	119,424	103,573	15,053	166,775	151,034	15,355
Other D&A (unallocated)	(57,378)	n.a.	n.a.	(59,680)	n.a.	n.a.
Other Financial result (unallocated)	(17,221)	n.a.	n.a.	(12,215)	n.a.	n.a.
Profit before tax	44,825	n.a.	n.a.	94,880	n.a.	n.a.

3.19. Adjusted profit attributable to owners of the parent reconciliation

(HUF millions)	Q2 2023	Q2 2024	Change	Change (%)	1-6 months 2023	1-6 months 2024	Change	Change (%)
Profit attributable to the owners of the parent	22,258	43,361	21,103	94.8%	32,777	77,040	44,263	135.0%
Changes in depreciation and amortization	-	-	-	-	-	-	-	-
Changes in net financial result*	3,400	639	(2,761)	(81.2%)	5,012	5,014	2	0.0%
Changes in income tax	-	-	-	-	-	-	-	-
Total adjusting factors	3,400	639	(2,761)	(81.2%)	5,012	5,014	2	0.0%
Adjusted profit attributable to owners of the parent	25,658	44,000	18,342	71.5%	37,789	82,054	44,265	117.1%

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

3.20. Capex from Interim Consolidated Statement of Cash Flows

(HUF millions)	1-6 months 2023 MT Group	1-6 months 2024 MT Group
Payments for PPE and intangible assets	57,796	51,040
Less spectrum payments	(313)	-
Payments for PPE and intangible assets excl. spectrum payments	57,483	51,040
+/- Cash adjustments	(8,512)	(4,737)
Capex AL excl. spectrum	48,971	46,303
ROU capex	13,867	13,096
Spectrum capex	586	-
Capex	63,424	59,399



3.21. Capex from Interim Consolidated Statement of Financial Position

(HUF millions)	Q2 2023 MT Group	Q2 2023 MT-Hungary*	Q2 2023 North Macedonia*	Q2 2024 MT Group	Q2 2024 MT-Hungary*	Q2 2024 North Macedonia*
Capex AL excl. spectrum licenses	25,449	23,173	2,276	26,564	24,423	2,141
ROU capex	3,321	3,152	169	2,864	2,584	280
Spectrum capex	586	586	-	-	-	-
Capex	29,356	26,911	2,445	29,428	27,007	2,421

(HUF millions)	1-6 months 2023 MT Group	1-6 months 2023 MT-Hungary*	1-6 months 2023 North Macedonia*	1-6 months 2024 MT Group	1-6 months 2024 MT-Hungary*	1-6 months 2024 North Macedonia*
Capex AL excl. spectrum licenses	48,971	43,689	5,282	46,303	42,159	4,144
ROU capex	13,867	13,418	449	13,096	12,661	435
Spectrum capex	586	586	-	-	-	-
Capex	63,424	57,693	5,731	59,399	54,820	4,579

*Deviation versus segment Capex values may occur due to measurement differences.



4. DECLARATION

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

Independent Auditor's Report was not prepared on the half-year report.

Tibor Rékasi
Chief Executive Officer, member of the Board

Daria Aleksandrovna Dodonova
Chief Financial Officer, member of the Board

Budapest, August 7, 2024

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

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors are described in, among other things, our annual financial statements for the year ended December 31, 2023, available on our website at <http://www.telekom.hu> which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.