

MAGYAR TELEKOM GROUP Q1 2023 RESULTS PRESENTATION

May 10, 2023



DISCLAIMER

This investor presentation 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 Reports for the year ended December 31, 2022 available on our website at <http://www.telekom.hu>.

In addition to figures prepared in accordance with IFRS, Magyar Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA AL, EBITDA margin, and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For further information relevant to the interpretation of these terms, please refer to the chapter “Financial and operational data set”, which is posted on Magyar Telekom’s Investor Relations webpage at www.telekom.hu/investor_relations.

Q1 2023 RESULT PERFORMANCE AGAINST PUBLIC TARGETS

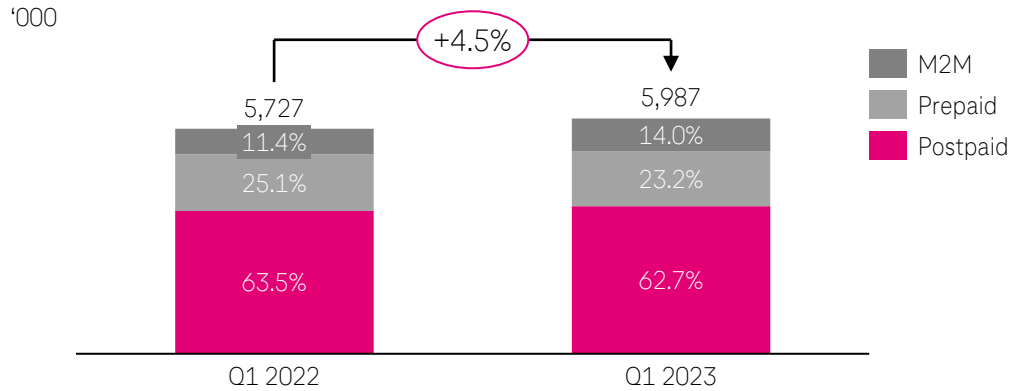
	2022 results	2023 guidance	Q1 2023 results (change y-o-y)	Key drivers
REVENUE	HUF 746.7 bn	5%-10% growth	HUF 195.9 bn (+12.5%)	<ul style="list-style-type: none"> Continued customer base expansion Temporarily higher SI/IT revenues
EBITDA AL	HUF 221.5 bn	5%-10% growth	HUF 50.8 bn (-8.9%)	<ul style="list-style-type: none"> Absence of supplementary telecom. tax in Q1 2022 results and gain on subsidiary sale Pressure on indirect costs
ADJUSTED NET INCOME	HUF 63.0 bn	moderate growth	HUF 12.1 bn (-22.0%)	<ul style="list-style-type: none"> EBITDA decline driven by one-offs Elevated interest expense
FCF ¹	HUF 50.9 bn	ca HUF 60bn	HUF -10.7 bn	<ul style="list-style-type: none"> Absence of subsidiary sale gain Increased financial and lease outpayments due to higher interest rates

¹ EXCLUDING SPECTRUM LICENSES

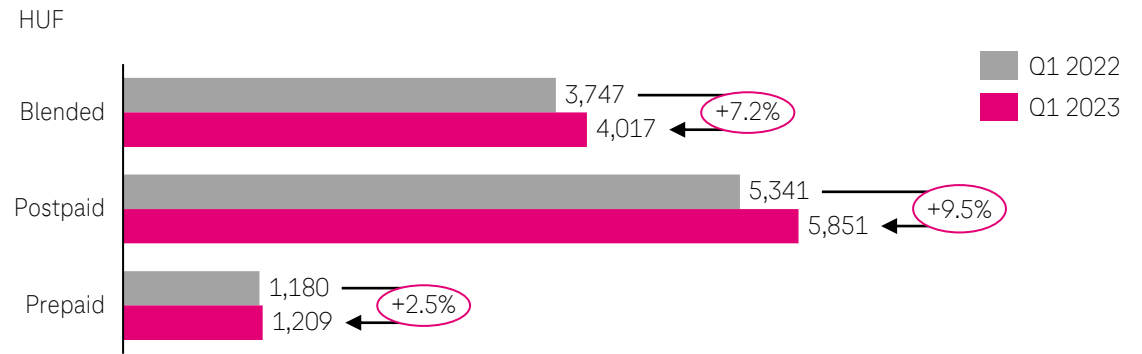


CONTINUED CUSTOMER BASE EXPANSION AND POSITIVE ARPU TRENDS

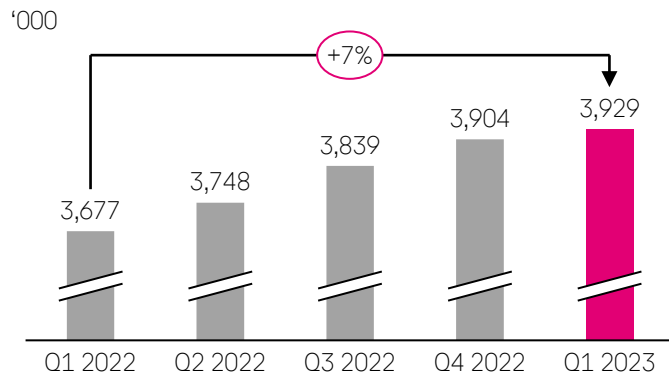
Mobile SIMs



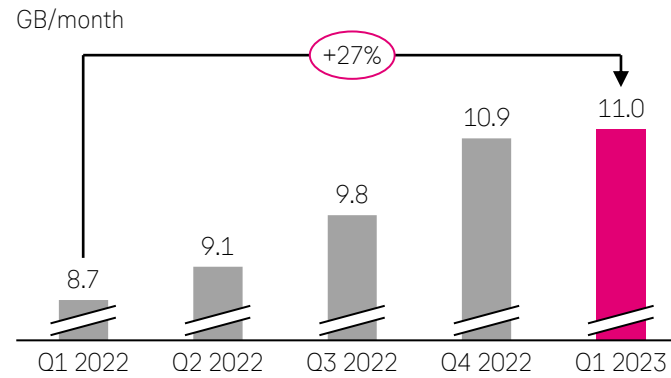
Mobile ARPU



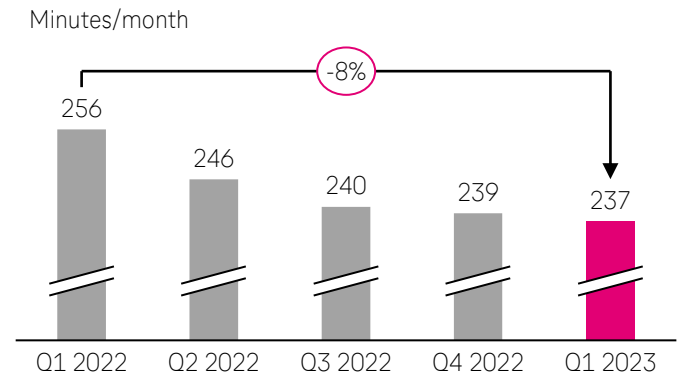
Mobile data SIMs



Mobile broadband usage

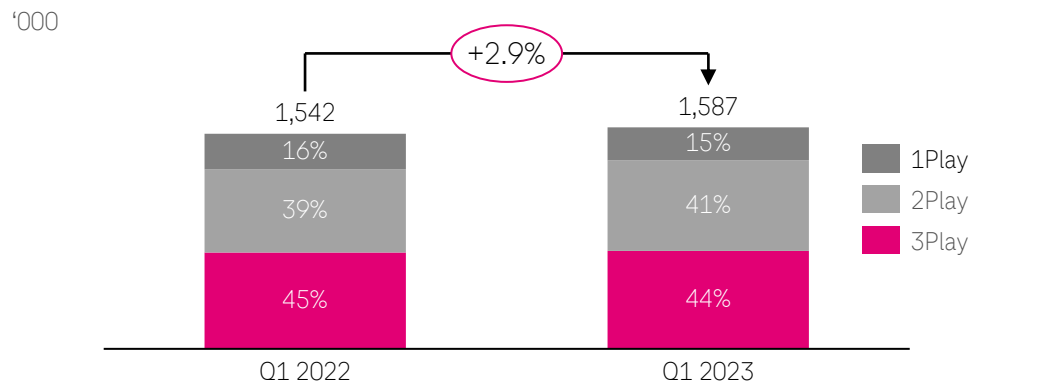


Mobile voice usage

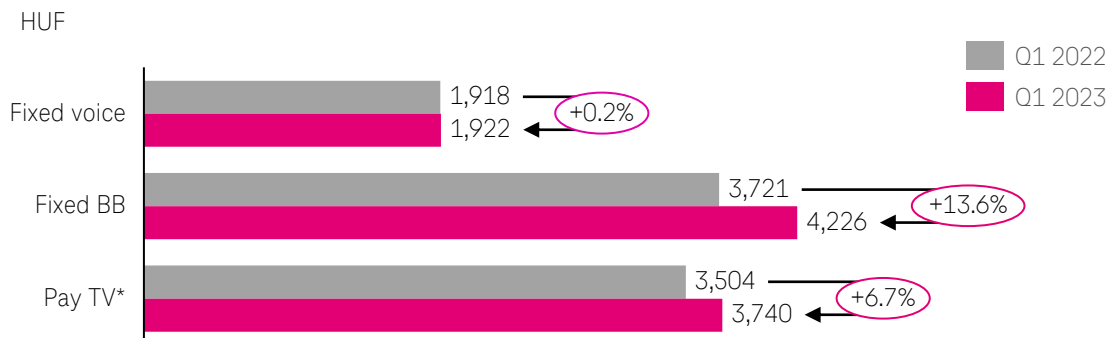


FIBER UPTAKE SUPPORTING CUSTOMER BASE EXPANSION AND ARPU TRENDS

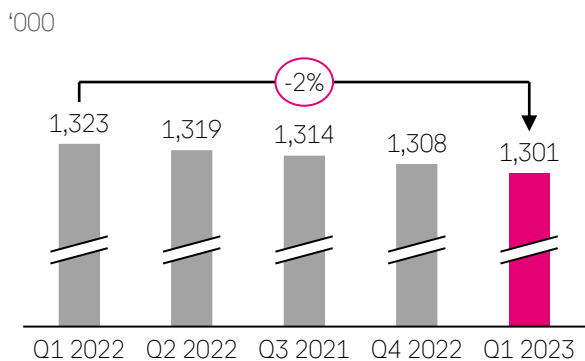
Fixed line multiplay residential subscribers



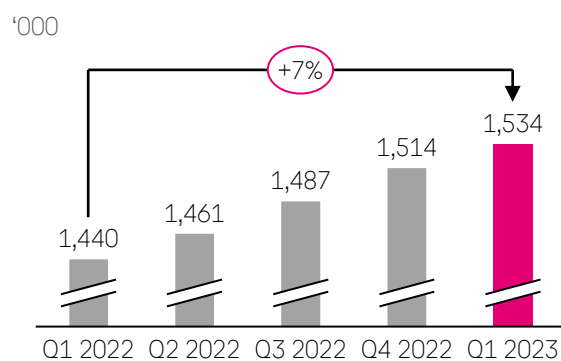
Fixed voice, BB and TV ARPU



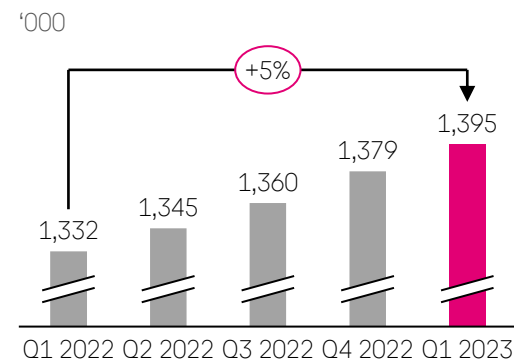
Fixed voice customers



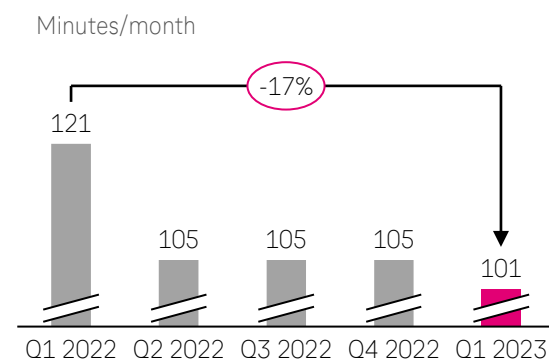
Fixed broadband customers



Pay TV customers



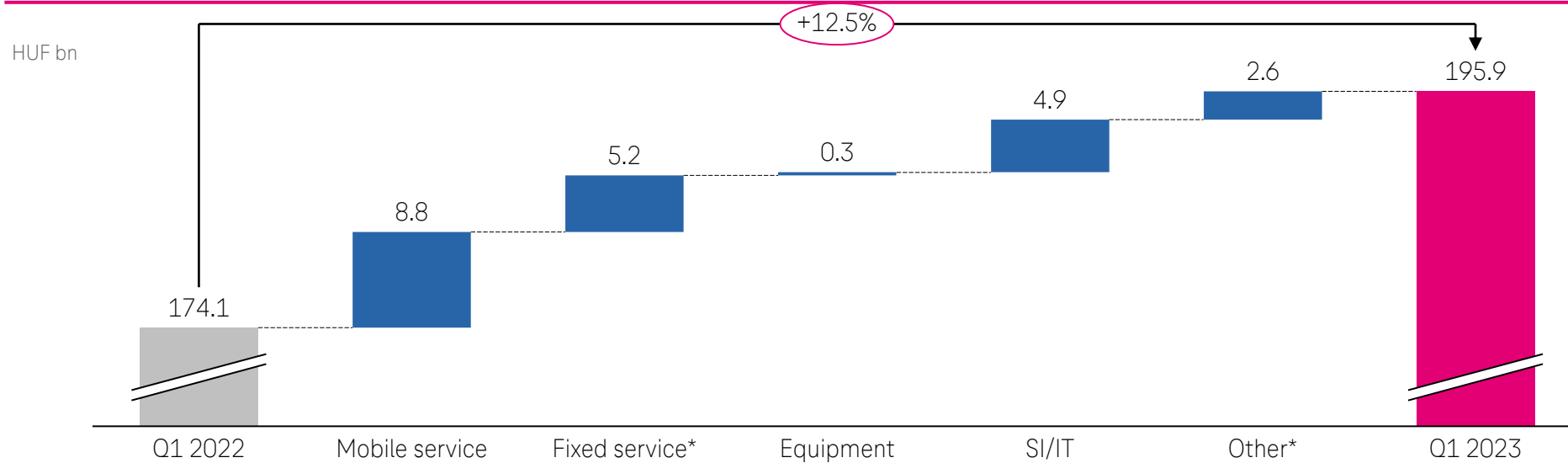
Fixed voice usage



*2022 values have been modified due to reclassification

REVENUE GROWTH DRIVEN BY SUSTAINED COMMERCIAL MOMENTUM

Revenue, Q1 2023 vs Q1 2022

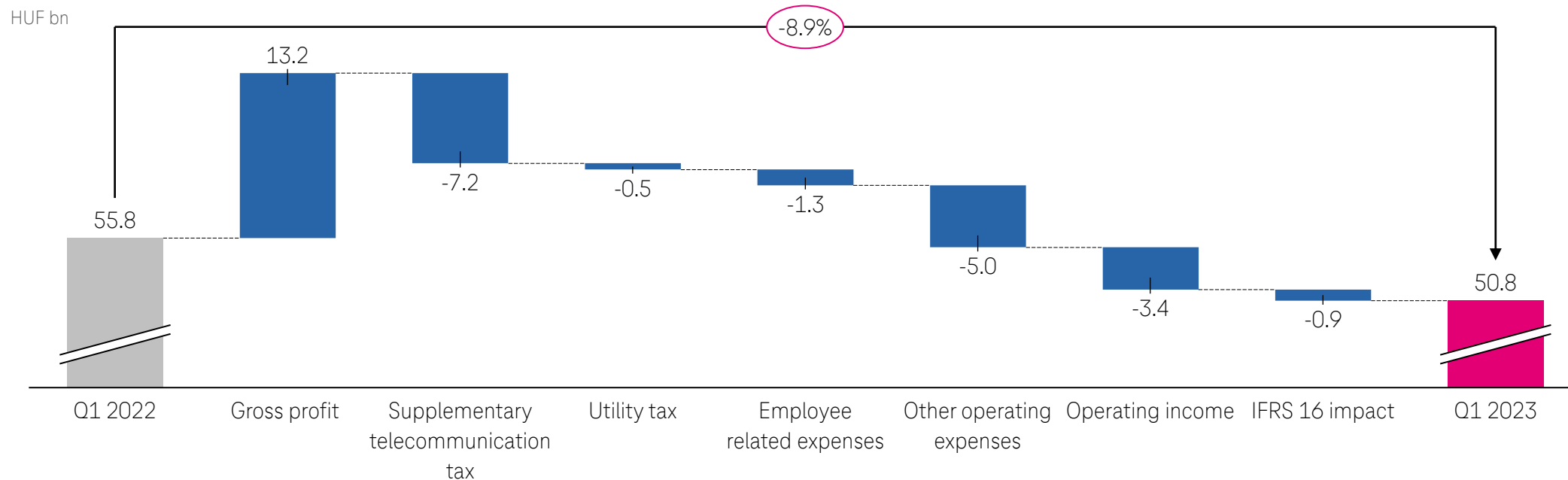


- Increase in mobile service revenue driven by growing data usage
- Growth in fixed service attributable to increases in broadband and TV revenues
- One-month impact of inflation-based fee adjustment
- Equipment sales driven by the combination of higher average handset prices with results negatively impacted by higher discount rates and lower third-party export revenues
- SI/IT revenue growth reflects more favorable in-year project distribution



EBITDA AL PERFORMANCE IMPACTED BY EXTERNAL CHALLENGES

EBITDA AL, Q1 2023 vs Q1 2022

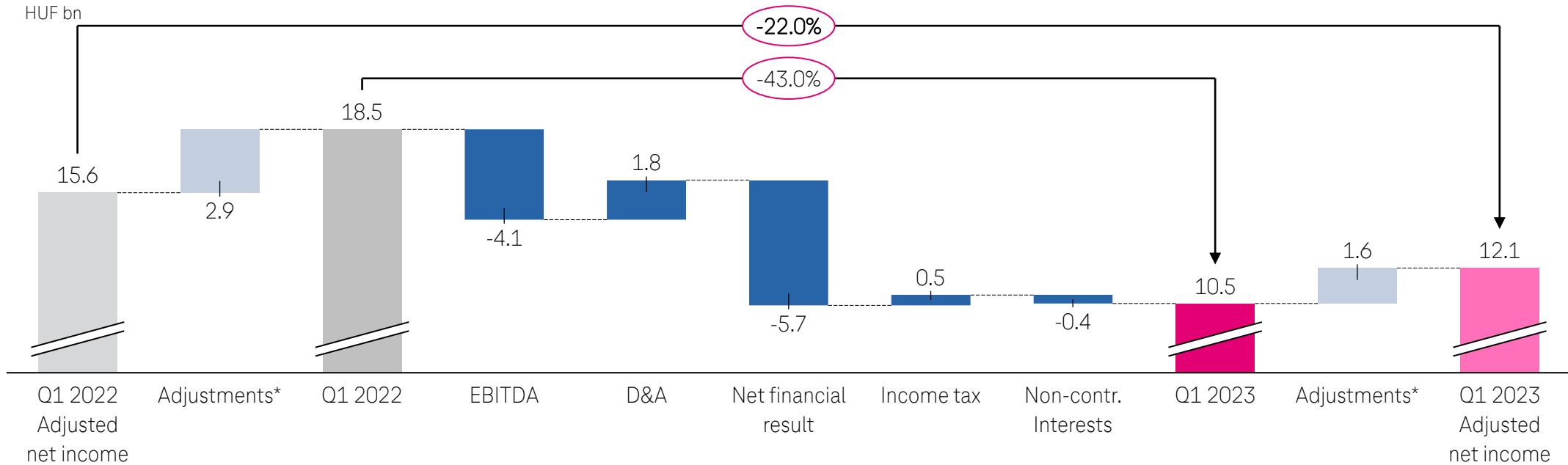


- Increase in gross profit attributable to positive underlying telecommunication service developments
- Supplementary telecommunication tax reflects absence of the tax in Q1 2022 and y-o-y growing telecommunication revenues
- Increase in indirect costs mainly driven by wage increases and increased electricity costs
- Decrease in other operating income reflects HUF 3.3 bn subsidiary sale gain in Q1 2022
- Increasing IFRS16 impact driven by growing lease liability base



SUPPLEMENTARY TELECOMMUNICATION TAX AND HIGHER INTEREST RATE ENVIRONMENT WEIGH ON NET PROFIT

Net income (and adjusted net income), Q1 2023 vs Q1 2022



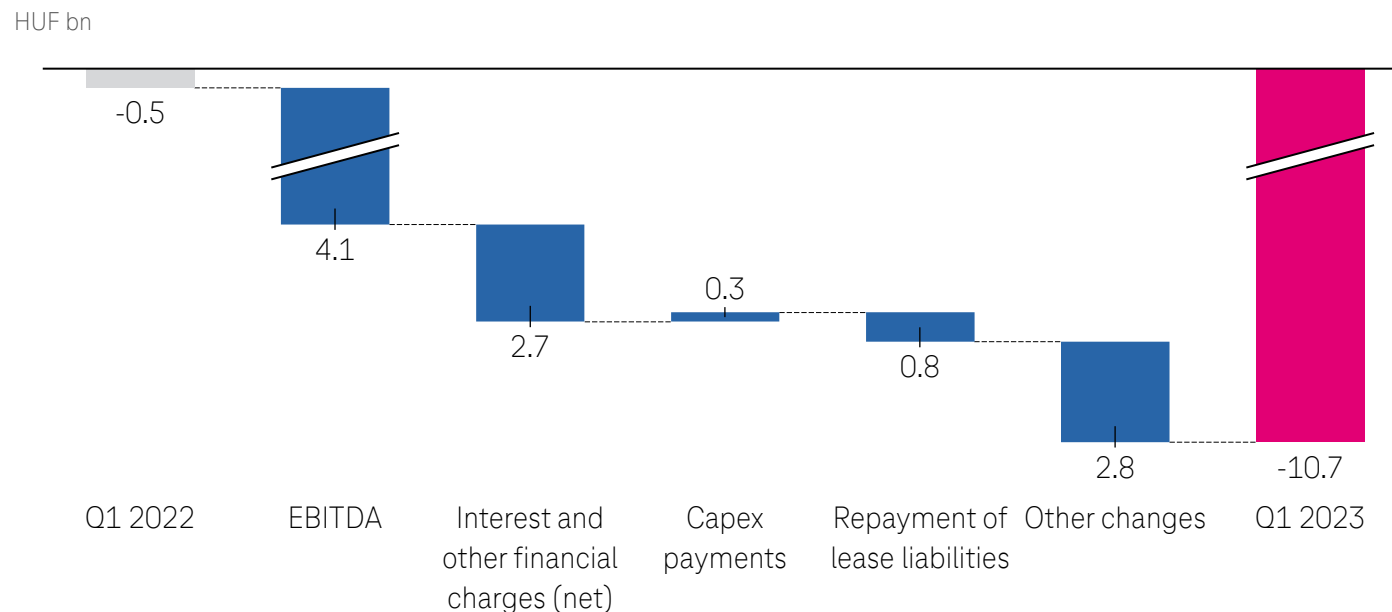
- Lower D&A reflects lower SW-related D&A expenses and lower spectrum-related amortization in Hungary and absence of RAN modernization related increases in North Macedonia
- Net financial result trend driven by higher interest expense and lower derivative fair value related gains
- Net income adjustments related to non-realized results of measuring derivatives at fair value and non-realized FX gains and losses



*Unaudited

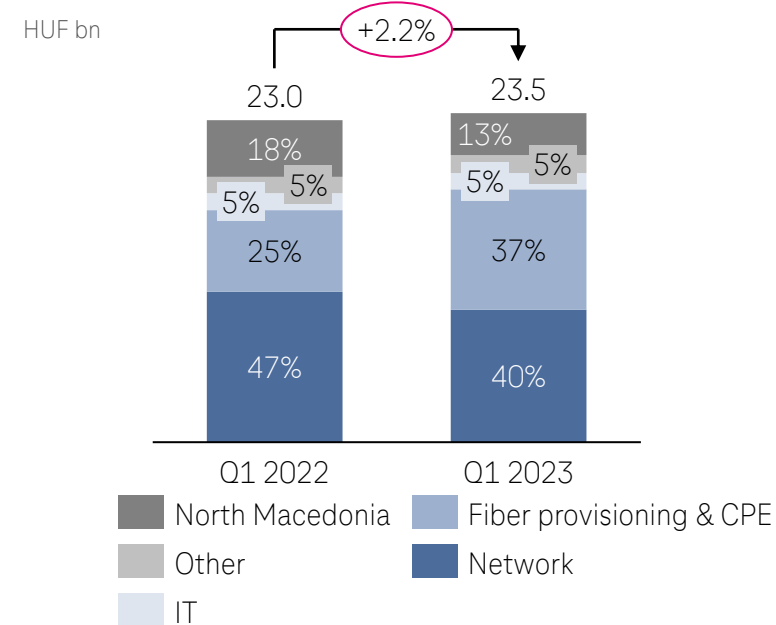
FREE CASHFLOW REFLECTS CHALLENGING EXTERNAL ENVIRONMENT

Free cashflow, Q1 2023 vs Q1 2022



- EBITDA decline reflects supplementary telecommunication tax
- Higher interest on loans and lease interest component
- Higher lease liability outpayments reflecting higher liability base
- Decline in other changes primarily driven by subsidiary sale cash inflow in Q1 2022

CAPEX, Q1 2023 vs Q1 2022



- Increases related to fiber provisioning and CPE driven by continuous uptake of gigabit service in Hungary
- Lower CAPEX in North Macedonia after completion of RAN modernization



2023 PUBLIC TARGETS

	2022 results	2023 guidance	Q1 2023 results (change y-o-y)	Key drivers
REVENUE	HUF 746.7 bn	5%-10% growth	HUF 195.9 bn (+12.5%)	<ul style="list-style-type: none"> ▪ Inflation-based fee adjustment introduced in March 2023 ▪ Pressure on household and business spending
EBITDA AL	HUF 221.5 bn	5%-10% growth	HUF 50.8 bn (-8.9%)	<ul style="list-style-type: none"> ▪ Supplementary telecom. tax to level out in full-year ▪ Positive contribution from fee adjustment
ADJUSTED NET INCOME	HUF 63.0 bn	moderate growth	HUF 12.1 bn (-22.0%)	<ul style="list-style-type: none"> ▪ Increases in EBITDA to positively impact performance ▪ Interest pressure expected to limit growth potential
FCF ¹	HUF 50.9 bn	ca HUF 60bn	HUF -10.7 bn	<ul style="list-style-type: none"> ▪ Growth in EBITDA forecasted to outweigh elevated interest and lease outpayments

¹ EXCLUDING SPECTRUM LICENSES

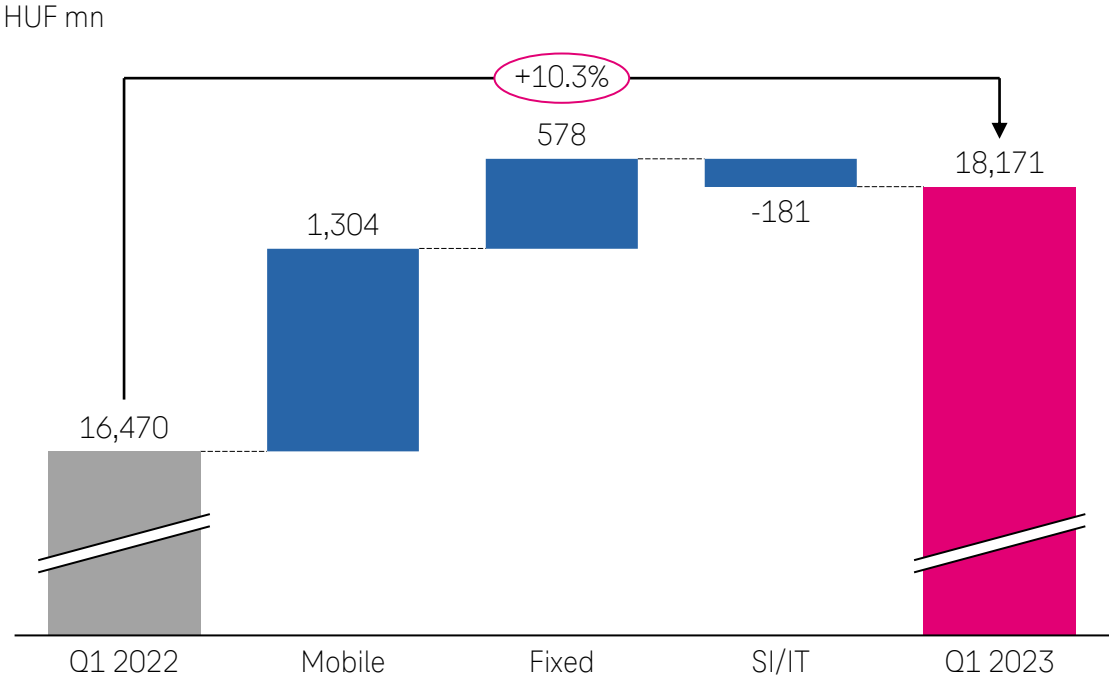




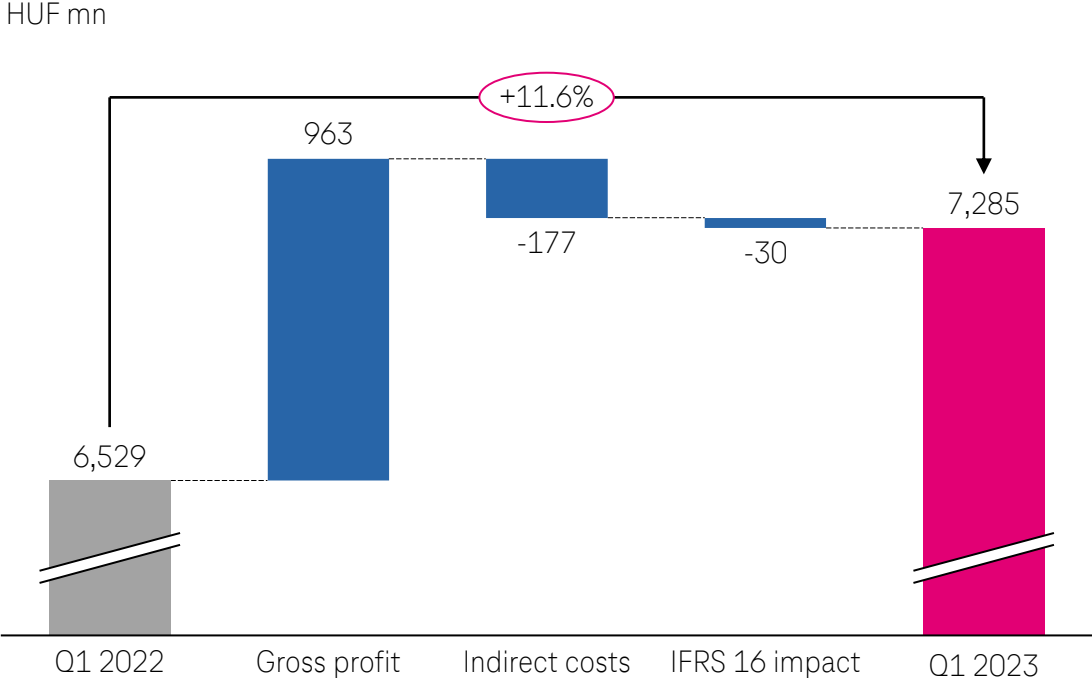
Back-up

NORTH MACEDONIA: Q1 2023 RESULTS

Revenues, Q1 2023 vs Q1 2022



EBITDA AL, Q1 2023 vs Q1 2022



For further questions please contact the IR department:

Diána Párkányi-Várkonyi

Capital Market Relations Hub Lead

Phone: +481-7676

e-mail: varkonyi.diana.annamaria@telekom.hu

Rita Walfisch

Investor Relations Manager

Phone: +36 1 457-6084

e-mail: walfisch.rita@telekom.hu

