

MEMORANDUM OF UNDERSTANDING
FOR THE DIGITAL TRANSFORMATION OF HUNGARY

by and between the

Government of Hungary (hereinafter referred to as the “**Government**”)
represented by Márton Nagy, Minister of Economic Development

and

Magyar Telekom Telecommunications Public Limited Company (registered seat: 1097 Budapest, Könyves Kálmán krt. 36., company reg. number: Cg. 01-10-041928, hereinafter, jointly with its Hungarian subsidiaries, referred to as “**Telekom**”)

represented by Tibor Rékasi, Chief Executive Officer and Zoltán Pereszlényi, Chief Commercial Officer

hereinafter the Government and Telekom are referred to collectively as the “**Parties**” as follows.

Memorandum of Understanding for the Digital Transformation of Hungary

- 1.1. The Parties confirm their long-term cooperation by signing the **MoU for the Digital Transformation of Hungary**.
- 1.2. The general objectives of this Memorandum of Understanding:
 - i. Ensure a dialogue based on mutual trust and predictability to strengthen long-term investments in Hungary's Digital Transformation,
 - ii. To promote the long-term and sustainable development of the fixed and mobile infrastructure and the implementation of services built on this basis, contributing to the fulfillment of the EU's Digital Decade 2030 (Path to the Digital Decade 2030), the National Digitalization Strategy 2022-2030 objectives, fulfilling the objectives of Hungary regarding DESI by 2030 (comparison indicator system to assess digital and economic performance of countries) by providing gigabit access for Hungarian homes and businesses, with the following focuses:
 - a. increase the digital competencies of homes and businesses,
 - b. advance the competitiveness of businesses, increase the integration of digital solutions, promote the usage of emerging technologies
 - c. strengthen R&D&I activities,
 - d. partnership with universities,
 - e. deployment of big data solutions
- 1.3. Within the framework of this Memorandum of Understanding, the Parties identify priority areas for further strengthening their existing cooperation.

2. Key elements of Memorandum of Understanding

- 2.1. Telekom has been major investor in Hungary since 1993 and is a key investor in the infocommunication sector. Telekom's fixed line and mobile network development as well as its gigabit fixed line internet access and 4G/5G based services contribute to the development of the Hungarian economy.
- 2.2. The Government of Hungary welcomes Telekom's intention to make a significant contribution to the gigabit fixed line internet access and 5G coverage targets through its investments.
- 2.3. The Government of Hungary intends to support fixed line gigabit internet network, 5G coverage developments and ICT investments with the following:
 - i. leverage EU funds for network development in the following areas:
 - a. development of gigabit-capable data transmission network,
 - b. development to connect 5G base stations,
 - c. energy modernization of telecom base stations
 - ii. review sector specific tax rules:
 - **abolition the public utility tax payment obligation for electronic communication operators from 1st January 2024**
 - **abolition the telecommunication windfall tax (extra profit) payment obligation electronic communication service providers from 1st January 2025**
 - iii. use of passive infrastructure elements owned by the state and/or municipalities to enable faster and more cost-effective network development,
 - iv. facilitate the use of broadband services in the field of the transportation infrastructure (mainly roads and railways).

3. Magyar Telekom intends to support the digital transformation of Hungary with the following

3.1. Fixed network development

Telekom commits to build an additional 1 million fixed gigabit network coverage in 4 years starting from 2024. Telekom commits to deliver the fixed gigabit network to 4.5 million Hungarian homes and enterprises by the end of 2027.

3.2. Mobile network development

Telekom accelerates the 5G coverage development, Telekom commits that the nationwide 5G outdoor population coverage will approach to 99% by 2026. Telekom commits the deployment of 3.6 GHz technology in Budapest and in the county seats.

In order to fulfill the above commitments Magyar Telekom intends to spend an overall HUF 123 billion on its fixed- and mobile network development within the period of 2024-2027.

4. Further cooperation in order to increase Hungary's competitiveness

4.1 In cooperation with Government of Hungary, Telekom supports the integration of digital technology, the promotion of the development and spread of digital solutions for Hungarian small and medium-sized enterprises. Telekom's aim to meet the needs of high-priority industrial companies for 4G/5G technology based automated solutions, ensuring high level of security and availability.

4.2 Telekom supports digital internal processes in large companies and small and medium-sized Hungarian enterprises with its digital technology solutions, electronic commerce and the use of data-based information systems. Telekom's aim to ensure its network and IT system also provide a secure solution for businesses in terms of cyber security.

4.3 The Parties express their intention to strengthen the digital integration of businesses through joint programs to enable companies to leverage the potential of cloud-based services and artificial intelligence, while ensuring cybersecurity, data security and privacy, improving the efficiency of their operation by analyzing data-based information.

4.4 Telekom considers innovation as a key factor for long-term development and competitiveness. Telekom is strongly committed to innovation and continuously develops its services.

4.5 Telekom expresses its intention to promote the R&D and innovation activities of Hungarian educational institutions and research centers, and to continue and expand its cooperation with Hungary's top academic institutions. The cooperation contributes to the strengthening of technical and IT professional education (Széchenyi István University, Győr), the establishment of science and innovation parks (University of Debrecen, University of Óbuda) and can promote the establishment of research, development and innovation projects and the digitization of other related industries (Széchenyi István University of Győr, University of Pannonia, University of Miskolc, University of Debrecen).

4.6 The Government of Hungary expresses its intention to support collaborations related to innovation and research and development with the available EU and public resources and tools.

Miscellaneous

This Memorandum of Understanding was made in two originals in Hungarian.

This Memorandum of Understanding reflects the Parties' long-term strategic objectives and intentions for achieving the goals.

Budapest, 15th September 2023.