Consolidated annual report and Separate annual report

of Magyar Telekom Telecommunications Public Limited Company

for the year ended December 31, 2024

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The official Annual Report and the Sustainability Statement therein are prepared in xhtml format as required by the respective laws and was disclosed in the reports folder of the digital file 529900CA1YDA41X76751-2024-12-31-0-en.zip. The official Annual Report and Sustainability Statement, along with the related audit opinions thereto, are available on the following webpage of Magyar Telekom: https://www.telekom.hu/about_us/investor_relations/financial

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Consolidated annual report

of Magyar Telekom Telecommunications Public Limited Company

for the year ended December 31, 2024

Consolidated financial statements and Consolidated business/management report

of Magyar Telekom Telecommunications Public Limited Company

for the year ended December 31, 2024

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Consolidated financial statements

of Magyar Telekom Telecommunications Public Limited Company

for the year ended December 31, 2024

Prepared in accordance with IFRS Accounting Standards
as adopted by the European Union (EU IFRS)

General information and independent auditor's report

The Consolidated annual report of the Magyar Telekom Telecommunications Public Limited Company (the Company or Magyar Telekom Plc.) includes the Consolidated financial statements and the Consolidated business/management report, of which the Consolidated sustainability statement forms a distinct part as required by the Act C of 2000, by the European directive (EU) 2022/2464 on corporate sustainability reporting (CSRD) and by the Regulation (EU) 2020/852 of the European Parliament and of the Council.

Disclosure of the Consolidated annual report (in XHTML format – ESEF)

The Magyar Telekom Plc. complies with the requirements of the Act C of 2000 and the European Securities and Markets Authority (ESMA), of the Article 3 of Commission Delegated Regulation (EU) 2019/815 (ESEF regulation) on disclosure in European single electronic format (ESEF) by publishing its Consolidated annual report in XHTML format from January 1, 2021 and provide the Consolidated financial statements prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU) with Inline XBRL to make data machine-readable.

Due to the technical limitations inherent to the block-tagging of the Consolidated financial statements according to the ESEF, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

Independent auditor's report

Deloitte Könyvvizsgáló és Tanácsadó Kft. (Deloitte) audited the Consolidated financial statements and provided limited assurance on the Consolidated sustainability statement.

The independent auditor's report on the Consolidated financial statements is prepared in separate document.

The limited assurance report on the Consolidated sustainability statement as required by the law is prepared in separate document.

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Consolidated statement of financial position - assets

(in HUF millions)	Note	At December 31, 2023	At December 31, 2024
Assets			
Cash and cash equivalents	4.2.1	13,514	18,010
Trade receivables within one year	4.2.2.1	199,249	211,411
Other current assets	12.1	8,455	9,214
Derivative financial instruments contracted with related parties	4.2.3	7,663	1,804
Other current financial assets	4.2.4	6,132	52,092
Contract assets	4.2.2.3, 18.4	17,358	16,903
Current income tax receivable	6	131	135
Inventories	7	32,428	28,756
		284,930	**338,325**
Assets held for sale	8	346	2,788
Total current assets		**285,276**	**341,113**
Property, plant and equipment	9	476,892	497,728
Right-of-use assets	9, 17	121,960	129,733
Goodwill	10.4, 26.1	212,713	212,713
Other intangible assets	10	314,659	293,626
Deferred tax assets	6.3.2	123	114
Trade receivables over one year	4.2.2.1	25,060	25,149
Derivative financial instruments contracted with related parties	4.2.3	9,632	6,733
Other non-current financial assets	4.2.4	4,381	6,907
Contract assets	4.2.2.3, 18.4	3,697	4,089
Other non-current assets	12.2	9,438	12,168
Total non-current assets		**1,178,555**	**1,188,960**
Total assets		**1,463,831**	**1,530,073**

Budapest, February 25, 2025

Tibor Rékasi
Chief Executive Officer, Board member

Daria Aleksandrovna Dodonova
Chief Financial Officer, Board member

Consolidated statement of financial position – liabilities & equity

(in HUF millions)	Note	At December 31, 2023	At December 31, 2024
Liabilities			
Financial liabilities to related parties	4.4.1	93,648	26,734
Derivative financial instruments contracted with related parties	4.4.3	120	74
Lease liabilities	4.5.1.2, 17.2.2	26,940	27,866
Trade payables	4.4.5	166,413	158,058
Other financial liabilities	4.4.4.1	12,250	10,093
Current income tax payable	6	2,753	5,942
Provisions	13	2,808	5,922
Contract liabilities	18.4	13,818	16,231
Other current liabilities	14	28,434	29,212
		347,184	**280,132**
Liabilities held for sale		-	-
Total current liabilities		**347,184**	**280,132**
Financial liabilities to related parties	4.4.1	47,847	60,059
Lease liabilities	4.5.1.2, 17.2.2	109,623	119,174
Corporate bonds	4.4.2	68,854	69,183
Other financial liabilities	4.4.4.1	98,667	94,404
Deferred tax liabilities	6.3.2	11,714	17,669
Provisions	13	12,329	19,470
Contract liabilities	18.4	358	343
Other non-current liabilities	15	1,586	1,129
Total non-current liabilities		**350,978**	**381,431**
Total liabilities		**698,162**	**661,563**
Equity			
Common stock		97,156	93,862
Capital reserves		25,509	24,644
Treasury stock		(18,600)	(26,354)
Retained earnings		585,866	691,652
Accumulated other comprehensive income		33,536	39,353
Total equity of the owners of the parent		**723,467**	**823,157**
Non-controlling interests	16	42,202	45,353
Total equity		**765,669**	**868,510**
Total liabilities and equity		**1,463,831**	**1,530,073**

Budapest, February 25, 2025

Tibor Rékasi
Chief Executive Officer, Board member

Daria Aleksandrovna Dodonova
Chief Financial Officer, Board member

Consolidated statement of profit or loss and other comprehensive income

(in HUF millions, except per share amounts)	Note	For the year ended December 31, 2023	2024
Mobile revenue	18	491,322	565,480
Fixed line revenue	18	271,915	307,603
SI/IT revenue	18.2.2	86,135	94,395
Revenue		**849,372**	**967,478**
Interconnect costs		(22,930)	(19,198)
SI/IT service-related costs	19	(62,990)	(68,192)
Impairment losses and gains on financial assets and contract assets	4.2.2.2	(14,033)	(13,743)
Telecom tax	19	(25,460)	(25,077)
Other direct costs	19	(230,906)	(253,600)
Direct costs		**(356,319)**	**(379,810)**
Employee-related expenses	20	(83,688)	(101,747)
Depreciation and amortization	9, 10	(139,168)	(139,942)
Other operating expenses	21.1	(97,296)	(92,543)
Supplementary telecommunication tax	21.2	(29,963)	(36,363)
Operating expenses		**(706,434)**	**(750,405)**
Other operating income	22	5,058	6,386
Operating profit		**147,996**	**223,459**
Interest income	23	4,128	4,600
Interest expense	24	(25,002)	(20,753)
Other finance expense - net	25	(23,166)	(13,083)
Net financial result		**(44,040)**	**(29,236)**
Share of associates' and joint ventures' results	11	-	-
Profit before income tax		**103,956**	**194,223**
Income tax	6.2	(19,552)	(30,827)
Profit for the period		**84,404**	**163,396**
Other comprehensive income:			
Items to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		(5,261)	7,997
Items not to be reclassified to profit or loss in subsequent periods:			
Revaluation of financial assets at FV OCI		292	1,449
Other comprehensive income for the year, net of tax		**(4,969)**	**9,446**
Total comprehensive income for the period		**79,435**	**172,842**
Profit attributable to:			
Owners of the parent		78,951	157,797
Non-controlling interests		5,453	5,599
		84,404	**163,396**

(in HUF millions, except per share amounts)	Note	For the year ended December 31, 2023	2024
Total comprehensive income attributable to:			
Owners of the parent		75,796	163,614
Non-controlling interests		3,639	9,228
		79,435	**172,842**
Earnings per share (EPS) information:	27		
Owners of the parent		78,951	157,797
Weighted average number of common stock outstanding used for basic/diluted EPS		942,867,447	918,686,597
Basic / diluted earnings per share (HUF)		83.73	171.76

Budapest, February 25, 2025

Tibor Rékasi
Chief Executive Officer, Board member

Daria Aleksandrovna Dodonova
Chief Financial Officer, Board member

Consolidated statement of cash flows

(in HUF millions)	Note	For the year ended December 31, 2023	2024
Cash flows from operating activities			
Profit for the period		84,404	163,396
Depreciation and amortization	9, 10	139,168	139,942
Income tax expense	6.2	19,552	30,827
Net financial result		44,040	29,236
Change in assets carried as working capital		(34,318)	(12,160)
Change in provisions		(825)	2,914
Change in liabilities carried as working capital		14,157	(7,738)
Income tax paid	6.4	(17,817)	(21,902)
Dividend received		113	111
Interest and other financial charges paid*		(31,232)	(25,876)
Interest received		3,229	4,478
Other non-cash items		2,279	(917)
Net cash generated from operating activities		**222,750**	**302,311**
Cash flows from investing activities			
Payments for property plant and equipment (PPE) and intangible assets	28	(100,115)	(102,831)
Proceeds from disposal of PPE and intangible assets		570	1,081
Payments for subsidiaries and business units	29	(67)	(270)
Payments for other financial assets		(15,264)	-
Proceeds from other financial assets		39	15,605
Net cash used in investing activities		**(114,837)**	**(86,415)**
Cash flows from financing activities			
Dividends paid to Owners of the parent and Non-controlling interests	4.4.4.3	(33,942)	(47,955)
Proceeds from loans and other borrowings	4.4.4.3	123,667	174,164
Repayment of loans and other borrowings	4.4.4.3	(145,292)	(282,239)
Repayment of lease and other financial liabilities	4.4.4.3	(36,622)	(33,967)
Treasury share purchase	4.4.4.3	(14,609)	(22,363)
Net cash used in financing activities		**(106,798)**	**(212,360)**
Exchange differences on cash and cash equivalents		(462)	960
Change in cash and cash equivalents		**653**	**4,496**
Cash and cash equivalents, beginning of period		12,861	13,514
Cash and cash equivalents, end of period	**4.2.1.**	**13,514**	**18,010**

*The amount of other financial charges paid is HUF 7,358 million in 2024 (2023: HUF 6,214 million).

Consolidated statement of changes in equity

	pieces	in HUF millions								
						Accumulated Other Comprehensive Income				
	Shares of common stock (a)	Common stock (a)	Capital reserves (b)	Treasury stock (c)	Retained earnings (d)	Cumulative translation adjustment (e)	Revaluation reserve for FVOCI financial assets – net of tax (f)	Equity of the owners of the parent	Non-controlling interests (g)	Total Equity
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 (h)	-	-	-	-	(29,459)	-	-	**(29,459)**	-	**(29,459)**
Dividend declared to Non-controlling interests (i)	-	-	-	-	-	-	-	**-**	(4,474)	**(4,474)**
Treasury share purchase (j)	-	-	-	(14,609)	-	-	-	**(14,609)**	-	**(14,609)**
Capital decrease with cancellation of treasury share (k)	(34,242,485)	(3,424)	(900)	14,609	(10,285)	-	-	**-**	-	**-**
Transactions with owners in their capacity as owners	**(34,242,485)**	**(3,424)**	**(900)**	**-**	**(39,744)**	**-**	**-**	**(44,068)**	**(4,474)**	**(48,542)**
Other comprehensive income	-	-	-	-	-	(3,318)	163	**(3,155)**	(1,814)	**(4,969)**
Profit or loss	-	-	-	-	78,951	-	-	**78,951**	5,453	**84,404**
Total comprehensive income	**-**	**-**	**-**	**-**	**78,951**	**(3,318)**	**163**	**75,796**	**3,639**	**79,435**
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 (h)	-	-	-	-	(41,561)	-	-	**(41,561)**	-	**(41,561)**
Dividend declared to Non-controlling interests (i)	-	-	-	-	-	-	-	**-**	(6,077)	**(6,077)**
Treasury share purchase (j)	-	-	-	(22,363)	-	-	-	**(22,363)**	-	**(22,363)**
Capital decrease with cancellation of treasury share (k)	(32,941,370)	(3,294)	(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	-	-	-	-	-	4,997	820	**5,817**	3,629	**9,446**
Profit or loss	-	-	-	-	157,797	-	-	**157,797**	5,599	**163,396**
Total comprehensive income	**-**	**-**	**-**	**-**	**157,797**	**4,997**	**820**	**163,614**	**9,228**	**172,842**
Balance at December 31, 2024	**938,617,497**	**93,862**	**24,644**	**(26,354)**	**691,652**	**37,915**	**1,438**	**823,157**	**45,353**	**868,510**
Of which treasury stock	(30,036,413)									
Shares of common stock outstanding	**908,581,084**									

Notes to the Consolidated statement of changes in equity

(a) The total amount of issued shares of common stock of 938,617,497 (each with nominal value of HUF 100) is fully paid as at December 31, 2024., that identical to the number of authorized ordinary shares.

The holder of each Series ”A” ordinary share shall be entitled to one vote at the General Meeting of the Magyar Telekom Plc. The General Meeting shall adopt its resolutions by a simple majority vote except for resolutions on issues listed in the Articles of Association, which shall require at least a three-quarters majority of the votes of the shareholders present. The Company has no shares assigned with special management rights.

The transfer of any Series ”A” ordinary shares is not bound to any restriction or attainment of agreement.

Shareholders shall be entitled to receive a portion from the Company’s profit after tax that is available and has been ordered for distribution by the General Meeting in proportion with the nominal value of their shares.

(b) Capital reserves represent the amount exceeding the nominal value of the shares that was received by the Company during capital increases.

(c) Treasury stock represents the cost of the Company’s own shares repurchased. When the Company or its subsidiaries purchase the Company’s equity shares, the consideration transferred, including any attributable incremental external costs, are deducted from the Equity of the owners of the parent as Treasury stock until they are re-sold or cancelled. When such shares are subsequently sold, the treasury share balance decreases by the original cost of the shares, thereby increasing equity, while any gains or losses are also recognized in equity (Retained earnings). Treasury stock transactions are recorded on the transaction date. The number of Treasury stock was 30,036,413 on December 31, 2024 and 41,777,718 on December 31, 2023.

(d) Retained earnings include the accumulated and undistributed profit of the Group. The distributable reserves of the Company under Hungarian law (Section 5 (b) 114/B of Act C of 2000 on Accounting relating to untied retained earnings available for the payment of dividends) at December 31, 2024 amounted to approximately HUF 694 billion (HUF 592 billion at December 31, 2023).

(e) Cumulative translation adjustment represents the foreign exchange differences arising on the consolidation of foreign subsidiaries.

(f) Revaluation reserve for financial assets at FVOCI includes the unrealized gains and losses net of tax on equity instruments measured at Fair Value through other comprehensive income (see also Note 4.5.1).

(g) Non-controlling interests represent the Non-controlling shareholders’ share of the net assets of subsidiaries in which the Group has less than 100% ownership (Note 16).

(h) Dividends payable to the Company’s shareholders and to Non-controlling shareholders of the Group’s subsidiaries are recorded as a liability and debited against equity (Retained earnings or Non-controlling interests) in the Group’s financial statements in the period in which the dividends are approved by the shareholders.

(i) The amount of dividends declared to Non-controlling interests includes the dividends declared to the Non-controlling owners of Makedonski Telekom (MKT).

(j) In June 2024 the Company repurchased 21,200,065 ordinary shares for the purpose of shareholders' remuneration as approved by the Annual General Meeting on April 16, 2024.

(k) The Company's common stock was decreased from HUF 97,155,886,700 to HUF 93,861,749,700 with the cancellation of 32,941,370 pieces of dematerialized series "A" ordinary shares (treasury shares) owned by the Company, each with the face value of HUF 100. The transaction amounted to HUF 14.6 billion decreased Common stock at nominal value and Capital reserves on pro-rata basis and Retained Earnings. The cancellation thus resulted in a rearrangement between the elements of the total Equity, but there was no change in total Equity. The decrease of share capital as part of shareholders' remuneration was approved on the Annual General Meeting on April 16, 2024 and registered by the Court of Registry on June 9, 2024. Following the transaction, the Company's share capital consists of 938,617,497 pieces of dematerialized series "A" ordinary shares including treasury shares of 30,036,413 pieces, each with the face value of HUF 100.

Together with the approval of the Consolidated financial statements for issue, the Board of Directors of the Company proposes a dividend distribution in total of HUF 90,858 million to be approved by the Annual General Meeting of the Company in April 2025. In 2024 the Annual General Meeting of Magyar Telekom Plc. approved HUF 41,561 million dividend. The actual amount of gross dividend per ordinary Magyar Telekom Plc. share for the business year 2023 was HUF 44.7. Dividend payment started on May 8, 2024.

Notes to the Consolidated financial statements

1 About the Group

1.1 About the Company

Magyar Telekom Plc. with its subsidiaries form Magyar Telekom Group (the Group). Magyar Telekom Plc. is the leading provider of telecommunications services in Hungary and Republic of North Macedonia and alternative service provider in Bulgaria and Romania.

Magyar Telekom Group serves its millions of residential customers, a wide variety of corporate and public sector partners with essential digital infrastructure, information and communication technology (ICT) services and entertainment. Connecting people, families, businesses and authorities via a reliable network is a fundamental purpose. Supporting the digital transformation in Hungary is the main strategic objective of the Group (see Notes 2.4 and 2.5). For more information and details on the Group's services, please visit Magyar Telekom Plc.'s website: www.telekom.hu

The Company was incorporated in Hungary on December 31, 1991 and commenced business on January 1, 1992. The Company's registered office is Könyves Kálmán krt. 36., 1097 Budapest, Hungary, the registration number of the Company is Cg. 01-10-041928 registered by the Metropolitan Court acting as Court of Registration.

Magyar Telekom Plc. is listed on the Budapest Stock Exchange and its shares are traded on the Budapest Stock Exchange. Magyar Telekom Plc.'s American Depository Shares (ADSs) each representing five ordinary shares were also traded on the New York Stock Exchange until November 12, 2010, when the ADSs were delisted. Magyar Telekom Plc. terminated the registration of its shares and ADSs in the US in February 2012. The Company maintains its American Depositary Receipt program on a Level I basis.

The ultimate controlling parent of Magyar Telekom Plc. is Deutsche Telekom AG (DT or DT AG) who fully consolidates Magyar Telekom Group. Deutsche Telekom Europe B.V. (Stationsplein 8, 6221 BT Maastricht, the Netherlands), a member of the Deutsche Telekom Group (DT Group), is the direct owner of 65.78% of the Company's issued shares.

The Consolidated financial statements of DT AG are available at DT AG's website (www.telekom.com/en).

The Consolidated financial statements are prepared and presented in millions of Hungarian Forints (HUF), unless stated otherwise.

The Company's Board of Directors (the Board) accepted the submission on the Consolidated financial statements of the Company on February 25, 2025 and proposed it for approval to the Annual General Meeting (AGM), which is authorized to approve the Consolidated financial statements, but also has the right to require amendments before approval. As the controlling shareholders are represented in the Board of the Company that accepted the submission of the Consolidated financial statements, the probability of any potential change required by the AGM is remote, and has never happened in the past.

Persons authorized to sign the Consolidated financial statements and Consolidated annual report:

Tibor Rékasi - Chief Executive Officer, member of the Board (residence: Szentendre)

Daria Aleksandrovna Dodonova - Chief Financial Officer, member of the Board (residence: Budapest)

In Magyar Telekom Plc., the accounting services are coordinated by Melinda Modok (certificate number: 18128. Area of specialty: IFRS entrepreneurial activity. Status: registered. Registration number: MK 199521. Residence: Budapest).

The Company is subject to compulsory audit. The Company's auditor is Deloitte Könyvvizsgáló és Tanácsadó Kft. (company registration number: Cg. 01-09-071057, tax number: 10443785-2-42), the responsible person for carrying out the audit is Kornél Bodor (membership number at Chamber of Hungarian Auditors: 005343).

The Consolidated financial statements and the Separate financial statements of Magyar Telekom Plc. are available at the Company's registered office and on its website: https://www.telekom.hu/about_us/investor_relations/financial

1.2 Composition of the Group

At December 31, 2023 and 2024 the major operating subsidiaries of the Group were as follows:

Subsidiaries	Functional currency	Group interest in capital as at December		Activity
		2023	2024	
Incorporated in Hungary:				
Telekom Rendszerintegráció Zrt., Budapest.....	HUF	100.00%	100.00%	system integration and IT services
KalászNet Kft., Budapest	HUF	100.00%	100.00%	telecom service provider
Telekom New Media Zrt., Budapest.....	HUF	100.00%	100.00%	interactive service provider of telecommunications applications
Incorporated in North Macedonia:				
Makedonski Telekom A.D., Skopje (MKT)	MKD	56.67%	56.67%	telecom service provider
Incorporated in Romania:				
Combridge S.R.L., Bucharest	RON	100.00%	100.00%	wholesale telecom service provider
Incorporated in Bulgaria:				
Novatel EOOD, Sofia.....	BGN	100.00%	100.00%	wholesale telecom service provider

The Group's interest in the capital of the above subsidiaries equals the voting rights therein. There is no significant entity in the Group that is not controlled even though more than half of the voting rights are held.

All subsidiary undertakings are included in the consolidation.

2 Basis of preparation and summary of material accounting policies

2.1 Basis of preparation

The Consolidated financial statements of Magyar Telekom Plc. have been prepared in accordance with IFRS Accounting Standards as prepared and issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). All IFRS Accounting Standards and interpretations adopted by the EU effective as at December 31, 2024 and applicable to Magyar Telekom Group had been adopted. The Consolidated financial statements also comply with the Hungarian Accounting Act on consolidated financial statements, which refers to the IFRS Accounting Standards as adopted by the EU.

The preparation of the Consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas in which assumptions and estimates are material to the consolidated financial statements, are disclosed in Note 3.

The Consolidated financial statements are prepared under going concern assumptions, which means it is assumed the Company will continue to operate in the foreseeable future without the need or intention on the part of management to liquidate the entity or to significantly curtail its operational activities.

2.1.1 Initial application of IFRS Accounting Standards, interpretations, and amendments in the financial year

The table below summarizes the IFRS Accounting Standards amended and the subject of the amendments effective on or after January 1, 2024 that could have an impact on Magyar Telekom Group's accounting policies.

Pronouncement	Title	Applied from	Changes	Impact on the Group
Amendments to IAS 1	Presentation of Financial Statements	Jan 1, 2024	Classification of Liabilities as Current or Non-current and Deferral of Effective Date. Non-current liabilities with covenants	No material impact.
Amendments to IFRS 16 Leases	Lease Liability in a Sale and Leaseback	Jan 1, 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	Jan 1, 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.

2.1.2 IFRS Accounting Standards, amendments and interpretations that are not yet effective as of December 31, 2024 and have not been adopted early by the Group and other expected changes from 2025

Pronouncement	Title	To be applied from	Changes	Expected impact on the Group
IFRS Accounting Standards adopted by the EU				
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	Lack of Exchange-ability	Jan 1, 2025	The IASB has issued amendments to IAS 21 that will require companies to provide more useful information in their financial statements when a currency cannot be exchanged into another currency.	Not applicable
IFRS Accounting Standards not yet adopted by the EU*				
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	Jan 1, 2026	The amendments of IFRS 7 and IFRS 9 mainly clarify the requirements for classifying and measuring financial instruments to make financial reporting more consistent and transparent. The changes in IFRS 9 relate to derecognition to simplify the process for derecognizing financial liabilities settled electronically and to classification providing more guidance on classifying financial assets with non-recourse features and contractually linked instruments. Changes of IFRS 7 enhance disclosure requirements for fair value through other comprehensive income and contractual terms impacting cash flows.	No material impact is expected.
Annual Improvements Volume 11		Jan 1, 2026	The IASB issued narrow amendments to IFRS Accounting Standards as part of its regular maintenance of the Standards. These amendments include clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards.	No material impact is expected.
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	Jan 1, 2026	Amendments to IFRS 9 Financial Instruments: ▪ the own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9 2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and ▪ the hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 19 Subsidiaries without Public Accountability: Disclosures: The IASB amends IFRS 7 and IFRS 19 to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.	No impact is expected.

Pronouncement	Title	To be applied from	Changes	Expected impact on the Group
IFRS Accounting Standards not yet adopted by the EU*				
IFRS 19 Subsidiaries without Public Accountability	Disclosures 2	Jan 1, 2027	IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements as well as enables simplification of reporting systems and processes for companies, reducing the costs of preparing eligible subsidiaries' financial statements, while maintaining the usefulness of those financial statements for their users.	Not applicable
IFRS 18 Presentation and Disclosure in Financial Statements		Jan 1, 2027	IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.	Management is currently assessing the detailed implications of applying the new standard on the Group's Consolidated financial statements.

* For IFRS Accounting Standards not yet adopted by the EU, the date of first-time adoption scheduled by the IASB is assumed for the time being as the likely date of first-time adoption.

2.2 Consolidation

2.2.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are also considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group, and are no longer consolidated from the date control ceases. The acquisition method of accounting is used to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition whereby costs directly attributable to the acquisition are expensed. The excess of the consideration transferred and the amount of any Non-controlling interest over the fair value of the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed is recorded as goodwill. If the consideration transferred and the amount of any Non-controlling interests is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized in the Profit for the period (Other operating income).

The classification of transactions as a business combination must be made on a case-by-case basis. The Group may decide to apply or not to apply the concentration test separately for each transaction or event.

A concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. In this case, the group of activities and assets is not a business.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group has maximum one year from the acquisition date to finalize the purchase price allocation.

If applicable, the Group recognizes at the acquisition date a liability for any contingent purchase consideration. If the amount of contingent consideration accounted for as a liability changes as a result of a post-acquisition event (such as meeting an earnings target), the difference is recognized in accordance with other applicable IFRSs as appropriate rather than as an adjustment of goodwill.

The Group attributes their share of losses to the Non-controlling interests even if this results in the Non-controlling interests having a deficit balance.

In a step acquisition, the fair values of the acquired entity's assets and liabilities, including goodwill, are measured on the date when control is obtained. Accordingly, goodwill is measured at the acquisition date as the difference between the fair value of any investment the business held before the acquisition, the consideration transferred and the fair value of the net asset acquired.

In case of acquisitions where business combination takes place between companies under common control (i.e. with other Deutsche Telekom Group companies), the transaction is recorded either at fair value or at book value. In case of book value any gains, losses or differences between the book value and the sale-purchase price are recognized in equity. The consolidated financial statements include the results of subsidiaries acquired from parties under common control from the date of the closing of the transaction.

A partial disposal of an investment in a subsidiary while control is retained is accounted for as an equity transaction with owners, therefore gain or loss is not recognized in profit or loss for such disposals.

A partial disposal of an investment in a subsidiary that results in loss of control triggers re-measurement of the residual interest to fair value. Any difference between fair value and carrying amount is a gain or loss on the disposal, recognized in Profit for the period (Other operating income).

Inter-company transactions, balances and unrealized gains or losses on transactions between the Magyar Telekom Group companies are eliminated. Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

2.3 Foreign currency translation

2.3.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency), that is the Hungarian forint for Magyar Telekom Plc. and functional currencies for subsidiaries disclosed in Note 1.2.

The consolidated financial statements are presented in millions of HUF, as the Group's presentation currency is the Hungarian Forint.

2.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Profit for the period (Other finance expense – net).

2.3.3 Group companies

The income and financial position of all of the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- For the initial consolidation of foreign subsidiaries acquired, their assets and liabilities at the acquisition date are incorporated into the consolidated financial statements after translating the balances into HUF using the exchange rate prevailing at the date of acquisition. The fair value adjustments resulting from the purchase price allocation and goodwill are accounted for in HUF for acquisitions before March 31, 2004, after which date these adjustments arising on consolidation are accounted for in the functional currency of the subsidiary.
- Assets and liabilities for each Statement of financial position presented are translated at the closing rate at the date of that Statement of financial position.
- Items of the consolidated statement of profit or loss and other comprehensive income are translated at annual cumulated average exchange rates.
- All resulting exchange differences are recognized in the consolidated equity (Cumulative translation adjustment). When a foreign operation is fully or partially disposed of so that control is lost, exchange differences that were recorded in equity until the date of the sale are recognized in the other operating profit for the period as part of the gain or loss on sale.

2.4 Macroeconomic environment

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

The prolonged war between Russia and Ukraine and the tension in the Middle East are having a significant negative impact on the global economy. The ongoing conflicts have reshaped international trade relations and altered the previous tendencies of globalization, primarily affecting the economies of Central and Eastern Europe. The change in U.S. foreign policy, and the potential new trade tariffs as well as the rising industrial power of China may also have considerable influence on the global mechanism.

Currently, the geopolitical uncertainty does not have significant direct impact on the Group's operations. The associated risks are monitored and assessed by the Group through the quarterly risk reporting process with the risk owners.

In Hungary, the impact of inflation and the persistent weakness of the Hungarian forint exchange rate still put pressure on the Group's costs. In 2024 the inflation settled back to the moderated range, after a peak in 2022 and 2023, and expected to remain at this level in the upcoming years. The base rate in Hungary gradually decreased during 2024 and was 6.5% at year-end.

The exchange rate of the forint shows higher sensitivity to global events compared to other currencies in the Central European region. The exchange rate of HUF gradually weakened against EUR in the first three quarter of the year, while in October hit the 400 HUF/EUR limit and continued to deteriorate until year-end, closing at 410.09 HUF/EUR.

Among other measures taken by the government to stabilize the economy, the interest rate freeze for residential customers and also the state of war emergency has been repeatedly extended until May of 2025, which has been in effect since May 2022.

In Hungary, there is elevated uncertainty regarding further funds coming from the European Union and a charged massive penalty for non-compliance with EU disciplines, which accumulates daily. EU funds play a pivotal role in driving Hungary's economic development. Lack of these resources significantly slows down GDP growth, infrastructure development, innovation and jeopardizes economic stability. Altogether, the Hungarian economy was mainly in recession during 2024 with some improvement witnessed in the last quarter.

In recent years, the remarkable change in the supply of natural gas in Europe has had a negative impact on energy prices, that requires more effective cost management from the Group.

Following the price levels experienced in 2023, the European natural gas and electricity markets in 2024 were characterized by strong volatility, which was basically influenced by limited supply and strong demand on the market, which was justified by the wars. Europe replaces the lost Russian natural gas deliveries with liquified natural gas. However, on the supply side, where the United States is the largest exporter, the supply was disrupted several times by the hurricanes, which resulted in local peaks in prices. Additionally, European decarbonization efforts and the high share of renewables in the energy mix of individual member states, including Hungary, have resulted in extreme spot prices.

Overall and in general, in 2024 the previously experienced energy price levels have not yet returned, however, the uncertainties are immediately reflected in the pricing of the products.

The management pays special attention to energy prices and looks for the possibilities for the provision of cost-effective energy supply, such as concluding long-term power purchase agreements (PPA). For further details on renewable energy procurement sources see Note 2.5.3.

The Group is the largest ICT service provider in Hungary. The Group committed to focusing on the delivery of its strategic objectives, among these the Digital Transformation of Hungary is one of its key strategic objectives.

In 2023, Magyar Telekom Plc. signed a Memorandum of Understanding with the Hungarian Government confirming their long-term cooperation for the Digital Transformation of Hungary. The government of Hungary intends to support fixed line gigabit internet network, 5G coverage developments and ICT investments, among other things, through the abolition of utility tax payment obligation of electronic telecommunication providers from January 2024, and the abolition of the supplementary telecommunication tax from January 2025. Both of these telecommunication sector specific taxes put significant pressure on the profitability of the Group.

According to the Memorandum of Understanding, the Company is committed to build gigabit-capable fixed network covering an additional 1 million homes and businesses in 4 years, making it available to 4.5 million Hungarian homes and businesses by the end of 2027. Besides, the Company will also accelerate the rollout of 5G coverage, resulting in an increase to close to 99% population-based outdoor 5G coverage by 2026.

In 2024 Magyar Telekom Plc. has completed its mobile network modernization program launched 5 years ago, upgrading all its mobile base stations and implementing capacity expansion and 5G rollout at majority of them. The modernization aims to maintain and improve service quality and expand capacity, in line with customers' voice and data traffic needs. Thanks to the developments, by the end of the year, the population-based outdoor 5G coverage has reached 74%.

The rollout of the fibre network continued throughout 2024, resulting in over 3.8 million gigabit-capable access points (83% coverage) within the fixed network in Hungary, thanks to this an increasing number of the customers has opted to connect via a gigabit capable technology, reaching 1.5 million by the end of the year.

The management closely monitors the recoverability of assets, therefore the Group has conducted the goodwill impairment test quarterly during the year and paid more attention to monitor the solvency of customers, taking into account the emerging macroeconomic impacts. See details in Notes 3.2 and 3.3.

Altogether, the Group continues to meet the increased demand for connectivity through its network and has not identified any events which could jeopardize the going concern of its operation, furthermore based on the management's assessment of future cashflows, no underperformance is expected in the long term.

2.5 Sustainability disclosures

In accordance with Hungarian and EU regulations, the CSRD (Corporate Sustainability Reporting Directive) and ESRS (European Sustainability Reporting Standards), the Magyar Telekom Group prepared its Consolidated sustainability statement, that is presented in a distinct part of the Consolidated business/management report.
Further sustainability related information and reports are available on the Company's Investors Relation website: https://www.telekom.hu/about_us/society_and_environment/sustainability_reports.

2.5.1 Sustainability strategy

The main objective of Magyar Telekom Group is to remain the country's leading sustainable company by bringing digitalization to the service of the development of people, families and businesses, the protection of the environment and performing as an inclusive and diverse workplace.

For further information see Chapter ESRS2 SBM-1 Strategy, business model and value chain in the Consolidated sustainability statement.

Digitalization of Hungary

The main strategic objective under the digitalization pillar is also included in the Memorandum of Understanding signed with the Hungarian Government, as explained in Note 2.4.

The development of new digital solutions is a strategic objective of the Group, with several new platforms and solutions being introduced each year, bringing a number of benefits to the customers, to the business partners and to the Group's organizations. These solutions are also focused on increasingly critical climate protection and support them. The digital solutions to support the customers include paper free contracting, Vanda, an AI-enabled digital assistant for automated customer service, that providing more efficient services and problem solving with high level customer experience. The offered business solutions are the cloud services, devices as a service (DaaS), Internet of Things (IoT) services including smart sub-meters (heat, gas, water, electricity), smart lighting, smart waste management.

For more information on the latest innovations supporting climate protection and the circular economy, see the Chapter ESRS S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions in the Consolidated sustainability statement.

Magyar Telekom Group is committed to supporting the digital development of Hungarian society by providing network services that meet growing customer needs and ensure a better customer experience, and by supporting the digital development of generations through its social responsibility.

Climate protection

Magyar Telekom Plc.'s emission reduction commitment has been set in line with the requirements of the Paris Agreement and the EU, as well as the IPCC's 1.5°C target, as the main focus of the Group's strategy. These commitments apply until 2030:

- keep the direct and indirect emissions, Scope 1-2 emissions at net zero, reducing them by 84% compared to 2015;
- reduction of the emissions of our suppliers and customers attributable to us, Scope 3 emissions, by 30% compared to 2017.

The Group can only maintain its market leadership if it can react promptly to external market, geopolitical and environmental changes, as a result the strategic objectives are reviewed accordingly. To implement this ambitious strategy detailed feasibility studies have been prepared. Market-based emission reduction of 80% seems feasible by 2030 with the extended resources for Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt. in total.

For further information see Chapter ESRS E1 Climate Change and ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions in the Consolidated sustainability statement.

Diversity and inclusion

Magyar Telekom Group aims to be an inclusive employer through an internal training program for employees to build an inclusive, equal and open mindset, support the advancement of women into management positions and facilitate access for people with disabilities.

For more information see the Chapter ESRS S1 Own workforce in the Consolidated sustainability statement.

2.5.2 Financial statement implication of sustainability

The sustainability indicators (KPIs) have been defined to CEOs and deputy CEOs and certain managers, also incorporated into their remuneration system.

For further details please refer to the Note 20.1.1 and the Chapters ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes and ESRS E1-1 Transition plan for climate change mitigation of the Consolidated sustainability statement.

As part of its sustainability strategy under the digitalization pillar, the Group focuses on technological modernization, to improve the resilience of the network to climate change and to increase energy efficiency, such as optical transition and 5G network investment (see Note 9.2). These development plans are included in the annual goodwill impairment test and also in the annual useful life review, considering all the related factors and the sensitivity analyses no impairment was recognized in 2023 or 2024, further details see in Notes 3.1 and 3.2.

The recognition of asset retirement obligation (ARO) related to dismantling and restoration of mobile and fixed network elements is part of the operational activity, which is defined according to the actual legislative regulation and in line with the asset retirement plans, is reviewed annually, and evaluated in respect of any additional regulatory requirement, if any, see Note 13.2.

2.5.3 Energy consumption and management

Magyar Telekom Group's new climate strategy focuses on reduction of fossil fuel-based energy sources, which is in line with the European Green Deal, accordingly, it's electricity consumption of subsidiaries involved in sustainability activities has been covered by renewable source from renewable energy since 2021.

In recent years, the European economic environment has changed significantly due to changes and uncertainties in the supply of natural gas and an intense fluctuation in energy prices. In addition, inflation in Hungary and the fluctuation of the forint exchange rate put additional pressure on the Group's energy management. Electricity is one of the most essential sources of the Group's operations, as it is necessary for the functioning of the network (operation, management, cooling), and therefore represents a significant cost, see Note 21.

In order to alleviate the burden of emerging energy prices, it has become a priority to source renewable energy from the domestic market, for this purpose a short-term physical PPA was concluded in 2022, which, from 2023, partially replaced the purchase of renewable energy certificates (GoO - Guarantee of Origins) that were previously considered a sole source. This PPA was originally concluded for a period of 3 years and it was extended to a 10-year period in 2024, a fixed-price contract with a Hungarian solar power plant. Furthermore, Magyar Telekom Plc. has signed four additional physical PPAs across new locations with the same terms and conditions at the same time, also with a duration of 10 years, most of which started their commercial operations in December 2024.

Magyar Telekom Plc. applies the 'own use' exemption in paragraph 2.4 of IFRS 9 and therefore accounts for the PPAs and the guarantees of origins as an executory contract. Both the purchase of renewable energy under the PPAs and guarantees of origins are recognized in Other operating expenses as energy costs.

The Group remains committed to its environmental strategy and will continue its work by seeking new opportunities, such as concluding long-term PPAs.

For further information see Chapter ESRS E1-1 Transition plan for climate change mitigation and ESRS E1-5 Energy consumption and mix in the Consolidated sustainability statement.

2.5.4 Main sustainability related risks

The Group is exposed to the risk of future energy price uncertainty. The growing demand for green energy in the market, combined with the current macroeconomic situation, could lead to an increase in energy prices and renewable energy certificate prices.

For further information see Chapter ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model in the Consolidated sustainability statement.

Within the framework of the Business Continuity Management System (BCM), the Group has identified critical climate risks (flooding, heatwaves) for which it has developed an action plan. All incidents that occurred were investigated and analyzed, network damage did not reach significant levels. This analysis could help Magyar Telekom Group become more resilient by modernizing its infrastructure. See more information in Note 9.1.

To meet emission reduction targets, including the Intergovernmental Panel on Climate Change (IPCC) target of 1.5°C, regulators may set stricter metrics in the future, which could result in higher spending for the Group.

As the European Union and Hungary undergo on a transition to renewable energy production the potential instability of the electricity system may occur. Although Magyar Telekom Group's network has been designed with a logic to ensure a continuous service, the Group endeavors to improve infrastructure handling the risk of electricity outages. In order to manage downtimes, Magyar Telekom Group has already equipped its mobile base stations and critical infrastructure sites with batteries and/or also using mobile diesel generators.

To reduce emissions and mitigate climate change the fleet must be transformed, as the Group has one of the largest fleet in Hungary. It involves costs, but until it is not completed, purchasing verified emission reduction units may contribute to a stronger increase in costs.

Thanks to its forward-looking climate strategy and the results already achieved, Magyar Telekom Group continues to work towards its strategic objectives and corporate responsibility, even under stricter regulations.

Based on these analyses, Magyar Telekom Group does not expect a significant impact on its business model or on the presentation of its operating profit or financial position.

3 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

3.1 Useful lives of assets

The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technological development and changes in broad economic or industry factors, as well as in the light of global environment awareness and the environmental objectives that have been set by the Group. The appropriateness of the estimated useful lives is reviewed annually, or whenever there is an indication of significant changes in the underlying assumptions, or any significant investment decisions made throughout the year.

Management believes that this is a critical accounting estimate since it involves assumptions about technological development in an innovative industry and heavily dependent on the investment plans of the Group. Further, due to the significant weight of depreciable assets in total assets, the impact of any changes in these assumptions can be material to the financial position, and results of operations. See Notes 9.3 and 10.3 for the changes made to useful lives in 2024 and 2023.

The Group is constantly introducing a number of new services or platforms. In the frame of that, Magyar Telekom Group focuses on investment into fixed (optical) and mobile networks to meet continued strong demand for mobile data, broadband and TV services. Continued the development of 5G platforms, the network modernization (fix and mobile) program and investments into the customer premise equipment (CPE).

In case of the introduction of such new services or platforms, the Group conducts a revision of useful lives of the already existing platforms, but in the vast majority of the cases these new services or assets are designed to co-exist with the existing platforms, not necessarily resulting in changing over to the new technology. Consequently, the useful lives of the existing platforms usually do not require shortening.

3.2 Estimated impairment of goodwill

Goodwill is not amortized but tested for impairment annually in the last quarter of the year and in the other quarters quick tests are executed. During the preparation of the Consolidated financial statements of 2024, goodwill impairment was tested considering all available forward-looking internal and external information. It reflects the updated view of market conditions, the expected changes of the regulatory environment, forecasted revenues, projected expenditures, the investment plans taking into account climate related matters and updated book values, foreign exchange rates, weighted average cost of capital and other factors that may conclude an impairment.

Goodwill is allocated to the operating segments of the Group: MT-Hungary and North Macedonia, identifying them as cash-generating units (CGU). For additional information of operating segments, see Note 33.

The recoverable amounts of the operating segments are calculated based on fair value less cost of disposal determined by the discounted projected cash flows of the operating segments over the next ten years with a terminal value, as the payback period of investments in the telecommunications industry covers longer period.

The impairment test is based on reasonable and supportable assumptions that present the management's best estimate incorporating market participants' assumptions and expectations. This is highly judgmental, which carries the inherent risk of arriving at materially different recoverable amounts if estimates used in the calculations proved to be inappropriate.

In the calculations, Magyar Telekom Group uses different weighted average cost of capital (WACC) and estimated perpetual growth rate (PGR) depending on the country of operations and the characteristics of the markets the Group's segments operate in.

One of the main drivers of the telecommunication industry is technology, with significant annual investments in fixed and mobile networks and services, which has been taken into consideration regarding the assumptions. Continued investment is fundamental to maintain market leadership, to attract and retain customers and business partners and to meet the ever-increasing data demands.

The capital expenditures under the long-term commitment agreed with the Hungarian Government for the digital transformation of Hungary is also implemented into the calculation (see details in Note 2.4).

According to the cooperation, the Hungarian Government intends to support fixed line gigabit internet network, 5G coverage developments and ICT investments, among other things, through the review of sector specific tax rules and the abolition of utility tax payment obligation of electronic telecommunication providers from January 2024, and the abolition of the supplementary telecommunication tax from January 2025. These positive factors are also considered in the assumptions.

The purpose of the investments is to implement the latest technologies, which in connection with the Group's climate related strategies emphasize energy efficiency and emission reduction. For more information on current investments please refer to 9.2 Note.

The assumption is sensitive to the trend in energy prices and energy consumption, which is closely related to the Group's main activity. The higher level of energy consumption is projected due to the increased number of new technology assets. Managing the burden of energy costs, the Group intends to use renewable electricity by concluding potential new, long-term solar PPAs, for more information see 2.5.3 Note.

The forecasts of future cash flows are based on the best estimates of future revenue volumes and prices, using historical data and sales projections, operating expenses using general market analysis and forecasts, industry trends and evolution of market competition, and other available information.

Costs of certain central functions that are not cross charged are also considered in the fair value calculations when conducting the goodwill impairment tests. The costs of these central functions are allocated to the operating segments based on the segments' revenue share of the Group's total revenue.

The projections applied in the goodwill impairment test are approved by the management.

Based on the updated calculation no impairment needed to be recognized in 2024, similarly to 2023.

Details of the carrying amounts of goodwill allocated to the segments are presented in Note 10.4.

In 2024 and 2023 the following WACC and PGR rates have been applied in the fair value calculations for the goodwill impairment test.

	2023	2024
WACC		
MT-Hungary	8.46%	8.60%
North Macedonia	8.68%	8.36%
PGR		
MT-Hungary	1.0%	1.0%
North Macedonia	1.0%	1.0%

Sensitivity test

During the sensitivity analysis the management assessed the effects of reasonable change in the main factors to the impairment calculation based on forward-looking projections, including financial projections for inflation and base rate whether it would result in an impairment of the goodwill allocated to either operating segment. The following factors are considered, each analyzed separately:

- Variation in WACC rate generate major impact for the fair value less cost of disposal of the segments, and determined as follows:
  - the capital asset pricing model (CAPM) using
  - the average of the peer group's betas
  - 10-year zero-coupon government bond yields
  - debt ratio in line with the usual indebtedness of listed peer telecommunications companies

  WACC rate is determined basically by the 10-year-zero-coupon government bond yield. Estimation of the potential change of a 10-year zero-coupon yield is difficult, due to the recent economic environment explained in Note 2.4. However, in 2024 there were not significant change compared to 2023. Assessment of possible tendency of WACC indicators is highly judgmental, still considering 1-2% variation no additional impairment should be recognized.

- PGRs used are in line with the long-term average growth rate for the segments. Significant variation in PGR is not projected to be reasonable therefore no sensitivity is performed on this parameter.
- Projecting fluctuation of future cash flows is a challenging task in the current macroeconomic surroundings which may cause solvency issues at residential and business customers. 5% fluctuation in free cash flow had been investigated and concluded with no indication to any impairment recognition.
- CAPEX budget is defined and closely monitored by the Group, the future CAPEX spending can be higher, therefore 5% variation has been used in the sensitivity test which has not resulted in any need for recognition of impairment on goodwill allocated to any of the segments.

Altogether, the management believes that any reasonably possible change in the above tested key assumptions on which the recoverable amount of the CGU's is based, could not have an impact on the recoverability of the carrying amount of the CGUs.

3.3 Estimated impairment of trade and other receivables

Impairment is calculated for accounts receivable based on estimated losses resulting from the inability of customers to make required payments. For the largest customers and other telecommunications service providers, impairment is calculated on an individual basis, while for other customers it is estimated on a portfolio basis – see classification in Note 4.1.2 –, for which the base of estimate is the aging of accounts receivable balance and historical write-off experience, customer credit-worthiness, recent and expected changes in customer payment terms and forward-looking information (e.g. inflation/real income, GDP, retail consumption and other national and international statistics, macroeconomic surroundings and publications of the National Bank of Hungary). In addition, the nature of the business (residential, business, fixed line, mobile etc.) is also considered and the environment in which the Group's entities operate in the various markets.

The above factors of impairment calculation are reviewed annually, and changes are made to the calculations when necessary. The assessment of the correlation between historically observed default rates, forecasted economic conditions, and expected impairment is considered as a critical estimate.

According to the best estimation based on the annual reassessment the management confirmed that there is no reason to modify the bad debt ratios used previously for the portfolios.

However, the management reviewed the additional one-time impairment loss on installment receivables recognized in 2023 and based on forward-looking information concluded that impairment loss has to be partially reversed and besides further impairment loss has to be recognized on the service-related receivables, resulting in a decrease of HUF 340 million in bad debt expenses. In this context, the management evaluated the effects of the uncertainties of the geopolitical environment on the Hungarian economy (see considered macroeconomic factors in Note 2.4), the Hungarian energy dependency and the inflation which may have a negative impact on the solvency of the households and the monetization of receivables. The annual revision also revealed that no other financial assets have been impacted materially.

A sensitivity analysis has also been prepared that shows how much impairment would have been recognized on receivables on December 31, 2024 if the estimated non-payment rate would change. According to this, the financial effect of 5% and 10% improvement (-) and deterioration (+) of the estimated non-payment rate would increase or decrease by HUF 0.9 billion and by HUF 1.9 billion the calculated impairment of trade receivables (current and non-current part).

If the financial condition of customers were deteriorated, actual write-offs of currently existing receivables may be higher than expected and may exceed the level of the impairment losses recognized so far. The management pays particular attention to the continuous monitoring of the solvency of the customers in the future and would take additional corrective actions if it is necessary. Please see further information Notes 4.1.1, 4.2.2.2 and 5.1.2.

3.4 Contracts with customers

The Group applies the guidance to a group of contracts with similar characteristics instead of to a single contract with a customer. The characteristics considered include mainly the business segment of the customer, business model of the contract, and whether the contract is committed or not.

Contract assets are recognized for unbilled amounts typically resulting from sales under long-term contracts when revenue recognized exceeds the amount billed to the customer in that period. This is a temporary difference so that revenue recognized, and revenue billed are the same by the end of the commitment term. The amount of the contract assets is determined considering the estimated churn rate, average contract cancellation rates (in first 14 days), estimated penalty rates of the relevant group of contracts and effective interest rate. Contract assets are released monthly – in line with revenue from invoiced services to customers – during the minimum contract term of the relevant group of contracts.

Furthermore, the Group recognizes assets for costs incurred in connection with the signing of customer contracts which would not have been incurred if the customer contract had not been concluded, along with costs to fulfill a contract. Capitalization is subject to the expectation that those costs will be recovered by future revenue resulting from the contract.

Costs of obtaining a contract with a customer generally include sales commissions in both direct and indirect distribution channels (selling and marketing costs, bid and proposal costs, sales commissions, and legal fees). Capitalizing incremental costs of obtaining a contract does not only refer to contracts concluded with a new customer but also to contract renewals.

Costs of obtaining a contract with a customer recognized on fix and mobile telecommunication services, are amortized on a portfolio basis over the period that the related goods or services are transferred to the customer which is

- in case of uncommitted contracts – without loyalty period – based on historical customer retention period (e. g. average period of usage of prepaid cards, postpaid, broadband and IT services) and
- in case of committed contracts – with a loyalty period of 12-24 months – the commitment period is considered as amortization period (e.g. postpaid, broadband, IT services and bundled sales of equipment and services).

The Group decided not to use the practical expedient of expensing the incremental costs of obtaining a contract immediately, which are amortized over a period of one year or less.

Costs to fulfill a contract with a customer may include installation costs that are not distinct from other services provided in the contract, e.g. cabling activities, materials for internet and TV services. The Group applies IFRS 15.95 and capitalize these costs as cost to fulfill a contract which are amortized in direct cost over the useful life of the contracts.

See Notes 4.2.2.3, 12.2 and 18.4 for the amount of contract assets, contract liabilities and contract costs.

3.5 Leases – estimating the incremental borrowing rate and assessment of extension and termination options

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The incremental borrowing rate reflects the main risks of the lease arrangements in a specific country and is provided for each year up to a maturity of 30 years. A change in the interest rate is only applicable when after initial recognition the contract is modified, or a reassessment is necessary which causes a change in the interest rate.

Generally, the Group uses the lessee's incremental borrowing rate.

Magyar Telekom Group never uses negative interest rates. Any negative interest rates will be capped at an amount of zero.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Extension options (or periods after termination options) are only included in the lease term if The Group is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The threshold for a "reasonably certain" exercise is lower than "virtually certain" and higher than "more likely than not." For further information see Note 17.2.2.

4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets of the Group include:

- cash and cash equivalents,
- equity instruments of another entity and
- contractual rights
  - to receive cash (trade receivables) or another financial asset from another entity or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity (derivatives)
- a contract that will or may be settled in the entity's own equity instruments and
  - is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments;
  - or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include puttable financial instruments classified as equity instruments, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

Financial liabilities of the Group include liabilities that

- originate from contractual obligations
  - to deliver cash or another financial asset to another entity (non-derivatives); or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity (derivatives) or
- a contract that will or may be settled in the entity's own equity instruments and is
  - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments;
  - or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

IFRS 9 also applies to those contracts to buy or sell non-financial items which may be settled net in cash or other financial instruments (net settlement), except if those contracts were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements (i.e. own use contracts). The provisions of other IFRS Accounting Standards such as IAS 2 and IAS 37 apply to own use contracts. Contracts originally entered into in accordance with the Group's expected purchase, sale or usage requirements, which do not fulfill the own use requirements during the term of the contract also fall within the scope of IFRS 9 from that date.

Relevant cases of application at Magyar Telekom Group are contracts for the physical purchase of electricity and renewable energy certificates, of which all fulfills the requirements of IFRS 9 for own use.

4.1 Financial assets – accounting policies

Group classifies its financial assets on the basis of both:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

in the following categories:

- at amortized cost if both of the following conditions are met:
  - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- at fair value through other comprehensive income (FVOCI) if both of the following conditions are met:
  - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.
- at fair value through profit or loss (FVTPL) unless it is classified in the previous categories.

Also, IFRS 9 4.1.4 provides the option to present particular investments in equity instruments at fair value through other comprehensive income (OCI option). Changes in value are then recognized immediately and in full in other comprehensive income.

For the purpose of the above classification:

- principal is the fair value of the financial asset at initial recognition
- interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Standard purchases and sales of financial assets are recognized on the settlement-date, on the date when the financial asset is actually settled ('settlement date accounting'). Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the Profit for the period.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred. Financial assets have been transferred when the contractual rights to receive cash flows of the financial assets have been transferred or the contractual rights to receive cash flows of the financial assets have been retained but there is a contractual obligation to pay the cash flows to one or more recipients in an arrangement compliant with the conditions set out by IFRS 9. Any gains or losses on derecognition are recognized in Profit for the period and are calculated as the difference between (a) the sum of the consideration received and any cumulative gain or loss that had been recognized in other comprehensive income and (b) the carrying amount derecognized with an exception for equity instruments for which the Group exercises the option of presentation at Fair Value through other comprehensive income in which case gains or losses are recognized directly to retained earnings.

4.1.1 Impairment of financial assets

Depending on the business model of the Group and the characteristics of the contractual cash flows of the financial assets, financial assets are subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss.

A loss allowance must be recognized for financial assets measured at amortized cost and at fair value through other comprehensive income except when the OCI option was applied. The loss allowance must be recognized through profit or loss and reduces the carrying amount of the relevant financial asset measured at amortized cost; while in the case of financial assets measured at fair value through other comprehensive income where applicable, the corresponding offsetting entry is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

Loss allowances must also be recognized for lease receivables as defined in IFRS 16, contract assets as defined in IFRS 15, financial guarantee contracts and loan commitments relating to loans bearing an off-market interest rate.

If the credit risk arising from the financial asset has increased significantly since initial recognition, the loss allowance must be measured at an amount equal to the lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

If the credit risk arising from the financial asset has not increased significantly since initial recognition, the loss allowance must be measured at an amount equal to the 12-month expected credit losses. The 12-month expected credit losses represent the total expected credit losses that result from default events on a financial instrument that are possible within 12 months after the reporting date, weighted by the likelihood that a default event will occur during that period.

Based on the changes in credit risk, it must be assessed at each reporting date whether the current loss allowance must be measured at an amount equal to the lifetime expected credit losses based on historical data and forward-looking considerations driven by the expected macroeconomic tendencies (unemployment rates, credit crisis, inflation, national and international statistics, governmental intervention, publications of the National Bank of Hungary) or at an amount equal to the 12-month expected credit losses in accordance with the criteria above.

Indicators that may sign a significant increase in the credit risk:

- Contractual payments are more than 30 days past due
- Change in external/internal rating
- Changes in market conditions that could influence payment obligations
- Financial difficulties of the borrower that significantly alter its creditworthiness
- Adverse changes in business, financial, or economic conditions, i.e. increase in interest rates or unemployment rates

Indicators for default event support the uncollectible classification in credit risk:

- The financial asset is more than 90 days overdue
- The counterparty repeatedly fails to meet payment obligations, and the service is blocked (contract was not yet terminated)
- The counterparty is over the credit limit with unpaid invoices and fails to pay despite repeated demands
- The counterparty applies for insolvency protection proceedings
- In addition to the above quantitative aspects, qualitative aspects should also be taken into account in the evaluation, such as e.g. non-compliance with covenants

The simplified and the general approaches are to be applied to assess and account for credit losses.

- Simplified approach

All financial instruments underlying simplified approach are measured with lifetime expected credit loss based on historical data and forward-looking considerations driven by the expected macroeconomic tendencies. Therefore, except for insolvency, neither any indicators for increase in credit risk nor any default events are relevant within the simplified approach.

The simplified approach is applicable for trade receivables, contract assets and lease receivables without a significant financial component. The Group has chosen to use the simplified approach for these receivables with a significant financial component as well.

- General approach

According to the expected credit loss model the financial instruments are classified into three buckets. The classification into the three buckets is based upon the changes of the credit risk for the financial asset. A relative credit risk model is used for the evaluation of an increased credit risk. The significant increase of credit risk in comparison to the initial recognition is reflected in the transfer of the financial instrument between the buckets.

According to the expected credit risk model the impairment is determined differently for the three buckets. The impairment for financial instruments in bucket 1 is calculated based upon the 12-months expected credit loss. The impairment for financial instruments in bucket 2 and 3 is calculated based upon the lifetime expected credit losses.

The general approach is applied for bank accounts, factoring receivables, other financial receivables and employee loans, which financial instruments are classified into bucket 1. Factoring of trade receivables is generally without recourse that results in derecognition of trade receivables and recognition of other receivables from factoring.

For further information see Note 4.2.2.1

4.1.2 Financial assets measured at amortized cost

The following items are assigned to this category:

- cash and cash equivalents;
- bank deposits over three months;
- trade receivables;
- other receivables.

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method, relevant only for the receivables with long-term maturity, considered to be not material for financial assets within one year.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks, and all highly liquid deposits and securities with original maturities of three months or less and exclude all overdrafts.

Bank deposits with original maturities over 3 months

Bank deposits with original maturities over 3 months include bank deposits and other liquid deposits and securities with original maturities over three months.

Trade receivables

Receivables with similar credit risk characteristics assessed collectively for impairment, based on business segments (residential, business, wholesale and other category), type of service delivered (telco and SI/IT services), installment receivables and governmental institutions including local governments.

Impairment and subsequent recoveries of amounts previously written off are accounted as Impairment losses and gains on financial assets and contract assets as part of Direct costs in the Consolidated statement of profit or loss and other comprehensive income.

4.1.3 Financial assets at fair value through other comprehensive income (FVOCI)

The “financial assets at fair value through other comprehensive income” measurement category includes the following financial assets:

- listed and unlisted equity instruments that are neither fully consolidated nor included using the equity method in the consolidated financial statements, not held for trading and OCI option has been applied;
- debt instruments within a business model whose objective is achieved by both collecting contractual cash flows that are solely payments of principals and interests and selling financial assets.

Equity instruments at fair value through other comprehensive income where OCI option was applied

The OCI option may only be applied for the equity instrument in its entirety, and only at initial recognition of the equity instrument in question. In the event of exercise, measurement does not give rise to effects on profit or loss. However, dividends are recognized in profit or loss.

Equity instruments at fair value through other comprehensive income are initially recognized at fair value and are also subsequently carried at fair value. The unrealized changes in the fair value of financial assets at fair value through other comprehensive income are recognized in equity, in the Revaluation reserve for FVOCI financial assets.

When equity instruments classified as financial assets at fair value through other comprehensive income are sold, the accumulated fair value adjustments recognized in equity before are recognized directly to retained earnings.

Debt instruments at fair value through other comprehensive income

The Group does not classify any financial assets as a debt instrument at fair value through other comprehensive income based on the SPPI test.

4.1.4 Financial assets at fair value through profit or loss (FVTPL)

Financial instruments which do not meet the conditions set out to be initially classified either at amortized cost or at fair value through other comprehensive income must be measured at fair value through profit or loss.

The "financial assets at fair value through profit or loss" measurement category includes the following financial assets:

- Debt instruments that are designated as "at fair value through profit or loss" using the fair value option.
- Equity instruments acquired for the purpose of selling immediately or in the near term and thus classified as "held for trading" and equity instruments not held for trading where the OCI option has not been applied.
- Derivative financial assets.
- Debt instruments not fulfilling conditions of either financial assets at amortized cost or financial assets at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are recognized in the profit or loss in the period in which they arise.

4.2 Financial assets in the Consolidated statement of financial position

4.2.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks, and all highly liquid deposits and securities with original maturities of three months or less and exclude all overdrafts. These financial assets are exposed to credit risks, for which see more details in Note 5.1.2. Based on the impairment test no impairment had to be recognized for any of these balances in the reported years.

	12.31.2023	12.31.2024
Cash on hand	340	170
Cash in bank (demand deposits)	12,829	16,530
Bank deposits with original maturities less than 3 months	345	1,310
Cash and cash equivalents	**13,514**	**18,010**

Average interest rates	12.31.2023	12.31.2024
Cash on hand	0.00%	0.00%
Cash in bank (demand deposits)	0.22%	0.13%
Bank deposits with original maturities less than 3 months	0.00%	0.00%
Average interest rate	**0.20%**	**0.12%**

Cash and cash equivalents by currency	12.31.2023	12.31.2024
EUR	5,574	7,459
MKD	4,938	8,094
HUF	2,136	1,968
RON	772	349
USD	21	16
Other	73	123
Total	**13,514**	**18,010**

Cash and cash equivalents by country of location	12.31.2023	12.31.2024
North Macedonia	9,990	14,874
Hungary	2,458	2,497
Other countries	1,066	639
	13,514	**18,010**

4.2.2 Trade receivables and contract assets

4.2.2.1 Trade receivables – carrying amounts

The carrying amounts of trade receivables are shown net of impairment losses charged as of the financial statement dates.

	12.31.2023	12.31.2024
Trade receivables from third parties	191,446	204,405
Trade receivables from Deutsche Telekom Group companies	7,803	7,006
Trade receivables within one year	**199,249**	**211,411**
Trade receivables over one year	25,060	25,149
Total trade receivables	**224,309**	**236,560**

Age profile of Trade receivables

The following tables show the age profile of the Group's gross trade receivables by country of operation by days outstanding.

12.31.2024	Hungary	North Macedonia	Other countries	Total
- of which not past due	199,227	18,626	1,965	**219,818**
within one year	173,478	16,288	1,965	**191,731**
over one year	25,749	2,338	-	**28,087**
- of which past due by				
less than 30 days	22,546	2,425	128	**25,099**
30–60 days	5,517	653	34	**6,204**
61–90 days	1,933	345	280	**2,558**
91–180 days	3,909	778	5	**4,692**
181–360 days	3,626	754	15	**4,395**
over 360 days	5,126	12,598	40	**17,764**
- customers under bankruptcy	609	538	-	**1,147**
Gross amount	**242,493**	**36,717**	**2,467**	**281,677**

12.31.2023	Hungary	North Macedonia	Other countries	Total
- of which not past due	190,856	17,272	2,371	**210,499**
within one year	164,230	14,773	2,371	**181,374**
over one year	26,626	2,499	-	**29,125**
- of which past due by				
less than 30 days	20,071	2,399	289	**22,759**
30–60 days	4,632	590	26	**5,248**
61–90 days	2,025	327	31	**2,383**
91–180 days	3,469	732	36	**4,237**
181–360 days	3,286	762	1	**4,049**
over 360 days	3,901	11,321	41	**15,263**
- customers under bankruptcy	946	476	-	**1,422**
Gross amount	**229,186**	**33,879**	**2,795**	**265,860**

Vast majority of trade receivables is impaired on a portfolio basis using the simplified approach. Most of past due trade receivables is partly or fully impaired depending mainly on the period of delay of payments.

4.2.2.2 Impairment losses of trade receivables

The table below shows the impairment losses and changes of trade receivables based on the lifetime expected credit losses therein for 2023 and 2024.

	12.31.2023	12.31.2024
Impairment loss, beginning of period	33,762	41,551
Charged to expense – net (included in Direct costs)	13,611	12,317
Translation difference	(593)	973
Utilized (a)	(5,229)	(9,724)
Impairment loss, end of period	**41,551**	**45,117**

(a) Utilized means reversed on derecognition (settlement, write-off or factoring).

The tables below show the age profile of trade receivables allowances based on lifetime expected credit losses by country of operation by days outstanding.

12.31.2024	Hungary	North Macedonia	Other countries	Total
- of which not past due	16,249	268	201	**16,718**
within one year	13,311	268	201	**13,780**
over one year	2,938	-	-	**2,938**
- of which past due by				
less than 30 days	1,485	87	-	**1,572**
30–60 days	1,609	90	-	**1,699**
61–90 days	955	68	-	**1,023**
91–180 days	2,695	240	-	**2,935**
181–360 days	2,736	431	-	**3,167**
over 360 days	4,819	11,998	40	**16,857**
- customers under bankruptcy	608	538	-	**1,146**
Allowances	**31,156**	**13,720**	**241**	**45,117**

12.31.2023	Hungary	North Macedonia	Other countries	Total
- of which not past due	15,804	245	175	**16,224**
within one year	11,739	245	175	**12,159**
over one year	4,065	-	-	**4,065**
- of which past due by				
less than 30 days	1,297	70	-	**1,367**
30–60 days	1,318	71	-	**1,389**
61–90 days	897	50	-	**947**
91–180 days	2,413	231	12	**2,656**
181–360 days	2,523	369	-	**2,892**
over 360 days	3,745	10,879	41	**14,665**
- customers under of bankruptcy	935	476	-	**1,411**
Allowances	**28,932**	**12,391**	**228**	**41,551**

The tables below show the average impairment rates by country of operation by days outstanding.

12.31.2024	Hungary	North Macedonia	Other countries	Total
- of which not past due	8%	1%	10%	**8%**
within one year	8%	2%	10%	**7%**
over one year	11%	-	-	**10%**
- of which past due by				
less than 30 days	7%	4%	-	**6%**
30–60 days	29%	14%	-	**27%**
61–90 days	49%	20%	-	**40%**
91–180 days	69%	31%	-	**63%**
181–360 days	75%	57%	-	**72%**
over 360 days	94%	95%	100%	**95%**
- customers under bankruptcy	100%	100%	-	**100%**
Average impairment rate	**13%**	**37%**	**10%**	**16%**

12.31.2023	Hungary	North Macedonia	Other countries	Total
- of which not past due	8%	1%	7%	**8%**
within one year	7%	2%	7%	**7%**
over one year	15%	-	-	**14%**
- of which past due by				
less than 30 days	6%	3%	-	**6%**
30–60 days	28%	12%	-	**26%**
61–90 days	44%	15%	-	**40%**
91–180 days	70%	32%	33%	**63%**
181–360 days	77%	48%	-	**71%**
over 360 days	96%	96%	100%	**96%**
- customers under of bankruptcy	99%	100%	-	**99%**
Average impairment rate	**13%**	**37%**	**8%**	**16%**

4.2.2.3 Contract assets

The carrying amounts of contract assets are shown net of impairment losses charged as of the financial statement dates.

	12.31.2023	12.31.2024
Contract asset (current)	17,358	16,903
Contract asset (non-current)	3,697	4,089
Total contract asset	**21,055**	**20,992**

The table below shows the impairment losses and changes of contract assets based on the lifetime expected credit losses therein for 2023 and 2024.

	2023	2024
Impairment loss, beginning of period	2,488	1,993
Charged to expense – net (included in Direct costs)	422	1,426
Translation difference	(27)	46
Utilized (a)	(890)	(1,231)
Impairment loss, end of period	**1,993**	**2,234**

(a) Utilized means reversed on derecognition (settlement, write-off or factoring).

4.2.2.4 Geographical breakdown of impairment losses

The tables below include the impairment losses of trade receivables and contract assets based on the lifetime expected credit losses and the changes therein in 2023 and 2024 for the countries of operation of the Group.

	01.01.2024	Charged to expense	Translation difference (and rounding)	Utilized (a)	12.31.2024
Hungary	30,282	12,440	46	(10,068)	32,700
North Macedonia	13,034	1,300	956	(880)	14,410
Other countries	228	3	17	(7)	241
Group	**43,544**	**13,743**	**1,019**	**(10,955)**	**47,351**

	01.01.2023	Charged to expense	Translation difference (and rounding)	Utilized (a)	12.31.2023
Hungary	22,514	12,799	(7)	(5,024)	30,282
North Macedonia	13,464	1,266	(601)	(1,095)	13,034
Other countries	272	(32)	(12)	-	228
Group	**36,250**	**14,033**	**(620)**	**(6,119)**	**43,544**

(a) Utilized means reversed on derecognition (settlement, write-off or factoring).

See also Note 5.1.2 for further analysis of credit risks related to Trade receivables.

4.2.3 Derivative financial instruments contracted with related parties

Derivatives contracted with related parties include cross-currency interest rate swaps and FX forwards concluded with DT AG to change the Group's exposure to HUF in the case of the EUR-denominated loans and to cover FX needs of expected future foreign currency outflows (see more details in Note 4.5.1.1, 5.1.1.1 and 5.1.1.2).

The table below show the class breakdown:

	12.31.2023	12.31.2024
Cross currency and interest rate swaps (non-current)	9,632	6,733
Cross currency and interest rate swaps (current)	7,499	1,704
Forward deals (current)	164	100
Total derivative financial instruments contracted with related parties	**17,295**	**8,537**

4.2.4 Other financial assets

Other financial assets include receivables due within 12 months (current) and due after 12 months (non-current) from the end of the reporting period. These financial assets are exposed to credit risks, for which see more details in Note 5.1.2. The impairment loss recognized or reversed for other current and non-current financial assets is not material.

4.2.4.1 Other current financial assets

		12.31.2023	12.31.2024
Cashpool receivables with related party	(a)	4,969	51,170
Finance lease receivable	(b)	86	346
Other		1,077	576
Total		**6,132**	**52,092**

For the explanations of (a)-(b) points see Note 4.2.4.2.

4.2.4.2 Other non-current financial assets

		12.31.2023	12.31.2024
Equity instruments	(c)	3,112	4,845
Finance lease receivable	(b)	869	835
Other		400	1,227
Total		**4,381**	**6,907**

(a) The aggregate balance of the cashpool was a receivable (HUF 51,170 million) as at December 31, 2024, which also included cashpool liabilities (HUF 715 million). The table below shows the currency breakdown:

31.12.2024	Carrying amount	Borrower	Currency	Effective interest rate	Fixed / floating
	4,296	DT AG	EUR	3.16%	floating
	47,589	DT AG	HUF	6.50%	floating
	(715)	DT AG	USD	4.92%	floating
Due within 1 year	**51,170**				

The aggregate balance of the cashpool was a receivable (HUF 4,969 million) as at December 31, 2023, which also included cashpool liabilities (HUF 823 million). For further information see Note 4.4.1.

(b) For more information see Note 17.2.1 Finance lease receivables.

(c) The Group has got a 50% ownership in E2 Hungary Zrt, the former Joint Venture of the Group, meanwhile has no significant influence over the company due to the agreement with the other investor MET Holding AG (MET) (from January 2023 the other owner is MET Sales and Trading Holding AG). Based on the terms of the agreement the equity instrument was designated as a financial asset measured at fair value through profit or loss amounting to HUF 1,400 million in 2024 (HUF 1,400 million in 2023). Due to that particular agreement MET also has got a call option on E2 Hungary Zrt, which was recognized as a financial liability measured at fair value through profit or loss accordingly. Following the contractual Lock-up period the value of the call option became zero. See Note 4.5.1.3 Makedonski Telekom has some other insignificant investments in equity securities measured at fair value through other comprehensive income amounting to HUF 3,445 million in 2024 (HUF 1,711 million in 2023).

The estimated expected credit loss on other current and non-current financial assets considered to be not material and not recognized.

4.3 Financial liabilities – accounting policies

There are two measurement categories for financial liabilities used by the Group:

- Financial liabilities carried at amortized cost
- Financial liabilities at fair value through profit or loss

Both types of financial liabilities are initially recognized at fair value, while subsequent measurements are different (see below). A financial liability except lease liabilities (see Note 17) is derecognized (or a part of a financial liability) from the Consolidated statement of financial position when, and only when, it is extinguished– i.e. when the obligation specified in the contract is discharged, cancelled or expired.

4.3.1 Financial liabilities carried at amortized cost

The measurement category for “financial liabilities measured at amortized cost” includes all financial liabilities not classified as “at fair value through profit or loss”.

Loans and other financial liabilities

Loans and other financial liabilities are recognized initially at fair value less transaction costs, and subsequently measured at amortized costs using the effective interest rate method. The effective interest is recognized in the Profit for the period (Interest expense) over the period of the liabilities.

Trade and other payables

Trade and other payables (including accruals) are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Bonds

Bonds are recognized initially at fair value less transaction cost and subsequently measured at amortized cost using the effective interest rate method.

4.3.2 Financial liabilities at fair value through profit or loss

Derivative financial instruments and contingent considerations are measured under at fair value through profit or loss model. The Group currently has no intention of measuring non-derivative financial liabilities at fair value. Contingent consideration recognized by the Group as acquirer in a business combination to which IFRS 3 applies will subsequently be measured at fair value through profit or loss.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and their fair values are re-measured at subsequent balance sheet dates. The Group does not apply hedge accounting for its financial instruments therefore all gains and losses are recognized in the Profit for the period (Other finance expense – net).

4.4 Financial liabilities in the Consolidated statement of financial position

4.4.1 Financial liabilities to related parties

Financial liabilities to related parties include EUR-denominated loans taken from DT Group. In addition, for the whole nominal amount and interest payment of loans denominated in EUR granted by Deutsche Telekom International Finance B.V. (DT IF) in 2024 and DT AG in 2023, the Group have cross-currency interest rate swap agreements in place (with DT AG) so that Magyar Telekom Group's exposure in fact remains in HUF. Swapped HUF interest rates are fixed. For further information please see Note 32.1.1.

The tables below show the details of the financial liabilities towards Deutsche Telekom Group members as at December 31, 2024 and 2023.

12.31.2024	Carrying amount	Lender	Contracted currency	Effective interest rate	Interest-formula	Fixed / floating	Maturity	Original term
	25,998	DT IF	EUR	4.33%	fixed	fixed	Dec 2025	1 year
Due within 1 year	**25,998**							
Accrued interest*	597							
Other financial liabilities ...	139							
Total current	**26,734**							
	39,683	DT IF	EUR	4.26%	fixed	fixed	Apr 2028	3 years
	20,376	DT IF	EUR	4.38%	fixed	fixed	Dec 2029	5 years
Total non-current.....	**60,059**							

*Accrued interest shows the aggregated discount value of DT IF loans' amortized cost while the loans separately show the principals of that particular loan. The whole amount of all DT IF loans is due on the expiry date.

As at December 31, 2024 current assets exceed current liabilities by HUF 60,981 million, primarily due to the cashpool facilities that were taken to finance working capital and daily ongoing activities. Management believes that short-term liabilities from DT Group will be refinanced in a similar manner to previous years. Financing needs will also be covered by cash flows generated by operating activities and third-party credit line facilities (see Note 5.1.3).

12.31.2023	Carrying amount	Lender	Contracted currency	Effective interest rate	Interest-formula	Fixed / floating	Maturity	Original term
	45,934	DT AG	EUR	4.89%	6 m EURIBOR +0.826333%	floating	May 2024	5 years
	45,934	DT AG	EUR	5.24%	3 m EURIBOR +1.286%	floating	Dec 2024	2 years
Due within 1 year	**91,868**							
Accrued interest*	1,577							
Other financial liabilities	203							
Total current	**93,648**							
	47,847	DT AG	EUR	4.92%	6 m EURIBOR +1.02879%	floating	Jan 2025	5 years
Total non-current.....	**47,847**							

*Accrued interest shows the aggregated discount value of DT AG loans's amortized cost while the loans separately show the principals of the particular loan. The whole amount of all DT AG loans is due on the expiring date.

The table below shows the carrying amounts and fair values of the related-party loans.

	12.31.2023		12.31.2024	
	Book value	Fair value	Book value	Fair value
EUR denominated loans				
At fixed rate	-	-	86,057	91,094
At floating rate	139,715	140,195	-	-
	139,715	**140,195**	**86,057**	**91,094**
Accrued interest	1,577	1,577	597	597
Other financial liabilities	203	203	139	139
Total related-party financial liabilities	**141,495**	**141,975**	**86,793**	**91,830**

The weighted-average interest rate on related-party loans was 4.31% in 2024 (5.02% in 2023).

There were no defaults or breaches in connection with the financial liabilities to related parties.

4.4.2 Bonds

In 2020, the Company participated in the Bond Funding for Growth Scheme ("Scheme" or "BGS") of the National Bank of Hungary and obtained funding sources with competitive pricing. The issued bonds amounted to HUF 70 billion at face value were purchased for a total purchase price of HUF 70.83 billion by the attendees. Subsequently Magyar Telekom 2027 HUF Bonds were listed on the BSE XBond multilateral trading platform.

The proceeds of the bonds are used to fund investments into the fixed and mobile network roll-out and modernization (including the acquisition of new frequencies). The table below shows the main parameters:

Bond code	Magyar Telekom 2027 HUF Bond
Bond expiries:	
HUF 35 billion	November 26, 2026
HUF 35 billion	November 26, 2027
Interest type	Fixed interest
Coupon (Nominal interest rate)	1.45%
Yield	1.26%
Effective interest rate	1.95%

At December 31, 2024 the carrying amount of bonds is HUF 69,183 million (at December 31, 2023 HUF 68,854 million). For further information please see Note 4.4.4.3 and 15.

4.4.3 Derivative financial liabilities contracted with related parties

Derivatives contracted with related parties include FX forwards concluded with DT AG to cover FX needs of expected future foreign currency outflows (see more details in Notes 4.5.1.2, 5.1.1.1 and 5.1.1.2).

At December 31, 2024 the carrying amount of derivative financial liabilities contracted with related parties is HUF 74 million (at December 31, 2023 HUF 120 million).

4.4.4 Other financial liabilities

4.4.4.1 Other financial liabilities - Balances

The tables below show the current and non-current balances of Other financial liabilities.

		12.31.2023	12.31.2024
Frequency fees payable	(a)	4,942	4,936
Trade payables with extended payment period	(b)	1,467	-
Debtor overpayment		1,357	1,490
Other		4,484	3,667
Total other financial liabilities – current		**12,250**	**10,093**

		12.31.2023	12.31.2024
Frequency fees payable	(a)	96,577	91,111
Other		2,090	3,293
Total other financial liabilities – non-current		**98,667**	**94,404**

There were no defaults or breaches in connection with other financial liabilities.

(a) The present value of the future annual band fees payable is recognized as part of the carrying amount of the licenses as intangible assets, with corresponding current and non-current financial liabilities.

(b) In 2023 Magyar Telekom Plc. made individual arrangements with certain partners under which the payments for trade payables become due at a later point in time than the customary payment terms in the industry practice. Consequently, these individual arrangements have been reclassified from Trade payables to Other financial liabilities (HUF 1,467 million in 2023). See Note 4.4.4.3.

During 2024 there were no new arrangements on the modification of payment terms concluded.

4.4.4.2 Proceeds/repayments of loans and other borrowings

Cash proceeds/payments for related-party loans are included in the Proceeds from loans and other borrowings/Repayment of loans and other borrowings line of the statement of cash flows.

4.4.4.3 Additional disclosure about changes in liabilities arising from financing activities

The following table includes changes in net debt reconciled with their effects on the consolidated statement of cash flows in order to enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Changes in financial liabilities without cash movement are mainly due to the increase in liabilities related to lease liabilities and the FX effects of financial liabilities denominated mainly in EUR and transactions where future cash flows are recognized at the present value of the annual fees payable.

In 2023, Magyar Telekom Plc. entered into financing agreements totaling HUF 5,270 million under which extended the period of payment for trade payables beyond the customary market payment terms from investing activities without cash movement in the consolidated statement of cash flows. In 2024, as the closing transaction of the outstanding balance of 2023 totaling HUF 1,467 million payments have been made, they are disclosed under net cash used in financing activities. See Note 4.4.4.1. (b)

	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 December 31, 2024
						Proceeds from loans and borrowings	Repayment of loans and other borrowings	Proceeds from bonds	Repayment of other financial liabilities	Other	
Related-party loans	141,495	-	(2,649)	9,821	-	220,365	(282,239)	-	-	-	86,793
Derivatives from related parties	120	-	-	1,470	(1,516)	-	-	-	-	-	74
Frequency fees payable	101,518	-	(3,967)	3,438	-	-	-	-	(4,942)	-	96,047
Bonds	68,854	-	(1,143)	1,472	-	-	-	-	-	-	69,183
Lease liabilities	136,563	-	(7,068)	41,583	-	-	-	-	(24,038)	-	147,040
Debtors' overpayment	1,357	-	133	-	-	-	-	-	-	-	1,490
Other financial liabilities	8,042	-	(1,965)	5,460	-	-	-	-	(4,577)	-	6,960
Total debt	**457,949**	**-**	**(16,659)**	**63,244**	**(1,516)**	**220,365**	**(282,239)**	**-**	**(33,557)**	**-**	**407,587**
- Less cash and cash equivalents	(13,514)	(4,496)	-	-	-	-	-	-	-	-	(18,010)
- Less other current financial assets	(13,795)	-	278	(3,075)	9,307	(46,201)	-	-	(410)	-	(53,896)
Net debt	**430,640**	**(4,496)**	**(16,381)**	**60,169**	**7,791**	**174,164**	**(282,239)**	**-**	**(33,967)**	**-**	**335,681**

Treasury share purchase	(22,363)	
Dividends paid to Owners of the parent and Non-controlling interest	(47,955)	
Net cash used in financing activities	**(212,360)**	

	Opening Balance at January 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 December 31, 2023
						Proceeds from loans and borrowings	Repayment of loans and other borrowings	Proceeds from bonds	Repayment of other financial liabilities	Other	
Related-party loans	163,761	-	(8,398)	2,788	-	128,635	(145,291)	-	-	-	141,495
Derivatives from related parties	2,035	-	-	11,520	(13,435)	-	-	-	-	-	120
Frequency fees payable	106,662	-	(4,923)	4,385	-	-	-	-	(4,606)	-	101,518
Bonds	68,531	-	(1,140)	1,463	-	-	-	-	-	-	68,854
Lease liabilities	141,603	-	(6,964)	26,655	-	-	-	-	(24,731)	-	136,563
Debtors' overpayment	1,277	-	80	-	-	-	-	-	-	-	1,357
Other financial liabilities	7,699	-	(2,434)	10,062	-	-	-	-	(7,285)	-	8,042
Total debt	**491,568**	**-**	**(23,779)**	**56,873**	**(13,435)**	**128,635**	**(145,291)**	**-**	**(36,622)**	**-**	**457,949**
- Less cash and cash equivalents	(12,861)	(653)	-	-	-	-	-	-	-	-	(13,514)
- Less other current financial assets	(1,789)	-	(1,052)	(4,921)	(1,064)	(4,969)	-	-	-	-	(13,795)
Net debt	**476,918**	**(653)**	**(24,831)**	**51,952**	**(14,499)**	**123,666**	**(145,291)**	**-**	**(36,622)**	**-**	**430,640**

Treasury share purchase	(14,609)	
Dividends paid to Owners of the parent and Non-controlling interest	(33,942)	
Net cash used in financing activities	**(106,798)**	

4.4.5 Trade payables

	12.31.2023	12.31.2024
Payables to DT Group companies	9,951	10,831
Payables to associates and joint ventures	24	7
Other trade payables	156,438	147,220
Total	**166,413**	**158,058**

4.5 Additional disclosures on financial instruments

4.5.1 Financial assets and liabilities

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 observable for the asset or liability, either directly or indirectly (Level 2)
- inputs for the asset or liability that are not based on observable market data (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The significance of an input is assessed against the fair value measurement in its entirety.

There was no transfer between Level 1 and Level 2 financial instruments.

Most of the financial assets and financial liabilities are measured at amortized cost, but fair value information is also provided for these.

The initial fair value of the MT2027 bond was calculated based on Level 2 information as the bonds did not have an active market. The discount rate was determined based on relevant BIRS rates (Budapest Interest Rate Swap) and a margin estimation based on commercial bank offers during the auction.

The fair value of financial instruments that are not traded on an active market is determined by using valuation techniques, mainly by applying the discounted cash flow method. The cash flow estimations are based on the relevant underlying contracts and the discount rates are calculated based on the interest rate benchmarks applicable for the relevant maturities and currencies (BUBOR, BIRS, EURIBOR, EUR IRS). Foreign exchange conversion is made based on central bank FX fixings (preferably that of the National Bank of Hungary).

Level 1 information is used for determining fair value of equity instruments designated as financial assets at fair value through other comprehensive income.

Level 2 information is available to determine derivatives assets and liabilities.

Level 3 information was used for any contingent consideration liabilities based on the terms set up in the agreements. Also level 3 type information is used for valuation of equity instruments designated as financial assets at fair value through profit or loss, and the corresponding liabilities designated as financial liability at fair value through profit or loss. The fair value was determined by applying a Black Scholes model using estimation on the terms and conditions of underlying contracts, peer group WACC and risk-free interest rate during the contractual Lock-up period. Following the Lock-up period the value is based on the prevailing exit price of the financial asset as of the reporting date (see Note 4.2.4.2 for more information).

The following tables include the carrying amounts and fair values of the Group's financial assets and liabilities as at December 31, 2024 and 2023.

4.5.1.1 Financial assets – Carrying amounts and fair values

12.31.2024	Carrying amount					Fair value
	Amortized cost	FVOCI (Level 1)	FVTPL (Level 2)	FVTPL (Level 3)	Total	
Cash and cash equivalents	18,010	-	-	-	18,010	18,010
Cash pool receivables	51,170	-	-	-	51,170	51,170
Trade receivables within one year	211,411	-	-	-	211,411	211,411
Trade receivables over one year	25,149	-	-	-	25,149	23,281
Derivative financial instruments contracted with related parties	-	-	8,537	-	8,537	8,537
Finance lease receivable	1,181	-	-	-	1,181	1,113
Equity instruments	-	3,445	-	1,400	4,845	4,845
Other current receivables	576	-	-	-	576	576
Other non-current receivables	1,227	-	-	-	1,227	1,218
Total	**308,724**	**3,445**	**8,537**	**1,400**	**322,106**	**320,161**

12.31.2023	Carrying amount					Fair value
	Amortized cost	FVOCI (Level 1)	FVTPL (Level 2)	FVTPL (Level 3)	Total	
Cash and cash equivalents	13,514	-	-	-	13,514	13,514
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**

Fair value through profit or loss assets (Level 2) includes derivatives, for further information see Note 4.2.3.

The fair values of those instruments are based on a discounted cash flow method. The calculation is prepared by Magyar Telekom Plc. based on money market interest rate curves, basis swap points and spot FX rates from Reuters database published on the last working day of the reporting period. The present value of the expected future cash flows is discounted to the reporting date using money market interest rates and basis swap points in the specific currency from Reuters and exchanged to HUF using the spot FX rate. The difference between the HUF present value of the payable and receivable is accounted for as assets or liabilities.

Fair value through profit or loss financial assets (Level 3) includes the investment in E2 Hungary Zrt. in 2023 and 2024.

Equity instruments designated as financial assets at fair value through other comprehensive income (Level 1) include insignificant investments in equity instruments, all measured at fair value, which is the North Macedonian stock exchange price of the equity instruments.

The carrying values of assets measured at amortized cost with short times to maturity approximate their fair values.

4.5.1.2 Financial liabilities – Carrying amounts and fair values

12.31.2024	Carrying amount				Fair value
	Measured at amortized cost	FVTPL (Level 2)	FVTPL (Level 3)	Total	
Financial liabilities to related parties	86,793	-	-	86,793	91,830
Derivative financial instruments contracted with related parties	-	74	-	74	74
Trade payables	158,058	-	-	158,058	158,058
Frequency fees payable	96,047	-	-	96,047	72,278
Bonds	69,183	-	-	69,183	61,444
Lease liabilities	147,040	-	-	147,040	134,071
Debtors' overpayment	1,490	-	-	1,490	1,490
Other current liabilities	3,667	-	-	3,667	3,667
Other non-current liabilities	3,293	-	-	3,293	3,195
Total	**565,571**	**74**	**-**	**565,645**	**526,107**

12.31.2023	Carrying amount				Fair value
	Measured at amortized cost	FVTPL (Level 2)	FVTPL (Level 3)	Total	
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 fees 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**

Additional fair value information on the loans and other borrowings is provided in Note 4.4.1.

The carrying values of the current financial liabilities measured at amortized cost approximate their fair values.

4.5.1.3 Financial liabilities carried at fair value determined using level 3 type information

Financial instruments which are carried at fair value where the fair value was determined using Level 3 type information are presenting the liability pertaining to the call option under IFRS 9 (see Notes 4.2.4.2 and 4.5.1). The table below includes the movements of these liabilities.

	2023	2024
Opening balance at January 1.	135	-
Remeasurement recognized in the Consolidated statement of profit or loss and other comprehensive income (net financial result)	(135)	-
Closing balance at December 31.	**-**	**-**

4.5.2 Items of net gains and losses arising on financial instruments

The tables below include net gains and losses arising on financial instruments in 2024 and 2023.

		Subsequent measurement				
2024	Interest	Change in fair value	FX gain / (loss)	Impairment loss	Expenses/ fees	Total net gain / (loss)
Equity instruments (Level 1)	-	1,610	-	-	-	1,610
Equity instruments (Level 3)	-	-	-	-	-	-
Financial assets measured at amortized cost	4,478	-	193	(13,743)	(7,358)	(16,430)
Financial liabilities measured at amortized cost	(19,903)	-	(13,836)	-	(32)	(33,771)
FVTPL financial instruments (Level 2)	-	6,898	-	-	-	6,898
FVTPL financial instruments (Level 3)	-	-	-	-	-	-
Net gain/(loss) on financial instruments	**(15,425)**	**8,508**	**(13,643)**	**(13,743)**	**(7,390)**	**(41,693)**

		Subsequent measurement				
2023	Interest	Change in fair value	FX gain / (loss)	Impairment loss	Expenses/ fees	Total net gain / (loss)
Equity instruments (Level 1)	-	324	-	-	-	324
Equity instruments (Level 3)	-	112	-	-	-	112
Financial assets measured at amortized cost	3,228	-	(370)	(14,033)	(6,214)	(17,389)
Financial liabilities measured at amortized cost	(24,390)	-	10,668	-	(34)	(13,756)
FVTPL financial instruments (Level 2)	-	(27,467)	-	-	-	(27,467)
FVTPL financial instruments (Level 3)	-	135	-	-	-	135
Net gain/(loss) on financial instruments	**(21,162)**	**(26,896)**	**10,298**	**(14,033)**	**(6,248)**	**(58,041)**

The tables above include the amounts before capitalization of borrowing costs (see Note 24).

Impairment losses on Financial assets measured at amortized cost includes all expenses incurred or expected to be incurred in relation to the default of customers and presented as a direct cost in the Consolidated statement of profit or loss and other comprehensive income.

The amount of Expenses/fees mainly contains transactional fees on financial realization of income (like white check acceptance fee of Hungarian Post, online payments' cost and other various commissions) and other bank charges type fees.

4.5.3 Offsetting financial assets and financial liabilities

For the financial assets and liabilities subject to enforceable netting arrangements, each agreement between the Group and the counterparty (typically roaming and interconnect partners) allows for net settlement of the relevant trade receivable and payable.

The following trade receivables and trade payables are subject to offsetting agreements and are presented after netting in the consolidated statement of financial position.

	12.31.2023		12.31.2024	
	Trade receivables	Trade payables	Trade receivables	Trade payables
Gross amounts of recognized financial instruments	203,929	171,093	216,198	162,845
Gross amounts of financial instruments set off	(4,680)	(4,680)	(4,787)	(4,787)
Net amounts of recognized financial instruments presented in the consolidated statement of financial position	**199,249**	**166,413**	**211,411**	**158,058**

4.5.4 Other disclosures about financial instruments

Magyar Telekom Group is also exposed to risks that arise from the possible drawdown of guarantees that in aggregation amounted to a nominal amount of HUF 17.7 billion as at December 31, 2024 (2023: HUF 16.1 billion). The guarantees were issued as collateral to secure the fulfilment 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 partners and sometimes these can result in the drawdown of the guarantees. The utilization of these guarantees is not related and has no significant effect on the solvency of the Group. For more information see note 4.4.4.1.

Magyar Telekom Group does not hold any material collateral of its financial assets.

All financial assets transferred met the criteria of derecognition. The Group does not have compound financial instruments with multiple embedded derivatives.

5 Financial risk management

5.1 Financial risk factors

Magyar Telekom Plc. is primarily exposed to credit risks related to its financial assets. In addition, the Group is also exposed to risks from movements in exchange rates, interest rates that affect the fair value and/or the cash flows arising from financial assets and liabilities.

Financial risk management aims to limit these risks through ongoing operational and finance activities. Selected derivative and non-derivative hedging instruments are also used for this purpose, depending on the risk assessment. Magyar Telekom Plc. only hedges the risks that affect the Group's cash flows; no hedges are concluded to hedge fair values. Derivatives are exclusively used as hedging instruments, i.e., not for trading or other speculative purposes. To reduce the counterparty risk, derivatives are generally only concluded with leading Hungarian or international financial institutions or Deutsche Telekom. Nevertheless, hedge accounting is not applied to such transactions.

The detailed descriptions of risks, the management thereof as well as sensitivity analyses are provided below. These sensitivity analyses calculate with reasonably possible changes in the relevant risk variables and their impact on profit before tax. The impacts disclosed below for the reported periods are subject to an average effective income tax rate of approximately 15%, i.e. the impact on Profit for the period would be approximately 85% of the pre-tax amount in a year that is free from significant one-off non-deductible pre-tax impacts and significant changes in tax legislations. The potential impacts disclosed (less tax) would be the same on the Group's Equity.

There were no major changes in these risks compared to the previous reporting period.

5.1.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

- foreign currency risk;
- interest rate risk;
- price risk.

The fundamentals of Magyar Telekom Group's financing strategy are established each year by the Board of Directors. The Group's policy is to borrow centrally using a balanced combination of medium-term and short-term loans and bonds, and fixed and floating interest rates on those liabilities. The Board of Directors has approved two debt protection ratio KPIs and monitors their fulfillment annually. At the end of 2024 Magyar Telekom Group fulfilled both criteria; Total Debt to EBITDA ratio of 1.12 in 2024 (2023: 1.59), while the allowed maximum can be 2.8 and EBITDA to Net financial result ratio of 12.43 in 2024, (2023: 6.52), while the allowed minimum can be 3.0. The Group during the implementation of the finance policy and the financial risk management, determine and continuously monitor the foreign exchange, liquidity and counterparty risk management guidelines.

Magyar Telekom Group is exposed to interest and foreign exchange (FX) rate risk associated with its interest-bearing assets and liabilities and anticipated transactions. As the vast majority of the revenue and expenses of the Hungarian entities arise in HUF, the functional currency of the Hungarian entities of Magyar Telekom Group is HUF. Consequently, Magyar Telekom Group's objective is to minimize the level of its financial risk applying HUF terms.

For the presentation of market risks, sensitivity analyses were also performed that show the effects of hypothetical changes of relevant risk variables on Profit before tax. These hypothetical changes were modelled to present a reasonably possible change in the relevant risk variables. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments at the end of the latest reporting period (2024) and the preceding reporting period (2023). The balances at the end of the reporting period are usually representative for the year as a whole; therefore, the impacts are calculated using the year end balances. The methods and assumptions used in the sensitivity calculations did not change significantly compared to the previous period. As a result of a volatile international capital and securities markets, higher fluctuations of the FX and interest rates are also possible.

5.1.1.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in FX rates. Currency risks primarily arise on financial instruments denominated in a currency that is not the functional currency of the given operating segment of the Group. Differences resulting from the translation of the foreign subsidiaries' financial statements into the Group's presentation currency are not taken into consideration. Relevant risk variables are generally all non-functional currencies in which Magyar Telekom Group has financial instruments.

The Hungarian Forint depreciated by approx. 7% against the euro in 2024. In 2020 and 2021 the forint was fluctuating in a 7-12% range against the EUR, in 2022 this range widened significantly to approx. 23% while in 2023 and 2024 narrowed to 10%.

In order to mitigate FX risk in the case of FX denominated financial instruments, Magyar Telekom Group minimized its foreign currency borrowings in the past years or covered them with derivative instruments to substantially reduce FX risk. The corporate bond is HUF denominated and thus no foreign currency exposure arises related to this instrument.

FX risks arising on loans and related swaps with DT Group

Several related party loans taken to finance general needs of the Group from Deutsche Telekom AG (DT AG) and Deutsche Telekom International Finance B.V. (DT IF) are denominated in EUR, while, at the same time, cross-currency interest rate swaps or FX swaps are concluded with Deutsche Telekom AG to fix the actual cash flows of Magyar Telekom Group in HUF. Even though the Group does not apply hedge accounting, the change in the HUF/EUR exchange rate has limited (net) impact on profit or loss and equity related to the hedged loans and the hedging transactions together.

The table below shows the breakdown by currency of loans taken from DT AG and DT IF:

	12.31.2023	12.31.2024
HUF	-	-
EUR	139,715	86,057
Total	**139,715**	**86,057**

Sensitivity analysis

A reasonably possible strengthening or weakening of the EUR in the table below against HUF as at the end of the reporting period would have affected the measurement of loans denominated in a foreign currency and increased (+) / decreased (-) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. As the profit or loss effect would be the same as the equity effect, only the former is disclosed.

	Profit or loss	
	Strengthening	Weakening
12.31.2024		
EUR/HUF (10% movement)		
Loan	(8,606)	8,606
Swap agreements	9,174	(9,174)
Net effect	**568**	**(568)**
12.31.2023		
EUR/HUF (10% movement)		
Loan	(13,971)	13,971
Swap agreements	14,156	(14,156)
Net effect	**185**	**(185)**

Other FX exposure

The remaining FX exposure of Magyar Telekom Group is mostly related to holding foreign currency cash balances in its subsidiaries in the Southern and Eastern Europe region, and operating activities through revenue from, and payments to, international telecommunications operators as well as capital and operating expenditure contracted with vendors in foreign currency.

In line with currency hedging policy, the Company holds sufficient amounts of foreign currencies on its bank accounts or buys foreign currencies through FX forward transactions, the amounts of which are determined considering the balance of short-term FX denominated trade and lease payables and trade receivables in the next period in order to hedge the currency risk arising in connection with those assets and liabilities. The Group's foreign currency denominated liabilities (other than the above-described loans) exceed the Group's foreign currency denominated assets, therefore changes in the functional currencies' exchange rates would have the following impact on the profit or loss of the Group.

The following tables show the breakdown by currency of finance lease receivables, lease liabilities, trade receivables, trade payables and cashpool receivables and liabilities:

	12.31.2024							
in HUF million	EUR	USD	MKD	RON	BGN	GBP	HUF	Other
Total finance lease receivables	58	-	-	-	83	-	1,040	-
Total lease liabilities	(51,470)	(5)	(207)	-	(1,016)	-	(94,342)	-
Trade receivables	14,293	4,445	20,896	1,884	478	-	194,540	24
Trade payables	(57,948)	(9,282)	(7,747)	(1,419)	(233)	5	(81,388)	(46)
Aggregate balance of cashpool, receivables/(liabilities)	4,296	(715)	-	-	-	-	47,589	-

	12.31.2023							
in HUF million	EUR	USD	MKD	RON	BGN	GBP	HUF	Other
Total finance lease receivables	51	-	-	-	124	-	780	-
Total lease liabilities	(49,044)	(6)	(162)	-	(830)	-	(86,521)	-
Trade receivables	14,051	2,910	20,064	1,119	1,268	-	184,906	(9)
Trade payables	(57,535)	(6,731)	(14,812)	(1,184)	(813)	(4)	(85,279)	(56)
Aggregate balance of cashpool, receivables/(liabilities)	4,204	(823)	-	-	-	-	1,588	-

In order to reduce the above exposure, Magyar Telekom Plc. occasionally enters into derivative contracts. The positive fair value of the related open short-term forward positions was HUF 26 million assets as of December 31, 2024 (2023: HUF 64 million liability). These positions were opened to mitigate the FX risks of future FX payments exceeding FX income.

Sensitivity analysis

A reasonably possible strengthening or weakening of the currencies in the table below against HUF and MKD as at the end of the reporting period would have affected the measurement of financial instruments denominated in a foreign currency and increased (+) / decreased (-) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. As the profit or loss effect would be the same as the equity effect, only the former is disclosed.

12.31.2024	Profit or loss	
	Strengthening	Weakening
EUR/HUF (10% movement)		
Net balance of FX denominated trade and lease payables, trade and financial receivables plus bank balances	(4,013)	4,013
Related forward agreements	5,048	(5,048)
Net effect	**1,035**	**(1,035)**
USD/HUF (15% movement)		
Net balance of FX denominated trade and lease payables, trade and financial receivables plus bank balances	(729)	729
Related forward agreements	892	(892)
Net effect	**163**	**(163)**
EUR/MKD (10% movement)		
Net balance of FX denominated trade and lease payables, trade and financial receivables plus bank balances	4	(4)
Related forward agreements	-	-
Net effect	**4**	**(4)**
USD/MKD (10% movement)		
Net balance of FX denominated trade and lease payables, trade and financial receivables plus bank balances	(68)	68
Related forward agreements	-	-
Net effect	**(68)**	**68**

12.31.2023	Profit or loss	
	Strengthening	Weakening
EUR/HUF (10% movement)		
Net balance of FX denominated trade and lease payables, trade and financial receivables plus bank balances	(3,700)	3,700
Related forward agreements	3,179	(3,179)
Net effect	**(521)**	**521**
USD/HUF (15% movement)		
Net balance of FX denominated trade and lease payables, trade and financial receivables plus bank balances	(677)	677
Related forward agreements	238	(238)
Net effect	**(439)**	**439**
EUR/MKD (10% movement)		
Net balance of FX denominated trade and lease payables, trade and financial receivables plus bank balances	(42)	42
Related forward agreements	-	-
Net effect	**(42)**	**42**
USD/MKD (10% movement)		
Net balance of FX denominated trade and lease payables, trade and financial receivables plus bank balances	(93)	93
Related forward agreements	-	-
Net effect	**(93)**	**93**

As a result of the volatile international money markets, even a more than 10% fluctuation of the functional currency HUF against EUR and a more than 15% against USD is possible while a more than 10% fluctuation of the functional currency MKD against the EUR and more than 10% against USD is possible as extraordinary market conditions may cause extreme volatility on FX markets.

5.1.1.2 Interest rate risk

Magyar Telekom Group is also exposed to interest rate fluctuations: BUBOR, ESTR, EURIBOR, SOFR and USD LIBOR. This is due to the fact that changing interest rates affect the fair value of the fixed rate instruments and also affect the cash flows through the floating rate instruments.

Changes in the market interest rates of non-derivative financial instruments with fixed interest rates only affect income if these are measured at their fair value. On the other hand, all financial instruments with fixed interest rates which are carried at amortized cost are not subject to cash flow interest rate risk as defined in IFRS 7.

Changes in the market interest rate of interest rate derivatives (interest rate swaps, cross-currency swaps) that are not part of a hedging relationship as set out in IFRS 9 affect Other finance expense - net (net gain/loss from re-measurement of the financial assets and liabilities to fair value).

Changes in market interest rates affect the interest income or expense of non-derivative floating-interest financial instruments for which no cash flow hedges are in place.

Financial assets

Excess cash of the Group's Hungarian operations is primarily used to repay loans, however, significant amount of cash of the Group's North Macedonian subsidiary is mostly held in local banks. These amounts are deposited primarily on fixed interest rate terms in order to minimize exposure to market changes that would potentially adversely affect the cash flows from these instruments.

Due to the extremely low interest rates, even a reasonably possible change in the interest rates would not have a significant impact on the Group's interest income from third parties. Additionally, the temporarily excess cash of the Group's is kept as a receivable against DT AG in cashpool of Deutsche Telekom Group which is bearing variable interest rate.

Financial liabilities

Financial liabilities exposed to interest rate risk are primarily the related-party (DT Group) loans and the related swap agreements in place. These loans are almost exclusively taken by Magyar Telekom Plc. as the financing of the Group is managed centrally. The analysis below describes the Group's net exposure to the net interest rate risks related to the loans and the related swap agreements.

As the vast majority of the debt portfolio is denominated in HUF, or swap agreements are in place so that the loans payable are exposed to changes in HUF interest rates, the Group is mostly exposed to the HUF interest rate fluctuations for its financial liabilities. To control this interest rate risk, a combination of fixed and floating rate debt is used. Fixed interest-bearing debts (including loans swapped to fixed interest and excluding loans swapped to floating interest) made up 83% of the Group's total debt as of December 31, 2024 (2023: 78%).

Cash flow sensitivity analysis for variable rate instruments

Floating interest-bearing debts (including loans swapped to floating interest and excluding loans swapped to fixed interest) made up 17% of the Group's total debt as of December 31, 2024 (2023: 22%).

A reasonably possible change of 200 basis points in interest rates during the reporting period (assuming the year-end balance throughout the reporting period) would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. As the profit or loss effect would be the same as the equity effect, only the former is disclosed.

Profit or loss	12.31.2023		12.31.2024	
	200 bp increase	200 bp decrease	200 bp increase	200 bp decrease
Floating rate liabilities	(2,811)	2,811	(14)	14
IR swap	1,876	(1,876)	(520)	520
Cashpool receivables	116	(116)	1,038	(1,038)
Cash flow sensitivity (net)	**(819)**	**819**	**504**	**(504)**

The Group's exposures to interest rates on loans, swaps and cashpool facilities:

	12.31.2023			12.31.2024		
	Loans	Swaps	Cashpool receivables /(liabilities)	Loans	Swaps	Cashpool receivables /(liabilities)
BUBOR	-	-	1,588	-	(26,656)	47,589
EURIBOR/ESTR	(139,715)	93,781	4,204	-	-	4,296
USD LIBOR/SOFR	-	-	(823)	-	-	(715)
Total	**(139,715)**	**93,781**	**4,969**	**-**	**(26,656)**	**51,170**

For further information on loans see Note 4.4.1.

5.1.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk as at the end of the reporting period are represented by the carrying amounts of the financial assets in the Statement of financial position.

The vast majority of credit risks may arise in respect of Cash and cash equivalents, Bank deposits with original maturities over three months and Trade receivables, most of which have short-term maturities.

To decrease counterparty risk and optimize financing costs Magyar Telekom Group uses the generated cash for repayment of the loans and borrowings and in this way, it does not hold significant bank deposits. The cash held on the bank account is primarily related to daily liquidity needs and not to investment purposes. Additionally, Magyar Telekom Group keeps bank accounts only with substantial credit institutions to further limit counterparty risk.

Makedonski Telekom does not have loans, the excess cash can be deposited for few months term diversified among the soundest local banks until it can be utilized.

Cash and cash equivalents and Bank deposits with maturities over three months held in North Macedonia are primarily denominated in MKD and EUR. Cash and cash equivalents and Bank deposits with maturities over three months deposited in North Macedonia run higher counterparty risk, due to the small amount of internationally substantial financial institutions in that country. In this way excess cash is diversified among the largest and financially strongest local financial institutions and decrease the maturity to a reasonable level. The total cash kept with North Macedonian banks amounted to HUF 14.8 billion at December 31, 2024 (at December 31, 2023: HUF 9.8 billion).

Concentrations of credit risk relating to trade receivables are limited due to the large number of customers comprising the Group's customer base and their dispersion across many different geographic areas and industries. Credit risks are taken into account through individual allowances and allowances calculated at portfolio level.

The following table contains the carrying amount of trade receivables (Note 4.2.2.1) broken down by country of operation. The vast majority of these balances are denominated in the functional currency of the countries of operations (HUF in Hungary and MKD in North Macedonia).

	At December 31,	
	2023	2024
Hungary	177,693	188,526
North Macedonia	18,989	20,659
Other	2,567	2,225
	199,249	**211,411**

The amounts in the table above are shown in net balance including impairment losses. The annual impairment losses of the Group in 2024 were 1.4% (2023: 1.7%) of the consolidated revenue. For further information see Notes 3.3. and 4.2.2.2.

There are varying credit checking practices applied across the members of the Group as described below.

Hungary

Credit checking at the time of the service request is carried out automatically by the credit checking application. A variety of checks including checking the bankruptcy list, the internal database of risky installation locations, the collection history of the past six months, the outstanding debt and the joint database of debtors of the Hungarian mobile operators are performed depending on the service to be used. The Fraud Detecting System monitors extreme usage and fraudulent behavior of customers for mobile, fixed line and Internet services. In the case of business customers, account managers check if the customer has outstanding debts.

Dunning procedures are run automatically by the billing systems and include various reminder tools like SMS, reminder message via Telekom APP, telephone calls, reminder emails, reminder letters, restricted service, termination letters and disconnections. In the case of medium and large enterprises the dunning process starts manually (first reminder letter). After the first step, this process is also automated. Based on the effective laws and regulations and over a minimum overdue amount we apply varying and customized reminder procedures with specific deadlines to the different customer groups. After the termination of the contract and depending on the expected success of the process, we combine the different collection steps of selling the outstanding debt or initiating legal proceedings. All parts of the process are regulated by internal directives.

North Macedonia

The process of managing the credit risk from operating activities includes preventive measures such as creditability checking and prevention barring, corrective measures during legal relationship for example reminding and disconnection activities, collaboration with collection agencies and collection after legal relationship as litigation process and court proceedings. The overdue payments are monitored based on customer type, amount of debt, average invoiced amount and number of disconnections. The credit risk is controlled through credibility checking – which determines that the customer is not indebted and the customers' credit worthiness and through preventive barring – which determines the credit limit based on the usual level of the customer's previous traffic revenue. There is no concentration of risk in North Macedonia either with any single customer or group of customers with similar characteristics. The procedures in North Macedonia ensure on a permanent basis that sales are made to customers with an appropriate credit history and that an acceptable level of credit exposure is not exceeded.

For further information see Note 4.1.1.

5.1.3 Liquidity risk

Liquidity risk is the risk that an entity may encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient Cash and cash equivalents and Bank deposits as well as available funding through an adequate amount of committed credit lines. The Group operates an effective liquidity management process that enable the Group financial stability and limit the inherent risk of operation, this is an ongoing monitoring and matching the maturing assets against maturing liabilities and ensuring the availability of financial instruments if required.

Deutsche Telekom Group operates a cashpool system which is a flexible and a cost-effective source of financing the Group's operation, extra cash is transferred to the subsidiaries that require temporary or longer term funding. In addition, short-term or long-term loan facilities can be drawn from DT Group. Management is convinced that short and long-term liabilities from DT Group can be refinanced if necessary, in a similar manner to previous years.
The Group finance management aims to maintain flexibility in funding by keeping committed third-party (bank) credit lines available. The undrawn credit lines amounted to HUF 42.7 billion as at December 31, 2024 (2023: HUF 44.5 billion).

The management evaluates the liquidity position of the Group by regularly monitoring among others the free cash-flow for the actual period, net debt (Note 4.4.4.3) and the ratio of net debt to EBITDA. In the financing framework of the Group's, the Board of Directors apply two debt protection ratio KPIs and monitors their fulfillment annually: the total debt to EBITDA and EBITDA to Net financial result ratio are monitored, for further details see Note 5.1.1. In case of exceeding the predefined limits, underlying events should be reported to the management.

The operating working capital basically managed through the net cash generated from operating activities, represented by the robust EBITDA (Note 33.2.1) performance, contributes to meeting the payment obligations.

The main liquidity KPIs monitored by the management are the following:

	2023	2024
Free cash flow	86,516	166,324
Free cash flow excl. spectrum licenses	86,829	165,101
Total debt (4.4.4.3)	457,949	407,587
Total debt/EBITDA	1.59	1.12
Net debt (4.4.4.3)	430,640	335,681
Net debt/EBITDA	1.5	0.92

The following table shows the Free cash flow calculation from the specific line of the Consolidated statement of cash flow:

	2023	2024
Net cash generated from operating activities	222,750	302,311
Net cash used in investing activities	(114,837)	(86,415)
Less: (Payments for) / Proceeds from other financial assets	15,225	(15,605)
Investing cash flow excluding Payments for / Proceeds from other financial assets - net	**(99,612)**	**(102,020)**
Repayment of lease and other financial liabilities	(36,622)	(33,967)
Free cash flow	**86,516**	**166,324**

The following two tables summarize the maturity structure of Magyar Telekom Group's financial liabilities including the interest payable on those liabilities (undiscounted amounts) as of December 31, 2024, and 2023.

12.31.2024	Total	within 1 year	1 to 5 years	after 5 years
Trade payables to third parties	147,219	147,219	-	-
Trade payables to related parties	10,839	10,839	-	-
Financial liabilities to related parties	91,907	27,751	64,156	-
Derivative financial liabilities contracted with related parties	74	74	-	-
Lease liabilities	176,039	34,253	87,526	54,260
Bonds	71,721	1,015	70,706	-
Frequency fee payable	126,502	8,650	33,563	84,289
Other financial liabilities	8,746	5,130	3,616	-
Total cash outflows	**633,047**	**234,931**	**259,567**	**138,549**
Open swap positions' cash flows				
Gross cash inflow in EUR million	239	69	170	-
Gross cash inflow in HUF million (at spot rate)	98,012	28,296	69,715	-
Gross cash outflow in HUF million	99,210	28,891	70,319	-
Net cash inflow (+) / outflow (-) in HUF million	**(1,198)**	**(595)**	**(604)**	**-**
Open forward positions' cash flows				
Gross cash inflow in EUR million	83	83	-	-
Gross cash inflow in USD million	15	15	-	-
Total gross cash inflow in HUF million (at spot rate)	39,941	39,941	-	-
Gross cash outflow in HUF million	39,896	39,896	-	-
Net cash inflow (+) / outflow (-) in HUF million	**45**	**45**	**-**	**-**

12.31.2023	Total	within 1 year	1 to 5 years	after 5 years
Trade payables to third parties	156,437	156,437	-	-
Trade payables to related parties	9,976	9,976	-	-
Financial liabilities to related parties	146,557	97,702	48,855	-
Derivative financial liabilities contracted with related parties	120	120	-	-
Lease liabilities	165,291	33,041	75,728	56,522
Bonds	72,407	1,015	71,392	-
Frequency fee payable	135,973	8,886	34,583	92,504
Other financial liabilities	9,706	7,388	2,318	-
Total cash outflows	**696,467**	**314,565**	**232,876**	**149,026**
Open swap positions' cash flows				
Gross cash inflow in EUR million	257	129	128	-
Gross cash inflow in HUF million (at spot rate)	98,374	49,379	48,996	-
Gross cash outflow in HUF million	83,155	41,047	42,108	-
Net cash inflow (+) / outflow (-) in HUF million	**15,219**	**8,332**	**6,888**	**-**
Open forward positions' cash flows				
Gross cash inflow in EUR million	203	203	-	-
Gross cash inflow in USD million	5	5	-	-
Total gross cash inflow in HUF million (at spot rate)	79,437	79,437	-	-
Gross cash outflow in HUF million	79,996	79,996	-	-
Net cash inflow (+) / outflow (-) in HUF million	**(559)**	**(559)**	**-**	**-**

The average maturity of Magyar Telekom Group's debt portfolio was 2.69 years as at December 31, 2024 (2023: 1.65 years). The floating interest payments arising from the financial instruments were calculated using the last interest rates fixed before December 31, 2024 and 2023. Actual cash flows may be different if the floating interest rate changes in future periods. For further information see Note 4.4.1.

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Company's management proposes to the owners (through the Board) of the Company to approve dividend payments or adopt other changes in the Company's equity capital in order to optimize the capital structure of the Group. This can be achieved primarily by adjusting the amount of dividends paid to shareholders, or alternatively, by returning capital to shareholders by capital reductions, selling or buying own shares.

In 2024 the Board of Directors of Magyar Telekom Plc. approved HUF 41,561 million dividend (HUF 29,459 million dividend in 2023), and the Company's Board recommends to declare a 90,858 HUF million dividend at the April 2025 Annual General Meeting.

In addition to the above, according to Hungarian Civil Code, Magyar Telekom Plc. has to ensure that the Company's Equity in the separate financial statements does not fall below two thirds of its Common stock. The Company is in compliance with this regulation, and no such statutory regulation exists for the consolidated equity.

The equity capital, which the Group manages, amounted to HUF 869 billion on December 31, 2024 (2023: HUF 766 billion).

6 Income tax

6.1 Income taxes – accounting policies

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

6.1.1 Current taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met. Income taxes are comprised of corporate income taxes, trade tax and other income taxes.

6.1.1.1 Corporate income taxes

Corporate income taxes are payable to the central tax authorities of the countries in which the Group's consolidated entities operate. The basis of the tax is the taxable entities' accounting profit adjusted for non-deductible and non-taxable items. The nominal tax rates and the determination of the tax bases vary among the countries in which the Group operates.

6.1.1.2 Trade tax and other income tax

Trade taxes is a local tax levied in Hungary on the companies' net margins, usually determined at a substantially higher level than the corporate tax base but applying a significantly lower tax rate. Other income taxes include innovation fee calculated similarly to trade tax but with a lower rate and it is to be paid to the state budget.

6.1.2 Global minimum tax

In all counties where Magyar Telekom Group operates and tax resident (Hungary, Bulgaria, North Macedonia and Romania) has been implemented a legislation that shall ensure a global minimum taxation according to the OECD's Pillar-II regulations and introduced qualified domestic minimum top-up tax to ensure a minimum effective tax rate of 15%. The legislation is applicable for the Group from 2024 onwards.

Magyar Telekom Group does apply the exception to recognizing and disclosing information about deferred taxes related to global minimum taxes in line with IAS 12. 88A and 4A.

6.1.3 Deferred taxes

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated statement of financial position. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax is determined using income tax rates that have been enacted or substantively enacted by the financial statement date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit (or reversing deferred tax liabilities) will be available against which the temporary differences can be utilized.

6.2 Income taxes in the Consolidated statement of profit or loss and other comprehensive income

The table below shows the income tax expenses charged in the Profit for the period.

Income tax expense	2023	2024
Corporate income tax	5,111	7,757
Trade tax	9,223	11,530
Other income tax	1,457	1,806
Deferred income taxes	3,761	9,596
Global minimum tax	-	138
Total	**19,552**	**30,827**

The income tax expenses charged to other comprehensive income are related to the changes in the fair value of equity investments measured at fair value through other comprehensive income and are immaterial for both 2023 and 2024.

6.2.1 Tax expense reconciliation

The reconciliation between the reported income tax expense and the theoretical amount arising from applying the statutory income tax rates is as follows:

		2023	2024
Consolidated profit before income tax		103,956	194,223
Tax at 9%	(a)	(9,356)	(17,480)
Impact of different tax rates	(b)	(255)	(349)
Tax shield of items not subject to income tax	(c)	305	80
Tax impact of non-deductible items	(d)	(1,120)	(1,340)
Trade tax	(e)	(9,223)	(11,530)
Other income tax	(e)	(1,457)	(1,806)
Global minimum tax	(e)	-	(138)
Impact of tax deductibility of trade and other income taxes	(f)	961	1,199
Investment tax credit accretion	(g)	593	537
Income tax expense		**(19,552)**	**(30,827)**
Effective tax rate		18.81%	15.87%

For explanations (a)-(g) see as follows.

(a) The applicable tax rate used in the above reconciliation is the domestic standard rate of corporate tax in Hungary 9% in 2024 (2023: 9%).

(b) This line of the reconciliation includes the tax impacts of the different tax rates of the foreign countries where the Group is also present through its subsidiaries. The corporate tax rate is 10% in North Macedonia, 16% in Romania and 10% in Bulgaria in the reported years. This line of the reconciliation includes the tax impacts of the above differences compared to the 9% general tax rate of Hungary applied to the profit before tax of the Group.

(c) This line of the reconciliation primarily includes the tax shield impact of expenses, which are not included in the consolidated profit before tax, but deductible when determining the standalone corporate income tax base. These items include the depreciation of assets (or additional values of assets) which are not included in the assets of the consolidated statement of financial position, and which are not considered in the deferred tax calculation.

(d) This line of the reconciliation includes the negative tax impact of the expenses included in the consolidated profit and loss, but non-deductible when determining the standalone corporate income tax base. These items primarily include the non-deductible receivable impairment and write-downs and penalties.

(e) Trade tax and other income tax include certain local and central taxes levied in Hungary on the companies' net margins, determined usually at a substantially higher level than the corporate tax base, but with substantially lower tax rates (maximum 2%). Global minimum tax liability is connected to the Bulgarian and North Macedonian subsidiaries while the effective tax rate in these countries is less than 15%. As the first line of the reconciliation calculates theoretical tax expense calculated using the general corporate tax rate, trade tax and the innovation fee (other income tax) impose additional income tax expenses on the Hungarian entities of the Group, while global minimum tax means additional income tax expenses on the Bulgarian and North Macedonian entities included in this line of the reconciliation.

(f) Trade tax and innovation fee are deductible expenses for corporate tax purposes, the positive tax impact of which is included in this line of the reconciliation.

(g) Investment tax credit accretion includes the increase of the net present value of the investment tax credit deriving from the utilization of the tax credits in periods subsequent to the year of recognition. For further information see Note 6.3.2.1.

6.3 Income taxes in the Consolidated statement of financial position

6.3.1 Current taxes in the Consolidated statement of financial position

Current income tax receivable and payable balances in the Statement of financial position represent the amount of corporate and other income taxes receivable from, and payable to, the tax authorities of the countries in which the Group operates.

6.3.2 Deferred taxes in the Consolidated statement of financial position

The Group's deferred tax balances and the movements therein are as follows:

	Balance at December 31, 2022	Effect on profit	Other move-ments	Balance at December 31, 2023	Effect on profit	Other move-ments	Balance at December 31, 2024
Deferred tax assets and (liabilities)							
Investment tax credits (Note 6.3.2.1)	3,731	(3,429)	5,721	6,023	(8,836)	3,631	818
Net operating loss carry-forward	-	-	-	-	-	-	-
Other financial assets	(390)	35	5	(350)	(11)	2	(359)
Impairment of receivables and inventory	1,436	626	-	2,062	157	-	2,219
Property, plant and equipment and intangible assets	(5,827)	(388)	-	(6,215)	(1,138)	-	(7,353)
Goodwill	(14,481)	-	-	(14,481)	-	-	(14,481)
Trade and other payables	277	(30)	-	247	16	-	263
Loans and other borrowings	44	(404)	-	(360)	(4)	-	(364)
Provisions for liabilities and charges	1,653	(171)	-	1,482	220	-	1,702
Total net deferred tax liability	**(13,557)**	**(3,761)**	**5,726**	**(11,592)**	**(9,596)**	**3,633**	**(17,555)**
Of which deferred tax liabilities after netting by legal entity	(14,299)			(11,758)			(17,669)
Of which deferred tax assets after netting by legal entity	742			166			114
Items included in other movements:							
Relating to exchange rate effect			5			2	
Investment tax credit earned			5,721			3,631	

The Other movements column includes mainly the increase in investment tax credit relating to energy efficiency improvement recognized in 2024 and 2023, while in minor part the exchange rate effect.

The Group consists of a number of legal entities, most of which have deferred tax assets and liabilities. The assets and liabilities are netted by legal entity so that one legal entity has either a deferred tax asset or a liability and the consolidated statement of financial position includes these balances accordingly.

Deferred tax assets arising from investment tax credits are recognized against the capitalized cost of the related asset acquisition.

Temporary differences associated with investments in subsidiaries for which deferred tax liabilities or assets have not been recognized amounted to a net liability of HUF 21,269 million at December 31, 2024 (HUF 22,356 million at December 31, 2023).

Deferred tax liability on goodwill is related to the goodwill arising from the acquisition of subsidiaries (Emitel and T-Mobile) in the Company's financial statements, which had merged into Magyar Telekom Plc. The impairment of goodwill is a tax-deductible expense in corporate income tax, while under IFRS Accounting Standards no amortization is accounted for in relation to goodwill. The difference deriving from the two types of accounting is represented by the deferred tax liability.

6.3.2.1 Investment tax credits

Since 2020 Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt have accomplished a new tax credit program in order to increase energy effectiveness. In order to utilize these tax credits, both Companies had to meet certain audit requirements set out in the relevant tax regulations and independent external auditors stated that the investments fulfill the criteria of energy effectiveness. This investment tax credit is accounted for as a decrease from the investment costs of the assets, as well as a deferred tax asset of the whole tax credit amount is accounted for accordingly. Magyar Telekom Plc. utilizes HUF 9,366 million tax credit in the 2024 corporate tax return.

The following table shows the details of the energy saving investment tax credits in HUF millions as of 31 December, 2024:

Earned in year	Amount of qualifying investment	Amount of tax credit earned	Accretion recognized in tax expense	Tax credit utilized	Tax credit carried forward at 12.31.2024	Expires in year
2021	11,799	4,313	16	(4,329)	-	2026
2022	16,561	5,661	903	(6,564)	-	2027
2023	16,424	5,768	227	(5,995)	-	2028
2024	12,104	4,421	-	(3,603)	818	2029
Total	**56,888**	**20,163**	**1,146**	**(20,491)**	**818**	

In order to utilize the tax credits and certain tax deductibility opportunities earned by the Group's entities, they had to comply with strict requirements as set out in the relevant tax regulations. The Group fulfilled all requirements related to energy effective investment programs.

6.4 Income taxes in the Consolidated statement of cash flows

The Company classifies its tax settlement of energy saving investment tax credit as an investing activity in the Statement of cash flows. The table below shows how the total cash flows from income tax are allocated over the activities:

Activities in the Consolidated statement of cash flows	2023	2024
Cash flows from operating activities (presented on the line income tax paid)	(17,817)	(21,902)
Cash flows from investing activities (investment tax credit utilized in the tax report)	3,316	4,036
Total cash flows from income tax	**(14,501)**	**(17,866)**

Magyar Telekom Plc. has been doing investments relating to energy saving since 2020, based on this the payment of the reduced income tax was settled in 2023 and in 2024.

6.5 Tax reviews

The tax authorities may at any time inspect the books and records within five years from the end of the year when tax declarations were submitted and may impose additional tax assessments with penalties and penalty interest. Management is not aware of any circumstances which may give rise to a potential material liability in this respect.

6.6 Dividends paid by Magyar Telekom Plc.

The dividends paid and payable by Magyar Telekom Plc. to its owners may be subject to withholding or income taxes under the tax laws of the country of the owners, which do not have an impact on the amount of the dividend declared or on the Company's tax expense as these taxes – if any – are levied on the owners.

7 Inventories

7.1 Inventories – accounting policies

Inventories are stated at the lower of cost or net realizable value using the historical cost method of accounting. The cost of inventories comprises all costs of purchase, cost of construction and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment losses on Inventories are recognized as Direct costs in the Consolidated statement of profit or loss and comprehensive income.

7.2 Inventories in the Consolidated statement of financial position

	12.31.2023	12.31.2024
Inventory for resale	30,128	26,830
Other inventory	2,433	2,093
Subtotal	**32,561**	**28,923**
Less allowances	(133)	(167)
Total	**32,428**	**28,756**

The amount of inventory for resale mainly consists of telecommunication devices (mobile, tablets, TV, laptops, smart devices) and accessories.

In the framework of the transition to a circular economy, the waste reduction and thus the contribution to global climate protection the amount of packaging materials has been continuously reduced, that has also been set as a preferred requirement for manufacturers, including 100% sustainable packaging for own branded mobile devices. Also, an increasing number of used mobile devices are being collected and treated as electronic waste but managed in full compliance with the relevant regulations.

Besides the above, as the first service provider in Hungary, Magyar Telekom Plc. is offering fully refurbished cell phones since October 2023, to meet the demands of residential customers who are sensitive to a more material-efficient and circular economy. That sales represent small but increasing volume in the portfolio. In the future, the Group is exploring other new opportunities to be at the forefront of the circular economy by 2030.

For further information see Chapter ESRS E5 Resource use and circular economy in the Consolidated sustainability statement.

The Group has no inventory pledged as security as at December 31, 2023 or December 31, 2024. The impairment loss accounted or reversed for inventories is not material therefore no separate table of movements is disclosed.

8 Assets held for sale and liabilities associated with assets held for sale

8.1 Non-current assets held for sale – accounting policies

An asset (typically properties and closely related other assets) is classified as held for sale if it is no longer needed for the future operations of the Group, and has been identified for sale, which is highly probable to take place within 12 months.

These assets are accounted for at the lower of carrying value or fair value less costs of disposal. Depreciation is discontinued from the date of designation to the held-for-sale status. When an item of PPE or intangible assets is designated for sale, and the fair value is determined to be lower than the carrying amount, the difference is recognized in the Profit for the period (Depreciation and amortization) as an impairment loss.

If the requirements for the classification of assets as held for sale are no longer met, the assets may no longer be shown as held for sale. The assets are to be measured at the lower of the carrying amount that would have applied if the asset had not been classified as held for sale, and the recoverable amount at the date at which the requirements for the classification as held for sale are no longer met.

8.2 Assets and liabilities held for sale in the Consolidated statement of financial position

The assets classified as held for sale are disclosed below.

		12.31.2023	12.31.2024
Intangible asset	(a)	-	1,223
Property, plant and equipment		346	1,565
Total assets held for sale		**346**	**2,788**

(a) Magyar Telekom has signed a transfer agreement on transferring the usage right of 2x5 MHz frequency block in the 2100 MHz band to Yettel Magyarország Zrt. (Yettel) (see Note 10.5). The purchase price equals to the book value of the frequency block usage right.

At the end of 2024 assets held for sale included some other non-current assets that are expected to be sold within 12 months.

9 Property, plant and equipment

9.1 Property, plant and equipment (PPE) – accounting policies

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

The cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost, in the case of telecommunications equipment, comprises the borrowing costs of related loans and corporate bonds.

Subsequent expenditure on an asset that meets the recognition criteria to be recognized as an asset or an addition to an asset is capitalized, while maintenance and repairs are charged to expense when incurred.

Government grants relating to the purchase of PPE are deducted from the original cost of the items and are recognized in the Profit for the period through the reduced amount of depreciation of the related assets over their useful lives. Investment tax credits relating to qualifying investment projects (Note 6.3.2.1) are also recognized in this manner.

The initial estimate of the costs of dismantling and removing the item and restoring the site in accordance with legal requirements or contractual obligations is also included in the costs if the obligation incurred must be recognized as an Asset retirement obligation provision according to IAS 37 (see Note 13).

When assets are scrapped, the cost and accumulated depreciation are removed from the accounts and the loss is recognized in the Profit for the period (Depreciation and amortization). The Group pays particular attention to the environmentally sound management of scrapped assets and the proper treatment of hazardous waste.

When assets are sold, the cost and accumulated depreciation are removed from the accounts and any related gain or loss is recognized in the Profit for the period (Other operating income/expense).

Depreciation is calculated on a straight-line basis from the time the assets are deployed and charged over their economic useful lives. Magyar Telekom Group reviews the useful lives and residual values on an annual basis, for further detail see Note 3.1. On the groups of assets impacted by the most recent useful life revisions refer to Note 9.3.

The useful lives assigned to different types of property, plant and equipment	Years
Buildings	5–50
Duct, cable and other outside plant	3–38
Other telecommunications equipment	2–25
Other equipment	2–50

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The amortization expense and recognized impairment are presented in the Depreciation and amortization line of the Consolidated statement of profit or loss and other comprehensive income.

As a consequence of changes in the climate and rising average temperatures, the Group is increasingly exposed to damage to its fixed assets, which in some cases might be significant. Such events may include floods, flash flood damage caused by heavy rainfall, windstorms damage, prolonged extreme daily temperatures in summer, forest or bush fires caused by drought. The Group works continuously to prevent and mitigate these potential losses as much as possible through insurance and the use of more resilient solutions in the design and execution of investments.

In order to avoid significant damage, the Group operates a Business Continuity Management (BCM) system, which includes action plans for the tasks to be performed in the event of critical climate risks. Preventive measures are also developed to avoid potential events. All incidents are investigated and analysed, and the documentation is continuously improved.

In 2024 and 2023, there was no significant damage due to climate events that required the recognition of any impairment.

9.2 Property, plant and equipment in the Consolidated statement of financial position

	Land and buildings	Telecom equipment	Other equipment	Total
01.01.2023				
Gross value	138,719	1,209,659	85,630	1,434,008
Accumulated depreciation	(71,122)	(812,886)	(74,290)	(958,298)
Carrying amount	**67,597**	**396,773**	**11,340**	**475,710**
Of which held for sale	-	(2)	-	(2)
	67,597	**396,771**	**11,340**	**475,708**
Carrying amount – January 1, 2023	67,597	396,771	11,340	475,708
Investments	1,903	66,439	5,014	73,356
Additions due to business combinations	-	-	-	-
Disposals due to business combinations	-	-	-	-
Changes due to revisions of asset retirement obligations	508	-	-	508
Disposals	(146)	(689)	(151)	(986)
Depreciation charge	(4,183)	(60,294)	(4,745)	(69,222)
Reclassifications	(185)	587	884	1,286
Exchange differences	(781)	(2,516)	(115)	(3,412)
Carrying amount – December 31, 2023	**64,713**	**400,298**	**12,227**	**477,238**
12.31.2023				
Gross value	139,033	1,189,416	87,242	1,415,691
Accumulated depreciation	(74,320)	(789,118)	(75,015)	(938,453)
Carrying amount	**64,713**	**400,298**	**12,227**	**477,238**
Of which held for sale	(252)	(94)	-	(346)
	64,461	**400,204**	**12,227**	**476,892**
Carrying amount – January 1, 2024	64,713	400,298	12,227	477,238
Investments	1,078	74,210	3,705	78,993
Additions due to business combinations	-	-	270	270
Disposals due to business combinations	-	-	-	-
Changes due to revisions of asset retirement obligations	3,909	1,812	-	5,721
Disposals	(200)	(1,133)	(107)	(1,440)
Depreciation charge	(4,252)	(58,528)	(4,817)	(67,597)
Reclassifications	157	(478)	1,174	853
Exchange differences	1,122	3,931	202	5,255
Carrying amount – December 31, 2024	**66,527**	**420,112**	**12,654**	**499,293**
12.31.2024				
Gross value	146,524	1,226,799	86,461	1,459,784
Accumulated depreciation	(79,997)	(806,687)	(73,807)	(960,491)
Carrying amount	**66,527**	**420,112**	**12,654**	**499,293**
Of which held for sale	(1,552)	(13)	-	(1,565)
	64,975	**420,099**	**12,654**	**497,728**

This table contains property, plant and equipment assets subject to operating leases, for further information see Note 17.3.

The right-of-use assets by class of underlying asset are listed in the table below. For further information, please see Note 17.

	Land and buildings	Telecom equipment	Other equipment	Total
01.01.2023				
Gross value	118,617	55,861	12,803	187,281
Accumulated depreciation	(44,808)	(13,393)	(5,341)	(63,542)
Carrying amount	**73,809**	**42,468**	**7,462**	**123,739**
Carrying amount – January 1, 2023	73,809	42,468	7,462	123,739
Investments	10,543	11,446	1,100	23,089
Disposals	(725)	(154)	(170)	(1,049)
Depreciation charge	(13,969)	(5,231)	(3,059)	(22,259)
Reclassifications	-	(1,286)	-	(1,286)
Exchange differences	(155)	(93)	(26)	(274)
Carrying amount – December 31, 2023	**69,503**	**47,150**	**5,307**	**121,960**
12.31.2023				
Gross value	127,204	64,908	11,939	204,051
Accumulated depreciation	(57,701)	(17,758)	(6,632)	(82,091)
Carrying amount	**69,503**	**47,150**	**5,307**	**121,960**
Carrying amount – January 1, 2024	69,503	47,150	5,307	121,960
Investments	19,189	11,294	2,258	32,741
Disposals	(842)	(322)	(103)	(1,267)
Depreciation charge	(15,029)	(5,555)	(2,672)	(23,256)
Reclassifications	-	(853)	-	(853)
Exchange differences	222	152	34	408
Carrying amount – December 31, 2024	**73,043**	**51,866**	**4,824**	**129,733**
12.31.2024				
Gross value	144,126	74,030	12,262	230,418
Accumulated depreciation	(71,083)	(22,164)	(7,438)	(100,685)
Carrying amount	**73,043**	**51,866**	**4,824**	**129,733**

The closing balance of Property, plant and equipment (PPE) includes assets under construction in an amount of HUF 49,487 million as at December 31, 2024 (2023: HUF 45,306 million). In the table above, the assets under construction are shown in the categories where the asset is expected to be classified when placed into service.

To achieve its strategic objectives, the Group is constantly upgrading its facilities to keep pace with technological developments, with a particular focus on energy efficiency and environmentally friendly solutions. In this context, the following major investments are in progress:

- Fixed network development through optical roll-out, including the replacement of old and obsolete copper networks with a more efficient and higher speed solution, enabling the provision of multiple high-quality services to customers. Upgrading and replacing the legacy transport networks also provides an opportunity for energy-saving features.
- Modernizing the RAN (Radio Access Network) replacing the legacy radio-technic equipment that delivers significant energy-saving of the mobile network and at the same time extends its capacity. The modernized RAN can accelerate 5G coverage developments enabling the provision of wide range of beneficial services such as IoT, and operate at ultra-high speeds, significantly improving user experience.
- Upgrading and greening the infrastructure of technological buildings, including replacing or improving air conditioning and electrical systems.

As is common in the ICT sector, customers are not the owners of CPE devices, these are leased assets that must be returned to the company when the contract expires. For all returned assets, appropriate reuse or recycling is ensured in accordance with the legal requirements.

For further information see Chapter ESRS E5 Resource use and circular economy in the Consolidated sustainability statement.

Exchange differences include the translation impact arising on the consolidation of foreign subsidiaries of the Group.

Additions due to business combinations include the fair value or carrying value of the assets acquired by Magyar Telekom Plc. through business combinations at the time of the acquisition. Differences between the preliminary and the final purchase price allocations are also included in this line.

Changes due to revisions of asset retirement obligations represent the adjustments of the carrying amounts of the assets against a provision for asset retirement obligation (see also Note 13.2.4).

No impairment was identified in 2024 and 2023.

The Group has no PPE with restricted titles or pledged as security as at December 31, 2024 or December 31, 2023.

9.3 Review of useful lives

Reviews of the useful lives (and residual values) of property, plant and equipment based on the strategic directions and accepted annual development plans affected the useful lives of a large number of assets. The investments made with a view of environmentally friendly operation did not affect the useful life of the assets in use, and therefore there was no change in the depreciation charge.

The revisions resulted in the following change in the original trend of depreciation in the current and future years:

Effect of revision 2024	2024	2025	2026	2027	After 2027
Increase / (decrease) in depreciation expense.....	(1,022)	(1,049)	126	541	1,404

Effect of revision 2023	2023	2024	2025	2026	After 2026
Increase / (decrease) in depreciation expense.....	364	(1,469)	535	536	34

10 Intangible assets

10.1 Intangible assets – accounting policies

Intangible assets – except goodwill – are stated at historical cost less accumulated amortization and impairment losses.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use. Costs associated with developing or maintaining software programs are generally recognized as an expense as incurred. Costs directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee related costs and an appropriate portion of relevant overhead and borrowing costs. Most computer software capitalized include acquired elements representing the majority of the cost and own costs incurred to a lesser extent. These are considered non-self-developed software. Computer software fully developed by own resources represent an immaterial portion of all software, therefore these are not disclosed separately.

Costs associated with the acquisition of long-term frequency licenses are capitalized as an intangible asset when the Company receives a right to charge users of the service provided under the license. The present value of the future annual payments for the use of the frequencies are also capitalized if these payments can be estimated reliably, or otherwise recognized as Other operating expenses in the year the payment obligation refers to. The useful lives of frequencies and licenses are determined based on the underlying agreements and are amortized on a straight-line basis over the period from availability of the frequency for commercial use until the end of the initial license term.

Amortization is calculated on a straight-line basis from the time the assets are deployed and charged over their economic useful lives. Other than goodwill, the Group has no intangible assets with indefinite useful life. The amortization expense and recognized impairment are presented in the depreciation and amortization line of the Consolidated statement of profit or loss.

Intangible assets with a useful life of exactly one year are recognized if, and only if, the intangible asset was acquired before the beginning of the useful life (e.g. before the beginning of the license period of an acquired license.)

Magyar Telekom Group reviews the useful lives and residual value on an annual basis, for further details see Note 3.1, on the groups of assets impacted by the most recent useful life revisions refer to Note 10.3.

The estimated useful lives of intangible assets other than goodwill are as follows:

	Years
Software	1–24
Frequencies and licenses	3–25
Other intangible assets	3–10

In determining whether an asset that incorporates both intangible and tangible elements should be treated under IAS 16 – Property, Plant and Equipment or as an intangible asset under IAS 38 – Intangible Assets, management uses judgment to assess which element is more significant and recognizes the assets accordingly.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity or business include the carrying amount of goodwill allocated to the entity or business sold. See also Note 3.2.

10.2 Intangible assets in the Consolidated statement of financial position

	Goodwill	Frequencies and licenses	Software	Other	Total
01.01.2023					
Gross value	212,713	277,681	342,238	42,378	875,010
Accumulated amortization	-	(43,857)	(262,905)	(23,350)	(330,112)
Carrying amount	**212,713**	**233,824**	**79,333**	**19,028**	**544,898**
Carrying amount – January 1, 2023	212,713	233,824	79,333	19,028	544,898
Investments	-	586	24,384	6,866	31,836
Disposals	-	-	(597)	(4)	(601)
Amortization charge	-	(16,614)	(24,088)	(6,985)	(47,687)
Reclassifications	-	-	-	-	-
Exchange differences	-	(303)	(360)	(411)	(1,074)
Carrying amount – December 31, 2023	**212,713**	**217,493**	**78,672**	**18,494**	**527,372**
12.31.2023					
Gross value	212,713	277,626	350,186	45,678	886,203
Accumulated amortization	-	(60,133)	(271,514)	(27,184)	(358,831)
Carrying amount	**212,713**	**217,493**	**78,672**	**18,494**	**527,372**
Carrying amount – January 1, 2024	212,713	217,493	78,672	18,494	527,372
Investment	-	69	24,647	3,873	28,589
Disposals	-	(457)	(427)	(2)	(886)
Amortization charge	-	(16,567)	(24,535)	(7,987)	(49,089)
Reclassifications	-	-	(3)	3	-
Exchange differences	-	402	617	557	1,576
Carrying amount – December 31, 2024	**212,713**	**200,940**	**78,971**	**14,938**	**507,562**
12.31.2024					
Gross value	212,713	276,819	360,452	41,881	891,865
Accumulated amortization	-	(75,879)	(281,481)	(26,943)	(384,303)
Carrying amount	**212,713**	**200,940**	**78,971**	**14,938**	**507,562**
Of which held for sale	-	(1,223)	-	-	(1,223)
	212,713	**199,717**	**78,971**	**14,938**	**506,339**

Additions due to business combinations include the fair value of assets acquired by Magyar Telekom Group through business combinations in the reported years and the goodwill arising on these business combinations. Differences between the preliminary and the final purchase price allocations are also included in this line. Exchange differences include the translation impact arising on the consolidation of foreign subsidiaries of the Group.

Investments represent the regular investing activity in intangible assets. The book value of Frequencies and licenses represents the frequencies initially recognized consisting of a one-time spectrum fee and the present value of annual band fees related to spectrums band. The useful life of these frequencies and the present value calculations are based on the term of rights of use for these frequencies. For further information see Notes 4.4.4.1, 8, 10.5 and 28.

The Group has no intangible assets with restricted title or pledged as security as at December 31, 2024 or December 31, 2023.

10.3 Useful lives

The reviews of the useful lives of intangible assets based on the strategic direction and accepted annual development plans affected the useful lives of a large number of assets primarily software. The investments made in the context of environmentally friendly operations did not affect the useful life of the assets in use and therefore there was no change in the depreciation charge.

The revisions resulted in the following change in the original trend of amortization in the current and future years:

Effect of revision 2024	2024	2025	2026	2027	After 2027
Increase / (decrease) in depreciation expense.....	1,466	97	865	892	(3,320)

Effect of revision 2023	2023	2024	2025	2026	After 2026
Increase / (decrease) in depreciation expense.....	(468)	(1,709)	(773)	17	2,933

10.4 Goodwill

For the goodwill impairment tests, the total amount of goodwill was allocated to the operating segments of the Group and the recoverable amounts of the operating segments were determined based on fair values less costs of disposal based on Level 3 inputs in the fair value calculations (Note 4.5.1). For further information, please also see Note 3.2.

	12.31.2023			12.31.2024		
	Carrying amount of		Recoverable amount of operating segment	Carrying amount of		Recoverable amount of operating segment
	Goodwill allocated	Operating segment (incl. goodwill)		Goodwill allocated	Operating segment (incl. goodwill)	
MT-Hungary	192,514	1,063,601	2,486,970	192,514	1,068,248	3,002,165
North Macedonia.....	20,199	137,119	201,401	20,199	142,294	217,662
Total.....	**212,713**	**1,200,720**	**2,688,371**	**212,713**	**1,210,542**	**3,219,827**

The Group regularly carries out the annual impairment test on goodwill in the last quarter of the financial years, while a quick goodwill impairment test is conducted quarterly based on the main input changes. During the impairment tests conducted in 2024 and 2023 no goodwill impairment was established for any goodwill of the Group.

10.5 Frequencies and licenses

Magyar Telekom Group's primary activities are the fixed-line and mobile operations in Hungary and North Macedonia. These services are regulated by European and national legislations.

In Hungary the foundation of spectrum regulation, as in other areas of regulation, is provided by EU legislation: the EU established Directive (EU) 2018/1972, the Electronic Communications Code, in 2018. The current structure of Hungarian telecommunications regulation was developed following the transposition of the Code, with spectrum regulation being a significant cornerstone.
The spectrum or radio frequency is the exclusive property of the state, according to the Act on National Assets. Access to the spectrum is based on frequency usage rights, which providers previously acquired through tendering procedures, and now primarily through auctions, ensuring the implementation of the principle of efficient spectrum management. In 2013, the NMHH (National Media and Infocommunications Authority) enacted Regulation 7/2013 (IX.19.) NMHH, which created the possibility of secondary spectrum trading in Hungary, meaning the framework for transferring or leasing frequency usage rights.
The North Macedonian telecommunications sector is regulated by the Electronic Communications Law (ECL) enacted in 2014 as primary legislation and rulebooks as secondary legislation. In 2008, Agency for Electronic Communications (NRA), ex officio, issued a notification to Makedonski Telekom for those public electronic communication networks and/or services which has been allocated thereto under the Concession Contracts.

The regulatory authorities (NMHH, NRA) grant exclusive rights of use for frequency bands for a fixed period of time in their decisions, on the basis of which the expected useful lives have been determined. The carrying values and remaining amortization periods of the significant licenses are listed in the table below.

	12.31.2023		12.31.2024	
	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
Hungary				
700 MHz	34,234	16	32,127	15
800 MHz	23,069	10	20,872	9
900 MHz	35,034	10-19	33,021	9-18
1800 MHz	59,894	10-19	55,943	9-18
2100 MHz	22,991	3-16	18,325	2-15
2600 MHz	10,381	10	9,392	9
26 GHz	48	3	12	2
32 GHz	563	14	524	13
3600 MHz	25,346	16	23,786	15
North Macedonia				
100 MHz	1,002	14	994	13
700 MHz	1,813	14	1,800	13
800 MHz/1800 MHz	1,955	10	1,885	4
1800 MHz	20	5	18	4
2100 MHz	991	4-5	847	3-4
Other	152	3	171	2
Total frequencies and licenses	**217,493**		**199,717**	

Frequency transactions

On February 10, 2023, the National Media and Infocommunications Authority (NRA) published the documentation for the sale of the 32 GHz frequency band, following the consultation on the planned auction documentation procedure among professional stakeholders on November 22, 2022.

The participants in the auction of the 32 GHz frequency band were Magyar Telekom Plc., One Magyarország Zrt. (formerly: Vodafone Magyarország Zrt.) and CETIN Hungary Zrt. In the procedure, the operators acquired 18 of the 24 duplex sales units offered by the NRA. According to the NRA resolution published on May 23, 2023, Magyar Telekom Plc. has successfully secured the usage of 6 frequency blocks and the corresponding 336 MHz obtained. Frequency bands acquired are valid until 2038 and could be extended once with five years.

In August 2024, Magyar Telekom Plc. has signed a transfer agreement on transferring the usage right of 2x5 MHz frequency block in the 2100 MHz band to Yettel Magyarország Zrt. At December 31, 2024 this frequency was recognized as held for sale intangible assets (see Note 8). The sale took place in January 2025.

11 Investments in associates and joint arrangements

11.1 Associates and joint arrangements – accounting policies

Associates are entities over which the Group has significant influence but not control, generally reflecting a voting right between 20% and 50%.

Joint arrangements are arrangements where the parties are bound by a contractual arrangement of which two or more parties have joint control and which exist only when decisions about the relevant activities require the unanimous consent of the parties sharing the control.

If the parties that have joint control of the arrangement have rights to the net assets of the arrangement, it is a joint venture.

If the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement, it is a joint operation.

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates and joint ventures includes goodwill arising on acquisitions, and net of any accumulated impairment loss.

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognized in the Profit for the period (Share of associates' and joint ventures' profits). The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the company, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the company. Accounting policies of associates and joint ventures are adjusted where necessary to ensure consistency with the policies adopted by the Group.

In case of a joint operation, the assets, liabilities, revenue and expenses relating to the joint operation are recognized to the extent of the Group's interest in the joint operation.

11.2 Associates

The Group had no significant associates at December 31, 2024 and 2023. The Group had no contingent liabilities or commitments related to its associates at December 31, 2024 and 2023.

11.3 Joint ventures

The Group had no joint venture at December 31, 2024 and 2023.

11.4 Joint operations

Magyar Telekom Plc. and Yettel Magyarország Zrt. (Yettel) agreed in 2015 to jointly operate and develop their 800 MHz 4G mobile networks in all parts of Hungary except Budapest. The primary goal of the agreement was to accelerate 4G mobile broadband coverage rollout in the countryside and to offer higher bandwidth to the 4G customers, in line with the coverage obligations of the 800 MHz spectrum contract signed in 2014 with the NRA. Based on the agreement, Yettel maintains sites in West Hungary and Magyar Telekom Plc. operates base stations in the eastern region of the country.

The Company assessed the agreement as joint operation as strategic decisions are made jointly by Magyar Telekom Plc. and Yettel, and there is no separate vehicle to control the operation of the arrangement. The Company does not share the obligations for liabilities and any returns or expenses beyond the assets included in the agreement.

Therefore, only the assets owned by the Company are recognized while there is no need to present the partner's assets, liabilities, or revenue and expenses. The charges from Magyar Telekom Plc. to Yettel and from Yettel to Magyar Telekom Plc. are almost equal and settled on a net basis and accounted for in the Statement of profit or loss and other comprehensive income on a gross basis and the effect of this settlement is not significant.

If any of the parties initiates the termination of this contract, in order to ensure the continuous service for the customers the Company might be exposed to additional capital expenditure. The probability is estimated remote by the Management currently.

12 Other assets

Other assets usually include current and non-current receivables considered as non-financial instruments.

12.1 Other current assets

	12.31.2023	12.31.2024
Prepayments and advance payments	7,623	7,644
Other taxes receivable	640	743
Other	192	827
Total	**8,455**	**9,214**

12.2 Other non-current assets

	12.31.2023	12.31.2024
Asset recognized from the costs of obtaining a contract with customers (Notes 3.4, 18.1.1 and 18.4)	7,437	8,138
Asset recognized from the costs to fulfill a contract with customers (Notes 3.4, 18.1.1 and 18.4)	1,712	3,767
Other	289	263
Total	**9,438**	**12,168**

13 Provisions

13.1 Provisions – accounting policies

Provisions are recognized when Magyar Telekom Group has a present legal or constructive obligation (excluding executory contracts) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are measured and recorded as the best estimate of the economic outflow required to settle the present obligation at the financial statement date. The estimate can be calculated as the weighted average of estimated potential outcomes or can also be the single most likely outcome.

Provisions for obligations expected to fall due after 12 months are generally recognized at their present value and are accreted (against Interest expense) until utilization or reversal.

Expenses for provisions are recognized in the line item of the consolidated statement of profit or loss and other comprehensive income where the actual expense is expected to be incurred. When a provision is released unused, it is released typically to the same line item of the Consolidated statement of profit or loss and other comprehensive income where it was originally provided for.

13.2 Provisions in the consolidated statement of financial position

	Severance payment	Share-based payments	Other employee related	Total employee related	Legal cases	ARO	Other	Total
01.01.2023	799	2,417	734	3,950	1,563	9,547	503	15,563
Amounts reversed	(172)	(157)	(19)	(348)	(644)	(194)	(312)	(1,498)
Additions	1,356	1,513	546	3,415	50	508	490	4,463
Interest	-	18	-	18	(688)	766	-	96
Exchange rate difference	3	(24)	(32)	(53)	(4)	-	-	(57)
Amounts utilized (incl. interest component)	(1,193)	(1,345)	(468)	(3,006)	(187)	(44)	(193)	(3,430)
12.31.2023	**793**	**2,422**	**761**	**3,976**	**90**	**10,583**	**488**	**15,137**
Of which current	743	1,186	526	2,455	90	36	227	2,808
Of which non-current	50	1,236	235	1,521	-	10,547	261	12,329
01.01.2024	793	2,422	761	3,976	90	10,583	488	15,137
Amounts reversed	(178)	(235)	(28)	(441)	(2)	(119)	(44)	(606)
Additions	2,519	2,180	975	5,674	1,512	5,721	430	13,337
Interest	-	43	-	43	24	851	-	918
Exchange rate difference	(1)	40	65	104	59	-	(1)	162
Amounts utilized (incl. interest component)	(1,468)	(1,198)	(516)	(3,182)	(48)	(176)	(150)	(3,556)
12.31.2024	**1,665**	**3,252**	**1,257**	**6,174**	**1,635**	**16,860**	**723**	**25,392**
Of which current	1,648	1,647	564	3,859	1,635	26	402	5,922
Of which non-current	17	1,605	693	2,315	-	16,834	321	19,470

The Interest lines in the table above include the subsequent unwinding of the discount applied at initial recognition and the interest element of any provision recognized, as well as the release of the interest / accretion element in case of reversal of provisions.

Magyar Telekom Group does not expect any reimbursement with regards to the provisions recognized, therefore no related assets have been recognized in the financial statements.

13.2.1 Severance payment

The majority of the provision for severance as at December 31, 2024 relates to the stand-by-pool and the employee terminations payable in 2025 in relation to the efficiency improvement in Magyar Telekom Plc. The stand-by-pool of employees includes people whose legal status is an employee, however, these people do not provide services to the Company anymore, but the Company provides a reduced amount of compensation and pays social security expenses for them. This is a manner of severance that is not paid in one lump sum but in monthly installments following the discontinuation of services. The majority of the provision for severance as at December 31, 2023 also related to the stand-by-pool and the employee terminations paid in 2024 in relation to the efficiency improvement in Magyar Telekom Plc.

377 employees left the Group in 2024 (2023: 462), related to which termination payments were made. The balance of provision as at December 31, 2024 relates to 164 employees and employees in the stand-by-pool (2023: 100).

The total payments made in relation to employee termination in 2024 amounted to HUF 2,389 million (2023: HUF 2,199 million).

13.2.2 Share-based payments

Share-based payments are detailed in Note 20.1.2.

13.2.3 Legal cases

Provisions for legal cases mainly include amounts expected to be paid to regulatory and competition authorities as well as to ex-employees and trading partners as a result of legal disputes.

13.2.4 Asset retirement obligations (ARO)

Asset retirement obligations primarily exist in case of the telecommunications structures constructed on third parties' properties. The Group carries out a revision of the necessary provisions every year. The revisions resulted in recognizing additional HUF 5.7 billion provision against PPE in 2024, while there was no material impact in 2023.

13.2.5 Other provisions

Other provisions include guarantee obligations, onerous contracts and further other individually small items.

14 Other current liabilities

		12.31.2023	12.31.2024
Other taxes and social security		12,816	11,406
Salaries and wages		7,722	8,338
Supplementary telecommunication tax	(a)	5,539	6,421
Deferred revenue and advances received		2,289	2,988
Other liabilities		68	59
Total		**28,434**	**29,212**

(a) On June 4, 2022, the Government of Hungary issued a decree (Government Decree of 197/2022. (VI.4.)) imposing a new type of tax on a number of industries, including telecommunications. For further information see Notes 2.4 and 21.2.

15 Other non-current liabilities

The table below shows the balances of Other non-current liabilities:

	12.31.2023	12.31.2024
Other non-current liabilities	1,586	1,129

Bonds are initially recognized in 2020 at fair value (HUF 67,875 million) net of transaction costs (HUF 12 million) incurred and increased by premium received (HUF 2,948 million), which resulted in a 1.26% yield. The bond is subsequently measured at amortized cost under IFRS 9. Any difference between the proceeds (net of transaction cost) and the redemption amount are recognized in profit or loss over the period of the liability using the effective interest method.

For further information please see Note 4.4.2.

16 Non-controlling interests

Non-controlling interests includes the minority shareholders in Makedonski Telekom (MKT).

	MKT	Other	Total
Balance at January 1, 2023	**44,129**	**(1,092)**	**43,037**
Dividend declared	(4,474)	-	(4,474)
Total comprehensive income	3,639	-	3,639
Balance at December 31, 2023	**43,294**	**(1,092)**	**42,202**
Dividend declared	(6,077)	-	(6,077)
Total comprehensive income	9,228	-	9,228
Balance at December 31, 2024	**46,445**	**(1,092)**	**45,353**

16.1 Summarized financial information on subsidiaries with material Non-controlling interests

The information below includes the amounts as included in the consolidation, before inter-company eliminations.

a) Summarized Statement of financial position data	MKT	
	12.31.2023	12.31.2024
Current assets	30,858	34,910
Current liabilities	(24,022)	(24,899)
Non-current assets	117,766	123,489
Non-current liabilities	(4,242)	(5,886)
Net assets	**120,360**	**127,614**

b) Summarized Statement of profit or loss and other comprehensive income data	MKT	
	2023	2024
Revenue	74,117	78,585
Profit before income tax	14,187	14,760
Profit for the period	**12,539**	**12,875**

c) Summarized cash flows	MKT	
	2023	2024
Net cash generated from operating activities	29,715	31,186
Net cash used in investing activities	(12,631)	(11,323)
Dividends/capital reduction paid to Controlling interests	(5,851)	(7,947)
Dividends/capital reduction paid to Non-controlling interests	(4,474)	(6,395)
Other cash flows from financing activities	(4,562)	(3,835)
Net cash used in financing activities	**(14,887)**	**(18,177)**

16.2 Transactions with Non-controlling interests

There were no material transactions with Non-controlling interests in 2024 or 2023 other than the dividend payments.

The only significant Non-controlling interest of the Group is the Republic of North Macedonia, holding shares in MKT. MKT and Magyar Telekom Group did not execute as part of their normal business activities any transactions that were individually material in the 2024 or 2023 financial year with companies controlled by the Republic of North Macedonia or companies over which the Republic of North Macedonia can exercise a significant influence.

17 Leases

17.1 Leases – Accounting policies

A contract is a lease (or contains a lease) if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

17.1.1 Short-term leases, low value leases

IFRS 16 includes recognition exemptions available to lessees for short-term leases and leases of low value items and specifies alternative requirements.

- In the Group, a decision was made not to apply the short-term recognition exemptions to lease contracts, except for some minor and insignificant lease arrangements with a lease term of one month or less. Such very short-term leases and related asset classes are expensed as incurred and no additional quantitative disclosure is required.
- The Group has made the decision not to apply the practical expedient with respect to low value items. Hence, they have to be recognized, measured and presented as lease arrangements in the scope of IFRS 16.

17.1.2 Lease term

The lease term assessment at the commencement date refers to the period for which the Group is reasonably certain to maintain the contract under the terms and conditions as originally negotiated. When determining the lease term, the shortest reasonably possible, i.e. justifiable, term is always to be used in case of doubt. The lease term assessment is largely based on management judgement and the Group usually use estimates or assumptions (especially in the case of options and indefinite contracts) on asset cluster level.

Options - “Reasonably certain criteria”

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, lessees and lessors shall consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

17.1.3 Lease payments

The Group decided to apply the practical expedient not to separate lease from non-lease components on the lessee side (except data centers; car fleet). As a result, lease and non-lease components will be considered a single lease component.

In accordance with the recognition and measurement requirements in IFRS 16, the initial measurement of the lease liability includes variable lease payments that depend on an index or rate, e.g. the consumer price index (CPI) or a market interest rate, such as the Budapest Interbank Offered Rate (BUBOR).

In contrast, variable lease payments that are not based on an index or rate (e.g. for example, variable lease payments linked to performance or usage of the underlying asset) and which are not in-substance fixed payments are not included in lease payments and recognized in profit or loss in the period in which the event or condition occurs that triggers those payments.

17.1.4 Reassessment of the lease liability

Under IFRS 16, a reassessment of the lease liability only takes place if the change is based on already existing contractual clauses, i.e. those that have been part of the contract since commencement.

A lessee reassesses the lease term, i.e. whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that: is within the control of the lessee; and affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

17.1.5 Accounting for lease modifications

A lease modification is defined as “a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying

assets, or extending or shortening the contractual lease term)". Modification can result from a change in consideration only. The effective date of the modification is defined as the date when both parties agree to a lease modification.

A lessee accounts for a lease modification as a new, separate lease if both of the following conditions are fulfilled:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount equivalent to the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not a separate lease, i.e. that does not meet the conditions outlined above, at the effective date of the modification, the lessee accounts for the lease modification by remeasuring the lease liability using a discount rate determined at that date and:

- for lease modifications that decrease the scope of the lease, the lessee decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes a gain or loss that reflects the proportionate decrease in scope; and
- for all other lease modifications, the lessee makes a corresponding adjustment to the right-of-use asset.

When a lease arrangement is modified, then the revised lease payments will always be discounted with a revised discount rate. This is different from the requirements for a reassessment of the lease, where only in specific cases a revised discount rate is required.

17.1.6 Presentation and disclosures for the Group as lessor

In the Group's Consolidated statement of profit or loss and other comprehensive income, the income from operating leasing is not disclosed separately from other revenue. Note 18.3 provides a further breakdown of revenue, includes the revenue from operating leases in the line Other sources.

The Group as a Lessor presents assets subject to operating leases in its the Consolidated statement of financial position according to the nature of the underlying asset. In the Group, portions of assets that are physically distinct and are identified as underlying assets (leases) are not presented separately from the whole asset in the Consolidated statement of financial position.

17.1.7 Other lease topics

During 2023 and 2024, sale and leaseback and sublease transactions had no material effect on Consolidated financial statements of the Group.

17.2 Finance leases

17.2.1 Finance lease – Group as lessor

Finance leases mainly include equipment – offices, dark fibres, broadband network, sites – provided to business customers as part of IT service contracts where the Group is the service provider.

Future lease receivables under finance leases at December 31, 2023 and 2024 are as follows:

	12.31.2023			12.31.2024		
	Present value	Interest component	Minimum lease receipt	Present value	Interest component	Minimum lease receipt
Within 1 year	247	75	322	346	37	383
1–2 years	234	54	288	352	50	402
2–3 years	226	32	258	230	23	253
3–4 years	128	12	140	123	12	135
4–5 years	44	7	51	86	5	91
After 5 years	76	6	82	44	2	46
Total	**955**	**186**	**1,141**	**1,181**	**129**	**1,310**

The interest component represents the unearned finance income. The present value due within one year is included in Other current financial assets, while the present value after one year is included in Other non-current financial assets. The finance income accruing to the company over the lease term is recognized in the Profit for the period (Interest income) see Note 23.

The unguaranteed residual values accruing to the benefit of the company are insignificant.

17.2.2 Lease – Group as lessee

Leases are mainly in respect of the rental of the new headquarters, mobile cell sites and sale and lease back of spaces in buildings accommodating telephone exchanges, and to a lesser extent, related to other buildings, network and other telecommunications facilities, equipment and vehicle.

In most cases the contracts are denominated in HUF and EUR, the term of the leases is 1–14 years, considering the renewal options but no purchase options.

Leases of buildings generally have lease terms between 1 and 12 years, in the case of telecom equipment 4 and 14 years, while these terms are between 2 and 4 years in relation for motor vehicles and other equipment. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The maturity analysis of lease liabilities is disclosed in Note 5.1.3.

The following are the amounts recognized in profit or loss:

	2023	2024
Depreciation expense of right-of-use assets	22,259	23,256
Interest expense on lease liabilities	6,964	7,068
Foreign exchange loss on lease liabilities	(2,538)	13,643
Income from subleasing right-of-use assets	614	398

The Group had total cash outflows for leases of HUF 24,448 million in 2024 (HUF 24,731 million in 2023). The Company has various lease contracts that have not yet commenced as at December 31, 2024. The future lease payments for these non-cancellable lease contracts are HUF 3,276 million in 2024 (HUF 9,967 million in 2023).

The amount of undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term is HUF 20,143 million in 2024 (HUF 16,112 million in 2023).

The Group initially estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability. Typically, the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the Group does not expect to pay anything under the guarantees.

At the end of each reporting period, the expected residual value is reviewed to reflect actual residual values achieved on comparable assets and expectations about future prices.

As at December 31, 2024, there is no amount of residual value guarantees to which the Company is potentially exposed that are not reflected in the measurement of lease liabilities (zero in 2023).

17.3 Operating leases – Group as lessor

The following table includes the future minimum lease payments receivable by the Group for the operating leases of mobile tower sections, network, dark fiber, buildings and CPE.

	12.31.2023	12.31.2024
Within 1 year	4,362	5,956
1–2 years	3,851	5,363
2–3 years	3,596	4,731
3–4 years	3,211	4,563
4–5 years	2,742	3,941
After 5 years	1,431	1,815
Total	**19,193**	**26,369**

The lease income from operating leases is HUF 13,450 million in 2024 (HUF 9,185 million in 2023). The Group has no lease income relating to variable lease payments that do not depend on an index or rate. The estimated expected credit loss on operating lease receivables considered to be not material and not recognized.

The following table disaggregates class of property, plant and equipment into assets subject to operating leases:

	Land and buildings	Telecom equipment	Total
01.01.2023			
Gross value	4,003	9,664	13,667
Accumulated depreciation	(2,048)	(2,682)	(4,730)
Carrying amount 01.01.2023	**1,955**	**6,982**	**8,937**
Carrying amount - 01.01.2023	1,955	6,982	8,937
Additions	154	4,271	4,425
Disposal	(357)	(147)	(504)
Depreciation charge	(114)	(2,044)	(2,158)
Exchange differences	(5)	(2)	(7)
Carrying amount - 12.31.2023	**1,633**	**9,060**	**10,693**
12.31.2023			
Gross value	3,369	13,422	16,791
Accumulated depreciation	(1,736)	(4,362)	(6,098)
Carrying amount 31.12.2023	**1,633**	**9,060**	**10,693**
Carrying amount - 01.01.2024	1,633	9,060	10,693
Additions	999	3,544	4,543
Disposal	(2)	(17)	(19)
Depreciation charge	(516)	(2,630)	(3,146)
Exchange differences	4	3	7
Carrying amount - 12.31.2024	**2,118**	**9,960**	**12,078**
12.31.2024			
Gross value	4,632	16,979	21,611
Accumulated depreciation	(2,514)	(7,019)	(9,533)
Carrying amount 31.12.2024	**2,118**	**9,960**	**12,078**

18 Revenue

18.1 Revenue – accounting policies

18.1.1 Sale of goods and Rendering of services

The core principle of IFRS 15 is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services.

Revenue should be recognized if it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. If the Group determines that collectability is no longer ensured (e.g. because subsequently the customer's ability or intent to pay significantly deteriorates), the Group must apply cash accounting for the remainder of the contract, i.e. for the outstanding goods and services to be provided. This reassessment does not affect recorded assets and revenue relating to performance obligations already satisfied.

Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised good or service to a customer. Control either transfers over time or at a point in time, which affects when revenue is recorded.

As a practical expedient, the Group applies the guidance to a group of contracts with similar characteristics instead of to a single contract with a customer. A portfolio approach is acceptable if the Group can reasonably expect that the effect of applying a portfolio approach to a group of contracts or group of performance obligations would not differ materially from considering each contract or performance obligation separately. This implies that a portfolio of contracts with similar characteristics does not necessarily need to refer to homogenous products being included in these contracts.

Main principles

- If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group shall present the contract as a Contract asset, excluding any amounts presented as a receivable. A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer.
- In the case of multiple-element arrangements (e.g., mobile contract plus handset) with subsidized products delivered in advance, a larger portion of the total remuneration is attributable to the component delivered in advance (mobile handset), requiring earlier recognition of revenue. This leads to the recognition of what is known as a contract asset in the Consolidated statement of financial position. See Note 3.4 for more details.
- Incremental expenses for sales commissions (customer acquisition costs or costs of obtaining a contract) and costs to fulfill a contract with a customer must be capitalized and presented on the Other current and non-current assets lines of the Consolidated statement of financial position and recognized over the estimated customer retention period or over the useful life of the contracts, see Notes 3.4, 12.2 and 18.4 for more details.
- Later recognition of revenue in cases where "material rights" are granted, such as offering additional discounts for future purchases of further products.
- Contract liabilities are netted off against the contract assets for each customer contract.
- The Group presents the revenue on gross basis (as principal) when it controls the specified goods or services before they are transferred to the customer, and it must be transferred by the Group.
- When the Group is a reseller of a supplier's branded digital products and is the legal seller of these products, it should generally be considered primarily responsible towards the customer for providing the promised goods or services when both of the following conditions are fulfilled:
  - The Group is the only party which the customer enters into a contract with;
  - The Group must be the only party that is responsible towards the customer for product acceptability, providing support, handling complaints and rectifying product issues.
- A significant financing component is not considered for the amount and timing of revenue recognition if the period between when a promised good or service is transferred to the customer and when the customer pays for that good or service will be one year or less. For service contracts covering period over one year, consisting specifically trade receivables over one year and contract assets, revenue is recognized using the effective interest method described in notes 3.4 and 4.1.2, respectively.
- If the promise to grant a license is distinct from the other promised goods or services in the contract, then the promise to grant the license is a separate performance obligation and the Group shall determine whether the license transfers to a customer is either at a point in time or over time.

18.1.2 Revenue from operating leases

Revenue from operating leases is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. For further information, please see Note 17.3.

18.2 Revenue from major service lines

18.2.1 Mobile and Fixed line telecommunications revenue

Revenue is primarily derived from services provided to Magyar Telekom's customer subscribers and other third parties using Magyar Telekom's telecommunications network and equipment sales. Customer subscriber arrangements typically include an equipment sale, subscription fee and charge for the actual voice, internet, data or multimedia services used.

Subscription fees and flat rate revenue is recognized on over time basis in the period they relate to. Revenue for airtime services is recognized over-time.

Revenue from fixed, mobile and TV services provided through narrow and broadband accesses are recognized over-time basis at post-paid contracts, while on usage basis at pre-paid contracts. Streaming TV service revenue is recognized on net basis, for further information see Note 18.2.2.

Revenue from premium rate services typically include intermediated services (e.g. lottery, parking and public transport tickets, motorway toll) is generally recognized on net basis.

Advertising revenue is recognized in the period that the advertisements are exhibited.

Customers may also purchase prepaid mobile, public phone and internet credits (cards) which allow those customers to use Magyar Telekom's telecommunications network for a selected amount of time. Customers must pay for such services at the date when the card is purchased. Revenue from the sale of cards is recognized when they are used by the customers or when the credits expire with unused traffic.

Partners are using Magyar Telekom's telecommunications network including roaming customers of other service providers and other telecommunications providers which terminate or transit calls on Magyar Telekom's network. These wholesale (incoming) traffic revenue is recognized in the period of related usage. A proportion of the revenue received is often paid to other operators (interconnect) for the use of their networks, where applicable. The revenue and costs of these transit calls are stated gross in the Consolidated financial statements as the Group is the principal supplier of these services using its own network freely defining the pricing of the services and recognized in the period of related usage.

Contracts are frequently sold to customers containing a cross subsidy between two or more components. A typical example is where a mobile phone is sold at a price significantly below its market value in a bundle with a service contract for a period of 12 or 24 months. From a commercial point of view, the subsidy on the mobile phone is compensated via the service fee. See also Note 3.4.

With this adjustment requirement (also termed as "basic adjustment") a cross-subsidy or an overall bundle discount must be allocated to the individual components of the bundle consequently revenue reflects the standalone selling price of the good and/or service.

18.2.2 System integration and Information Technology revenue (SI/IT)

Contracts for network services, which consist of the installation and operation of communication networks for customers, have an average duration of 1-4 years.

Revenue from systems integration or installation contracts requiring the delivery of customized products and/or services is generally performed in projects and covered by fixed-price or time and material-based contracts.

For fixed-price contracts, revenue is measured based on the input method that determined on the progress of performance. In this case revenue recognition is based on the efforts or inputs to the satisfaction of a performance obligation (resources consumed, labour hours expended, cost incurred, time elapsed or machine hours used) relative to the total expected inputs.

In case of contracts billed on the basis of time and material, revenue is recognized over time.

Ongoing operation of IT system – outsourcing contracts – reflects the extent of actual services delivered in the period in accordance with the terms of the contract, could be performed either on the equipment of the client or the Group's (e.g. cloud, running, monitoring and maintenance services) related revenue invoiced on monthly basis (over-time). Revenue IT services delivered in the period in accordance with the terms of the contract are analyzed based on the IFRS 16 requirements – determining whether an arrangement contains a lease, and if they include embedded lease elements, the revenue attributable to these is recognized according to IFRS 16 – Leases as described in Note 17.

Magyar Telekom transfers control of goods and services over time, therefore satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- a customer simultaneously receives and consumes the benefit provided by Magyar Telekom's performance as Magyar Telekom performs, containing services provided continuously during the contracted period (desktop services, database management services, operational and maintenance services).
- Magyar Telekom's performance creates or enhances assets that the customer controls as the asset is created or enhanced or Magyar Telekom's performance does not create an asset with an alternative use to Magyar Telekom and Magyar Telekom has an enforceable right to payment for performance completed to date, include project works covering a longer period whose measured based on input method and related revenue recognized accordingly. This kind of project works could contain e.g.: Information and communications Technology (ICT) network planning and related construction works with one or more milestones during of project period from revenue recognition point of view.

If the performance obligation is not satisfied over time, Magyar Telekom satisfies the performance obligation at a point in time.

Revenue from hardware sales or sales-type leases is recognized when the customer obtains the control over the product. Equipment revenue is recognized at a point in time.

When the Group is a reseller of a supplier's branded digital products and is the legal seller of these products, it should generally be considered primarily responsible towards the customer for providing the promised goods or services when both of the following conditions are fulfilled:

- The Group is the only party which the customer enters into a contract with,
- The Group must be the only party that is responsible towards the customer for product acceptability, providing support, handling complaints and rectifying product issues.

With (rights to) another party's intangible goods or services with a (virtually) unlimited supply (e.g. software licenses, cloud services, streaming services), there is a rebuttable presumption that inventory risk is not a relevant indicator for control. If the good or service provided by the other party is a branded product by this other party, and the MT Group is not the legal seller of this good or service or of a right to the other party's good or service, the Group will be considered an agent thus revenues recognized on a net basis.

Revenue from software license sales provided by the Group to customers based on the principle-agent accounting method.

18.3 Revenue in the Consolidated statement of profit or loss and other comprehensive income

18.3.1 Disaggregation of revenue from contracts with customers

	2023	2024
Mobile revenue		
Voice retail	125,307	140,075
Voice wholesale	11,600	7,573
Data	184,698	227,289
SMS	26,669	29,492
Equipment	121,323	137,941
Other mobile revenue	21,725	23,110
Total Mobile revenue	**491,322**	**565,480**
Fixed line revenue		
Voice retail	35,533	36,556
Broadband retail	91,813	112,979
TV	71,962	81,351
Equipment	19,953	22,274
Data retail	14,099	15,847
Wholesale	21,434	22,310
Other fixed-line revenue	17,121	16,286
Total Fixed-line revenue	**271,915**	**307,603**
System integration and IT revenue	86,135	94,395
Total revenue	**849,372**	**967,478**
Of which:		
Revenue from contracts with customers	840,187	954,028
Other sources	9,185	13,450

Other sources of revenue include real estate, network rental and CPE rental fees which is presented above in the Fixed-line wholesale and Fixed-line other revenue lines.

None of the Group's customers represent a significant source of revenue individually. Revenue from transactions with a single external customer (or group of entities that – knowingly to us – is under common control of a third party or government) does not exceed 10% of the Group's revenue.

Regarding geographical segmentation of revenue please see Note 33.

18.4 Assets and liabilities related to contracts with customers

Contract assets of the Group consist of unbilled amounts typically resulting from sales under long-term contracts when revenue recognized exceeds the amount billed to the customer. See Notes 3.4, 4.2.2.3, 12.2 and 18.1.1.

Contract liabilities consist of advance payments and billings in excess of costs incurred and deferred revenue.

	12.31.2023	12.31.2024
Contract assets – current	17,358	16,903
Contract assets – non-current	3,697	4,089
Contract liabilities – current	(13,818)	(16,231)
Contract liabilities – non-current	(358)	(343)
Net contract assets (liabilities)	**6,879**	**4,418**
Revenue recognized in the reporting period from amounts included in contract liability at the beginning of the period	10,512	11,844
Asset recognized from the costs of obtaining a contract with customers	7,437	8,138
Asset recognized from the costs to fulfill a contract with customers	1,712	3,767
Amortisation recognized as cost of obtaining a contract during the period	(8,526)	(9,047)
Amortisation recognized as cost to fulfill a contract during the period	(325)	(2,852)

Impairment losses recognized on contract assets amounted to HUF 2,234 million as at December 31, 2024 (in 2023 HUF 1,993 million).

As of December 31, 2024, the aggregate amount of the transaction price allocated to the remaining performance obligation is HUF 260,213 million and the Group will recognize this revenue as services are rendered, which is expected to occur over the next 1-87 months.

19 Direct costs

Direct costs include fixed, mobile and SI/IT related direct costs.

The cost of goods sold amounts to HUF 193,329 million in 2024 (HUF 179,447 million in 2023) and is included in SI/IT service-related direct costs and Other direct costs.

In addition to the costs of mobile and fixed equipment and accessories, Other direct costs also include agent commissions and non-voice direct costs.

Telecom tax was introduced in Hungary for fixed and mobile voice and mobile SMS/MMS services, effective from July 1, 2012. The tax imposed on fixed and mobile usage amounts to HUF 2 per minute and HUF 2 per SMS/MMS for private individual subscribers' subscriptions and to HUF 3 per minute and HUF 3 per SMS/MMS for non-private individual subscribers' subscriptions. The tax is capped at HUF 700 and HUF 5,000 per month per calling number for private and non-private individuals' subscriptions, respectively.

20 Employee-related expenses

20.1 Employee-related expenses – accounting policies

20.1.1 Short-term employee benefits

Short-term employee benefits are recognized as a current expense in the period when employees render their services. These include wages, salaries, bonuses, commissions paid absences, other non-wages or non-salaries benefits (e.g.: telephone bill discounts, meal, holiday, travel, housing service contributions, current elements of the cafeteria system, etc.) their tax charges and social contributions. Payments to defined contribution pension and other welfare plans are recognized as an expense in the period in which they are earned by the employees.

The management bonus is defined as a percentage of base salary and paid in proportion to the level of achievement of strategic, financial and sustainability targets derived from the strategic objectives set for the financial year. The assessment of sustainability targets is based on the achievement of the Group's CO_2 emission reduction ($ktCO_2e$) and energy consumption reduction (GWh) objectives.

For further details please refer to the Chapters ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes and ESRS E1 Climate Change of the Consolidated sustainability statement.

20.1.2 Share-based compensation

20.1.2.1 Share Matching Plan of Deutsche Telekom Group (SMP)

As of July 1, 2015, Magyar Telekom Plc. implemented a Share Matching Plan.

The participant can invest a minimum of 10% of his/her gross annual bonus in Deutsche Telekom AG shares, with an option to voluntarily increase this amount to a maximum of 50% (personal investment). These shares must be kept for at least four years (the lock-up period), the participant is granted matching shares upon expiry of the lock-up period. The share allocation ratio of the program (1:1 or 1:2) depends on the participant's individual Management Group (MG). Deutsche Telekom Group grants the matching shares to the participant based on the Deutsche Telekom AG shares acquired by the participant within the framework of the program. The program starts annually if the free cash flow target of Deutsche Telekom Group was met in the previous year.

The program initiated by DT Group is settled in DT AG shares with the participants, meanwhile Magyar Telekom Plc. has to settle it with DT AG in cash at the same time participants are granted the DT AG shares therefore the actual closing balance of the program is presented as a related-party financial liability in the consolidated statement of financial positions as it is settled in cash from the perspective of Magyar Telekom Plc. and is due to be paid to DT AG.

In 2024 HUF 77 million was recognized as expense for the program (2023: HUF 47 million).

20.1.2.2 Long-term incentive program (LTI)

As of January 1, 2015, Magyar Telekom Plc. changed its existing LTI program, turning it into a share-based compensation program. The 2022 LTI program is a global, Deutsche Telekom Group-wide incentive program.

Commencing on January 1, 2023, the prerequisite of participating in LTI is the participation in the Share Matching Plan (SMP) and making a complying personal investment accordingly.

Approximately 30 executives may participate in the program. The CEO's participation is unconditional, while other executives may participate only if the evaluation of the participant's performance in the previous year meets the requirements. LTI is payable in cash tied to the achievement of four key strategic indicators. In the framework of the program, in each year a new four-year tranche is to be launched. Payment is due after the end of the program term depending on the evaluation of the achievement of the pre-set targets (0 to 150%).

At the beginning of the program, the relevant incentive amount is converted into a number of virtual shares of DT AG and awarded to the plan participant in the form of virtual shares (basic number). The annual level of target achievement is determined at the end of each year. This target achievement level is multiplied on a pro rata basis by the basic number of virtual shares awarded. The number of virtual shares calculated using this method shall then be "fixed" for the plan participant as the binding result for that specific year ("annual result"). At the end of the plan term, the four binding annual results shall be added together. The resulting total number of virtual shares shall be converted into cash applying the prevailing price of DT AG shares at that time, which is paid to the plan participants. For dividend payments during the plan term, the virtual shares shall be treated as real shares.

The dividends shall be taken into account as follows: The first, second and third dividend payments shall be “reinvested” into virtual shares when the actual dividends are paid on real shares. The fourth (last) dividend payment shall not be “reinvested” but paid in cash together with the plan payment following the DT AG shareholders' meeting at which a decision is made regarding this dividend payment. The plan currency is euro.

In 2024 HUF 1,386 million was recognized as expenses for the program (2023: HUF 801 million).

20.1.3 Game Changer Incentive (GCI)

Game Changer Incentive is a long-term incentive program paid in cash that is linked to the performance of two equally weighted indicators (50% financial and 50% customer centricity).

The program is a four-year program, from January 1, 2022, to December 31, 2025. For each program-year different base amount, rising in sequence, has been determined. Payment condition for the given program-year is that the target achievement level of the two performance indicators is each at least 50%. The base amount payable for the program-years depend on how many times in uninterrupted succession the necessary condition has been met (sequence of payment). If the necessary condition for payment is not met in a program-year, the payment sequence will recommence with the base amount determined for the first program year. The program currency is euro. Payment is always made after the program-year’s expiry and the evaluation of the targets’ performance levels on a scale of 0-150%. The detailed rules are determined by the Remuneration and Nomination Committee. The rules of participation in the program are included in the regulation adopted by the Remuneration and Nomination Committee. After payment is made, the incentive may not be reclaimed.

In 2024 HUF 616 million was recognized as expense for the program in (2023: HUF 422 million).

20.1.4 Termination benefits

Termination benefits are payable whenever an employee’s employment is terminated before the nominal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

20.2 Employee-related balances in the Consolidated statement of financial position

Liabilities payable on incentive plans and termination benefits recognized as provision in the consolidated statement of financial position and annual movements for 2024 and 2023 disclosed in Note 13.2. Short-term liabilities on employee benefits (Salaries and wages) as of 2024 and 2023 presented in Note 14.

20.3 Employee-related expenses in the Consolidated statement of profit or loss and other comprehensive income

	2023	2024
Short-term benefits (Note 20.1.1)	84,135	100,568
Termination benefits (Note 20.1.4)	2,239	3,244
Cash-settled share-based compensations (LTI) (Note 20.1.2.2)	801	1,386
Cash-settled compensation (GCI) (Note 20.1.3)	422	616
Equity-settled share-based compensations (SMP) (Note 20.1.2.1)	47	77
Total before capitalization	**87,644**	**105,891**
Expenses capitalized	(3,956)	(4,144)
Total	**83,688**	**101,747**
Total costs expensed in relation to defined contribution plans (including social security contribution)	11,091	13,427
Average number of employees (full time equivalent)	6,722	6,744
Closing number of employees (full time equivalent)	6,797	6,704

Capitalized expenses represent the employee related costs incurred in connection with developments and recognized as a cost of an intangible assets or property, plant and equipment.

21 Other operating expenses

21.1 Other operating expenses

		2023	2024
Cost of other purchased services	21.1.1	44,764	51,031
Energy costs	21.1.2	25,264	16,703
Marketing expenses		10,045	11,599
Utility tax	2.4	7,667	-
Other	21.1.3	9,556	13,210
Total		**97,296**	**92,543**

Research costs are expensed as incurred. The Group did not recognize research and development among other operating expenses either in 2023 or 2024.

21.1.1 Audit costs included in Cost of other purchased services

Cost of other purchased services, among others, include expenses incurred in relation to the audit of the Separate and Consolidated financial statements of the Group and its certain subsidiaries as well as other services which were settled with Deloitte Könyvvizsgáló és Tanácsadó Kft. (Deloitte) as follows.

	2023	2024
Audit of the financial statements	470	498
Other audit-related fees	13	143
Total expenses paid to Deloitte	**483**	**641**

Audit of the financial statements is the aggregate fees of Deloitte in connection with the audit of the annual financial statements and services performed in relation to legal obligations and submissions required by regulatory provisions. Review of the quarterly financial statements is also included, as well as information systems and procedural reviews and testing to understand and place reliance on the systems of internal control.

Other audit-related services mainly include costs of other professional auditing services provided by the Auditor beyond the audit of the financial statements, as well as fees of other audit procedure necessary for meeting the reporting requirements arising from relevant legislation and internal regulations applicable to the Group.

21.1.2 Energy costs

Electricity accounts for the majority of energy costs, a part of which is covered by renewable solar energy sourced through PPAs.

For further details please see Note 2.5. and the Chapter ESRS E1-5 Energy consumption and mix in the Consolidated sustainability statement.

21.2 Supplementary telecommunication tax

On June 4, 2022, the Government of Hungary issued a decree (Government Decree of 197/2022. (VI.4.)) imposing new tax on a number of industries, including telecommunications. The supplementary telecommunication tax is levied on the actual business year's annual net sales of telecommunication services as defined by the law on local taxes using progressive rates, appropriately weighted based on the expected full year revenue and is payable for the years 2022, 2023 and 2024.

The applicable tax rate is progressive: 0% for turnover below HUF 1 billion; 1% for turnover exceeding HUF 1 billion and below HUF 50 billion; 3% for turnover exceeding HUF 50 billion and below HUF 100 billion; and 7% for turnover exceeding HUF 100 billion. The major proportion of Magyar Telekom's telecommunication revenue is subject to 7% tax rate.

The supplementary telecommunication tax classification requires judgment. Management believes that this tax is not a tax on consumption of services by end customers but rather a tax on entities operating in selected industries and its fundamental aim is to support the corrective actions in relation to the economic downturn that Hungary is facing. The calculation of supplementary telecommunication tax ignores whether revenue is invoiced to and collected from customers or not. Altogether, management classified this tax as indirect operating expense and for transparency it is disclosed on a separate line of Consolidated statement of profit or loss and other comprehensive income.

In 2024 the supplementary telecommunication tax expense is amounted to HUF 36.4 billion (2023: HUF 30.0 billion). For more information see Note 2.4.

22 Other operating income

	2023	2024
Income received for the relocation and reconstruction of own network	843	1,037
Income from Energy Efficiency Obligation Schemes	615	422
Gain on the sale of PPE, Intangible assets and assets held for sale - net	237	406
Income from VAT and late payment fee related to legal case	-	383
Brand license fee	300	300
Other	3,063	3,838
Total	**5,058**	**6,386**

The sub-balance of Other includes no individually material items.

23 Interest income

	2023	2024
Interest income on receivables and loans	3,219	4,471
Dividend income	113	111
Unwinding of interest component of provisions	787	11
Interest income from finance leases	9	7
Total	**4,128**	**4,600**

24 Interest expense

	2023	2024
Interest expense on lease liabilities	6,964	7,068
Interest expense payable to DT	9,352	5,526
Interest expense on frequency fee liabilities	4,183	3,973
Other interest expense	4,146	3,651
Interest component of provisions	883	929
Borrowing costs capitalized	(526)	(394)
Total	**25,002**	**20,753**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense. Borrowing costs include interest and other costs that the Group incurs in connection with the borrowing of funds. The borrowing costs eligible for capitalization are capitalized applying the weighted average of the borrowing costs applicable to the general borrowings of the Group that are outstanding during the period. For further information see Note 9.1. and 10.1 A qualifying asset is an asset that necessarily takes a substantial period of time, in general over 12 months, to get ready for its intended use.

Total Interest expense is shown net of borrowing costs capitalized using average borrowing rates of 2.74%-3.80% in 2024 (2023: 3.75%-4.74%). When calculating the borrowing rates, Other finance expenses (included in Note 25) are also considered.

25 Other finance expense – net

	2023	2024
Fee expense	6,248	7,390
Net foreign exchange losses / (gains) on financial instruments	(10,298)	13,643
Other net foreign exchange losses / (gains)	(4)	(1,052)
Losses / (gains) on the subsequent measurement of financial assets at fair value through profit or loss (other than derivatives)	(112)	-
Losses / (gains) on the subsequent measurement of financial liabilities at fair value through profit or loss (other than derivatives)	(135)	-
Losses / (gains) on the subsequent measurement of derivatives contracted with related parties	27,467	(6,898)
Total	**23,166**	**13,083**

The significant foreign exchange gains on financial instruments in 2023 was due to the strengthening of the forint. In 2024 it turned into a significant loss due to the depreciation of the forint against the euro. Significant part of the foreign exchange exposure is covered by derivatives; therefore, the foreign exchange impact of the HUF movement on financial instruments is partially offset by the results on derivatives contracted with related parties.

During 2023 these significant derivative losses are partly due to the decreasing forint interest rate environment and approaching maturity of affected derivatives reversing significant gains from the previous years and partly due to strengthening of the forint. In 2024 it turned to significant gains due to the depreciation of the forint and the increase in forint-euro interest rate differentials.

26 Changes in the Group

26.1 Business combinations

In 2024, KalászNet Kft acquired an FTTH and FTTB network, a TV, internet and telephone business with its customers. This acquisition qualified as a business combination of the MT-Hungary operating segment. The consideration of HUF 270 million was transferred in December 2024. The acquired assets are recognized as property, plant and equipment. The finalization of purchase price allocation is expected to be finalized in 2025.

In 2023 there was not any new acquisition. For further information please see Note 29.

27 Earnings per share

Basic earnings per share is calculated by dividing profit attributable to the owners of the Company for the period by the weighted average number of common stocks outstanding. Furthermore, the weighted average number of common stock outstanding is determined by deducting the weighted average number of treasury shares held by Magyar Telekom Plc. All figures are presented in the Consolidated statement of profit or loss and other comprehensive income.

There was no transaction resulting dilutive shares in the reported periods therefore the presented basic and diluted EPS are equal in 2023 and 2024.

28 Purchases of property, plant and equipment and intangible assets

The table below shows the reconciliation of investments in property, plant and equipment and intangible assets and the cash payments made for these investments from continuing operations. Capitalized borrowing costs are included in the Investments in PPE and intangible assets, where applicable.

		12.31.2023	12.31.2024
Investments in property, plant and equipment (Note 9.2)		73,356	78,993
Investments in Right-of-use assets (Note 9.2 and 17.2.2)		23,089	32,741
Investments in intangible assets (Note 10.2)		31,836	28,589
Total investments in PPE and intangible assets		**128,281**	**140,323**
Capitalized asset-related grant	(a)	(854)	-
Change in Right-of-use assets		(23,089)	(32,741)
Change in trade payables relating to capital expenditures	(b)	(6,629)	(4,445)
Recognition / (Derecognition) of investment tax credit	(c)	2,406	(307)
Cash payments for purchases of PPE and intangible assets		**100,115**	**102,831**

(a) In 2023 HUF 838 million is paid by the government. In 2024, no investments subsidized by government grants were made.

(b) Change in payables relating to capital expenditures includes the effect that the actual cash settlement of the vendor invoices is made subsequent to the recognition of the investment.

(c) For further information of Recognition / (Derecognition) of investment tax credit see Notes 6.3.2.1

29 Cash-flow from purchases and disposals of subsidiaries and business units

Cash payments related to the purchases of subsidiaries and business units include advance payments made before the closing of the transaction, the initial purchase price paid on the closing of the transaction as well as amounts paid as additional contingent purchase prices disbursed in years following the year of the business combination.

	12.31.2023	12.31.2024
Cable TV businesses	(67)	-
TV, internet and telephone business (Note 26.1)	-	270
Cash payments for purchases of subsidiaries and business units	**(67)**	**270**

In 2023 HUF 67 million retention was transferred in relation to a Cable TV acquisition in 2021.

30 Contingent assets and liabilities

30.1 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 Consolidated statement of financial position.

The Group has no contingencies where the inflow of economic benefits would be probable and material.

30.2 Contingent liabilities

No provision is recognized for contingent liabilities. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events (excluding executory contracts) not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The most significant contingent liabilities of the Group are described below. No provisions have been recognized for these cases, as management estimates that it is unlikely that these claims originating from past events would result in any material economic outflows from the Group, or the amount of the obligation cannot be measured with sufficient reliability.

30.2.1 Guarantees

Magyar Telekom Plc. is exposed to risks that arise from the possible drawdown of guarantees, for which see more details in Note 4.5.4.

31 Purchase commitments

31.1 Purchase commitments for property, plant and equipment and intangible assets

The table below summarizes Magyar Telekom Group's contractual purchase commitments for property, plant and equipment and intangible assets with the majority falling due within two years.

	12.31.2023	12.31.2024
Property, plant and equipment	11,411	15,521
Intangible assets	6,719	6,773
Total	**18,130**	**22,294**

31.2 Purchase commitments for business combinations

As at December 31, 2024 and 2023 the Group had no committed business combinations.

32 Related party transactions

Related parties – defined under IAS 24.9 a, b – of the Group include legal entities and persons that are related to the Group.

The transactions with related parties are priced at arm's lengths basis. Based on the impairment test no impairment was recognized for receivables from related parties in the reported years.

32.1 Deutsche Telekom Group and the Federal Republic of Germany

32.1.1 Deutsche Telekom Group

Deutsche Telekom AG is the ultimate (indirect) controlling owner of Magyar Telekom Plc., holding 65.78% of the Company's shares. Deutsche Telekom Group has a number of fixed line, mobile and IT service provider subsidiaries worldwide, with whom the Group has regular transactions.

The table below summarizes the significant transactions and balances with DT Group.

		12.31.2023	12.31.2024
Revenue from services provided to DT Group		25,898	28,915
Costs of services provided by DT Group		(22,725)	(6,064)
Income from support services provided to DT Group		85	290
Interest expense to DT Group	23	(9,352)	(2,242)
Dividend paid to parent company		(18,894)	(27,599)
Trade receivables from DT Group	4.2.2.1	7,803	7,006
Trade payables to DT Group	4.4.5	(9,951)	(10,831)
Loans payable to DT Group	4.4.1	(141,495)	(86,793)
Derivative financial instruments contracted with DT Group – asset	4.2.3	17,295	8,537
Derivative financial instruments contracted with DT Group – liability	4.4.3	(120)	(74)

32.1.2 The Federal Republic of Germany

The Federal Republic of Germany is both a direct and an indirect shareholder and holds approximately 28.2% of the share capital of DT AG. Due to the average attendance at the shareholders' meetings in previous years, the Federal Republic of Germany represents a solid majority at the shareholders' meetings of DT AG, although it only has a minority shareholding, making DT AG a dependent company of the Federal Republic. Therefore, the Federal Republic and the companies controlled or jointly controlled by the Federal Republic are classified as related parties of DT AG, and consequently of Magyar Telekom as well.

DT AG and Magyar Telekom did not execute, as part of its normal business activities, any transactions that were individually or aggregately material in the 2024 or 2023 financial year with companies controlled or jointly controlled by the Federal Republic.

32.2 Board and Supervisory Board members

	2023	2024
Remuneration of the members of the Board of Directors*	19	20
Remuneration of the members of the Supervisory Board	37	41
Loans granted to the members of the Board of Directors	-	-
Loans granted to the members of the Supervisory Board	-	-

* Exemption for the independent members, members of the Board of Directors waived their remuneration or offered their remuneration for charity. The honorarium offered for charitable purposes is HUF 6.6 million in 2024 (HUF 6 million in 2023).

32.3 Key management

Key management has been identified as the members of the Company's Chief Officers. The Chief Executive Officer (CEO) and the other Chief Officers (Chief Officers) together fulfill the Chief Operating Decision Maker (CODM) function in the Group.

The table below shows, in total, the compensation expenses (including social security and other payroll-related taxes) incurred by the Group in relation to the key management.

	2023	2024
Salaries and other employee benefits	1,440	1,694
Contractual termination expense	-	-
Share-based compensation (Note 20.1)	27	51
	1,467	**1,745**
Of which costs expensed in relation to defined contribution plans (including social security contribution)	210	242

Detailed information on the remuneration of the Board of Management and the Supervisory Board is published in the separate remuneration report.

The Group does not provide loans to its key management.

33 Reportable segments and information about geographical areas

33.1 Segment information

The Group's segments are reported in a manner consistent with the internal reporting provided to the CODM, the key management of Magyar Telekom Plc.

The CODM of Magyar Telekom Plc. is responsible for allocating resources to, and assessing the performance of, the operating segments on a monthly basis. The Chief Officers assess the performance of the Group and make their decisions.

The accounting policies and measurement principles of the operating segments are very similar to those applied for the Group described in Note 2. The differences primarily originate from the fact that the operating segments' annual results are determined and closed at an earlier stage, around January 8–10 each year, than these financial statements. Any items discovered and requiring adjustment between the closing date of the segment results and the approval date of the financial statements are reflected in the next year's segment results.

The operating segments' revenue includes revenue from external customers as well as the internal revenue generated from inter-segment support services.

The operating segments' results are monitored by the Company's management down to EBITDA AL (Earnings before interest, tax, depreciation and amortization but including the depreciation and interest of Right-of-Use assets) level.

The Company's management does not monitor the assets and liabilities at segment level.

Another important KPI monitored at segment level is capital expenditure (CAPEX) and CAPEX AL (after lease, excluding the Capex of Right-of-Use assets and spectrum licenses) which is determined as the annual investments in PPE and Intangible assets.

33.2 Reportable segments

Magyar Telekom Group'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 (as the earlier used T-Systems brand was ceased to be used in November 2022). 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.

33.2.1 Information regularly provided to the CODM

The following tables present the segment information by reportable segment regularly provided to the CODM, reconciled to the corresponding Group numbers.

This includes several key indicators of profitability that are considered for the purposes of assessing performance and allocating resources. Management believes that Revenue, EBITDA, EBITDA AL and Capex, Capex AL are the most appropriate indicators for monitoring each segment's performance and are the most consistent with how the Group's results are reported in these financial statements.

2024	MT-Hungary	North Macedonia	Total
Voice	131,118	15,807	146,925
Non-voice	237,241	19,540	256,781
Equipment	125,096	12,845	137,941
Other	20,020	3,096	23,116
Total mobile revenue	**513,475**	**51,288**	**564,763**
Voice retail	31,276	5,269	36,545
Broadband - retail	105,704	7,230	112,934
TV	75,771	5,548	81,319
Equipment	22,164	110	22,274
Other	44,796	7,371	52,167
Total fixed-line revenue	**279,711**	**25,528**	**305,239**
SI/IT revenue	92,450	1,769	94,219
Total segment revenue	**885,636**	**78,585**	**964,221**
Less: revenue from other segment	(114)	(54)	(168)
Total revenue from external customers	**885,522**	**78,531**	**964,053**
Measurement differences*	-	-	3,425
Total revenue of the Group	**885,522**	**78,531**	**967,478**

2023	MT-Hungary	North Macedonia	Total
Voice	122,815	14,815	137,630
Non-voice	193,620	17,747	211,367
Equipment	109,414	11,909	121,323
Other	18,559	3,170	21,729
Total mobile revenue	**444,408**	**47,641**	**492,049**
Voice retail	30,431	5,113	35,544
Broadband - retail	85,405	6,453	91,858
TV	66,476	5,518	71,994
Equipment	19,828	125	19,953
Other	43,986	7,415	51,401
Total fixed-line revenue	**246,126**	**24,624**	**270,750**
SI/IT revenue	84,283	1,852	86,135
Total segment revenue	**774,817**	**74,117**	**848,934**
Less: revenue from other segment	(93)	(59)	(152)
Total revenue from external customers	**774,724**	**74,058**	**848,782**
Measurement differences*	-	-	590
Total revenue of the Group	**774,724**	**74,058**	**849,372**

* rounding between segment and Group revenue

As other sources of revenue represent an insignificant part of total revenue, we assumed regarding segment revenue that total revenue is revenue from contracts with customers.

2024	MT-Hungary	North Macedonia	Unallocated	Total
EBITDA	329,979	32,797	-	**362,776**
Measurement differences*	-	-	625	**625**
EBITDA	**329,979**	**32,797**	**625**	**363,401**
Depreciation of Right-of-Use Assets	(22,207)	(1,049)	-	**(23,256)**
Interest expense of Right-of-Use Assets	(6,907)	(161)	-	**(7,068)**
EBITDA AL	**300,865**	**31,587**	**625**	**333,077**
Depreciation and amortization			(116,686)	**(116,686)**
Net financial result			(22,168)	**(22,168)**
Profit before tax				**194,223**
Income tax			(30,827)	**(30,827)**
Profit for the period				**163,396**

2023	MT-Hungary	North Macedonia	Unallocated	Total
EBITDA	255,253	31,489	-	**286,742**
Measurement differences*	-	-	423	**423**
EBITDA	**255,253**	**31,489**	**423**	**287,165**
Depreciation of Right-of-Use Assets	(21,336)	(923)	-	**(22,259)**
Interest expense of Right-of-Use Assets	(6,817)	(147)	-	**(6,964)**
EBITDA AL	**227,100**	**30,419**	**423**	**257,942**
Depreciation and amortization			(116,909)	**(116,909)**
Net financial result			(37,077)	**(37,077)**
Profit before tax				**103,956**
Income tax			(19,552)	(19,552)
Profit for the period				**84,404**

* rounding between segment and Group revenue

Capital expenditure (Capex) on PPE, Intangible assets and Right-of-use assets	12.31.2023	12.31.2024
MT-Hungary	111,898	131,318
North Macedonia	16,268	14,526
Total capital expenditure of the segments	**128,166**	**145,844**
Acquisition of mobile licenses (Note 10)	586	-
Other measurement differences between segment and Group Capex	37	200
Total investments of the Group in PPE and Intangible assets	**128,789**	**146,044**

Capex AL	12.31.2023	12.31.2024
MT-Hungary	90,222	99,490
North Macedonia	15,441	13,613
Total Capex AL of the segments	**105,663**	**113,103**
Measurement differences to Capex AL of the Group	37	200
Total Capex AL of the Group	**105,700**	**113,303**

The acquisition of mobile licenses is not considered part of the Capex measure of the segments. Total investments of the Group in PPE and Intangible assets correspond to the "Investments" lines disclosed in Notes 9, 10 and 28.

33.3 Information about geographical areas

The table below shows the revenue generated from external customers in the countries where the Group operates, using the same measurement principles as for the corresponding Group numbers. As other sources of revenue represent an insignificant part of total revenue, we assumed regarding geographical areas of revenue that total revenue is revenue from contracts with customers.

Revenue	2023	2024
Hungary	761,234	873,228
North Macedonia	74,058	78,531
Romania	8,750	10,870
Bulgaria	5,330	4,849
Total revenue of the Group	**849,372**	**967,478**

The table below shows the Non-current assets of the Group located in the countries of operations (including goodwill allocated to operating segments operating in these countries) and the reconciliation to the total Non-current assets of the Group, using the same measurement principles as for the corresponding Group numbers.

Non-current assets	12.31.2023	12.31.2024
Hungary	1,016,642	1,021,908
North Macedonia	113,473	117,630
Romania	4,447	5,568
Bulgaria	4,797	4,951
Total excluding Other non-current financial assets, Trade receivables over one year, Derivative financial instruments contracted with related parties and Deferred tax assets	**1,139,359**	**1,150,057**
Other non-current financial assets (Note 4.2.4.2)	4,381	6,907
Trade receivables over one year (Note 4.2.2.1)	25,060	25,149
Derivative financial instruments contracted with related parties (Not 4.2.3)	9,632	6,733
Deferred tax assets (Note 6.3.2)	123	114
Total Non-current assets of the Group	**1,178,555**	**1,188,960**

34 Events after the reporting period

Magyar Telekom Plc. has entered into an agreement for the sale of ViDaNet Zrt., a provider of fixed services. The total consideration is based on the conditions of agreement calculated at the date of closing of the transaction. The transaction is expected to close in the first quarter of 2025, subject to customary closing conditions, including the necessary regulatory decisions.

Budapest, February 25, 2025



Tibor Rékasi
Chief Executive Officer, Board member

Daria Aleksandrovna Dodonova
Chief Financial Officer, Board member

Consolidated business/management report

of Magyar Telekom Telecommunications Public Limited Company

for the year ended December 31, 2024

Introduction

Magyar Telekom Plc. with its subsidiaries form Magyar Telekom Group (hereinafter: the Group).

The Group's consolidated business/management report provides additional information on the following topics:

- Summary on 2024 operations
- 1 The Group's share capital, voting rights and transfer of shares
- 2 Corporate governance, compensation of members of the board of directors, supervisory board, and management
- 3 Social commitments, labor standards, human rights
- 4 Research and development
- 5 Real estate, sites of operation
- 6 Corporate compliance
- 7 Economic environment, outlook and targets
- 8 Internal controls, risks and uncertainties
- 9 Analysis of financial results for 2024
- 10 Consolidated sustainability statement
- 11 Events after the reporting period

Summary on 2024 operations

Financials

Despite challenging environment, Magyar Telekom Group delivered its public guidance communicated for 2024. Group revenue rose by 13.9% year-on-year to HUF 967.5 billion and EBITDA AL reached HUF 333.1 billion representing a 29.1% increase year-on-year. Furthermore, adjusted net income reached HUF 162.6 billion and the free cash flow excluding spectrum licenses amounted to HUF 165.1 billion for the year 2024.

These results are equally attributable to successful monetization of the Group's quality networks, implementation of the inflation-based fee adjustment, a more favorable cost structure as well as the appealing service offerings and the excellent customer servicing.

Network

In 2024, Magyar Telekom Group continued its flagship network investments in both countries of operation which aim to provide its customers with an outstanding network that they require and appreciate, whether they are at home or on the move.

In the frame of the fiber roll-out program in Hungary ca 200 thousand further access points were added to the Group's gigabit network, thus making the Group able to provide gigabit speed at around 3.8 million access points in Hungary by the end of the year. This translates to over 83% of its Hungarian fixed infrastructure. Fiber roll-out progressed in North Macedonia as well, by the end of the year the coverage of the fiber network reached almost 40%.

The Group also has completed its mobile network modernization program launched 5 years ago in Hungary, upgrading all its mobile base stations and implementing capacity expansion and 5G rollout at majority of them, allowing it to meet the surging mobile data demand as well as to steadily expand 5G. Thanks to the developments, by the end of the year, the population-based outdoor 5G coverage has reached 74%. Besides, in North Macedonia, where the RAN modernization was already fully completed in 2022, population based outdoor 5G coverage reached 93% by the end of 2024.

Customers

The success of the Group's efforts to provide outstanding infrastructure, excellent service and tailor-made solutions to its customers were again reflected in the further expansion of its customer base: fixed broadband subscriber base in Hungary expanded by 4% whilst mobile SIM base rose by 3% against last year. At the same time, increasing number of the customers has opted to connect via a gigabit capable technology to Magyar Telekom Group's fixed network in Hungary, reaching 1.5 million by the end of the year. On the mobile side, data consumption continued to rise dynamically; the average monthly mobile data usage per customer rose by over 12% year-on-year reaching over 13.5 GB by the end of the year in Hungary.

Resilience

The above positive commercial developments were coupled with favorable changes on the cost side. Firstly, the utility tax levied on telecommunication operators were eliminated as of January 1, 2024, whilst thanks to the more favorable global market developments, the Group's energy costs also decreased. In addition to these, efficiency measures continued to play an important role in compensating for the negative impacts of the cost inflation on profitability.

The success of the Group's efforts is reflected in that Scope Ratings GmbH affirmed the Company's issuer credit rating and senior unsecured debt rating at BBB+.

The Company also received further recognitions for its sustainability achievements during 2024; MSCI kept Magyar Telekom Group's ESG rating to 'AAA', whilst the ISS Corporate Solutions ranked the Group among the best performers of the telecom sector globally with respect to its sustainability credentials.

1 The group's share capital, voting rights and transfer of shares

As of December 31, 2024, the share capital of Magyar Telekom Plc. was HUF 93,861,749,700, consisting of 938,617,497 Series "A" dematerialized ordinary shares. All Series "A" ordinary shares have a nominal value of HUF 100. Rights and obligations related to Series "A" ordinary shares are described in detail in Section 4 of the Articles of Association (http://www.telekom.hu/about_us/investor_relations/corporate_governance/corporate_governance_documents).

On June 9, 2024, the Court of Registry registered the Group's capital decrease that was decided upon at its Annual General Meeting held on April 16, 2024. The Group's share capital consequently was decreased from HUF 97,155,886,700 to HUF 93,861,749,700 with the cancellation of 32,941,370 pieces of dematerialized series "A" ordinary shares, owned by the Group (treasury shares), each with the face value of HUF 100.

Information concerning its ownership structure as of December 31, 2024 is described in the following table:

Shareholder	Number of shares	Percentage of share capital
Deutsche Telekom Europe B.V.	617,436,759	65.78
Publicly traded	291,144,325	31.02
Treasury shares	30,036,413	3.20
	938,617,497	**100.00**

Deutsche Telekom Europe B.V. owning 67.96% of Magyar Telekom Plc.'s voting rights is a member of the Deutsche Telekom Group. The ultimate controlling parent of Magyar Telekom Plc. is Deutsche Telekom AG (DT or DT AG).

Deutsche Telekom Europe B.V. does not have different voting rights than our other shareholders and, as with our other shareholders, Deutsche Telekom Europe B.V. is entitled to one vote per each ordinary share that it owns.

1.1 Voting Rights and Voting

The holder of each Series "A" ordinary share shall be entitled to one vote at the General Meeting of Magyar Telekom Plc. The names of shareholders and nominees who intend to participate at the General Meeting shall be registered in the Share Register on the second working day prior to the starting date of the General Meeting. The General Meeting shall adopt its resolutions by a simple majority vote except for resolutions on issues listed in the Articles of Association, which shall require at least a three-quarters majority of the votes cast. There is no limitation on the rights of non-resident or foreign shareholders to hold or exercise voting rights on the ordinary shares. There is no limitation of voting rights for ordinary shares in the Articles of Association. Magyar Telekom Plc. has no shares assigned with special management rights.

1.2 Transfer of Shares

For the transfer of dematerialized shares, a contract for transfer or other legal title is required and, in that context, the transferor's securities account shall be debited, and the new holder's securities account shall be credited with the transferred dematerialized shares. The holder of dematerialized shares shall be considered the holder of the securities account on which the dematerialized shares are recorded.

The transfer of any Series "A" ordinary shares is not bound to any restriction or attainment of agreement.

2 Corporate governance and compensation of members of the board of directors, supervisory board, and management

2.1 Annual General Meeting

The General Meeting has the exclusive right to approve and amend the Articles of Association (section 5.2. (a)) unless otherwise provided by law or the Articles of Association. According to the Articles of Association, the Board of Directors is entitled to make decisions regarding any change in the registered seat, sites, branch offices and – except for the main activity – the scope of activities of the Group and in relation to this, to modify the Articles of Association (section 6.4.(p)).

2.2 Board of Directors

The Board of Directors operates based on its Rules of Procedure (https://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors).

The Board of Directors is responsible for all matters relating to the Company's management and course of business not otherwise reserved to the General Meeting or to other corporate bodies by the Articles of Association or by the laws. The Board of Directors draws up, at the end of each business year, a report for the General Meeting and quarterly to the Supervisory Board on the management of the Company, the assets of the Company, the financial situation of the Company and the business policy of the Company.

The rules of competence regarding the capital increase and purchase of treasury shares are detailed in Sections 5.2 (b) and (p) as well as 6.4. (l) and (m) of the Articles of Association. The General Meeting with its Resolution No. 8/2024 (IV.16.) authorized the Board of Director to purchase Magyar Telekom Plc. ordinary shares for 18 months starting from the date of approval of the resolution. The relevant resolution is available on the General Meetings section of the Company's website.

Pursuant to the Articles of Association, the Board of Directors consists of a minimum of five and a maximum of eleven members elected by the General Meeting for a term of three years, unless otherwise provided by the General Meeting. On December 31, 2024, the Board of Directors had eight members.

Meetings of the Board of Directors are held at least four times a year. Meetings of the Board of Directors require the presence of at least the majority of the members for a quorum. Each member of the Board of Directors has one vote. The Board of Directors passes resolutions by a simple majority vote.

On December 31, 2024, members of the Board of Directors, their principal occupation and the years of their original election were as follows:

Name	Born	Principal Occupation	Member since
Daniel Daub	1976	Senior Vice President Finance and Performance Management Europe, Deutsche Telekom AG, Chairperson of the Board of Directors of Magyar Telekom Plc.	2023
Daria Aleksandrovna Dodonova	1976	Chief Financial Officer of Magyar Telekom Plc.	2020
Gábor Fekete	1950	Consultant	2020
Elvira Gonzalez	1975	Senior Vice President B2B Europe, Deutsche Telekom AG	2022
Frank Odzuck	1959	Chief Executive Officer of Zwack Unicum Plc.	2006
Péter Ratatics	1982	Consumer Services Executive Vice President of MOL Group	2019
Tibor Rékasi	1973	Chief Executive Officer of Magyar Telekom Plc.	2018
Melinda Szabó	1971	Chief Executive Officer, T-Mobile Czech Republic S.A. and Slovak Telekom S.A.	2022

The members' assignment lasts until May 31, 2025.

2.3 Management

As part of the corporate governance simplification initiative, the Board of Directors of Magyar Telekom Plc. resolved to cease the activity of the Management Committee established in 2000 as a formal corporate decision-making body with effect from January 1, 2020. The tasks and responsibilities of the Management Committee have been re-allocated to the Chief Officers and to the Board of Directors of the Group. As a result of this change, the Management Committee transformed into an agile „Leadership Squad".

On December 31, 2024, the members of the Management and the years of their original election were as follows:

Name	Born	Current position	Member since
Tibor Rékasi	1973	Chief Executive Officer of Magyar Telekom Plc.	2013
Daria Aleksandrovna Dodonova	1976	Chief Financial Officer	2020
Zoltán Pereszlényi	1978	Chief Commercial Officer	2022
Zsuzsa Tóth	1979	Chief People Officer	2024
Gábor Gonda	1976	Chief Commercial Officer Enterprise, Chief Executive Officer of Telekom Rendszerintegráció Zrt.	2020
Lubor Zatko	1974	Chief Technology and IT Officer	2019

2.4 Supervisory Board

The Supervisory Board carries out its activities based on its Rules of Procedure (https://www.telekom.hu/about_us/investor_relations/corporate_governance/supervisory_board).

The Supervisory Board shall examine all submissions to be submitted to the General Meeting and present its opinion thereof at the General Meeting. The General Meeting may pass a resolution on a report pursuant to the Accounting Act and the use of the profit after income tax only upon receipt of the written report of the Supervisory Board. The Supervisory Board makes a proposal directly to the General Meeting regarding the election, remuneration and removal of the Statutory Auditor.

Pursuant to the Company's Articles of Association, the Supervisory Board consists of five members (three independent members and two employee representatives) elected by the General Meeting for a term of three years, unless otherwise provided by the General Meeting. The employee representatives in the Supervisory Board shall be nominated by the Central Workers' Council. Meetings of the Supervisory Board have a quorum if two-thirds of the elected members but at least three members are present.

On December 31, 2024, the members of the Supervisory Board, their principal occupation and the years of their original election were as follows:

Name	Born	Principal Occupation	Member since
Prof. Dr. Attila Borbély	1951	Professor Emeritus of University of Debrecen, Faculty of Economics and Business, Chairperson of the Supervisory Board of Magyar Telekom Plc.	2020
Gyula Bereznai	1978	Chairman of the Central Workers' Council, Magyar Telekom Plc.	2022
Krisztina Dorogházi	1972	Vice President Controller, Honeywell	2020
András Szakonyi	1973	Chief Executive Officer of Digital Infrastructure, Ferrovial S.E.	2020
Endre Szepesi	1966	Member of the Workers Council, Magyar Telekom Plc.	2022

The members' assignment lasts until May 31, 2025.

2.5 Audit Committee

The Audit Committee operates based on its Rules of Procedure (https://www.telekom.hu/about_us/investor_relations/corporate_governance/audit_committee).

The members of the Audit Committee have been elected by the General Meeting from the independent members of the Supervisory Board for the same period as their membership in the Supervisory Board.

On December 31, 2024, the members of the Audit Committee were as follows:

- Prof. Dr. Attila Borbély
- Krisztina Dorogházi
- András Szakonyi

2.6 Remuneration and Nomination Committee

The Remuneration and Nomination Committee is established by the Board of Directors of the Company to support the Board of Directors regarding the remuneration and certain nomination related issues of the members of the corporate bodies and the top executives of the Company in accordance with its Rules of Procedure (https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation).

The Remuneration and Nomination Committee, among others, makes recommendations to the Board of Directors on the establishment and/or termination of employment, and the modification of the employment contract of the Chief Executive Officer and the Chief Officers, and defines the remuneration of the Chief Executive Officer and the Chief Officers of the Company.

The Remuneration and Nomination Committee consists of three members. The members are elected by the Board of Directors from among its members. The Remuneration and Nomination Committee holds at least two meetings each year.

On December 31, 2024, the members of the Remuneration and Nomination Committee were as follows:

- Daniel Daub
- Elvira Gonzalez
- Frank Odzuck

2.7 Compensation of members of the board of directors, supervisory board, and management

The aggregate compensation of the members of the Board of Directors in their capacity as Board members was HUF 20 million in 2024.

The aggregate compensation of the members of the Supervisory Board in their capacity as Supervisory Board members was HUF 41 million in 2024.

The total compensation expenses (including social security and other payroll-related taxes as well as contractual termination expenses) of the members of the Leadership Squad (LS) was HUF 1,745 million in 2024.

On December 31, 2024, four members of the LS have an employment contract with indefinite and two members with definite duration. The notice period is two months for two of the indefinite contracts. The severance payment usually is in accordance with the Labor Code and the Collective Agreement, for the contracts the severance payment is usually between 3 and 16 months.

In addition to the above, the affected persons are bound by the non-compete clause, under which the employee is barred from entering into employment with any Hungarian or international competitor of Magyar Telekom Group and is required to refrain from providing direct or indirect services or activities of any kind to such companies for a definite period (not longer than one year) upon termination of his/her employment. Furthermore, such employee is barred from any action aimed to recruit employees of Magyar Telekom Group for any other company. This limitation entails certain compensation which is proportional with the above obligation. If the employee is in breach of the agreement, he/she will reimburse the net amount of compensation to the employer. In addition, the employee will be liable for a payment of compensation to the employer.

LS members from foreign countries may be entitled to housing subsidies. There are two members affected by this entitlement.

In line with the Group's remuneration guidelines, the Group provides contribution-based personal pension scheme, personal insurance scheme and health insurance scheme for the LS members. In addition, the LS members are entitled to the use of company cars.

For information about the Share Based Compensation programs, see Note 20.1.2 of the Consolidated Financial Statements.

2.8 Corporate Governance and Management Report

Magyar Telekom Plc. is a public limited company listed on the Budapest Stock Exchange. In 2004, the Budapest Stock Exchange issued its Corporate Governance Recommendations (the Recommendations) containing recommendations related to the corporate governance practice of companies listed on the Budapest Stock Exchange, taking account of the most commonly used international principles, of experiences gathered in Hungary, and of the characteristics of the Hungarian market as well as the Companies Act. The Recommendations were updated in 2007, 2008, 2012, 2018 and in 2021. The Recommendations effective from time to time is available at the website of the Budapest Stock Exchange:

https://bse.hu/Issuers/corporate-governance-recommendations/Corporate-Governance-Recommendations

In line with the current regulations, the Board of Directors of Magyar Telekom Plc. with the approval of the Supervisory Board submitted to the General Meeting the Corporate Governance and Management Report of the Company (report) prepared in accordance with the Corporate Governance Recommendations. The report – along with other corporate governance related documents - is published in the Corporate Governance section of the website of Magyar Telekom Plc.:

http://www.telekom.hu/about_us/investor_relations/corporate_governance/corporate_governance_documents

Companies listed on the stock exchange are required to express their views on their corporate governance practices in two ways. In the first part of the report, they have to give account of the corporate governance practices applied by their company in the given business year, including their corporate governance policy, and a description of any unusual circumstances. In the second part of the report, the issuers should give an account on their compliance with each point of the Recommendations in accordance with the "comply or explain" principle, including any reasons for derogating from a specific recommendation and/or proposal. When an issuer does not apply a recommendation or applies it in a different way, they should explain where the differences are and offer a reason for such derogation ('comply or explain' principle). This method allows issuers to consider their unique, industry-specific etc. idiosyncrasies and to inform shareholders and market players about their derogations from general corporate governance principles and to provide an explanation. Operating on the same principle, issuers can also explain any derogations from the proposals.

Sections 1 to 5 of the above report include the description and operation of the Board of Directors, the Supervisory Board, the relevant committees and executive management. Section 6 of the report includes a description of the internal controls and risk management procedures, Section 7 gives information on whether the auditor has carried out any activities not related to auditing, while Section 8 of the report describes the disclosure policies and insider trading guidelines. In Sections 9 to 10 the method of exercising shareholders' right and the rules on conducting the General Meeting is summarized, while Section 11 contains the Remuneration Policy. The company complies with the vast majority of the 72 recommendations and proposals, however in the business year of 2024 in case of 1 proposal it has not or not completely complied with due to the organizational structure or processes of Magyar Telekom Plc.

In 2024, the Magyar Telekom Group's disclosure processes were evaluated in the ICS (Internal Control System) by the relevant organizational units and were tested by the internal audit area. The disclosure controls and procedures of Magyar Telekom Group were effective and designed to ensure a proper basis for the timely and accurate disclosures to the market participants required under the respective accounting, capital markets and company law regulations.

3 Social commitments, labor standards, human rights

For information about the social commitments, labor standards, human rights, see Chapter ESRS S1 – Own Workforce of the Consolidated sustainability statement.

4 Research and development

Hungary

Research and development tasks are carried out by Magyar Telekom Group's own researchers, product and service developers, with the involvement of innovative SMEs in Hungary. In addition, the Group exploits the synergies of its internal and external knowledge base and seeks partnerships with well-known innovation centers and higher education institutions. The Group's main partners in this field are renowned Hungarian universities and research institutes.

As part of its collaboration with Széchenyi István University, the partnership continued in 2024 at the Kékszalag Regatta. Magyar Telekom Plc. supported the event, sailors, and viewers with the most advanced digital solutions, including a redesigned streaming experience. The 5G Campus network established for the regatta, covering the entire surface of the lake, was capable of simultaneously managing the location tracking of up to 650 boats.

In 2024 continued the „Deutsche Telekom Group IT" Off-site Department faculty at Óbuda University. Also expanded with the engineer educational programs with the universities and higher education institutions and was broadened to include additional subjects. Magyar Telekom Group has established partnerships with university science parks that are currently under construction.

It is particularly important for Magyar Telekom Group to explore and exploit the opportunities offered by the latest technologies. Such technologies include the development of Cloud, Hybrid Cloud PaaS and SaaS services, convergent services. To leverage the business and technology data assets, a number of Artificial Intelligence (AI), Data Science, Machine Learning (ML) based solutions are being developed, which, complemented with security services, create lasting value for the customers. In addition, the Group continues to research and develop the opportunities offered by the fifth generation mobile technology (5G).

The Group's strategic objective is to expand the portfolio of digital services already under development, which will further strengthen the Group's cross-selling capability alongside traditional communications services. By developing AI/data-driven services, Magyar Telekom Group aims to become the market leader among companies developing these technologies. In addition, they will create sales potential for Magyar Telekom Group that will drive the digital transformation of the large enterprise ecosystem, thus strengthening the value proposition to the customers.

For the customers, the latest data management solutions offer a range of opportunities to modernise, automate and improve the efficiency of the services and processes they provide to their internal stakeholders and customers. These solutions can address a number of challenges in the current market environment, such as a stronger presence in the virtual space or the increasingly apparent shortage of staff.

Therefore, in 2024:

- Telekom Rendszerintegráció Zrt. is an active member of the Hungarian Drone Coalition and has successfully implemented product development projects in the areas of warehouse management (Dronify automated inventory solution) and agriculture (wildlife damage prevention) integrating IoT solutions.
- The Group's strategic product portfolios include AI-based chat/voice (Intelligent Digital Assistant) services, RPA, an automation platform and a modern data warehouse solution based on real-time data processing.
- In 2024, Magyar Telekom Plc.'s Enterprise Unit expanded its Artificial Intelligence (AI) development team specialised in large language models and digital business assistants, with the aim of exploring business opportunities using GPT and other large language models and creating solutions (voicebot, chatbot) based on cloud-based technologies. Magyar Telekom Group is the first in the domestic market to have a customisable GPT-4 large language model for business use, which can interpret questions in Hungarian, English and other languages and generate texts (summaries, analyses, etc.) based on the very large amount of knowledge it stored and learned about the task at hand.
- Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt. have both built their own localised (private Azure Stack Hub) cloud services that enable the customers to use pay-per-use services (such as data analytics and machine learning) similar to the Public Cloud solutions, even within a country border. These services give the customers greater security as their data remains within country borders. In the framework of the 5G Campus automotive collaboration, the Group has carried out successful R&D projects with its partners, successfully testing DATA AI and MI solutions and product prototypes.
- Magenta Kraft is Magyar Telekom Plc.'s innovative youth platform, which aims at providing new value for the young generations. Magenta Kraft provides an opportunity for those who already have a big or little idea in their mind, but don't have the necessary tools (infrastructure, environment, team).

- Due to the advancements in Radiological AI development by Magyar Telekom Group text-based medical reports and health-related imaging data (CT, MRI, ultrasound, ECG, histopathology, mammography, etc.) available in the National eHealth Infrastructure (EESZT) become analyzable. Personal information related to patients must be anonymized to ensure its suitability for research and development purposes.
- The objective of Data Management Services solution is to establish a data management platform capable of addressing the diverse data processing needs of clients. This includes foundational components and a demo tenant, enabling real-time demonstrations of Big Data, ML, AI, and BI capabilities for clients. The overall aim of the new data platform and implemented functions is to enhance corporate efficiency and competitiveness, while supporting data-driven decision-making and innovation.
- The Energy Management as a Service (aaS) offering is designed to support economic actors in optimizing energy usage. The system facilitates monitoring of submeters, inverters, solar energy producers, and energy storage systems (actual data) and provides forecasting capabilities at the level of sites, buildings, and individual consumers. Its purpose is to optimize and reduce electricity consumption.
- The RTP - Request To Pay - payment request is an innovative, secure, and cost-effective payment solution that enables significant cost savings for the beneficiary. The service is provided to B2B and B2C customers in collaboration with a PISP partner by Magyar Telekom Group.

Magyar Telekom Group remained a member of several major technology platforms or alliances in 2024, such as the Artificial Intelligence Coalition, Drone Coalition, 5G Coalition, the Industry 4.0 National Technology Platform Alliance and the Electronic Payment Service Providers Association.

In addition to the above, the Magyar Telekom Group was also an active member of the Hungarian Innovation Alliance and the Association of Digital Enterprises (IVSZ) in 2024.

In the second half of 2024, the Magyar Telekom Group joined as a new member of the Hungarian Renewable Energy Association.

North Macedonia

Makedonski Telekom continues to lead the market with technological innovations. Its development efforts focus on key areas such as Smart Cities, Smart Energy Metering, Telemedicine, Cybersecurity solutions, and cloud-based communication platforms.

Smart Energy Metering and Management, Smart Lighting and Smart City Solutions

In 2024, Makedonski Telekom successfully upgraded its Smart Energy Metering and Management (SEMM) controller. The new version includes an embedded power supply, an in-house-designed enclosure, and a custom PCB antenna. The antenna, developed by Makedonski Telekom's engineering team, is precisely tuned to the LTE bands used in Makedonski Telekom's mobile radio network. This solution has already been implemented for three government clients and one commercial client, all of whom have achieved substantial energy savings.

Complementing the SEMM controller, Makedonski Telekom team designed a smart lighting controller, featuring an in-house-developed PCB, a NEMA socket enclosure, and a compact PCB antenna. This antenna was specifically engineered for higher frequency bands to meet the stringent size requirements of the controller.
In Makedonski Telekom's B2G (Business-to-Government) solutions, the SEMM controller is deployed in street cabinets to manage the energy consumption of streetlight segments, while the smart lighting controllers are installed on individual streetlights. This enables independent energy management for each lamp, including flexible dimming and scheduled operation, achieving higher energy efficiency than using SEMM alone.

Telemedicine Solutions

1. **Remote Monitoring and Early Detection:**

In partnership with NALAS (Network of Associations of Local Authorities of South-East Europe), Makedonski Telekom implemented a remote monitoring solution at the main health center in Delcevo. This system facilitates early detection, timely intervention, and diagnosis. A notable success was the prevention of a heart attack, earning widespread recognition in Balkan media.

2. **Cardiology and ECHO Imaging Solution:**

This solution has been adopted by two specialized healthcare organizations, enabling daily storage and sharing of ECG images on Makedonski Telekom's cloud platform. Customer feedback indicates strong interest in the solution, leading to the development of a new version. Makedonski Telekom has also created middleware for integration with Prima Medica software, widely used for scheduling and patient records in public health systems in North Macedonia. Additionally, Makedonski Telekom is designing integration for a third-party radiology imaging solution to address the needs of two major hospitals.

The telemedicine solution for monitoring vital signs during patient transport has been successfully tested, with a large potential customer expressing interest. This solution has significant potential to enhance healthcare quality.

The technology leadership of Makedonski Telekom was also officially confirmed, when in August 2024 the company once again won the prestigious Ookla award for the best network in North Macedonia. For the analysis, 160,564 tests were performed for the mobile network and 948,686 – for the fixed network. The data shows that compared to the competition, both the operator's mobile and fixed networks are the fastest on the market with a Speed ScoreTM rating of 148.78 and 52.77 for mobile and fixed network respectively.

As a leader in the segment of fibre optic infrastructure, a steady progress in FTTH Rollout and Cu2F migration was done. This is also part of Makedonski Telekom environmental protection strategy. With the introduction of new technologies and the abandonment of old ones, in addition to obtaining higher speeds and better service, the consumption of electricity is drastically reduced, and copper is reused as a resource.

By the end of the year, the Makedonski Telekom increased the fibre reach to a total of 344,254 FTTH accesses passed, which means that around 39.6% of the households already have the option of booking a fibre-optic connection. Regarding the VDSL rollout, there are more than 310,000 VDSL accesses passed in the fixed copper network. At the end of 2024, the number of LTE box users was more than 15,800.

The Copper2Fiber project continued with focused migrations on specific products and with focused migrations in designated geographical areas. In 6 out of 7 areas in the project scope activities were completed with C2F customer migration, copper cables and DSL equipment dismantled. The activities will continue in 2025 as well, aiming at providing best customer network experience to even more wider customer base.

At the end of 2024, 93% of the population throughout the country can use the 5G technology. More than 99.9% of the total sites provided LTE services and 73.22% of all BTSs are connected via fibre. The data volume via 5G is also increasing month by month. To provide a more efficient spectrum usage and optimization of the complex 4RATs (2G/3G/4G/5G) mobile network, Makedonski Telekom retired of the 3G technology in Q1 of 2024, resulting with a more optimized and more efficient mobile network.

Makedonski Telekom's TV Strategy vision is to continue to be on the #1 TV provider position on the North Macedonian market, by providing the best TV service and most relevant content. The new MagentaTV product commercially was launched in Q1 2024. It is Android based TV with cutting-edge cloud technology, making every TV smart. Revolutionizing the viewing experience with high-definition picture, an interactive interface, and seamless access to the Content on multiple devices, as well providing access to countless TV apps on any device. At the end of 2024, there were more than 155.000 TV subscribers.

Makedonski Telekom is dedicated to environmental protection and to reducing the harmful impact on nature and in this process, Makedonski Telekom is also using the technology. The greatest consumer of electric energy is the mobile network, which comprises approximately 55% of the entire consumption. To reduce this trend in the long run, Makedonski Telekom has already started working of artificial intelligence-based features.

5 Real estate, sites of operation

Magyar Telekom Group has one of the largest real estate holdings in Hungary and it is also a major real estate owner in North Macedonia. Substantially all of these properties are used for telecommunications installations, offices, warehouses, garages and shops. Its equipment and machinery primarily consist of switches, communication towers and other telecommunications equipment. In order to increase the utilization of real estates and increase efficiency, also adapting to the recent changes in the energy sector, Magyar Telekom Group is committed to reduce the cost of its energy consumption (finding alternative methods in heating and cooling, and to rationalize the usage of offices) furthermore it makes efforts to sublet or sell its surplus properties.

Headquarters of major member companies of the Group:

- Magyar Telekom Plc.: Hungary, 1097 Budapest, Könyves Kálmán körút 36.
- Telekom Rendszerintegráció Zrt.: Hungary, 1097 Budapest, Könyves Kálmán körút 36.
- Makedonski Telekom A.D.: North Macedonia, 1000 Skopje, Kej 13 Noemvri, No. 6.
- Combridge S.R.L.: Romania, Municipiul Sfantu-Gheorghe, Str. Godri Ferenc 18, Judet Covasna
- Novatel EOOD: Bulgaria, District Sofia (capital), Municipality Stolichna, Sofia 1756, Malinova dolina, 2 Donka Ushlinova str., Garitage Park complex, building 3, floor 1, number 312.

Hungary

Out of the 1,807 buildings on the 1,624 sites of Magyar Telekom Group, 48% are owned by the company, 4% are jointly owned and the rest 48% are leased. Magyar Telekom Group is managing more than 7,000 contracts for base stations, mobile sites and technology properties.

The total area of buildings used by Magyar Telekom Group as of December 31, 2024 was 462,873 m^2. The majority of sites used in its operations are smaller than 100 m^2. The largest site is the company's headquarters building (leased) located at Könyves Kálmán krt. 36 in Budapest, with floor space of over 39,207.53 m^2, and including underground area with total space of 82,210 m^2.

North Macedonia

At the end of December 2024, Makedonski Telekom radio access network consisted of 941 physical sites on which there are 940 2G base stations, 941 4G base stations and 647 5G base stations. 90% of the site infrastructure (towers) is in possession of Makedonski Telekom and 10% is leased.

The total area that is used by Makedonski Telekom is around 102,210 m^2 as of December 2024, out of which around 33,711 m^2 are in sole possession of Makedonski Telekom and in great part (53 %) is attributable to 2 major buildings, the headquarters and the main technical building. The remaining 64,499 m^2 are in joint possession with the North Macedonian Post.

6 Corporate compliance

When shaping the compliance program of Magyar Telekom Group, the goal was to ensure that Magyar Telekom Group pursues its business activity with maximum awareness of and commitment to compliance with the applicable laws and legal provisions, in accordance with the strictest norms of ethical business conduct. To this end, the company issued policy statements addressing the potentially arising compliance-related risks, and it applies the procedures set out in these policy statements and arrange continuous training courses for the company's employees related to these procedures. The Group established clear concise processes to report, examine, follow up and correct suspected cases of non-compliance.

The Corporate compliance program is supervised by the Group compliance officer. The Group compliance officer reports directly to the Audit Committee, and cooperates with the Board of Directors, the Supervisory Board and the management. The Corporate compliance program focuses on the Code of Conduct.

The Code of Conduct of Magyar Telekom Group contains the summary of the compliance requirement within the company, sets common values of the Group and is a key to the strong position, reputation and successful future of Magyar Telekom Group. The Code of Conduct applies to everyone within the Magyar Telekom Group from the employees to the members of the Board. In addition, contracted partners of the Magyar Telekom Group also have to know and accept these values, when registering on the procurement website.

In the year 2010, an external independent party audited the implementation of the Compliance program, and the company was awarded a certificate of compliance with the external expectations and of the implementation of the system. The program was revised in 2013, including other related areas as well – such as procurement, internal audit, HR, sales. The audit was not aimed only at the implementation and control of the system in the different areas, but it measured the operational efficiency of the control system. Magyar Telekom Group met the expectations and were awarded by a certificate issued by Ernst&Young as independent external party. In 2017, again an external auditor (KPMG) evaluated the effectiveness of the compliance management system of Magyar Telekom Group, and issued a certification that the program complies with the requirements of the new anti-corruption ISO standard. In 2021 an external advisor (KPMG Germany) reviewed the Compliance program. They found the operation of the program efficient.

The first distance learning course addressing compliance was started in 2008 in the topic of "Conscious recognition of fraud and corruption". Since then, the Group has been providing a general eLearning course for its new employees, mandatory for all colleagues joining to the company. The course is completed with the acceptance of the Code of Conduct. Since the start of the program, 112,913 distance learning courses were completed by the employees on group level, related to topics, such as compliance awareness, supplier due diligence, anti-corruption measures, incompatibility or insider trading.

On the top of that, the company has arranged personal training sessions for employees working in professional areas exposed to compliance and abuse related risks – both within the parent company and Hungarian and international subsidiaries – in the topics of organized anti-corruption behavior, screening of contracted partners and rules of giving and accepting gifts.

In 2024 – similarly to the practice of the previous years – risk analyses were conducted with the participation of organizations and subsidiaries of Magyar Telekom Plc. Based on the results of the survey, a comprehensive audit was prepared for the potential compliance and abuse risks, the result of which was submitted to the Audit Committee of the Company.

During the year the Group checks the soundness of the reports submitted to its company in connection with unethical behavior, and if necessary, the Group acts on these reports. In case the company identifies actual abuses, it takes care of the necessary and adequate countermeasures. Magyar Telekom Group published all cases of corruption and the related countermeasures in accordance with the related applicable laws and legal provisions.

6.1 Fight against bribery and corruption

6.1.1 Policies

Magyar Telekom Group does not tolerate any attempts of corruption, so numerous procedures and policies were introduced to prevent and fight corruption. Magyar Telekom Group complies with the anti-corruption rules of the Group, and expects its business partners not to engage in unlawful activities (including breaching the anti-corruption laws) such as utilize any money or other services provided by Magyar Telekom Group for unlawful purposes. This also includes direct

or indirect payments to individual(s) to improve the perception of Magyar Telekom Group (or any parties acting for Magyar Telekom Group) or to influence any business decision. Magyar Telekom Group strictly prohibits any form of corruption including (but not only), receiving personal advantages or monetary gains, accepting or providing bribes or promising facilitating payments. The Group also prohibits employees from making beneficial decisions towards family, friends or close or distant acquaintances. It is not allowed to provide any gift or invitation to an event to third parties if it could potentially influence any business transaction. Magyar Telekom Group does not support morally or financially any political parties, organizations or representatives of these. Magyar Telekom Group will not start business relations with third parties that violate the anti-corruption clauses of the Compliance Program or the basic principles of the Code of Conduct.

Due Diligence procedures: There are no fixed procedures on how thorough due diligence should be to avoid legal responsibility or any investigation as per the anti-corruption laws. The aim of these procedures is to identify high-risk areas, and to provide indication when further due diligence or review is required.

6.1.2 Result of the policies

During the year, the Group has verified the plausibility of any complaints it has received about unethical behavior and initiated internal investigations if necessary. If Magyar Telekom Group has identified any misconduct, it initiated the necessary measures and actions. Any complaints regarding breaches of internal or external rules can be sent to the Tell Me! portal of Magyar Telekom Plc. Any questions regarding corporate compliance can be asked on the Ask Me! intranet portal.

6.1.3 Risk

The basis and prerequisite of the efficient defense against breaches of laws and policies is the registering and analysis of compliance risks and identifying other compliance relevant cases and evaluation of any otherwise detected compliance miscounduct at Magyar Telekom Group. The yearly Compliance Risk Assessment (CRA) handles active and passive corruption separately. The risk assessment always includes Magyar Telekom Plc., Telekom Rendszerintegráció Zrt. and Makedonski Telekom. Other subsidiaries can be included on a case-by-case basis, based on information originating from internal investigations. The CRA fully covers the above-mentioned companies. After the analysis and evaluation of the CRA the Group Compliance Officer informs the Audit Committee, the Board of Directors, the Supervisory Board and the management about the result of the risk assessment and gives an update about the status of the measures in every quarter.

7 Economic environments, outlook and targets

The global economic environment in 2024 was characterized by moderate growth, with ongoing adjustments to elevated inflation rates and the impacts of geopolitical tensions.

At the same time, telecommunication industry has continued to play a critical role as the need for digitalization with the advancements in technology were significantly shaping investment trends and consumer behavior.

7.1 Economic environments and outlooks

Hungary

In 2024, Hungary experienced modest economic growth driven by some recovery in domestic consumption while investment levels remained on moderate levels. Inflation rates stabilized during the year, which was coupled with further growth in wage levels, both supporting the development of household consumption.

With the normalization of the inflation rate, the central bank continued monetary easing in 2024, which positively impacted economic developments.

With regards to the Hungarian telecommunication sector, sustained strong demand for data and digital solutions led to continued strong performance of the sector in 2024.

Looking ahead, there are further uncertainties related to the economic and business developments, as well related to the changes in the competitive environment. To ensure the reliability and security of its networks and its leading market position, Magyar Telekom Group remains committed to invest in its infrastructure and continue with the customer centric operational approach going forward.

North Macedonia

In 2024, North Macedonia's economic performance continued to improve, primarily driven by increasing governmental spending including infrastructure investments. However, challenges such as unemployment, elevated inflation rates and the slow recovery of major European export partners continued to put limitation on economic growth.

Although the sustained elevated inflation level put some pressure on household spending, demand for telecommunication services remained favorable, thus the sector's performance remained stable throughout 2024 as well.

7.2 Revenue, EBITDA AL and free-cash flow targets

2024 was a remarkable year for Magyar Telekom Group. Its steadfast commitment to digital transformation, customer-centric focus, and resilience enabled the Group to exceed 3.8 million gigabit-capable access points in Hungary by year-end. Magyar Telekom Group also successfully completed its multi-year radio network modernization project and full upgrade of its CRM system architecture.

The Group's dedication to meeting the sustained strong demand for data and connectivity, combined with the positive effects of inflation-based fee adjustments, drove a notable revenue increase of 13.9% compared to 2023. Strong operational performance and disciplined cost management contributed to a year-on-year EBITDA AL growth of 29.1% and a Group adjusted net income increase of 73.7% year-on-year.

Looking ahead to 2025, the strategic priorities remain unchanged. The success achieved in digital transformation lays a strong foundation for the future. Combined with further inflation-based fee adjustments, this will support Magyar Telekom's goal of achieving revenue growth of 1%-3% in FY25. Furthermore, with the positive impact from the elimination of the supplementary telecommunication tax from 2025, EBITDA AL is expected to grow by 12%-15%. Guidance for adjusted net income is approximately HUF 190 billion, with projected free cashflow generation of around HUF 180 billion.

8 Internal controls, risks and uncertainties

8.1 The presentation of the systems of internal controls and the evaluation of the activity in the relevant period

Magyar Telekom Group's management is committed to establishing and maintaining an adequate internal control system to ensure the reliability of the financial reports and minimize operating and compliance risks. Magyar Telekom Group's internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in conformity with IFRS Accounting Standards as adopted by the European Union.

For the business year 2024 control documentation and evaluation were accomplished in the IT supported ICS-Tool[1] system. Transaction Level Controls describe the controls built into the business processes of Magyar Telekom Group that have been designed and operated to ensure that material misstatements in each significant financial account and disclosure within the financial statements of the Company are prevented or detected in a timely manner.

Complete evaluation of the internal control system of Magyar Telekom Group is based on the method established in "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The operation of the internal control system is supported also by the independent internal audit function. It contributes to the improvement of the internal control processes and the reduction of existing risks by performing audits according to the risk based internal audit work plan and by testing ICS controls. The Internal Audit area follows up the implementation of the measures defined based on the audits. The Supervisory Board and the Audit Committee inter alia also receive regular reports on the findings of the audits and related measures, and on measure fulfilment.

In line with the criteria of the adopted internal control framework, management evaluates the effectiveness of internal control system within each financial year. Management's assessment for 2024 is finished and based on the collected information internal control system has been operating effectively to prevent potential material misstatements in the financial statements and minimize operating and compliance risks.

[1] Internal Control System

Magyar Telekom Plc.'s shareholders are being informed about the operation of the internal control system through its public reports.

The management and Board of Directors of Magyar Telekom Plc. are committed to conducting all business activities of Magyar Telekom Group according to the highest legal and ethical standards. Based on this commitment, the Board of Directors established the Corporate Compliance program of Magyar Telekom Group.

The Corporate compliance program is applicable to all bodies, organizations, employees of Magyar Telekom Group, and advisors, agents, representatives as well as to all persons and organizations that work on behalf of the Company or its subsidiary.

The Corporate compliance program of Magyar Telekom Group ensures that the business activities of the Group are conducted observing and in compliance with the relevant laws to the utmost extent, according to the highest standards of training and commitment. It requires the realization of guidelines and processes that manage potential compliance risks and implement specific processes in order to report, investigate, monitor and correct suspected or actual lack of compliance.

8.2 The utilization of financial instruments, risk management and hedging policies

Introduction

As Hungary's leading telecommunications provider Magyar Telekom Group is subject to uncertainties and changes of the telecommunications and IT industry. To operate successfully in this continuously changing environment risks have to be systematically identified, assessed and managed.

Risk management system is not only needed from a business point of view, but as a company listed in the stock market, Magyar Telekom Plc. is obliged to operate a risk management system and prepare a risk report to inform its investors.

Upon the establishment of the comprehensive risk management system Magyar Telekom Plc. acts in line with the relevant requirements of the Budapest Stock Exchange, as well as the rules laid down in the applicable international standards.

The Group level risk management system covers strategic, operational, financial, compliance and legal risks, which is also applicable to the consolidated subsidiaries of the Company. The objective is to identify, monitor and manage these risks in an early phase.

Risk management guidelines

It is Magyar Telekom Plc.'s policy that disclosures to its shareholders and market participants should give an accurate and complete picture of Magyar Telekom Group and fairly present the financial condition and results of the Group in all material respects. Such disclosures are made on a timely basis as required by applicable laws, rules and regulations.

The risk management organization and process

To meet these objectives, Magyar Telekom Group continuously improves and regularly reviews the functionality and effectiveness of the elements of its risk management system. The risk management of Magyar Telekom Group includes the identification, assessment and evaluation of risks, the development of necessary action plans, as well as the monitoring of performance and results.

Magyar Telekom Group performs its risk management activities in accordance with the risk management guidelines developed by the Group level risk management organization and approved by the Boards of Directors. The risk owners of the individual organizations are responsible for identifying, reporting, assessing and monitoring risks on a continuous basis, in line with the framework of the risk management process, under the governance of the central risk management organization.

During the annual planning process, the management takes into account potential risks.

The established risk management standard provides a process framework:

- The identification of risks through the involvement of all organizations.
- Following the identification of risks, they are analyzed, assessed and quantified in details (by estimating their probability of occurrence and potential impact) according to a predefined methodology. Risk assessment allows

management to focus more effectively on those risks that have significant impact on the Group's strategic objectives.
- A decision is taken on the specific course of action to reduce the risks.
- The relevant risk owner implements, monitors and evaluates the relevant actions.
- These steps are repeated as necessary to reflect current developments and decisions.

To operate the risk management system effectively, Magyar Telekom Group needs to ensure that management makes business decisions based on knowledge of all relevant risks, supported by regular Magyar Telekom Group-wide risk reporting. At the same time, risks related to the business plans are continuously assessed and managed and considered in the risk management process.

Risk factors that impact the operations of Magyar Telekom Group are reviewed regularly. All the subsidiaries and organisations are required to identify and report the risk to their operations. Once these risks have been evaluated, the results are communicated to the Board of Directors, the Audit Committee and Deutsche Telekom's Risk management area in form of a group-level risk report. This regular reporting ensures that the most significant risks are monitored, that up-to-date risk mitigation measures are in place and that they are regularly followed up.

Risk items affecting the operations of the Company are reviewed regularly and proactively throughout the Group. In this context, all the organisations and subsidiaries must immediately report any new facts, information or risks that come to their attention that meet the criteria for mandatory reporting. The risk management function evaluates the information communicated and notifies the Chief Financial Officer if significant new risks or information emerge.

Responsibilities of employees on monitoring and managing risks are governed by internal regulations.

The risk assessment is carried out for a three-year period by Magyar Telekom Group. If there are significant risks beyond the forecast period, such risks are monitored on a continuous basis.

Besides the systematic management of risks the identification of opportunities and their strategic and financial assessment are also essential parts of the annual planning process of Magyar Telekom Group. This allows the Company to take these opportunities into account in its forecasts.

8.3 Main risk factors

The Group's financial condition, results of operations or the market prices of its securities could be materially adversely affected by any of the risks described below. These risks are not the only risks the Group faces. Additional risks not currently known to the Group, or risks that the company currently regards as low priority, could also have a material adverse effect on its financial condition, results of operations or security prices.

Regulatory risks

- The Group operates within a strictly regulated market environment. Most of the regulatory framework is the result of EU legislation.
- Changes in existing legislation and the implementation of new laws can have a significant impact on the Group's operations and financial performance.
- The regulatory environment in North Macedonia is expected to remain strict, since the regulatory body's (AEK) aims to widen the scope of wholesale regulation.

Risk management activities:

- The Group cooperates and maintains an active dialogue with regulators.
- The Group maintains processes to ensure compliance and provide timely and accurate information to regulators.

Legal risks

- Regulatory cases and legal disputes with parties could influence its results of operations.

Risk management activities:

- Protecting its interest and values through legal representation, continuous management and monitoring of legal disputes.
- See also the compliance risk management activities.

Financial risks

- For details on financial risks and their management, see Note 5 of the Consolidated Financial Statements.
- Developments in the technology and telecommunications sectors may result in impairment of the book value of certain of the Group's assets.
- Unpredictable changes in the Hungarian tax regulations may have an adverse effect on the Group's results.
- Fluctuations in the exchange rates could have an adverse effect on its results of operations.
- Economic trends in Hungary and in other countries could have an adverse impact on the value of The Group's investments, operating results, or financial situation.
- The uncertain trend of inflation, with limited predictability, may affect the results of the Group. The EU has set the goal of diversifying its current and future energy supply, which could directly lead to further increases in the market prices of electricity and several important energy carriers (natural gas, oil, coal, nuclear fuel), especially if the supplyside of imported energy carriers becomes constrained.
- In the future, as a direct consequence of the global energy crisis, the market prices of electrical energy and several crucial energy carriers (natural gas, oil, coal) may further increase.
- Geopolitical uncertainties posed by elections, polarization, and conflicts within and between countries might have an indirect or direct negative impact on the economy, both globally and for individual companies.

Risk management activities:

- The Group continuously analyzes financial actual data and provides forecasts on financial indicators.
- The Group monitors technological developments and its competitors' activities.
- The Group carries out sensitivity analyses (e.g. foreign exchange, free cash flow).
- The Group tests all key controls on an annual basis.
- The Group continuously improves its processes and systems for the purpose of automated accounting, reporting and auditing.
- The Group constantly monitors energy prices to ensure that it purchases energy at a proper price level.

Strategic risks

- The Group is subject to intense competition in the fixed business due to overlaps with its competitors on more and more locations as a result of the network rollouts.
- The Group is subject to intense competition in the system integration, IT and mobile segment as well.
- The North Macedonian market is also exposed to increased competition from new entrants.
- Adaption to the latest trends and technological changes in the telecommunications market might be a serious challenge.
- Its business may be adversely affected by actual or perceived health risks associated with mobile communications technologies, and unsubstantiated and rapidly spreading news about new technologies.
- Sustainability: information on the Group's approach to sustainability risks and opportunities can be found in Chapters ESRS E1 – Climate Change and ESRS G1 – Corporate Governance of the Consolidated sustainability statement.

Risk management activities:

- The Group continuously invests in the development of its network.
- The Group transforms its internal processes to be even better prepared for future challenges.
- The Group monitors technological developments and its competitors' activities.
- The Group pursues responsible and sustainable business activities.
- In order to maintain trust and its reputation the Group continuously informs its key stakeholders on its plans, risks and achievements.
- The Group integrates digital initiatives into its long-term planning and aligns its technology and business strategies.
- The Group continuously provides training for its employees to familiarize them with new technologies.

Operational risks

- The future of its current operational model is subject to currently unforeseeable changes in the future business and technological environment.

Risk management activities:

- The Group has a flexible business model. It closely monitors the competitive environment in all markets and responds accordingly to both consumer and business segment needs.
- Its price offers are competitive in the markets where they operate.
- The Group supports its business customers with its innovative products to increase efficiency.
- The Group transforms its internal processes to be even better prepared for future challenges.

- The impact of a pandemic can affect its entire risk environment.
  Risk management activities:
  - Experiences in reacting to effects of COVID-19 have become part of the Group's everyday operation. Due to the nature of the telecom industry and the importance of communication services in a pandemic, the Group continuously strengthens its digital strategy.
  - The Group continuously invests in the development of its network to prepare for the challenges of the future and to successfully continue to ensure the operation and capacity of its network infrastructure.
  - The Group can ensure the health protection, productivity and efficient work of employees by creating and enabling conditions for teleworking.

- The effects of system errors may reduce user traffic, result in lower revenue, incur fines for the Group, and harm its reputation.
  Risk management activities:
  - The Group operates network monitoring systems and defines recovery goals to minimize service outages.
  - The Group considers it of key importance to inform its customers in a timely manner about service problems thus the company operates an advanced information system.

- The departure of key employees may adversely affect the Group's business operations.
  Risk management activities:
  - Operation of an advanced human resources strategy, for further details see Chapter ESRS S1 – Own workforce of the Consolidated sustainability statement.

- The number of cyber-attacks has significantly increased worldwide in recent times. The cyber security risk has further worsened since the global pandemic, as work, shopping, social interactions, and education have shifted significantly towards digitization. The rapid development of digitization has increased organizations' vulnerability to cyber-attacks. Also, teleworking may increase the risk of fraud and misuse of business information and data, as well as unauthorized access, theft and fraudulent use of data.

  Risk management activities:
  - The Group provides services with the highest security-standards and constantly tests and updates its cyber security countermeasures.
  - The Group performs regular audits on key security risks affecting its business and maintains strategies to identify, prevent and respond to these challenges.
  - Its cybersecurity approach focuses on minimizing the risk of cyber security incidents impacting its networks, systems and services.
  - The Group strengthens the correct security mindset among employees through communication, campaigns, and training.

- Data protection incidents are punishable with very high fines. Despite the appropriate technical and organizational measures adapted to the nature of data processing, purposes and risks of data protection and well-designed data protection management structures data protection incidents and compliance deficiencies cannot be entirely excluded. There may be problems that can have a negative impact on the Group's reputation and may incur costs and other legal consequences (including fines).

Risk management activities:

- In order to ensure data protection compliance and to avoid other legal consequences (fines) the Group pays special attention to compliance with data protection principles (e.g. purpose limitation, data minimization), to the definition of appropriate legal bases for data processing, to the assurance of privacy by design and by default in the design and operation of the services and processes, as well as to high-level data security measures to avoid system failures that may impact a large number of subscribers, employees or any other data subjects. More information about data protection processes can be found in Chapter ESRS S4-1 – Policies related to consumers and end-users of the Consolidated sustainability statement.
- The Group provides regular data protection and data security trainings, privacy awareness communication and other tools (e.g. privacy aids on the corporate intranet) to help colleagues make better and risk-conscious decisions.

- The increased penetration of artificial intelligence systems requires a high level of attention and can have serious legal consequences if not properly applied.

  Risk management activities:

  - The Group incorporates related guidelines and requirements into its processes and provides regular legal and compliance support for business decisions in the use and development of artificial intelligence systems.
  - In the course of use of artificial intelligence systems, if personal data processing is also involved, the Group pays special attention to the compliance with the data protection requirements.

- Procurement and supply chain: the Group cooperates with a wide range of vendors. High risk products and services include hardware, network technology components, and all products and services provided directly to end users. Supply risks cannot be entirely avoided. Epidemics, natural disasters, wars, transportation bottlenecks, price increases, changes in the economic or political environment or the suppliers' product strategies may have a negative impact on its business processes and results. Further risks may arise from dependencies on specific suppliers or from their default due to capacity or economic reasons.
  Risk management activities:

  - In order to reduce the Group's exposure to risks, it implements organizational, operational and profession-specific procurement strategies. Its procurement processes are planned and are monitored through regular internal and external controls. Key professional factors for managing procurement risks: proactive management of the supplier base, their frequent and ad-hoc due diligence, supplier segmentation, risk analysis of strategic and critical suppliers and continuous active contact keeping together with the business areas. More information regarding this can be found in Chapter ESRS S2 – Workers in the Value Chain of the Consolidated sustainability statement.

Compliance risks

- Violation of laws may result in loss of trust, financial sanctions, impairment of the Group's shareholder value and further sanctions. Serious violation of laws may lead to criminal proceedings, litigation and regulatory actions.

  Risk management activities: More information regarding this can be found in Chapter G1 – Corporate Governance of the Consolidated sustainability statement.

  - The Group operates a compliance framework program for the identification, regular assessment and mitigation of risks.
  - The Group trains its employees, run awareness raising programs that explain its ethical norms throughout the organization and help the employees to understand their role in ensuring compliance.
  - The Group supports a culture where its colleagues can voice their concerns, so the company can identify problems and prevent them from happening again.

8.4 Financial risk management

The classification of the Group's financial instruments is described in detail in Note 4 and the financial risk management of the Group is described in detail in Note 5 of the Consolidated Financial Statements.

9 Analysis of financial results for 2024

Key Performance Indicators	31.12.2023	31.12.2024
Revenue (HUF million)	849,372	967,478
Mobile revenue	491,322	565,480
Fixed line revenue	271,915	307,603
System Integration/Information Technology revenue	86,135	94,395
EBITDA (HUF million)	287,164	363,401
EBITDA margin	33.8%	37.6%
Profit attributable to owners of the Parent (HUF million)	78,951	157,797
Capex after lease (HUF million)	105,700	113,303
Net debt (HUF million)	430,640	335,681
Net debt to EBITDA ratio	1.50	0.92

9.1 Revenues

Total revenue increased from HUF 849.4 billion in 2023 to HUF 967.5 billion in 2024, reflecting continued strong growth in mobile data and fixed broadband, higher SI/IT revenues as well as the impacts of the inflation-based fee adjustment implemented at the Hungarian operation.

Mobile revenue increased to HUF 565.5 billion in 2024 compared to HUF 491.3 billion in 2023, reflecting primarily the continued increase in mobile data usage.

- Voice retail revenue grew by 11.8% to HUF 140.1 billion in 2024, as lower usage levels at both countries of operation were offset by the impacts of the inflation-based fee adjustment of the subscription fees implemented at the Hungarian operation.
- Voice wholesale revenue was down by 34.7% to HUF 7.6 billion in 2024, as a result of the reduction in the Hungarian mobile termination rates effective from January 1, 2024. The rates were cut from HUF 1.6461 /minute to HUF 0.7678/minute in line with EU regulations.
- Data revenue grew by 23.1% to HUF 227.3 billion in 2024, driven by the continued growth in subscriber numbers and further increases in mobile data usage.
- SMS revenue rose by 10.6% to HUF 29.5 billion in 2024, as a result of higher revenues from mass SMS services coupled with the positive impacts of the fee adjustment.
- Mobile equipment revenue increased by 13.7% to HUF 137.9 billion in 2024, driven primarily by an increase in third party export sales.

Fixed line revenue increased to HUF 307.6 billion in 2024, up from HUF 271.9 billion in 2023 primarily as a result of higher broadband and TV revenues and the positive impact of the fee adjustment at the Hungarian operation.

- Voice retail revenue was up by 2.9% at HUF 36.6 billion in 2024, as the further decline in the customer base and usage level in Hungary was offset by the fee adjustment impacts.
- Broadband retail revenues increased by 23.1% to HUF 113.0 billion in 2024, thanks to further growth of the customer bases in both countries that was coupled with continued strong demand for bandwidth upgrade transactions in Hungary and the impact of the inflation-based fee adjustment.
- TV revenues increased by 13.0% to HUF 81.4 billion in 2024, reflecting the continued expansion of the IPTV customer bases as well as fee adjustment measures.
- Fixed equipment revenues rose by 11.6% to HUF 22.3 billion in 2024, primarily driven by lower present value discounts related to installment sales at the Hungarian operation.
- Data retail revenues rose by 12.4% to HUF 15.8 billion in 2024 thanks to higher revenue from leased line fixed internet services in Hungary.

- Wholesale revenues were up by 4.1% to HUF 22.3 billion in 2024 thanks to higher IP and data revenues.

System Integration (SI) and IT revenues were up at HUF 94.4 billion in 2024, compared to HUF 86.1 billion in 2023, primarily driven by increased revenues from high value projects in Hungary.

9.2 Direct costs

Direct cost increased from HUF 356.3 billion in 2023 to HUF 379.8 billion in 2024, driven by higher SI/IT service related as well as equipment sales expenses.

- Interconnect cost decreased by 16.3% to HUF 19.2 billion in 2024, reflecting the cut in mobile termination rates in Hungary, effective from January 1, 2024.
- SI/IT service-related costs increased by 8.3% to HUF 68.2 billion in 2024, reflecting higher project values during the year.
- Bad debt/Impairment losses and gains on financial assets and contract assets expenses declined by 2.1% to HUF 13.7 billion in 2024 as increases driven by the higher revenue base was offset by the absence of the one-off HUF 3.5 billion forward-looking impairment recognized in 2023.
- Telecom tax was lower by 1.5% at HUF 25.1 billion in 2024, reflecting lower fixed voice usage as well as lower mobile voice usage among business customers.
- Other direct costs increased by 9.8% to HUF 253.6 billion in 2024, driven primarily by higher equipment costs coupled with an increase in roaming and TV-content outpayments.

9.3 Gross profit

Gross profit increased to HUF 587.7 billion in 2024, from HUF 493.1 billion in 2023, reflecting the increase in revenues.

9.4 Employee-related expenses

Employee-related expenses rose by 21.6% year-on-year to HUF 101.7 billion in 2024, driven by the wage increases implemented at both countries of operation coupled with the one-off bonus payment of HUF 4.5 billion at the Hungarian operation.

9.5 Supplementary telecommunication tax

Supplementary telecommunication tax increased to HUF 36.4 billion in 2024 from HUF 30.0 billion in 2023 due to the higher relevant revenue base.

9.6 Other operating expenses

Other operating expenses decreased from HUF 97.3 billion in 2023 to HUF 92.5 billion in 2024 reflecting the repeal of the utility tax effective from January 1, 2024.

9.7 Other operating income

Other operating income increased to HUF 6.4 billion in 2024 from HUF 5.1 billion 2023, driven by higher income received for relocation and reconstruction of own network and a legal case related one-off income.

9.8 EBITDA

EBITDA grew to HUF 363.4 billion in 2024 versus HUF 287.2 billion in 2023, thanks to higher gross profit that could offset the increase in indirect costs.

9.9 Depreciation and amortization

Depreciation and amortization (D&A) expenses remained broadly stable, amounting to HUF 140.0 billion in 2024.

9.10 Operating profit

Operating profit rose to HUF 223.5 billion in 2024 from HUF 148.0 billion in 2023 thanks to the improvement in EBITDA.

9.11 Net financial result

Net financial result improved from a loss of HUF 44.0 billion in 2023 to a loss of HUF 29.2 billion in 2024. Interest expense improved as a result of lower debt levels and more favorable average interest rates, whilst decline in other finance expense reflects improvement in results related to derivatives fair value measurements.

9.12 Income tax

Income tax expense rose to HUF 30.8 billion in 2024 from HUF 19.6 billion in 2023 driven by the higher profit before tax.

9.13 Profit attributable to non-controlling interests

Profit attributable to non-controlling interests increased moderately from HUF 5.5 billion in 2023 to HUF 5.6 billion in 2024, as improvement in gross profit offset the higher operating expenses at the North Macedonian operation.

9.14 Group Free Cash Flows

HUF millions	1-12 months 2023	1-12 months 2024	Change
Net cash generated from operating activities	222,750	302,311	79,561
Net cash used in investing activities	(114,837)	(86,415)	28,422
Less: (Payments for) / Proceeds from other financial assets	15,225	(15,605)	(30,830)
Investing cash flow excluding Payments for / Proceeds from other financial assets - net	**(99,612)**	**(102,020)**	**(2,408)**
Repayment of lease and other financial liabilities	(36,622)	(33,967)	2,655
Free cash flow	**86,516**	**166,324**	**79,808**
(Payments for) / Proceeds from other financial assets - net	(15,225)	15,605	30,830
Proceeds from / (Repayment of) loans and other borrowings - net	(21,625)	(108,075)	(86,450)
Dividends paid to Owners of the parent and Non-controlling interests	(33,942)	(47,955)	(14,013)
Treasury share purchase	(14,609)	(22,363)	(7,754)
Exchange differences on cash and cash equivalents	(462)	960	1,422
Change in cash and cash equivalents	**653**	**4,496**	**3,843**

Free cash flow (FCF) amounted to HUF 166.3 billion cash inflow in 2024 (2023: HUF 86.5 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 302.3 billion in 2024, compared to cash inflow of HUF 222.8 billion in 2023, attributable to the reasons outlined as follows:

- HUF 76.2 billion **positive impact due to higher EBITDA** in 2024.
- HUF 22.2 billion **positive change in active working capital**, mainly as a result of:
  - favorable change in the development of balances of telecommunication customer related trade receivables in Hungary (positive impact: ca. HUF 16.3 billion) thanks to some one-off improvements in receivables and some improvement in the ageing of receivables,
  - favorable change in handset inventory balances in Hungary in 2024 compared to 2023 (positive impact: ca. HUF 12.4 billion) primarily due to enhancements in inventory control processes and different within-year procurement dynamics.
- HUF 3.7 billion **positive change in provisions,** mainly reflecting to employee related provisions in 2024 compared to 2023.
- HUF 21.9 billion **negative change in passive working capita**l, primarily driven by:

- higher decrease in handset supplier balances (negative impact: ca. HUF 12.4 billion) in line with lower inventories and higher outpayments,
- unfavorable change in the balances of invoiced and non-invoiced trade creditors mainly in Hungary in 2024 compared to 2023 (negative impact: ca. HUF 7.2 billion) due to different outpayment timing.

- HUF 4.1 billion **negative change in income taxes paid** in 2024 compared to 2023, mainly reflecting higher local business tax and higher corporate income tax payment due to improving profit levels.
- HUF 5.4 billion **positive change in interest and other financial charges paid** in 2024 compared to 2023, mainly reflecting the lower interest rates and lower level of the loan portfolio.
- HUF 1.2 billion **positive change in interest received** in 2024 compared to 2023 due to changing liquidity positions.
- HUF 3.2 billion **negative change in other non-cash items**, mainly due to different foreign exchange rate movements leading to FX losses in 2024 versus gains in 2023.

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

Net cash used in investing activities amounted to HUF 102.0 billion in 2024, compared to HUF 99.6 billion in 2023 reflecting higher investments in fiber rollout and lower payments for PPE mainly driven by the lower level of CPE procurement dynamics in Hungary.

Repayment of lease and other financial liabilities

Repayment of lease and other financial liabilities improved to HUF 34.0 billion in 2024 from HUF 36.6 billion in 2023, primarily driven by HUF 2.3 billion lower outflow related to trade payables with extended payment term in 2024.

Cash and cash equivalents improved by HUF 3.8 billion in 2024 compared to 2023. Besides the favorable change in FCF the improvement in Cash and cash equivalents is attributable to the followings:

- **Proceeds from loans and other borrowings** improved by HUF 50.5 billion due to combined effect of the higher drawdown of DT Group loans and the increase of proceeds from inhouse DT Group funds in 2024 compared to 2023.
- **Repayments of loans and other borrowings** deteriorated by HUF 136.9 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 2024 compared to 2023.
- HUF 14.0 billion higher **dividend** was **paid** in 2024 versus 2023.
- HUF 7.8 billion higher cash outflow related to **treasury share purchase** in 2024 compared to 2023.

- **Exchange differences on cash and cash equivalents** improved by HUF 1.4 billion due to the MKD/HUF foreign exchange rate movement during 2024.

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

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

9.15 Consolidated Statements of Financial Position

The most significant changes in the balances of the Consolidated Statements of Financial Position from December 31, 2023 to December 31, 2024 can be observed in the following lines:

- Trade receivables within one year
- Derivative financial instruments contracted with related parties (current and non-current assets combined)
- Other financial assets (current and non-current combined)
- Assets held for sale
- Property, plant and equipment
- Other intangible assets
- Financial liabilities to related parties (current and non-current liabilities combined)
- Common stock
- Treasury stock

Trade receivables within one year increased by HUF 12.2 billion from December 31, 2023 to December 31, 2024 mainly driven by higher sales volume in addition to the impact of the inflation-based fee adjustment implemented in 2024, and the increase of installment receivables due to year-end seasonality.

Derivative financial instruments contracted with related parties (current and non-current combined) decreased by HUF 8.8 billion from December 31, 2023 to December 31, 2024 mainly related to accumulated fair value realized earlier on cross-currency swaps where the underlying loans were repaid in 2024.

Other financial assets (current and non-current combined) increased by HUF 48.5 billion from December 31, 2023 to December 31, 2024 mainly as a result of HUF 46.2 billion increase in cash pool receivables.

Assets held for sale increased by HUF 2.4 billion from December 31, 2023 to December 31, 2024 mainly due to a transfer agreement on transferring the usage right of 2x5 MHz frequency block in the 2100 MHz band to Yettel Hungary Ltd. The sale took place in January, 2025.

Property, plant and equipment increased by HUF 20.8 billion from December 31, 2023 to December 31, 2024 mainly due to fixed network development through optical rollout, mobile network modernization (upgrading all its mobile base stations, implementing capacity expansion and 5G rollout), and upgrading and greening the infrastructure of technological buildings.

Other intangible assets declined by HUF 21.0 billion from December 31, 2023 to December 31, 2024, as the annual depreciation of the assets and transferring of the usage right of 2x5 MHz frequency block to assets held for sale significantly exceeded the increases to this asset category from new investments.

Financial liabilities to related parties (current and non-current combined) decreased by HUF 54.7 billion from December 31, 2023 to December 31, 2024 due to the combined effect of repayment and re-financing of DT Group loans.

Common stock decreased by HUF 3.3 billion from December 31, 2023 to December 31, 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 December 31, 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 cancellation of 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 December 31, 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 9.14 Group Cash Flows.

10 Consolidated sustainability statement

Magyar Telekom Group Consolidated Sustainability Statement 2024

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General information

ESRS 2 – General disclosures

Introduction

Magyar Telekom Group regularly reports on its sustainability initiatives and achievements, this year for the first time in the form of a Consolidated sustainability statement in accordance with the requirements of the Act C of 2000 on Accounting implementing the relevant provisions of the CSRD[2]. This Consolidated sustainability statement is divided into the following sections 'General disclosures', 'Environmental topics', 'Social topics' and 'Business conduct'. In order to avoid duplication within the management report, references are made to further information in other chapters at appropriate points. In line with the following ESRS thematic standards, the Group reports on its approach to managing its impact on society and the environment as well as the risks and opportunities identified along its entire value chain:

- E1 – Climate change
- E5 – Resource Use & Circular Economy
- S1 – Own workforce
- S2 – Workforce in the value chain
- S4 – Consumers and end-users
- G1 – Business conduct

Section 134/J (1) of the Act on Accounting requires that the Company shall prepare the Consolidated business/management report in the electronic reporting format (XHTML) specified in Article 3 of Commission Delegated Regulation (EU) 2019/815 and shall mark up (using the XBRL markup language) its Consolidated sustainability statement, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (ESEF taxonomy), in accordance with the electronic reporting format. As the ESEF taxonomy for sustainability reporting has not yet been adopted when preparing the Consolidated sustainability statement, the Company has not been in a position to complete the XBRL tagging for the Consolidated sustainability statement.

The following index reflects the general disclosure requirements of the standard 'ESRS 2 – General Disclosures'.

ESRS-Index according to ESRS 2 IRO-2

Disclosure	Designation	Remarks
ESRS 2 General information		
ESRS 2 BP-1	General basis for preparation of sustainability statements	
ESRS 2 BP-2	Disclosures in relation to specific circumstances	
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the administrative, management and supervisory bodies	
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	
ESRS 2 GOV-4	Statement on due diligence	
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	
ESRS 2 SBM-1	Strategy, business model and value chain	
ESRS 2 SBM-2	Interests and views of stakeholders	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in option for ESRS 2 SBM-3 §48e
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	
ESRS 2 IRO-2	Disclosure Requirements in ESRS covered by Magyar Telekom Group's sustainability statement	

[2] Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 amending Regulation (EU) No 537/2014 and Directives 2004/109/EC, 2006/43/EC and 2013/34/EU as regards corporate sustainability reporting.

Basics for preparation of sustainability statements

ESRS 2 BP-1 – General basis for preparation of sustainability statements

This sustainability statement was prepared on a consolidated basis. The group of companies included in the Consolidated sustainability statement includes Magyar Telekom Plc. and its subsidiaries, in line with the Group's financial reporting. If certain data points or descriptions do not cover the whole Group, this is clearly-stated in the relevant part of the Consolidated sustainability statement.

The Consolidated sustainability statement covers both Magyar Telekom Group's own operations and the upstream and downstream value chain. The materiality assessment of impacts, risks and opportunities (IROs) covered the value chain from raw material extraction to end-of-life treatment. The extent to which policies, actions, targets, and data extend to the value chain is specified under the respective disclosures.

The time horizons applied in the Consolidated sustainability statement correspond to the time horizons defined by ESRS (short-, medium-, long-term).

In the preparation process, the option of omitting certain information relating to intellectual property, know-how or the results of innovation has not been taken. Information has not been included on upcoming developments or matters currently in the negotiation phases has not been included in this report.

ESRS 2 BP-2 – Disclosures in relation to specific circumstances

Any changes and errors that occurred in the preparation and presentation of sustainability information compared to the previous reporting period are specified in the respective disclosures.

Sources of estimation and outcome uncertainty identified in case of Scope 3 emissions and emission factors. Due to lack of primary data, especially in the upstream and downstream value chain, and lack of product-related emission factors, estimates have been used to determine greenhouse gas (GHG) emissions from the use of products and services. Emission factors cannot be determined exactly for each individual product thus an average value has been used in the upstream value chain. The degree of accuracy is supported by the application of emission factors from reliable sources.

Application of information by reference is used in the following cases: information required in ESRS 2 GOV-1 on the expertise and skills of Board of Directors, Management, Supervisory Body and Audit Committee is incorporated by reference.

Governance

ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies

The **Board of Directors** is the management body of Magyar Telekom Plc. and represents the Company with regard to third parties, in court and before other authorities. The members of the Board of Directors shall conduct the management of the Company by giving primacy to the interests of the Company. The Board of Directors is not an operative management body, in other words, the Board of Directors is not involved in the Company's daily business. The Board of Directors is responsible for all matters relating to the Company's management and course of business not otherwise reserved for the General Meeting or to other corporate bodies by the Articles of Association of the Company or by the law. The Board of Directors operates based on its Rules of Procedure. The Civil Code does not include requirements with regard to the independence of the members of the Board of Directors if besides the Board of Directors there is also a supervisory board operating at the company. The members of the Board of Directors shall be elected by the General Meeting.

On December 31, 2024, the Board of Directors had 8 members, 2 internal (executive) and 6 external (non-executive) members with 3 independent (all non-executive) (37.5%) and 5 non-independent (62.5%) members among them. Members of the Board of Directors by gender: 5 men and 3 women.

Further information on the Board of Directors is available under Section 2.2. „Board of Directors" of this Business Report / Management Report or under the Corporate Governance site of Magyar Telekom's website.

The **Management** of the Magyar Telekom Plc. comprises of the Chief Executive Officer and other Chief Officers and operates as a 'Leadership Squad' based on agile methodology. The Chief Financial Officer is responsible for providing reports on sustainability activities to the Board of Directors at least once a year.

On December 31, 2024, members of the Management by gender: 4 men and 2 women.

Further information on the Management is available under Section 2.3. „Management" of this Business Report / Management Report or under the Corporate Governance site of Magyar Telekom's website.

The **Supervisory Board** of Magyar Telekom Plc. supervises the management of the members (shareholders) of the Company in order to protect the interests of the Company. The members of the Supervisory Board are independent of the management of the Company and cannot be instructed in the course of their activities. The Supervisory Board carries out its activities based on its Rules of Procedure that are established by the Supervisory Board. According to the Articles of Association the Supervisory Board shall be comprised of 5 members. 3 members of the Supervisory Board must be independent from time to time in accordance with the applicable provisions of the Civil Code and 2 members of the Supervisory Board must be employees of the Company. The members shall be elected by the General Meeting.

On December 31, 2024, the Supervisory Board had 5 members with 3 non-executive and independent (60%) and 2 employee representatives and non-independent (40%), members. Members of the Supervisory Board by gender: 4 men and 1 woman.
Further information on the Supervisory Board is available under Section 2.4. „Supervisory Board" of this Business Report / Management Report or under the Corporate Governance site of Magyar Telekom's website.

The General Meeting elects a 3-member **Audit Committee** from the independent members of the Supervisory Board for the same period as the membership of the relevant members in the Supervisory Board. The purpose of the Audit Committee is to support the Supervisory Board in supervising the financial reporting system, in selecting the statutory Auditor and in cooperating with the statutory Auditor (including the activities aimed at providing assurance on the sustainability report). The Audit Committee informs the General Meeting of the Company of the outcome of the statutory audit activity and assurance on the sustainability report, explain how the statutory audit activity and the assurance activity on sustainability reporting contributed to the integrity of financial and sustainability reporting respectively, and the role of the Audit Committee in the reporting process. The Audit Committee operates based on its Rules of Procedure. The Audit Committee establishes its own Rules of Procedure, approved by the Supervisory Board.

On December 31, 2024, the Audit Committee had 3 non-executive and independent (100%) members. Members of the Audit Committee by gender: 2 men and 1 woman.

Further information on the Audit Committee is available under Section 2.5. „Audit Committee" of this Business Report / Management Report or under the Corporate Governance site of Magyar Telekom's website.

The ESG Center of Expertise ('ESG CoE'), of which several employees are certified sustainability managers, is responsible for the coordination of governance and environmental topics. The Corporate social responsibility (CSR) and Diversity and Inclusion Experts are responsible for social topics. The ESG Squad is a cross-functional team of experts that serves as a central, operative forum for identifying, solving, and driving ESG-related tasks, facilitating decision-making and coordination across the organization.

To ensure that employees have the appropriate skills and expertise, internal training platforms are available to all employees, offering various opportunities related to sustainability matters.

ESRS 2 GOV-2 – Information provided to and sustainability matters addressed by the administrative, management and supervisory bodies

Responsibilities of governance, control and monitoring of sustainability matters, along with the detection, assessment and management of associated impacts, risks and opportunities, are not confined to any single role or committee within the Group. Respective obligations of detection, assessment and management of sustainability related impacts, risks and opportunities are being defined along the internal corporate policies, the Organizational and Operational Regulations of the company, the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Audit Committee. Monitoring of risks and opportunities is part of the regular risk management process. A quarterly risk report is prepared under the responsibility of the Chief Financial Officer.

Management controls of certain impacts, risks and opportunities are covered by the Internal Control System (ICS), which is subject to an annual independent audit based on management risk assessment.

The ESG CoE regularly informs the ESG Squad about important sustainability indicators and developments in the sustainability area. In 2024, the ESG Squad was notified about the process of double materiality assessment and as a result, the material impacts, risks and opportunities. The ESG Squad meets regularly in order to effectively coordinate group-wide and company-level sustainability tasks, adopting resolutions by a simple majority of votes. The CEO and the CFO are jointly responsible for setting the strategic direction of sustainability operations outlining strategy, goals, performance metrics and internal guidelines. The Management ('Leadership Squad') is informed about sustainability matters on an ad-hoc basis. The Rules of Procedure of the Board of Directors does not include the responsibility for developing, approving, and updating the organization's mission, strategies and policies related to sustainable development. The Board of Directors are informed about the most important sustainability matters once a year according to the relevant internal policy.

The Rules of Procedure of the Board of Directors, the Supervisory Board, and the Audit Committee do not include the responsibility of developing, approving, and updating the organization's mission, strategies and policies related to sustainable development. The Supervisory Board and the Board of Directors of Magyar Telekom Plc. take impacts, risks and opportunities into account when monitoring the strategy, the Company's decisions on important transactions and the risk management procedures by risk management area.

ESRS 2 GOV-3 - Integration of sustainability-related performance in incentive schemes

The annual bonus of the Management of Magyar Telekom Plc. is a set percentage of the base wage paid proportionately to the performance targets determined by the Remuneration and Nomination Committee of Magyar Telekom Plc. In 2024, the targets (40% financial, 40% strategic and 20% sustainability) derived from the strategic objectives defined for the specific business year.

Such an incentive is not available for the members of the Board of Directors, the Supervisory Board and the Audit Committee, as their fixed-amount remuneration is determined by the General Meeting.

The sustainability indicator is equally composed of energy consumption and CO2 emission (scope 1 + 2) factors.
The Remuneration and Nomination Committee adopts the annual targets and their performance levels annually in light of the Company's strategic objectives and corporate responsibility principles.

Further detailed information on Magyar Telekom Plc's Remuneration Policy and Remuneration Report, the members of the Board of Directors, the Supervisory Board and the Management is available under the Corporate Governance site of Magyar Telekom's website.

This incentive is also implemented at certain lower managerial level at Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt. is described in the relevant internal regulation, which is evaluated, recognized and paid based on target achievement (40% financial, 40% strategic and 20% sustainability).

Similar incentive schemes and remuneration policies are implemented at Makedonski Telekom AD. Other subsidiaries of Magyar Telekom Plc. have not yet introduced an incentive scheme covering sustainability related KPI-s.

ESRS 2 GOV-4 - Statement on due diligence

The following overview shows how and where the most important aspects and steps of the due diligence process are taken into account in the Consolidated sustainability statement.

Overview of the key aspects and steps of the due diligence process in the Consolidated sustainability statement

Key elements of the due diligence process	Chapters and sub-chapters in the Consolidated sustainability statement	Chapter
Integrating due diligence into governance, strategy and business model	ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the administrative, management and supervisory bodies ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes and ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model.	ESRS 2, E1, E5, S1, S2, S4, G1
Involvement of stakeholders in key steps of due diligence procedures	ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the administrative, management and supervisory bodies, ESRS 2 SBM-2: Interests and views of stakeholders, ESRS 2 IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities, ESRS 2 SBM-3 E1 – Material impacts, risks and opportunities and their interaction with strategy and business model ESRS E1-2 – Policies related to climate change mitigation and adaptation ESRS E5-1 – Policies related to resource use and circular economy ESRS S1-1 – Policies related to own workforce ESRS S2-1 – Policies related to value chain workers ESRS S4-1 – Policies related to consumers and end-users ESRS G1-1 – Corporate culture and business conduct policies and corporate culture	ESRS 2, E1, E5, S1, S2, S4, G1
Identification and assessment of negative impacts	ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities (including application requirements in relation to specific sustainability aspects in the relevant ESRS) and ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS 2, E1, E5, S1, S2, S4, G1
Measures against these negative effects	ESRS E1-3 – Actions and resources in relation to climate change policies ESRS E5-2 – Actions and resources related to resource use and circular economy ESRS S1 – 4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action ESRS S4-4 – Taking action on material impacts on consumers and end-users and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions measures and approaches ESRS G1-3 – Prevention and detection of corruption and bribery	E1, E5, S1, S2, S4, G1
Tracking the effectiveness of these efforts and communication	Goals ESRS E1-4 – Targets related to climate change mitigation and adaptation ESRS E5-3 – Targets related to resource use and circular economy ESRS S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities ESRS S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities Key figures ESRS E1-5 – Energy consumption and mix ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions ESRS E1-7 – GHG removals and GHG mitigation projects financed through carbon credits ESRS E1-8 – Internal carbon pricing ESRS E5-4 – Resource Inflows ESRS E5-5 – Resource Outflows ESRS S1-6 – Characteristics of Magyar Telekom Group's employees ESRS S1-8 – Collective bargaining coverage and social dialogue ESRS S1-9 – Diversity metrics ESRS S1-12 – Persons with disabilities ESRS S1-14 – Health and safety metrics ESRS S1-16 – Compensation metrics (pay gap and total compensation) ESRS S1-17 – Incidents, complaints and severe human rights impacts	E1, E5, S1, S2, S4,

ESRS 2 GOV-5 - Risk management and internal controls over sustainability reporting

Internal control system: The Management is committed to establishing and operating an adequate level of internal controls to ensure the reliability of financial reporting and to ensure covering the most relevant financial, operational and compliance risks and to ensure reasonable assurance on financial statements. From 2021 onwards, the internal control system includes Corporate Responsibility as a separate area, with dedicated controls to cover the risks associated with this function, the number of which significantly increased in 2023 and were adjusted in 2024. The controls cover the process of Deutsche Telekom Group wide data collection through a dedicated system, which provides data for the Consolidated sustainability statement. The operation of the internal control system is regularly audited by independent audit functions.

Risk management procedures: Risk factors affecting the operations of Magyar Telekom Group are reviewed regularly. The risk reporting process requires all divisions and subsidiaries to report risks identified in the Group's operation. This includes ESG-related risks together with risks related to the sustainability reporting process. In the year under review, no risks were identified in relation to the CSRD sustainability reporting process.

Following risk evaluation based on a pre-defined threshold and methodology, the results are presented to the Board of Directors and the Audit Committee. Quarterly reporting ensures that management is aware of the risk environment, that risk factors are taken into consideration when establishing strategy, that risks are actively managed, that up-to-date risk mitigation measures are in place and regularly followed up. For a more detailed description of the risk management system, please see Section 8. Internal controls, risks and uncertainties of the Consolidated business/management report.

Consolidated sustainability statement preparation process: Magyar Telekom Group has established an internal process to perform the review of the draft Consolidated sustainability statement prior to publication at expert, management and supervisory body levels. As part of the Consolidated management report, the Consolidated sustainability statement is submitted to the Board of Directors, the Audit Committee and the Supervisory Board.

The following circumstances have been identified as key factors affecting sustainability reporting and their mitigation. The report contains estimations which are clearly highlighted in the relevant sections. The applied assumptions and estimation methodologies were assessed by the external auditor.
Recommendations and measures received during audits and internal control system testing are considered and implemented into the processes to integrate the findings.

The ESG CoE informs the ESG Squad about important sustainability indicators and developments with respect to sustainability area, including the result of the audit of the Consolidated sustainability statement, its key findings and recommendations.

Regular reports ensure that management receives the latest information about key findings of any audit. The Board of Directors, the Audit Committee and the Supervisory Board receive audit report summaries from internal auditors on findings of audits and results of the internal control system testing. Any significant findings regarding sustainability reporting are highlighted in the audit report summaries.

Strategy

ESRS2 SBM-1 – Strategy, business model and value chain

Magyar Telekom Group is the leading information and communication technology provider in Hungary and in North Macedonia, providing a full suite of telecommunications and IT services. Magyar Telekom Group is present in Bulgaria and in Romania serving B2B and wholesale customers on the Group's fixed networks.

The chart below shows the value chain that was assessed across business units, including the inputs used in and outputs derived from the Group's business model. The potential impacts, risks and opportunities of the telecommunications

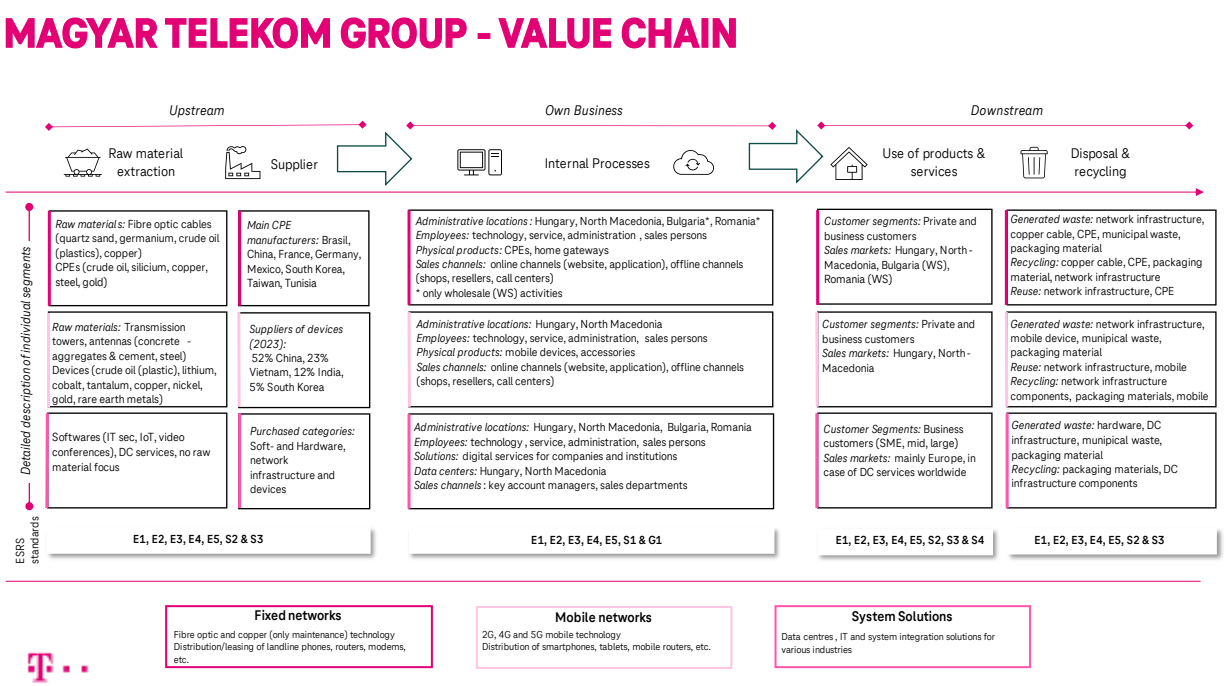
industry were considered as part of a double materiality assessment. The possible relationships with the value chain and business model were examined. The material potential impacts, risks and opportunities are explained under the standards. The content of ESRS Standards was considered as part of the assessment within each section of the value chain.

Magyar Telekom Group's supplier network is complex and diverse, as the Group requires many different products and services for its operations. The relationship between the Group and its partners is characterized not only by close cooperation but also by mutual dependency. Both parties work to reach common goals and promote sustainable practices. Generally, suppliers can be categorized as follows:

- Network equipment suppliers: These include companies that supply the equipment needed to build and maintain the network, such as cables, optical devices, antennas, servers, and other hardware. Typically, such suppliers are large international technology companies.
- Software suppliers: Software is essential for Magyar Telekom Group to operate its IT systems and provide its services. Software vendors can be large software companies as well as smaller, specialized software development firms.
- IT service providers: IT service providers are companies that assist in the operation, maintenance, and development of Magyar Telekom Group's IT systems.
- Content providers: Companies that provide the content needed for television and other content services. These can include, for example, television channels, film studios, or online streaming providers.
- Other service providers: These include other services necessary for operation, such as logistics, marketing, consulting, or security services.

The full list of Magyar Telekom Group's suppliers is confidential and as such not publicly disclosed.

Magyar Telekom Group's customers can be divided into residential and business customers. Residential customers are individuals who use fixed and mobile communications services, whereas business customers are small and medium-sized enterprises, large enterprises, institutions, organizations and public sector entities that use specialized business solutions and services. The products of the Group are split into mobile, fixed, IT/SI and wholesale services. Mobile services can be split into two main types: pre-paid and post-paid plans. The relationship between Magyar Telekom Group and its customers is defined by high service quality standards and customer satisfaction.



An overview of the Group's employee base by country is presented in the Chapter of ESRS S1-6 - Characteristics of the Magyar Telekom Group's employees.

At the time of the preparation of this statement, sector specific ESRS Standards for the telecommunication sector had not yet been published and additional significant ESRS sectors are not relevant for Magyar Telekom Group. The breakdown of total revenue is presented in Notes 18.3.1 Disaggregation of revenue from contracts with customers and 33.2.1 Information regularly provided to the CODM of the Consolidated financial statements.

The main objective of Magyar Telekom Group's 5th sustainability strategy is to remain the leading sustainable company by putting digitalization at the service of the development of people, families and businesses, and the protection of the environment. The main guiding principle of the strategy is to maintain a leading role in sustainability as an ICT service provider. Long-term goals are set up till 2030. These are monitored and will be updated, if necessary, in line with emerging trends or changes in the operating environment.

Magyar Telekom Group's sustainability strategy focuses on climate protection, digitalization, inclusivity and diversity. It is relevant for Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt.

Climate protection: Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt. have set a target to reduce emissions - direct (Scope 1) and indirect (Scope 2) - by a total of 80% till 2030 (compared to 2015), furthermore their aim is to reduce other indirect emissions (Scope 3) associated with the companies by a total of 30% till 2030 (compared to 2017). Sub-goals were not defined. Scope 1-2-3 reduction can be reached through many ways, and they can be shaped depending on the external circumstances.
Besides the sustainability strategy, Magyar Telekom Plc. is committed to achieving its Science Based Target Initiative (SBTi) targets to reduce Scope 1-2 emissions by 84% till 2030 (compared to 2015); and Scope 3 emissions by 30% till 2030 (compared to 2017).

The Group's strategic goals are to offset its remaining emissions each year, and to source electricity required for its operations from renewable sources. The latter is achieved by signing short-term power purchase agreements (PPAs) and purchasing renewable certificates (guarantee of origins, GoOs'). Furthermore, Magyar Telekom Plc. aims to increase the capacity of its onsite renewable energy production.

As part of the climate pillar of its sustainability strategy, the Group also strives to lead the way in implementing circular economy by 2030. This includes a volume increase in the mobile phone collection initiative, reducing the amount of technical waste ending up in landfill while also ensuring 100% sustainable packaging of own-brand products.

Digitalization: Magyar Telekom Plc. is committed to building a gigabit-capable fixed network covering additional 1 million homes and businesses in four years, making the fixed gigabit-capable network infrastructure available to 4.5 million Hungarian homes and businesses by the end of 2027. In addition, the Company has also accelerated the rollout of its 5G coverage, resulting in an increase to close to 99% population-based outdoor 5G coverage by 2026. With the development of its fixed and mobile infrastructure, Magyar Telekom Plc also aims to contribute to the improvement of digital skills, fostering businesses' competitiveness, integrating digital solutions, encouraging greater use of emerging technologies, strengthening research, development and innovation, and increasing the uptake of data-based solutions.

Inclusivity and diversity: As an employer, Magyar Telekom Plc. aims to achieve a 100% accessible and inclusive employee experience by 2030, including the aim of increasing the ratio of female managers, reducing the gender pay gap and focusing on LMBTQI and Roma integration. The European Accessibility Act (EAA) will apply to most of the different elements of services and products the Group provides from June 28, 2025 - with a few exceptions from 2030 - so that they must be accessible to customers with disabilities. This includes websites and apps (both with WCAG compliance), the ICT products the Company uses to provide services, the ICT products the Company sells, and the electronic communications services provided.

The sustainability strategy and business strategy are inter-linked. Magyar Telekom Plc. has a deep commitment to driving digitalization across Hungary while maintaining its leading position as an integrated service provider. To support these goals, it prioritizes digitalization and IT transformation. This is evident in the sustainability strategy namely to use the opportunities offered by digitalization for the benefit of society at large. Magyar Telekom Group also emphasizes its role in transforming customers' digital lives. Efficiency improvement is a key part of the general strategy, which is closely linked to the climate protection pillar of the sustainability strategy. In executing its strategy, Magyar Telekom Plc. strives to be a decisive and timely, responsive and agile service provider. To this end, it has launched a cultural transformation program using new ways of working. Research shows that an inclusive and diverse workplace fosters creativity and efficiency, creating a link between strategies.

ESRS 2 SBM-2 – Interests and views of stakeholders

The involvement of stakeholders in the preparation of the Group's materiality assessment has been an important factor in recent years. Stakeholders are those groups that are 1) affected by Magyar Telekom Group or 2) have an impact on Magyar Telekom Group. They are also the primary users of the Consolidated sustainability statement.
In the last quarter of 2023, Magyar Telekom Group conducted a review of its stakeholder list, which was updated by the internal expert team and the ESG Squad. Following this review, the identified stakeholder groups were asked via an online questionnaire about several sustainability matters and the Group's impacts. Given that no significant time has elapsed between the time when the double materiality assessment was carried out in 2024 and the stakeholder review and survey were carried out at the end of 2023 and given that there have been no significant changes in the Group's operations in the intervening period, the results of the latest review and survey can be considered up to date.

The ESG CoE involved the ESG Squad in the assessment of the stakeholder review and the results of the questionnaire performed in 2023., Through the involvement of the ESG Squad, they were informed about the views of stakeholders on the Group's sustainability-related impacts. The results of the questionnaire, in the form of the identified material topics, were presented in the 2023 Sustainability Report, which is publicly available. Management and supervisory bodies were not informed separately about the views of stakeholders as a result of assessment on the Group's sustainability impact.

In 2024, internal stakeholders, employees (experts), were involved in the collection and validation of IROs. Thanks to their scope of activities and their cooperation with external stakeholders, experts provided useful and reliable information during the process of the double materiality assessment.

The following stakeholder groups are considered key stakeholders: management, shareholders, customers, suppliers, employees, future generation, regulators, media and NGOs.

In 2024, the results of the double materiality assessment were approved by the CFO, following which they were shared with ESG Squad.

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

The main impacts, risks and opportunities of Magyar Telekom Group and their interactions with the strategy and business model are described in the respective topic standards. The ESRS topics identified as material are examined in detail in the respective chapters and corresponding strategies, goals, measures and key figures related to the main impacts, risks and opportunities are reported.

The detected positive and negative environmental, societal and governance material impacts are described in the respective standard topic chapters of this Consolidated sustainability statement. The description of each material impact also includes information on whether the Group causes the impact, contributes to the impact or relates to the impact and indicates the specific sections of the value chain which are affected by the particular impact. The description of each potential material impact contains reference to the time horizon of their expected impact based on the ESRS time horizon

terminology. The identified material risks and opportunities are described in a qualitative way. The Group omits the information prescribed by ESRS 2 SBM-3 paragraph 48(e) (anticipated financial effects of material risks and opportunities) for the first year of preparation of its Consolidated sustainability statement.

At the start of 2023, sustainability strategy objectives were revised to better align them with the overall strategical directions, reflect the changing external and internal circumstances and to base the objectives on more accurate calculations. Some of the previous strategic sub-objectives were affected by risks related to the price and availability of fossil fuels, as well as the increased energy demand for 5G services and data centers. In addition to external changes, there have also been changes in the structure of Magyar Telekom Group due to the restructuring of the former T-Systems Hungary Ltd. Co. As a result, amendments have been made to the sustainability strategy to level up its resilience. The ESG CoE oversees the implementation of the group-wide strategy, monitors the Group's sustainability related impacts, risks and opportunities, and has the authority to refine the strategy as needed and secure approval from the appropriate governing bodies. In 2024, due to the resiliency of the operations, no IRO-s have been identified that would have required such interventions.

Reporting on the changes to the material impacts, risks and opportunities compared to the previous year is not relevant in the first reporting year.

The respective standard topic chapters of this Consolidated sustainability statement declare if the detected impacts, risks and opportunities are covered by ESRS disclosure requirements or covered by entity-specific disclosures. Risks and opportunities are disclosed in a qualitative manner and the Group uses the phase-in option of quantitative data.

The following table provides an overview of the impacts, risks and opportunities covered by additional entity-specific disclosures instead of standard topic data points.

Company-specific disclosures

Impact, Risks and Opportunities	Company-specific disclosure	Chapter
Magyar Telekom Plc. aims to achieve a positive impact on society. Besides the development of the network, increasing digital maturity of society is also part of the strategy.	ESG KPI "Beneficiaries – Digital Society"	ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Management of sustainability impacts, risks and opportunities

ESRS 2 IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities

The Consolidated sustainability statement considers Magyar Telekom Group's upstream and downstream value chain. In order to consider Magyar Telekom Group's business efficiently and realistically at the same time, the following basic assumptions were made when considering the value chain as part of the materiality assessment:

- Magyar Telekom Group's activities are reported under fixed, mobile and IT/SI services.
- Magyar Telekom Group, as a service provider, does not produce itself, but sells the products of its suppliers. These are primarily manufacturers of mobile devices. Given the substantial market power of Magyar Telekom Group's suppliers, the Group very limited influence on the raw material extraction of its merchandise and does not establish a direct connection between these activities and its own business model
- Given the centralized nature of procurement decisions and processes, the analysis of Magyar Telekom Group relies on the findings of Deutsche Telekom Group's upstream value chain analysis.

Magyar Telekom Group completed its first double materiality assessment in 2024. The aim was to identify all material impacts on people and the environment caused by the Group's business activities and locations along the entire value chain, while getting a thorough overview of the sustainability related financial risks and opportunities for the Group.

Internal stakeholders, employees (experts), were involved in the collection and validation of IROs. Due to their scope of activities and their cooperation with external stakeholders, experts provided useful and reliable information. For the outcome of double materiality analyses and material IROs, the opinion of pre-defined management group and the approval of the CFO has been asked.

The following process was applied to identify, assess, prioritize and monitor the potential and actual impacts of the Group: the due diligence process was based on the ESRS dimensions of severity and probability of occurrence. Based on these criteria, an evaluation scheme was used to assess the relevance of positive and negative, actual and potential impacts. For the assessment of the actual and potential impacts, the following aspects were considered when determining the severity of impact:

- Extent: how severe is the impact?
- Scope: how widespread is the impact?
- Irreversibility: how difficult is the impact to counteract (only for negative effects)?

Potential impacts were also assessed according to their probability of occurrence and the time horizon (short, medium or long-term). Using a five-point scale based on the recommendations of the European Financial Reporting Advisory Group's (EFRAG) Implementation Guidance of December 2023. For each impact, the value creation stage at which it occurs or could occur was also determined.

The following process was applied to identify, assess, prioritize and monitor the risks and opportunities of the Group related to sustainability issues that have or may have financial effects: the scheme of the financial materiality analysis follows the four-stage evaluation logic of established risk and opportunity management. In order to determine financial risks and opportunities, an inventory was made, risks and opportunities were assessed and assigned to ESRS sub-topics and identified correlations with the impacts. The risks were divided into the following categories:

- Strategic
- Operational
- Regulatory
- Legal and antitrust proceedings (relating to risks only)
- Compliance (with regard to risks only)
- Financial (with regard to risks only)

The affected stages of the value chain were also determined, in which risks and opportunities arise. The time horizon was also assigned in which they can arise (short, medium or long-term).

Sustainability-related risks were prioritized based on two key criteria: likelihood of occurrence and potential impact. These criteria originated from established processes for Group-wide risk management. Once individual risks or opportunities have already exceeded the internal monitoring thresholds, they are included in Magyar Telekom Group’s risk portfolio and are therefore covered by the Group-wide risk management.

The risks and opportunities arising from impacts and the impacts arising from risks and opportunities have been interlinked in the analysis to consider the connection between them.

Decision-making process and the related internal control procedures of double materiality assessment

Impact, risk and opportunity inventory for determining material sustainability matters was prepared on the basis of the examination of the ESRS topics. The identification and assessment process were coordinated by the ESG CoE, supported by Risk management. Responsible business areas were involved in the assessment of each topic, the process is very similar to the existing corporate risk assessment and risk management process.

The materiality assessment for this Consolidated sustainability statement was based on extensive desk research with reference to studies and research, as well as internal and external stakeholder involvement in the form of qualitative interviews, questionnaire and analysis of data.

Decision-making materials were compiled, and the CFO was asked to approve the results of the double materiality assessment, with support from an extensive range of management members. Internal policies stipulate the decision-making responsibility rests with the CFO.

ESRS 2 IRO-2 – Disclosure Requirements in ESRS covered by Magyar Telekom Group's sustainability statement

The following section presents the material ESRS topical standards as well as the list of non-material ESRS topical standards according to which the Group is obliged to report according to other EU legislation. The list below shows the disclosure requirements complied with when preparing the Consolidated sustainability statement based on the results of the double materiality analysis, as well as the required disclosures under Article 8 of Regulation (E) 2020/852 (Taxonomy Regulation):

- ESRS 2 – General information
- Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)
- ESRS E1 – Climate Change
- ESRS E5 – Resource Use and Circular Economy
- ESRS S1 – Own workforce
- ESRS S2 – Workers in the value chain
- ESRS S4 – Consumers and End Users
- ESRS G1– Business conduct

There were no material impacts, risks and opportunities identified corresponding to the following list of ESRS topical standards, therefore the Group omits all connected disclosure requirements with regards to corresponding topical ESRS.

- E2: Pollution
- E3: Water and marine resources
- E4: Biodiversity and ecosystems
- S3: Affected communities

The determination of the data points to be reported under the topical standards and thus essential information is based on qualitative mapping at the content level of the identified impacts, risks and opportunities.

List of data points in general and thematic standards resulting from other EU legislation

The table below contains all the data points resulting from other EU legislation, as listed in ESRS 2 Annex B, and indicates where the data points can be found in our report and which data points are assessed as 'non-material'.

Disclosure	Data point	Designation	SFDR Reference	Pillar 3 Reference	Benchmark Regulation Reference	EU Climate Law Reference	Materiality	Chapter
ESRS 2 GOV-1	21d	Gender diversity in management and control bodies	x		x			ESRS 2 GOV-1 - The role of administrative, management and supervisory bodies
ESRS 2 GOV-1	21e	Percentage of independent board members			x			ESRS 2 GOV-1 - The role of administrative, management and supervisory bodies
ESRS 2 GOV-4	30	Statement on due diligence	x					ESRS 2 GOV-4 - Statement on due diligence
ESRS 2 SBM-1	40d-i	Participation in fossil fuel-related activities	x	x	x		Not relevant	-
ESRS 2 SBM-1	40D-II	Activities related to the production of chemicals	x		x		Not relevant	-
ESRS 2 SBM-1	40d-III	Involvement in activities related to controversial weapons	x		x		Not relevant	-
ESRS 2 SBM-1	40d-iv	Participation in activities related to the cultivation and production of tobacco			x		Not relevant	-
ESRS E1-1	14	Transition plan to achieve climate neutrality by 2050				x		ESRS E1-1 – Transition plan for climate change mitigation
ESRS E1-1	16g	Companies exempted from the Paris-aligned benchmarks		x	x			ESRS E1-1 – Transition plan for climate change mitigation
ESRS E1-4	34	GHG emission reduction targets	x	x	x			ESRS E1-4 – Climate Change Mitigation and Adaptation Objectives
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x					ESRS E1-5 – Energy consumption and mix
ESRS E1-5	37	Energy consumption and mix	x					ESRS E1-5 – Energy consumption and mix
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	x					ESRS E1-5 – Energy consumption and mix
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	x	x	x			ESRS E1-6 – Gross Scope 1, 2, 3 and Total GHG emissions
ESRS E1-6	53-55	Gross GHG emissions intensity	x	x	x			ESRS E1-6 – Gross Scope 1, 2, 3 and Total GHG emissions
ESRS E1-7	56	GHG removals and carbon credits				x		ESRS E1-7 – GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Not Reported (Phase-in Option)	-

Disclosure	Data point	Designation	SFDR Reference	Pillar 3 Reference	Benchmark Regulation Reference	EU Climate Law Reference	Materiality	Chapter
ESRS E1-9	66a 66c	Disaggregation of monetary amounts by acute and chronic physical risk / Location of significant assets at material physical risk		x			Not Reported (Phase-in Option)	-
ESRS E1-9	67c	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			Not Reported (Phase-in Option)	-
ESRS E1-9	69	Degree of exposure of the portfolio to climate- related opportunities			x		Not Reported (Phase-in Option)	-
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				Not material	-
ESRS E3-1	9	Water and marine resources	x				Not material	-
ESRS E3-1	13	Dedicated policy	x				Not material	-
ESRS E3-1	14	Sustainable oceans and seas	x				Not material	-
ESRS E3-4	28c	Total water recycled and reused	x				Not material	-
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	x				Not material	-
ESRS 2 IRO-1 E4	16a-i		x				Not material	-
ESRS 2 IRO-1 E4	16b		x				Not material	-
ESRS 2 IRO-1 E4	16c		x				Not material	-
ESRS E4-2	24b	Sustainable land / agriculture practices or policies	x				Not material	-
ESRS E4-2	24c	Sustainable oceans / seas practices or policies	x				Not essential	-
ESRS E4-2	24d	Policies to address deforestation	x				Not material	-
ESRS E5-5	37d	Non-recycled waste	x					ESRS E5-5 - Resource Outflows
ESRS E5-5	39	Hazardous and radioactive waste	x					ESRS E5-5 - Resource Outflows
ESRS 2 SBM-3 – S1	14f	Risk of incidents of forced labour	x					ESRS S1-1 – Policies related to own workforce
ESRS 2 SBM-3 – S1	14g	Risk of incidents of child labour	x					ESRS S1-1 – Policies related to own workforce
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8,			x			ESRS S1-1 – Policies related to own workforce
ESRS S1-1	22	processes and measures for preventing trafficking in human beings	x					ESRS S1-1 – Policies related to own workforce
ESRS S1-1	23	workplace accident prevention policy or management system	x					ESRS S1-1 – Policies related to own workforce
ESRS S1-3	32c	grievance/complaints handling mechanisms	x					ESRS S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns.

Disclosure	Data point	Designation	SFDR Reference	Pillar 3 Reference	Benchmark Regulation Reference	EU Climate Law Reference	Materiality	Chapter
ESRS S1-14	88b 88c	Number of fatalities and number and rate of work- related accidents	x		x			ESRS S1-14 – Health and safety metrics
ESRS S1-14	88e	Number of days lost to injuries, accidents, fatalities or illness	x					ESRS S1-14 – Health and safety metrics
ESRS S1-16	97a	Unadjusted gender pay gap	x		x			ESRS S1-16 – Compensation metrics (pay gap and total compensation)
ESRS S1-16	97b	Excessive CEO pay ratio paragraph	x					ESRS S1-16 – Compensation metrics (pay gap and total compensation)
ESRS S1-17	103a	Incidents of discrimination	x					ESRS S1-17 – Incidents, complaints and severe human rights impacts
ESRS S1-17	104a	Non-respect of UNGPs on Business and Human Rights and OECD	x		x			ESRS S1-17 – Incidents, complaints and severe human rights impacts
ESRS 2 SBM3 – S2	11b	Significant risk of child labor or forced labor in the value chain	x					ESRS 2 SBM-3 S2 – Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S2-1	17	Human rights policy commitments	x					ESRS S2-1 – Policies related to value chain workers
ESRS S2-1	18	Policies related to value chain workers	x					ESRS S2-1 – Policies related to value chain workers
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x		x			ESRS S2-1 – Policies related to value chain workers
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8,	x					ESRS S2-1 – Policies related to value chain workers
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x					ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action
ESRS S3-1	16	Human rights policy commitments	x				Not material	-
ESRS S3-1	17	non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	x		x		Not material	-
ESRS S3-4	36	Human rights issues and incidents	x				Not material	-
ESRS S4-1	16	Policies related to consumers and end-users	x					ESRS S4-1 – Policies related to consumers and end-users

Disclosure	Data point	Designation	SFDR Reference	Pillar 3 Reference	Benchmark Regulation Reference	EU Climate Law Reference	Materiality	Chapter
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x		x			ESRS S4-1 – Policies related to consumers and end-users
ESRS S4-4	35	Human rights issues and incidents	x					ESRS S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
ESRS G1-1	10b	United Nations Convention against Corruption	x					ESRS G1-1 – Corporate culture and business conduct policies
ESRS G1-1	10d	Protection of whistleblowers	x					ESRS G1-1 – Corporate culture and business conduct policies
ESRS G1-4	24a	Fines for violations of corruption and bribery regulations	x		x			ESRS G1-4 – Confirmed incidents of corruption or bribery
ESRS G1-4	24b	Standards of anti-corruption and bribery	x					ESRS G1-4 – Confirmed incidents of corruption or bribery

Environmental topics

Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)

Compliance with the transparency requirements of the EU Taxonomy

The EU taxonomy aims to promote investment flows from the financial sector to companies engaged in environmentally sustainable activities. In this way, the taxonomy is intended to contribute to the implementation of the European Green Deal. As a basis for this, the regulation creates a binding definition of the environmental sustainability of activities and investments and obliges companies to report on these activities. In 2021 and 2022, EU legislation initially set out criteria for the taxonomy environmental goals 'Climate Change Mitigation'(CCM) and 'Climate Change Adaptation' (CCA). In June 2023, criteria were adopted for the remaining four environmental goals: 'Sustainable use and protection of water and marine resources' (WTR), 'Transition to a circular economy' (CE), 'Pollution prevention and control' (PPC) and 'Protection and restoration of biodiversity and ecosystems' (BIO).

According to the EU Taxonomy Regulation, the first step is to determine taxonomy-eligible economic activities of a company. These are activities that are covered by the EU taxonomy and thus potentially make a significant contribution to achieving environmental goals. As the second step, these activities must be checked for their taxonomy conformity. An activity is considered taxonomy-compliant if it meets the technical assessment criteria for a substantial contribution to at least one environmental objective listed in the Annexes to Delegated Regulations (EU) 2021/2139, (EU) 2022/1214, (EU) 2023/2485 and (EU) 2023/2486. At the same time, it must not significantly impair any of the other environmental objectives and must comply with the minimum social standards (so-called minimum protection) set out in the Taxonomy Regulation (EU) 2020/852, which require compliance with human and labor rights. Magyar Telekom Group operates in the information and telecommunication industry, and as such, in the context of the environmental goal 'climate protection' (CCM), the following two economic activities are relevant for its core business according to the EU taxonomy (taxonomy-eligible):

- Data processing, hosting and related activities (CCM 8.1)
- Data-based solutions to reduce greenhouse gas emissions (CCM 8.2)

Magyar Telekom rents out devices to its customers and sells refurbished devices as part of its core business. Accordingly, the following economic activities, which are assigned to the environmental goal 'Transition to a Circular Economy' (CE), are also relevant:

- Sale of second-hand goods (CE 5.4)
- Product as a service and other circular and outcome-based service models (CE 5.5)

The EU taxonomy does not yet include criteria related to the 'provision and operation of electronic communications networks and services' economic activity. As a result, an essential part of the Group's business model is not yet covered by the EU taxonomy. As such the EU taxonomy does not offer an opportunity for Magyar Telekom Group to demonstrate its contribution to climate protection in the area of network expansion and operations of fixed and mobile networks.

On the other hand, the EU taxonomy lists cross-sectional activities outside of the core business that are potentially relevant to the Group's general corporate infrastructure, such as fleet and building management and energy generation. In the 2024 financial year, Magyar Telekom Plc. carried out the following taxonomy-eligible cross-sectional activity related to the environmental target 'Pollution prevention and control' (PPC) which is financially significant:

- Collection and transport of non-hazardous and hazardous waste (PPC 2.3)

Procedure for determining taxonomy eligibility and compliance

When determining the taxonomy eligibility of economic activities, Magyar Telekom Group focused on the main corporate activities, carefully evaluating them through a cost-benefit lens. In the year under review, the application of the materiality analysis changed slightly. In contrast to the previous year, any sales and capital or operational expenditures under HUF 100 million are no longer reported, which is also the lowest level of financial materiality in the risk management of Magyar Telekom Group.

The activities identified as taxonomy-eligible were individually assessed for their taxonomy compliance. However, the proof of conformity to avoid significant impairments of the environmental goal of adaptation to climate change (CCA) was provided across the board for all taxonomy-eligible activities, as climate risks are managed centrally at Deutsche Telekom Group level. Compliance with the minimum social standards is monitored through a Deutsche Telekom Group-wide management system.

In order to avoid significant harm to the environmental objective of adaptation to climate change (CCA), the taxonomy compliance assessment requires that an analysis of possible physical climate risks be carried out for all the aforementioned economic activities. As part of the risk management, a comprehensive analysis of physical climate risks was conducted in the year under review. In the context of the taxonomy-eligible activities, no impairment of the environmental objective 'Adaptation to Climate Change' (CCA) was identified, as individual local climate risks are minimized through existing adaptation measures.

The minimum social standards require a management system to monitor compliance with the OECD Guidelines for Multinational Enterprises as well as the UN Guiding Principles on Business and Human Rights, including the core labor standards of the International Labor Organization and the International Charter of Human Rights. The Group is explicitly dedicated to upholding these principles. Human rights due diligence is conducted through a risk-based management system operated by Deutsche Telekom that covers Magyar Telekom Group and its supply chain and monitors compliance with social and environmental standards. An open dialogue is also maintained with employee representatives and trade unions. To prevent corruption and promote fair competition, Magyar Telekom Group employs a compliance management system tailored to its risk profile and it is regularly certified by external audits.

Sales-relevant economic activities

The taxonomy-eligible economic activity 'data processing, hosting and related activities' (CCM 8.1) includes 'the storage, manipulation, management, movement, control, display, intermediation, exchange, transmission or processing of data through data centers, including edge computing'. Within the Group-wide business activities, Telekom Rendszerintegráció Zrt. covers this branch of the economy. Only data centers that comply with the EU Code of Conduct for the Energy Efficiency of Data Centers make a significant contribution to climate protection according to the EU taxonomy. Data center of Telekom Rendszerintegráció Zrt. does not meet these criteria, therefore the data center used for the CCM 8.1 economic activity is classified as non-taxonomy-aligned in the year under review.

'Data-based solutions for reducing greenhouse gas emissions' (CCM 8.2) economic activity is classified as solutions and products in the Group which, in accordance with the provisions of the EU taxonomy, are 'primarily intended for the provision of data and analyses to enable the reduction of greenhouse gas emissions'. These are solutions and products, that have a demonstrated potential of CO_2 emissions reduction on the user side.

- Business-related web and video conferencing solutions (saving travel-related CO_2 emissions)
- Workplace and cloud solutions (increase energy efficiency through improved server utilization)
- IoT solutions (CO_2 emission savings)

To demonstrate alignment with the taxonomy, a life-cycle analysis is required to show that a solution will deliver significant GHG emission reductions over its entire life cycle compared to a relevant standard, i.e. reference, solution available on the market. Deutsche Telekom Group has carried out the necessary life cycle analyses for business-related video conferencing solutions as well as for some cloud solutions. Based on Deutsche Telekom Group's analysis, a comparison of face-to-face meetings with business videoconferencing solutions provided evidence of significant GHG

reductions. Hybrid meetings reduce greenhouse gas emissions by about 62% (small meetings) or 32% (large meetings). Given the evident reduction in GHGs, all web-based conferencing solutions are reported as taxonomy aligned.

Magyar Telekom Group offers a number of IoT solutions that can reduce CO_2 emissions. However, as a life cycle analysis to prove the effects of these solutions has not yet been carried out, they are reported as non-taxonomy-eligible for the reporting year.

Financial indicator for activity Sale of second-hand goods (CE 5.4) are not disclosed by Magyar Telekom Group because they would be information relating to a single business partner.

The industry standard, "Product-as-a-service and other circular use- and result-oriented service models' (CE 5.5) activity is also relevant for Magyar Telekom Group: in 2024 only the leases of CPE devices (set-top boxes) to its customers are reported. Set-top boxes are packaged products, where Magyar Telekom Group cannot guarantee that all set-top-boxes are sustainably packaged, therefore as a conservative approach it is reported as non-taxonomy-eligible for the reporting year.

Cross-sectional activities

Magyar Telekom Group strives to lead the way to implement a circular economy by 2030. This also applies to the network technology used across the operations. This is achieved by sorting waste and transferring it to an appropriate processing partner, within the limits set by law. Thus, the economic activity "Collection and transport of non-hazardous and hazardous waste (PPC 2.3)' is relevant as a cross-sectional activity. Waste management regulation in Hungary has changed in 2023, with certain waste streams becoming centrally managed. Thus, the accurate sorting of waste emerged as a key focus in the Group's ambition to keep technology waste out of landfills.

Activities predefined Key Performance Indicators (KPIs) do not fully comply with all criteria therefore this activity is reported as non-taxonomy-aligned in the year under review.

Taxonomy KPIs

The aggregated group figures used as the basis for the calculation according to the EU taxonomy in the reporting year were revenue of HUF 967,478 million, capital expenditure of HUF 113,303 million and indirect costs of HUF 224,267 million.

Revenue and capital expenditure are determined on the basis of the consolidated accounts. In accordance with EU taxonomy rules, the disclosure of capital expenditure is not part of the taxonomy-eligible capital expenditure plan for the expansion of economic activities (CAPEX). Operating costs relevant to the EU taxonomy represent a small proportion of total operating expenditure. They include costs related to research and development; measures to remediate buildings; short-term leasing; maintenance and repair; and all other direct expenditure related to the day-to-day maintenance of property, plant and equipment. As Magyar Telekom's core business is not yet adequately covered by the criteria in the EU taxonomy an aggregate view of the taxonomy eligibility of all economic activities results in 2024 in very low proportions of taxonomy-eligible revenue (1.5 percent), capital expenditure (0 percent), and operating expenditure (0 percent).

In the 2024 financial year, the taxonomy-aligned proportion of all economic activities of the Magyar Telekom Group was 0.02 percent of revenue, 0 percent of capital expenditure, and 0 percent of operating expenditure.

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)	Taxonomy aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
MAGYAR TELEKOM		*Millions, HUF*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES			**1,5%**																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Data-driven solutions for GHG emissions reductions	CCM 8.2	210	0,02	0,02	0,02	N/A	N/A	0,02	NA	Y	Y	N/A	N/A	Y	NA	Y	0,02	0,01	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**210**	**0,02**	**0,02**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	Y	Y	N/A	N/A	Y	NA	Y	**0,02**	**0,01**	**E**	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Data processing, hosting and related activities	CCM 8.1	2 744	0,28																	
Data-driven solutions for GHG emissions reductions	CCM 8.2	8 038	0,83																	
Collection and transport of non-hazardous and hazardous waste	CE 2.3	131	0,01																	
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	3 592	0,37																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**14 505**	**1,50**														**1,50**	**1,26**		
Total (A.1+A.2)		**14 715**	**1,52**														**1,52**	**1,27**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		**952 763**	**98,48**																	
Total (A+B)		**967 478**	**100,00**																	

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Absolute CAPEX (3)	Proportion of CAPEX (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total CAPEX, year N (18)	Taxonomy aligned proportion of CAPEX, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
MAGYAR TELEKOM		*Millions, HUF*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES			0%																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0,00	0,00	0,00	0,00	0,00	0,00	0,00								0,00	0,00		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0,00														0,00	0,19		
Total (A.1+A.2)		0	0,00														0,00	0,19		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CAPEX of Taxonomy-non-eligible activities		113 303	100,00																	
Total (A+B)		113 303	100,00																	

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic Activities (1)	Code (2)	Absolute OPEX (3)	Proportion of OPEX (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total OPEX, year N (18)	Taxonomy aligned proportion of OPEX, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
MAGYAR TELEKOM		*Millions, HUF*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES			0,00																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0,00	0,00	0,00	0,00	0,00	0,00	0,00	NA	NA	NA	NA	NA	NA	NA	0,00	0,16		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0,00														0,00	0,00		
Total (A.1+A.2)		0	0,00														0,00	0,16		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OPEX of Taxonomy-non-eligible activities		224 267	100,00																	
Total (A+B)		224 267	100,00																	

ESRS E1 – Climate Change

Introduction

As a responsible market player and one of the leading ICT service providers in Central Europe, Magyar Telekom Group recognizes the risks of climate change and has integrated the mitigation of this environmental issue into its operations for over 20 years. This is demonstrated by the fact that the Group has been publishing data on its main CO_2 emissions since 2002, long before it was required by law. As such, critical actions with respect to both mitigation and adaptation were taken before the present reporting period and prior to the setting of Magyar Telekom Group's science-based commitment.

The following index shows the disclosure requirements identified by the materiality analysis with regard to the topic standard 'Climate Change'.

ESRS index according to ESRS 2 IRO-2

Disclosure	Designation	Remarks
ESRS E1 – Climate Change		
ESRS 2 GOV-3 E1	Integration of sustainability-related performance in incentive schemes	
ESRS E1-1	Transition plan for climate change mitigation	
ESRS 2 SBM-3 E1	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in option for ESRS 2 SBM-3 §48e
ESRS 2 IRO-1 E1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	
ESRS E1-2	Policies related to climate change mitigation and adaptation	
ESRS E1-3	Actions and resources in relation to climate change policies	
ESRS E1-4	Targets related to climate change mitigation and adaptation	
ESRS E1-5	Energy consumption and mix	
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits	
ESRS E1-8	Internal carbon pricing	
ESRS E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Use of phase-in option
MDR-P MDR-A MDR-M MDR-T	Policies adopted to manage material sustainability matters Actions and resources in relation to material sustainability matters Metrics in relation to material sustainability matters Tracking effectiveness of policies and actions through targets	The Group applies the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding disclosure requirements.

Strategy

ESRS E1-1 – Transition plan for climate change mitigation

Magyar Telekom Plc's parent company, Deutsche Telekom, wants to become climate neutral (net-zero) across the entire value chain, by 2040 at the latest. Magyar Telekom Group itself has currently no official net-zero commitment. However, Magyar Telekom Group is committed to the Deutsche Telekom group target. In addition, Hungary has passed a law (Act XLIV of 2020 on Climate Protection) which states that the country will achieve climate neutrality by 2050. As such, Magyar Telekom Group shall contribute to both goals."

Magyar Telekom Group is not excluded from the EU Paris-aligned Benchmarks. In 2023, the Group revised its sustainability strategy to adapt to changing external circumstances while maintaining its original emission reduction targets. Consequently, the transition plan is under revision. The Group intends to publish its transition plan, including financial information in its next sustainability statement.

Magyar Telekom Plc. emission reduction commitments made in 2018 - approved by the Science Based Target Initiative (SBTi) - were replaced by more ambitious targets in 2019 in response to the IPCC's 1.5°C report and became the main focus of the Group's strategy. Magyar Telekom Plc. committed to reducing absolute Scope 1 and 2 GHG emissions 84% by 2030 relative to 2015 (base year). Magyar Telekom Plc. also committed to reducing absolute Scope 3 GHG emissions 30% by 2030 relative to 2017 (base year). These targets are compatible with limiting global warming to 1.5°C in line with the Paris Agreement.

The Group can only maintain its market leadership if it reacts promptly to external market, geopolitical and environmental changes. Due to external factors (fuel price and availability of fossil fuels) and internal transformation processes, as well as detailed mapping of emission sources (e.g. emergency power generation, fugitive emissions from refrigerants), the Scope 1-2 strategy of two largest Hungarian member companies was revised in 2023, with a base year harmonized with the SBT commitment. A market-based emission reduction of 80% is achievable by 2030 with the extended sources for Magyar Telekom Plc. and Telekom System Integration Ltd. In addition, Magyar Telekom Group actively contributes to the achievement of Deutsche Telekom's sustainability targets aimed at achieving climate neutrality by 2040.

Magyar Telekom Group's key actions of climate change mitigation are as follows:

Reduction of electric power consumption by 55% till 2030 compared to 2015 base year through fixed network modernization:

- Green transition of data centers in line with EU Taxonomy recommendations
- Maintain the coverage of 100% its electric power demand from renewable sources
- Efforts to further increase the share of local renewable energy
- Energy efficiency investments in MT-Hungary's buildings and infrastructure
- Gradual green transition of the vehicle fleet
- Lead the way in implementing a circular economy by 2030.

While the ICT sector as a whole is energy intensive, individual sites do not share this characteristic. The ongoing transition away from fossil energy dependency ensures that the lock-in effect does not apply. There are no issues with buildings that would prevent the commitment from being met.

Deutsche Telekom also sets actions (e.g. RE100 requirements since 2021, circularity goals, incentive scheme for climate targets etc.) to contribute its Group's targets. For any climate neutrality target, it is essential to sustainably decouple the economic growth from the use of resources therefore, companies must significantly increase their energy and resource efficiency and further restrict their absolute energy consumption. This is necessary given that even the production of green electricity has a negative impact on the environment. Despite an extensive build-out of the telecommunications networks in the coming years, the aim is to keep absolute energy consumption stable in the medium-term within the whole Deutsche Telekom Group. The Supervisory Board of Deutsche Telekom considers it important to incentivize top management to ensure that energy consumption that is harmful to the environment is kept at least stable in the medium term. The short-term climate change related management incentives are linked to a decrease in Scope 1 & 2 emissions and to a reduction in electricity consumption. The CO_2 emission reduction target aims to motivate management to sustainably integrate green electricity use, optimize building energy consumption, and gradually transition the Group's vehicle fleet from fossil fuels to emission-free or low-emission engine types. These targets drive the implementation of energy-saving programs and investments across all energy sources, while also promoting optimization, innovation and the adoption of advanced technological components for future infrastructure. Company procedures related to remuneration are regulated by Magyar Telekom's internal policies. Decisions regarding the remuneration of the Chief Executive Officer and other Chief Officers are adopted by the Remuneration and Nomination Committee. However, the climate and energy targets are determined by Deutsche Telekom with 20% of the annual bonus linked to the achievement of sustainability targets.

ESRS 2 SBM-3 E1 – Material impacts, risks and opportunities and their interaction with strategy and business model

During the process of double materiality analysis Magyar Telekom Group identified material impacts and risks related to climate change related topics. Further information on this process is provided in the Chapter of ESRS 2 IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities during the understanding phase of double materiality analysis, interviews and documentation collection were conducted internally to assess the Group's environmental impact across its value chain.

The summary below shows the material impact groups of Magyar Telekom Group's business activities, which have been identified through the double materiality analysis. Unless marked as "potential", these are actual impacts. Operational activities, such as heating office buildings, shops and other facilities, and as well as vehicle fleet operation, generate greenhouse gases and negatively impact the environment. Magyar Telekom Group purchases renewable energy via PPAs,

which has a positive impact on reducing Scope 2 market-based emissions. However, energy consumption requires the usage of the national electricity grid, and the operation of the grid is partially based on fossil energy sources. While digitalization of the economy as a whole can play a major role in reducing overall energy consumption, this increases Magyar Telekom Group's consumption.

Data centers play an important role in operations, with their energy consumption having a global impact. Additionally, the cooling equipment used in these data centers relies on greenhouse gases that are up to 2,000 times more powerful than carbon dioxide. A leak or failure in the system could lead to significant emissions. The latter would significantly increase Magyar Telekom Group's Scope 1-2 emissions (potential impact).

The production of the infrastructure and equipments required for the provision of Group’s services and the construction of these equipments causes greenhouse gas emissions. On the one hand, this generates process emissions (e.g.: the refining of petroleum, which forms the basis of plastics). On the other hand, all production processes involve energy consumption, which is still primarily based on the burning of fossil fuels. These factors are relevant in terms of Magyar Telekom Group's Scope 3 emission.

The above-mentioned emissions contribute to climate change and Magyar Telekom Group's Scope 1, 2 and 3 emissions. The Group has Strategic goals aimed at addressing these impacts.

Participation in the JAC (Joint Alliance for CSR) sector initiative and the simultaneous further development of strategically important suppliers can result in a positive impact. JAC members share best practices and resources to improve long-term international CSR implementation - with a particular focus on climate change mitigation - at different levels of the ICT sector supply chain. Due to Deutsche Telekom’s centralized procurement, this initiative is important for Magyar Telekom Group, which contributes to the achievement of Scope 3 emissions targets.

The following summary outlines Magyar Telekom Group's identified topic-specific risks, with a phase-in option used to report their financial effects. In the value chain section of Magyar Telekom Group’s operations, three long-term risks were identified. Climate change causes physical risk in the operations due to extreme weather events, which can cause service outages and result in repair costs in the event the network infrastructure is damaged.

Two transitory risks were identified. Not achieving the strategic goal related to self-produced renewable energy may affect the ability to fulfill green energy component of emission related goals. If Magyar Telekom Group cannot meet its own green energy production targets, and it must fulfill its target of using 100% renewable electricity, this can result in additional costs of GOO/PPA purchasing.

On the other hand, side, given that Magyar Telekom Group has one of the largest fleets in Hungary, it is critical for this fleet to be transformed to reduce emissions and mitigate climate change. While this transformation requires investment, if the transformation of the fleet does not take place, it contributes to a stronger increase in compensation costs (offsetting).

As the European Union and Hungary undergo an economic transition in line with the 1.5°C vision, experts point to the potential instability of the electricity system. Therefore, it was important to assess the capacity of Magyar Telekom Group’s infrastructure to handle the risk of electricity ou-tages. In order to decrease service downtimes, Magyar Telekom Group has already equipped its mobile base stations and critical infrastructure si-tes with batteries in preparation for shorter periods of power outages. To respond flexibly to a sudden or planned power outage, Magyar Telekom Group has internal capacity to generate electricity at key facilities using mobile diesel generators, enabling it to restore power within 2 hours at these sites. Although the network has been designed to ensure it can provide a continuous service in the event of a longer-term and national blackout by supplying its own power to priority sites, it is dependent on diesel generators to operate. Makedonski Telekom A.D. is currently also dependent on the use of diesel generators due to local power supply uncertainties, so dependence on fuel supply is already present.

ESRS 2 IRO-1 E1 Description of the processes to identify and assess material climate- related impacts, risks and opportunities

Assessment of Magyar Telekom Group's resilience has taken into account future economic exposure of the telecommunication sector under different climate and socio-economic scenarios. The assessment also looked at the climate/weather parameters to which the Group is most exposed and the extent to which the strategy developed can reduce exposure. Based on past technical experience, flooding, flash floods, stormy winds, bush/forest fires and extremely hot days are challenges for the network and the future behavior of these climate-related elements has been analyzed. Vulnerability to physical changes has only been investigated for the two largest Hungarian member companies. The analysis focused on own operations, but due to the dependence on the energy sector, this value chain element was also important.

Magyar Telekom Group has a long track record in analyzing its exposure to climate change. The initial focus was on physical resilience, especially the effect of higher temperatures on infrastructure and energy costs. During development of the 2021 sustainability strategy the Group analyzed how to prepare for and respond to economic and social changes under different scenarios. The development of the strategy also raised questions about how to reduce exposure during the 1.5°C transition. According to the sustainability strategy, Magyar Telekom Group started to assess the climate related risk management process based on TCFD in 2022. The initial analysis of the physical risks of climate change on infrastructure of its own operation (more than 10000 sites) was carried out in the case of Magyar Telekom Plc. and Telekom System Integration Ltd. Weather/climate risks to the companies' operations have been identified by the Technology Unit. Physical risks were analyzed taking into account publicly available information (model results, analysis) from public administrations - at the best geographical resolution available (e.g. at district level). Climate scenarios were available for RCP4.5 and RCP8.5. It should be noted that the geographical distribution of the data could be improved for flash floods and forest fires, but a more detailed data set is not yet available. The longest useful life in the case of infrastructure in the telecommunication sector is around 35 years, so this timeframe has been considered in the analysis. While for transition risks, we can analyze short-, medium- and long-term risks, for climate risks - according to the climate definition itself and the available model results - only long-term risks can be analyzed. (In the climate models used, the minimum time step is 10 years. The climate average covers a period of 30 years, which is a long-term horizon relative to the company's business plans.)

The risks were assessed based on two climate scenarios from the Intergovernmental Panel on Climate Change (IPCC): a business as-usual scenario (RCP 4.5/SSP2-4.5), which predicts a global temperature rise of more than two degrees, and a four-degree global temperature rise scenario (RCP 8.5/SSP5-8.5). RCP 4.5 was considered as the most likely scenario based on current analysis (UNEP's emission gap report 2023), while RCP 8.5 represents the worst-case scenario. The following table summarizes the key socio-economic assumptions by 2050:

RCP 4.5 - SSP2	**RCP 8.5 - SSP5**
growing electricity demand while fuel use is decreasing	slow transition to renewable energy use in the world
Hungary is going to produce 90% carbon-free energy by 2030; EU energy efficiency measures exist - mandatory efficiency goals for energy suppliers, which are passed on to the customers	Hungary produces 90% carbon-free electricity, but need a large amount of import electricity with high carbon intensity
EU ETS-like policy for buildings and fuels and low levels of natural gas consumption	usage of natural gas for heating continues
decreasing population in Hungary - medium rate	decreasing population in Hungary - medium rate
high carbon price in voluntary carbon market	no carbon pricing for telecommunication sector

Flash flooding has been identified as the riskiest weather event, and (depending on the scenarios) 19-24% of infrastructure operations could be negatively affected by extreme warm weather in the coming decades. This analysis can help ensure future upgrades to make infrastructure more resilient to the expected changes.

Physical risks in the network in Hungary	as a percentage of sites	value of infrastructure concerned (billion HUF)
flood	42%	200
flash flood	72%	400
wind	22%	100
forest fire	46%	300
hot days >90 (RCP4.5)	19%	100
hot days >180 (RCP8.5)	24%	100

The financial impact of the above risks has been quantified in line with the inventory of assets and buildings. There are different categories of sites within two largest Hungarian member companies, hence the average value of each site category has been used for this estimation. Local damage to the infrastructure as a consequence of extreme weather such as precipitation extremes and storms is possible and has been already experienced. Magyar Telekom Plc. continuously monitors these types of events. Related costs are integrated within asset maintenance costs in the integrated financial planning process. The magnitude of financial impact is low but can be expected to grow over time as extreme weather events and their average impact increase in the medium and especially in-long term due to ongoing climate change. Magyar Telekom Group is increasing its energy efficiency in line with the Sustainability Strategy and ISO 50001 certification guidelines. As a responsible company, Magyar Telekom Plc. gives priority to continuously enhancing its energy efficiency. The Group continuously measures, monitors and evaluates energy consumption and the significant factors related to it, both in terms of real estate and technological infrastructure (or technology and related service equipment). Based on these measurements, energy efficiency opportunities are continuously explored, which are implemented in the form of projects in line with the energy management objectives. Magyar Telekom Plc. Expects growing investment in the coming years to increase self-sufficiency and reduce exposure to rising energy prices. The aim is to reach 6000 MWh (in 2030) in the use of its own renewable energy sources. Magyar Telekom Plc. also expects to dedicate additional CAPEX to the development of resilient network infrastructure. The exploitation of climate change-related opportunities drives investments into the network as the expansion of network infrastructure drives future revenues by enabling new carbon reducing products and services, such as self-driving cars, which require low latency and a 5G-Infrastructure.

The supply chain is an area of uncertainty in the resilience assessment, despite Magyar Telekom Plc.'s effort to avoid dependence on a single supplier. For assets exposed to physical risk, in a sector where national coverage is an essential requirement, the only appropriate measures are to improve resilience and to prepare for change/adaptation.

Magyar Telekom Group's business model is able to adjust to climate change, thanks to a sector-wide need to adopt new technologies in a short period of time and the agile operation. Furthermore, connectivity is critical for economic resilience and recovery in the face of disaster. Robust telecommunications enable emergency response, coordination, and economic activities that aid recovery efforts, suggesting that Magyar Telekom Group's service portfolio is not at risk.

Magyar Telekom Group has been collecting GHG emissions data for Scope 1-2 for several decades, and a longer data series is available for Scope 3 emissions for Magyar Telekom Plc. Emissions from different sources and their amount have been taken into account in the impact assessment.

Management of impacts, risks and opportunities

ESRS E1-2 – Guidelines related to climate change mitigation and adaptation/ Policies related to climate change mitigation and adaptation

The Environmental Policy of Magyar Telekom Group sets out the general principles for environmentally responsible operations, including compliance with SBT and renewable energy targets, as well as environmental management in operations (according to ISO14001). It also outlines certain minimum sustainability requirements in the supply chain. Accordingly, the Supplier Code of Conduct requires reporting on Scope 1,2,3 and the preparation of a reduction plan if any of the member companies dealing with the individual supplier deems it necessary. The policy is complemented by environmental guidelines which provide further details, including the targets to be achieved. Magyar Telekom Environment Protection Guidelines include a policy which addresses renewable energy use. The Group is committed to developing and implementing a long-term climate protection strategy and has defined emission reduction and renewable energy use targets for a period through 2030. As of 2021, in line with this policy, the electricity consumption of the companies involved in sustainability activities has been covered by renewable sources every year.
The Group's Environmental Policy also sets out the enabling effect of digitalization and the role of information and communication technology in GHG emission reduction. Magyar Telekom Group facilitates this with smart products and services, simplifying and enriching people's lives. By actively communicating with stakeholders, Magyar Telekom Group creates opportunities to improve their environmental awareness.
Climate adaptation is not covered by the Group's environmental policy.

The Company has a specific policy on energy efficiency, which is a legal requirement for the two largest Hungarian member companies. (This policy is only available in Hungarian.)

ESRS E1-3 – Actions and resources in relation to climate change policies

Magyar Telekom Group has taken the following measures to reduce its emissions in 2024: in addition to the existing PPA contract, a further contract was signed, leading to the operation of the new solar power plant from December 2024. This ensures that Magyar Telekom Group can keep its market-based Scope 2 emission at a low level. More electric vehicles were leased in 2024, which will reduce fossil fuel consumption (Scope 1 emissions) of the fleet. Network modernization continued this year, as did the UPS reconstruction of the Group's largest data center, which resulted in additional electricity savings, further reducing scope 2 location-based emissions.

In the modernization of its infrastructure, in which Magyar Telekom Plc. has invested HUF 1,2 billion in 2024, priority was given to the following technological applications to enhance network climate change resilience:

- more heat-resistant batteries,
- more efficient air conditioning systems and
- open-air ventilation.

By using these three technologies together, Magyar Telekom Plc. has significantly reduced the use of air conditioners throughout the year, resulting in significant energy savings. In line with previous plans, 813 units were modernized/replaced in the network, not only to meet energy saving targets but also to respond to the challenges of weather/climate changes at the sites. In case of higher temperatures all the base stations and data centers use more energy to cool down the systems. In recent years, we have seen energy prices in Europe rise dramatically from one moment to the next. This can result in financial risks due to increasing energy consumption. Long-term renewable energy contracts (PPAs) offer an opportunity to mitigate these risks while supporting the Group's climate goals. Reducing energy consumption is an ongoing goal for Magyar Telekom Plc., to not only mitigate the risk of unpredictable energy price fluctuations (which had a significant effect on companies across Europe in 2023), but also as a necessary step to meet emissions targets. Key initiatives in this area include the rationalization of assets and phasing out of redundant technologies (e.g. copper network running alongside the existing fiber network), taking into account relevant regulatory requirements. As Magyar Telekom Group does not present its transition plan in this report, the associated future actions and their GHG emission reductions are not presented.

Goals/Targets

ESRS E1-4 – Targets related to climate change mitigation and adaptation

Magyar Telekom Group set its energy consumption targets in 2006 and has since been granted a Certificate of Patented Use by the Hungarian Patent Office for its free air-cooling technical solution. In 2008, a 10% GHG emission target was set for the main emission sources (energy consumption and paper use) by 2011 compared to 2007 emissions. This was followed by a 5% energy reduction target between 2011 and 2015 and a further location-based GHG reduction target of around 10% between 2016 and 2020. Meanwhile Magyar Telekom Group gradually increased its renewable energy purchases. It has also experimented with a number of innovative solutions to implement its own renewable production in the grid. Climate adaptation in the Magyar Telekom Plc.'s network started in the 2000s, with the development of cold corridors, the creation of flood protection and preparation for flooding, and the completion of modernization in 2024, where adaptation was also a factor. No targets or further action are planned for the time being.

Magyar Telekom Plc. made emission reduction commitments in 2018, which were approved by the Science Based Target Initiative (SBTi), it became a pioneer in the fight against climate change. The targets were set ahead of the parent Company's net zero commitments. These targets were replaced by more ambitious goals in 2019 in response to the IPCC's 1.5°C report and became the main focus of the Group's sustainability strategy. These targets, which were presented in E1-1, cover market-based Scope 1-2 GHG emissions and Scope 3 GHG emissions, but F-gas emissions were not part of the target validation process. These emission reduction targets are gross targets, meaning that Magyar Telekom Plc. does not include GHG removals or carbon credits. When setting the targets' base year, it was important to be as close as possible in time to the target setting date (max. 3 years is allowed by SBTi), but not to have an extreme year in terms of weather. In 2015, Hungary experienced an average year in terms of weather, marked by a mix of mild and hot conditions, typical of its temperate continental climate. The year saw average temperatures that were generally close to long-term norms. It was also necessary to have the base year data available, therefore the base years are different for Scope 1-2 and Scope 3. Magyar Telekom Plc's science-based targets corresponding to a transition of 1.5°C are aligned with the SSP 1-1.9 scenario. During the target setting procedure, the SBTi took into account compliance with the sector-specific 1.5°C pathways. Alos, the expected energy consumption path of Magyar Telekom Plc. and possible technological solutions were taken into account. There is no long-term, 2050 net-zero commitment by Magyar Telekom Plc., therefore intermediate milestones were not set.

In 2023, a structural change facilitated the implementation of the new strategy to address challenges centrally and consistently. As a result, the Scope 1-2 target was extended to the two largest Hungarian member companies with all Scope 1-2 GHGs (CO_2, CH_4, N_2O, HFCs) and all sources covered. With this extended scope, these companies aim to achieve an 80% reduction. For the time being, this is only an internal strategic target and has not been externally validated (e.g. by SBTi). Magyar Telekom Group is also involved in achieving the sustainability targets of Deutsche Telekom Group. In addition to its own climate protection targets, it must also contribute to the 2040 net-zero target that the parent company has committed to and updated in 2024. The strategic goals continue to include that Magyar Telekom Group offsets its remaining GHG emissions for the Group each year. The Group intends to publish its transition plan, including financial information in its next sustainability statement and in parallel with this, the GHG reduction impact of measures will be presented.

The original SBTi targets were formulated taking into account energy efficiency and renewable energy deployment. In the meantime, a number of transitional risks and parent company expectations have emerged which have led to renewal of the actions in the strategy. As a result, Magyar Telekom Group's primary focus is now on reducing energy consumption still reliant on fossil fuels, with existing technologies planned to meet its GHG emission reduction targets. Strategic goals also include the expansion of own (onsite) renewable capacity. As Magyar Telekom Group does not present its transition plan in this report, the associated future actions and their GHG emission reductions, as well as the CapEx and OpEx requirements of these actions, are not presented.

Magyar Telekom Group does not have GHG emission reduction targets in intensity value.

Key Figures

ESRS E1-5 – Energy consumption and mix

To reduce market-based emissions, Magyar Telekom Group purchased 197,467 MWh of renewable energy in 2024, generated by solar, wind and hydro power plants, secured by Guarantees of Origin or a direct contract. In addition, from 2023, a part of this was generated in a solar power plant in Hungary, which was also part of Magyar Telekom Plc.'s electricity purchase under a three-year power purchase agreement (PPA). In 2024, this PPA was extended to 10 years and additional PPAs were signed, under which 2 new solar power plants started to operate in Dec 2024. Under the PPA contracts, 13,677 MWh of GOs were cancelled for Magyar Telekom Plc. In 2024, the Group was able to cover 77.5% of its total energy consumption with renewable energy sources from the market.

Total energy consumption*

in MWh	2024	2023
Total consumption of fossil energy	56,441	59,832
Consumption from nuclear power sources	0	0
Total renewable energy consumption	197,690	193,592
of which: fuel consumption for renewable sources, including biomass (including industrial and municipal waste of biological origin), biofuels, biogas, hydrogen from renewable sources, etc.	0	0
of which: consumption from purchased and received electricity, heat, steam and cooling from renewable sources	197,467	193,371
of which: consumption of self-generated renewable energy that is not fuels	222	221
Total energy consumption	**254,131**	**253,424**

*Calculation of total final energy consumption complies with the requirements of the EU 2012/27 Directive transposed into national legislation (Government Decree 122/2015 (26.V.) on the implementation of the Energy Efficiency Act).

The share of self-generated renewable energies is 0.1%, generated by solar systems.

ESRS E1-6 – Gross Scope 1, 2, 3 and Total GHG emissions

Emissions are not directly measured but are calculated based on the Greenhouse Gas (GHG) Protocol methodology. Following the GHG Protocol, the Group's indirect (Scope 2) emissions are reported on both location- and market-based methods. Magyar Telekom Group continues to use the carbon dioxide equivalent (CO_2eq) as an indicator to quantify GHG emissions (CO_2, CH_4, N_2O, HFCs) from its activities, taking into account the global warming potential according to the IPCC 5th Assessment Report.

in t CO2eq	2024	2023
Scope 1 and 2 "market-based"	**15,357**	**16,290**
of which: t CO_2eq emissions Scope 1	13,962	14,505
of which: t CO_2eq emissions Scope 2 ("market-based")	1,395	1,786
t CO_2eq emission reduction through additional purchase of electricity from renewable energies (PPA, GOO, RECS)	77,486	51,458*
t CO_2eq emissions Scope 2 ("location-based")	73,800	66,127
t CO_2eq emissions Scope 3 (total)	362,298	247,173**
of which: t CO_2eq emissions Scope 3 (upstream)	187,077	134,593**
of which: t CO_2eq emissions Scope 3 (downstream)	175,221	112,580**
Total CO_2eq emissions (Scope 1-3)	377,655	263,463**

*Contains only Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt. data

* *Contains scope 3 data only from Magyar Telekom Plc.

Detailed market-based GHG emissions scope 1-2 [t CO_{2eq}]	2015 (base year)	2023	2024
Natural gas	7,103	2,061	1,718
Oil	1,145	431	451
Fuels (total)	14,748	10,059	10,186
diesel	*7,731*	*5,820*	*5,814*
gasoline	*7,017*	*4,239*	*4,372*
Electricity (market-based)	36,212	0	0
District heating	2,994	1,786	1,395
F-gases	1,767	1,954	1, 607
Magyar Telekom Plc.	29,168	13,892	11,728
Telekom Rendszerintegráció Zrt.	8,529	858	987
Hungary			**12,771**
North Macedonia			**2,365**
Romania			**168**
Bulgaria			**53**
Total	**63,970**	**16,290**	**15,357**

Detailed GHG emissions Scope 3 [t CO2eq], Magyar Telekom Plc.

Category	Calculation method	2017	2024
1. Purchased goods and services	Based on supplier's report	72,379	98,784
2. Capital goods	Based on supplier's report	53,249	27,772
3. Fuel- and energy-related activities	Based on supplier's report	17,874	5,601
4. Upstream transportation and distribution	Based on sold products	3,319	2,900
5. Waste generated in operations	Based on waste generated	3,330	2,104
6. Business travel	Based on calculated emission of business travels	347	245
7. Employee commuting	Based on employee survey	6,832	713
8. Upstream leased assets	Not relevant	-	-
9. Downstream transport	Based on supplier's data	605	581
10. Processing of sold products	Not relevant	-	-
11. Use of sold products	Based on the number of sold products	37,620	42,447
12. End-of-life treatment of sold products	Based on the number of sold priducts and supplier's data	931	979
13. Downstream leased assets	Based on the number of CPEs and supplier's data	59,472	82,029
14. Franchises	Not relevant	-	-
15. Investments	Not relevant	-	-
Sum		**255,958**	**264,155**

GHG Intensity based on net revenue

Magyar Telekom Group's GHG intensity was 0.452 tonnes CO2eq / MHUF in 2024. Net revenue is equal to the amount published in the financial statement.

ESRS E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

In line with its strategic goals till 2030, Magyar Telekom Group offsets its remaining emissions each year. This is not based on an existing contractual agreement.
In 2024, the Group purchased certified emission reduction units for the tenth time. In the past years, the granting of allowances has resulted in significant risk for corporate green transition, and Magyar Telekom Group has introduced a quality assurance process for the purchase of allowances in 2023. The selection of the most suitable project to be supported is based on the scoring system established by the Carbon Credit Quality Initiative, and it is examined if the project could meet other quality requirements, such as the various safeguards set out in the CDP questionnaire, based on the available documentation. The Group also considers it crucial to align the implementation of the emission reduction projects, and the compensation period as closely as possible, therefore, an additional selection criterion was that the project should have started after 2020.

In 2024 Magyar Telekom Group purchased 15,400 verified emission units (VERs) from the Shuangbaotai Animal Manure Management System GHG Mitigation Project in Anhui Province, China, which were verified by Gold Standard. These credits have been retired, saving 15,400 tonnes of CO2 emissions from being released into the atmosphere. As the Group does not intend to use these credits to reduce emissions, it has not assessed whether they are eligible for a corresponding adjustment under Article. 6 of the Paris Agreement.

ESRS E1-8 – Internal carbon pricing

Magyar Telekom Group does not currently have an internal policy to apply internal carbon pricing, but when planning energy-related investments in Hungary, it takes into account the costs of offsetting (in Scope 1-2 categories) the remaining emissions in the future. Magyar Telekom Group is in its 10th year of purchasing carbon offsets for the Group, but with changing expectations, it expects significant costs in the future, so the impact of this can be reflected in financial planning. Deutsche Telekom Group provides its member companies with information on expected future prices based on information from external consultant companies. Avoiding this calculated cost due to any emission reduction in projects can reduce the payback period. This supports the internal decision-making process. Since Magyar Telekom Group focuses on the reduction of fossil fuel use, this scheme covers approx. 90% of its Scope 1 emissions.

ESRS E5 – Resource Use and Circular Economy

Introduction

Magyar Telekom Group is committed to the responsible use of resources across its value chain. In addition to conserving and limiting the use of resources, the goal is to enhance the usability of products and materials for as long as possible and returning them to the cycle. Longer periods of use and reuse facilitate savings in resource and energy use, while contributing to emission-reduction, and thus climate protection.

The following index shows the disclosure requirements identified by the materiality analysis with regard to the topic standard 'Resource Use and Circular Economy'.

ESRS index according to ESRS 2 IRO-2

Disclosure	Designation	Reference/Reference
ESRS E5 – Resource Use and Circular Economy		
ESRS 2 SBM-3 E5	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in option for ESRS 2 SBM-3 §48e
ESRS 2 IRO-1 E5	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	
ESRS E5-1	Policies related to resource use and circular economy	
ESRS E5-2	Actions and resources related to resource use and circular economy	
ESRS E5-3	Targets related to resource use and circular economy	
ESRS E5-4	Resource inflows	
ESRS E5-5	Resource outflows	
MDR-P MDR-A MDR-M MDR-T	Policies adopted to manage material sustainability matters Actions and resources in relation to material sustainability matters Metrics in relation to material sustainability matters Tracking effectiveness of policies and actions through targets	The Group applies the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding disclosure requirements.

Strategy

ESRS 2 IRO-1 E5 - Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

During the process of double materiality analysis, the whole value chain and all business activities were considered when assessing impacts, risks and opportunities, the process is detailed in the Chapter of ESRS 2 IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities To safeguard high quality operations, it is essential, especially in view of the rapid technological development, to modernize infrastructure, purchase new equipment and provide equipment to customers, which generates material inflows. The material outflow is generated by the resale without modification of devices (phones, routers, notebooks, etc.) purchased, in addition to the waste generated by the operation. There has been a close assessment of the environmental impacts of waste along the entire value chain. With respect to impacts, the analysis is partly based on available professional literature.

The summary below shows the key impacts identified by the double materiality analysis. Material risks and opportunities related to resource use and the circular economy were not identified. The following overview provides information on where in the value chain the material impacts are and whether they are positive or negative. Unless marked as "potential", all impacts are actual. In addition, the overview contains a description of the effects and whether they affect humans and/or the environment. Since there are also potential impacts in terms of E5 resource use & circular economy, a relevant time horizon has been added. Actual impacts are existing and continuous. Further information on the responses to the consequences of the effects can be found later on in this chapter.

In the upstream value chain, impacts on the environment were identified concerning resource-inflow and resource use. ICT devices have a short product lifecycle, which increases demand for new devices and increases resource outflows. Worldwide, only a small percentage of electronic waste is recycled. Magyar Telekom Group can have both a negative

effect in certain aspects and a positive effect by contributing to a circular economy, thus saving resources. There is a negative impact on global resource use due to the procurement of large sums of products and components for the maintenance and expansion of fixed and mobile infrastructure. Every year, large amounts of resource inflows are procured for grid expansion and modernization accompanied by large investment costs. In this case, the Group causes the effect. However, positive effects are also identified in the upstream value chain as new business models such as the rental or sale of refurbished technical equipment can have a positive impact, in which cases the Group's operation is directly linked to the impact. As a result, resource inflows are minimized, and the use of new materials is avoided. With the launch of refurbished mobile devices an alternative has emerged to prevent resource use. However, the scarcity of available refurbished devices may limit its widespread use. The rental model is a common ICT solution for CPE devices, which can also reduce waste while ensuring appropriate reuse or recycling.

In the own operation of Magyar Telekom Group and its downstream value chain, waste-related environmental impacts were identified. The expansion, modernization and maintenance of the fixed and mobile network has an impact on resource usage and, in this perspective, on waste generation. At Magyar Telekom Group, the most significant factor is the high production of E-waste from the operation of the network. Due to modernization developments, the amount of certain types of waste may show outstanding values in a given year. Batteries and UPS equipment that ensure continuous operation need to be replaced regularly, and proper waste management must be ensured. Positive effects are also identified as there are potential positive long-term effects due to Zero Waste targets introduced by Deutsche Telekom Group.

Management of impacts, risks and opportunities

ESRS E5-1 – Policies related to resource use and circular economy

Magyar Telekom Group strives to lead the way to implement a circular economy by 2030, also extended to network technology usage. The Group also pays attention to recyclability at the workplace, in case of own branded devices, in the Telekom shops and in data centers. Magyar Telekom Group operates according to its groupwide Environmental Policy and its Environment Protection Guidelines. The Guidelines include the following measures: if possible equipments and materials should be reused, and the Group supports recycling of raw materials. It supports the implementation of a circular economy by exploiting the business opportunities offered by digitalization-enabled dematerialization and by promoting the implementation of a sharing economy. In addition to the above, several product-relevant specifications (e.g. "Sustainability by Design", sustainable sourcing and use of renewable resources) are applied in the course of vendor selection for own branded devices to incorporate environmental aspects.

Magyar Telekom Group maintains and continually enhances an environmental management system that complies with the ISO 14001 standard, demonstrating their commitment to strenghtening their environmental performance.

Deutsche Telekom plays an important role in fostering sustainable operations through centrally managed procurement process in several key areas within the Group. The "Sustainability by Design" guideline gives product developers at Deutsche Telekom clear support when it comes to making important decisions so that the circular economy can be factored into products before they go into production. In addition, the requirements for new device developments in Germany and Europe stipulate an increase in the use rate of secondary raw materials.

Magyar Telekom Group reflects its response to significant impacts - material inflow and waste in its Environmental policy, although there are no specific targets in this policy on circular economy and waste, at the moment. Internal stakeholders were involved in policy development, who took into account the expectations of many other stakeholder groups. This policy has been in place for a long time, with the current one being published in 2020. Targets presented in ESRS E5-3 were set after the policy's publication. In addition, suppliers must adopt and operate in accordance with the environmental policy and the sustainability criteria set out in the Supplier Code of Conduct. Deutsche Telekom established its waste hierarchy policy in 2013, which was implemented by Magyar Telekom Group.

ESRS E5-2 – Actions and resources related to resource use and circular economy

The first step for efficient resource use reduction is the proper management of the Group's upstream operations. The weight of the sustainability factor, with 20% in case of central procurement at Deutsche Telekom and with 10% at Magyar Telekom Group, in the purchasing evaluation, contributes to minimizing the negative impact of resource inflows, while promoting sustainable innovations among the Group's partners.

The production of mobile phones not only uses rare earth metals but also generates significant water usage. Magyar Telekom Group expects its suppliers to share the Group's commitment by responding to challenges posed by climate change and working toward protecting the environment and nature, and preserving the natural livelihood of the population. As part of this commitment, all suppliers must, without limitation: Prevent or eliminate waste of all types, including water discharges and energy losses, by implementing appropriate conservation measures at their facilities through (1) the use of conservation-minded maintenance and production processes, and (2) by implementing strategies to reduce, reuse, and recycle materials (in that order), whenever possible and prior to disposal. The Group also aims to reduce this impact by collecting and recycling materials from mobile phones and by marketing refurbished devices. Re-use and recycling are also important for network equipment.

The Deutsche Telekom Group, including Magyar Telekom Group, offers solutions globally that contribute to reducing the impact of resource inflow, e.g. setting an example for mobile phone manufacturers. In addition to high performance, the 2nd generation of own branded mobile phones (T Phone 2 5G and T Phone 2 Pro 5G) have also seen an increase in sustainability values, namely the sector-specific Eco Rating scores are 88/100 and 84/100, respectively. (The Eco Rating score takes into account: durability, repairability, recyclability, resource efficiency, climate efficiency.) In addition, the devices will receive monthly software and security updates for three years and quarterly updates for a further 2 years, helping them to last longer. These mobile phones have the third party verified „Green Magenta" label, which is awarded by Deutsche Telekom to products that contribute to climate protection and responsible use of resources. These devices are also characterized by above-average recyclability. The optimized use of semiconductors not only reduces greenhouse gas emissions during the production process but reduces resource use.

In addition to sustainable device features, sustainable packaging is equally important for Magyar Telekom Group. The Group expects suppliers to use recyclable and biodegradable packaging materials. In case of some packaging materials, where these properties cannot be achieved by using 100% post-consumer fiber, the least possible amount of added new fiber is used. If new fiber is unavoidable, the source should be only from sustainable cultivation, as certified by FSC or equivalent. Only non-toxic labelling and printing are used such as soy ink or equivalent. The packaging is 100% plastic free, which means that plastic wrappers, plastic display foils, plastic filling material, etc. are prohibited. Shifting to mono-materials is also a key feature of sustainable packaging: laminates and composite packaging from multiple materials constitute one of the biggest hurdles to achieving recyclability. Optimized usage of materials, i.e. lower volume and mass (product to packaging ratio), fewer packaging layers are also mandatory requirements.

Magyar Telekom Plc. continues its 20-year tradition of collecting used mobile devices that contain critical raw materials. As it is a common practice in the ICT sector, many other telecommunication devices (CPEs) are leased assets, that are returned by the user to the service provider, once the contract expires. As a responsible service provider, Magyar Telekom Plc. Provides information on its website about the options and ways customers can return their used and waste devices and batteries in accordance with the legal requirements.

To meet its device collection targets, Magyar Telekom Plc. cooperated with its suppliers (e.g. OEMs) in co-branded campaigns, business partners (e.g. Groupama) and Magyar Telekom Plc.'s own and partner shops, as well as employees to collect recyclable handsets. MOHU MOL Hulladékgazdálkodási Zrt., handles and recycles the collected devices. The importance of device circularity is also widely communicated, with internal education on recycling promoted by prize draws among customers and employees. Magyar Telekom Plc. offered extra discounts to customers handing in their old phones for recycling. Discounts were subsidy-funded, partly by Magyar Telekom Plc. and partly by manufacturers. The Company has not used green bonds, loans or other sustainable financing instruments. Magyar Telekom Plc. also offered HUF 500 for each device collected through its logistic channels (maximized in 16 million HUF) for the winner of the tender

‘Körforgásban, Kölcsönhatásban, Közösségben’ announced by Magyar Telekom Plc. and HelloNonprofit to deliver a sustainability project from the donation. The winner of the tender was the Jane Goodall Institute – Passzold vissza, tesó! Program.

As part of Makedonski Telekom’s eco-initiative ‘Together for the Protection of the Environment’ thousands of mobile devices have been collected and recycled in partnership with Zero Waste since 2022. To encourage customers to join this initiative, for every old device, they get a discount on the purchase of a new smartphone. At the moment, the discount applies to the purchase of a new T Phone.

To reduce the environmental waste burden, the following measures have been introduced in Hungary, covering waste prevention and preparation for reuse in the waste hierarchy:

- used assets are reused within Magyar Telekom Group, if possible, sold, rented/leased or donated to employees or external partners;
- separate waste collection is provided at Group sites where possible.
- improving efficiency by reviewing contracts and collection points, carrying out inspections and maintaining communication;
- strict compliance with DT Group level regulation on cable waste management published in 2015.

Following the amendment in 2023 of the Hungarian waste law, Magyar Telekom Plc. needed to exercise much more care in its waste management in terms of waste sorting and collection. All employees concerned were provided with training material to help them carry out the new tasks, which facilitated collection in compliance with the legislation. This action supported the increase the recovery of strategic critical raw material [3]such as copper and energy-intensive iron and steel.

Goals/Targets

ESRS E5-3 – Targets related to resource use and circular economy

Since 2021, Magyar Telekom Group has had voluntary targets – not validated by an external organization -, which include increasing the collection of mobile phones used by customers (downstream, absolute target), keeping technical waste out of landfills (own operation and downstream, relative target) and ensuring 100% sustainable packaging (more details are in ESRS E5-2) of own-brand products (upstream, relative target). The targets relate to the following circular economy themes: increase of circular material use rate; the waste management, including preparation for proper treatment; sustainable sourcing and use of renewable resources, respectively. The targets are not set against a base year, but specific targets are included in the strategy. To monitor the targets, the Group requires quarterly reporting on the relevant indicators. In case of take-back, the number of mobile devices taken back is collected, and the amount of technical waste for different treatment methods is also collected as a key indicator. While Deutsche Telekom Group sets the targets, Magyar Telekom Group was involved in quantifying the targets (especially in case of take-back of mobile phones). Targets cover prevention and preparing for reuse in the waste hierarchy.

Magyar Telekom Group target for take back of mobile phones in kg-s

	2024 target	2024 actual take-back	Rate of achievement	2025 target	2028 target
Mobile phones	4,500	5,693	126%	2x of 2024 target	6x of 2024 target

The secondary (recycled) material use rate is not measured by the Group - this is a task for the suppliers - and there are expectations for suppliers set out in the Supplier Code of Conduct, but no specific targets are set, as they have to meet other criteria besides sustainability (e.g. safety, durability, etc.).

[3] Critical raw materials act - Consilium (europa.eu)

100% target value for sustainable packaging of own-brand products is achieved by 2024, which will be maintained in the future. 100% of technical waste is collected for recycling, but currently only 90% is actually recycled by licensed partners, the rest is landfilled.

Key Figures

ESRS E5-4 – Resource inflows

Total weight of products and technical and biological materials used in the reporting period:

In kg	2024
Devices for sale with packaging materials (in alignment with scope 3 4. category.)	1,311,508
of which refurbished phones with packaging materials	4,507
Take-back of mobile phones	5,693
Materials and equipments for network modernization	742,087
Total	2,063,795

Reported weight of products and technical material is calculated. The biological materials used are not separately indicated but are included in the calculations as packaging material. In case of sold products the unit weights used for the calculations are the same as in Scope 3, category 4, for the other items, calculations were based on information from suppliers.

ESRS E5-5 – Resource outflows

Products and materials

Magyar Telekom Group is a non-manufacturing company, which means that the inflowing products flow out without modification, therefore these issues are addressed at resource inflows.

Waste

Since July 01, 2023, the public waste management tasks of the municipalities and the state has been replaced by a centralized waste management system, with the abolition of the former and the creation of a new public waste management system, where the state's public waste management tasks includes the public waste management service and the institutional waste management activities. The Group transfers its waste for treatment to authorized organizations in accordance with the legislation in force.

Quantity of waste generated in tonnes	2024
Total amount of waste generated	2823
Total amount of E-waste	323
Total amount of hazardous waste and radioactive waste	258
of which radioactive waste	*0*

In terms of waste management, regarding waste breakdown of diverted from disposal and directed to disposal, there is insufficient data available for the reporting year. The amount of waste is measured by the organization responsible for waste collection and processing. In Hungary, Magyar Telekom Group receives the data from the responsible partner in units of mass. Data is also uploaded to a central government database by the different organizations responsible for the waste streams (producers, transporters, treatment operators).

In North Macedonia, Makedonski Telekom AD has established procedures according to local legislation. In this market an outsourced company for facility management is used as a facilitator for organization of waste handover and for

documentation related to waste management. This data is documented by waste type and quantity, as well as intended waste management operations (e.g. disposal, recycling). These forms and their content are regulated in the Official Gazette of the Republic of North Macedonia No. 07/06. Records of the total quantities of waste handed over to waste handling companies are kept by the outsourcing facility company which at least once a year and/or upon request, provides relevant reports.

At Magyar Telekom Group, biomass is mainly generated as organic waste in office buildings. In the field of network technology and IT, metals, rare earths, non-metallic minerals and plastics are produced as waste. These elements can be found both in the waste generated by active technology (transmitting and receiving technology, storage technology, etc.) and in passive technology (e.g. cables, technical housings). The same applies to the customer devices taken back in the fixed network (e.g. routers, TV boxes, etc.) and in mobile communication (e.g. smartphones, tablets).

Magyar Telekom Group fulfills its obligations as a manufacturer and distributor as follows:

- For electronic equipment also subject to the Product Charges Act, it has opted for the payment of the product charge, the state recovery system.
- It pays the EPR fee for packaging, packaging purchased from abroad, electronic equipment purchased from abroad, batteries and furniture purchased from abroad. Magyar Telekom Plc. informs its customers on its websites about the possibility of returning used and waste devices and batteries in accordance with the legal requirements.
- In North Macedonia, there is a collective waste management organization that operates the local system in line with EU legislation.

Social topics

ESRS S1 – Own workforce

Introduction

Magyar Telekom Group considers its employees to be crucial to its business success. The Group places significant emphasis on participation and fair cooperation and actively promotes diversity and inclusion. The following index shows the disclosure requirements identified by the materiality analysis with regard to the topic standard 'Own workforce'.

ESRS index according to ESRS 2 IRO-2

Disclosure	Designation	Reference
ESRS S1 – Own workforce		
ESRS 2 SBM-2	Interests and views of stakeholders	
ESRS 2 SBM-3 S1	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in option for ESRS 2 SBM-3 §48e
ESRS S1-1	Policies related to own workforce	
ESRS S1-2	Processes for engaging with own workforce and workers' representatives about impacts	
ESRS S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	
ESRS S1-5	Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities	
ESRS S1-6	Characteristics of the Magyar Telekom Group's employees	
ESRS S1-8	Collective bargaining coverage and social dialogue	
ESRS S1-9	Diversity metrics	
ESRS S1-12	Persons with disabilities	
ESRS S1-13	Training and skills development metrics	Use of phase-in option for ESRS S1-13
ESRS S1-14	Health and safety metrics	
ESRS S1-16	Remuneration metrics (pay gap and total remuneration)	
ESRS S1-17	Incidents, complaints and severe human rights impacts	
MDR-P MDR-A MDR-M MDR-T	Policies adopted to manage material sustainability matters Actions and resources in relation to material sustainability matters Metrics in relation to material sustainability matters Tracking effectiveness of policies and actions through targets	The Group applies the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding disclosure requirements.

Strategy

During the process of double materiality assessment Magyar Telekom Group identified material impacts and risks related to its employees. The assessment process is detailed in the Chapter of ESRS 2 IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities. Furthermore, during the understanding phase of double materiality analysis, interviews and documentation collection were conducted internally to gain understanding of the Group's approach regarding its employees and related practices. The summary below shows the material impacts of the Group business activities on its own workforce which were identified through the double materiality assessment. All material negative impacts are systemic. It includes employees affected by material impacts among the Group's own workforce, i.e. those having a direct employment relationship with the Group. Due to their marginal number, non-employees are out of scope of the Consolidated sustainability statement.

The working conditions, frameworks and regulatory environment provided by Magyar Telekom Group have an actual direct physical and mental impact on employees. The Group as a responsible employer has a number of ways to ensure

supportive working conditions. The Group is committed to creating a safe and inclusive workplace for all, which is also reflected in its strategic objectives. In addition, employees have an opportunity to shape working conditions through employee representation.

Magyar Telekom Group's priority is to ensure non-discrimination and equal opportunities in the workplace, fostering an inclusive environment for all, together with providing constant access to learning and development opportunities for employees. By implementing its prevailing Equal Opportunities Plan, covering Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt., it sets measures for the sustained improvement of working conditions for employees coming from disadvantaged social groups such as women, employees with families, employees on parental leave, employees with disabilities or with reduced working capacities, entry level young professionals and senior professionals over 50 years of age. People operations of Magyar Telekom Group have an actual positive impact on the workplace inclusion of employees, related to all of these groups.

The equal opportunities category also includes addressing the gender pay gap. From July 2020, the Group conducts a complex gender pay gap analysis twice a year. Along the process of merit increase evaluations, managers rely on information about the necessities of potential salary adjustments, to address any pay gaps, ensuring compensation aligns with performance and market rates.

The protection of personal data provided by employees is a priority for Magyar Telekom Group. The Group handles the personal data of data subjects who contact it confidentially and in accordance with the applicable legislations, ensures their security, takes the technical and organizational measures and establishes the procedural rules necessary to enforce the applicable legislations and court decisions, official decisions and recommendations relating to data protection. The Group’s general principles, approaches and procedures relating to privacy topics are described in the Chapter of ESRS S4 ESRS S4-1 – Policies related to consumers and end-users (Sub-topic: Data Protection at Magyar Telekom Group) and ESRS S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (Sub-topic: Data Protection at Magyar Telekom Group).

The general growth and internal processes of the Group may be threatened in the long term by the foreseeable labor shortage in certain skill areas involving the risks of difficulties of replacing experts. The educational pillar of the Magyar Telekom Group's sustainability strategy puts an emphasis on the development of digital skills of the population and customers. This is to contribute to ensuring the industry's expert replacement, since the difficulties in ensuring the supply of experts can represent a potential risk in terms of the continuous assurance, improvement and development of the quality of the Group's services. To provide the highest possible quality of service, the Group needs the best professionals. This primarily requires a competitive training background. To manage the long-term risk of potential labor shortages in specific knowledge and skill areas, the Company continues its dual training program started in 2021 with the Kandó Kálmán Informatikai Technikum SZC Miskolc. In this context, it provides up-to-date theoretical teaching materials and practical opportunities for the students participating in the training. Furthermore, Magyar Telekom Plc. continues its cooperation with István Széchenyi University, the aim of which is to provide professional training for electrical engineers.

Employee satisfaction may face a mid-term decrease if remuneration does not increase appropriately, therefore there is an anticipated increase in wage-related costs. However, the Group has established a transparent remuneration system, wage-ranges and relevant internal regulations are available to all employees. Furthermore, the welfare and social benefits provided are extremely broad. The Group provides employees with telecommunication discounts, fringe benefits, life and accident insurance, and health screenings, access to Employee Assistance Program (EAP). Magyar Telekom Group pays particular attention to ensure that there is no unjustified difference in earnings between colleagues performing similar tasks, and that the income ratios between those performing different types of work are truly based on differences in actual work.

Management of impacts, risks and opportunities

ESRS S1-1 – Policies related to own workforce

Sub-theme: Working conditions: collective bargaining and social dialogue

Magyar Telekom Group implemented uniform standards for the management of material impacts in cooperation with social dialog and freedom of association. Magyar Telekom Group respects the right to freedom of association and collective bargaining in accordance with national law, also maintains a trusting dialog with employee representatives and trade unions. These standards are anchored in its guidelines outlined in the Code of Conduct and in its Code of Human Rights.

The Code of Human Rights contains globally applicable voluntary commitment to uphold freedom of association and the right to collective bargaining (in compliance with national law), occupational health and safety and the prohibition of unequal treatment in employment, among other things.

The Code of Human Rights is part of Deutsche Telekom Group's human rights policy statement and was expanded in December 2023. It incorporated the contents of the existing Employee Relations Policy and the regulations of employee relations and employee matters in greater depth. The Code of Human Rights describes the Group's values and standards, which are substantiated by the internal Group guidelines, instructions and processes and thus form the Group's framework for action. The principles and expectations towards Magyar Telekom Group's employees enshrined in the Code include in particular the prohibition of child labor, forced labor and all forms of slavery, occupational health and safety, freedom of association and the right to collective bargaining, prohibition of unequal treatment in employment, fair pay, zero tolerance of violence and harassment of any kind.

The scope of principles and expectations described in the Code extend to Magyar Telekom Group's employees as well as its suppliers and business partners. The Code declares the Group's commitment to respecting human rights and promoting environmental considerations throughout its operations including its suppliers and business partners. This Code of Human Rights is made available to all employees of the Magyar Telekom Group and their interest groups in an appropriate form. The contents of this policy are communicated to business partners and suppliers of Group companies as an expectation in an appropriate manner.

Deutsche Telekom Group has been operating a Group-level program for several years to comply with human rights and environmental due diligence obligations in accordance with the international reference instruments mentioned under ESRS S1-1 §19/ESRS 2 §65d MDR-P. The scope of people in relation to which potential positive of negative effects of the Group's business operations could be identified was defined based on the aforementioned process and the involvement of internal and external expertise (human rights impact analysis). The same process defined the scope of people, whose interests were taken into account when creating the Code of Human Rights. These include employees of Deutsche Telekom Group companies, including employees of Magyar Telekom Group, employees of direct or indirect suppliers, customers, children and young adults, as well as communities. For many years, the Group has expected its suppliers to also commit to respecting human rights and environmental concerns and comply with the related principles, including the prohibition of child labor, forced labor and all forms of slavery. It also expects its suppliers to commit to establishing appropriate due diligence processes based on their own risk assessment to pass this expectation on to their own suppliers.

Due to the recent changes in the legal requirements and the newly updated and issued Code of Human Rights the clarification and definition of roles and responsibilities are still ongoing locally regarding the review of human rights and environmental issues and associated due diligence obligations.

The Code of Human Rights revised by Deutsche Telekom Group was adopted by the Chief People Officer of Magyar Telekom Plc. in 2024. The adoption of the revised Code by the responsible management bodies of the Group companies was completed in 2024. The Code reaffirms Magyar Telekom Plc's commitment to the internationally recognized human rights and environmental legal standards and law reference instruments, including the United Nations International Bill of Human Rights, the core labor standards of the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. Through its voluntary commitment, the Group also recognizes the minimum social standards that are necessary conditions for the taxonomy conformity of economic activities in accordance with EU taxonomy regulations. The minimum social

standards require a management system that monitors compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the core labor standards of the International Labor Organization and the International Bill of Human Rights. As mentioned above, Magyar Telekom Group is part of the group-level program of Deutsche Telekom Group for several years to comply with human rights and environmental due diligence obligations in accordance with the international reference instruments.

Sub-topic: Working conditions (health and safety)

Occupational health and safety measures are deeply rooted in Magyar Telekom Group's operation structures assured by certified management systems, following corresponding guidelines and directives. The Group has an internationally standardized quality, occupational health and safety and environmental protection management system. It is based on the international standards ISO 9001, ISO 45001 and ISO 14001. The Group is also committed to securing occupational health and safety in the workplace as stated in the above-mentioned Code of Human Rights.

The integrated management system for health, safety and the environment (HSE) ensures that considerations of sustainability are embedded in all business processes and are present in the everyday lives of employees.

The management system secures the systemic planning, improvement and implementation of HSE processes. It also helps Magyar Telekom Group to participate on project acquiring tenders, where potential commercial customers require HSE certificates from their suppliers.

The general responsibilities, tasks and measures of health and safety management have been set out in the management system manual for quality, health, safety and environmental protection. It serves to standardize and align management systems across the Group.

The HSE management system promotes employee health management, thus contributing to overall employee well-being and improvement of work performance.

The Group systematically evaluates the effectiveness of these measures. As part of this evaluation process a quarterly management report is conducted. For example, the relevant health assessment related data are being quarterly reported to the respective management bodies. It also draws on the results of the employee engagement survey, on the findings of the legally required, tri-annual psycho-social risk analysis, on the health insurance reports and competitor assessments, among other things. The Group analyzes these data and derives measures from them.

The HSE MS is valid throughout the Magyar Telekom Group and covers all activities, products and services: Fixed Network / Broadband, Mobile Communications, Internet and Internet-based TV products and services as well as ICT solutions for business and corporate customers. The Group's responsibility also extends to the control of outsourced processes.

The Management bears overall responsibility for occupational health and safety and environmental protection. Magyar Telekom Plc's QHSE policy takes into account the Luxembourg Declaration, the United Nations Global Compact and the requirements of the ISO 45001, ISO 14001 and ISO 9001 standards.

In addition, all employees can actively participate in the design of occupational health and safety measures in accordance with the requirements of ISO 45001.

Centralized documented information of Magyar Telekom Group's QHSE management system is available on its website, both in Hungarian and English.

Magyar Telekom Group uses a management system for occupational health and safety in accordance with ISO 45001 to reduce the number of accidents at work. This certified system allows the entire process relating to occupational health and safety to be mapped in a structured manner. This allows the Group to develop packages of measures that increase the safety of its employees and help to keep them healthy.

Sub-topic: Equal treatment and equal opportunities for all (diversity; employment and inclusion of people with disabilities; gender equality and equal pay for work of equal value)

Magyar Telekom Group is committed to providing equal opportunities for all and actively supporting inclusion along different diversity dimensions. The Group has defined how it intends to fulfill this commitment by laying foundations in its corporate guidelines and policies such as the Group guideline 'Diversity, Equal Opportunities and Inclusion", Diversity, Equity and Inclusion Group Policy, the seven Guiding Principles, the Leadership Anchors serving as leadership practice adaptations of the Guiding Principles and the Code of Human Rights. It ensures transparent and gender-neutral remuneration through its collective agreements and collective bargaining agreements with its social partners.

Diversity, equity and inclusion (DE&I) is also rooted in the culture of Magyar Telekom Group. Based on the possibility provided for in Act CXXV of 2003 on Equal Treatment and the Promotion of Equal Opportunities and the Group's practice introduced since September 2010, an Equal Opportunities Plan has been adopted for the fifth time in cooperation with the employee representative bodies in order to respect the principles of equal treatment, promote equal opportunities and monitor and improve the employment position of specific disadvantaged groups of employees. The current Equal Opportunities Plan, which covers Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt., covers a five-year period between 2021 and 2025. In implementing the plan, the companies plan measures to continuously improve the working conditions for employees coming from disadvantaged social groups, in particular women, employees with families, employees on parental leave, employees with disabilities or reduced working capacities, entry level young professionals, women in leadership positions, senior professionals over 50 years of age and members of LGBTQ+ community. The progress of each action and the results of the action plan is discussed once a year between the equal opportunities unit and the employee representative bodies.

With this Group policy, Magyar Telekom Group is establishing holistic DE&I management and renewing its commitment and responsibility to it through a strong culture of inclusion and belonging. In addition to an overview of the definitions, strategies, goals and benefits of diversity, equal opportunities and participation, the guideline includes collaborative measures that are taken by different areas under the premise that the benefits of diversity, equal opportunities and participation can only be achieved through joint efforts.

All employees and applicants should be given fair opportunities for access and development - regardless of individual backgrounds such as age, ethnicity and nationality, gender and gender identity, physical and mental abilities, religion and belief, sexual orientation and social background. The goal is to secure equal opportunity participation for all as the Group aims to close access gaps and foster inclusion.

Magyar Telekom Group is responsible for the further implementation of DE&I in its respective organizations and for the conduct of an annual progress analysis along corresponding reporting to the responsible management bodies to review the effectiveness of the strategy.

The Diversity, Equity and Inclusion Group Policy applies to all employees groupwide (board members, management members, as well as all employees and persons who are functionally equivalent to employees, such as temporary workers) of Magyar Telekom Group. Implementation of the Group policy on diversity, equal opportunities and inclusion was completed in all countries of the Deutsche Telekom Group in 2024. The interests of employees were taken into account when drawing up or renewing the policy.

The policy is publicly available and published on Magyar Telekom Plc's website.

Respecting the individuality of its employees and embracing their diversity as a quality contributing to business success is just as important to Magyar Telekom Group as it is to maintain foster the development of an inclusive corporate culture. This is the key role of the corporate diversity team, that is situated within the Corporate Communications Hub, at the People Unit of Magyar Telekom Plc.

Magyar Telekom Group is committed to compliance with the fundamental frameworks of DE&I governance. These include the Universal Declaration of Human Rights, the Guidelines and Declaration of Principles for Multinational Enterprises of the International Labor Organization, the Convention of the Organization for Economic Cooperation and Development, the

Guidelines for Multinational Enterprises and the ten principles of the United Nations Global Compact. In addition, it observes the requirements of the EU anti-discrimination directives and the respective local regulatory environments.

In 2016, Hungary joined the European Union's Diversity Charter, and Magyar Telekom Plc. was one of the 50 signatory companies to declare its commitment to fostering diversity as a core value. Every year thereafter, including in 2024, it was among the signatories. Magyar Telekom Plc. is also member of Employers' Forum for Equity, We Are Open, Equalizer Foundation and the DE&I working group of AmCham Hungary.

In accordance with the core diversity dimensions of the 'Diversity Charter', the Group offers numerous opportunities for development and progress for all employees regardless of age, ethnic origin and nationality, gender and gender identity, physical and mental abilities, religion and ideology, sexual orientation or social background. In order to make its working environment even more inclusive and implement its diversity strategy in the business units, the Group is developing and implementing both division-specific and cross-divisional action plans, with regards to all diversity dimensions.

ESRS S1-2 –Processes for engaging with own workers and workers' representatives about impacts

The Group fosters dialog-driven relationships with employees, while maintaining a trusting and constructive cooperation with employee representatives and trade unions. In cases of Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt., workers council and the trade unions – TÁVSZAK, T-Net - represent the interests of employees.

The employee representatives represent the employees in various committees, for example in the Occupational Safety Committees meetings on occupational safety.

To secure inclusion of different employee groups, the Group generally engages in co-creative collaboration when creating policies, guidelines and other products, for example with its international employee resource groups from the various diversity dimensions. In addition, it strives to remove barriers to the use of products and technology, for example by creating global, accessible learning opportunities.

Employees also have the opportunity to participate in managing the impact on their own workforce via the ideas management system. Creative ideas from employees help to improve the Group's processes. Magyar Telekom Group promotes a corporate culture in which it encourages its employees to get actively involved.

Employees are considered as key stakeholders who are invited to actively shape the working environment and workplace culture along their participation in different employee surveys. The findings of the surveys are the cornerstones of multiple people operations related strategies as their overall development is fundamentally grounded in the proactive and transparent consultation with the employees. Information about the results and the outcomes of these surveys are internally shared and discussed with employees on team, department, company and group levels alike.

The employee surveys disclosed in this section can be separated into 3 scopes based on the employee scope of their target group:

Deutsche Telekom Group Pulse surveys are employee satisfaction surveys, targeting employees in the entire global Deutsche Telekom Group footprint twice a year every year. The engagement score is calculated as an average based on the answers to questions on mood, employer attractiveness, brand identity and inspiration. Every second year one of these global DT Group Pulse surveys is being replaced by an Employee Survey, which has an extended question set. Apart from raising the classic Pulse survey questions on employee satisfaction, they also have additional questions asking for employee feedback from engagement and health to workload, management style and compensation. In the area of commitment, employees are also asked about the extent to which they identify with the Group's ecological and social commitments and if they perceive the Group's performance on its social and environmental commitments to be sufficient.

The recent 2 DT Group Employee Surveys were conducted in 2021 and 2024. Due to service provider change the Employee Survey due in 2023 was rescheduled and conducted in 2024.

Magyar Telekom Group, covering Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt. also conducts its own local Pulse survey twice a year, thus allowing a more in-depth insight to the local feedback assessment of employees. As the employees of Magyar Telekom Group are thus within the scope of two Pulse survey cycles, colleagues have the possibility to provide feedback to the employer 4 times each year. This frequency supports the mature feedback culture of the organization, while it allows the timely identification of weaknesses and the fine tuning of corresponding remedial actions.

Since 2018, Magyar Telekom Plc. runs its own bi-annual Inclusion Survey among its employees, aiming to assess employee perceptions of safe space and workplace inclusion in relation to different diversity dimensions. The dimensions were defined based on the target groups of the Equal Opportunity Plan. This structure facilitates the analysis of survey results across various diversity dimensions and enables the development of targeted action recommendations. The findings of this survey directly shape the objectives of the DE&I action plan of the Company.

In 2024, due to the scheduling of the upcoming Deutsche Telekom Group wide self-identification survey in early 2025, Magyar Telekom Plc. decided to postpone the conduct of its own Diversity and Inclusion Survey to late 2025.

The questions of the coming Deutsche Telekom Group self-identification survey offer self-identification along different diversity dimensions. These questions are to be implemented to supplement the existing DT Group level employee survey (Pulse Survey). The data obtained from this should provide information on details about the various employee groups along the diversity dimensions in the entire DT Group footprint through correlation with, for example, employee satisfaction values and other results of the survey. Magyar Telekom Plc. Is also invested in the support of its Employee Resource Groups (ERG) along different diversity dimensions: MagentaPride on LGBTQ+ community, Women@Telekom engaged in fostering gender equity, Accessible Telekom supporting the workplace inclusion of employees with diverse abilities or limited working capacities and Caregivers@Telekom aiming to support families, parents, grandparents, and caregivers of chronically ill relatives. ERGs have members who are either affected or allies supporting the particular diversity dimension. All of these voluntary employee groups organize events open to all employees thus contributing to the shared experience of a more diverse and inclusive workplace for all.

ESRS S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

In order to remedy negative impacts on individuals in own workforce or to participate in resolving them, Magyar Telekom Group has set up a complaint handling procedure as part of the Compliance Management System (CMS). As soon as a breach of due diligence is identified, corrective measures are taken.

Magyar Telekom Group offers all employees the possibility to report violations of legislations and internal company regulations, through its whistleblowing and complaint portal 'Tell Me', also supporting options of anonymous reporting. The scope of 'Tell me' also includes possible references to human rights or environmental risks. Magyar Telekom Group encourages employees to use the whistleblowing portal to report potential misconducts related to company policies, as well as violations of law or any kinds of unethical activities detected. Risks of physical or psychological violence among employees, in customer contact or even in a private context can also be reported. Magyar Telekom Group investigates all complaints in connection with employee matters and initiates appropriate measures depending on the results of the investigation.

Both the central 'TellMe' complaint procedure of Deutsche Telekom Group and the 'Tell me' whistleblowing portal of Magyar Telekom Group are publicly accessible via public websites of the companies. In order to provide access to partners or third parties in addition to our employees, the Group accepts whistleblowing information on various channels, like telephone, e-mail, letter or online entries at the respective portal – anonymously if necessary. Information about the availability and use of the above-mentioned channels is available to all employees on the intranet.

Magyar Telekom Group records incoming reports of suspicions and complaints relating to persons from own workforce within the subject areas of human rights (including for example the right to freedom of association, occupational health and safety and discrimination). Whistleblowers can provide voluntary feedback after the process has been completed. Magyar Telekom Group has not established any processes to check the effectiveness of the complaint-raising processes. The complaints are tracked and handled according to legal obligations (Act XXV of 2023 on complaints, reports in the public interest, and rules relating to reporting abuse) within the required timeframe.

People in own workforce need to know and trust the structures and procedures described above in order to communicate concerns or needs and have them examined. The Group also outlines its aim for protecting individuals against retaliation. Further information is published in the Chapter ESRS G1 – Business conduct.

ESRS S1-4 – Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches

Sub-topic: Working conditions: collective bargaining and social dialogue

In 2023, Magyar Telekom Group launched the updated human rights training of Deutsche Telekom Group that was made available on multiple languages in order to train employees on the topic of human rights and to mitigate the negative impact of the lack of trade union and union-related work in parts of the Deutsche Telekom Group on the representation of employees' interests. As part of its curriculum, the updated training also explains the complaints procedure of the 'TellMe' portal, and shares details about the established whistleblowing process and raises employee awareness of freedom of association.

In addition, updated basic training on compliance was provided for all employees in 2023, which also addresses the complaints procedure. The campaign continued in 2024. The training courses provide all employees with necessary information about the channels where complaints can be reported. Complaints about potential misconduct can also cover grievances relating to freedom of association and this way should be reported via the 'TellMe' whistleblowing portal.

If an internal grievance mechanism is effectively implemented, employees can address violations or risks independent from the legal prosecution bodies. Risks, like human rights violations, or breaches of the right to freedom of association can thus be adequately mitigated.

The effectiveness of the updated human rights and compliance training is measured based on the number of employees participating within twelve months after the announcement. As the human rights training was published in March 2024, with a completion period lasting till the end of 2024, assessment findings of the efficiency are not in scope for this report as they are yet to be assessed during 2025.

Between the rollout at the end of August 2023 and the campaign closure at the end of March 2024, 91% of employees of Magyar Telekom Plc. and 93% of employees of Telekom Rendszerintegráció Zrt. completed the updated basic training on compliance.

Magyar Telekom implemented the updated Code of Human Rights in 2024.

Sub-topic: Working conditions (health and safety)

To improve occupational safety, standards have been defined to apply to the safe and ergonomic equipment of buildings and vehicles. In addition to offers that are available to all employees, there are also target group-specific measures. These include, for example, special safety training for employees who are deployed to work at radio sites. In addition to preventing accidents, the aim is also to promote the health and motivation of employees and thus increase the health rate.

Measures to promote health in companies not only help individual employees and ensure long-term business success but also have a positive impact beyond the boundaries of the Group. With its holistic health management, the Group assumes social responsibility and is committed to a proactive health culture. Magyar Telekom Group supports its employees in maintaining their health and occupational safety with numerous target group-specific measures and a wide range of preventative measures. Legal requirements are the minimum requirements for them.

For example, the Group ensures to have 2 trained first aiders among its employees per site, and plus 1 person for each 50 employees. First aiders are trained by the contracted occupational health partner and refresher trainings are offered every 5 years up on demand.

The Group uses measures to promote health awareness and health literacy among its employees. The annual comprehensive health-screening program provided by, a third party service provider, gives the flexibility to employees to select the health screening of their choice., Furthermore, it provides flu vaccination for front-end employees, allowing all other employees to receive them upon demand.

In addition to providing the conditions for employees to lead a healthy lifestyle, the Group provides training and coaching sessions, as well as an Employee Assistance Program (EAP) to help them develop effective and successful ways to manage challenging everyday responsibilities. In 2024, the ‘‘Healthy & Happy’ program continued to provide colleagues with physical, mental and emotional support, ranging from expert presentations, coaching and thematic webinars to personal training sessions in the TGym at Magyar Telekom Group’s headquarter in Budapest. The program also offered a variety of activities promoting fitness such as the fostering of the Magenta Tour outdoors hiking community.

Magyar Telekom Group is committed to offering health programs for its employees that best fit their needs. In 2024 an all employee corporate health concept survey was conducted to support this mission and to examine the usage ratio and satisfaction with the Employee Assistance Program (EAP) and the satisfaction with the ‘Healthy and Happy’ program. Based on the findings, the health concept will be reviewed and if necessary, modified and enriched with new elements in 2025.

In accordance with the PDCA cycle (Plan-Do-Check-Act), Magyar Telekom Group systematically examines and measures the effectiveness of its measures. It aims to continuously develop its management system. To this end, the Group regularly examines how occupational health and safety is integrated into management and leadership activities and derive strategies for improvement where necessary. In doing so, it draws on the results of its employee survey, evaluations from the collective bargaining stress protection regulations, competitive analyses and other key figures. The Group analyzes this data on an ongoing basis and develops suitable measures to promote the health and well-being of employees.

The relevant indicator for the effectiveness of the measures is the accident rate, which is regularly published externally.

Health & Safety Managers are responsible for specific processes and offerings that consider special requirements and framework conditions right down to the operational level. Internal financial resources are provided in accordance with the external requirements as well as for more in-depth measures and voluntary workplace health promotion offers. The budget for occupational health and safety is based on the hours worked per employee at the individual companies. The data is used to determine the estimated minimum amount required for the coming year. In addition, a budget is provided for more in-depth measures or voluntary offers of workplace health promotion.

Sub-topic: Equal treatment and equal opportunities for all (diversity; employment and inclusion of people with disabilities; gender equality and equal pay for work of equal value)

With its Global Compensation Guideline for senior executives, its collective agreements and other collective agreements, Magyar Telekom Group ensures transparent and gender-neutral remuneration and compensation for its employees. In this way, it wants to counteract the negative impacts on its own workforce in connection with the gender pay gap in the ICT sector. Accordingly, pay is based on the level of difficulty and complexity of the specific tasks and not on the individual. In this way, the Group ensures that remuneration is based on the type and scope of the work performed and the requirements of the function, regardless of diversity characteristics such as age, ethnicity and nationality, gender and gender identity, physical and mental abilities, religion and ideology, sexual orientation and social background. In 2020, Magyar Telekom Plc. pledged to join Amnesty International Hungary’s ‚One Step Closer’ campaign to publish annually the gender pay gap within their companies, thus contributing to raising awareness and reducing the pay gap within companies and society as a whole.

Implementation plans to increase the proportion of women have also been agreed with the management. The aim is to increase the proportion of women in line with the EU Directive 2022/2381. The Group is pursuing a clear vision and comprehensive measures to ensure that the corporate culture is characterized by equal opportunities, inclusion and diversity

and that all employees can develop their full potential. Its wide range of measures have enabled it to continuously increase the proportion of women in management positions in recent years.

Magyar Telekom Group also uses various training courses to shed light on unconscious thought patterns in order to highlight prejudices. As part of their orientation process, which takes place during the two months following their entry, employees of Magyar Telekom Group participate in the mandatory Human Rights training and the e-learning on Increasing Awareness about Unconscious Bias.

In 2024, it launched the 'DE&I Baseline eLearning', the first company-wide, fully accessible training course developed by Deutsche Telekom to promote a shared understanding of diversity, equal opportunities and participation. The training was co-created in collaboration with internal and external experts as well as employee networks and includes employees' experiences and personal stories. Relating to the different diversity dimensions. The eLearning is aimed at all employees and is available in eleven languages, including Hungarian. The eLearning is supplemented by a glossary of over 100 terms relating to diversity, equal opportunities and participation, also available in Hungarian. The glossary has been published both internally and externally and is intended to create a basis for communication on an equal footing.

Since 2018, Magyar Telekom Group runs a bi-annually Diversity Survey among its employees. This measures experience and also perception on how safe, diverse, equitable and inclusive workplace Magyar Telekom according to different diversity dimensions. The dimensions were defined based on the target groups of its Equal Opportunity Plan, as it follows: member of LGBTQ+ community, women in leadership, people living with disabilities, colleagues with Roma ethnicity, fresh graduates, 45+ years employees. This structure makes it possible to analyze the results of the survey according to different diversity dimensions and to derive specific recommendations for action.

To ensure that future work on diversity, equal opportunities, and participation is even better based on data, a self-identification survey will be rolled out in units of Deutsche Telekom Group. It will contain questions on all 7 diversity dimensions in order to better understand the diversity of employees and link these with the engagement factors from the employee surveys. This enables the Group to implement more targeted measures and also gives it an insight into how minorities feel within Magyar Telekom Group. In addition, the Group will continue to include the DE&I questions introduced in 2021 in the employee surveys, which measure the topics of 'non-discrimination & safe space' and 'equal opportunities'. In 2024, Magyar Telekom Group also placed a special focus on promoting multipliers of diversity, equal opportunities and participation within its own workforce, for example through greater involvement, networking and incentivization of Employee Resource Groups (ERGs). Its ERGs make an important contribution to raising awareness of diversity, equal opportunities and participation. All employees are free to get involved in the ERGs or take part in their activities, e.g. training sessions, workshops, round-table discussions, thematic days, etc. The co-chairs of ERGs meet once a month for community calls, in which they receive updates relevant to their group from DE&I tea and share best practices and current challenges, work on collaboration between their groups.

The Group is actively committed to the inclusion of people with disabilities in its workforce with a comprehensive portfolio of measures. The aim is not only to create a professional livelihood, but also to sustainably promote the professional advancement of the affected employees with disabilities. The integration and employment of people with disabilities also contributes to Magyar Telekom Group's DE&I strategy.

Magyar Telekom Group has established various initiatives to ensure an inclusive working environment. These include measures to equip the working environment for the disabled, including the adaptation of workstations and the provision of technical aids.

Great emphasis is placed on increasing the number of employees living with disabilities and supporting them within the organization. For this reason, from 2022, a rehabilitation mentor also helps the affected colleagues. A manual containing important information about altered working capacity has been developed, which is available to all employees on the intranet. Special support is provided for colleagues with altered working capacity, which includes one day of extra paid leave and a one-time financial support to aid in their recovery and improve their health condition in the best possible way. In addition, a related employee resource group – Accessible Telekom - has been also established to support people with disabilities, promoting accessibility, equal rights and the inclusion of people with disabilities.

Magyar Telekom Group regards all people with disabilities as fully-fledged employees and emphasizes their importance as an integral part of the organization's diversity. The Group recognizes that this diversity is not only a valuable asset, but also a source of learning and shared success.

In order to check the effectiveness of the initiatives, the usage figures and ratings (Customer Satisfaction Index) for many products are reviewed on an ongoing basis. These measures are applied, for example, to its learning offerings such as the 'DE&I Baseline eLearning' and glossary. Pulse surveys are conducted among employees twice a year. In connection with diversity, equal opportunities and participation, questions are asked about non-discrimination, a safe and supportive working environment and equal opportunities. As part of the employee survey, regular assessments are conducted to determine how satisfied employees are with their remuneration. To ensure that the initiatives and products have a positive impact, it relies on participatory and co-creative processes in planning and development. There are various feedback loops to ensure satisfaction, relevance and usability.

Magyar Telekom Group always keeps an eye on the increasing demand for qualified employees and is competing for the best talent. Its Employer Value Proposition (EVP) is therefore primarily aimed at positioning it as an international, attractive employer while focusing on human factors which tend to become increasingly important for all. The EVP describes what current and potential employees can expect from working at Magyar Telekom Group. As an employer, the Group believes that its colleagues can maintain their outstanding performance when their life is in balance. To this end, it provides a stable background in which they can make the most out of themselves and create the balance they need. The message of its image campaign in 2024 also responded to this demand, promising its colleagues that 'We respect their boundaries so that they can push them for themselves'. This encourages them to strive for the best and step out of their comfort zone, as they are provided with a flexible and safe environment to do so. Therefore, they can contribute to continuously being the market leader in the IT and Telecommunications sector.

Through training courses and workshops, it promotes cultural change regarding the compatibility of work and family life and thus increase the chances of equal participation of women in the labor market. It considers the increasing demands that employees place on employers as part of its operational risk management: To meet these challenges, it is continuously strengthening the Telekom brand as attractive employer, among others, and proactively seeking out new skilled personnel and talent.

To mitigate the risk of staff shortages that could arise in connection with the gender pay gap in the ICT sector, the Group targets female talents through collaborations and at events (e.g. Girls' Day initiative, roundtable discussions in Equalizer Foundation's Annual Conference, WomenUp Conference, etc.), offering ‚SHE-Care' career path support program with trainings and mentoring for female colleagues.

To ensure that employees can make the best possible use of their skills in all situations, the Group also supports work-life balance in the interests of equality - for example through flexible working hours, hybrid working models and part-time employment. Through training and workshops, the Group wants to promote cultural change regarding work-life balance and thus increase women's chances of equal participation in the labor market.

Regardless of existing actual impacts, the Group also places a special focus on data protection and privacy in the digital environment due to its business activities. Data processing IT services potentially gives rise to human rights violations regarding the privacy of end users and employees. The Group's general principles, approaches and procedures relating to privacy topics are described in the sub-chapters of ESRS S4 – Consumers and end users.

Goals/Targets

ESRS S1-5 - Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities

No other time-bound or result-oriented targets are defined besides the ones mentioned in the previous sections of ESRS S1 in relation to reducing negative impacts, promoting positive impacts or managing material risks and opportunities associated with the Group's workforce.

Key Figures

ESRS S1-6 - Characteristics of Magyar Telekom Group's employees

Overview of the characteristics of the Group's employees

Gender	Number of employees (number of persons)
Male	4 330
Female	2 471
Other	0
Not specified	0
Total number of employees	6 801

Overview of the Group's employees by country

Country	Number of employees (number of persons)
Hungary	5 681
North-Macedonia	943
Bulgaria	53
Romania	124
Total number of employees	6 801

Magyar Telekom Group has personalized locations in 4 countries, of which almost 84% of employees work in Hungary and around 14% in North-Macedonia. The employees in the other countries account for less than 3% of the total number of employees.

Overview of employees by type of contract, broken down by gender* (FTE)

Permanent employees are active employees with unlimited contract type, temporary employees are also active employees with limited contract type (fixed-term contract type). Though the Group does not employ employees with non-guaranteed hours, according to the definition they are employed without a guarantee of a minimum or fixed number of working hours. The employee may need to make themselves available for work as required, but the employer is not contractually obliged to offer the employee a minimum or fixed number of working hours per day, week, or month. Casual employees, employees with zero-hour contracts, and on-call employees are examples that fall under this category.

Female	Male	Other*	No information	Total
Number of employees (FTEs)				
2 420.25	4 317.78	0	0	6 738.03 (2023: 6 797.07)
Number of permanent employees (FTEs)				
2 366	4 289.5	0	0	6 655.5 (2023: 6 693.07)
Number of temporary employees (FTEs)				
54.25	28.28	0	0	82.53 (2023: 104)
Number of employees without guaranteed working hours (FTEs)				
N/A	N/A	N/A	N/A	N/A

* Gender according to the employees' own information.

In the reporting year, the fluctuation rate in total was 8.5%., thereof unforced fluctuation was 4.8%, while forced fluctuation was around 3.7%. Total number of leavings in 2024 was 585.

Fluctuation rate is made up of individual characteristics from unforced fluctuation, forced fluctuation in the numerator and in the denominator from the internal active workforce year end previous year. Employee Turnover Rate = Employee Turnover / internal active workforce yearend previous year. Employee turnover:

Parts of the unforced attrition:

- Voluntary termination
- Termination on grounds of conduct
- Retirement
- Retirement due to disability

Parts of the forced attrition:

- Terminations with severance payment
- Early retirement
- Partial retirement
- Termination for operational reasons
- Other downsizing instruments
- Transfer to government/ public authorities

FTE stands for Full Time Equivalent and is a unit of measurement for the size of the workforce. FTE therefore indicates the average number of full-time equivalents of all full-time and part-time employees. The information in the report generally relates to the calendar year 2024 with a reporting date of October 31, 2024. Exceptions are marked accordingly. All figures are based on more detailed data. As some figures are rounded, totals may differ slightly. Annual averages are used to calculate some ratios.

ESRS S1-8 - Collective bargaining coverage and social dialog

Collective bargaining policy is important to the Group and has a long tradition, as confirmed by the degree of coverage by collective agreements. The Group-wide coverage rate as of October 31, 2024, was around 95%. In 2024, 4 collective agreements were concluded with trade unions at Magyar Telekom Group - a testament to the intensive cooperation with employee representatives.

Overview of the degree of collective agreement coverage by country

Country	Collective agreement coverage (%)
Hungary	99.9%
Romania	100%
Bulgaria	-
North Macedonia (non EEA)	84%

ESRS S1-9 - Diversity metrics

Overview of gender distribution at management level

	Management (executives)	
	Quantity	in %
Male	27	72%
Female	11	28%
Total	**38**	**100**

Overview of distribution of employees by age group

	Employees by age group	
	Quantity	in %
under 30 years old	689	10 %
30-50 years old	4 053	60 %
Over 50 years old	2 059	30 %
Total	**6 801**	**100**

S1-12 - Persons with disabilities

In 2024, the proportion of people with disabilities at Magyar Telekom Group was 0.4 %. Proof of disability is based on self declaration.

S1-13 – Training and skills development metrics

While it is important for Magyar Telekom Group to ensure continuous access to learning and development opportunities for its employees, the Group adopts the phase-in option for the disclosure requirements specified in S1-13 Trainings and Skill Development in the first year of reporting.

S1-14 - Parameters for health and safety

96% of Magyar Telekom Group employees are covered by a health and safety management system.

In 2024, the number of fatalities as a result of work-related injuries and work-related ill health is 0. The number and rate of recordable accidents at work were 33 respectively 0.5%. The number of reportable work-related illnesses was 0. The number of days lost due to work-related injuries and fatalities due to work-related accidents, work-related ill health and fatalities from ill health was 454.

S1-16 - Remuneration metrics (pay gap and total remuneration)

The average unadjusted gender pay gap between female and male employees is 17.5%, the average adjusted gender pay gap is 8.8%.

The ratio of the annual total compensation between the highest-paid person and the median of the annual total compensation of all employees (excluding the highest-paid person) is 4023 % or 40.2 to 1.

For these remuneration parameters, the individual total remuneration of the employees was determined as the sum of the gross cash remuneration received in the reporting period and converted into an hourly remuneration for the calculation of the gender pay gap and into a full-time annual equivalent for the ratio of the annual total remuneration.

The average unadjusted gender pay gap was calculated as a weighted average of the unadjusted pay gaps of the Group companies included in the report. For the average adjusted gender pay gap, the pay gaps for each remuneration group (according to the definition applicable in the organization concerned) were first determined for each Group company and the weighted average was then calculated from this.

S1-17 - Incidents, complaints and severe human rights impacts

Magyar Telekom Group ‘s Group Compliance Hub is responsible for conducting internal investigations and cases of compliance misconducts. However, the exact statistics of these cases are handled with confidentiality and Magyar Telekom Group does not disclose this kind of information about the incidents.

In the Chapter of ESRS S4 the number of data protection investigations and information requests is presented.

ESRS S2 – Workers in the Value Chain

Introduction

Magyar Telekom Group takes responsibility across their entire value chain. The Group is committed to respecting and promoting human rights and requires the same commitment from its business partners and suppliers.
The following index shows the disclosure requirements identified by the materiality analysis with regard to the topic standard 'Workers in the value chain'.

ESRS index according to ESRS 2 IRO-2

Disclosure	Designation	Reference
ESRS S2 – Workers in the Value Chain		
ESRS 2 SBM-2	Interests and views of stakeholders	
ESRS 2 SBM-3 S2	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in option for ESRS 2 SBM-3 §48e
ESRS S2-1	Policies related to workers in the value chain	
ESRS S2-2	Processes for engaging with value chain workers about impacts	
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	
ESRS S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	
MDR-P MDR-A MDR-M MDR-T	Policies adopted to manage material sustainability matters Actions and resources in relation to material sustainability matters Metrics in relation to material sustainability matters Tracking effectiveness of policies and actions through targets	The Group applies the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding disclosure requirements.

Strategy

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

In the upstream value chain of Magyar Telekom Group there may be actual negative impacts on employees of indirect suppliers (e.g. disregard for human rights, poor working conditions, equal treatment and equal opportunities). Due to centralized procurement policy of Deutsche Telekom Group, Magyar Telekom Group has no material influence on these circumstances, and therefore Deutsche Telekom Group's assessment has been taken into account in the impact materiality assessment. Deutsche Telekom Group identified numerous negative impacts on the workforce in the value chain. Magyar Telekom Group contributes to reducing these negative impacts.

Through the procurement of electronic devices and network infrastructure, as well as components thereof, the material negative effects on workers in the value chain are directly linked to Deutsche Telekom Group's strategy and business model.

Magyar Telekom Group has no detailed information about employees in the upstream and in the downstream value chain. Workers who may be particularly affected by human rights violations in the value chain include:

- all workers working for direct and indirect suppliers in the upstream value chain,
- workers (from the above or other categories) who are particularly vulnerable to adverse effects due to their intrinsic characteristics or special circumstances, such as members of a trade union, migrant workers, homeworkers, women or young workers

All material negative impacts on workers in the value chain identified as part of the materiality analysis are systemic and are not related to individual incidents or specific business relationships of Magyar Telekom Group.

Since 2016, Deutsche Telekom Group has been operating a program to comply with its human rights and environmental due diligence obligations, in line with the international reference instruments. Based on this and with the involvement of

external and internal expertise, Deutsche Telekom Group has identified groups of people on whom its business activities can potentially have a negative or positive impact (human rights impact analysis) and whose interests were taken into account in the preparation of the Human Rights Code. Deutsche Telekom Group is constantly developing its procedures for identifying vulnerable groups of people, but at least once a year after conducting its annual human rights and environmental risk analysis. Magyar Telekom Group was fully covered in the annual risk analysis for 2024.

Management of impacts, risks and opportunities

ESRS S2-1 Policies related to value chain workers

Due to its size, Magyar Telekom Group has a significant impact on other players of the economy, so its responsibility cannot be limited to the boundaries of the organization. In addition, from a risk management perspective, it is essential that it should do business with supplier partners whose economic, social and environmental performance is appropriate. To this end, the Group also manages its supplier relationships from a sustainability perspective too.
It is important for the Group to maintain a reliable, lawful business relationship with its suppliers and to apply documented supplier evaluation practices that ensure that all its contractual partners comply with this legal requirement. Anti-corruption and ethical conduct in supplier relationships are of paramount importance. In the above spirit, suppliers are required to adopt:

- Magyar Telekom's Anti-Corruption Declaration
- Magyar Telekom's Supplier Code of Conduct, and the Deutsche Telekom Group's Supplier Code of Conduct, which includes the stipulations set forth by the German law on supplier chain due diligence (LkSG)
- the Code of Human Rights
- a Confidentiality Statement
- privacy regulation (GDPR)
- the Privacy Information

All suppliers must peruse, accept and comply with all of these requirements as a precondition of the contract. Magyar Telekom's Supplier Code of Conduct contains the following guidelines and documents:

- Code of Conduct
- Code of Human Rights and Social Principles
- Diversity Policy
- Magyar Telekom Group Environmental Policy
- Financial Code of Ethics
- Responsible Corporate Governance Report
- Magyar Telekom Group Quality Policy

Magyar Telekom Group's principles and expectations formulated in the Supplier Code of Conduct include, among them, the prohibition of child labor, forced labor and all forms of slavery. With the Supplier Code of Conduct Magyar Telekom is committed to internationally recognized norms and standards:

- ILO and OECD Guidelines
- Universal Declaration of Human Rights
- UN Global Compact
- Tripartite Declaration of Principles for Multinational Enterprises and Social Policy (MNE Declaration)
- UN Guiding Principles on Business and Human Rights ("Ruggie Principles")

The Supplier Code of Conduct mentioned is Deutsche Telekom's group level policy. During the term of the contractual relationship, the suppliers shall, upon specific request, take the necessary measures to ensure compliance with this Supplier Code of Conduct as required by Deutsche Telekom at any time and shall notify Deutsche Telekom without delay

if it becomes aware of any breach of principles set by the Code, either by itself or by any Third Party. The suppliers shall implement the principles of the code throughout their supply chain.
The basic principles of the Supplier Code of Conduct are included in Deutsche Telekom's Procurement Policy, which is part of the Rules of procedure of the procurement of products and services of Magyar Telekom Group. This document was approved by the CEO of Magyar Telekom Plc.

ESRS S2-2 Processes for engaging with value chain workers about impacts

As part of its centralized purchasing policy Deutsche Telekom Group regularly reviews the working conditions at its suppliers' production sites through audit programs. In doing so, Deutsche Telekom Group specifically asks workers in the upstream value chain for their feedback in order to incorporate it into our due diligence processes. With mobile surveys ("mobile audits"), Deutsche Telekom Group also gives its suppliers' workforce the opportunity to anonymously share information online about the social and environmental conditions at their operation sites. The surveys are primarily used to gain an initial impression of the working conditions on sites in order to initiate further measures if necessary, such as specific on-site inspections ("social audits"). The social audits are carried out by external auditors.

Magyar Telekom Plc. continued its sustainability web audit in 2023, which consists of environmental, social and business ethics questions. The assessment pays particular attention to whether suppliers expect their own partners to comply with certain sustainability guidelines. The responses received are weighted according to the supplier's industry to provide a final score. In 2023, 69 companies participated directly in the survey, representing 9.75% of the total procurement value. The Sustainability Web Audit assessment is valid for three years.

The responsibility for integrating the interests of workers in the value chain within the framework of the mobile audits and on-site inspections lies with the purchasing functions of Deutsche Telekom Group and Group Corporate Responsibility of Deutsche Telekom Group.
No such process has been carried out in 2024, and no negative environmental, labor, human rights or social non-compliance issues have been identified.

ESRS S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

Deutsche Telekom Group-wide risk management system implements process steps in all essential business operations, with the aim of identifying and minimizing human rights and environment-related risks. It also aims to prevent, address, and minimize any violations of environment or human rights obligations. This risk management system covers all Deutsche Telekom Group companies over which Deutsche Telekom exercises significant influence; thus, Magyar Telekom Group was covered with this process in 2024. Magyar Telekom Group was fully covered in the annual risk analysis for 2024, all of its suppliers were classified centrally, among high, medium and low priority risk categories, each of the risk categories have own procedures to follow after the classification.
In order to enable remedy in the event of negative effects in the upstream value chain, Deutsche Telekom immediately contacts Magyar Telekom Group which contacts its direct suppliers and demands that any infringement be stopped. In the absence of a contractual relationship with indirect supplier companies, it also seeks contact with direct supplier companies who maintain a business relationship with them in the event of violations in their business activities. In this way, Deutsche Telekom Group is also striving to create a concept for preventing, ending or minimizing human rights violations for the indirect supplier companies that cause them and to implement them in partnership with all parties involved. All identified violations are recorded in a corrective action plan and are prioritized according to severity. The timely implementation of these measures is regularly monitored.

Magyar Telekom Group's suppliers must provide their employees with effective procedures and a safe environment for any complaints and feedback in accordance with the relevant supplier codes. The Group has not yet established any procedures in order to ensure effectiveness of its complaints system in connection with reports of workers from the upstream value chain. Complaints and comments concerning issues and violations of legal obligations or Magyar Telekom rules and regulations can be submitted to Magyar Telekom Group's 'Tell Me' whistleblower portal.

ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

If a supplier is unable to meet the sustainability requirements set out in the Supplier Code of Conduct, or if there are specific misconducts, Deutsche Telekom Group's risk incident process starts. In the first step, the suspected case is checked for plausibility and a statement is requested from the supplier. At the same time, the supplier shall determine mitigation or remedial measures and agree on deadlines after which it must confirm the implementation of the measures promised in its statement. The follow-up of the corrective and preventive measures is carried out by various Deutsche Telekom stakeholders. In the event of anomalies, an expert committee consisting of representatives from the Group Corporate Responsibility, Legal, Compliance, Human Resources (HR) and Purchasing functions is involved. If the steps taken prove to be insufficient, escalation will be initiated. If it is foreseeable that the supplier company will not meet the requirements, the expert committee will examine the temporary suspension of business relationships or the removal of the supplier company from procurement lists. If the violation is serious or cannot be terminated, the termination of the business relationship is considered as a last resort.
In addition, Deutsche Telekom Group's involvement in networks and associations such as the 'United Nations Global Compact', 'econsense' or the industry initiative 'Joint Alliance for CSR' (JAC) contributes to achieving a long-term improvement in the international implementation of sustainability requirements in the supply chain of the information and communication technology (ICT) industry, for example by sharing best practices and combined resources. In 2024, five audits were conducted centrally, one supplier of Magyar Telekom Group was covered with the process.

Due to the complexity and ever-changing nature of Magyar Telekom Group's business activities, it is not possible to accurately allocate resources and funds for the management of the measures described above. In principle, all measures are implemented with the budgets of the individual areas and usually do not require significant operating or investment expenditure. The Group has the necessary human resources to contribute to Deutsche Telekom's risk management system.

If specific actions need to be taken, as part of the sustainable supply chain management process, a temporary working group is being set up to support efficient operations, with members who are responsible for and act on supplier incidents, negative environmental, labor, human rights or social impacts. The permanent members of the working group are staff from the procurement, legal and compliance areas, complemented by staff from the unit involved in the incident and experts on the subject matter of the incident.

Goals/Targets

ESRS S2-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Magyar Telekom Group has not set separate results-oriented targets for reducing the negative impact on workers in the upstream value chain. In addition, in line with the requirements of the Hungarian ESG law, a risk analysis will prepare about Magyar Telekom Group's suppliers in 2025. The results of the risk analysis will be included in the measures taken with suppliers.

ESRS S4 – Consumers and End Users

Introduction

Magyar Telekom Group is committed to ensuring that everyone can participate in the digital world. The development of fixed and mobile infrastructure contributes to increasing digital skills, fostering the competitiveness of businesses, integrating digital solutions, promoting the use of emerging technologies, and strengthening research, development and innovation. Magyar Telekom Group, as a responsible service provider, plays a role and thus has an impact in creating digital equality in society, and promotes the development of digital skills through its networks and programs in several ways. The digitalization pillar of sustainability strategy includes the provision of digital maturity and awareness programs and initiatives.

The following index shows the material disclosure requirements identified by the materiality analysis in relation to the topic standard 'Consumers and End Users'.

ESRS-Index according to ESRS 2 IRO-2

Disclosure	Designation	Reference
ESRS S4 – Consumers and End Users		
ESRS 2 SBM-2	Interests and views of stakeholders	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in option for ESRS 2 SBM-3 §48e
ESRS S4-1	Policies related to consumers and end-users	
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions	
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	
MDR-P MDR-A MDR-M MDR-T	Policies adopted to manage material sustainability matters Actions and resources in relation to material sustainability matters Metrics in relation to material sustainability matters Tracking effectiveness of policies and actions through targets	The Group applies the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding disclosure requirements.

Strategy

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

During the process of double materiality analysis, Magyar Telekom Group identified material impacts and risks related to consumers and end-users. The process is detailed in the Chapter of ESRS 2 IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities. Furthermore, during the understanding phase of double materiality analysis, interviews and documentation collection were conducted internally to gain understanding of the Group's goals, approaches and practices related to its customers. All material negative impacts on consumers and end-users[4] identified in the double materiality analysis are systemically anchored. As part of the double materiality analysis, no material negative impacts on consumers and end-users related to individual incidents were identified. Based on its business model, Magyar Telekom Group has a positive impact on its downstream value chain, on the society through the development of its network, as this contributes to creating secure and reliable infrastructure for both society and businesses, increasing digital skills of social groups with poor digital skills, fostering the competitiveness and digital transformation of businesses, integrating digital solutions, promoting the use of emerging technologies, and strengthening research, development and innovation. Opportunities arise from the impacts on consumers and end users along the efforts to promote digitalization. Digitalization gives the opportunity to the Group to identify stable and regular income streams.

[4] Consumer and end user terminology used based on ESRS definition, not by the definition of Act C of 2003 on Electronic Communications

Customers who use Magyar Telekom Group's services or purchase products with which they access its services are being considered as beneficiaries of 1) the Group's digitalization activities, 2) initiatives that boost digital skills and 3) offered digital products, while they are also the ones who may experience negative impacts in privacy related topics. Considering the products and services offered to different customer sub-groups, it is apparent that privacy related and internet safety related impacts, risks and opportunities in the digital world affect all consumers and end-users. However, certain social groups were identified as groups at greater risks of harm, primarily children and elderly people, who lack sufficient digital skills and could be exposed to threats in the digital environment. Magyar Telekom Plc. provides educational programs aiming to improve the digital skills of affected groups and their caregivers, thus contributing to a safer digital world.

ESRS S4-2 – Processes for engaging with consumers and end-users about impacts and ESRS S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

To identify sustainability matters related to the topical standard of ESRS S4, an online stakeholder survey was conducted to collect and identify the perspectives of customers as stakeholders about the key impacts of the Group in the last quarter of 2023. The process is detailed in the Chapter of ESRS 2 SBM-2 – Interests and views of stakeholders. During the understanding phase of double materiality analysis, interviews and documentation collection were conducted internally to gain understanding the Group's products and services and customer groups. The function which has the highest operational responsibility for conducting such engagements is the Lead of Capital Market Relations Hub. The Group plans to continue such engagement activities during the next reporting period. The Group has not implemented a procedure to assess the effectiveness of the engagements mentioned above.

The Group established complaints handling processes that ensure customer satisfaction, as feedbacks from customers allow and support the continued development of services and processes. Magyar Telekom Group puts high emphasis on informing customers about the available complaint management procedures through customer service channels and online. Customers are informed about the definition of complaints that should be managed in accordance with the published complaint-management procedure. In line with the Consumer Protection Act (Act CLV of 1997) and as stated in the General Terms and Conditions, there is an obligation to carry out the investigation and send written information to the complainant about the results within 30 days. Based on the commitment to quality principles and customer experience, the following issues are understood as complaints:

- a complaint about the Group's products or services,
- any case where it may be alleged that the Group has failed to meet its contractual or legal obligations,
- if the information the customer has received from the Group's colleagues is incorrect or inaccurate and the customers are adversely affected by it,
- if the customer experienced inadequate administration or communication from the Group's colleagues.

Customers can raise complaints through all available channels: in person at the shops and partner shops, in voice calls contacting the via call center or in a written form via e-mailing or web channels.

During opening hours, the front-line receiving channel will transfer the case to the complaint hotline team who, after communicating with the customer on call, will either handle the case in a call or, if more time-consuming, in a background E2E activity.

The channel receiving the complaint records the complaint workflow in the respective system (in any case, in written case, it is recorded and acknowledged) and through the automated process it is sent to the processing team, where the E2E approach is also the basis for handling, who receives the case, takes it through and responds to the customer.

The General terms and conditions on the website contain all contact details of Magyar Telekom Plc. and the contact details of the competent authorities to whom complaints can be made against the Company.

Magyar Telekom Group implemented other processes and platforms to receive and manage concerns from stakeholders. Chapter ESRS G1 – Business conduct details the related information. In addition to that, this current Chapter of ESRS S4

Consumers and end-users also provides information on relevant channels and procedures, along which consumers, end-users and other data subjects can ask questions or raise concerns regarding privacy related topics.

Management of impacts, risks and opportunities

ESRS S4-1 – Policies related to consumers and end-users

Sub-topic: Data Protection at Magyar Telekom Group

The protection of the personal data of customers, employees, contractors, visitors of Magyar Telekom Group's websites and users of its applications is a priority. The Group applies procedural rules for data processing necessary to enforce the applicable legislations, court decisions and recommendations. It also ensures a high level of data security by taking appropriate technical and organizational measures, by establishing group-wide employee awareness of the importance of data protection, and by handling personal data lawfully and accountably.

The Group promotes an active data protection and compliance culture built up over many years to protect the personal data of everyone associated with the Group (not only employees, but other stakeholders such as customers or business partner representatives) as well as to address the material risks arising from any data processing activities. The Group's data protection management system describes technical and organizational measures, processes and audits. The responsibility for data protection lies with the executive management, while the Data Protection Officer (DPO) and the Privacy CoE of Group Legal Hub advise on and monitor compliance with data protection regulations and with the relevant internal policies.

With the Binding Corporate Rules Privacy (BCRP) Deutsche Telekom Group has a group-wide regulation since 2014, for a uniform level of data protection and handling of personal data in the member companies. BCRP is a continuation of the Privacy Code of Conduct, which was replaced in 2014. Magyar Telekom Group has committed itself to these Group guidelines: its internal policies, rules, privacy governance, protective measurements and data processing practices are based on these guidelines. The current version of the BCRP and the list of companies which have adopted them on a legally binding basis is published.

For many years Magyar Telekom Group has been continuously improving its information security systems, which comply with the ISO 27001 standard.

The Group is committed to the fundamental rights of data protection and privacy. The new Group-level Code of Human Rights was adopted in 2024. With regards to the universal human rights, the Group's aim is to ensure the lawful processing of personal data, which is anchored in the prevailing Code of Human Rights of the Group. Along the legal requirements, the Group is further committed to observing numerous international human rights and environment-related reference tools, stated in the Code of Human Rights. The internal policies are aligned with internationally recognized instruments, including UN Guiding Principles on Business and Human Rights and ILO Declaration on Fundamental Principles and Rights at Work.

Privacy is not only important in the case of its own operations, but also if Magyar Telekom Group uses data processors for certain data processing activities. It is defined in the Supplier Code of Conduct that contractors are obliged to commit to Deutsche Telekom Group level principles regarding ethics, human rights, and environmental values, to comply with all relevant data protection legislation, as well as the data protection and security requirements stated in the individual contracts with Magyar Telekom Group. The Supplier Code of Conduct was also renewed in 2024. Both Codes are publicly available on respective websites.

If Magyar Telekom Group uses data processors who operate outside of the EU, it requires them to treat customers' personal data confidentially and to ensure a high level of protection of personal data in accordance with the Group's requirements. Since 2021 processes and agreements for data transfers outside the EU have been aligned with the

updated standard contractual clauses of the European Commission, relevant data protection decisions of CJEU and European Data Protection Board (EDPB) recommendations.

ESRS S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Sub-topic: Data Protection at Magyar Telekom Group

The Group received requests for information from the National Authority for Data Protection and Freedom of Information (NAIH) and requests and complaints from customers and other data subjects in 2024, all of which were duly investigated. Findings and information on action taken on these requests were provided to the data subject or to the Authority respectively. Based on the results and conclusions of these investigations and complaints, internal processes were reviewed, adjusted, if necessary, furthermore, followed and monitored.

In 2024, two data protection investigations and two information requests related to handling of personal data were initiated, none of the investigations have yet been concluded. Due to confidentiality, the Group does not disclose further information.

Magyar Telekom Group has robust breach detection, investigation, and internal reporting procedures in place to detect, evaluate the risks of, mitigate, keep records of and report data breaches to the relevant supervisory authority and notify the affected data subjects according to the rules of GDPR and the Electronic Communication Act. Employees and contractors are aware of the escalation process of potential security or data protection incidents, informing the appropriate team in the organization, which has the responsibility to determine if a breach has occurred and should be reported. Magyar Telekom Group provides advice to customers on how to prevent unlawful access to their personal data by unauthorized third parties and implements new protective measures based on the findings of the occurred incidents. The Group implemented a specific policy to ensure that information security incidents (including data breaches) are detected, reported, and managed.

Magyar Telekom Group has different channels for consumers, end-users and other data subjects to ask questions or raise concerns regarding privacy related topics and issues, furthermore, it appointed a DPO, who can be contacted via dpo@telekom.hu.

Magyar Telekom Group has sufficient staff and financial resources to carry out its tasks under the GDPR and the respective internal regulations, and to ensure that processing of personal data is compliant with GDPR and the applicable legislations, guidelines of the EDPB and NAIH. The Group continuously monitors changes in the legal environment to prepare for the implementation of new and forthcoming legislation affecting data protection.

The Group continuously trains its employees and subcontractors to ensure the proper processing and security of personal data and to keep up with relevant regulations, guidelines, and internal policies. In 2023 all employees were required to participate in the „Our Commitment to Data and Information Privacy" training, developed jointly with Deutsche Telekom Group. Based on the company-wide review of the mandatory trainings in 2023, in 2024, the design of a new, tailored privacy training program has started to ensure that all employees receive data protection knowledge which is relevant and suited for their work tasks.

DPO conducts audits each year on areas where issues or gaps have been identified during the previous year based on customer complaints, data breaches or other observations of monitoring compliance with the data protection regulations. These audit reports list several action points to improve compliance with the applicable legislations, court decisions and recommendations relating to data protection.

In 2025, the Group shall conduct a structured and documented data protection impact assessment for the processing of personal data. Deutsche Telekom Group provides a centrally available process called Privacy and Security Assessment (PSA) platform which will be implemented uniformly in all Deutsche Telekom Group companies in 2025.

ESRS S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions

Sub-topic: Digitalization of Hungary

In order to achieve the goals of the Digital Decade 2030 Policy Program (hereinafter: Digital Decade), set out by the European Parliament and the Council in December 2022, Hungary's National Strategic Roadmap has been prepared, which contains detailed measures to promote digital development and strengthen the digital economy. The Policy Program aims to create new opportunities for citizens and businesses in terms of a reliable and secure digital infrastructure, digital transformation of businesses and access to digital skills by 2030, including through the following objectives:

- every household in Europe should be covered by a gigabit network and 5G coverage should reach all populated areas
- 75% of European businesses should use cloud services, big data and AI and at least 90% of European SMBs should achieve at least basic digital intensity
- 20 million employed ICT professionals, with a convergence of the share of women and men
- 100% of key public services should be available to European citizens and businesses online

The strategic objectives of Magyar Telekom Plc. contribute to the fulfilment of the Policy Program and the National Strategic Roadmap of Hungary, and to the achievement of the objectives of the digital transformation of the country. In the long term, state-of-the-art infrastructure is essential to enable homes and businesses to be successful players in digital transformation. In this context, on September 15, 2023, the Government of Hungary and Magyar Telekom Plc. signed a Memorandum of Understanding confirming that the Company is deeply committed to support digital transformation of Hungary. The development of fixed and mobile infrastructure contributes to the improvement of digital skills, fostering businesses' competitiveness, integrating digital solutions, encouraging greater use of emerging technologies, strengthening research, development and innovation, and increasing the uptake of data-based solutions. Under the Memorandum of Understanding, Magyar Telekom Plc. commits to build a gigabit-capable fixed network covering an additional 1 million households and businesses by 2027. By that, Magyar Telekom Plc. will provide 4.5 million Hungarian homes and businesses with access to a fixed gigabit-capable network infrastructure. The Company has also accelerated the rollout of 5G coverage, resulting in an increase to close to 99% population-based outdoor 5G coverage by 2026.

Strategic goals originate from the Digital Decade policy program and the Company's general business strategy. Social participation in the Digital Decade is an EU institutional issue/Member State obligation, while the formation of business strategy is indirectly influenced by consumers and their representatives: Magyar Telekom Group always strives to meet the needs of its customers at the highest possible level and formulates its business strategy in line with these objectives but without direct involvement of these stakeholders.

Magyar Telekom Plc. continued and successfully concluded its multi-year mobile network modernization program in 2024, which aimed to modernize, maintain and improve service quality and increase capacity in line with the continuous growth in voice and data traffic demand from its customers.

In 2024, Magyar Telekom Plc. added 200,242 new gigabit-capable access points to its existing fixed network, bringing the total number of gigabit-capable access points to more than 3.8 million. A total of 69% of the fixed network is gigabit capable. The focus of unwavering commitment remains the ambition to deliver stable connectivity and outstanding customer experience.

This commitment is to be fulfilled by the end of 2027. Yearly targets are integrated into company level Objectives and Key results (OKRs), ensuring the highest focus on the fulfillment. Progress is reported to the Chief Technology and IT Officer (CTIO) every month. In terms of mobile network development, the modernization program continued, with the aim of making the entire 4G network 5G-capable. As part of the overall program, the modernization of mobile base stations covers not only active and passive radio equipment, but also the infrastructure necessary for their deployment and operation. The replacement of this equipment with their more modern counterparts in itself creates additional capacity,

which could lead to technological advantages accessible by modern devices, more reliable service and lower energy consumption. In doing so, technological capabilities are being created that allow for immediate or future service expansion at the given stations and throughout the nation. The flexibility of a more advanced network lays the ground for the ability to respond more quickly and in a more customized way to customer needs. A significant number of the modernized stations also received capacity upgrades. Magyar Telekom's 5G technology is available at 700 MHz, 2100 MHz and 3600 MHz, with the upgrades typically extending 5G coverage on the 700 MHz frequency. By the end of 2024, Magyar Telekom Plc. had upgraded 100% of its mobile network, resulting in outdoor residential 5G coverage reaching 74%. Current coverage is available at the following website.

The head of the modernization program has provided the responsible leaders with monthly updates on the progress status, complemented by regular in-person meetings to review progress in detail. Additionally, the related objectives were integrated into Magyar Telekom Plc's annual goals, ensuring alignment with broader strategic priorities. The fulfillment of these goals was monitored and reviewed consistently to maintain accountability and drive progress.

The demand for faster, universally available data services is growing steadily. Information is presented on the capital expenditures relating to network expansion in the Notes 9.2 Property, plant and equipment, 10.2 Intangible assets and 10.5 Significant individual other intangible assets of the Consolidated financial statements.

Related risks

To achieve the set goals of digitalization of Hungary, the Group. monitors the status of macroeconomic environment as its challenges affect Magyar Telekom Group on several levels. The current geopolitical situation, including disruptions in supply chains, could lead to resource shortages and price increases. The changes in the geopolitical framework and the challenges faced by the world's economy can affect Magyar Telekom Group businesses, supply chains and may lead to sanctions for impacting certain countries and stricter compliance requirements. Persistent tensions and armed conflicts can delay or cancel strategic initiatives and have a direct impact on logistics and supply chains.

The Group performs several risk management activities to reduce exposure. The Group continuously monitors geopolitical events, identifies alternative suppliers and, if necessary, conducts procurement contracts. Magyar Telekom Group works with existing suppliers, engages regional partners and relies on diversified global supply chains to ensure stability and lower exposure to geopolitical risks. Magyar Telekom Group works closely with Deutsche Telekom to identify group-wide risk mitigation measures.

Sub-topic: Product development and digital solutions

The Group aims to contribute to the digital transformation of companies, including helping medium and large enterprises to digitally transform, enabling them to respond faster to change and use human resources more efficiently, taking advantage of the opportunities offered by technology. The Group also encourages cost-effectiveness as it promotes the idea that becoming a digital transformation winner is not about large one-off investments, but about scalable solutions that can be used by customers as and when they need them, furthermore, it encourages exploiting the potential of 5G networks, capable of high-speed transmission with low latency and taking advantage of low energy consumption of IOT devices. The advanced technological solutions provided by the Group optimize, simplify and speed up processes, thus ensuring an ever-increasing degree of efficiency, which saves resources.

In the framework of end-to-end product development, which ensures an ownership approach throughout, the development of the ideas received is supported by incubation, and the creation of pilots and product prototypes is supported by startup-based operations. The approach is that the project is based on a specific market need at the start of product development, validated by continuous customer feedback and sales commitment. The prototypes affect the process of identifying customer needs as precisely as possible, so that a specific sales target can be defined at the end of product development. This method helps to optimize costs and resource use.

In 2024, the Investment Committee was the main resource allocation body, with experts from finance, accounting and controlling as permanent participants, in addition to the professional, strategic and commercial areas. The Investment Committee decides on the launch of pilots, PoC (Proof of Concept) projects and the allocation of OPEX and CAPEX resources on the basis of proposals from the Idea Management Team. Due to ongoing organizational changes during the second half of the reporting period, the development of new processes has started. Further information can be provided in the next Consolidated sustainability statement.

The responsible teams established goals and KPIs for each offered product to assess the effectiveness of solutions, such as the time-to-market indicator, customer satisfaction and cost optimization, details of such goals and KPIs are not disclosable due to confidentiality reasons. Existence of efficient internal processes for efficient sales are ensured, furthermore, continuous search for and exploration of new customers and innovative opportunities, while the Group pays special attention to the acquisition of the necessary human competencies to develop such products.

5G and IoT

The widespread adoption of 5G and IoT created the opportunity to connect millions of new devices. These devices can provide data that were previously impossible to measure (such as real-time electricity, gas, and water consumption, location, and others). This data allows for more conscious resource management and the early detection of necessary repairs, possibly even in advance. When complemented by various machine learning (AI) methods, companies can achieve significant cost reductions, which also means more careful and conscious use of the Earth's resources. From Magyar Telekom Group's perspective, this translates into a stable, regular income stream, enabling the Group to steer customers towards mobile solutions and retain them within this ecosystem. The following innovative solutions aim resource savings and utilization of 5G network in alignment with the Group's digital strategy.

Energy management in its most efficient form: NRG MAP

The Smart Energy software offered by the Group combines a smart approach to energy consumption and production with real-time data collection and efficient forecasting, can also make a significant contribution to the sustainability and climate goals of companies. The software does not only provide data on equipment, but also collects real-time consumption and production information, enabling customers to understand their accurate energy usage. In addition to passive data collection, it also performs an active prediction of electricity consumption and production based on previously recorded data and information gathered by the software. Thus, it serves as a powerful optimization tool, helping customers improve their energy use and reduce their costs. The solution also plays a prominent role in supporting financial decisions by accurately calculating energy costs based on the data collected and the customer's electricity tariffs, enabling decision makers to make informed, data-driven decisions in financial planning and energy strategy. The reporting feature allows detailed financial and energy reports to be generated, giving customers an overview of their costs and consumption, enabling them to use energy more efficiently and develop more sustainable business strategies.

Campus Network

In parallel with the roll-out of the 5G network, the demand for fast and secure private mobile network access in the corporate environment is also steadily increasing. The Group also offers its business customers a Campus Network private (non-public) mobile network as a commercial service, which provides fast and flexible network connectivity disconnected from the public network. This helps to avoid unwanted interference between commercial and residential activities. The Campus Network solution is a mobile data communications service for a well-defined geographic area – e.g.: exclusive mobile networks for industrial sites that provides a suitable basis for Industry 4.0 solutions.

Digitalization of the work environment

Digitalization of the work environment leads to significant resource savings, enhanced customer experience, and increased employee efficiency resulting in a better work-life balance. While reducing existing workflows and enabling more flexible and efficient work practices, it also creates value for the Group and can be easily marketed to customers, who will experience these benefits as well in their daily operations. The following innovative solutions aim to simplify internal processes of companies focusing on human resources and time optimization and exploit opportunities of digital world in line with the Group's digital strategy.

Dronify

The solution encourages the digitalization of inventory processes and operation of warehouses to increase accuracy and save resources. Dronify is an automatic inventory solution that can create a perfect inventory record without human intervention, the solution can also prevent situations that are dangerous to human life.

Qualified Time Stamping

The solution of qualified time stamping complies with current industry standards and plays an outstanding role in ensuring the authenticity of data, preventing fraud and establishing a clear chronology of events. The solution combines the principles of accuracy, security, invariability, reliability and integrity as the solution is designed to be seamlessly integrated into existing systems, making them accessible to a wide range of users and industries.

Sub-topic: Digital skill development

Magyar Telekom Plc. aims to achieve a positive impact on society. Besides the development of the network, increasing digital maturity of society is also part of the strategy, It addresses social problems not only by engaging people in this world, but also by guiding them to see the opportunities and the threats of the digital world. Its initiatives pay particular attention to the development of digital skills of certain social groups and the online and physical safety of children. The effort to improve digital literacy also aims to promote the digital transformation of businesses and encourage the development and take-up of digital solutions and technologies. The goal is to make digital knowledge accessible for everyone by improving digital skills and digital literacy. In 2024, the following initiatives were in place and continuously carried out to contribute to the digital skill development of social groups. The highest level of leadership of customers' initiatives lays with the Chief Commercial Officer.

Hello Parent

Magyar Telekom Plc. aims to make the benefits of digitalization available to everyone, and to support people with its solutions in the challenges of everyday life, therefore it works to build bridges, strengthen communities and create a more livable future for all through digitalization. Recognizing that many questions about families remain unanswered and that there is often a lack of a reliable, authoritative source of help and support for families, Magyar Telekom Plc. launched the Hello Parent family platform. The platform offers articles, interviews, podcasts, relevant business offers, videos, downloads, tips and expert answers for parents, all of which can be easily integrated into everyday life. Hello Parent groups its content around four main themes: staying safe online, smarter every day, learning, growing and happy families. The site also addresses important social issues by promoting digital awareness, education and open dialogue often on taboo subjects.

Since its launch in October 2023, the Hello Parent platform has achieved outstanding results. In its first year, 2024, it successfully met all of its key performance indicators and in some months almost doubled its targets.

Magyar Telekom Plc. continued its practice of having Hello Parent roadshow sessions country-wide, where several topics were covered and discussed with the help of professionals working with children, young people and families. Magyar Telekom Plc. has set up its own initiative to indirectly implement child protection activities. In addition to the content provided by Hello Parent – which targets children through their parents – the Aréna Telekom shop has hosted and plans to continue offering internet safety presentations for school classes. Hello Parent platform has a dedicated budget which is planned and reviewed annually.

Netrevalók

It is important that social groups with less digital skills also learn about and have access to the opportunities offered by technology. The strategic goal is to support social groups with poor digital skills, such as the elderly people, to experience the digital world and access the opportunities offered by technology: social experiences, networking, knowledge, information, entertainment. The aim is to give elderly the right skills, self-confidence, and motivation to go online, and to be socially integrated. The program provides mental health benefits by helping elderly people stay in touch with relatives and friends using ICT, thus reducing feelings of loneliness. However, many of them need support and guidance, and it is obvious that they will get this help from those who are most familiar with the technology: young people. Not only do young people pass on knowledge to their elders, but they also learn a lot by working together: empathy, communication and cooperation skills can be developed, as well as skills such as critical thinking, complex problem solving and creativity. The Netrevalók program reduces the digital divide and promotes communication and acceptance between generations. Netrevalók project was launched in October 2023 and expanded significantly in April 2024.

In 2024 the key targets were: the libraries in 50 cities to include in the program, 1,000 people/year of retired people participating in face-to-face session and 500 people/year student participation in face-to-face sessions.

Hello Business

Supporting the digital development of small and medium-sized enterprises is an important pillar of the strategy. The Telekom Hello Business platform launched 7 years ago also serves this goal. With the help of this platform, the SME sector is not only supported with products and services, but also with a wide range of digital knowledge and expert advice. The initiative provides practical news and information in video and written formats on the Hello Business website. The program's Facebook page already has 36,000 followers thanks to the continuous production of content. In addition, a dedicated Facebook group with experts helps SMBs with their tax, legal, marketing and other questions.

The main objective for the year 2024 was the design, development and launch of the new Telekom Hello Business platform, which was completed in November.

Kraftlab

Magyar Telekom Plc. believes that young people play a key role in digital advancement and transformation, shaping the digital world of the future with their understanding of the digital world, creativity and innovative ideas. This belief is reinforced by KraftLab, which has been a creative space for the young generation since its opening in Debrecen in September 2021. KraftLab's four themed rooms - the fully equipped Video Studio, the four-person Podcast Studio, the Workshop Room for training and meetings, and the Music Lab with DJ booth, which debuted in March 2023 - offer opportunities for creative expression and co-creation, strengthening young people's connection to the Telekom brand. From video creation and streaming to podcasts and workshops to cutting-edge music creation, KraftLab will give young talent a space to express themselves in all areas of digital expression.

The initial average of 234 visitors per month increased by 9% in 2023 and by a further 33% in 2024, reaching 10,000 visitors in total by the beginning of November 2024. This dynamic growth demonstrates the growing popularity of KraftLab and its important role in the life of Debrecen.

ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Feedback on Hello Parent content, access and time spent on the site is measured together with the visitor activities and access duration at the relevant Facebook sites, but specific measurements, such as those measuring the experience of Hello Parent Roadshow or Netrevalók participants, are still under development.

Digitalization and digital skill development is a part of the Group's strategy and sustainability strategy. ESG Squad regularly meets and monitors the actions and initiatives, furthermore, the effectiveness of the activities mentioned are monitored via a Deutsche Telekom Group level ESG KPI called "Beneficiaries". This indicates the number of people who have benefited directly or indirectly (assuming-based) from the commitment to promoting a digital society. Magyar Telekom Plc. contributes to Deutsche Telekom Group's goal to reach 80 to 110 million people across the entire Deutsche Telekom Group footprint with the ESG KPI "Beneficiaries" between 2024 and 2027. In 2024, around 2.18 million people benefited from the initiatives and measures of the digital society provided by Magyar Telekom Plc. The KPI is not validated by an external party and is partially derived from statistical data, which means that the number of indirect beneficiaries is considered an estimate.

Other goals and targets related to consumers and end-users are presented separately in the previous chapters in ESRS S4: Data protection at Magyar Telekom Group, Digitalization of Hungary, Product development and digital solutions.

Governance topics

ESRS G1 – Business conduct

Introduction

Magyar Telekom Group stands for lawful and fair entrepreneurial action. Compliance is a key component of the Group's business conduct, which is oriented towards integrity and appreciation. The following index shows the material disclosure requirements identified through the materiality analysis in relation to the corporate governance topic standard.

ESRS-Index according to ESRS 2 IRO-2

Disclosure Requirement	Description	Remarks
ESRS G1 – Business conduct		
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	
ESRS 2 SBM-3 G1	Material impacts, risks and opportunities and their interaction with strategy and business model	
ESRS 2 IRO-1 G1	Description of the processes to identify and assess material impacts, risks and opportunities	
ESRS G1-1	Corporate culture and business conduct policies	
ESRS G1-3	Prevention and detection of corruption and bribery	
ESRS G1-4	Confirmed incidents of corruption or bribery	
MDR-P MDR-A MDR-M MDR-T	Policies adopted to manage material sustainability matters Actions and resources in relation to material sustainability matters Metrics in relation to material sustainability matters Tracking effectiveness of policies and actions through targets	The Group applies the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding disclosure requirements.

Strategy

ESRS 2 SBM-3 G1 – Material impacts, risks and opportunities and their interaction with strategy and business model

During the process of double materiality analysis Magyar Telekom Group identified material impacts and risks related to business conduct, the process is detailed in the Chapter of ESRS 2 IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities. Furthermore, during the understanding phase of double materiality analysis, interviews and documentation collection were conducted internally to gain understanding of the Group's approach on corporate culture and compliance practices. Magyar Telekom Group has a positive impact on corporate culture with the established rules and operational frameworks and applied guiding principles, furthermore, a strong corporate culture has a positive impact on employee well-being. This actual impact is related to the Group's own business activities.

Magyar Telekom Group does not tolerate corruption or attempted corruption, and has introduced several internal policies and procedures, through which it has a positive impact on prevention and detection of corruption cases. This actual impact is related to the Group's own business activities.

Cases of bribery, corruption or fraud may result in reputational damage, loss of trust, financial sanctions and a reduction in the Group's shareholder value, as well as additional sanctions. The impact of an individual case may take several years to materialize and is subject to the prevailing laws applicable when such conviction is final. Business impact depends on several factors, including the market structure and organizational/contractual arrangements when such conviction is final. During the double materiality analysis this risk was determined in the upstream and own business activities for the medium term.

Management of impacts, risks and opportunities

ESRS G1-1 – Business conduct policies and corporate culture

Magyar Telekom Group's culture is characterized by entrepreneurial thinking and cooperative work as well as mutual respect and trust. The Group's culture is based on our values, which are enshrined in seven Guiding Principles. The guidelines form the basis for cooperation with each other, but also with the customers, shareholders and the public. The Guiding Principles are:

1. Delight our customers: We try to find out what makes our customers (external or internal) happier and more satisfied. We look at each interaction as a new opportunity to improve customer experience (everyone is a customer or potential customer). We do not exist without our customers - it is inevitable that they choose us again and again
2. Get things done: We know exactly where we create value - we focus on it. We can say no, discontinue things, realize redundancies and recognize low value for money situations.
3. Act with respect and integrity: We respect each other, our customers and our partners. We care about society and our environment. We are an inclusive workplace. Everything we do and represent is ethical.
4. Team together - team apart: We do not feel success is complete until the other team is successful. We can only succeed together. We belong together, we help each other, we can count on each other.
5. I am T –Count on me: We take our responsibilities and do not rest until we fulfill them, from start to end. We are empowered and we are trusted. We do not create extra work for others, and we do not get scared of new tasks.
6. Stay curious and grow: We are brave enough to try new things, to change ourselves and the things around us. We are not afraid to question, and we do not accept "because we have been doing it like this so far" as an answer.
7. Failure or success – we learn from everything: We celebrate individual and team success. Errors are acceptable, we learn from them. We escalate problems in time, while they can be corrected. The agile ceremonies (retro) make learning from our mistakes a part of our lives.

The goal with the values was to determine the conduct that is accepted by everyone in addition to being important and tangible in our daily operation.

ESRS G1-3 – Prevention and detection of corruption and bribery

Magyar Telekom Group does not tolerate corruption or attempted corruption, and has introduced several internal policies and procedures, through which it has a positive impact on prevention and detection of corruption cases. Cases of bribery, corruption or fraud may result in reputational damage, loss of trust, financial sanctions and a reduction in the Group's shareholder value, as well as additional sanctions. The impact of an individual case may take several years to materialize and is subject to the prevailing laws applicable when such a conviction is final. Business impact depends on several factors, including the market structure and organizational/contractual arrangements when such a conviction is final.

Magyar Telekom Group implemented a Corporate Compliance Program, which applies to all bodies, organizations, directors, officers and employees of Magyar Telekom Group, as well as to consultants, agents, representatives, and all other persons or bodies who carry out work on behalf of any member companies of Magyar Telekom Group. Additionally, the Group expects its business partners, suppliers and customers to aid in this effort by acting in a similarly ethical manner. As such, certain aspects of the Magyar Telekom Corporate Compliance Program apply not just to Magyar Telekom Group employees, but also to third parties with whom do business. If employees, partners, or third parties have concerns that behaviors contradict laws, corporate culture, or internal guidelines, they can report these via the whistleblower portals – anonymously if desired. This also includes reports on human rights or environmental risks as well as legal violations along our global supply chain. This may concern the actions of the employees in their own business area of group companies or those of the suppliers or business partners. For the investigation of internally or externally reported suspicions, Magyar Telekom Group has implemented internal processes according to which suspected violations are initially substantiated and if necessary, further clarified in accordance with legal requirements. The Group has defined internal guidelines to ensure that matters are reported to internal committees and supervisory bodies depending on defined relevance thresholds.

Magyar Telekom's Compliance Management System and certified through the German IDW AsS 980 process. This ensures that all the anti-bribery, anti-corruption and other compliance related issues are prevented, detected and handled accordingly. The Compliance Management System of Deutsche Telekom is regularly subject to external audits (such as the German Institute of Auditors' Standard 980 (IDW PS 980) or ISO 37001). Magyar Telekom Group is regularly included in these independent audits and system audits, the next external audit (IDW AaS980) is planned for 2025.

Based on the different areas of the CMS there is dedicated Askme! Channel for prevention activities. Employees can ask for guidance and opinions on sponsorship, donations, acceptance and providing benefits, contractual conditions, requirements, due diligence topics, conflicts of interest, etc. Compliance concerns can be raised through this channel.

The whistleblowing channel of Magyar Telekom Group is also available internally and externally. Employees receive messages about the existence of the portal, whistleblowing options and the importance of Speak up! culture via in-person trainings, tone from the top messages and through different communication campaigns in the Compliance area.

In accordance with applicable regulations, including in line with Directive (EU) 2019/1937 of the European Parliament and of the Council, Magyar Telekom Group has established a whistleblower portal through those employees, partners, or third parties can report suspicions and misconducts - anonymously, if desired. The whistle blowing portal is available internally as well as externally.

The Code of Conduct of Magyar Telekom Group is built on the United Nations Convention against Corruption. As a Deutsche Telekom Group member Magyar Telekom Group joins the UN International Anti-Corruption Day each year on the 9th of December, followed by a communication campaign. The protection of whistleblowers is carried out in accordance with applicable regulations, including in line with Directive (EU) 2019/1937 of the European Parliament and of the Council. The Code of Conduct of Magyar Telekom Group clearly states that the whistleblower cannot suffer from negative consequences resulting from speaking up or reporting a potential misconduct. The Group ensures that received reports are processed by sufficiently qualified personnel.

Magyar Telekom Group has procedures in place to investigate any incidents related to its business activities – including cases of corruption and bribery – promptly, independently, objectively, and lawfully. The compliance area of the Group performs monitoring activities defined through a risk-based approach, performs an annual compliance risk assessment process and has a significant focus on prevention activities.

In conducting anti-corruption training sessions, Magyar Telekom Group pursues a risk-oriented approach: The frequency and content of the training sessions depend on how many employees are exposed to compliance risks – including corruption and bribery. There is an annual compliance e-learning mandatory for all employees of Magyar Telekom Group. The training focuses on the messages of the Code of Conduct and the compliance- relevant risks. New joiners receive a general compliance e-learning as part of their onboarding after joining the Group.

In addition, there is a mandatory in-person training session for members of executive bodies of operationally active companies every three years. If there is a new member within the given body, an ad hoc compliance training is organized. On the other hand, Magyar Telekom Group does not conduct training for the Supervisory Board.

Additionally, deeper dives into certain compliance topics are assigned to individuals or specific business units based on potential risk exposure for the roles. These training courses are reviewed and updated on a regular basis.

In the case of e-learnings the participation rate is aimed to be above 90%, for the annual mandatory e-learning 95%. In the case of risk-based in-person training additional occasions are organized if the original training has not reached the 80% participation rate. The participation rate of risk-based in-person trainings were 90% in 2024. The scope of the risk-based in person training varies on different factors (activity of the given area, the last year when colleagues recieved in person trainings, changes in the organizational structure, responsibilities, and lessons learnt about last year's tip offs, cases). In 2024, the focus was on the Technology Unit and its colleagues and the final round of relevant participants was defined

with the help of the expertise of the given departments. As usually, the Enterprise Unit colleagues were also in scope in 2024.

E-learnings and in person trainings cover the topics of anti-corruption and anti-bribery and provide information about the consultation as well as the whistleblowing channel.

The Group also communicates the principles of corporate strategy and culture in all internal media, including intranet, mailings, and meetings. New employees receive dedicated new joiner training that covers the topic of the Magyar Telekom Group's Code of Conduct and general compliance messages. Additionally, deeper dives into certain Code topics are assigned to individuals or specific business units based on potential risk exposure for the roles. These trainings are reviewed and updated on a regular cadence.

The strategies of Magyar Telekom Group against corruption and bribery particularly relate to functions within the Group that are most at risk in terms of corruption and bribery. These primarily include executive bodies as well as the operational areas of the Group. In addition, deeper dives into certain compliance topics are assigned to individuals or specific business units based on potential risk exposure for the roles (e.g. procurement or sales areas).

The Compliance area of Magyar Telekom Group, namely the Group Compliance Hub is the guard of the Compliance Program. Group Compliance Hub as well as the Compliance Officer is a direct report to the CEO, this means that the compliance department is organized independently of other units. Additionally, the Audit Committee has the right to the supervision of the compliance Officer. Compliance reports are sent to the Audit Committee, the Supervisory Board and the Board of Directors on a regular basis. The Compliance Officer has the right to escalate compliance issues towards the Audit Committee or Deutsche Telekom Group Compliance Management if necessary.

The Compliance Officer is responsible for the Compliance Program and has the right to escalate compliance issues towards the Magyar Telekom Plc. Audit Committee or Deutsche Telekom Group Compliance Management if necessary. Group-relevant cases above a threshold are reported within regular compliance reporting processes.

Magyar Telekom Group informs employees through various channels about strategies and processes of the Group with which we prevent, detect, investigate, and prosecute allegations or incidents related to corruption and bribery. These channels include intranet postings, mailings, and compliance training sessions. Also, different dedicated Group directives cover these topics. If a Group directive has been refreshed, the relevant colleagues receive an automated message about the refreshment. Additionally, in case of significant or important changes there are additional compliance communication campaigns emphasizing the topic.

ESRS G1-4 – Incidents of corruption or bribery

Magyar Telekom Group ‘s Group Compliance Hub is responsible for conducting internal investigations on cases of compliance misconducts. However, the exact statistics of these cases are handled with confidentiality and Magyar Telekom Group does not share this kind of information about the incidents.

Declaration

We the undersigned declare that the Consolidated management (business) report was prepared in accordance with the sustainability reporting standards according to Section 95/D (1) point 3 of the Act C of 2000 on Accounting and the regulations determined in accordance with Article 8 (4) of the Regulation (EU) 2020/852 of the European Parliament and of the Council.

Budapest, February 25, 2025

Tibor Rékasi
Chief Executive Officer, Board member

Daria Aleksandrovna Dodonova
Chief Financial Officer, Board member

11 Events after the reporting period

Magyar Telekom Plc. has entered into an agreement for the sale of ViDaNet Zrt., a provider of fixed services. The total consideration is based on the conditions of agreement calculated at the date of closing of the transaction. The transaction is expected to close in the first quarter of 2025, subject to customary closing conditions, including the necessary regulatory decisions.

Budapest, February 25, 2025

Tibor Rékasi
Chief Executive Officer, Board member

Daria Aleksandrovna Dodonova
Chief Financial Officer, Board member

Declaration

We the undersigned declare that

- the attached Consolidated financial statements which have been prepared in accordance with the applicable set of accounting standards and to the best of our knowledge, gives a true and fair view of the assets, liabilities, financial position and profit or loss of Magyar Telekom Plc. and the undertakings included in the consolidation as a whole, and
- the Consolidated management (business) report gives a fair view of the position, development and performance of Magyar Telekom Plc. and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties of its business.

Budapest, February 25, 2025



Tibor Rékasi
Chief Executive Officer,
Member of the Board

Daria Aleksandrovna Dodonova
Chief Financial Officer,
Member of the Board

Separate annual report

of Magyar Telekom Telecommunications Public Limited Company

for the year ended December 31, 2024

Separate financial statements and Separate business/management report

of Magyar Telekom Telecommunications Public Limited Company

for the year ended December 31, 2024

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Separate financial statements

of Magyar Telekom Telecommunications Public Limited Company

for the year ended December 31, 2024

prepared in accordance with IFRS Accounting Standards
as adopted by the European Union (EU IFRS)

General information and independent auditor's report

The Annual report of the Magyar Telekom Telecommunication Public Limited Company (hereinafter: Magyar Telekom Plc. or Magyar Telekom or the Company) includes the Separate financial statements and the Separate business / management report of which the Separate sustainability statement forms a distinct part as required by the Act C of 2000, by the European directive (EU) 2022/2464 on corporate sustainability reporting (CSRD) and by the Regulation (EU) 2020/852 of the European Parliament and of the Council.

Disclosure of the Annual report (in XHTML format – ESEF)

Magyar Telekom Plc. complies with the requirements of the Act C of 2000 and the European Securities and Markets Authority (ESMA), of the Article 3 of Commission Delegated Regulation (EU) 2019/815 (ESEF regulation) on disclosure in European single electronic format (ESEF) by publishing its Annual report in XHTML format from January 1, 2021.

Independent auditor's report

Deloitte Könyvvizsgáló és Tanácsadó Kft. (Deloitte) audited the Separate financial statements and provided limited assurance on the Separate sustainability statement.

The independent auditor's report on the Separate financial statements is prepared in separate document.

The limited assurance report on the Separate sustainability statement as required by the law is prepared in separate document.

Statement of financial position - assets

(in HUF millions)	Note	At December 31, 2023	At December 31, 2024
Assets			
Cash and cash equivalents	4.2.1	643	703
Trade receivables within one year	4.2.2.1	158,595	168,412
Other current assets	12.1	4,408	3,621
Derivative financial instruments contracted with related parties	4.2.3	7,663	1,804
Other current financial assets	4.2.4.1	7,365	53,314
Contract assets	4.2.2.3, 18.4	12,537	13,560
Inventories	7	28,446	25,055
		219,657	**266,469**
Assets held for sale	8	260	2,267
Total current assets		**219,917**	**268,736**
Property, plant and equipment	9	391,953	408,104
Right-of-use assets	9.2, 17	117,558	125,195
Goodwill	10.4	173,572	173,572
Other intangible assets	10	283,934	265,382
Investments	11	131,610	131,610
Trade receivables over one year	4.2.2.1	22,551	22,802
Derivative financial instruments contracted with related parties	4.2.3	9,632	6,733
Other non-current financial assets	4.2.4.2	2,825	3,540
Contract assets	4.2.2.3, 18.4	3,105	3,573
Other non-current assets	12.2	8,708	11,377
Total non-current assets		**1,145,448**	**1,151,888**
Total assets		**1,365,365**	**1,420,624**

Budapest, February 25, 2025

Tibor Rékasi
Chief Executive Officer, Board member

Daria Aleksandrovna Dodonova
Chief Financial Officer, Board member

Statement of financial position – liabilities and equity

(in HUF millions)	Note	At December 31, 2023	At December 31, 2024
Liabilities			
Financial liabilities to related parties	4.4.1	118,861	54,815
Derivative financial instruments contracted with related parties	4.4.3	121	74
Lease liabilities	4.5.1.2, 17.2.2	25,562	26,105
Trade payables	4.4.5	132,382	126,124
Other financial liabilities	4.4.4.1	8,623	7,366
Current income tax payable	6	1,767	5,126
Provisions	13	1,783	3,050
Contract liabilities	18.4	8,469	10,871
Other current liabilities	14	25,027	25,820
Total current liabilities		**322,595**	**259,351**
Financial liabilities to related parties	4.4.1	47,847	60,059
Lease liabilities	4.5.1.2, 17.2.2	108,369	117,484
Corporate bonds	4.4.2	68,854	69,183
Other financial liabilities	4.4.4.1	96,613	91,265
Deferred tax liabilities	6.3.2	11,524	17,350
Provisions	13	11,884	18,622
Other non-current liabilities	15	1,586	1,129
Total non-current liabilities		**346,677**	**375,092**
Total liabilities		**669,272**	**634,443**
Equity			
Common stock	16	97,156	93,862
Capital reserves	16	25,509	24,644
Treasury stock	16	(18,742)	(26,496)
Retained earnings	16	592,170	694,171
Total equity		**696,093**	**786,181**
Total liabilities and equity		**1,365,365**	**1,420,624**

Budapest, February 25, 2025

Tibor Rékasi
Chief Executive Officer, Board member

Daria Aleksandrovna Dodonova
Chief Financial Officer, Board member

Statement of profit or loss and other comprehensive income

(in HUF millions, except per share amounts)	Note	For the year ended December 31, 2023	2024
Mobile revenue	18	443,544	514,067
Fixed line revenue	18	231,895	265,054
SI/IT revenue	18.2.2	15,516	15,393
Revenue		**690,955**	**794,514**
Interconnect costs		(16,986)	(13,203)
SI/IT service-related costs	19	(11,913)	(11,938)
Impairment losses and gains on financial assets and contract assets	4.2.2.2	(13,538)	(12,332)
Telecom tax	19	(25,435)	(25,052)
Other direct costs	19	(210,639)	(231,917)
Direct costs		**(278,511)**	**(294,442)**
Employee-related expenses	20	(69,676)	(85,723)
Depreciation and amortization	9, 10	(114,716)	(115,797)
Other operating expenses	21.1	(80,796)	(76,271)
Supplementary telecommunication tax	21.2	(29,869)	(36,259)
Operating expenses		**(573,568)**	**(608,492)**
Other operating income	22	4,216	5,400
Operating profit		**121,603**	**191,422**
Interest income	23	4,175	4,602
Interest expense	24	(27,861)	(21,941)
Other finance expense – net	25	(23,287)	(12,895)
Net financial result		**(46,973)**	**(30,234)**
Results from investments	26	15,382	19,340
Profit before income tax		**90,012**	**180,528**
Income tax	6.2	(15,573)	(26,516)
Profit for the period		**74,439**	**154,012**
Total comprehensive income for the period		**74,439**	**154,012**
Earnings per share (EPS) information:			
Profit attributable to the owners of the Company	27	78,951	157,797
Weighted average number of common stock outstanding used for basic/diluted EPS		942,867,447	918,686,597
Basic / diluted earnings per share (HUF)	27	83.73	171.76

Budapest, February 25, 2025

Tibor Rékasi
Chief Executive Officer, Board member

Daria Aleksandrovna Dodonova
Chief Financial Officer, Board member

Statement of cash flows

(in HUF millions)	Note	For the year ended December 31, 2023	2024
Cash flows from operating activities			
Profit for the period		74,439	154,012
Depreciation and amortization	9, 10	114,716	115,797
Income tax expense	6.2	15,573	26,516
Net financial result		31,591	10,894
Change in assets carried as working capital		(40,038)	(9,630)
Change in provisions		(1,137)	1,491
Change in liabilities carried as working capital		16,193	(6,163)
Income tax paid	6.4	(14,255)	(16,969)
Dividend received		14,792	18,941
Interest and other financial charges paid*		(33,804)	(27,455)
Interest received		3,379	4,596
Other non-cash items		2,348	(2,398)
Net cash generated from operating activities		**183,797**	**269,632**
Cash flows from investing activities			
Payments for property plant and equipment (PPE) and intangible assets	28	(81,695)	(86,300)
Proceeds from disposal of PPE and intangible assets		580	840
Payments for other financial assets		(15,545)	(245)
Proceeds from other financial assets		136	15,683
Net cash used in investing activities		**(96,524)**	**(70,022)**
Cash flows from financing activities			
Dividends paid to Owners of the parent	4.4.4.3	(29,467)	(41,562)
Proceeds from loans and other borrowings	4.4.4.3	147,153	243,646
Repayment of loans and other borrowings	4.4.4.3	(159,731)	(348,944)
Repayment of lease and other financial liabilities	4.4.4.3	(30,407)	(30,327)
Treasury share purchase	4.4.4.3	(14,609)	(22,363)
Net cash used in financing activities		**(87,061)**	**(199,550)**
Change in cash and cash equivalents		212	60
Cash and cash equivalents, beginning of period	4.2.1	431	643
Cash and cash equivalents, end of period	**4.2.1**	**643**	**703**

*In 2024 the amount of other financial charges paid is HUF 7,063 million (in 2023 HUF 5,958 million).

Statement of changes in equity

	pieces	in HUF millions				
	Shares of common stock (a)	Common stock (a)	Capital reserves (b)	Treasury stock (c)	Retained earnings (d)	Total Equity
Balance at January 1, 2023	**1,005,801,352**	**100,580**	**26,408**	**(18,742)**	**557,476**	**665,722**
Dividend (e)	-	-	-	-	(29,459)	(29,459)
Treasury share purchase (f)	-	-	-	(14,609)	-	(14,609)
Capital decrease with cancellation of treasury share (g)	(34,242,485)	(3,424)	(899)	14,609	(10,286)	-
Transactions with owners in their capacity as owners	**(34,242,485)**	**(3,424)**	**(899)**	**-**	**(39,745)**	**(44,068)**
Profit or loss	-	-	-	-	74,439	74,439
Balance at December 31, 2023	**971,558,867**	**97,156**	**25,509**	**(18,742)**	**592,170**	**696,093**
Dividend (e)	-	-	-	-	(41,561)	(41,561)
Treasury share purchase (f)	-	-	-	(22,363)	-	(22,363)
Capital decrease with cancellation of treasury share (g)	(32,941,370)	(3,294)	(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)**
Profit or loss	-	-	-	-	154,012	154,012
Balance at December 31, 2024	**938,617,497**	**93,862**	**24,644**	**(26,496)**	**694,171**	**786,181**
Of which treasury stock	(30,036,413)					
Shares of common stock outstanding	**908,581,084**					

Notes to the Statement of changes in equity

(a) The total amount of issued shares of common stock of 938,617,497 (each with a nominal value of HUF 100) is fully paid as at December 31, 2024., that is identical to the number of authorized ordinary shares.

The holder of each Series ”A” ordinary share shall be entitled to one vote at the General Meeting of Magyar Telekom Plc. The General Meeting shall adopt its resolutions by a simple majority vote except for resolutions on issues listed in the Articles of Association, which shall require at least a three-quarters majority of the votes of the shareholders present. The Company has no shares assigned with special management rights.

The transfer of any Series ”A” ordinary shares is not bound to any restriction or attainment of agreement.

Shareholders shall be entitled to receive a portion from the Company’s profit after tax that is available and has been ordered for distribution by the General Meeting in proportion with the nominal value of their shares.

(b) Capital reserves represent the amount exceeding the nominal value of the shares that was received by the Company during capital increases.

(c) Treasury stock represents the cost of the Company’s own shares repurchased. When the Company purchases its equity shares, the consideration transferred, including any attributable incremental external costs, are deducted from the Equity of the owners of the parent as Treasury stock until they are re-sold or cancelled. When such shares are subsequently sold, the treasury share balance decreases by the original cost of the shares, thereby increasing equity, while any gains or losses are also recognized in equity (Retained earnings). Treasury stock transactions are recorded on the transaction date. The number of treasury stock was 30,036,413 on December 31, 2024 and 41,777,718 on December 31,2023.

(d) Retained earnings include the accumulated and undistributed profit of the Company. The distributable reserves of the Company at December 31, 2024 amounted to approximately HUF 694 billion (HUF 592 billion at December 31, 2023). Untied retained earnings is available for the payment of dividends which contains retained earnings from the last financial year (Note 16).

(e) Dividends payable to the Company’s shareholders are recognized as a liability and debited against Retained earnings in the period in which the dividends are approved by the shareholders.

(f) In June 2024 the Company repurchased 21,200,065 Magyar Telekom ordinary shares for the purpose of shareholders’ remuneration as approved by the Annual General Meeting on April 16, 2024.

(g) The Common stock was decreased from HUF 97,155,886,700 to HUF 93,861,749,700 with the cancellation of 32,941,370 pieces of dematerialized series ”A” ordinary shares (treasury shares) owned by the Company, each with the face value of HUF 100. The transaction amounted to HUF 14.6 billion decreased Common stock at nominal value and Capital reserves on pro-rata basis and Retained Earnings. The cancellation thus resulted in a rearrangement between the elements of the total Equity, but there was no change in total Equity. The decrease of share capital as part of shareholders’ remuneration was approved on the Annual General Meeting on April 16, 2024 and registered by the Court of Registry on June 9, 2024. Following the transaction, the Company’s share capital consists of 938,617,497 pieces of dematerialized series ”A” ordinary shares including treasury shares of 30,036,413 pieces, each with the face value of HUF 100.

Together with the approval of these financial statements for issue, the Board of Directors of the Company proposes a dividend distribution in total HUF 90,858 million to be approved by the Annual General Meeting of the Company in April 2025. In 2024 the Annual General Meeting of Magyar Telekom Plc. approved HUF 41,561 million dividend paid to shareholders. The actual amount of gross dividend per ordinary Magyar Telekom share for the business year 2023 was HUF 44.7. Dividend payment started on May 8, 2024.

Notes to the Separate financial statements

1 About the Company

Magyar Telekom Plc. is the leading provider of telecommunications services in Hungary.

Magyar Telekom serves its millions of residential customers, a wide variety of corporate and public sector partners with essential digital infrastructure, information and communication technology (ICT) services and entertainment. Connecting people, families, businesses and authorities via a reliable network is a fundamental purpose. Supporting the digital transformation in Hungary is the main strategic objective of Magyar Telekom (see Notes 2.3 and 2.4). For more information and details on the Company's services, please visit Magyar Telekom Plc.'s website: www.telekom.hu

The Company was incorporated in Hungary on December 31, 1991 and commenced business on January 1, 1992. The Company's registered office is Könyves Kálmán körút 36., 1097 Budapest, Hungary, the registration number of the Company is: Cg. 01-10-041928 registered by the Metropolitan Court acting as Court of Registration.

Magyar Telekom is listed on the Budapest Stock Exchange and its shares are traded on the Budapest Stock Exchange. Magyar Telekom's American Depository Shares (ADSs) each representing five ordinary shares were also traded on the New York Stock Exchange until November 12, 2010, when the ADSs were delisted. Magyar Telekom terminated the registration of its ADSs in the US in February 2012. The Company maintains its American Depositary Receipt program on a Level I basis.

The ultimate controlling parent of the Company is Deutsche Telekom AG (DT or DT AG) who fully consolidates Magyar Telekom Group (Magyar Telekom Plc. and its subsidiaries). Deutsche Telekom Europe B.V. (Stationsplein 8, 6221 BT Maastricht, the Netherlands), a member of the Deutsche Telekom Group (DT Group), is the direct owner of 65.78% of the Company's issued shares.

The Consolidated financial statements of DT AG are available at DT AG's website (www.telekom.com/en).

The Separate financial statements are prepared and presented in millions of Hungarian Forints (HUF), unless stated otherwise, as the Company's presentation currency is the Hungarian Forint.

The Company's Board of Directors (the Board) accepted the submission on the Separate financial statements of the Company on February 25, 2025 and proposed it for approval to the Annual General Meeting (AGM), which is authorized to approve the Separate financial statements, but also has the right to require amendments before approval. As the controlling shareholders are represented in the Board of the Company that accepted the submission of the Separate financial statements, the probability of any potential change required by the AGM is remote and has never happened in the past.

Persons authorized to sign the Separate financial statements and Separate annual report:

Tibor Rékasi - Chief Executive Officer, member of the Board (residence: Szentendre)

Daria Aleksandrovna Dodonova - Chief Financial Officer, member of the Board (residence: Budapest)

In Magyar Telekom, the accounting services are coordinated by Melinda Modok (certificate number: 18128. Area of specialty: IFRS entrepreneurial activity. Status: registered. Registration number: MK 199521. Residence: Budapest).

The Company is subject to compulsory audit. The Company's auditor is Deloitte Könyvvizsgáló és Tanácsadó Kft. (company registration number: 01-09-071057, tax number: 10443785-2-42), the responsible person for carrying out the audit is Kornél Bodor (membership number at Chamber of Hungarian Auditors: 005343).

The Separate financial statements and the Consolidated financial statements of Magyar Telekom Plc. are available at the Company's registered office and on its website: https://www.telekom.hu/about_us/investor_relations/financial

2 Basis of preparation and summary of material accounting policies

2.1 Basis of preparation

The Separate financial statements of Magyar Telekom have been prepared in accordance with IFRS Accounting Standards as prepared and issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). All IFRS Accounting Standards and interpretations adopted by the EU effective as at December 31, 2024 and applicable to Magyar Telekom had been adopted. The Separate financial statements also comply with the Hungarian Accounting Act on Separate financial statements, which refers to the IFRS Accounting Standards as adopted by the EU.

The Company as parent company also prepared Consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the EU.

The preparation of the Separate financial statements according to IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management judgement to apply the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas in which assumptions and estimates are material to the Separate financial statements, are disclosed in Note 3.

The Separate financial statements are prepared under the going concern assumptions, which means it is assumed the Company will continue to operate in the foreseeable future without the need or intention on the part of management to liquidate the entity or to significantly curtail its operational activities.

2.1.1 Initial application of IFRS Accounting Standards, interpretations and amendments in the financial year

The table below summarizes the IFRS Accounting Standards amended and the subject of the amendments effective on or after January 1, 2024 that could have an impact on Magyar Telekom's accounting policies.

Pronouncement	Title	Applied from	Changes	Impact on Magyar Telekom
Amendments to IAS 1	Presentation of Financial Statements	Jan 1, 2024	Classification of Liabilities as Current or Non-current and Deferral of Effective Date. Non-current liabilities with covenants.	No material impact.
Amendments to IFRS 16 Leases	Lease Liability in a Sale and Leaseback	Jan 1, 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	Jan 1, 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 enable 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.

2.1.2 IFRS Accounting Standards, amendments and interpretations that are not yet effective as at December 31, 2024 and have not been adopted early by the Company and other expected changes from 2025.

Pronouncement	Title	To be applied from	Changes	Expected impact on Magyar Telekom
IFRS Accounting Standards adopted by the EU				
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	Lack of Exchangeability	Jan 1, 2025	The IASB has issued amendments to IAS 21 that will require companies to provide more useful information in their financial statements when a currency cannot be exchanged into another currency.	Not applicable
IFRS Accounting Standards not yet adopted by the EU*				
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	Jan 1, 2026	The amendments of IFRS 7 and IFRS 9 mainly clarify the requirements for classifying and measuring financial instruments to make financial reporting more consistent and transparent. The changes in IFRS 9 relate to derecognition to simplify the process for derecognizing financial liabilities settled electronically and to classification providing more guidance on classifying financial assets with non-recourse features and contractually linked instruments. Changes of IFRS 7 enhance disclosure requirements for fair value through other comprehensive income and contractual terms impacting cash flows.	No material impact is expected.
Annual Improvements Volume 11		Jan 1, 2026	The IASB issued narrow amendments to IFRS Accounting Standards as part of its regular maintenance of the Standards. These amendments include clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards.	No material impact is expected.
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	Jan 1, 2026	Amendments to IFRS 9 Financial Instruments: ▪ the own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9: 2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and ▪ the hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 19 Subsidiaries without Public Accountability: Disclosures: The IASB amends IFRS 7 and IFRS 19 to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.	No impact is expected.

Pronouncement	Title	To be applied from	Changes	Expected impact on Magyar Telekom
IFRS Accounting Standards not yet adopted by the EU*				
IFRS 19 Subsidiaries without Public Accountability	Disclosures 2	Jan 1, 2027	IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements as well as enables simplification of reporting systems and processes for companies, reducing the costs of preparing eligible subsidiaries' financial statements, while maintaining the usefulness of those financial statements for their users.	Not applicable
IFRS 18 Presentation and Disclosure in Financial Statements		Jan 1, 2027	IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. The Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.	Management is currently assessing the detailed implications of applying the new standard on the Company's Separate financial statements.

* For IFRS Accounting Standards not yet adopted by the EU, the date of first-time adoption scheduled by the IASB is assumed for the time being as the likely date of first-time adoption.

2.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates, that is the Hungarian forint (HUF), which is the functional currency of the Company.

Foreign currency transactions are translated into HUF using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Profit for the period (Other finance expense – net).

2.3 Macroeconomic environment

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

The prolonged war between Russia and Ukraine and the tension in the Middle East are having a significant negative impact on the global economy. The ongoing conflicts have reshaped international trade relations and altered the previous tendencies of globalization, primarily affecting the economies of Central and Eastern Europe. The change in U.S. foreign policy, and the potential new trade tariffs as well as the rising industrial power of China may also have considerable influence on the global mechanism.

Currently, the geopolitical uncertainty does not have significant direct impact on the Company's operations. The associated risks are monitored and assessed by the Company through the quarterly risk reporting process with the risk owners.

In Hungary, the impact of inflation and the persistent weakness of the Hungarian forint exchange rate still put pressure on the Company's costs. In 2024 the inflation settled back to the moderated range, after a peak in 2022 and 2023, and expected to remain at this level in the upcoming years. The base rate in Hungary gradually decreased during 2024 and was 6.5% at year-end.

The exchange rate of the forint shows higher sensitivity to global events compared to other currencies in the Central European region. The exchange rate of HUF gradually weakened against EUR in the first three quarter of the year, while in October hit the 400 HUF/EUR limit and continued to deteriorate until year-end, closing at 410.09 HUF/EUR.

Among other measures taken by the government to stabilize the economy, the interest rate freeze for residential customers and also the state of war emergency has been repeatedly extended until May of 2025, which has been in effect since May 2022.

In Hungary, there is elevated uncertainty regarding further funds coming from the European Union and a charged massive penalty for non-compliance with EU disciplines, which accumulates daily. EU funds play a pivotal role in driving Hungary's economic development. Lack of these resources significantly slows down GDP growth, infrastructure development, innovation and jeopardizes economic stability. Altogether, the Hungarian economy was mainly in recession during 2024 with some improvement witnessed in the last quarter.

In recent years, the remarkable change in the supply of natural gas in Europe has had a negative impact on energy prices, that requires more effective cost management from the Company.

Following the price levels experienced in 2023, the European natural gas and electricity markets in 2024 were characterized by strong volatility, which was basically influenced by limited supply and strong demand on the market, which was justified by the wars. Europe replaces the lost Russian natural gas deliveries with liquified natural gas. However, on the supply side, where the United States is the largest exporter, the supply was disrupted several times by the hurricanes, which resulted in local peaks in prices. Additionally, European decarbonization efforts and the high share of renewables in the energy mix of individual member states, including Hungary, have resulted in extreme spot prices.

Overall and in general, in 2024 the previously experienced energy price levels have not yet returned, however, the uncertainties are immediately reflected in the pricing of the products.

The management pays special attention to energy prices and looks for the possibilities for the provision of cost-effective energy supply, such as concluding long-term power purchase agreements (PPA). For further details on renewable energy procurement sources see Note 2.4.3.

The Company is the largest ICT service provider in Hungary. The Company committed to focusing on the delivery of its strategic objectives, among these the Digital Transformation of Hungary is one of its key strategic objectives.

In 2023, Magyar Telekom Plc. signed a Memorandum of Understanding with the Hungarian government confirming their long-term cooperation for the Digital Transformation of Hungary. The government of Hungary intends to support fixed line gigabit internet network, 5G coverage developments and ICT investments, among other things, through the abolition of utility tax payment obligation of electronic telecommunication providers from January 2024, and the abolition of the supplementary telecommunication tax from January 2025. Both of these telecommunication sector specific taxes put significant pressure on the profitability of the Company.

According to the Memorandum of Understanding, the Company is committed to build gigabit-capable fixed network covering an additional 1 million homes and businesses in 4 years, making it available to 4.5 million Hungarian homes and businesses by the end of 2027. Besides, the Company will also accelerate the rollout of 5G coverage, resulting in an increase to close to 99% population-based outdoor 5G coverage by 2026.

In 2024 Magyar Telekom Plc. has completed its mobile network modernization program launched 5 years ago, upgrading all its mobile base stations and implementing capacity expansion and 5G rollout at majority of them. The modernization aims to maintain and improve service quality and expand capacity, in line with customers' voice and data traffic needs. Thanks to the developments, by the end of the year, the population-based outdoor 5G coverage has reached 74%.

The rollout of the fibre network continued throughout 2024, resulting in over 3.8 million gigabit-capable access points (83% coverage) within the fixed network in Hungary, thanks to this an increasing number of the customers has opted to connect via a gigabit capable technology, reaching 1.5 million by the end of the year.

The management closely monitors the recoverability of assets, therefore the Company has conducted the goodwill impairment test quarterly during the year and paid more attention to monitor the solvency of customers, taking into account the emerging macroeconomic impacts. See details in Notes 3.2 and 3.3.

Altogether, the Company continues to meet the increased demand for connectivity through its network and has not identified any events which could jeopardize the going concern of its operation furthermore based on the management's assessment of future cashflows, no underperformances expected in the long term.

2.4 Sustainability disclosures

In accordance with Hungarian and EU regulations, the CSRD (Corporate Sustainability Reporting Directive) and ESRS (European Sustainability Reporting Standards), the Magyar Telekom Group prepared its Separate sustainability statement, that is presented in a distinct part of the Separate business / management report.
Further sustainability related information and reports are available on the Company's Investors Relation website: https://www.telekom.hu/about_us/society_and_environment/sustainability_reports.

2.4.1 Sustainability strategy

The main objective of the Company is to remain the country's leading sustainable company by bringing digitalization to the service of the development of people, families and businesses, the protection of the environment and performing as an inclusive and diverse workplace.
For further information see Chapter ESRS2 SBM-1 Strategy, business model and value chain in the Separate sustainability statement.

Digitalization of Hungary

The main strategic objective under the digitalization pillar is also included in the Memorandum of Understanding signed with the Hungarian Government, as explained in Note 2.3.

The development of new digital solutions is a strategic objective of the Company, with several new platforms and solutions being introduced each year, bringing a number of benefits to the customers, to the business partners and to the Company's organizations. These solutions are also focused on increasingly critical climate protection and support them. The digital solutions to support the customers include paper free contracting, Vanda, an AI-enabled digital assistant for automated customer service, that providing more efficient services and problem solving with high level customer experience. The offered business solutions are the cloud services, devices as a service (DaaS), Internet of Things (IoT) services including smart sub-meters (heat, gas, water, electricity), smart lighting, smart waste management.

For more information on the latest innovations supporting climate protection and the circular economy, see the Chapter ESRS S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions in the Separate sustainability statement.

Magyar Telekom is committed to supporting the digital development of Hungarian society by providing network services that meet growing customer needs and ensure a better customer experience, and by supporting the digital development of generations through its social responsibility.

Climate protection

Magyar Telekom Plc.'s emission reduction commitment has been set in line with the requirements of the Paris Agreement and the EU, as well as the IPCC's 1.5°C target, as the main focus of the Company's strategy. These commitments apply until 2030:

- keep the direct and indirect emissions, Scope 1-2 emissions at net zero, reducing them by 84% compared to 2015;
- reduction of the emissions of our suppliers and customers attributable to us, Scope 3 emissions, by 30% compared to 2017.

The Company can only maintain its market leadership if it can react promptly to external market, geopolitical and environmental changes, as a result the strategic objectives are reviewed accordingly. To implement this ambitious

strategy detailed feasibility studies have been prepared. Market-based emission reduction of 80% seems feasible by 2030 with the extended resources for Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt. in total.
For further information see Chapter ESRS E1 Climate Change and ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions in the Separate sustainability statement.

Diversity and inclusion

Magyar Telekom aims to be an inclusive employer through an internal training program for employees to build an inclusive, equal and open mindset, support the advancement of women into management positions and facilitate access for people with disabilities.
For more information see the Chapter ESRS S1 Own workforce in the Separate sustainability statement.

2.4.2 Financial statement implication of sustainability

The sustainability indicators (KPIs) have been defined to CEOs and deputy CEOs and certain managers, also incorporated into their remuneration system.

For further details please refer to the Note 20.1.1 and the Chapters ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes and ESRS E1-1 Transition plan for climate change mitigation of the Separate sustainability statement.

As part of its sustainability strategy under the digitalization pillar, the Company focuses on technological modernization to improve the resilience of the network to climate change and to increase energy efficiency, such as optical transition and 5G network investment (see Note 9.2.). These development plans are included in the annual goodwill impairment test and also in the annual useful life review, considering all the related factors and the sensitivity analyses no impairment was recognised in 2023 or 2024, further details see in Notes 3.1 and 3.2.

The recognition of asset retirement obligation (ARO) related to dismantling and restoration of mobile and fixed network elements is part of the operational activity, which is defined according to the actual legislative regulation and in line with the asset retirement plans, is reviewed annually, and evaluated in respect of any additional regulatory requirement, if any, see Note 13.2.

2.4.3 Energy consumption and management

Magyar Telekom's new climate strategy focuses on reduction of fossil fuel-based energy sources, which is in line with the European Green Deal, accordingly its electricity consumption has been covered by renewable source from renewable energy since 2021.

In recent years, the European economic environment has changed significantly due to changes and uncertainties in the supply of natural gas and an intense fluctuation in energy prices. In addition, inflation in Hungary and the fluctuation of the forint exchange rate put additional pressure on the Company's energy management. Electricity is one of the most essential sources of the Company's operations, as it is necessary for the functioning of the network (operation, management, cooling) and therefore represents a significant cost, see Note 21.

In order to alleviate the burden of emerging energy prices, it has become a priority to source renewable energy from the domestic market, for this purpose a short-term physical PPA was concluded in 2022, which, from 2023, partially replaced the purchase of renewable energy certificates (GoO - Guarantee of Origins) that were previously considered a sole source. This PPA was originally concluded for a period of 3 years, and it was extended to a 10-year period in 2024, a fixed-price contract with a Hungarian solar power plant. Furthermore, Magyar Telekom has signed four additional physical PPAs across new locations with the same terms and conditions at the same time, also with a duration of 10 years, most of which started their commercial operations in December 2024.

Magyar Telekom applies the 'own use' exemption in paragraph 2.4 of IFRS 9 and therefore accounts for the PPAs and the guarantees of origins as an executory contract. Both the purchase of renewable energy under the PPAs and guarantees of origins are recognized in Other operating expenses as energy costs.

The Company remains committed to its environmental strategy and will continue its work by seeking new opportunities, such as concluding long-term PPAs.

For further information see Chapter ESRS E1-1 Transition plan for climate change mitigation and ESRS E1-5 Energy consumption and mix in the Separate sustainability statement.

2.4.4 Main sustainability related risks

The Company is exposed to the risk of future energy price uncertainty. The growing demand for green energy in the market, combined with the current macroeconomic situation, could lead to an increase in energy prices and renewable energy certificate prices.
For further information see Chapter ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model in the Separate sustainability statement.

Within the framework of the Business Continuity Management System (BCM), the Company has identified critical climate risks (flooding, heatwaves) for which it has developed an action plan. All incidents that occurred were investigated, and analyzed, network damage did not reach significant levels. This analysis could help Magyar Telekom become more resilient by modernizing its infrastructure. See more information in Note 9.1.

To meet emission reduction targets, including the Intergovernmental Panel on Climate Change (IPCC) target of 1.5°C, regulators may set stricter metrics in the future, which could result in higher spending for the Company.

As the European Union and Hungary undergo on a transition to renewable energy production the potential instability of the electricity system may occur. Although Magyar Telekom's network has been designed with a logic to ensure a continuous service, the Company endeavors to improve infrastructure handling the risk of electricity outages. In order to manage downtimes, Magyar Telekom has already equipped its mobile base stations and critical infrastructure sites with batteries and/or also using mobile diesel generators.

To reduce emissions and mitigate climate change the fleet must be transformed, as the Company has one of the largest fleets in Hungary. It involves costs, but until it is not completed, purchasing verified emission reduction units may contribute to a stronger increase in costs.

Thanks to its forward-looking climate strategy and the results already achieved, Magyar Telekom continues to work towards its strategic objectives and corporate responsibility, even under stricter regulations.

Based on these analyses, Magyar Telekom does not expect a significant impact on its business model or on the presentation of its operating profit or financial position.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

3.1 Useful lives of assets

The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technological development and changes in broad economic or industry factors, as well as in the light of global environment awareness and the environmental objectives that have been set by the Company. The appropriateness of the estimated useful lives is reviewed annually, or whenever there is an indication of significant changes in the underlying assumptions or any significant investment decisions made throughout the year.

Management believes that this is a critical accounting estimate since it involves assumptions about technological development in an innovative industry and heavily dependent on the investment plans of the Company. Further, due to the significant weight of depreciable assets in total assets, the impact of any changes in these assumptions can be material to the financial position and results of operations. See Notes 9.3 and 10.3 for the changes made to useful lives in 2024 and 2023.

The Company is constantly introducing a number of new services or platforms. In the frame of that, Magyar Telekom focuses on investment into fixed (optical) and mobile networks to meet continued strong demand for mobile data, broadband and TV services. Continued the development of 5G platforms, the network modernization (fix and mobile) program and investments into the customer premise equipment (CPE).

In case of the introduction of such new services or platforms, the Company conducts a revision of useful lives of the already existing platforms, but in the vast majority of the cases these new services or assets are designed to co-exist with the existing platforms, not necessarily resulting in changing over to the new technology. Consequently, the useful lives of the existing platforms usually do not require shortening.

3.2 Estimated impairment of goodwill and investments

3.2.1 Goodwill

Goodwill is not amortized but tested for impairment annually in the last quarter of the year and in the other quarters quick tests are executed. During the preparation of the Separate financial statements of 2024 goodwill impairment was tested considering all available forward-looking internal and external information. It reflects the updated view of market conditions, the expected changes of the regulatory environment, forecasted revenues, projected expenditures, the investment plans taking into account climate related matters and updated book values, foreign exchange rates, weighted average cost of capital and other factors that may conclude an impairment.

On Magyar Telekom Group (the Group) level, the Company has a considerable portion of assets and liabilities presented in the MT-Hungary segment as well as contributing a significant proportion to the result of the MT-Hungary segment. The goodwill presented in the Company was tested as the considerable part of this segment when MT-Hungary segment was examined. Since the Company as a whole is a non-separable part of the MT-Hungary segment, therefore the impairment test presented below is in reference to the MT-Hungary segment of the Magyar Telekom Group as a cash-generating unit (CGU). For additional information of operating segments, see Note 33.

The recoverable amounts of the operating segments are calculated based on fair value less cost of disposal (FVLCD) determined by the discounted projected cash flows of the operating segments over the next ten years with a terminal value, as the payback period of investments in the telecommunications industry covers longer period. The impairment test is based on reasonable and supportable assumptions that present the management's best estimate incorporating market participants' assumptions and expectations. This is highly judgmental, which carries the inherent risk of arriving at materially different recoverable amounts if estimates used in the calculations proved to be inappropriate.

In the calculations, Magyar Telekom Group uses different weighted average cost of capital (WACC) and estimated perpetual growth rate (PGR) depending on the country of operations and the characteristics of the markets the Group's segments operate in.

One of the main drivers of the telecommunication industry is technology, with significant annual investments in fixed and mobile networks and services, which has been taken into consideration regarding the assumptions. Continued investment is fundamental to maintain market leadership, to attract and retain customers and business partners and to meet the ever-increasing data demands.

The capital expenditures (CAPEX) under the long-term commitment agreed with the Hungarian Government for the digital transformation of Hungary is also implemented into the calculation (see details in Note 2.3).

According to the cooperation, the Hungarian Government intends to support fixed line gigabit internet network, 5G coverage developments and ICT investments, among other things, through the review of sector specific tax rules and the abolition of utility tax payment obligation of electronic telecommunication providers from January 2024, and the abolition of the supplementary telecommunication tax from January 2025. These positive factors are also considered in the assumptions.

The purpose of the investments is to implement the latest technologies, which in connection with the Group's climate related strategies emphasize energy efficiency and emission reduction. For more information on current investments please refer to 9.2 Note.

The assumption is sensitive to the trend in energy prices and energy consumption, which is closely related to the Group's main activity. The higher level of energy consumption is projected due to the increased number of new technology assets. Managing the burden of energy costs, the Group intends to use renewable electricity by concluding potential new, long-term solar PPAs, for more information see 2.4.3 Note.

The forecasts of future cash flows are based on the best estimates of future revenue volumes and prices, using historical data and sales projections, operating expenses using general market analysis and forecasts, industry trends and evolution of market competition, and other available information.

Costs of certain central functions that are not cross charged are also considered in the fair value calculations when conducting the goodwill impairment tests. The costs of these central functions are allocated to the operating segments based on the segments' revenue share of the Group's total revenue.

The projections applied in the goodwill impairment test are approved by the management.

Based on the updated calculation no impairment needed to be recognized in 2024, similarly to 2023.

Details of the carrying amounts of goodwill allocated to the MT-Hungary segment are presented in Note 10.4.

In 2024 and 2023 the following WACC and PGR rates have been applied in the fair value calculations for the goodwill impairment test.

	2023	2024
	MT-Hungary	
WACC	8.46%	8.60%
PGR	1.0%	1.0%

Sensitivity test

During the sensitivity analysis the management assessed the effects of reasonable change in the main factors to the impairment calculation based on forward-looking projections, including financial projections for inflation and base rate whether it would result in an impairment of the goodwill allocated to either operating segment. The following factors are considered: WACC, PGR, Free Cash flow and CAPEX, each analyzed separately.

- Variation in WACC rate generate major impact for the fair value less cost of disposal of the segments.
  The WACCs are determined by
  - the capital asset pricing model (CAPM) using
  - the average of the peer group's betas,
  - 10-year zero-coupon government bond yields
  - debt ratio in line with the usual indebtedness of listed peer telecommunications companies.

  WACC rate is determined basically by the size of 10-year-zero-coupon government bond yield. Estimation of the potential change of a 10-year zero-coupon yields is difficult due to the recent economic environment explained in Note 2.3. However, in 2024 there were no significant change compared to 2023.
  Assessment of the possible tendency of WACC indicators is highly judgmental, still considering 1-2% variation no additional impairment should be recognized.

- PGRs used are in line with the long-term average growth rate for the segments. Significant variation in PGR is not projected to be reasonable therefore no sensitivity is performed on this parameter.

- Projecting fluctuation of future cash flows is a challenging task in the current macroeconomic surroundings which may cause solvency issues at residential and business customers. 5% fluctuation in free cash flow had been investigated and concluded with no indication to any impairment recognition.

- CAPEX budget is defined and closely monitored by the Group, the future CAPEX spending can be higher, therefore 5% variation has been used in the sensitivity test which has not resulted in any need for recognition of impairment on goodwill allocated to any of the segments.

Altogether, the management believes that any reasonably possible change in the above tested key assumptions on which the recoverable amount of the CGU's is based could not have an impact on the recoverability of the carrying amount of the CGUs.

3.2.2 Investments

Investments in subsidiaries, associates and joint ventures are measured at cost less any accumulated impairment losses. Cost of an investment is the fair value of consideration given, including contingent considerations and transaction costs incurred during the acquisition process.

The Company examines whether an investment may or may not be impaired by using internal and external information.

Magyar Telekom implemented the requirements of the IAS 36 standard as follows:

If the carrying amount of investment exceeds HUF 20 billion, then its recoverable amount is always analyzed using a DCF model (irrespective of whether there is any indication of impairment or not).

If the carrying amount of an investment does not exceed HUF 20 billion, then the Company examines whether there were any changes related to this investment which requires the preparation of impairment assessment based on the estimation for its recoverable amount (for further information see Note 11).

In 2024, the Company investigated the recoverable amount in case of Telekom Rendszerintegráció Zrt., Stonebridge Communications AD Skopje (Stonebridge AD), KalászNet Kft. and Telekom New Media Zrt.
For the detailed description on these investments see Note 11.

The table below shows the net income and equity of the subsidiaries investigated. The figures on Telekom Rendszerintegráció Zrt., KalászNet Kft., Telekom New Media Zrt. and Cecoin Kft. are presented according to Act C of 2000 on Accounting (HAR) while figures on Stonebridge AD according to IFRS.

	12.31.2023		12.31.2024	
	Profit after tax (unaudited)	Equity (unaudited)	Profit after tax (unaudited)	Equity (unaudited)
Telekom Rendszerintegráció Zrt.	6,196	34,837	7,153	31,038
Stonebridge AD	5,942	3,259	8,063	5,893
KalászNet Kft.	809	7,943	759	7,984
Telekom New Media Zrt.	58	727	40	714
Cecoin Kft.	355	-	-	-

In case of Telekom Rendszerintegráció Zrt. and Stonebridge AD the recoverable amount was calculated using DCF model. In DCF model Magyar Telekom uses weighted average cost of capital (WACC) and estimated perpetual growth rate (PGR). The WACCs are determined based on the capital asset pricing model (CAPM) using the average betas of the peer group, 10-year zero-coupon yields and a debt ratio in line with the usual indebtedness of listed peer telecommunications companies, while the PGRs used are in line with the long-term average growth rate for the particular segment.

Stonebridge AD is the owner of the 51% of the equity of Makedonski Telekom AD Skopje, and its main activity is managing this capital. Accordingly, Magyar Telekom uses the DCF model of Makedonski Telekom AD Skopje for the estimation of recoverable amount of Stonebridge AD.

The Company decided the liquidation of Cecoin Kft. and it was registered in September 2023 by Court Registry. (for further information see Note 26).

The fair value less cost of disposal (FVLCD) of these investments exceeds their carrying amount therefore impairment of these investments did not need to be recognized either in 2024 or in 2023. See Note 11 for details of carrying amount of investments.

The table below shows the WACCs used in the fair value calculations of these investments conducted in 2023 and 2024.

	WACC	
	2023	2024
Telekom Rendszerintegráció Zrt.....	12.25%	11.77%
Stonebridge AD.....	8.61%	8.55%
KalászNet Kft.	8.73%	7.25%
Telekom New Media Zrt.	11.90%	7.99%

3.3 Estimated impairment of trade and other receivables

Impairment is calculated for accounts receivable based on estimated losses resulting from the inability of customers to make required payments. For the largest customers and other telecommunications service providers, impairment is calculated on an individual basis, while for other customers it is estimated on a portfolio basis - see classification in Note 4.1.2 -, for which the base of estimate is the aging of accounts receivable balance and historical write-off experience, customer credit-worthiness, recent and expected changes in customer payment terms and forward-looking information (e.g. inflation/real income, GDP, retail consumption and other national and international statistics, macroeconomic surroundings and publications of the National Bank of Hungary). In addition, the nature of the business (residential, business, fixed line, mobile etc.) is also considered and the environment in which the Company operates.

The above factors of impairment calculation are reviewed annually, and changes are made to the calculations when necessary. The assessment of the correlation between historically observed default rates, forecasted economic conditions and expected impairment is considered as a critical estimate.

According to the best estimation based on the annual reassessment the management confirmed that there is no reason to modify the bad debt ratios used previously for the portfolios.

However, the management reviewed the additional one-time impairment loss on installment receivables recognized in 2023 and based on forward-looking information concluded that impairment loss has to be partially reversed and besides further impairment loss has to be recognized on the service-related receivables, resulting in a decrease of HUF 340 million in bad debt expenses. In this context, the management evaluated the effects of the uncertainties of the geopolitical environment on the Hungarian economy (see considered macroeconomic factors in Note 2.3), the Hungarian energy dependency and the inflation which may have a negative impact on the solvency of the households and the monetization of receivables. The annual revision also revealed that no other financial assets have been impacted materially.

A sensitivity analysis has also been prepared that shows how much impairment would have been recognized on receivables on December 31, 2024 if the estimated non-payment rate would change. According to this, the financial effect of 5% and 10% improvement (-) and deterioration (+) of the estimated non-payment rate would increase or decrease by HUF 0.9 billion and by HUF 1.9 billion the calculated impairment of trade receivables (current and non-current part).

If the financial condition of customers were deteriorated, actual write-offs of currently existing receivables may be higher than expected and may exceed the level of the impairment losses recognized so far. The management pays particular attention to the continuous monitoring of the solvency of the customers in the future and would take additional corrective actions if it is necessary. Please see further information in Notes 4.1.1, 4.2.2.2 and 5.1.2.

3.4 Contracts with customers

The Company applies the guidance to a group of contracts with similar characteristics instead of to a single contract with a customer. The characteristics considered include mainly the business segment of the customer, business model of the contract, and whether the contract is committed or not.

Contract assets are recognized for unbilled amounts typically resulting from sales under long-term contracts when revenue recognized exceeds the amount billed to the customer in that period. This is a temporary difference so that revenue recognized and revenue billed are the same by the end of the commitment term. The amount of the contract

assets is determined considering the estimated churn rate, average contract cancellation rates (in first 14 days), estimated penalty rates of the relevant group of contracts and effective interest rate. Contract assets are released monthly – in line with revenue from invoiced services to customers – during the minimum contract term of the relevant group of contracts.

Furthermore, the Company recognizes assets for costs incurred in connection with the signing of customer contracts which would not have been incurred if the customer contract had not been concluded, along with costs to fulfill a contract. Capitalization is subject to the expectation that those costs will be recovered by future revenue resulting from the contract.

Costs of obtaining a contract with a customer generally include sales commissions in both direct and indirect distribution channels (selling and marketing costs, bid and proposal costs, sales commissions and legal fees). Capitalizing incremental costs of obtaining a contract does not only refer to contracts concluded with a new customer but also to contract renewals.

Costs of obtaining a contract with a customer recognized on fix and mobile telecommunication services, are amortized on a portfolio basis over the period that the related goods or services are transferred to the customer which is

- in case of uncommitted contracts – without loyalty period - based on historical customer retention period (e.g. average period of usage of prepaid cards, postpaid, broadband, and IT services) and
- in case of committed contracts - with a loyalty period of 12-24 months - the commitment period is considered as amortization period (e.g. postpaid, broadband, IT services and bundled sales of equipment and services).

The Company decided not to use the practical expedient of expensing the incremental costs of obtaining a contract immediately, which are amortized over a period of one year or less.

Costs to fulfill a contract with a customer may include installation costs that are not distinct from other services provided in the contract, e.g. cabling activities, materials for internet and TV services. The Company applies IFRS 15.95 and capitalizes these costs as cost to fulfill a contract which are amortized in direct cost over the useful life of the contracts.

See Notes 4.2.2.3, 12.2 and 18.4 for the amount of contract assets, contract liabilities and contract costs.

3.5 Leases – Estimating the incremental borrowing rate and assessment of extension and termination options

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments shall be discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The incremental borrowing rate reflects the main risks of the lease arrangements in a specific country and is provided for each year up to a maturity of 30 years. A change in the interest rate is only applicable when after initial recognition the contract is modified, or a reassessment is necessary which causes a change in the interest rate.

Generally, Magyar Telekom uses the lessee's incremental borrowing rate.

Magyar Telekom never uses negative interest rates. Any negative interest rates will be capped at an amount of zero.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Extension options (or periods after termination options) are only included in the lease term if the Company is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The threshold for a "reasonably certain" exercise is lower than "virtually certain" and higher than "more likely than not." For further information see Note 17.2.2.

4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets of the Company include

- cash and cash equivalents;
- equity instruments of another entity;
- contractual rights:
  - to receive cash (trade receivables) or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity (derivatives);
- a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include puttable financial instruments classified as equity instruments, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

Financial liabilities of the Company include liabilities that originate from

- contractual obligations:
  - to deliver cash or another financial asset to another entity (non-derivatives); or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity (derivatives); or
- a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

IFRS 9 also applies to those contracts to buy or sell non-financial items which may be settled net in cash or other financial instruments (net settlement), except if those contracts were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements (i.e. own use contracts). The provisions of other IFRS Accounting Standards such as IAS 2 and IAS 37 apply to own use contracts. Contracts originally entered into in accordance with the Company's expected purchase, sale or usage requirements, which do not fulfill the own use requirements during the term of the contract also fall within the scope of IFRS 9 from that date.

Relevant cases of application at Magyar Telekom are contracts for the physical purchase of electricity and renewable energy certificates, of which all fulfill the requirements of IFRS 9 for own use.

4.1 Financial assets – accounting policies

The Company classifies its financial assets on the basis of both:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

in the following categories:

- at amortized cost if both of the following conditions are met:
  - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

- at fair value through other comprehensive income (FVOCI) if both of the following conditions are met:
  - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

- at fair value through profit or loss (FVTPL) unless it is classified in the previous categories.

Also, IFRS 9 4.1.4 provides the option to present particular investments in equity instruments at fair value through other comprehensive income (OCI option). Changes in value are then recognized immediately and in full in other comprehensive income.

For the purpose of the above classification:

- principal is the fair value of the financial asset at initial recognition
- interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Standard purchases and sales of financial assets are recognized on settlement-date, on the date when the financial asset is actually settled ('settlement date accounting'). Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the Profit for the period.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred. Financial assets have been transferred when the contractual rights to receive cash flows of the financial assets have been transferred or the contractual rights to receive cash flows of the financial assets have been retained but there is a contractual obligation to pay the cash flows to one or more recipients in an arrangement compliant with the conditions set out by IFRS 9. Any gains or losses on derecognition are recognized in Profit for the period and are calculated as the difference between (a) the sum of the consideration received and any cumulative gain or loss that had been recognized in other comprehensive income and (b) the carrying amount derecognized with an exception for equity instruments for which the Company exercises the option of presentation at fair value through other comprehensive income in which case gains or losses are recognized directly to retained earnings.

4.1.1 Impairment of financial assets

Depending on the business model of the Company and the characteristics of the contractual cash flows of the financial assets, financial assets are subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss.

A loss allowance must be recognized for financial assets measured at amortized cost and at fair value through other comprehensive income except when the OCI option was applied. The loss allowance must be recognized through profit or loss and reduces the carrying amount of the relevant financial asset measured at amortized cost; while in the case of financial assets measured at fair value through other comprehensive income where applicable, the corresponding offsetting entry is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

Loss allowances must also be recognized for lease receivables as defined in IFRS 16, contract assets as defined in IFRS 15, financial guarantee contracts and loan commitments relating to loans bearing an off-market interest rate.

If the credit risk arising from the financial asset has increased significantly since initial recognition, the loss allowance must be measured at an amount equal to the lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

If the credit risk arising from the financial asset has not increased significantly since initial recognition, the loss allowance must be measured at an amount equal to the 12-month expected credit losses. The 12-month expected credit losses represent the total expected credit losses that result from default events on a financial instrument that are possible within 12 months after the reporting date, weighted by the likelihood that a default event will occur during that period.

Based on the changes in credit risk, it must be assessed at each reporting date whether the current loss allowance must be measured at an amount equal to the lifetime expected credit losses based on historical data and forward-looking considerations driven by the expected macroeconomic tendencies (unemployment rates, credit crisis, inflation, national and international statistics, governmental intervention, publications of the National Bank of Hungary) or at an amount equal to the 12-month expected credit losses in accordance with the criteria above.

Indicators that may sign a significant increase in the credit risk:

- contractual payments are more than 30 days past due
- change in external/internal rating
- changes in market conditions that could influence payment obligations
- financial difficulties of the borrower that significantly alter its creditworthiness
- adverse changes in business, financial, or economic conditions, i.e. increase in interest rates or unemployment rates

Indicators for default event support the uncollectible classification in credit risk:

- financial asset is more than 90 days overdue
- counterparty repeatedly fails to meet payment obligations and the service is blocked (contract was not yet terminated)
- counterparty is over the credit limit with unpaid invoices and fails to pay despite repeated demands
- counterparty applies for insolvency protection proceedings
- in addition to the above quantitative aspects, qualitative aspects should also be taken into account in the evaluation, such as e.g. non-compliance with covenants

The simplified and the general approaches are to be applied to assess and account for credit losses.

- Simplified approach

All financial instruments underlying simplified approach are measured with lifetime expected credit loss based on historical data and forward-looking considerations driven by the expected macroeconomic tendencies. Therefore, except for insolvency, neither any indicators for increase in credit risk nor any default events are relevant within the simplified approach.

The simplified approach is applicable for trade receivables, contract assets and lease receivables without a significant financial component. The Company has chosen to use the simplified approach for these receivables with a significant financial component as well.

- General approach

According to the expected credit loss model the financial instruments are classified into three buckets. The classification into the three buckets is based upon the changes of the credit risk for the financial asset. A relative credit risk model is used for the evaluation of an increased credit risk. The significant increase of credit risk in comparison to the initial recognition is reflected in the transfer of the financial instrument between the buckets.

According to the expected credit risk model the impairment is determined differently for the three buckets. The impairment for financial instruments in bucket 1 is calculated based upon the 12-month expected credit loss. The impairment for financial instruments in bucket 2 and 3 is calculated based upon the lifetime expected credit losses.

The general approach is applied for bank accounts, factoring receivables, other financial receivables and employee loans, which financial instruments are classified into bucket 1. Factoring of trade receivables is generally without recourse that results in derecognition of trade receivables and recognition of other receivables from factoring.

For further information see Note 4.2.2.1.

4.1.2 Financial assets measured at amortized cost

The following items are assigned to this category:

- cash and cash equivalents;
- bank deposits over three months;
- trade receivables;
- other receivables.

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method, relevant only for the receivables with long-term maturity, considered to be not material for financial assets within one year.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks, and all highly liquid deposits and securities with original maturities of three months or less and exclude all overdrafts.

Bank deposits with original maturities over 3 months

Bank deposits with original maturities over 3 months include bank deposits and other liquid deposits and securities with original maturities over three months.

Trade receivables

Receivables with similar credit risk characteristics assessed collectively for impairment, based on business segments (residential, business, wholesale and other category), type of service delivered (telco and SI/IT services), installment receivables and governmental institutions including local governments.

Impairment and subsequent recoveries of amounts previously written off are accounted as Impairment losses and gains on financial assets and contract assets as part of Direct costs in the Statement of profit or loss and other comprehensive income.

4.1.3 Financial assets at fair value through other comprehensive income (FVOCI)

The “financial assets at fair value through other comprehensive income” measurement category includes the following financial assets:

- listed and unlisted equity instruments for that OCI option has been applied;
- debt instruments within a business model whose objective is achieved by both collecting contractual cash flows that are solely payments of principals and interests and selling financial assets.

Equity instruments at fair value through other comprehensive income where OCI option was applied

The OCI option may only be applied for the equity instrument in its entirety, and only at initial recognition of the equity instrument in question. In the event of exercise, measurement does not give rise to effects on profit or loss. However, dividends are recognized in profit or loss.

Equity instruments at fair value through other comprehensive income are initially recognized at fair value and are also subsequently carried at fair value. The unrealized changes in the fair value of financial assets at fair value through other comprehensive income are recognized in equity, in the Revaluation reserve for FVOCI financial assets.
When equity instruments classified as financial assets at fair value through other comprehensive income are sold, the accumulated fair value adjustments previously recognized in equity are recognized directly to retained earnings.

Debt instruments at fair value through other comprehensive income

The Company does not classify any financial assets as a debt instrument at fair value through other comprehensive income based on the SPPI test.

4.1.4 Financial assets at fair value through profit or loss (FVTPL)

Financial instruments which do not meet the conditions set out to be initially classified either at amortized cost or at fair value through other comprehensive income must be measured at fair value through profit or loss.

The "financial assets at fair value through profit or loss" measurement category includes the following financial assets:

- Debt instruments that are designated as "at fair value through profit or loss" using the fair value option.
- Equity instruments acquired for the purpose of selling immediately or in the near term and thus classified as "held for trading" and equity instruments not held for trading where the OCI option has not been applied.
- Derivative financial assets.
- Debt instruments not fulfilling conditions of either financial assets at amortized cost or financial assets at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are recognized in the profit or loss in the period in which they arise.

4.2 Financial assets in the Statement of financial position

4.2.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks, and all highly liquid deposits and securities with original maturities of three months or less and exclude all overdrafts. These financial assets are exposed to credit risks, for which see more details in Note 5.1.2. Based on the impairment test no impairment had to be recognized for any of these balances in the reported years.

Cash and cash equivalents	12.31.2023	12.31.2024
Cash on hand	115	60
Cash in bank (demand deposits)	528	643
Total	**643**	**703**

Average interest rates	12.31.2023	12.31.2024
Cash on hand	0.00%	0.00%
Cash in bank (demand deposits)	4.89%	3.27%
Average interest rate	**4.01%**	**2.99%**

Cash and cash equivalents by currency	12.31.2023	12.31.2024
HUF	643	703

4.2.2 Trade receivables and contract assets

4.2.2.1 Trade receivables – carrying amounts

The carrying amounts of trade receivables are shown net of impairment losses charged as of the financial statement dates.

	12.31.2023	12.31.2024
Trade receivables from third parties	149,971	161,846
Trade receivables from subsidiaries	3,245	2,682
Trade receivables from other related parties	5,379	3,884
Total trade receivables within one year	**158,595**	**168,412**
Trade receivables over one year	22,551	22,802
Total trade receivables	**181,146**	**191,214**

Age profile of Trade receivables

The following table shows the age profile of the Company's gross trade receivables by days outstanding.

	12.31.2023	12.31.2024
Not past due	173,549	181,220
within one year	146,934	155,480
over one year	26,615	25,740
Past due by		
less than 30 days	18,666	20,921
30–60 days	4,370	5,224
61–90 days	1,750	1,837
91–180 days	3,419	3,776
181–360 days	3,180	3,511
over 360 days	3,459	4,500
Customers under bankruptcy	533	388
Gross amount	**208,926**	**221,377**

Vast majority of trade receivables is impaired on a portfolio basis using the simplified approach. Most of past due trade receivables is partly or fully impaired depending mainly on the period of delay of payments.

4.2.2.2 Impairment losses of trade receivables

The table below shows the impairment losses and changes for trade receivables based on the lifetime expected credit losses therein for 2023 and 2024.

		2023	2024
Impairment loss, beginning of period		19,129	27,780
Charged to expense – net (included in Direct costs)		12,746	11,348
Utilized	(a)	(4,095)	(8,965)
Impairment loss, end of period		**27,780**	**30,163**

(a) Utilized means reversed on derecognition (settlement, write-off or factoring).

The following table shows the age profile of trade receivables allowances based on lifetime expected credit losses therein for 2023 and 2024.

	12.31.2023	12.31.2024
Not past due	15,746	16,195
within one year	11,682	13,257
over one year	4,064	2,938
Past due by		
less than 30 days	1,297	1,484
30–60 days	1,317	1,609
61–90 days	896	955
91–180 days	2,383	2,663
181–360 days	2,442	2,673
over 360 days	3,177	4,196
Customers under bankruptcy	522	388
Total amount	**27,780**	**30,163**

The following table shows the average impairment rates by age profile for 2023 and 2024.

	12.31.2023	12.31.2024
Not past due	9.1%	8.9%
within one year	8.0%	8.5%
over one year	15.3%	11.4%
Past due by		
less than 30 days	6.9%	7.1%
30–60 days	30.1%	30.8%
61–90 days	51.2%	52.0%
91–180 days	69.7%	70.5%
181–360 days	76.8%	76.1%
over 360 days	91.8%	93.2%
Customers under bankruptcy	97.9%	100.0%
Average impairment rate	**13.3%**	**13.6%**

See also Note 5.1.2 for further analysis of credit risks related to Trade receivables.

4.2.2.3 Contract assets

The carrying amounts of contract assets are shown net of impairment losses charged as of the financial statement dates.

	12.31.2023	12.31.2024
Contract asset (current)	12,537	13,560
Contract asset (non-current)	3,105	3,573
Total contract asset	**15,642**	**17,133**

The table below shows the impairment losses and changes for contract assets based on the lifetime expected credit losses therein for 2023 and 2024.

		2023	2024
Impairment loss, beginning of period		1,036	1,350
Charged to expense – net (included in Direct costs)		792	984
Utilized	(a)	(478)	(789)
Impairment loss, end of period		**1,350**	**1,545**

(a) Utilized means reversed on derecognition (settlement, write-off or factoring).

4.2.3 Derivative financial instruments contracted with related parties

Derivatives contracted with related parties include cross-currency interest rate swaps and FX forwards concluded with DT AG to change the Company's exposure to HUF in the case of the EUR-denominated loans and to cover FX needs of expected future foreign currency outflows (see more details in Notes 4.5.1.1, 5.1.1.1 and 5.1.1.2).

	12.31.2023	12.31.2024
Cross currency and interest rate swaps (non-current)	9,632	6,733
Cross currency and interest rate swaps (current)	7,499	1,704
Forward deals (current)	164	100
Total derivative financial instruments contracted with related parties	**17,295**	**8,537**

4.2.4 Other financial assets

Other financial assets include receivables due within 12 months (current) and due after 12 months (non-current) from the end of the reporting period. These financial assets are exposed to credit risks, for which see more details in Note 5.1.2. The impairment loss recognized or reversed for other current and non-current financial assets is not material.

4.2.4.1 Other current financial assets

		12.31.2023	12.31.2024
Cashpool receivables with related party	(a)	4,969	51,170
Loans to related parties		1,344	1,549
Finance lease receivables	(b)	148	166
Other		904	429
Total		**7,365**	**53,314**

For the explanations of (a)-(b) see Note 4.2.4.2.

4.2.4.2 Other non-current financial assets

		12.31.2023	12.31.2024
Equity instruments	(c)	1,401	1,401
Finance lease receivables	(b)	1,066	977
Other		358	1,162
Total		**2,825**	**3,540**

(a) The following table shows the currency breakdown.

12.31.2024	Carrying amount	Borrower	Currency	Interest rate (%)	Fixed / floating
	47,589	DT AG	HUF	6.50	Floating
	4,296	DT AG	EUR	3.16	Floating
	(715)	DT AG	USD	4.92	Floating
Due within 1 year	**51,170**				

(b) For more information see Note 17.2.1 on Finance lease receivables.

(c) The Company has got a 50% ownership in E2 Hungary Zrt., the former Joint Venture of the Company, meanwhile has no significant influence over the company due to the agreement with the other investor MET Holding AG (MET) (from January 2023 the other owner is MET Sales and Trading Holding AG). Based on the terms of the agreement the equity instrument was designated as a financial asset measured at fair value through profit or loss. Due to that particular agreement MET also has got a call option on E2 Hungary Zrt., which was recognized as a financial liability measured at fair value through profit or loss accordingly. Following the contractual Lock-up period the value of the call option became zero. (See Note 4.5.1.3)
The amount of Equity instruments is in relation with E2 Hungary Zrt. (HUF 1,400 million) and the rest of it is in connection with the insignificant investment (2%) in EURESCOM (HUF 1 million).

The estimated expected credit loss on other current and non-current financial assets considered to be not material and not recognized.

4.3 Financial liabilities – accounting policies

There are two measurement categories for financial liabilities used by the Company:

- Financial liabilities carried at amortized cost
- Financial liabilities at fair value through profit or loss

Both types of financial liabilities are initially recognized at fair value, while subsequent measurements are different (see below). A financial liability except lease liabilities (see Note 17) is derecognized (or a part of a financial liability) from the Statement of financial position when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled or expired.

4.3.1 Financial liabilities carried at amortized cost

The measurement category for “financial liabilities measured at amortized cost” includes all financial liabilities not classified as “at fair value through profit or loss”.

Loans and other financial liabilities

Loans and other financial liabilities are recognized initially at fair value less transaction costs, and subsequently measured at amortized costs using the effective interest rate method. The effective interest is recognized in the Profit for the period (Interest expense) over the period of the liabilities.

Trade and other payables

Trade and other payables (including accruals) are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Bonds

Bonds are recognized initially at fair value less transaction cost and subsequently measured at amortized cost using the effective interest rate method.

4.3.2 Financial liabilities at fair value through profit or loss

Derivative financial instruments are measured under at fair value through profit or loss model. The Company currently has no intention of measuring non-derivative financial liabilities at fair value.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and their fair values are re-measured at subsequent balance sheet dates. The Company does not apply hedge accounting for its financial instruments therefore all gains and losses are recognized in the Profit for the period (Other finance expense – net).

4.4 Financial liabilities in the Statement of financial position

4.4.1 Financial liabilities to related parties

Financial liabilities to related parties include HUF-, USD- and EUR-denominated loans taken from DT Group and from the Company's subsidiaries and cashpool liabilities. For the whole nominal amount and interest payment of loans denominated in EUR granted by Deutsche Telekom AG (DT AG) in 2023 and by Deutsche Telekom International Finance B.V. (DT IF) in 2024, the Company have cross-currency interest rate swap agreements in place (with DT AG) so that Magyar Telekom's exposure in fact remains in HUF. Swapped HUF interest rates are fixed.

The tables below show the details of the financial liabilities towards related parties as at December 31, 2023 and 2024.

12.31.2023	Carrying amount (HUF million)	Lender	Contracted currency	Effective interest rate (%)	Interest-formula	Fixed / floating	Maturity	Original Term (Year/s)
	45,934	DT AG	EUR	4.89	6 m EURIBOR+0.826333%	floating	May 2024	5
	45,934	DT AG	EUR	5.24	3 m EURIBOR+1.286%	floating	Dec 2024	2
	350	TNM Zrt.*	HUF	11.69	3 m BUBOR+0.7%	floating	March 2024	12
	612	Combridge SRL	EUR	4.74	3 m EURIBOR+0.8%	floating	March 2024	11
	3,400	ViDaNet Zrt.	HUF	11.97	3 m BUBOR+0.7%	floating	March 2024	2
	1,750	VGreen Kft.	HUF	12.27	3 m BUBOR+0.7%	floating	March 2024	1
	273	TRI Zrt.**	USD	6.62		***	Cashpool	N/A
	1,742	TRI Zrt. **	EUR	5.06		***	Cashpool	N/A
	13,780	TRI Zrt. **	HUF	11.57		***	Cashpool	N/A
	413	Investel Zrt.	HUF	11.57		***	Cashpool	N/A
	2,758	KalászNet Kft.	HUF	11.57		***	Cashpool	N/A
Due within 1 year	**116,946**							
Accrued interest****	1,839							
Other financial liabilities	76							
Total current	**118,861**							
	47,847	DT AG	EUR	4.92	6 m EURIBOR+1.02879%	floating	Jan 2025	5
Total non-current.....	**47,847**							

*Telekom New Media Zrt.
**Telekom Rendszerintegráció Zrt.
***Interest rates are defined by DT AG on monthly basis.
****Accrued interest shows the aggregated discount value of DT AG loans' amortized cost while the loans separately show the principals of the particular loan. The whole amount of all DT AG loans is due on the expiry date.

12.31.2024	Carrying amount (HUF million)	Lender	Contrac-ted currency	Effective interest rate (%)	Interest-formula	Fixed / floating	Maturity	Original Term (Year/s)
	25,998	DT IF	EUR	4.33	fixed	fixed	Dec 2025	1
	400	TNM Zrt*	HUF	8.71	3 m BUBOR+0.7%	floating	March 2025	13
	246	Combridge SRL	EUR	3.25	3 m EURIBOR+0.9%	floating	March 2025	12
	5,900	ViDaNet Zrt.	HUF	9.06	3 m BUBOR+0.7%	floating	March 2025	3
	3,800	VGreen Kft.	HUF	8.47	3 m BUBOR+0.7%	floating	March 2025	2
	1,097	TRI Zrt.**	USD	5.28		***	Cashpool	N/A
	3,535	TRI Zrt.**	EUR	3.78		***	Cashpool	N/A
	9,239	TRI Zrt.**	HUF	7.19		***	Cashpool	N/A
	419	Investel Zrt.	HUF	7.19		***	Cashpool	N/A
	3,279	KalászNet Kft.	HUF	7.19		***	Cashpool	N/A
Due within 1 year	**53,913**							
Accrued interest****	829							
Other financial liabilities	73							
Total current	**54,815**							
	39,683	DT IF	EUR	4.26	fixed	fixed	Apr 2028	3
	20,376	DT IF	EUR	4.38	fixed	fixed	Dec 2029	5
Total non-current.....	**60,059**							

*Telekom New Media Zrt.
**Telekom Rendszerintegráció Zrt.
***Interest rates are defined by DT AG on monthly basis.
****Accrued interest shows the aggregated discount value of DT IF loans' amortized cost while the loans separately show the principals of the particular loan. The whole amount of all DT IF loans is due on the expiry date.

As at December 31, 2024 current assets exceed current liabilities by HUF 9,385 million, primarily due to cashpool facilities that were taken to finance working capital and daily ongoing activities. Management believes that short-term liabilities from DT Group will be refinanced in a similar manner to previous years. Financing needs will also be covered by cash flows generated by operating activities and third-party credit line facilities (see Note 5.1.3).

The table below shows the carrying amounts and fair values of the related-party loans.

	12.31.2023		12.31.2024	
	Book Value	Fair Value	Book Value	Fair Value
HUF denominated loans				
At fixed rate	-	-	-	-
At floating rate	22,451	22,451	23,037	23,037
	22,451	**22,451**	**23,037**	**23,037**
EUR denominated loans				
At fixed rate	-	-	86,057	91,093
At floating rate	142,069	142,550	3,781	3,781
	142,069	**142,550**	**89,838**	**94,874**
USD denominated loans				
At fixed rate	-	-	-	-
At floating rate	273	273	1,097	1,097
	273	**273**	**1,097**	**1,097**
Accrued interest	1,839	1,839	829	829
Other financial liabilities	76	76	73	73
Total related-party financial liabilities	**166,708**	**167,189**	**114,874**	**119,910**

The weighted-average interest rate on related-party loans was 5.03% in 2024 (5.93% in 2023). Any increase in market interest rates will result in a decrease in the fair value of the fixed interest rate liabilities.

There were no defaults or breaches in connection with the financial liabilities to related parties.

4.4.2 Bonds

In 2020 the Company participated in the Bond Funding for Growth Scheme ("Scheme" or "BGS") of the National Bank of Hungary and obtained funding sources with competitive pricing.

The issued bonds amounted to HUF 70 billion at face value and were purchased for a total purchase price of HUF 70.83 billion by the attendees. Subsequently Magyar Telekom 2027 HUF Bonds were listed on the BSE XBond multilateral trading platform.

The proceeds of the bonds are used to fund investments into the fixed and mobile network roll-out and modernization (including the acquisition of new frequencies).

The table below shows the main parameters.

Bond code		Magyar Telekom 2027 HUF Bond
Bond expiries	HUF 35 billion	November 26, 2026
	HUF 35 billion	November 26, 2027
Interest type		Fixed interest
Coupon (Nominal interest rate)		1.45%
Yield		1.26%
Effective interest rate		1.95%

At December 31, 2024 the carrying amount of bonds is HUF 69,183 million (at December 31, 2023 HUF 68,854 million). For further information see Notes 4.4.4.3 and 15.

4.4.3 Derivative financial liabilities contracted with related parties

Derivatives contracted with related parties include FX forwards concluded with DT AG to cover FX needs of expected future foreign currency outflows (see more details in Notes 4.5.1.2, 5.1.1.1 and 5.1.1.2).
At December 31, 2024 the carrying amount of derivative financial liabilities contracted with related parties is HUF 74 million (at December 31, 2023 HUF 121 million).

4.4.4 Other financial liabilities

4.4.4.1 Other financial liabilities - Balances

The tables below show the current and non-current balances of Other financial liabilities.

		12.31.2023	12.31.2024
Frequency fees payable	(a)	4,942	4,935
Trade payables with extended payment period	(b)	1,467	-
Debtors' overpayment		1,357	1,401
Other		857	1,030
Total other financial liabilities – current		**8,623**	**7,366**

		12.31.2023	12.31.2024
Frequency fees payable	(a)	96,577	91,112
Other		36	153
Total other financial liabilities – non-current		**96,613**	**91,265**

There were no defaults or breaches in connection with other financial liabilities.

(a) The present value of the future annual band fees payable is recognized as part of the carrying amount of the licenses as intangible assets, with corresponding current and non-current financial liabilities.

(b) In 2023 Magyar Telekom made individual arrangements with certain partners under which the payments for trade payables become due at a later point in time than the customary payment terms in the industry practice. Consequently, these individual arrangements have been reclassified from Trade payables to Other financial liabilities (in 2023 is HUF 1,467 million). See Note 4.4.4.3. During 2024 there were no new arrangements on the modification of payment terms concluded.

4.4.4.2 Proceeds/repayments of loans and other borrowings

Cash proceeds/payments for related-party loans are included in the Proceeds from loans and other borrowings/Repayment of loans and other borrowings line of the statement of cash flows.

4.4.4.3 Additional disclosure about changes in liabilities arising from financing activities

The following tables include changes in net debt reconciled with their effects on the Statement of cash flows in order to enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Changes in financial liabilities without cash movement are mainly due to the increase in liability related to lease liabilities and the FX effects of financial liabilities denominated mainly in EUR and transactions where future cash flows are recognized at the present value of the annual fees payable.

In 2023, Magyar Telekom entered into financing agreements totaling HUF 5,270 million under which extended the period of payment for trade payables beyond the customary market payment terms from investing activities without cash movement in the Statement of cash flows. In 2024, as the closing transaction of the outstanding balance of 2023 totaling HUF 1,467 million payments have been made, they are disclosed under net cash used in financing activities. See Note 4.4.4.1 (b).

	Opening Balance at January 1, 2023	Changes in cash and cash equivalents	Changes that effect the cash flows from operating activities	Addition to financial liabilities without cash movement	Changes that effect the cash flows from investing activities	Changes that effect the cash flows from financing activities					Closing Balance at December 31, 2023
						Proceeds from loans and borrowings	Repayments of loans and other borrowings	Proceeds from bonds	Repayments of other financial liabilities	Other	
Related-party loans	184,221	-	(9,135)	(769)	-	152,122	(159,731)	-	-	-	166,708
Derivatives from related parties	2,035	-	-	11,521	(13,435)	-	-	-	-	-	121
Frequency fees payable	106,662	-	(4,923)	4,386	-	-	-	-	(4,606)	-	101,519
Lease liabilities	136,963	-	(7,002)	25,968	-	-	-	-	(21,998)	-	133,931
Bonds	68,531	-	(1,140)	1,463	-	-	-	-	-	-	68,854
Debtors' overpayment	1,277	-	80	-	-	-	-	-	-	-	1,357
Other financial liabilities	1,091	-	(2,294)	7,366	-	-	-	-	(3,803)	-	2,360
Total debt	**500,780**	**-**	**(24,414)**	**49,935**	**(13,435)**	**152,122**	**(159,731)**	**-**	**(30,407)**	**-**	**474,850**
-Less cash and cash equivalents	(431)	(212)	-	-	-	-	-	-	-	-	(643)
-Less other current financial assets and derivative financial instruments	(2,715)	-	(1,146)	(4,922)	(1,276)	(4,969)	-	-	-	-	(15,028)
Net debt	**497,634**	**(212)**	**(25,560)**	**45,013**	**(14,711)**	**147,153**	**(159,731)**	**-**	**(30,407)**	**-**	**459,179**

Treasury share purchase	(14,609)
Dividend paid	(29,467)
Net cash used in financing activities	**(87,061)**

	Opening Balance at January 1, 2024	Changes in cash and cash equivalents	Changes that effect the cash flows from operating activities	Addition to financial liabilities without cash movement	Changes that effect the cash flows from investing activities	Changes that effect the cash flows from financing activities					Closing Balance at December 31, 2024
						Proceeds from loans and borrowings	Repayments of loans and other borrowings	Proceeds from bonds	Repayments of other financial liabilities	Other	
Related party loans	166,708	-	(3,402)	10,665	-	289,847	(348,944)	-	-	-	114,874
Derivatives from related parties	121	-	-	1,469	(1,516)	-	-	-	-	-	74
Frequency fees payable	101,519	-	(3,967)	3,437	-	-	-	-	(4,942)	-	96,047
Lease liabilities	133,931	-	(6,623)	40,172	-	-	-	-	(23,891)	-	143,589
Bonds	68,854	-	(128)	457	-	-	-	-	-	-	69,183
Debtors' overpayment	1,357	-	44	-	-	-	-	-	-	-	1,401
Other financial liabilities	2,360	-	(740)	1,057	-	-	-	-	(1,494)	-	1,183
Total debt	**474,850**	**-**	**(14,816)**	**57,257**	**(1,516)**	**289,847**	**(348,944)**	**-**	**(30,327)**	**-**	**426,351**
-Less cash and cash equivalents	(643)	(60)	-	-	-	-	-	-	-	-	(703)
-Less other current financial assets and derivative financial instruments	(15,028)	-	500	(3,484)	9,095	(46,201)	-	-	-	-	(55,118)
Net debt	**459,179**	**(60)**	**(14,316)**	**53,773**	**7,579**	**243,646**	**(348,944)**	**-**	**(30,327)**	**-**	**370,530**

Treasury share purchase	(22,363)
Dividend paid	(41,562)
Net cash used in financing activities	**(199,550)**

4.4.5 Trade payables

	12.31.2023	12.31.2024
Payables to subsidiaries	7,088	7,192
Payables to other related parties	7,289	7,434
Payables to non-related parties	118,005	111,498
Total	**132,382**	**126,124**

4.5 Additional disclosures on financial instruments

4.5.1 Financial assets and liabilities

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 observable for the asset or liability, either directly or indirectly (Level 2)
- inputs for the asset or liability that are not based on observable market data (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The significance of an input is assessed against the fair value measurement in its entirety.

There was no transfer between Level 1 and Level 2 financial instruments.

Most of the financial assets and most of the financial liabilities are measured at amortized cost, but fair value information is also provided for these.

The initial fair value of the MT2027 bond was calculated based on Level 2 information as the bonds did not have an active market. The discount rate was determined based on relevant BIRS rates (Budapest Interest Rate Swap) and a margin estimation based on commercial bank offers during the auction.

The fair value of financial instruments that are not traded on an active market is determined by using valuation techniques, mainly by applying the discounted cash flow method. The cash flow estimations are based on the relevant underlying contracts and the discount rates are calculated based on the interest rate benchmarks applicable for the relevant maturities and currencies (BUBOR, BIRS, EURIBOR, EUR IRS). Foreign exchange conversion is made based on central bank FX fixings (preferably that of the National Bank of Hungary).

Level 1 information is used for determining fair value of equity instruments designated as financial assets at fair value through other comprehensive income.

Level 2 information is available to determine derivatives assets and liabilities.

Level 3 information is used for valuation of equity instruments designated as financial assets at fair value through profit or loss, and the corresponding liabilities designated as financial liability at fair value through profit or loss. The fair value is determined by applying a Black Scholes model using estimation on the terms and conditions of underlying contracts, peer group WACC and risk-free interest rate during the contractual Lock-up period. Following the Lock-up period the value is based on the prevailing exit price of the financial asset as of the reporting date. (See Note 4.2.4.2 for more information.)

The following tables include the carrying amounts and fair values of the Company's financial assets and liabilities as at December 31, 2024 and 2023.

4.5.1.1 Financial assets – Carrying amounts and fair values

Carrying amounts, fair values and fair value hierarchy of financial assets are the following:

12.31.2023	Carrying amount					Fair value
	Amortized cost	FVOCI (Level 1)	FVTPL (Level 2)	FVTPL (Level 3)	Total	
Cash and cash equivalents	643	-	-	-	643	643
Cashpool receivables	4,969	-	-	-	4,969	4,969
Trade receivables within one year from third parties	149,971	-	-	-	149,971	149,971
Trade receivables within one year from related parties	8,624	-	-	-	8,624	8,624
Trade receivables over one year	22,551	-	-	-	22,551	20,798
Derivative financial instruments contracted with related parties	-	-	17,295	-	17,295	17,295
Loans given to related parties	1,344	-	-	-	1,344	1,344
Equity instruments	-	1	-	1,400	1,401	1,401
Finance lease receivable from third parties	336	-	-	-	336	321
Finance lease receivable from related parties	878	-	-	-	878	980
Other current receivables	904	-	-	-	904	904
Other non-current receivables	358	-	-	-	358	339
Total	**190,578**	**1**	**17,295**	**1,400**	**209,274**	**207,589**

12.31.2024	Carrying amount					Fair value
	Amortized cost	FVOCI (Level 1)	FVTPL (Level 2)	FVTPL (Level 3)	Total	
Cash and cash equivalents	703	-	-	-	703	703
Cashpool receivables	51,170	-	-	-	51,170	51,170
Trade receivables within one year from third parties	161,846	-	-	-	161,846	161,846
Trade receivables within one year from related parties	6,566	-	-	-	6,566	6,566
Trade receivables over one year	22,802	-	-	-	22,802	21,095
Derivative financial instruments contracted with related parties	-	-	8,537	-	8,537	8,537
Loans given to related parties	1,549	-	-	-	1,549	1,549
Equity instruments	-	1	-	1,400	1,401	1,401
Finance lease receivable from third parties	261	-	-	-	261	236
Finance lease receivable from related parties	882	-	-	-	882	864
Other current receivables	429	-	-	-	429	429
Other non-current receivables	1,162	-	-	-	1,162	1,153
Total	**247,370**	**1**	**8,537**	**1,400**	**257,308**	**255,549**

Fair value through profit or loss assets (Level 2) includes derivatives, for further information see Note 4.2.3.

The fair values of those instruments are based on a discounted cash flow method. The calculation is prepared by Magyar Telekom based on money market interest rate curves, basis swap points and spot FX rates from Reuters database published on the last working day of the reporting period. The present value of the expected future cash flows is discounted to the reporting date using money market interest rates and basis swap points in the specific currency from Reuters and exchanged to HUF using the spot FX rate.
The difference between the HUF present value of the payable and receivable is accounted for as assets or liabilities.

Fair value through profit or loss financial assets (Level 3) includes the investment in E2 Hungary Zrt. in 2023 and 2024.

Fair value through other comprehensive income financial assets (Level 1) includes the insignificant investment (2%) in EURESCOM with no change in the fair value, nor any dividend received.

The carrying values of assets measured at amortized cost with short times to maturity approximate their fair values.

4.5.1.2 Financial liabilities

Carrying amounts, fair values and fair value hierarchy of financial liabilities are the following:

12.31.2023	Carrying amount				
	Measured at amortized cost	FVTPL (Level 2)	FVTPL (Level 3)	Total	Fair value
Financial liabilities to related parties	166,708	-	-	166,708	167,189
Derivative financial liabilities contracted with related parties	-	121	-	121	121
Trade payables to third parties	118,005	-	-	118,005	118,005
Trade payables to related parties	14,377	-	-	14,377	14,377
Frequency fee payable	101,519	-	-	101,519	80,858
Lease liabilities to third parties	128,598	-	-	128,598	118,384
Lease liabilities to related parties	5,333	-	-	5,333	4,935
Bonds	68,854	-	-	68,854	59,379
Debtors' overpayment	1,357	-	-	1,357	1,357
Other current liabilities	2,325	-	-	2,325	2,325
Other non-current liabilities	36	-	-	36	37
Total	607,112	121	-	607,233	566,967

12.31.2024	Carrying amount				Fair value
	Measured at amortized cost	FVTPL (Level 2)	FVTPL (Level 3)	Total	
Financial liabilities to related parties	114,874	-	-	114,874	119,910
Derivative financial liabilities contracted with related parties	-	74	-	74	74
Trade payables to third parties	111,498	-	-	111,498	111,498
Trade payables to related parties	14,626	-	-	14,626	14,626
Frequency fee payable	96,047	-	-	96,047	72,277
Lease liabilities to third parties	138,137	-	-	138,137	125,710
Lease liabilities to related parties	5,452	-	-	5,452	5,084
Bonds	69,183	-	-	69,183	61,444
Debtors' overpayment	1,401	-	-	1,401	1,401
Other current liabilities	1,030	-	-	1,030	1,030
Other non-current liabilities	154	-	-	154	154
Total	**552,402**	**74**	**-**	**552,476**	**513,208**

See additional fair value information on financial liabilities in Note 4.4.1.

The carrying values of the current financial liabilities measured at amortized cost approximate their fair values.

4.5.1.3 Financial liabilities carried at fair value determined using Level 3 type information

Financial instruments which are carried at fair value where the fair value was determined using Level 3 type information are the liabilities pertaining to the call option under IFRS 9 (see Notes 4.2.4.2 and 4.5.1). The table below includes the movements of these liabilities.

	2023	2024
Opening balance at January 1	**135**	**-**
(Gains) or losses for the period on remeasurement recognized in the Separate statement of profit or loss and other comprehensive income (net financial result)	(135)	-
Closing balance at December 31	**-**	**-**

4.5.2 Items of net gains and losses arising on financial instruments

The tables below include net gains/losses arising on financial instruments in 2023 and 2024.

2023	Interest	Subsequent measurement			Expenses /fees	Total net gain / (loss)
		Change in fair value	FX gain/ (loss)	Impair-ment loss		
FVTPL financial instruments (Level 2)	-	(27,468)	-	-	-	(27,468)
FVTPL financial instruments (Level 3)	-	135	-	-	-	135
Financial assets measured at amortized cost	3,377	-	(493)	(13,538)	(5,958)	(16,612)
Financial liabilities measured at amortized cost	(27,451)	-	10,144	-	(34)	(17,341)
Equity instruments measured at FVTPL (Level 3)	-	112	-	-	-	112
Net gain/(loss) on financial instruments	**(24,074)**	**(27,221)**	**9,651**	**(13,538)**	**(5,992)**	**(61,174)**

2024	Interest	Subsequent measurement			Expenses /fees	Total net gain / (loss)
		Change in fair value	FX gain/ (loss)	Impair-ment loss		
FVTPL financial instruments (Level 2)	-	6,898	-	-	-	6,898
FVTPL financial instruments (Level 3)	-	-	-	-	-	-
Financial assets measured at amortized cost	4,591	-	198	(12,332)	(7,063)	(14,606)
Financial liabilities measured at amortized cost	(21,247)	-	(13,215)	-	(32)	(34,494)
Equity instruments measured at FVTPL (Level 3)	-	-	-	-	-	-
Net gain/(loss) on financial instruments	**(16,656)**	**6,898**	**(13,017)**	**(12,332)**	**(7,095)**	**(42,202)**

The tables above include the amounts before capitalization of borrowing costs (See Note 24).

Impairment losses on financial assets measured at amortized cost includes all expenses incurred or expected to be incurred in relation to the default of customers and presented as a direct cost in the Statement of profit or loss and other comprehensive income.

The amount of Expenses/fees mainly contains transactional fees on financial realization of income (like white check acceptance fee of Hungarian Post, online payments' cost and other various commissions) and other bank charges type fees.

4.5.3 Offsetting financial assets and financial liabilities

For the financial assets and liabilities subject to enforceable netting arrangements, each agreement between the Company and the counterparty (typically roaming and interconnect partners) allows for net settlement of the relevant trade receivable and payable.

The following trade receivables and trade payables are subject to offsetting agreements and are presented after netting in the Statement of financial position.

	12.31.2023		12.31.2024	
	Trade receivables	Trade payables	Trade receivables	Trade payables
Gross amounts of recognized financial instruments	159,367	133,154	169,030	126,742
Gross amounts of financial instruments set off	(772)	(772)	(618)	(618)
Net amounts of recognized financial instruments presented in the Statement of financial position.....	**158,595**	**132,382**	**168,412**	**126,124**

4.5.4 Other disclosures about financial instruments

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 17.7 billion as at December 31, 2024 (2023: HUF 16.1 billion). The guarantees were issued as collateral to secure the fulfillment of the Company's certain contractual or tender-related obligations. The Company 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 partners and sometimes these can result in the drawdown of the guarantees. The utilization of these guarantees is not related and has no significant effect on the solvency of the Company. For more information see note 4.4.4.1.

Magyar Telekom does not hold any material collateral of its financial assets.

All financial assets transferred met the criteria of derecognition. The Company does not have compound financial instruments with multiple embedded derivatives.

5 Financial risk management

5.1 Financial risk factors

Magyar Telekom is primarily exposed to credit risks related to its financial assets. In addition, the Company is also exposed to risks from movements in exchange rates, interest rates that affect the fair value and/or the cash flows arising from financial assets and liabilities.

Financial risk management aims to limit these risks through ongoing operational and finance activities. Selected derivative and non-derivative hedging instruments are also used for this purpose, depending on the risk assessment. Magyar Telekom only hedges the risks that affect the Company's cash flows; no hedges are concluded to hedge fair values. Derivatives are exclusively used as hedging instruments, i.e. not for trading or other speculative purposes. To reduce the counterparty risk, derivatives are generally only concluded with leading Hungarian or international financial institutions or Deutsche Telekom. Nevertheless, hedge accounting is not applied to such transactions.

The detailed descriptions of risks, the management thereof as well as sensitivity analyses are provided below. These sensitivity analyses calculate with reasonably possible changes in the relevant risk variables and their impact on profit before tax. The impacts disclosed below for the reported periods are subject to an average effective income tax rate of approximately 15%, i.e. the impact on Profit for the period would be approximately 85% of the pre-tax amount in a year that is free from significant one-off non-deductible pre-tax impacts and significant changes in tax legislation. The potential impacts disclosed (less tax) would be the same on the Company's Equity.

There were no major changes in these risks compared to the previous reporting period.

5.1.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

- foreign currency risk
- interest rate risk
- price risk.

The fundamentals of Magyar Telekom's financing strategy are established each year by the Board of Directors. The Company's policy is to borrow centrally using a balanced combination of medium-term and short-term loans and bonds, and fixed and floating interest rates on those liabilities. The Board of Directors has approved two debt protection ratio KPIs and monitors their fulfillment annually. At the end of 2024 Magyar Telekom Group fulfilled both criteria; Total Debt to EBITDA ratio of 1.12 in 2024 (2023: 1.59), while the allowed maximum can be 2.8 and EBITDA to Net financial result ratio of 12.43 in 2024, (2023: 6.52), while the allowed minimum can be 3.0. The Company during the implementation of the finance policy and the financial risk management, determines and continuously monitors the foreign exchange, liquidity and counterparty risk management guidelines.

Magyar Telekom is exposed to interest and foreign exchange (FX) rate risk associated with its interest-bearing assets and liabilities and anticipated transactions. The functional currency of Magyar Telekom is HUF, consequently, Magyar Telekom's objective is to minimize the level of its financial risk applying HUF terms.

For the presentation of market risks, sensitivity analyses are also provided that show the effects of hypothetical changes of relevant risk variables on Profit before tax and Equity. These hypothetical changes were modeled to present a reasonably possible change in the relevant risk variables. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments at the end of the latest reporting period (2024) and the preceding reporting period (2023). The balances at the end of the reporting period are usually representative for the year as a whole; therefore, the impacts are calculated using the year end balances. The methods and assumptions used in the sensitivity calculations did not change significantly compared to the previous period. As a result of a volatile international capital and securities markets, higher fluctuations of the FX and interest rates are also possible.

5.1.1.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in FX rates. Currency risks arise on financial instruments denominated in currencies other than the functional currency of the Company. Relevant risk variables are generally all non-functional currencies in which Magyar Telekom has financial instruments.

The Hungarian Forint depreciated by approx. 7% against the euro in 2024. In 2020 and 2021 the forint was fluctuating in a 7-12% range against the EUR, in 2022 this range widened significantly to approx. 23% while in 2023 and in 2024 narrowed to 10%.

In order to mitigate FX risk in the case of FX denominated financial instruments, Magyar Telekom minimized its foreign currency borrowings in the past years or covered them with derivative instruments to substantially reduce FX risk. The corporate bond is HUF denominated and thus no foreign currency exposure arises related to this instrument.

FX risks arising on loans and related swaps with DT Group

Several related-party loans taken to finance general corporate needs from DT AG in 2023 and from DT IF in 2024 are denominated in EUR, while, at the same time, cross-currency interest rate swaps or FX swaps are concluded with DT AG to fix the actual cash flows of Magyar Telekom in HUF. Even though the Company does not apply hedge accounting, the change in the HUF/EUR exchange rate has limited (net) impact on profit or loss and equity related to the hedged loans and the hedging transactions together.

The table below shows the breakdown by currency of loans taken from DT AG in 2023 and from DT IF in 2024:

Currency	12.31.2023	12.31.2024
EUR	139,715	86,057
Total	**139,715**	**86,057**

Sensitivity analysis

A reasonably possible strengthening or weakening of the EUR in the table below against HUF as at December 31 would have affected the measurement of loans denominated in a foreign currency and increased (+)/ decreased (-) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. As the profit or loss effect would be the same as the equity effect, only the former is disclosed.

	Profit or loss	
	Strengthening	Weakening
12.31.2023		
EUR/HUF (10% movement)		
Loans	(13,971)	13,971
Swap agreements	14,156	(14,156)
Net effect	**185**	**(185)**
12.31.2024		
EUR/HUF (10% movement)		
Loans	(8,606)	8,606
Swap agreements	9,174	(9,174)
Net effect	**568**	**(568)**

Other FX exposure

The Company's remaining FX exposure is mostly related to cash balances held by the Company in foreign currency, and operating activities through revenue from, and payments to, international telecommunications operators as well as capital and operating expenditure contracted with vendors in foreign currency.

In line with currency hedging policy, the Company holds sufficient amounts of foreign currencies on its bank accounts or buys foreign currencies through FX forward transactions, the amounts of which are determined considering the balance of short-term FX denominated trade and lease payables and trade receivables in the next period in order to hedge the currency risk arising in connection with those assets and liabilities. The Company's foreign currency (EUR and USD) denominated liabilities (other than the above-described loans) exceed the Company's foreign currency (EUR and USD) denominated assets, therefore changes in the functional currencies' exchange rates would have impact on the profit or loss of the Company.

The following tables show the breakdown by currency of finance lease receivables, lease liabilities, trade receivables, trade payables and cashpool receivables and liabilities:

12.31.2023 in HUF million	EUR	USD	GBP	HUF	Other
Total finance lease receivables	1,039	-	-	175	-
Total lease liabilities	(46,557)	(6)	-	(87,368)	-
Trade receivables	9,103	115	-	171,952	(24)
Trade payables	(47,063)	(2,593)	(3)	(75,716)	(7,007)
Cashpool receivables	4,204	(823)	-	1,588	-
Cashpool liabilities	(1,742)	(273)	-	(16,951)	-

12.31.2024 in HUF million	EUR	USD	GBP	HUF	Other
Total finance lease receivables	995	-	-	148	-
Total lease liabilities	(46,722)	(5)	-	(96,862)	-
Trade receivables	7,747	133	-	183,322	12
Trade payables	(48,011)	(3,292)	2	(74,808)	(15)
Cashpool receivables	4,296	(715)	-	47,589	-
Cashpool liabilities	(3,535)	(1,097)	-	(12,937)	-

In order to reduce the above exposure, Magyar Telekom occasionally enters into derivative contracts. The positive fair value of the open short-term forward positions was HUF 26 million (asset) as of December 31, 2024 (2023: HUF 64 million liability). These positions were opened to mitigate the FX risks of future FX payments exceeding FX income.

Sensitivity analysis

A reasonably possible strengthening or weakening of the currencies in the table below against HUF as at December 31 would have affected the measurement of financial instruments denominated in a foreign currency and increased (+)/ decreased (-) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. As the profit or loss effect would be the same as the equity effect, only the former is disclosed.

	Profit or loss	
	Strengthening	Weakening
12.31.2023		
EUR/HUF (10% movement)		
Net balance of FX denominated trade and lease payables, trade and financial receivables plus bank deposits	(3,767)	3,767
Related forward agreements	3,179	(3,179)
Net effect	**(588)**	**588**
USD/HUF (15% movement)		
Net balance of FX denominated trade and lease payables, trade and financial receivables plus bank deposits	(660)	660
Related forward agreements	238	(238)
Net effect	**(422)**	**422**
12.31.2024		
EUR/HUF (10% movement)		
Net balance of FX denominated trade and lease payables, trade and financial receivables plus bank deposits	(4,552)	4,552
Related forward agreements	5,048	(5,048)
Net effect	**496**	**(496)**
USD/HUF (15% movement)		
Net balance of FX denominated trade and lease payables, trade and financial receivables plus bank deposits	(747)	747
Related forward agreements	892	(892)
Net effect	**145**	**(145)**

As a result of the volatile international money markets, even a more than 10% fluctuation of the functional currency HUF against EUR and a more than 15% against USD is possible as extraordinary market conditions may cause extreme volatility on FX markets.

5.1.1.2 Interest rate risk

Magyar Telekom is also exposed to interest rate fluctuations: BUBOR, ESTR, EURIBOR, SOFR and USD LIBOR. This is due to the fact that changing interest rates affect the fair value of the fixed-rate instruments and also affect the cash flows through the floating rate instruments.

Changes in the market interest rates of non-derivative financial instruments with fixed interest rates only affect Profit for the period if these are measured at fair value. On the other hand, all financial instruments with fixed interest rates which are carried at amortized cost are not subject to cash flow interest rate risk as defined in IFRS 7.

Changes in the market interest rate of interest rate derivatives (interest rate swaps, cross-currency swaps) that are not part of a hedging relationship as set out in IFRS 9 affect Other finance expense - net (net gain/loss from re-measurement of the financial assets and liabilities to fair value).

Changes in market interest rates affect the interest income or expense of non-derivative floating-interest financial instruments for which no cash flow hedges are in place.

Financial assets

Excess cash of the Company is primarily used to repay loans, so it has no significant bank deposits. However, the temporary excess cash of the Company is kept as a receivable against DT AG in cashpool of Deutsche Telekom Group which is bearing variable interest rate.

Financial liabilities

Financial liabilities exposed to interest rate risk are primarily the related-party (DT Group) loans and the related swap agreements in place. These loans are almost exclusively taken by the Company.

The analysis below describes the Company's net exposure to the net interest rate risks related to the loans and the related swap agreements.

As the vast majority of the debt portfolio is denominated in HUF, or swap agreements are in place so that the loans payable are exposed to changes in HUF interest rates, the Company is mostly exposed to the HUF interest rate fluctuations for its financial liabilities. To control this interest rate risk, a combination of fixed and floating rate debt is used. Fixed interest-bearing debts (including loans swapped to fixed interest and excluding loans swapped to floating interest) made up 70% of the Company's total debt as of December 31, 2024 (2023: 69%).

Cash flow sensitivity analysis for variable rate instruments

Floating interest-bearing debts (including loans swapped to floating interest and excluding loans swapped to fixed interest) made up 30% of the Company's total debt as of December 31, 2024 (2023: 31%).

A reasonably possible change of 200 basis points in interest rates during the reporting period (assuming the year-end balance throughout the reporting period) would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. As the profit or loss effect would be the same as the equity effect, only the former is disclosed.

Profit or loss	12.31.2023		12.31.2024	
	200 bp increase	200 bp increase	200 bp increase	200 bp decrease
Floating rate instruments	(3,312)	3,312	(573)	573
Interest rate swap	1,876	(1,876)	(520)	520
Cashpool and loan receivables	116	(116)	1,068	(1,068)
Cash flow sensitivity (net)	**(1,320)**	**1,320**	**(25)**	**25**

The Company's exposures to interest rates on loans, cashpool liabilities, cashpool receivables and swaps:

Interest rates	12.31.2023			12.31.2024		
	Cashpool and loan liabilities	Swaps	Cashpool and loan receivables	Cashpool and loan liabilities	Swaps	Cashpool and loan receivables
BUBOR	(22,451)	-	1,888	(23,037)	(26,656)	47,889
EURIBOR/ESTR	(142,069)	93,781	5,230	(3,781)	-	5,533
USD LIBOR/SOFR	(1,096)	-	-	(1,812)	-	-
Total	**(165,616)**	**93,781**	**7,118**	**(28,630)**	**(26,656)**	**53,422**

For further information on loans see Note 4.4.1.

5.1.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk as at the end of the reporting period are represented by the carrying amounts of the financial assets in the Statement of financial position.

The vast majority of credit risks may arise in respect of Cash and cash equivalents, Bank deposits with original maturities over three months and Trade receivables, most of which have short-term maturities.

To decrease counterparty risk and optimize financing costs Magyar Telekom uses the generated cash for repayment of the loans and borrowings and in this way, it does not hold significant bank deposits. The cash held on the bank account is primarily related to daily liquidity needs and not to investment purposes. Additionally, Magyar Telekom keeps bank accounts only with substantial credit institutions to further limit counterparty risk.

Concentrations of credit risk relating to trade receivables are limited due to the large number of customers comprising the Company's customer base and their dispersion across many different geographic areas and industries. Credit risks are taken into account through individual allowances and allowances calculated at portfolio level.

The annual impairment losses of the Company in 2024 was 1.6% (2023: 2%) of revenue. For further information see Notes 3.3. and 4.2.2.2.

There are varying credit checking practices applied as described below.

Credit checking at the time of the service request is carried out automatically by the credit checking application. A variety of checks including checking the bankruptcy list, the internal database of risky installation locations, the collection history of the past six months, the outstanding debt and the joint database of debtors of the Hungarian mobile operators are performed depending on the service to be used. The Fraud Detecting System monitors extreme usage and fraudulent behavior of customers for mobile, fixed line and internet services. In the case of business customers, account managers check if the customer has outstanding debts.

Dunning procedures are run automatically by the billing systems and include various reminder tools like SMS, reminder message via Telekom APP, telephone calls, reminder e-mails, reminder letters, restricted service, termination letters and disconnections. In the case of medium and large enterprises the dunning process starts manually (first reminder letter). After the first step, this process is also automated. Based on the effective laws and regulations and over a minimum overdue amount the Company applies varying and customized reminder procedures with specific deadlines to the different customer groups. After the termination of the contract and depending on the expected success of the process, the Company combines the different collection steps of selling the outstanding debt or initiating legal proceedings. All parts of the process are regulated by internal directives.
For further information see Note 4.1.1.

5.1.3 Liquidity risk

Liquidity risk is the risk that an entity may encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient Cash and cash equivalents and Bank deposits as well as available funding through an adequate amount of committed credit lines. The Company operates an effective liquidity management process that enable the Company’s financial stability and limit the inherent risk of operation, this is an ongoing monitoring and matching the maturing assets against maturing liabilities and ensuring the availability of financial instruments if required.

Deutsche Telekom Group operates a cashpool system which is a flexible and a cost-effective source of financing the Company’s operation, extra cash is transferred to the subsidiaries that require temporary or long-term funding. In addition, short-term or long-term loan facilities can be drawn from DT Group. Management is convinced that short and long-term liabilities from DT Group can be refinanced, if necessary, in a similar manner to previous years.

The Company’s finance management aims to maintain flexibility in funding by keeping committed third-party (bank) credit lines available. The undrawn credit lines amounted to HUF 42.7 billion as at December 31, 2024 (2023: HUF 44.5 billion).

The management evaluates the liquidity position of the Magyar Telekom Group by regularly monitoring among others the free cash-flow for the actual period, net debt (Note 4.4.4.3 to Consolidated financial statements) and the ratio of net debt to EBITDA. In the financing framework of the Magyar Telekom Group, the Board of Directors apply two debt protection ratio KPIs and monitors their fulfillment annually: the total debt to EBITDA and EBITDA to Net financial result ratio are monitored, for further details see Note 5.1.1. In case of exceeding the predefined limits, underlying events should be reported to the management.
The operating working capital basically managed through the net cash generated from operating activities, represented by the robust EBITDA (Note 33.2.1 to Consolidated financial statements) performance, contributes to meeting the payment obligations.

The main liquidity KPIs monitored on Magyar Telekom Group level by the management are the following:

	2023	2024
Free cash flow	86,516	166,324
Free cash flow excl. spectrum licenses	86,829	165,101
Total debt (Note 4.4.4.3 to Consolidated financial statements)	457,949	407,587
Total debt / EBITDA	1.59	1.12
Net debt (Note 4.4.4.3 to Consolidated financial statements)	430,640	335,681
Net debt / EBITDA	1.5	0.92

The following table shows the Free cash flow calculation of Magyar Telekom Group from the specific line of the Consolidated statement of cash flow:

	2023	2024
Net cash generated from operating activities	222,750	302,311
Net cash used in investing activities	(114,837)	(86,415)
Less: (Payments for) / Proceeds from other financial assets	15,225	(15,605)
Investing cash flow excluding Payments for / Proceeds from other financial assets - net	**(99,612)**	**(102,020)**
Repayment of lease and other financial liabilities	(36,622)	(33,967)
Free cash flow	**86,516**	**166,324**

The following two tables summarize the maturity structure of Magyar Telekom's financial liabilities including the interest payable on those liabilities (undiscounted amounts) as of December 31, 2024 and 2023.

	12.31.2023			
	Total	within 1 year	1 to 5 years	after 5 years
Trade payables to third parties	118,005	118,005	-	-
Trade payables to related parties	14,377	14,377	-	-
Financial liabilities to related parties	171,735	122,879	48,856	-
Derivative financial liabilities contracted with related parties	121	121	-	-
Lease liabilities to third parties	156,271	30,092	70,517	55,662
Lease liabilities to related parties	5,797	1,450	4,336	11
Bonds	72,407	1,015	71,392	-
Frequency fees payables	135,973	8,886	34,583	92,504
Other financial liabilities	3,636	3,593	43	-
Total cash outflows	**678,322**	**300,418**	**229,727**	**148,177**
Open swap positions' cash flows				
Gross cash inflow in EUR million	257	129	128	-
Gross cash inflow in HUF million (at spot rate)	98,374	49,379	48,996	-
Gross cash outflow in HUF million	83,155	41,047	42,108	-
Net cash inflow / (outflow) in HUF million	**15,219**	**8,332**	**6,888**	**-**
Open forward positions' cash flows				
Gross cash inflow in EUR million	203	203	-	-
Gross cash inflow in USD million	5	5	-	-
Total gross cash inflow in HUF million (at spot rate)	79,437	79,437	-	-
Gross cash outflow in HUF million	79,996	79,996	-	-
Net cash inflow / (outflow) in HUF million	**(559)**	**(559)**	**-**	**-**

	12.31.2024			
	Total	within 1 year	1 to 5 years	after 5 years
Trade payables to third parties	111,498	111,498	-	-
Trade payables to related parties	14,626	14,626	-	-
Financial liabilities to related parties	120,021	55,865	64,156	-
Derivative financial liabilities contracted with related parties	74	74	-	-
Lease liabilities to third parties	166,317	31,148	81,632	53,537
Lease liabilities to related parties	6,226	1,410	4,805	11
Bonds	71,721	1,015	70,706	-
Frequency fees payables	126,502	8,650	33,563	84,289
Other financial liabilities	2,362	2,340	22	-
Total cash outflows	**619,347**	**226,626**	**254,884**	**137,837**
Open swap positions' cash flows				
Gross cash inflow in EUR million	239	69	170	-
Gross cash inflow in HUF million (at spot rate)	98,012	28,296	69,715	-
Gross cash outflow in HUF million	99,210	28,891	70,319	-
Net cash inflow / (outflow) in HUF million	**(1,198)**	**(595)**	**(604)**	**-**
Open forward positions' cash flows				
Gross cash inflow in EUR million	83	83	-	-
Gross cash inflow in USD million	15	15	-	-
Total gross cash inflow in HUF million (at spot rate)	39,941	39,941	-	-
Gross cash outflow in HUF million	39,896	39,896	-	-
Net cash inflow / (outflow) in HUF million	**45**	**45**	**-**	**-**

The average maturity of Magyar Telekom's debt portfolio was 2.32 years as at December 31, 2024 (2023: 1.5 years). The floating interest payments arising from the financial instruments were calculated using the last interest rates fixed before December 31, 2024 and 2023. Actual cash flows may be different if the floating interest rate changes in future periods. For further information see Note 4.4.1.

5.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Company's management proposes to the owners (through the Board) of the Company to approve dividend payments or adopt other changes in the Company's equity capital in order to optimize the capital structure of the Company. This can be achieved primarily by adjusting the amount of dividends paid to shareholders, or alternatively, by returning capital to shareholders by capital reductions, selling or buying own shares.

In 2024 the Board of Directors of Magyar Telekom approved HUF 41,561 million dividend (HUF 29,459 million dividend in 2023), and the Company's Board recommends to declare a 90,858 HUF million dividend at the April 2025 Annual General Meeting.

In addition to the above, according to the Hungarian Civil Code (2013. V.), Magyar Telekom has to ensure that the Company's Equity in the Separate financial statements do not fall below two thirds of its Common stock, i.e. the total of the reserves should not be negative. The Company is in compliance with this regulation.
The equity capital, which the Company manages, amounted to HUF 786 billion on December 31, 2024 (2023: HUF 696 billion), see Note 16.

6 Income taxes

6.1 Income taxes – accounting policies

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

6.1.1 Current taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Income taxes are comprised of corporate income taxes, trade tax and other income taxes.

6.1.1.1 Corporate income taxes

Corporate income taxes are payable to the central tax authorities. The basis of the tax is the taxable entities' accounting profit adjusted for non-deductible and non-taxable items. The withholding tax relating to the dividend received is also reported in corporate income taxes. From January 1, 2017 a flat corporate income tax rate of 9% has been enacted.

6.1.1.2 Trade tax and other income taxes

Trade tax is a local tax levied in Hungary on the companies' net margins, usually determined at a substantially higher level than the corporate tax base but applying a significantly lower tax rate. Other income taxes include innovation fee calculated similarly to trade tax but with a lower rate and it is to be paid to the state budget.

6.1.2 Global minimum tax

Hungary has implemented the OECD's Pillar-II regulations and the corresponding EU directive and introduced qualified domestic minimum top-up tax to ensure a minimum effective tax rate of 15%. The legislation is applicable for Magyar Telekom from 2024 onwards. Magyar Telekom intends to apply for safe harbour exemption and therefore not recognize a global minimum tax liability for 2024.

Magyar Telekom does apply the exception to recognizing and disclosing information about deferred taxes related to global minimum taxes in line with IAS 12. 88A and 4A.

6.1.3 Deferred taxes

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Separate statement of financial position.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax is determined using income tax rates that have been enacted or substantively enacted by the financial statement date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit (or reversing deferred tax liabilities) will be available against which the temporary differences can be utilized.

6.2 Income taxes in the Statement of profit or loss and other comprehensive income

The table below shows the income tax expenses charged in the Profit for the period.

Income tax expense	2023	2024
Corporate income tax	1,966	4,388
Trade tax	8,662	10,870
Other income taxes	1,355	1,703
Deferred tax expense	3,590	9,555
Total	**15,573**	**26,516**

6.2.1 Tax expense reconciliation

The reconciliation between the reported income tax expense and the theoretical amount arising from applying the statutory income tax rates is as follows.

		2023	2024
Profit before income tax		90,012	180,528
Calculated amount of tax 9%	(a)	(8,101)	(16,247)
Tax shield of items not subject to income tax	(b)	1,351	1,746
Tax impact of non-deductible items	(c)	(301)	(1,110)
Trade tax	(d)	(8,662)	(10,870)
Other income taxes	(d)	(1,355)	(1,703)
Impact of tax deductibility of trade and other income taxes	(e)	902	1,131
Investment tax credit accretion	(f)	593	537
Income tax expense		**(15,573)**	**(26,516)**
Effective tax rate		17.30%	14.69%

For explanations (a)-(f) see as follows.

(a) The applicable tax rate used in the below reconciliation is the domestic standard rate of corporate tax in Hungary 9% in 2024 (2023: 9%).

(b) This line of the reconciliation primarily includes the tax shield impact of expenses, which are not included in the profit before tax, but deductible when determining the separate corporate income tax base. These items include the depreciation of assets (or additional values of assets) which are not included in the assets of the Statement of financial position, and which are not considered in the deferred tax calculation.

(c) This line of the reconciliation includes the negative tax impact of the expenses included in the profit and loss, but non-deductible when determining the corporate income tax base. These items primarily include the non-deductible receivable impairment and write-downs and penalties.

(d) Trade tax and other income taxes include certain local and central taxes levied in Hungary. Trade tax and the innovation tax, levied in Hungary on the companies' net margins, determined usually at a substantially higher level than the corporate tax base, but with substantially lower tax rates (maximum 2%). As the first line of the reconciliation calculates theoretical tax expense calculated using the corporate tax rate, the trade tax and the innovation fee (other income tax) impose additional income tax expenses on the Company, included in this line of the reconciliation.

(e) Trade tax and innovation fee are deductible expenses for corporate tax purposes, the positive tax impact of which is included in this line of the reconciliation.

(f) Investment tax credit accretion includes the increase of the net present value of the investment tax credit deriving from the utilization of the tax credits in periods subsequent to the year of recognition. For further information see Note 6.3.2.1.

6.3 Income taxes in the Statement of financial position

6.3.1 Current taxes in the Statement of financial position

Current tax assets and liabilities in the Statement of financial position represent the amount of corporate and other income taxes receivable from, and payable to the Hungarian tax authorities.

6.3.2 Deferred taxes in the Statement of financial position

Magyar Telekom's deferred tax balances and the movements therein are as follows:

	Balance at December 31, 2022	Effect on profit	Other movements	Balance at December 31, 2023	Effect on profit	Other movements	Balance at December 31, 2024
Deferred tax assets and (liabilities)							
Investment tax credits (Note 6.3.2.1)	3,731	(3,346)	5,638	6,023	(8,934)	3,729	818
Impairment of receivables and inventory	1,402	648	-	2,050	157	-	2,207
PPE and intangible assets	(5,853)	(819)	-	(6,672)	(989)	-	(7,661)
Goodwill	(14,481)	-	-	(14,481)	-	-	(14,481)
Provisions for liabilities and charges	1,629	(73)	-	1,556	211	-	1,767
Total net deferred tax	**(13,572)**	**(3,590)**	**5,638**	**(11,524)**	**(9,555)**	**3,729**	**(17,350)**
Of which deferred tax liabilities	(20,334)			(21,153)			(22,144)
Of which deferred tax assets	6,762			9,629			4,794

The Other movements column includes the increase in investment tax credit relating to energy efficiency improvement recognized in 2024 and 2023.

Deferred tax assets arising from investment tax credits are recognized against the capitalized cost of the related asset acquisition.

Temporary differences associated with investments in subsidiaries for which deferred tax liabilities or assets have not been recognized amounted to a net liability of HUF 20,799 million at December 31, 2024 (HUF 20,799 million was the temporary difference not recognized at December 31, 2023).

Deferred tax liability on goodwill is related to the goodwill arising from the acquisition of subsidiaries (Emitel Zrt. and T-Mobile) in the Company's Separate financial statements, which had merged into Magyar Telekom. The impairment of goodwill is a tax-deductible expense in corporate income tax, while under IFRS Accounting Standards no amortization is accounted for in relation to goodwill. The difference deriving from the two types of accounting is represented by the deferred tax liability.

6.3.2.1 Investment tax credits

Since 2020 Magyar Telekom have accomplished a new tax credit program to increase energy effectiveness. In order to utilize these tax credits, the Company had to meet certain audit requirements set out in the relevant tax regulations and independent external auditors stated that the investments fulfill the criteria of energy effectiveness. The investment tax credit is accounted for as a decrease from the investment costs of the assets, as well as a deferred tax asset of the whole tax credit amount is accounted for accordingly. The Company utilizes HUF 9,366 million tax credit in the 2024 corporate tax return.

The following table shows the details of the energy saving investment tax credits as of December 31, 2024:

Earned in year	Amount of qualifying investment	Amount of tax credit earned	Accretion recognized in tax expense	Tax credit utilized	Tax credit carried forward 12.31.2024	Expires in year
2021	11,759	4,296	16	(4,312)	-	2026
2022	16,561	5,661	903	(6,564)	-	2027
2023	16,148	5,686	227	(5,913)	-	2028
2024	12,104	4,421	-	(3,603)	818	2029
Total	**56,572**	**20,064**	**1,146**	**(20,392)**	**818**	

In order to utilize the tax credits and certain tax deductibility opportunities earned by the Company, they had to comply with strict requirements as set out in the relevant tax regulations. The Company fulfilled all requirements related to energy effective investment programs.

6.4 Income taxes in the Statement of cash flows

The Company classifies its tax settlement of energy saving investment tax credit as an investing activity in the Statement of cash flows.

The table below shows how the total cash flows from income tax are allocated over the activities:

Activities in the Statement of Cash Flows	2023	2024
Cash flows from operating activities (presented on the line income tax paid)	(14,255)	(16,969)
Cash flows from investing activities (investment tax credit utilized in the tax report)	3,234	4,036
Total cash flows from income tax	**(11,021)**	**(12,933)**

Magyar Telekom has been doing investments relating to energy saving since 2020, based on this the payment of the reduced income tax was settled in 2023 and 2024.

6.5 Tax reviews

The tax authorities may at any time inspect the books and records within five years from the end of the year when tax declarations were submitted and may impose additional tax assessments with penalties and penalty interest. Management is not aware of any circumstances which may give rise to a potential material liability in this respect.

6.6 Dividends paid by Magyar Telekom

The dividends paid and payable by Magyar Telekom to its owners may be subject to withholding or income taxes under the tax laws of the country of the owners, which do not have any impact on the amount of the dividend declared or on the Company's tax expense as these taxes – if any – are levied on the owners.

7 Inventories

7.1 Inventories – Accounting policies

Inventories are stated at the lower of cost or net realizable value using the historical cost method of accounting.
The cost of inventories comprises all costs of purchase, cost of construction and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment losses on Inventories are recognized as Direct cost in the Statement of profit or loss and other comprehensive income.

7.2 Inventories in the Statement of financial position

	12.31.2023	12.31.2024
Inventory for resale	27,901	24,571
Other inventory	545	484
Subtotal	**28,446**	**25,055**
Impairment	-	-
Total	**28,446**	**25,055**

The amount of inventory for resale mainly consists of telecommunication devices (mobile, tablets, TV, laptops, smart devices) and accessories.

In the framework of the transition to a circular economy, the waste reduction and thus the contribution to global climate protection the amount of packaging materials has been continuously reduced, that has also been set as a preferred requirement for manufacturers, including 100% sustainable packaging for own branded mobile devices. Also, an increasing number of used mobile devices are being collected and treated as electronic waste but managed in full compliance with the relevant regulations.

Besides the above, as the first service provider in Hungary, Magyar Telekom is offering fully refurbished cell phones since October 2023 to meet the demands of residential customers who are sensitive to a more material-efficient and circular economy. That sales represent small but increasing volume in the portfolio. In the future, the Company is exploring other new opportunities to be at the forefront of the circular economy by 2030.

For further information see Chapter ESRS E5 Resource use and circular economy in the Separate sustainability statement.

The Company has no inventory pledged as security either as at December 31, 2023 or December 31, 2024.

The impairment loss accounted or reversed for inventories is not material therefore no separate table of movements is disclosed.

8 Assets held for sale

8.1 Assets held for sale – Accounting policies

An asset (typically properties and closely related other assets) is classified as held for sale if it is no longer needed for the future operations of the Company, and has been designated for sale, which is highly probable to take place within 12 months, and the asset is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets.
These assets are measured at the lower of their carrying amount and fair value less cost of disposal. Depreciation is discontinued from the date of designation to the held-for-sale status. When an item of PPE or intangible assets is designated for sale, and the fair value less cost of disposal is determined to be lower than the carrying amount, the difference is recognized in the Profit for the period (Depreciation and amortization) as an impairment loss.

If the requirements for the classification of assets as held for sale are no longer met, the assets may no longer be shown as held for sale. The assets are to be measured at the lower of the carrying amount that would have applied if the asset had not been classified as held for sale, and the recoverable amount at the date at which the requirements for the classification as held for sale are no longer met.

8.2 Assets held for sale in the Separate statement of financial position

The assets classified as held for sale are disclosed below.

		12.31.2023	12.31.2024
Intangible assets	(a)	-	1,223
Property, plant and equipment		260	1,044
Total assets held for sale		**260**	**2,267**

(a) Magyar Telekom has signed a transfer agreement on transferring the usage right of 2x5 MHz frequency block in the 2100 MHz band to Yettel Magyarország Zrt. (Yettel) (see Note 10.5) The purchase price equals to the book value of the frequency block usage right.

At the end of 2024 assets held for sale included some non-current assets that are expected to be sold within 12 months.

9 Property, plant and equipment (PPE)

9.1 Property, plant and equipment (PPE) – Accounting policies

Property, plant and equipment are measured at historical cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost, in the case of telecommunications equipment, comprises the borrowing costs of related loans and corporate bonds.

Subsequent expenditure on an asset that meets the recognition criteria to be recognized as an asset or an addition to an asset is capitalized, while maintenance and repairs are charged to expense when incurred.

Government grants relating to the purchase of PPE are deducted from the original cost of the items and are recognized in the Profit for the period through the reduced amount of depreciation of the related assets over their useful lives. Investment tax credits relating to qualifying investment projects (Note 6.3.2.1) are also recognized in this manner.

The initial estimate of the costs of dismantling and removing the item and restoring the site in accordance with legal requirements or contractual obligations is also included in the costs if the obligation incurred must be recognized as an Asset retirement obligation provision according to IAS 37 (see Note 13).

When assets are scrapped, the cost and accumulated depreciation are removed from the accounts and the loss is recognized in the Profit for the period (Depreciation and amortization). The Company pays particular attention to the environmentally sound management of scrapped assets and the proper treatment of hazardous waste.

When assets are sold, the cost and accumulated depreciation are removed from the accounts and any related gain or loss is recognized in the Profit for the period (Other operating income/expense).

Depreciation is calculated on a straight-line basis from the time the assets are deployed and charged over their economic useful lives. Magyar Telekom reviews the useful lives and residual values on an annual basis, for further detail see Note 3.1. Regarding the groups of assets impacted by the most recent useful life revisions refer to Note 9.3.

The estimated useful lives assigned to different classes of property, plant and equipment are as follows:

	Years
Buildings	5-50
Duct, cable and plant	3-38
Other telecommunications equipment	2-25
Other equipment	2-50

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The amortization expense and recognized impairment are presented in the Depreciation and amortization line of the Statement of profit or loss and other comprehensive income.

As a consequence of changes in the climate and rising average temperatures, the Company is increasingly exposed to damage to its fixed assets, which in some cases might be significant. Such events may include floods, flash flood damage caused by heavy rainfall, windstorms damage, prolonged extreme daily temperatures in summer, forest or bush fires caused by drought. The Company works continuously to prevent and mitigate these potential losses as much as possible through insurance and the use of more resilient solutions in the design and execution of investments.

In order to avoid significant damage, the Company operates a Business Continuity Management (BCM) system, which includes action plans for the tasks to be performed in the event of critical climate risks. Preventive measures are also developed to avoid potential events. All incidents are investigated and analyzed, and the documentation is continuously improved.

In 2024 and 2023, there was no significant damage due to climate events that required the recognition of any impairment.

9.2 Property, Plant and Equipment in the Statement of financial position

	Land and buildings	Telecom equipment	Other equipment	Total
01.01.2023				
Gross value	89,245	968,345	65,237	1,122,827
Accumulated depreciation	(44,263)	(635,861)	(57,219)	(737,343)
Carrying amount	**44,982**	**332,484**	**8,018**	**385,484**
Of which held for sale				-
				385,484
Carrying amount - 01.01.2023	**44,982**	**332,484**	**8,018**	**385,484**
Investments	1,599	56,315	4,550	62,464
Changes due to revisions of asset retirement obligations	508	-	-	508
Disposals	(146)	(577)	(48)	(771)
Depreciation charge	(2,724)	(50,175)	(3,859)	(56,758)
Reclassifications	231	891	164	1,286
Carrying amount - 12.31.2023	**44,450**	**338,938**	**8,825**	**392,213**
12.31.2023				
Gross value	91,336	961,186	67,647	1,120,169
Accumulated depreciation	(46,886)	(622,248)	(58,822)	(727,956)
Carrying amount	**44,450**	**338,938**	**8,825**	**392,213**
Of which held for sale				(260)
				391,953
Carrying amount - 01.01.2024	**44,450**	**338,938**	**8,825**	**392,213**
Investments	860	62,465	3,277	66,602
Changes due to revisions of asset retirement obligations	3,909	1,812	-	5,721
Disposals	(184)	(945)	(96)	(1,225)
Depreciation charge	(2,797)	(48,333)	(3,885)	(55,015)
Reclassifications	327	(41)	567	853
Carrying amount - 12.31.2024	**46,565**	**353,896**	**8,688**	**409,149**
12.31.2024				
Gross value	96,333	997,480	59,751	1,153,564
Accumulated depreciation	(49,768)	(643,584)	(51,063)	(744,415)
Carrying amount	**46,565**	**353,896**	**8,688**	**409,149**
Of which held for sale				(1,045)
				408,104

This table also contains property, plant and equipment assets subject to operating leases, for further information see Note 17.3.

The right-of-use assets by class of underlying asset are listed in the table below.
For further information see Note 17.

	Land and Buildings	Telecom equipment	Other equipment	Total
01.01.2023				
Gross value	105,100	52,579	15,601	173,279
Accumulated depreciation	(38,341)	(12,427)	(5,622)	(56,389)
Carrying amount - 01.01.2023	**66,759**	**40,152**	**9,979**	**116,890**
Investments	10,648	11,334	1,927	23,909
Disposals	(682)	(155)	(165)	(1,002)
Depreciation charge	(12,620)	(4,798)	(3,535)	(20,953)
Reclassifications	-	(1,286)	-	(1,286)
Carrying amount - 12.31.2023	**64,105**	**45,247**	**8,206**	**117,558**
12.31.2023				
Gross value	114,314	61,610	16,545	192,469
Accumulated depreciation	(50,209)	(16,363)	(8,339)	(74,911)
Carrying amount	**64,105**	**45,247**	**8,206**	**117,558**
Carrying amount - 01.01.2024	**64,105**	**45,247**	**8,206**	**117,558**
Investments	18,022	10,526	3,196	31,744
Disposals	(810)	(308)	(90)	(1,208)
Depreciation charge	(13,520)	(5,137)	(3,389)	(22,046)
Reclassifications	-	(853)	-	(853)
Carrying amount - 12.31.2024	**67,797**	**49,475**	**7,923**	**125,195**
12.31.2024				
Gross value	129,888	69,723	18,095	217,706
Accumulated depreciation	(62,091)	(20,248)	(10,172)	(92,511)
Carrying amount	**67,797**	**49,475**	**7,923**	**125,195**

The closing balance of Property, plant and equipment (PPE) includes assets under construction in an amount of HUF 41,835 million as at December 31, 2024 (2023: HUF 37,475 million). In the table above, the assets under construction are shown in the categories where the asset is expected to be classified when placed into service.

To achieve its strategic objectives, the Group is constantly upgrading its facilities to keep pace with technological developments, with a particular focus on energy efficiency and environmentally friendly solutions. In this context, the following major investments are in progress:

- Fixed network development through optical roll-out, including the replacement of old and obsolete copper networks with a more efficient and higher speed solution, enabling the provision of multiple high-quality services to customers. Upgrading and replacing the legacy transport networks also provides an opportunity for energy-saving features.
- Modernizing the RAN (Radio Access Network) replacing the legacy radio-technic equipment that delivers significant energy-saving of the mobile network and at the same time extends its capacity. The modernized RAN can accelerate 5G coverage developments enabling the provision of wide range of beneficial services such as IoT, and operate at ultra-high speeds, significantly improving user experience.
- Upgrading and greening the infrastructure of technological buildings, including replacing or improving air conditioning and electrical systems.

As is common in the ICT sector, customers are not the owners of CPE devices, these are leased assets that must be returned to the company when the contract expires. For all returned assets, appropriate reuse or recycling is ensured in accordance with the legal requirements.

For further information see Chapter ESRS E5 Resource use and circular economy in the Separate sustainability statement.

Changes due to revisions of asset retirement obligations represent the adjustments of the carrying amounts of the assets against a provision for asset retirement obligation (see also Note 13.2.4).

No impairment was identified in 2023 and 2024.

The Company has no PPE with restricted titles or pledged as security either as at December 31, 2024 or December 31, 2023.

9.3 Review of useful lives

Reviews of the useful lives (and residual values) of property, plant and equipment based on the strategic directions and accepted annual development plans affected the useful lives of a large number of assets. The investments made with a view of environmentally friendly operation did not affect the useful life of the assets in use and therefore there was no change in the depreciation charge.
The revisions resulted in the following change in the original trend of depreciation in the current and future years.

Effect of revision in 2024	2024	2025	2026	2027	After 2027
Increase / (decrease) in depreciation expense …	(469)	(847)	92	184	1,040

Effect of revision in 2023	2023	2024	2025	2026	After 2026
Increase / (decrease) in depreciation expense …	480	(1,368)	581	392	(85)

10 Intangible assets

10.1 Intangible assets – Accounting policies

Intangible assets (excluding goodwill) are measured at historical cost less accumulated amortization and any accumulated impairment losses.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use. Costs associated with developing or maintaining software programs are generally recognized as an expense as incurred. Costs directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee-related costs and an appropriate portion of relevant overhead and borrowing costs. Most computer software capitalized include acquired elements representing the majority of the cost and own costs incurred to a lesser extent. These are considered non-self-developed software. Computer software fully developed by own resources represent an immaterial portion of all software, therefore these are not disclosed separately.

Costs associated with the acquisition of long-term frequency licenses are recognized as an intangible asset when the Company receives a right to charge users of the service provided under the license. The present value of the future annual payments for the use of the frequencies are also capitalized if these payments can be estimated reliably, or otherwise recognized as Other operating expenses in the year the payment obligation refers to. The useful lives of frequencies and licenses are determined based on the underlying agreements and are amortized on a straight-line basis over the period from availability of the frequency for commercial use until the end of the initial license term.

Amortization of intangible assets is calculated on a straight-line basis from the time the assets are deployed and charged over their economic useful lives. Other than goodwill, the Company has no intangible assets with indefinite useful life. The amortization expense and recognized impairment are presented in the depreciation and amortization line of the Statement of profit or loss and other comprehensive income.

Intangible assets with a useful life of exactly one year are recognized if, and only if, the intangible asset was acquired before the beginning of the useful life (e.g. before the beginning of the license period of an acquired license.)

Magyar Telekom reviews the useful lives and residual value on an annual basis, for further details see Note 3.1 On the groups of assets impacted by the most recent useful life revisions refer to Note 10.3.

The estimated useful lives of intangible assets other than goodwill are as follows:

	Years
Software	1-24
Frequencies and licenses	3-25
Other intangible assets	3-10

Goodwill is carried at cost less any accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity or business include the carrying amount of goodwill allocated to the entity or business sold. See also Note 3.2.

In determining whether an asset that incorporates both intangible and tangible elements should be treated as tangible asset under IAS 16 - Property, Plant and Equipment or as an intangible asset under IAS 38 – Intangible Assets, management uses judgement to assess which element is more significant and recognizes the assets accordingly.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

10.2 Intangible assets in the Statement of financial position

	Goodwill	Frequencies and licenses	Software	Other	Total
01.01.2023					
Gross value	173,572	262,696	280,446	18,982	735,696
Accumulated amortization	-	(35,589)	(216,326)	(12,076)	(263,991)
Carrying amount	**173,572**	**227,107**	**64,120**	**6,906**	**471,705**
Carrying amount – 01.01.2023	**173,572**	**227,107**	**64,120**	**6,906**	**471,705**
Investments	-	586	18,317	3,903	22,806
Disposals	-	-	-	-	-
Amortization charge	-	(16,003)	(18,244)	(2,758)	(37,005)
Reclassification	-	-	-	-	-
Carrying amount – 31.12.2023	**173,572**	**211,690**	**64,193**	**8,051**	**457,506**
12.31.2023					
Gross value	173,572	263,283	290,757	20,931	748,543
Accumulated amortization	-	(51,593)	(226,564)	(12,880)	(291,037)
Carrying amount	**173,572**	**211,690**	**64,193**	**8,051**	**457,506**
Carrying amount – 01.01.2024	**173,572**	**211,690**	**64,193**	**8,051**	**457,506**
Investments	-	-	20,550	1,324	21,874
Disposals	-	(457)	(10)	-	(467)
Amortization charge	-	(15,918)	(19,019)	(3,799)	(38,736)
Reclassifications	-	-	(2)	2	-
Carrying amount – 31.12.2024	**173,572**	**195,315**	**65,712**	**5,578**	**440,177**
12.31.2024					
Gross value	173,572	261,407	295,502	21,846	752,327
Accumulated amortization	-	(66,092)	(229,790)	(16,268)	(312,150)
Carrying amount	**173,572**	**195,315**	**65,712**	**5,578**	**440,177**
Of which held for sale		(1,223)			(1,223)
	173,572	**194,092**	**65,712**	**5,578**	**438,954**

Investments represent the regular investing activity in intangible assets. The book value of Frequencies and licenses represents the frequencies initially recognized consisting of the one-time spectrum fee and the present value of annual band fees related to spectrums band. The useful life of these frequencies and the present value calculations are based on the term of rights of use for these frequencies. For further information see Notes 4.4.4.1, 8, 10.5 and 28.

The Company has no intangible assets with restricted title or pledged as security either as at December 31, 2024 or December 31, 2023.

10.3 Useful lives

The reviews of the useful lives of intangible assets based on the strategic direction and accepted annual development plans affected the useful lives of a large number of assets, primarily software. The investments made in the context of environmentally friendly operations did not affect the useful life of the assets in use and therefore there was no change in the depreciation charge.

The revisions resulted in the following change in the original trend of amortization in the current and future years.

Effect of revision in 2024	2024	2025	2026	2027	After 2027
Increase / (decrease) in depreciation expense	2,002	445	656	278	(3,381)

Effect of revision in 2023	2023	2024	2025	2026	After 2026
Increase / (decrease) in depreciation expense.	(117)	(1,938)	(879)	(45)	2,979

10.4 Goodwill

The Company recognized goodwill on investments that merged into the Company after their acquisition.

	12.31.2023	12.31.2024
T-Mobile	161,374	161,374
Emitel Zrt.	6,471	6,471
KTV/T-Kábel	4,408	4,408
Modultechnika Kft.	703	703
Kábel TV	462	462
Dél-Vonal Kft.	100	100
T-Online	54	54
Total	**173,572**	**173,572**

The Company is a considerable part of the MT-Hungary segment on Magyar Telekom Group level. The goodwill presented in the Company was tested as the considerable portion of this segment. The recoverable amount of the MT Hungary segment significantly exceeds the carrying amount, therefore there is no indication that the goodwill presented in the Company may be impaired.

For the goodwill impairment tests, the total amount of goodwill was allocated to the operating segments of the Group and the recoverable amounts of the operating segments were determined based on fair values less costs of disposal based on Level 3 inputs in the fair value calculations (Note 4.5.1). For further information, please also see Note 3.2.

	12.31.2023			12.31.2024		
	Carrying amount of			Carrying amount of		
	goodwill allocated	operating segment (incl. goodwill)	Recoverable amount of operating segment	goodwill allocated	operating segment (incl. goodwill)	Recoverable amount of operating segment
MT-Hungary	192,514	1,063,601	2,486,970	192,514	1,068,248	3,002,165

The Group regularly carries out the annual impairment test on goodwill in the last quarter of the financial years, while a simplified goodwill impairment test is conducted quarterly based on the main input changes. During the impairment tests conducted in 2023 and 2024 no goodwill impairment was established for any goodwill.

10.5 Frequencies and licences

Magyar Telekom's primary activities are the fixed-line and mobile operations in Hungary. These services are regulated by European and national legislations.

In Hungary the foundation of spectrum regulation, as in other areas of regulation, is provided by EU legislation: the EU established Directive (EU) 2018/1972, the Electronic Communications Code, in 2018. The current structure of Hungarian telecommunications regulation was developed following the transposition of the Code, with spectrum regulation being a significant cornerstone.

The spectrum, or radio frequency, is the exclusive property of the state, according to the Act on National Assets. Access to the spectrum is based on frequency usage rights, which providers previously acquired through tendering procedures, and now primarily through auctions, ensuring the implementation of the principle of efficient spectrum management. In 2013, the NMHH (National Media and Infocommunications Authority) enacted Regulation 7/2013 (IX.19.) NMHH, which created the possibility of secondary spectrum trading in Hungary, meaning the framework for transferring or leasing frequency usage rights.

The regulatory authority (NMHH) grants exclusive rights of use for frequency bands for a fixed period of time in its decisions, on the basis of which the expected useful lives have been determined.

The carrying values and remaining amortization periods of the significant licenses are listed in the table below.

	12.31.2023		12.31.2024	
	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
700 MHz	34,234	16	32,127	15
800 MHz	23,069	10	20,872	9
900 MHz	35,034	10-19	33,021	9-18
1800 MHz	59,894	10-19	55,943	9-18
2100 MHz	22,991	3-16	18,325	2-15
2600 MHz	10,381	10	9,392	9
26 GHz	48	3	12	3
3600 MHz	25,346	16	23,786	15
32 GHz	563	14	524	13
Other	130	3	90	2
Total frequencies and licenses	**211,690**		**194,092**	

Frequency transactions

On February 10, 2023, the National Media and Infocommunications Authority (NRA) published the documentation for the sale of the 32 GHz frequency band, following the consultation on the planned auction documentation procedure among professional stakeholders on November 22, 2022.

The participants in the auction of the 32 GHz frequency band were Magyar Telekom, One Magyarország Zrt. (formerly Vodafone Magyarország Zrt.) and CETIN Hungary Zrt. In the procedure, the operators acquired 18 of the 24 duplex sales units offered by the NRA. According to the NRA resolution published on May 23, 2023, Magyar Telekom has successfully secured the usage of 6 frequency blocks and the corresponding 336 MHz obtained. Frequency bands acquired are valid until 2038 and could be extended once with five years.

In August 2024, Magyar Telekom has signed a transfer agreement on transferring the usage right of 2x5 MHz frequency block in the 2100 MHz band to Yettel Magyarország Zrt. At December 31, 2024, this frequency was recognized as held for sale intangible assets (see Note 8). The sale took place in January, 2025.

11 Investments

11.1 Investments – accounting policies

Investments in subsidiaries, associates and joint ventures are measured at cost less any accumulated impairment losses. Cost of an investment is the fair value of consideration given, including contingent considerations and transaction costs incurred during the acquisition process.

The Company examines whether an investment may or may not be impaired by using internal and external information.

Magyar Telekom implemented the requirements of the IAS 36 standard as follows:

If the carrying amount of investment exceeds HUF 20 billion, then its recoverable amount is always analyzed using a DCF model (irrespective of whether there is any indication of impairment or not).

If the carrying amount of an investment does not exceed HUF 20 billion then the Company examines, considering the following, whether there were any changes related to these investments which requires the preparation of impairment assessment based on the DCF model:

1) The Company examines whether during the period there were or whether there are expected to be any significant adverse changes in the market or in the technological, economic and legal environment of the investment.
2) The company examines the forecasted results of its investments.
3) If subsidiaries, joint ventures or associates pay dividend then it has to be examined whether the investments' carrying amount in the Company's Separate financial statements exceeds the carrying amount of the investee's net assets (including goodwill) recognized in the Consolidated financial statements.

If the carrying amount of the investment exceeds its recoverable amount, the Company recognizes the necessary impairment loss.
For further information see Note 3.2.2.

11.2 Investments

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are presently exercisable or presently convertible are also considered when assessing whether the Company controls another entity.

As December 31, 2023, and 2024, the Company's investments in subsidiaries are summarized as follows.

	01.01.2023 Opening balance	Changes in 2023	12.31.2023 Carrying amounts	Changes in 2024	12.31.2024 Carrying amounts
Stonebridge AD	77,999	-	77,999	-	77,999
Telekom Rendszerintegráció Zrt.	41,984	-	41,984	-	41,984
Cecoin Kft.	3,817	(3,817)	-	-	-
Combridge SRL	2,544	-	2,544	-	2,544
Novatel EOOD	1,999	-	1,999	-	1,999
Investel Zrt.	1,658	-	1,658	-	1,658
Other	5,426	-	5,426	-	5,426
Total	**135,427**	**(3,817)**	**131,610**	**-**	**131,610**

In 2023 the voluntary liquidation of Cecoin Kft., 100% owned by the Company, has been finished and the Court of Registration deleted the Company from the register on September 27, 2023.

Short descriptions of companies in which Magyar Telekom has significant shares:

Stonebridge Communications AD Skopje (Stonebridge AD)
In December 2000, Magyar Telekom, on behalf of a consortium, reached an agreement with the government of the Republic of North Macedonia to purchase 51% of Makedonski Telekom AD Skopje, the leading telecommunication provider of North Macedonia. The 51% ownership acquired by Magyar Telekom was contributed in 2001 to a newly established Macedonian holding company, Stonebridge AD residing in Skopje which is owned 100% by Magyar Telekom.

Telekom Rendszerintegráció Zrt. (former T-Systems Magyarország Zrt.)
In 2006 Magyar Telekom purchased the 100% ownership in KFKI Zrt. (predecessor of T-Systems Magyarország Zrt.). In the course of the years the company acquired several firms which subsequently merged into the company.
On January 31, 2022, the Magyar Telekom Group sold its 100% shareholding in Pan-Inform Kft. by its sole owner of T-Systems Magyarország Zrt. The scope of the agreement covered the support and development operations provided for central digital healthcare services in Hungary and for the related hospital information system, that partially had been involved in the operation of T-Systems Magyarország Zrt. at year-end 2022. This transaction did not affect the value of the investment.
On February 1, 2023, the company name of T-Systems Magyarország Zrt. changed to Telekom Rendszerintegráció Zrt.

Combridge SRL
The company is an alternative telecommunication service provider of Romania. Its main activities are: international and domestic leased line connection, international internet access, international IPVPN services, roaming services and international VoIP call termination. Magyar Telekom has a 100% share in Combridge SRL.

Novatel EOOD
The company was established in 2004 with headquarters in Bulgaria. The company's main activities are: international and domestic leased line connection, international internet access and IPVPN services, roaming services, infocommunication business solutions and international call termination. Magyar Telekom has a 100% share in Novatel EOOD.

A joint arrangement is an arrangement whereby two or more parties have joint control.
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company had no investment in joint ventures either at December 31, 2023 or December 31, 2024.

Associates are entities over which the Company has significant influence but not control, generally reflecting a voting right between 20% and 50%.

The Company had no investment in associates either at December 31, 2023 or December 31, 2024.

11.3 Joint operations

Magyar Telekom and Yettel Magyarország Zrt. agreed in 2015 to jointly operate and develop their 800 MHz 4G mobile networks in all parts of Hungary except Budapest. The primary goal of the agreement was to accelerate 4G mobile broadband coverage rollout in the countryside and to offer higher bandwidth to the 4G customers, in line with the coverage obligations of the 800 MHz spectrum contract signed in 2014 with the NRA. Based on the agreement, Yettel maintains sites in West Hungary and Magyar Telekom operates base stations in the eastern region of the country.

The Company assessed the agreement as joint operation as strategic decisions are made jointly by Magyar Telekom and Yettel, and there is no separate vehicle to control the operation of the arrangement. The Company does not share the obligations for liabilities and any returns or expenses beyond the assets included in the agreement.

Therefore, only the assets owned by the Company are recognized while there is no need to present the partner’s assets, liabilities, or revenue and expenses. The charges from Magyar Telekom to Yettel and from Yettel to Magyar Telekom are almost equal and settled on a net basis and accounted for in the Statement of profit or loss and other comprehensive income on a gross basis and the effect of this settlement is not significant.

If any of the parties initiates the termination of this contract, in order to ensure the continuous service for the customers the Company might be exposed to additional capital expenditure. The probability is currently estimated remote by the Management.

12 Other assets

Other assets usually include current and non-current receivables considered as non-financial instruments.

12.1 Other current assets

	12.31.2023	12.31.2024
Accrued income and prepayments for costs and expenses	3,627	2,379
Other tax receivable	264	191
Other receivables	517	1,051
Total	**4,408**	**3,621**

12.2 Other non-current assets

	12.31.2023	12.31.2024
Asset recognized from the costs of obtaining a contract with customers (Notes 3.4, 18.1.1 and 18.4.)	6,981	7,603
Asset recognized from the costs to fulfill a contract with customers (Notes 3.4, 18.1.1 and 18.4.)	1,711	3,766
Other	16	8
Total	**8,708**	**11,377**

13 Provisions

13.1 Provisions – Accounting policies

Provisions are recognized when Magyar Telekom has a present legal or constructive obligation (excluding executory contracts) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are measured and recorded as the best estimate of the economic outflow required to settle the present obligation at the financial statement date. The estimate can be calculated as the weighted average of estimated potential outcomes or can also be the single most likely outcome.

Provisions for obligations expected to fall due after 12 months are generally recognized at their present value and are accreted (against Interest expense) until utilization or reversal.

Expenses for provisions are recognized in the line item of the Statement of profit or loss and other comprehensive income where the actual expense is expected to be incurred. When a provision is released unused, it is released typically to the same line item of the Statement of profit or loss and other comprehensive income where it was originally provided for.

13.2 Provisions in the Statement of financial position

	Severance payment	Share-based payments	Other employee-related	Total employee-related	Legal cases	ARO	Other	Total
01.01.2023	**742**	**1,790**	**13**	**2,545**	**1,496**	**9,547**	**487**	**14,075**
Reversed	(152)	(119)	(10)	(281)	(644)	(194)	(300)	(1,419)
Additions	1,315	1,207	1	2,523	20	508	412	3,463
Interest	-	19	-	19	(712)	767	-	74
Utilized (incl. interest component)	(1,153)	(992)	(4)	(2,149)	(140)	(44)	(193)	(2,526)
12.31.2023	**752**	**1,905**	**-**	**2,657**	**20**	**10,584**	**406**	**13,667**
Of which current	702	880	-	1,582	20	35	146	1,783
Of which non-current	50	1,025	-	1,075	-	10,549	260	11,884
01.01.2024	**752**	**1,905**	**-**	**2,657**	**20**	**10,584**	**406**	**13,667**
Reversed	(173)	(205)	-	(378)	(1)	(119)	(33)	(531)
Additions	2,459	1,877	-	4,336	1	5,721	220	10,278
Interest	-	35	-	35	(9)	851	-	877
Utilized (incl. interest component)	(1,438)	(881)	-	(2,319)	(11)	(167)	(122)	(2,619)
12.31.2024	**1,600**	**2,731**	**-**	**4,331**	**-**	**16,870**	**471**	**21,672**
Of which current	1,582	1,283	-	2,865	-	36	149	3,050
Of which non-current	18	1,448	-	1,466	-	16,834	322	18,622

The Interest lines in the table above include the subsequent unwinding of the discount applied at initial recognition and the interest element of any provision recognized, as well as the release of the interest / accretion element in the case of reversal of provisions.

Magyar Telekom does not expect any reimbursement with regards to the provisions recognized, therefore no related assets have been recognized in the financial statements.

13.2.1 Severance payment

The majority of the provision for severance as at December 31, 2024 relates to the stand-by-pool and the employee terminations payable in relation to the 2025 efficiency improvement in Magyar Telekom. The stand-by-pool of employees includes people whose legal status is an employee, however, these people do not provide services to the Company anymore, but the Company provides a reduced amount of compensation and pays social security expenses for them. This is a manner of severance that is not paid in one lump sum but in monthly installments following the discontinuation of services. The majority of the provision for severance as at December 31, 2023 also related to the stand-by-pool and the employee terminations paid in relation to the 2024 efficiency improvement in Magyar Telekom.

311 employees left the Company in 2024 (2023: 395), related to which termination payments were made. The balance of provision as at December 31, 2024 relates to 148 employees and stand-by-pool of employees (2023: 85).

The total payments made in relation to employee termination in 2024 amounted to HUF 1,802 million (2023: HUF 1,586 million).

13.2.2 Share-based payments

Share-based payments are detailed in Note 20.1.2.

13.2.3 Legal cases

Provisions for legal cases mainly include amounts expected to be paid to regulatory and competition authorities as well as to ex-employees and trading partners as a result of legal disputes.

13.2.4 Asset retirement obligations (ARO)

Asset retirement obligations primarily exist in the case of the telecommunications structures constructed on third parties' properties. The Company carries out a revision of the necessary provisions every year. The revisions resulted in recognizing additional HUF 5.7 billion provision against PPE in 2024, while there was no material impact in 2023.

13.2.5 Other provisions

Other provisions include guarantee obligations, onerous contracts and further other individually small items.

14 Other current liabilities

		12.31.2023	12.31.2024
Other taxes and social security		10,443	9,059
Salaries and wages		6,822	7,287
Supplementary telecommunication tax	(a)	5,539	6,421
Deferred revenue and advances received		2,196	3,046
Other liabilities		27	7
Total		**25,027**	**25,820**

(a) On June 4, 2022, the Government of Hungary issued a decree (Government Decree of 197/2022. (VI.4.)) imposing a new type of tax on a number of industries, including telecommunications. For further information see Notes 2.3 and 21.2.

15 Other non-current liabilities

The table below shows the balances of Other non-current liabilities.

	12.31.2023	12.31.2024
Other liabilities – non-current	1,586	1,129

Bonds were initially recognized in 2020 at fair value (HUF 67,875 million) net of transaction costs (HUF 12 million) incurred and increased by premium received (HUF 2,948 million), which resulted in a 1.26% yield. The bond is subsequently measured at amortized cost under IFRS 9. Any difference between the proceeds (net of transaction cost) and the redemption amount are recognized in profit or loss over the period of the liability using the effective interest method.

For further information please see Note 4.4.2.

16 Equity

Equity reconciliation table

In accordance with Act C of 2000 on Accounting (HAR) effective in Hungary, the following equity reconciliation table shows the reconciliation between the components of equity presented in these Separate financial statements (under EU IFRS Accounting Standards) and the equity components defined by Section 4 (a) 114/B of HAR. The reconciliation consists of an allocation of equity components under EU IFRS Accounting Standards to equity components under HAR and adjustments for differences between the equities determined on different bases.

	31.12.2023	31.12.2024
Common stock	97,156	93,862
Reserves	543,240	564,803
Treasury stock	(18,742)	(26,496)
Profit or loss for the year	74,439	154,012
Equity in accordance with IFRS Accounting Standards (Section 4 114/B)	**696,093**	**786,181**
Section 4 (a) 114/B Equity	**696,093**	**786,181**
Common stock provided for by the articles of association if that qualified as an equity instrument	97,156	93,862
Nominal value of own shares repurchased (-)	(4,178)	(3,004)
Section 4 (b) 114/B Common stock in accordance with IFRS Accounting Standards*	**92,978**	**90,858**
Section 4 (c) 114/B Subscribed but unpaid capital	**-**	**-**
Sum of all part of equity that does not comply with the definitions of common stock, subscribed but unpaid capital, retained earnings, valuation reserve, profit or loss for the year or restricted reserves in accordance with IFRS Accounting Standards	10,945	1,152
Section 4 (d) 114/B Capital reserves	**10,945**	**1,152**
Previous years' profit accumulated and not yet distributed for the owners disclosed in the financial statements in accordance with IFRS Accounting Standards that may not include other comprehensive income (±)	517,731	540,159
Section 4 (e) 114/B Retained earnings	**517,731**	**540,159**
Section 4 (f) 114/B Valuation reserve	**-**	**-**
Profit or loss for ongoing activities disclosed in statement of performance in its own right within the comprehensive income statement or in the separate profit and loss statements	74,439	154,012
Section 4 (g) 114/B Profit or loss for the year	**74,439**	**154,012**
Section 4 (h) 114/B Restricted reserves	**-**	**-**
Section 5 (a) 114/B Reconciliation of the capital registered by the Court of Registry with the subscribed capital under IFRS Accounting Standards		
Capital registered by the Court of Registry	97,156	93,862
Subscribed capital under IFRS Accounting Standards	92,978	90,858
Difference (nominal value of treasury stock repurchased)	**4,178**	**3,004**
Section 5 (b) 114/B Untied retained earnings available for the payment of dividends		
Retained earnings (contains profit or loss of the last financial year)	592,170	694,171
Untied retained earnings available for the payment of dividends	**592,170**	**694,171**

*Common stock shows the value of common stock recorded in article of association in the Statement of financial position, the table above contains the deduction defined in the relevant sections of the Hungarian Act on Accounting.

17 Leases

17.1 Leases – Accounting policies

A contract is a lease (or contains a lease) if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

17.1.1 Short-term leases, low value leases

IFRS 16 includes recognition exemptions available to lessees for short-term leases and leases of low value items and specifies alternative requirements.

- In the Company, a decision was made not to apply the short-term recognition exemptions to lease contracts, except for some minor and insignificant lease arrangements with a lease term of one month or less. Such very short-term leases and related asset classes are expensed as incurred and no additional quantitative disclosure is required.
- The Company has made the decision not to apply the practical expedient with respect to low value items. Hence, they have to be recognized, measured and presented as lease arrangements in the scope of IFRS 16.

17.1.2 Lease term

The lease term assessment at the commencement date refers to the period for which Magyar Telekom is reasonably certain to maintain the contract under the terms and conditions as originally negotiated. When determining the lease term, the shortest reasonably possible, i.e. justifiable, term is always to be used in the case of doubt. The lease term assessment is largely based on management judgement and Magyar Telekom usually use estimates or assumptions (especially in case of options and indefinite contracts) on asset cluster level.

Options- “Reasonably certain criteria”

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, lessees and lessors shall consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

17.1.3 Lease payments

The Company decided to apply the practical expedient not to separate lease from non-lease components on the lessee side (except data centers; car fleet). As a result, lease and non- lease components will be considered a single lease component.

In accordance with the recognition and measurement requirements in IFRS 16, the initial measurement of the lease liability includes variable lease payments that depend on an index or rate, e.g. the consumer price index (CPI) or a market interest rate, such as the Budapest Interbank Offered Rate (BUBOR).

In contrast, variable lease payments that are not based on an index or rate (e.g. for example, variable lease payments linked to performance or usage of the underlying asset) and which are not in-substance fixed payments are not included in lease payments and recognized in profit or loss in the period in which the event or condition occurs that triggers those payments.

17.1.4 Reassessment of the lease liability

Under IFRS 16, a reassessment of the lease liability only takes place if the change is based on already existing contractual clauses, i.e. those that have been part of the contract since commencement.

A lessee reassesses the lease term, i.e. whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee; and affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

17.1.5 Accounting for lease modifications

A lease modification is defined as “a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term)”. Modification can result from a change in consideration only. The effective date of the modification is defined as the date when both parties agree to a lease modification.

A lessee accounts for a lease modification as a new, separate lease if both of the following conditions are fulfilled:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount equivalent to the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not a separate lease, i.e. that does not meet the conditions outlined above, at the effective date of the modification, the lessee accounts for the lease modification by remeasuring the lease liability using a discount rate determined at that date and:

- for lease modifications that decrease the scope of the lease, the lessee decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes a gain or loss that reflects the proportionate decrease in scope; and
- for all other lease modifications, the lessee makes a corresponding adjustment to the right-of-use asset.

When a lease arrangement is modified, then the revised lease payments will always be discounted with a revised discount rate. This is different from the requirements for a reassessment of the lease, where only in specific cases a revised discount rate is required.

17.1.6 Presentation and disclosures for Magyar Telekom as lessor

In the Statement of profit or loss and other comprehensive income, the income from operating leasing is not disclosed separately from other revenue.

Note 18.3 provides a further breakdown of revenue, includes the revenue from operating leases in the line Other sources.

Magyar Telekom as a Lessor presents assets subject to operating leases in its Statement of financial position according to the nature of the underlying asset. In the Company, portions of assets that are physically distinct and are identified as underlying assets (leases) are not presented separately from the whole asset in the Statement of financial position.

17.1.7 Other lease topics

During 2023 and 2024, sale and leaseback and sublease transactions had no material effect on Separate financial statements of Magyar Telekom.

17.2 Finance lease

17.2.1 Finance lease – Company as lessor

Finance leases mainly include building and equipment – dark fibres, broadband network, offices, sites – provided to business customers as part of IT service contracts where the Company is the service provider.

Future lease receivables under finance leases at December 31, 2023 and 2024 are as follows:

	12.31.2023			12.31.2024		
	Present value	Interest component	Minimum lease receipt	Present value	Interest component	Minimum lease receipt
Within 1 year.....	148	100	248	166	96	262
1–2 years.....	148	90	238	102	86	188
2–3 years.....	97	81	178	111	77	188
3–4 years.....	105	73	178	120	68	188
4–5 years.....	114	63	177	121	57	178
After 5 years	602	151	753	523	104	627
Total	**1,214**	**558**	**1,772**	**1,143**	**488**	**1,631**

The interest component represents the unearned finance income. The present value due within one year is included in Other current financial assets, while the present value after one year is included in Other non-current financial assets. The finance income accruing to the Company over the lease term is recognized in the Profit for the period (Interest income). See Note 23.

The unguaranteed residual values accruing to the benefit of the Company are insignificant.

17.2.2 Lease – Company as lessee

Leases are mainly in respect of the rental of the new headquarters, mobile cell sites and sale and lease back of spaces in buildings accommodating telephone exchanges, and to a lesser extent, related to other buildings, network and other telecommunications facilities, equipment and vehicle.

In most cases the contracts are denominated in HUF and EUR, the term of the leases is 1–14 years, and the contracts include renewal options but no purchase options.

Leases of buildings generally have lease terms between 1 and 12 years, in case of telecom equipment 4 and 14 years, while these terms are between 2 and 4 years for motor vehicles and other equipment. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios.

The maturity analysis of lease liabilities is disclosed in Note 5.1.3.

The followings are the amounts recognized in profit or loss:

		2023	2024
Depreciation expense of right-of-use assets		20,953	22,046
Interest expense on lease liabilities		7,003	6,911
Foreign exchange loss on lease liabilities		(2,449)	3,194
Expense relating to variable lease payments not included in the measurement of lease liabilities	(a)	1,943	1,583
Income from subleasing right-of-use assets		544	323

(a) From January 1, 2022, the treatment of rental fees based on subscriber/service number has changed according to IFRS 16, as they are classified as variable (performance-based) payments, so they must be accounted for in the Statement of profit or loss and other comprehensive income. The network rental contracts were affected by the change. Related to these contracts the future cash outflows for variable lease payment that are not reflected in the measurement of lease liabilities are HUF 4,708 million in 2024 (HUF 8,021 million in 2023).

The Company had total cash outflows for leases of HUF 23,891 million in 2024 (HUF 21,998 million in 2023). The Company has various lease contracts that have not yet commenced as at December 31, 2024. The future lease payments for these non-cancellable lease contracts are HUF 3,069 million in 2024 (HUF 9,777 million in 2023).

The amount of undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term is HUF 17,577 million in 2024 (HUF 15,962 million in 2023).

The Company initially estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability. Typically, the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the Company does not expect to pay anything under the guarantees.

At the end of each reporting period, the expected residual value is reviewed to reflect actual residual values achieved on comparable assets and expectations about future prices.

As at December 31, 2024, there is no amount of residual value guarantees to which the Company is potentially exposed that are not reflected in the measurement of lease liabilities (HUF 0 million in 2023).

17.3 Operating leases – Company as lessor

The following table includes the future minimum lease payments receivable by the Company for the operating leases of mobile tower sections, network, dark fiber, buildings and customer premise equipment.

	12.31.2023	12.31.2024
Within 1 year	4,566	5,555
1–2 years	4,121	4,958
2–3 years	3,852	4,417
3–4 years	3,549	4,249
4–5 years	3,039	3,651
After 5 years	1,477	1,794
Total	**20,604**	**24,624**

The lease income from operating leases is HUF 10,755 million in 2024 (HUF 6,858 million in 2023). The Company has no lease income relating to variable lease payments that do not depend on an index or rate.

The estimated expected credit loss on operating lease receivables considered to be not material and not recognized.

The following table disaggregates class of property, plant and equipment into assets subject to operating leases:

	Land and Building	Telecom equipment	Total
01.01.2023			
Gross value	3,643	9,133	12,776
Accumulated depreciation	(1,711)	(2,071)	(3,782)
Carrying amount 01.01.2023	**1,932**	**7,062**	**8,994**
Carrying amount 01.01.2023	**1,932**	**7,062**	**8,994**
Additions	194	4,218	4,412
Disposal	(115)	(156)	(271)
Depreciation charge	(127)	(1,975)	(2,102)
Carrying amount 12.31.2023	**1,884**	**9,149**	**11,033**
12.31.2023			
Gross value	3,780	13,119	16,899
Accumulated depreciation	(1,896)	(3,970)	(5,866)
Carrying amount 12.31.2023	**1,884**	**9,149**	**11,033**
Carrying amount 01.01.2024	**1,884**	**9,149**	**11,033**
Additions	157	3,545	3,702
Disposal	-	(23)	(23)
Depreciation charge	(115)	(2,624)	(2,739)
Carrying amount 12.31.2024	**1,926**	**10,047**	**11,973**
12.31.2024			
Gross value	3,836	16,633	20,469
Accumulated depreciation	(1,910)	(6,586)	(8,496)
Carrying amount 12.31.2024	**1,926**	**10,047**	**11,973**

18 Revenue

18.1 Revenue – Accounting policies

18.1.1 Sale of goods and rendering of services

The core principle of IFRS 15 is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services.

Revenue should be recognized if it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. If the Company determines that collectability is no longer ensured (e.g. because subsequently the customer's ability or intent to pay significantly deteriorates), the Company must apply cash accounting for the remainder of the contract, i.e. for the outstanding goods and services to be provided. This reassessment does not affect recorded assets and revenue relating to performance obligations already satisfied.

Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised good or service to a customer. Control either transfers over time or at a point in time, which affects when revenue is recorded.

As a practical expedient, the Company applies the guidance to a group of contracts with similar characteristics instead of to a single contract with a customer. A portfolio approach is acceptable if the Company can reasonably expect that the effect of applying a portfolio approach to a group of contracts or group of performance obligations would not differ materially from considering each contract or performance obligation separately. This implies that a portfolio of contracts with similar characteristics does not necessarily need to refer to homogenous products being included in these contracts.

Main principles

- If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company shall present the contract as a Contract asset, excluding any amounts presented as a receivable. A contract asset is the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer.
- In the case of multiple-element arrangements (e.g., mobile contract plus handset) with subsidized products delivered in advance, a larger portion of the total remuneration is attributable to the component delivered in advance (mobile handset), requiring earlier recognition of revenue. This leads to the recognition of what is known as a contract asset in the Statement of financial position. See Note 3.4 for more details.
- Incremental expenses for sales commissions (customer acquisition costs or costs of obtaining a contract) and costs to fulfill a contract with a customer must be capitalized and presented on the Other current and non-current assets lines of the Statement of financial position and recognized over the estimated customer retention period or over the useful life of the contracts, see Notes 3.4 and 12.2 and 18.4 for more details.
- Later recognition of revenue appears in cases where "material rights" are granted, such as offering additional discounts for future purchases of further products.
- Contract liabilities are netted off against the contract assets for each customer contract.
- The Company presents the revenue on gross basis (as principal) when it controls the specified goods or services before they are transferred to the customer, and it must be transferred by the Company.
- When the Company is a reseller of supplier's branded digital products and is the legal seller of these products, it should generally be considered primarily responsible towards the customer for providing the promised goods or services when both of the following conditions are fulfilled:
  - The Company is the only party which the customer enters into a contract with;
  - The Company must be the only party that is responsible towards the customer for product acceptability, providing support, handling complaints and rectifying product issues.
- A significant financing component is not considered for the amount and timing of revenue recognition if the period between when a promised good or service is transferred to the customer and when the customer pays for that good or service will be one year or less. For sevice contracts covering period over one year, consisting specifically trade receivables over one year and contract assets, revenue recognized using the effective interest method described in Notes 3.4 and 4.1.2, respectively.

- If the promise to grant a license is distinct from the other promised goods or services in the contract then the promise to grant the license is a separate performance obligation and the Company shall determine whether the license transfer to a customer is either at a point in time or over time.

18.1.2 Revenue from operating leases

Revenue from operating leases is recognized as revenue on a straight line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. For further information, please see Note 17.3.

18.2 Revenue from major service lines

18.2.1 Mobile and fixed line telecommunications revenue

Revenue is primarily derived from services provided to Magyar Telekom's customer subscribers and other third parties using Magyar Telekom's telecommunications network and equipment sales. Customer subscriber arrangements typically include an equipment sale, subscription fee and charge for the actual voice, internet, data or multimedia services used.

Subscription fees and flat rate revenue is recognized on over time basis in the period they relate to. Revenue for airtime services is recognized over-time.

Revenue from fixed, mobile and TV services provided through narrow and broadband accesses are recognized over-time basis at post-paid contracts, while on usage basis at pre-paid contracts. Streaming TV service revenue is recognized on net basis, for further information see Note 18.2.2.

Revenue from premium rate services typically include intermediated services (e.g. lottery, parking and public transport tickets, motorway toll) is generally recognized on net basis.

Advertising revenue is recognized in the period that the advertisements are exhibited.

Customers may also purchase prepaid mobile, public phone and internet credits (cards) which allow those customers to use Magyar Telekom's telecommunications network for a selected amount of time. Customers must pay for such services at the date when the card is purchased. Revenue from the sale of cards is recognized when they are used by the customers or when the credits expire with unused traffic.

Partners are using Magyar Telekom's telecommunications network including roaming customers of other service providers and other telecommunications providers which terminate or transit calls on Magyar Telekom's network. This wholesale (incoming) traffic revenue is recognized in the period of related usage. A proportion of the revenue received is often paid to other operators (interconnect) for the use of their networks, where applicable. The revenue and costs of these transit calls are stated gross in the Separate financial statements as the Company is the principal supplier of these services using its own network freely defining the pricing of the services and recognized in the period of related usage.

Contracts are frequently sold to customers containing a cross subsidy between two or more components. A typical example is where a mobile phone is sold at a price significantly below its market value in a bundle with a service contract for a period of 12 or 24 months. From a commercial point of view, the subsidy on the mobile phone is compensated via the service fee. See also Note 3.4.

With this adjustment requirement (also termed as "basic adjustment") a cross-subsidy or an overall bundle discount must be allocated to the individual components of the bundle consequently revenue reflects the standalone selling price of the good and/or service.

18.2.2 System Integration and Information Technology (SI/IT) revenue

Contracts for network services, which consist of the installation and operation of communication networks for customers, have an average duration of 1-4 years.

Revenue from systems integration or installation contracts requiring the delivery of customized products and/or services is generally performed in projects and covered by fixed-price or time and material-based contracts.

For fixed-price contracts, revenue is measured based on the input method that determined on the progress of performance. In this case revenue recognition is based on the efforts or inputs to the satisfaction of a performance obligation (resources consumed, labour hours expended, cost incurred, time elapsed or machine hours used) relative to the total expected inputs.

In case of contracts billed on the basis of time and material, revenue is recognized over time.

Ongoing operation of IT system – outsourcing contracts – reflects the extent of actual services delivered in the period in accordance with the terms of the contract, could be performed either on the equipment of the client or the Company's (e.g. cloud, running, monitoring and maintenance services) related revenue invoiced on monthly basis (over-time). Revenue from IT services delivered in the period in accordance with the terms of the contract are analyzed based on the IFRS 16 requirements – determining whether an arrangement contains a lease, and if they include embedded lease elements, the revenue attributable to these is recognized according to IFRS 16 – Leases as described in Note 17.

Magyar Telekom transfers control of goods and services over time therefore satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- a customer simultaneously receives and consumes the benefit provided by the Company's performance as the Company performs, containing services provided continuously during the contracted period (desktop services, database management services, operational and maintenance services).
- The Company's performance creates or enhances assets that the customer controls as the asset is created or enhanced or the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date, include project works covering a longer period whose measured based on input method and related revenue recognized accordingly. This kind of project works could contain e.g.: ICT network planning and related construction works with one or more milestones during of project period from revenue recognition point of view.

If the performance obligation is not satisfied over time, Magyar Telekom satisfies the performance obligation at a point in time.

Revenue from hardware sales or sales-type leases is recognized when the customer obtains the control over the product. Equipment revenue is recognized at a point in time.

When the Company is a reseller of supplier's branded digital products and is the legal seller of these products, it should generally be considered primarily responsible towards the customer for providing the promised goods or services when both of the following conditions are fulfilled:

- The Company is the only party which the customer enters into a contract with,
- The Company must be the only party that is responsible towards the customer for product acceptability, providing support, handling complaints and rectifying product issues.

With (rights to) another party's intangible goods or services with a (virtually) unlimited supply (e.g. software licenses, cloud services, streaming services), there is a rebuttable presumption that inventory risk is not a relevant indicator for control. If the good or service provided by the other party is a branded product by this other party, and the Company is not the legal seller of this good or service or of a right to the other party's good or service, the Company will be considered an agent thus revenues recognized on a net basis.

Revenue from software license sales provided by the Company to customers is based on the principle-agent accounting method.

18.3 Revenue in the Statement of profit or loss and other comprehensive income

18.3.1 Disaggregation of revenue from contracts with customers

	2023	2024
Mobile revenue		
Voice retail	114,033	128,016
Voice wholesale	8,068	3,835
Data	168,635	209,578
SMS	24,872	27,552
Equipment	109,447	125,137
Other mobile revenue	18,489	19,949
Total Mobile revenue	**443,544**	**514,067**
Fixed line revenue		
Voice retail	30,119	30,976
Broadband retail	79,477	99,167
TV	61,565	70,701
Equipment	19,364	21,780
Data retail	11,454	13,014
Wholesale	13,242	14,193
Other fixed line revenue	16,674	15,223
Total fixed line revenue	**231,895**	**265,054**
SI/IT revenue	15,516	15,393
Total revenue	**690,955**	**794,514**
Of which:		
Revenue from contracts with customers	684,097	783,759
Other sources	6,858	10,755

Other sources of revenue include real estate and network rental fees which are presented above in the Fixed line wholesale and Fixed line other revenue lines. There was a higher increase in CPE operating leases revenue in 2024 (HUF 1,499 million).

None of the Company's customers represent a significant source of revenue individually. Revenue from transactions with a single external customer (or group of entities that – knowingly to us – is under common control of a third party or government) do not exceed 10% of the Company's revenue.

Regarding geographical segmentation of revenue please see Note 33.

18.4 Assets and liabilities related to contracts with customers

Contract assets of the Company consist of unbilled amounts typically resulting from sales under long-term contracts when revenue recognized exceeds the amount billed to the customer. See Notes 3.4, 4.2.2.3., 12.2 and 18.1.1.

Contract liabilities consist of advance payments and billings in excess of costs incurred and deferred revenue.

	12.31.2023	12.31.2024
Contract assets – current	12,537	13,560
Contract assets – non-current	3,105	3,573
Contract liabilities – current	(8,469)	(10,871)
Net contract assets (liabilities)	**7,173**	**6,262**
Revenue recognized in the reporting period from amounts included in contract liability at the beginning of the period	7,381	7,140
Asset recognized from the costs of obtaining a contract with customers	6,981	7,603
Asset recognized from the costs to fulfill a contract with customers	1,711	3,766
Amortization recognized as cost of obtaining a contract during the period	(7,917)	(8,348)
Amortization recognized as cost to fulfill a contract during the period	(325)	(2,852)

Impairment losses recognized on contract assets amounted to HUF 1,545 million as at December 31, 2024 (HUF 1,350 million in 2023).

As of December 31, 2024, the aggregate amount of the transaction price allocated to the remaining performance obligation is HUF 232,094 million and the Company will recognize this revenue as services are rendered, which is expected to occur over the next 1-24 months.

19 Direct costs

Direct costs include fixed, mobile and SI/IT related direct costs.

The cost of goods sold amounts to HUF 161,382 million in 2024 (HUF 148,373 million in 2023) and is included in SI/IT service-related direct costs and Other direct costs.

In addition to the costs of mobile and fixed equipment and accessories, Other direct costs also include agent commissions and non-voice direct costs.

Telecom tax was introduced in Hungary for fixed and mobile voice and mobile SMS/MMS services, effective from July 1, 2012. The tax imposed on fixed and mobile usage amounts to HUF 2 per minute and HUF 2 per SMS/MMS for private individual subscribers' subscriptions and to HUF 3 per minute and HUF 3 per SMS/MMS for non-private individual subscribers' subscriptions. The tax is capped at HUF 700 and HUF 5,000 per month per calling number for private and non-private individuals' subscriptions, respectively.

20 Employee-related expenses

20.1 Employee-related expenses – Accounting policies

20.1.1 Short-term employee benefits

Short-term employee benefits are recognized as a current expense in the period when employees render their services. These include wages, salaries, bonuses, commissions, paid absences, other non-wages or non-salaries benefits (e.g.: telephone bill discounts, meal, holiday, travel, housing service contributions, current elements of the cafeteria system etc.), their tax charges and social contributions. Payments to defined contribution pension and other welfare plans are recognized as an expense in the period in which they are earned by the employees.

The management bonus is defined as a percentage of base salary and paid in proportion to the level of achievement of strategic, financial and sustainability targets derived from the strategic objectives set for the financial year. The assessment of sustainability targets is based on the achievement of the Group's CO_2 emission reduction ($ktCO_2e$) and energy consumption reduction (GWh) objectives.

For further details please refer to the Chapters ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes and ESRS E1 Climate Change of the Separate sustainability statement.

20.1.2 Share-based compensation

20.1.2.1 Share Matching Plan of Deutsche Telekom Group (SMP)

As of July 1, 2015, Magyar Telekom implemented a Share Matching Plan.

The participant can invest a minimum of 10% of his/her gross annual bonus in Deutsche Telekom AG shares, with an option to voluntarily increase this amount to a maximum of 50% (personal investment). These shares must be kept for at least four years (the lock-up period), the participant is granted matching shares upon expiry of the lock-up period. The share allocation ratio of the program (1:1 or 1:2) depends on the participant's individual Management Group (MG). Deutsche Telekom Group grants the matching shares to the participant based on the Deutsche Telekom AG shares acquired by the participant within the framework of the program. The program starts annually if the free cash flow target of Deutsche Telekom Group was met in the previous year.

The program initiated by DT Group is settled in DT AG shares with the participants, meanwhile Magyar Telekom has to settle it with DT AG in cash at the same time participants are granted the DT AG shares therefore the closing balance of the program is presented as a related-party financial liability in the Separate statement of financial positions as it is settled in cash from the perspective of Magyar Telekom and is due to be paid to DT AG.

In 2024 HUF 77 million was recognized (2023: HUF 47 million) as expense for the program.

20.1.2.2 Long-term incentive program (LTI)

As of January 1, 2015, Magyar Telekom changed its existing LTI program turning it into a share-based compensation program. The 2022 LTI program is a global, Deutsche Telekom Group-wide incentive program.

Commencing on January 1, 2023, the prerequisite of participating in LTI is the participation in the Share Matching Plan (SMP) and making a complying personal investment accordingly.

Approximately 30 executives may participate in the program. The CEO's participation is unconditional, while other executives may participate only if the evaluation of the participant's performance in the previous year meets the requirements.

LTI is payable in cash tied to the achievement of four key strategic indicators. In the framework of the program, in each year a new four-year tranche is to be launched. Payment is due after the end of the program term depending on the evaluation of the achievement of the pre-set targets (0 to 150%).

At the beginning of the program, the relevant incentive amount is converted into a number of virtual shares of DT AG and awarded to the plan participant in the form of virtual shares (basic number). The annual level of target achievement is determined at the end of each year. This target achievement level is multiplied on a pro rata basis by the basic number of virtual shares awarded. The number of virtual shares calculated using this method shall then be "fixed" for the plan participant as the binding result for that specific year ("annual result"). At the end of the plan term, the four binding annual results shall be added together. The resulting total number of virtual shares shall be converted into cash applying the prevailing price of DT AG shares at that time, which is paid to the plan participants. For dividend payments during the plan term, the virtual shares shall be treated as real shares. The dividends shall be taken into account as follows:
The first, second and third dividend payments shall be “reinvested” into virtual shares when the actual dividends are paid on real shares. The fourth (last) dividend payment shall not be “reinvested” but paid in cash together with the plan payment following the DT AG shareholders' meeting at which a decision is made regarding this dividend payment. The plan currency is euro.
In 2024, HUF 1,114 million was recognized as expenses for the program (2023: HUF 618 million).

20.1.3 Game Changer Incentive (GCI)

Game Changer Incentive is a long-term incentive program paid in cash that is linked to the performance of two equally weighted indicators (50% financial and 50% customer centricity).

The program is a four-year program, from January 1, 2022 to December 31, 2025. For each program-year different base amount, rising in sequence, has been determined. Payment condition for the given program-year is that the target achievement level of the two performance indicators is each at least 50%. The base amount payable for the program-years depend on how many times in uninterrupted succession the necessary condition has been met (sequence of payment). If the necessary condition for payment is not met in a program-year, the payment sequence will recommence with the base amount determined for the first program year. The program currency is euro. Payment is always made after the program-year’s expiry and the evaluation of the targets’ performance levels on a scale of 0-150%. The detailed rules are determined by the Remuneration and Nomination Committee. The rules of participation in the program are included in the regulation adopted by the Remuneration and Nomination Committee. After payment is made, the incentive may not be reclaimed.

In 2024 HUF 381 million was recognized as expense for the program in (in 2023: HUF 293 million).

20.1.4 Termination benefits

Termination benefits are payable whenever an employee’s employment is terminated before the nominal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

20.2 Employee-related balance in the Statement of financial position

Liabilities payable on incentive plans and termination benefits recognized as provision in the Statement of financial position and annual movements for 2024 and 2023 are disclosed in Note 13.2. Short-term liabilities on employee benefits (Salaries and wages) as of 2024 and 2023 are presented in Note 14.

20.3 Employee-related expenses in the Statement of profit or loss and other comprehensive income

	2023	2024
Short-term benefits (Note 20.1.1)	70,625	85,195
Termination benefits (Note 20.1.4)	1,594	2,651
Cash-settled share-based compensations (LTI) (Note 20.1.2.2)	618	1,114
Cash-settled compensation (GCI) (Note 20.1.3)	293	381
Equity-settled share-based compensations (SMP) (Note 20.1.2.1)	47	77
Total before capitalization	**73,177**	**89,418**
Expenses capitalized	(3,501)	(3,695)
Total	**69,676**	**85,723**
Total costs expensed in relation to defined contribution plans (including social security contribution)	8,885	10,895
Average number of employees (full time equivalent)	5,350	5,367
Closing number of employees (full time equivalent)	5,392	5,325

Capitalized expenses represent the employee related costs incurred in connection with developments and recognized as a cost of intangible assets or property, plant and equipment.

21 Other operating expenses

21.1. Other operating expenses

	Note	2023	2024
Cost of other purchased services	21.1.1	36,454	43,466
Energy costs	21.1.2	21,367	13,813
Marketing expenses		7,919	9,193
Utility tax	2.3	7,522	-
Other	21.1.3	7,534	9,799
Total		**80,796**	**76,271**

Research costs are expensed as incurred. The Company did not recognize research and development among other operating expenses either in 2023 or 2024.

21.1.1 Audit costs included in Cost of other purchased services

Cost of other purchased services, among others, include expenses incurred in relation to the audit of the Separate and Consolidated financial statements of the Company as well as other services which were settled with Deloitte Könyvvizsgáló és Tanácsadó Kft. (Deloitte) as follows.

	2023	2024
Audit of the financial statements	393	422
Other audit-related fees	1	120
Total expenses paid to Deloitte	**394**	**542**

Audit of the financial statements is the aggregate fees of Deloitte in connection with the audit of the annual financial statements and services performed in relation to legal obligations and submissions required by regulatory provisions. Review of the quarterly financial statements is also included, as well as information systems and procedural reviews and testing to understand and place reliance on the systems of internal control.

Other audit-related services mainly include cost of other professional auditing services provided by the Auditor beyond the audit of the financial statements, as well as fees of other audit procedures necessary for meeting the reporting requirements arising from relevant legislation and internal regulations applicable to the Company.

21.1.2 Energy costs

Electricity accounts for the majority of energy costs, a part of which is covered by renewable solar energy sourced through PPAs, for detailed information please see Note 2.4 and the Chapter ESRS E1-5 Energy consumption and mix in the Separate sustainability statement.

21.2 Supplementary telecommunication tax

On June 4, 2022, the Government of Hungary issued a decree (Government Decree of 197/2022. (VI.4.)) imposing new tax on a number of industries, including telecommunications. The supplementary telecommunication tax is levied on the actual business year's annual net sales of telecommunication services as defined by the law on local taxes using progressive rates, appropriately weighted based on the expected full year revenue and is payable for the years 2022, 2023 and 2024.
The applicable tax rate is progressive: 0% for turnover below HUF 1 billion; 1% for turnover exceeding HUF 1 billion and below HUF 50 billion; 3% for turnover exceeding HUF 50 billion and below HUF 100 billion; and 7% for turnover exceeding HUF 100 billion. The major proportion of Magyar Telekom's telecommunication revenue is subject to 7% tax rate.

The supplementary telecommunication tax classification requires judgment. Management believes that this tax is not a tax on consumption of services by end customers but rather a tax on entities operating in selected industries and its fundamental aim is to support the corrective actions in relation to the economic downturn that Hungary is facing. The calculation of supplementary telecommunication tax ignores whether revenue is invoiced to and collected from customers or not. Altogether, management classified this tax as indirect operating expense and for transparency it is disclosed on a separate line of Statement of profit or loss and other comprehensive income.

In 2024 the supplementary telecommunication tax expense is amounted to HUF 36.3 billion (2023: HUF 29.9 billion). For more information see Note 2.3.

22 Other operating income

	2023	2024
Income received for the relocation and reconstruction of own network	843	1,038
Income from Energy Efficiency Obligation Schemes	615	422
Brand licence fee	300	300
Gain on the sale of PPE, Intangible assets and assets held for sale - net	192	294
Other	2,266	3,346
**Total	**4,216**	**5,400**

The sub-balance of Other includes no individually material items.

23 Interest income

	2023	2024
Interest income on receivables and loans.....	3,263	4,495
Interest income from finance leases.....	114	96
Unwinding of interest component of provisions	787	11
Dividend income	11	-
**Total	**4,175**	**4,602**

24 Interest expenses

	2023	2024
Interest expense payable on loans to related parties	12,578	7,836
Interest expense on lease liabilities	7,003	6,911
Interest expense on frequency fee liabilities	4,183	3,973
Other interest expense	3,762	2,727
Interest components of provisions	861	888
Borrowing costs capitalized	(526)	(394)
Total	**27,861**	**21,941**

Borrowing costs include interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. The borrowing costs eligible for capitalization are capitalized applying the weighted average of the borrowing costs applicable to the general borrowings of the Company that are outstanding during the period. For further information see Notes 9.1 and 10.1. A qualifying asset is an asset that necessarily takes a substantial period of time, in general over 12 months, to get ready for its intended use. Other borrowing costs are recognized as an expense.

Total Interest expenses is shown net of borrowing costs capitalized using average borrowing rates of 2.74%-3.80% in 2024 (2023: 3.75%-4.74%). When calculating the borrowing rates, Other finance expenses (included in Note 25) are also considered.

25 Other finance expenses – net

	2023	2024
Fee expense	5,993	7,095
Net foreign exchange losses / (gains) on financial instruments	(9,651)	13,017
Other net foreign exchange losses / (gains)	(275)	(319)
Losses / (gains) on the subsequent measurement of financial assets fair value through profit and loss (other than derivatives)	(112)	-
Losses / (gains) on the subsequent measurement of financial liabilities at fair value through profit and loss (other than derivatives)	(135)	-
Losses/(gains) on the subsequent measurement of derivatives contracted with related parties	27,467	(6,898)
Total	**23,287**	**12,895**

The significant foreign exchange gains on financial instruments in 2023 was due to the strengthening of the forint. In 2024 it turned into a significant loss due to the depreciation of the forint against the euro. Significant part of the foreign exchange exposure is covered by derivatives; therefore, the foreign exchange impact of the HUF movement on financial instruments is partially offset by the results on derivatives contracted with related parties.
During 2023 these significant derivative losses are partly due to the decreasing forint interest rate environment and approaching maturity of affected derivatives reversing significant gains from the previous years and partly due to strengthening of the forint. In 2024 it turned to significant gains due to the depreciation of the forint and the increase in forint-euro interest rate differentials.

26 Results of investments

Dividends declared by the subsidiaries to be paid to the Company, any gain or losses on the sale of a subsidiary and any impairment losses arising on a subsidiary charged as of the financial statement dates are presented in the profit for the year as a result from investments.

The following table shows the results from the Company's investments related to years 2023 and 2024:

	2023	2024
Telekom Rendszerintegráció Zrt.	8,000	11,000
Stonebridge AD	5,581	5,855
Investel Zrt.	300	-
KalászNet Kft.	-	1,250
Other	1,086	1,235
Total dividend received	**14,967**	**19,340**
Impairment (loss)/gain (including reversals of impairment losses) on Cecoin Kft.	415	-
Total results from investments	**15,382**	**19,340**

Dividends receivable by the Company are recognized as a receivable and income in the period in which the dividends are approved by the general meeting of the investees.
The Company did not sell any of its subsidiary either in 2024 or in 2023.
For more information on impairment see Note 3.2.2.

27 Earnings per share (EPS)

Basic earnings per share is calculated by dividing profit attributable to the owners of the Company for the period by the weighted average number of common stocks outstanding. Furthermore, the weighted average number of common stock outstanding is determined by deducting the weighted average number of treasury shares held by the Company. All figures are presented in the Consolidated statement of profit or loss and other comprehensive income.
There was no transaction resulting dilutive shares in the reported periods therefore the presented basic and diluted EPS are equal in 2023 and 2024.

The Company is subject to preparation of a Consolidated annual report, so disclosures related to the EPS indicator (based on IAS 33) are shown based on Consolidated financial statements.

28 Purchase of property, plant and equipment and intangible assets

The table below shows the reconciliation of investments in property, plant and equipment and intangible assets and the cash payments made for these investments from continuing operations. Capitalized borrowing costs are included in the Investments in PPE and intangible assets, where applicable.

		12.31.2023	12.31.2024
Investments in property, plant and equipment (Note 9.2)		62,464	66,602
Investments in Right-of-use assets (Notes 9.2, 17.2.2)		23,909	31,744
Investments in intangible assets (Note 10.2)		22,806	21,874
Total investments in PPE and intangible assets		**109,179**	**120,220**
Capitalized asset-related grant	(a)	(854)	-
Change in Right-of-use assets		(23,909)	(31,744)
Change in trade payables relating to capital expenditures	(b)	(5,126)	(2,483)
Recognition / (Derecognition) of investment tax credit	(c)	2,405	307
Cash payments for purchases of PPE and intangible assets		**81,695**	**86,300**

(a) In 2024 no investments subsidized by government grants were made.

(b) Change in payables relating to capital expenditures includes the effect that the actual cash settlement of the vendor invoices is made subsequent to the recognition of the investment.

(c) For further information of Recognition / (Derecognition) of investment tax credit see Note 6.3.2.1.

29 Purchase of subsidiaries

There were no payments on acquisitions considered as a subsidiary or a business combination in 2024.

30 Contingent assets and liabilities

30.1 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 Company. These assets are not recognized in the Statement of financial position.

The Company has no contingencies where the inflow of economic benefits would be probable and material.

30.2 Contingent liabilities

No provision is recognized for contingent liabilities. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events (excluding executory contracts) not wholly within the control of the Company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The most significant contingent liabilities of the Company are described below. No provisions have been recognized for these cases, as management estimates that it is unlikely that these claims originating from past events would result in any material economic outflows from the Company or the amount of the obligation cannot be measured with sufficient reliability.

30.2.1 Guarantees

Magyar Telekom is exposed to risks that arise from the possible drawdown of guarantees, for which see more details in Note 4.5.4.

31 Purchase commitments

31.1 Property, plant and equipment and intangible assets

The table below summarizes Magyar Telekom's contractual purchase commitments for property, plant and equipment and intangible assets with the majority falling due within two years.

	12.31.2023	12.31.2024
Property, plant and equipment	9,824	11,512
Intangible assets	5,107	4,688
Total	**14,931**	**16,200**

31.2 Investments

As at December 31, 2024 and 2023 the Company had no committed business combinations.

32 Related party transactions

Related parties – defined under IAS 24.9 a, b – of the Company include legal entities and persons that are related to the Company.
The transactions with related parties are priced at arm's lengths basis.

Based on the impairment test no impairment was recognized for receivables from related parties in the reported years.

32.1 Related party transactions in the Statement of financial position

The tables below summarize the carrying amount of assets and liabilities arising from the significant transactions with related parties as of December 31, 2023 and 2024:

12.31.2023	Trade receivables	Other receivables (advances)	Financial receivables	Lease receivables	Cashpool receivables	Derivative financial instruments	Trade payables	Financial liabilities	Derivative financial liabilities	Lease liabilities
Parent	1,353	-	-	-	4,969	17,295	(2,501)	(141,364)	(121)	-
Subsidiaries	3,244	375	1,344	878	-	-	(7,088)	(25,340)	-	(5,333)
Associates and joint ventures	-	-	-	-	-	-	-	-	-	-
Other related parties.	4,027	15	-	-	-	-	(4,788)	(4)	-	-
Total	**8,624**	**390**	**1,344**	**878**	**4,969**	**17,295**	**(14,377)**	**(166,708)**	**(121)**	**(5,333)**

12.31.2024	Trade receivables	Other receivables (advances)	Financial receivables	Lease receivables	Cashpool receivables	Derivative financial instruments	Trade payables	Financial liabilities	Derivative financial liabilities	Lease liabilities
Parent	1,072	-	-	-	51,170	8,537	(2,895)	(73)	(74)	-
Subsidiaries	2,682	843	1,549	882	-	-	(7,192)	(28,147)	-	(5,452)
Associates and joint ventures	-	-	-	-	-	-	-	-	-	-
Other related parties.	2,812	79	-	-	-	-	(4,539)	(86,654)	-	-
Total	**6,566**	**922**	**1,549**	**882**	**51,170**	**8,537**	**(14,626)**	**(114,874)**	**(74)**	**(5,452)**

In 2024 HUF 27,599 million dividend was paid to DT AG for the business year 2023 (in 2023 HUF 18,894 million).

Lease receivables include the lease of a part of the Magyar Telekom headquarters to Telekom Rendszerintegráció Zrt.

32.2 Related party transactions in the Statement of profit or loss and other comprehensive income

The tables below summarize the significant transactions with related parties as of December 31, 2023 and 2024:

12.31.2023	Revenue from services	Direct cost of services	Goods and services purchased	Dividend received	Interest expense	Swap loss/gain
Parent	3,025	(284)	(4,836)	-	(9,351)	(27,468)
Subsidiaries	9,501	(11,574)	(4,734)	14,967	(3,140)	-
Associates and joint ventures	-	-	-	-	-	-
Other related parties	11,125	(10,133)	(2,925)	-	-	-
Total	**23,651**	**(21,991)**	**(12,495)**	**14,967**	**(12,491)**	**(27,468)**

12.31.2024	Revenue from services	Direct cost of services	Goods and services purchased	Dividend received	Interest expense	Swap loss/gain
Parent	3,711	8	(6,921)	-	(2,242)	6,898
Subsidiaries	10,432	(10,939)	(4,835)	19,340	(2,596)	-
Associates and joint ventures	-	-	-	-	-	-
Other related parties	11,534	(9,690)	(3,241)	-	(3,285)	-
Total	**25,677**	**(20,621)**	**(14,997)**	**19,340**	**(8,123)**	**6,898**

32.3 Transactions with Deutsche Telekom Group and the Federal Republic of Germany

32.3.1 Deutsche Telekom Group

Deutsche Telekom AG is the ultimate (indirect) controlling owner of Magyar Telekom, holding 65.78% of the Company's shares. Deutsche Telekom Group has a number of fixed line, mobile and IT service provider subsidiaries worldwide, with whom Magyar Telekom has regular transactions.

32.3.2 The Federal Republic of Germany

The Federal Republic of Germany is both a direct and an indirect shareholder and holds approximately 28.2% of the share capital of DT AG. Due to the average attendance at the shareholders' meetings in previous years, the Federal Republic of Germany represents a solid majority at the shareholders' meetings of DT AG, although it only has a minority shareholding, making DT AG a dependent company of the Federal Republic. Therefore, the Federal Republic and the companies controlled or jointly controlled by the Federal Republic are classified as related parties of DT AG, and consequently of Magyar Telekom as well.

DT AG and Magyar Telekom did not execute, as part of its normal business activities, any transactions that were individually or aggregately material in the 2024 or 2023 financial year with companies controlled or jointly controlled by the Federal Republic.

32.4 Board and Supervisory Board members

	12.31.2023	12.31.2024
Remuneration of the members of the Board of Directors*	19	20
Remuneration of the members of the Supervisory Board	37	41
Loans granted to the members of the Board of Directors	-	-
Loans granted to the members of the Supervisory Board	-	-

*Exemption for the independent members, members of the Board of Directors waived their remuneration or offered their remuneration for charity. The honorarium offered for charitable purposes is HUF 6.6 million in 2024 (HUF 6 million in 2023).

32.5 Key management personnel

Key management has been identified as the members of the Company's Chief Officers. The Chief Executive Officer (CEO) and the other Chief Officers (Chief Officers) together fulfill the Chief Operating Decision Maker (CODM) function in the Company.

The table below shows, in total, the compensation expenses (including social security and other payroll-related taxes) incurred by the Company in relation to the key management.

	12.31.2023	12.31.2024
Salaries and other employee benefits	1,440	1,694
Contractual termination expense	-	-
Share-based payments (Note 20.1.2)	27	51
	1,467	**1,745**
Of which costs expensed in relation to defined contribution plans (including social security contribution)	210	242

Detailed information on the remuneration of the Board of Management and the Supervisory Board is published in the separate remuneration report.

The Company did not provide loans or guarantees to its key management.

32.6. Guarantees provided by the Company for liabilities of related parties and guarantees provided by related parties for liabilities of the Company

32.6.1 Bank guarantees

Bank guarantees for subsidiaries are issued by Magyar Telekom in the name of the subsidiaries and it pays the related fees for the bank. In case of guarantees drawdown, Magyar Telekom's bank account shall be debited with the amount drawdown/paid. Fees paid by Magyar Telekom are reinvoiced within the group.

The following table presents the guarantees provided by the Company for liabilities of related parties:

Type of the guarantee	31.12.2023	31.12.2024
Bank guarantee	572	521

For further information see Note 4.5.4.

33 Reportable segments and information about geographical areas

33.1 General information

The Group's segments are reported in a manner consistent with the internal reporting provided to the CODM, the key management of Magyar Telekom Plc. The CODM of Magyar Telekom is responsible for allocating resources to, and assessing the performance of, the operating segments on a monthly basis.

Magyar Telekom Group's operating segments are MT-Hungary and North Macedonia. For further information on reportable segments see Note 33 in the Consolidated financial statements.

33.2 Information about geographical areas

Considering that Magyar Telekom provides its services within the boundaries of Hungary and the base of geographical classification is the headquarters of the Company, all the realized revenue by the Company is in the category of Hungary. In a similar manner all non-current assets of the Company are classified as Hungary considering geographical areas (for further information see Note 33 in the Consolidated financial statements).

33.3 Information about revenue for group of products and services

Revenue from customers for group of similar products and services is disclosed in Note 18.3.

33.4 Information about revenue from major customers

None of the Company's customers represent a significant source of revenue. Revenue from transactions with a single external customer (or group of entities that – knowingly to us – are under common control of a third party or government) do not exceed 10% of the Company's revenue.

34 Events after the reporting period

Magyar Telekom Plc. has entered into an agreement for the sale of ViDaNet Zrt., a provider of fixed services. The total consideration is based on the conditions of agreement calculated at the date of closing of the transaction. The transaction is expected to close in the first quarter of 2025, subject to customary closing conditions, including the necessary regulatory decisions.

Budapest, February 25, 2025



Tibor Rékasi
Chief Executive Officer, Board member



Daria Aleksandrovna Dodonova
Chief Financial Officer, Board member

Separate business/management report

of Magyar Telekom Telecommunications Public Limited Company

for the year ended December 31, 2024

Introduction

Magyar Telekom Plc.'s (hereinafter: the Company) Separate business/management report provides additional information on the following topics:

- Summary on 2024 operations
- 1 The company's share capital, voting rights and transfer of shares
- 2 Corporate governance, compensation of members of the board of directors, supervisory board, and management
- 3 Social commitments, labor standards, human rights
- 4 Research and development
- 5 Real estate, sites of operation
- 6 Corporate compliance
- 7 Economic environment and outlook
- 8 Internal controls, risks and uncertainties
- 9 Analysis of financial results for 2024
- 10 Separate sustainability statement
- 11 Events after the reporting period

Summary on 2024 operations

Since the Company is the parent company in Magyar Telekom Group, therefore the Summary on 2024 operations related to Magyar Telekom Group is presented below.

Financials

Despite challenging environment, Magyar Telekom Group delivered its public guidance communicated for 2024. Group revenue rose by 13.9% year-on-year to HUF 967.5 billion and EBITDA AL reached HUF 333.1 billion representing a 29.1% increase year-on-year. Furthermore, adjusted net income reached HUF 162.6 billion and the free cash flow excluding spectrum licenses amounted to HUF 165.1 billion for the year 2024.

These results are equally attributable to successful monetization of the Group's quality networks, implementation of the inflation-based fee adjustment, a more favorable cost structure as well as the appealing service offerings and the excellent customer servicing.

Network

In 2024, Magyar Telekom Group continued its flagship network investments in both countries of operation which aim to provide its customers with an outstanding network that they require and appreciate, whether they are at home or on the move.

In the frame of the fiber roll-out program in Hungary ca 200 thousand further access points were added to the Group's gigabit network, thus making the Group able to provide gigabit speed at around 3.8 million access points in Hungary by the end of the year. This translates to over 83% of its Hungarian fixed infrastructure. Fiber roll-out progressed in North Macedonia as well, by the end of the year the coverage of the fiber network reached almost 40%.

The Group also has completed its mobile network modernization program launched 5 years ago in Hungary, upgrading all its mobile base stations and implementing capacity expansion and 5G rollout at majority of them, allowing it to meet the surging mobile data demand as well as to steadily expand 5G. Thanks to the developments, by the end of the year, the population-based outdoor 5G coverage has reached 74%. Besides, in North Macedonia, where the RAN modernization was already fully completed in 2022, population based outdoor 5G coverage reached 93% by the end of 2024.

Customers

The success of the Group's efforts to provide outstanding infrastructure, excellent service and tailor-made solutions to its customers were again reflected in the further expansion of its customer base: fixed broadband subscriber base in Hungary expanded by 4% whilst mobile SIM base rose by 3% against last year. At the same time, increasing number of the customers has opted to connect via a gigabit capable technology to Magyar Telekom Group's fixed network in Hungary, reaching 1.5 million by the end of the year. On the mobile side, data consumption continued to rise dynamically; the average monthly mobile data usage per customer rose by over 12% year-on-year reaching over 13.5 GB by the end of the year in Hungary.

Resilience

The above positive commercial developments were coupled with favorable changes on the cost side. Firstly, the utility tax levied on telecommunication operators were eliminated as of January 1, 2024, whilst thanks to the more favorable global market developments, the Group's energy costs also decreased. In addition to these, efficiency measures continued to play an important role in compensating for the negative impacts of the cost inflation on profitability.

The success of the Group's efforts is reflected in that Scope Ratings GmbH affirmed the Company's issuer credit rating and senior unsecured debt rating at BBB+.

The Company also received further recognitions for its sustainability achievements during 2024; MSCI kept Magyar Telekom Group's ESG rating to 'AAA', whilst the ISS Corporate Solutions ranked the Group among the best performers of the telecom sector globally with respect to its sustainability credentials.

1 The company's share capital, voting rights and transfer of shares

As of December 31, 2024, the share capital of Magyar Telekom Plc. was HUF 93,861,749,700, consisting of 938,617,497 Series "A" dematerialized ordinary shares. All Series "A" ordinary shares have a nominal value of HUF 100. Rights and obligations related to Series "A" ordinary shares are described in detail in Section 4 of the Articles of Association (http://www.telekom.hu/about_us/investor_relations/corporate_governance/corporate_governance_documents).

On June 9, 2024, the Court of Registry registered the Company's capital decrease that was decided upon at its Annual General Meeting held on April 16, 2024. The Company's share capital consequently was decreased from HUF 97,155,886,700 to HUF 93,861,749,700 with 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.

Information concerning its ownership structure as of December 31, 2024, is described in the following table:

Shareholder	Number of shares	Percentage of share capital
Deutsche Telekom Europe B.V.	617,436,759	65.78
Publicly traded	291,144,325	31.02
Treasury shares	30,036,413	3.20
	938,617,497	**100.00**

Deutsche Telekom Europe B.V. owning 67.96% of the Company's voting rights is a member of the Deutsche Telekom Group. The ultimate controlling parent of Magyar Telekom Plc. is Deutsche Telekom AG (DT or DT AG).

Deutsche Telekom Europe B.V. does not have different voting rights than our other shareholders and, as with our other shareholders, Deutsche Telekom Europe B.V. is entitled to one vote per each ordinary share that it owns.

1.1 Voting Rights and Voting

The holder of each Series "A" ordinary share shall be entitled to one vote at the General Meeting of the Company. The names of shareholders and nominees who intend to participate at the General Meeting shall be registered in the Share Register on the second working day prior to the starting date of the General Meeting. The General Meeting shall adopt its resolutions by a simple majority vote except for resolutions on issues listed in the Articles of Association, which shall require at least a three-quarters majority of the votes cast. There is no limitation on the rights of non-resident or foreign shareholders to hold or exercise voting rights on the ordinary shares. There is no limitation of voting rights for ordinary shares in the Articles of Association. The Company has no shares assigned with special management rights.

1.2 Transfer of Shares

For the transfer of dematerialized shares, a contract for transfer or other legal title is required and, in that context, the transferor's securities account shall be debited, and the new holder's securities account shall be credited with the transferred dematerialized shares. The holder of dematerialized shares shall be considered the holder of the securities account on which the dematerialized shares are recorded.

The transfer of any Series "A" ordinary shares is not bound to any restriction or attainment of agreement.

2 Corporate governance and compensation of members of the board of directors, supervisory board, and management

2.1 Annual General Meeting

The General Meeting has the exclusive right to approve and amend the Articles of Association (section 5.2. (a)) unless otherwise provided by law or the Articles of Association. According to the Articles of Association, the Board of Directors is entitled to make decisions regarding any change in the registered seat, sites, branch offices and – except for the main activity – the scope of activities of the Company and in relation to this, to modify the Articles of Association (section 6.4.(p)).

2.2 Board of Directors

The Board of Directors operates based on its Rules of Procedure (https://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors).

The Board of Directors is responsible for all matters relating to the Company's management and course of business not otherwise reserved to the General Meeting or to other corporate bodies by the Articles of Association or by the laws. The Board of Directors draws up, at the end of each business year, a report for the General Meeting and quarterly to the Supervisory Board on the management of the Company, the assets of the Company, the financial situation of the Company and the business policy of the Company.

The rules of competence regarding the capital increase and purchase of treasury shares are detailed in Sections 5.2 (b) and (p) as well as 6.4. (l) and (m) of the Articles of Association. The General Meeting with its Resolution No. 8/2024 (IV.16.) authorized the Board of Director to purchase Magyar Telekom Plc. ordinary shares for 18 months starting from the date of approval of the resolution. The relevant resolution is available on the General Meetings section of the Company's website.

Pursuant to the Articles of Association, the Board of Directors consists of a minimum of five and a maximum of eleven members elected by the General Meeting for a term of three years, unless otherwise provided by the General Meeting. On December 31, 2024, the Board of Directors had eight members.

Meetings of the Board of Directors are held at least four times a year. Meetings of the Board of Directors require the presence of at least the majority of the members for a quorum. Each member of the Board of Directors has one vote. The Board of Directors passes resolutions by a simple majority vote.

On December 31, 2024, members of the Board of Directors, their principal occupation and the years of their original election were as follows:

Name	Born	Principal Occupation	Member since
Daniel Daub	1976	Senior Vice President Finance and Performance Management Europe, Deutsche Telekom AG, Chairperson of the Board of Directors of Magyar Telekom Plc.	2023
Daria Aleksandrovna Dodonova	1976	Chief Financial Officer of Magyar Telekom Plc.	2020
Gábor Fekete	1950	Consultant	2020
Elvira Gonzalez	1975	Senior Vice President B2B Europe, Deutsche Telekom AG	2022
Frank Odzuck	1959	Chief Executive Officer of Zwack Unicum Plc.	2006
Péter Ratatics	1982	Consumer Services Executive Vice President of MOL Group	2019
Tibor Rékasi	1973	Chief Executive Officer of Magyar Telekom Plc.	2018
Melinda Szabó	1971	Chief Executive Officer, T-Mobile Czech Republic S.A. and Slovak Telekom S.A.	2022

The members' assignment lasts until May 31, 2025.

2.3 Management

As part of the corporate governance simplification initiative, the Board of Directors of Magyar Telekom Plc. resolved to cease the activity of the Management Committee established in 2000 as a formal corporate decision-making body with effect from January 1, 2020. The tasks and responsibilities of the Management Committee have been re-allocated to the Chief Officers and to the Board of Directors of the Company. As a result of this change, the Management Committee transformed into an agile „Leadership Squad".

On December 31, 2024, the members of the Management and the years of their original election were as follows:

Name	Born	Current position	Member since
Tibor Rékasi	1973	Chief Executive Officer of Magyar Telekom Plc.	2013
Daria Aleksandrovna Dodonova	1976	Chief Financial Officer	2020
Zoltán Pereszlényi	1978	Chief Commercial Officer	2022
Zsuzsa Tóth	1979	Chief People Officer	2024
Gábor Gonda	1976	Chief Commercial Officer Enterprise, Chief Executive Officer of Telekom Rendszerintegráció Zrt.	2020
Lubor Zatko	1974	Chief Technology and IT Officer	2019

2.4 Supervisory Board

The Supervisory Board carries out its activities based on its Rules of Procedure (https://www.telekom.hu/about_us/investor_relations/corporate_governance/supervisory_board).

The Supervisory Board shall examine all submissions to be submitted to the General Meeting and present its opinion thereof at the General Meeting. The General Meeting may pass a resolution on a report pursuant to the Accounting Act and the use of the profit after income tax only upon receipt of the written report of the Supervisory Board. The Supervisory Board makes a proposal directly to the General Meeting regarding the election, remuneration and removal of the Statutory Auditor.

Pursuant to the Company's Articles of Association, the Supervisory Board consists of five members (three independent members and two employee representatives) elected by the General Meeting for a term of three years, unless otherwise provided by the General Meeting. The employee representatives in the Supervisory Board shall be nominated by the Central Workers' Council. Meetings of the Supervisory Board have a quorum if two-thirds of the elected members but at least three members are present.

On December 31, 2024, the members of the Supervisory Board, their principal occupation and the years of their original election were as follows:

Name	Born	Principal Occupation	Member since
Prof. Dr. Attila Borbély	1951	Professor Emeritus of University of Debrecen, Faculty of Economics and Business, Chairperson of the Supervisory Board of Magyar Telekom Plc.	2020
Gyula Bereznai	1978	Chairman of the Central Workers' Council, Magyar Telekom Plc.	2022
Krisztina Dorogházi	1972	Vice President Controller, Honeywell	2020
András Szakonyi	1973	Chief Executive Officer of Digital Infrastructure, Ferrovial S.E.	2020
Endre Szepesi	1966	Member of the Workers Council, Magyar Telekom Plc.	2022

The members' assignment lasts until May 31, 2025.

2.5 Audit Committee

The Audit Committee operates based on its Rules of Procedure (https://www.telekom.hu/about_us/investor_relations/corporate_governance/audit_committee).

The members of the Audit Committee have been elected by the General Meeting from the independent members of the Supervisory Board for the same period as their membership in the Supervisory Board.

On December 31, 2024, the members of the Audit Committee were as follows:

- Prof. Dr. Attila Borbély
- Krisztina Dorogházi
- András Szakonyi

2.6 Remuneration and Nomination Committee

The Remuneration and Nomination Committee is established by the Board of Directors of the Company to support the Board of Directors of the Company regarding the remuneration and certain nomination related issues of the members of the corporate bodies and the top executives of the Company in accordance with its Rules of Procedure (https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation).

The Remuneration and Nomination Committee, among others, makes recommendations to the Board of Directors on the establishment and/or termination of employment, and the modification of the employment contract of the Chief Executive Officer and the Chief Officers, and defines the remuneration of the Chief Executive Officer and the Chief Officers of the Company.

The Remuneration and Nomination Committee consists of three members. The members are elected by the Board of Directors from among its members. The Remuneration and Nomination Committee holds at least two meetings each year.

On December 31, 2024, the members of the Remuneration and Nomination Committee were as follows:

- Daniel Daub
- Elvira Gonzalez
- Frank Odzuck

2.7 Compensation of members of the board of directors, supervisory board, and management

The aggregate compensation of the members of the Board of Directors in their capacity as Board members was HUF 20 million in 2024.

The aggregate compensation of the members of the Supervisory Board in their capacity as Supervisory Board members was HUF 41 million in 2024.

The total compensation expenses (including social security and other payroll-related taxes as well as contractual termination expenses) of the members of the Leadership Squad (LS) was HUF 1,745 million in 2024.

On December 31, 2024, four members of the LS have an employment contract with indefinite and two members with definite duration. The notice period is two months for two of the indefinite contracts. The severance payment usually is in accordance with the Labor Code and the Collective Agreement, for the contracts the severance payment is usually between 3 and 16 months.

In addition to the above, the affected persons are bound by the non-compete clause, under which the employee is barred from entering into employment with any Hungarian or international competitor of Magyar Telekom Plc. and is required to refrain from providing direct or indirect services or activities of any kind to such companies for a definite period (not longer than one year) upon termination of his/her employment. Furthermore, such employee is barred from any action aimed to recruit employees of Magyar Telekom Plc. for any other company. This limitation entails certain compensation which is proportional with the above obligation. If the employee is in breach of the agreement, he/she will reimburse the net amount of compensation to the employer. In addition, the employee will be liable for a payment of compensation to the employer.

LS members from foreign countries may be entitled to housing subsidies. There are two members affected by this entitlement.

In line with the Company's remuneration guidelines, the Company provides contribution-based personal pension scheme, personal insurance scheme and health insurance scheme for the LS members. In addition, the LS members are entitled to the use of company cars.

For information about the Share Based Compensation programs, see Note 20.1.2 of the Separate Financial Statements.

2.8 Corporate Governance and Management Report

Magyar Telekom Plc. is a public limited company listed on the Budapest Stock Exchange. In 2004, the Budapest Stock Exchange issued its Corporate Governance Recommendations (the Recommendations) containing recommendations related to the corporate governance practice of companies listed on the Budapest Stock Exchange, taking account of the most commonly used international principles, of experiences gathered in Hungary, and of the characteristics of the Hungarian market as well as the Companies Act. The Recommendations were updated in 2007, 2008, 2012, 2018 and in 2021. The Recommendations effective from time to time is available at the website of the Budapest Stock Exchange:

https://bse.hu/Issuers/corporate-governance-recommendations/Corporate-Governance-Recommendations

In line with the current regulations, the Board of Directors of Magyar Telekom Plc. with the approval of the Supervisory Board submitted it to the General Meeting the Corporate Governance and Management Report of the Company (report) prepared in accordance with the Corporate Governance Recommendations. The report – along with other corporate governance related documents - is published in the Corporate Governance section of the website of the Company:

http://www.telekom.hu/about_us/investor_relations/corporate_governance/corporate_governance_documents

Companies listed on the stock exchange are required to express their views on their corporate governance practices in two ways. In the first part of the report, they have to give account of the corporate governance practices applied by their company in the given business year, including their corporate governance policy, and a description of any unusual circumstances. In the second part of the report, the issuers should give an account on their compliance with each point of the Recommendations in accordance with the "comply or explain" principle, including any reasons for derogating from a specific recommendation and/or proposal. When an issuer does not apply a recommendation or applies it in a different way, they should explain where the differences are and offer a reason for such derogation ('comply or explain' principle). This method allows issuers to consider their unique, industry-specific etc. idiosyncrasies and to inform shareholders and market players about their derogations from general corporate governance principles and to provide an explanation. Operating on the same principle, issuers can also explain any derogations from the proposals.

Sections 1 to 5 of the above report include the description and operation of the Board of Directors, the Supervisory Board, the relevant committees, and executive management. Section 6 of the report includes a description of the internal controls and risk management procedures, Section 7 gives information on whether the auditor has carried out any activities not related to auditing, while Section 8 of the report describes the disclosure policies and insider trading guidelines. In Sections 9 to 10 the method of exercising shareholders' right and the rules on conducting the General Meeting is summarized, while Section 11 contains the Remuneration Policy. The Company complies with the vast majority of the 72 recommendations and proposals, however in the business year of 2024 in case of 1 proposal it has not or not completely complied with due to the organizational structure or processes of the Company.

In 2024, the Magyar Telekom Plc.'s disclosure processes were evaluated in the ICS (Internal Control System) by the relevant organizational units and were tested by the internal audit area. The disclosure controls and procedures of Magyar Telekom Plc. were effective and designed to ensure a proper basis for the timely and accurate disclosures to the market participants required under the respective accounting, capital markets and company law regulations.

3 Social commitments, labor standards, human rights

For information about the social commitments, labor standards, human rights, see Chapter ESRS S1 – Own Workforce of the Separate sustainability statement.

4 Research and development

Research and development tasks are carried out by Magyar Telekom Plc.'s own researchers, product and service developers, with the involvement of innovative SMEs in Hungary. In addition, the Company exploits the synergies of its internal and external knowledge base and seeks partnerships with well-known innovation centers and higher education institutions. The Company's main partners in this field are renowned Hungarian universities and research institutes.

As part of its collaboration with Széchenyi István University, the partnership continued in 2024 at the Kékszalag Regatta. Magyar Telekom Plc. supported the event, sailors, and viewers with the most advanced digital solutions, including a redesigned streaming experience. The 5G Campus network established for the regatta, covering the entire surface of the lake, was capable of simultaneously managing the location tracking of up to 650 boats.

In 2024 continued the „Deutsche Telekom Group IT" Off-site Department faculty at Óbuda University. Also expanded with the engineer educational programs with the universities and higher education institutions and was broadened to include additional subjects. Magyar Telekom Plc. has established partnerships with university science parks that are currently under construction.

5 Real estate, sites of operation

Magyar Telekom Plc. has one of the largest real estate holdings in Hungary. The Company uses substantially all of these properties for telecommunications installations, offices, warehouses, garages and shops. Its equipment and machinery primarily consist of switches, communication towers and other telecommunications equipment. In order to increase the utilization of real estates and increase efficiency, also adapting to the recent changes in the energy sector, the Company is committed to reduce the cost of its energy consumption (finding alternative methods in heating and cooling, and to rationalize the usage of offices) furthermore the Company makes efforts to sublet or sell its surplus properties.

5.1 The registered office of the Company:

- 1097 Budapest, Könyves Kálmán körút 36.

5.2 Sites of the Company:

- 1073 Budapest, Dob u. 76-78.
- 1106 Budapest, Örs vezér tere 25. 1. em.
- 1138 Budapest, Váci út 178.
- 1195 Budapest, Üllői út 201.
- 1191 Budapest, Vak Bottyán u. 75. a-c.
- 1024 Budapest, Lövőház u. 2-6. 2. em.
- 1123 Budapest, Alkotás út 53.
- 1062 Budapest, Váci út 1-3.
- 1117 Budapest, Október huszonharmadika utca 8-10.
- 1033 Budapest, Huszti út 32.
- 1098 Budapest, Távíró utca 3-5.
- 1156 Budapest, Száraznád utca 1-3.
- 1211 Budapest, Rákóczi Ferenc út 154-170.
- 1087 Budapest, Kerepesi út 9.
- 1119 Budapest, Hadak útja 1.
- 1087 Budapest, Asztalos Sándor út 13.
- 1087 Budapest, Ciprus utca 2-6.

Out of the 1,807 buildings on the 1,624 sites of Magyar Telekom Plc., 48% are owned by the Company, 4% are jointly owned and the rest 48% are leased. Magyar Telekom Plc. is managing more than 7,000 contracts for base stations, mobile sites and technology properties.

The total area of buildings used by Magyar Telekom Plc. as of December 31, 2024 was 462,873 m^2. The majority of sites used in the company's operations are smaller than 100 m^2. The largest site is the Company's headquarters building (leased) located at Könyves Kálmán krt. 36 in Budapest, with floor space of over 39,207.53 m^2, and including underground area with total space of 82,210 m^2.

6 Corporate compliance

When shaping the compliance program of Magyar Telekom Plc., the goal was to ensure that Magyar Telekom Plc. pursues its business activity with maximum awareness of and commitment to compliance with the applicable laws and legal provisions, in accordance with the strictest norms of ethical business conduct. To this end, the company issued policy statements addressing the potentially arising compliance-related risks, and the company applies the procedures set out in these policy statements and arrange continuous training courses for its employees related to these procedures. The Company established clear concise processes to report, examine, follow up and correct suspected cases of non-compliance.

The Corporate compliance program is supervised by the Group compliance officer. The Group compliance officer reports directly to the Audit Committee, and cooperates with the Board of Directors, the Supervisory Board and the management. The Corporate compliance program focuses on the Code of Conduct.

The Code of Conduct of Magyar Telekom Plc. contains the summary of the compliance requirement within the company, sets common values of the Company and is a key to the strong position, reputation and successful future of Telekom. The Code of Conduct applies to everyone within the Magyar Telekom Plc. from the employees to the members of the Board. In addition, contracted partners of the Magyar Telekom Plc. also have to know and accept these values, when registering on the procurement website.

In the year 2010, an external independent party audited the implementation of the Compliance program, and the company was awarded a certificate of compliance with the external expectations and of the implementation of the system. The program was revised in 2013, including other related areas as well – such as procurement, internal audit, HR, sales. The audit was not aimed only at the implementation and control of the system in the different areas, but it measured the operational efficiency of the control system. The Company met the expectations and was awarded by a certificate issued by Ernst&Young as independent external party. In 2017, again an external auditor (KPMG) evaluated the effectiveness of the compliance management system of Magyar Telekom Plc., and issued a certification that the program complies with the requirements of the new anti-corruption ISO standard. In 2021 an external advisor (KPMG Germany) reviewed the Compliance program. They found the operation of the program efficient.

The first distance learning course addressing compliance was started in 2008 in the topic of “Conscious recognition of fraud and corruption”. Since then, the company been providing a general eLearning course for its new employees, mandatory for all colleagues joining to the company. The course is completed with the acceptance of the Code of Conduct. Since the start of the program, 112,913 distance learning courses were completed by the employees on group level, related to topics, such as compliance awareness, supplier due diligence, anti-corruption measures, incompatibility or insider trading.

On the top of that, the Company has arranged personal training sessions for employees working in professional areas exposed to compliance and abuse related risks – both within the parent company and Hungarian and international subsidiaries – in the topics of organized anti-corruption behavior, screening of contracted partners and rules of giving and accepting gifts.

In 2024 – similarly to the practice of the previous years – risk analyses were conducted with the participation of organizations and subsidiaries of Magyar Telekom Plc. Based on the results of the survey, a comprehensive audit was prepared for the potential compliance and abuse risks, the result of which was submitted to the Audit Committee of the Company.

During the year Magyar Telekom Plc. checks the soundness of the reports submitted to its company in connection with unethical behavior, and if necessary, the Company act on these reports. In case the company identifies actual abuses, it takes care of the necessary and adequate countermeasures. Magyar Telekom Plc. published all cases of corruption and the related countermeasures in accordance with the related applicable laws and legal provisions.

6.1 Fight against bribery and corruption

6.1.1 Policies

Magyar Telekom Plc. does not tolerate any attempts of corruption, so numerous procedures and policies were introduced to prevent and fight corruption. Magyar Telekom Plc. complies with the anti-corruption rules of the Group, and expects its business partners not to engage in unlawful activities (including breaching the anti-corruption laws) such as utilize any money or other services provided by Magyar Telekom Plc. for unlawful purposes. This also includes direct or indirect

payments to individual(s) to improve the perception of Magyar Telekom Plc. (or any parties acting for Magyar Telekom Plc.) or to influence any business decision. Magyar Telekom Plc. strictly prohibits any form of corruption including (but not only), receiving personal advantages or monetary gains, accepting or providing bribes or promising facilitating payments. The Company also prohibits employees from making beneficial decisions towards family, friends or close or distant acquaintances. It is not allowed to provide any gift or invitation to an event to third parties if it could potentially influence any business transaction. Magyar Telekom Plc. does not support morally or financially any political parties, organizations or representatives of these. Magyar Telekom Plc. will not start business relations with third parties that violate the anti-corruption clauses of the Compliance Program or the basic principles of the Code of Conduct.

Due Diligence procedures: There are no fixed procedures on how thorough due diligence should be to avoid legal responsibility or any investigation as per the anti-corruption laws. The aim of these procedures is to identify high-risk areas, and to provide indication when further due diligence or review is required.

6.1.2 Result of the policies

During the year, the Company has verified the plausibility of any complaints the company has received about unethical behavior and initiated internal investigations if necessary. If the Company has identified any misconduct, it initiated the necessary measures and actions. Any complaints regarding breaches of internal or external rules can be sent to the Tell Me! portal of Magyar Telekom Plc. Any questions regarding corporate compliance can be asked on the Ask Me! intranet portal.

6.1.3 Risk

The basis and prerequisite of the efficient defense against breaches of laws and policies is the registering and analysis of compliance risks and identifying other compliance relevant cases and evaluation of any otherwise detected compliance misconduct at Magyar Telekom Plc. The yearly Compliance Risk Assessment (CRA) handles active and passive corruption separately. The risk assessment always includes Magyar Telekom Plc., Telekom Rendszerintegráció Zrt. and Makedonski Telekom. Other subsidiaries can be included on a case-by-case basis, based on information originating from internal investigations. The CRA fully covers the above-mentioned companies. After the analysis and evaluation of the CRA the Group Compliance Officer informs the Audit Committee, the Board of Directors, the Supervisory Board and the management about the result of the risk assessment and gives an update about the status of the measures in every quarter.

7 Economic environment and outlook

The global economic environment in 2024 was characterized by moderate growth, with ongoing adjustments to elevated inflation rates and the impacts of geopolitical tensions.

At the same time, telecommunication industry has continued to play a critical role as the need for digitalization with the advancements in technology were significantly shaping investment trends and consumer behavior.

In 2024, Hungary experienced modest economic growth driven by some recovery in domestic consumption while investment levels remained on moderate levels. Inflation rates stabilized during the year, which was coupled with further growth in wage levels, both supporting the development of household consumption.

With the normalization of the inflation rate, the central bank continued monetary easing in 2024, which positively impacted economic developments.

With regards to the Hungarian telecommunication sector, sustained strong demand for data and digital solutions led to continued strong performance of the sector in 2024.

Looking ahead, there are further uncertainties related to the economic and business developments, as well related to the changes in the competitive environment. To ensure the reliability and security of its networks and its leading market position, Magyar Telekom Plc. remains committed to invest in its infrastructure and continue with the customer centric operational approach going forward.

8 Internal controls, risks and uncertainties

8.1 The presentation of the systems of internal controls and the evaluation of the activity in the relevant period

Magyar Telekom Plc.'s management is committed to establishing and maintaining an adequate internal control system to ensure the reliability of the financial reports and minimize operating and compliance risks. Magyar Telekom Plc.'s internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in conformity with IFRS Accounting Standards as adopted by the European Union.

For the business year 2024 control documentation and evaluation were accomplished in the IT supported ICS-Tool[5] system. Transaction Level Controls describe the controls built into the Company's business processes that have been designed and operated to ensure that material misstatements in each significant financial account and disclosure within the financial statements of the Company are prevented or detected in a timely manner.

Complete evaluation of the internal control system of Magyar Telekom Plc. is based on the method established in "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The operation of the internal control system is supported also by the independent internal audit function. It contributes to the improvement of the internal control processes and the reduction of existing risks by performing audits according to the risk based internal audit work plan and testing ICS controls. The Internal Audit area follows up the implementation of the measures defined based on the audits. The Supervisory Board and the Audit Committee inter alia also receive regular reports on the findings of the audits and related measures, and on measure fulfilment.

In line with the criteria of the adopted internal control framework, management evaluates the effectiveness of internal control system within each financial year. Management's assessment for 2024 is finished and based on the collected information internal control system has been operating effectively to prevent potential material misstatements in the financial statements and minimize operating and compliance risks.

The Company's shareholders are being informed about the operation of the internal control system through its public reports.

The management and Board of Directors of Magyar Telekom Plc. are committed to conducting all business activities of Magyar Telekom Group according to the highest legal and ethical standards. Based on this commitment, the Board of Directors established the Corporate Compliance program of Magyar Telekom Plc.

The Corporate compliance program is applicable to all bodies, organizations, employees of Magyar Telekom Plc., and advisors, agents, representatives as well as to all persons and organizations that work on behalf of the Company or its subsidiary.

The Corporate compliance program of Magyar Telekom Plc. ensures that the business activities of the Magyar Telekom Group are conducted observing and in compliance with the relevant laws to the utmost extent, according to the highest standards of training and commitment. It requires the realization of guidelines and processes that manage potential compliance risks and implement specific processes in order to report, investigate, monitor and correct suspected or actual lack of compliance.

8.2 The utilization of financial instruments, risk management and hedging policies

Introduction

As Hungary's leading telecommunications provider Magyar Telekom Plc. is subject to uncertainties and changes of the telecommunications and IT industry. To operate successfully in this continuously changing environment risks have to be systematically identified, assessed and managed.

Risk management system is not only needed from a business point of view, but as a company listed in the stock market, Magyar Telekom Plc. is obliged to operate a risk management system and prepare a risk report to inform its investors.

[5] Internal Control System

Upon the establishment of the comprehensive risk management system the Company acts in line with the relevant requirements of the Budapest Stock Exchange, as well as the rules laid down in the applicable international standards.

The Group level risk management system covers strategic, operational, financial, compliance and legal risks, which is also applicable to the consolidated subsidiaries of the Company. The objective is to identify, monitor and manage these risks in an early phase.

Risk management guidelines

It is Magyar Telekom Plc.'s policy that all disclosures to its shareholders and the market participants should give an accurate and complete picture of Magyar Telekom Group and fairly present the financial condition and results of the Company in all material respects. Such disclosures are made on a timely basis as required by applicable laws, rules and regulations.

The risk management organization and process:

To meet these objectives, Magyar Telekom Plc. continuously develops and regularly reviews the functionality and effectiveness of the elements of its risk management system. The risk management of Magyar Telekom Plc. includes the identification, assessment and evaluation of risks, the development of necessary action plans, as well as the monitoring of performance and results. Magyar Telekom Plc. performs its risk management activities in accordance with the risk management guidelines developed by the Group level risk management organization and approved by the Boards of Directors.

The risk owners of the individual organizations are responsible for identifying, reporting, assessing and monitoring risks on a continuous basis, in line with the framework of the risk management process, under the governance of the central risk management organization.

During the annual planning process, the management takes into account potential risks.

The established risk management standard provides a process framework:

- The identification of risks through the involvement of all organizations.
- Following the identification of risks, they are analyzed, assessed and quantified in details, (by estimating their probability of occurrence and potential impact) according to a predefined methodology. Risk assessment allows the management to focus more effectively on those risks that have significant impact on the Group's strategic objectives.
- A decision is taken on the specific course of action to reduce risks.
- The relevant risk owner implements, monitors and evaluates the relevant actions.
- These steps are repeated as necessary to reflect current developments and decisions.

To operate the risk management system effectively, Magyar Telekom Plc. needs to ensure that management takes business decisions based on knowledge of all relevant risks supported by regular Magyar Telekom Group-wide risk reporting. At the same time, risks related to the business plans are continuously assessed and managed and considered in the risk management process.

Risk factors that impact the operations of Magyar Telekom Plc. are reviewed regularly throughout the Company. All of the subsidiaries and organisations are required to identify and report the risk to their operations. Once these risks have been evaluated, the results are communicated to the Board of Directors, the Audit Committee and Deutsche Telekom's Risk management area in form of a group-level risk report. This regular reporting ensures that the most significant risks are monitored, that up-to-date risk mitigation measures are in place and that they are regularly followed.

Risk items affecting the operations of the Company are reviewed regularly and proactively throughout the Magyar Telekom Group. In this context, all the organisations and subsidiaries must immediately report any new facts, information or risks that comes to their attention that meet the criteria for mandatory reporting. The risk management function evaluates the information communicated and notifies the Chief Financial Officer if significant new risks or information emerge.

Responsibilities of employees on monitoring and managing risks are governed by internal regulations.

The risk assessment is carried out for a three-year period by Magyar Telekom Group. If there are significant risks beyond the forecast period, such risks are monitored on a continuous basis.

Besides the systematic management of risks the identification of opportunities and their strategic and financial assessment are also essential parts of the annual planning process of Magyar Telekom Group. This allows the Company to take these opportunities into account in its forecasts.

8.3 Main risk factors

The Company's financial condition, results of operations or the market prices of its securities could be materially adversely affected by any of the risks described below. These risks are not the only risks the company faces. Additional risks not currently known to the company, or risks that the company currently regard as low priority, could also have a material adverse effect on its financial condition, results of operations or security prices.

Regulatory risks

- Magyar Telekom Plc. operates within a strictly regulated market environment. Most of the regulatory framework is the result of EU legislation.
- Changes in existing legislation and the implementation of new laws can have a significant impact on the Company's operations and financial performance.

  Risk management activities:

  - The Company cooperates and maintains an active dialogue with regulators.
  - The Company maintains processes to ensure compliance and provide timely and accurate information to regulators.

Legal risks

- Regulatory cases and legal disputes with parties could influence the Company's results of operations.

  Risk management activities:

  - Protecting its interest and values through legal representation, continuous management and monitoring of legal disputes.
  - See also the compliance risk management activities.

Financial risks

- For details on financial risks and their management, see Note 5 of the Separate Financial Statements.
- Developments in the technology and telecommunications sectors may result in impairment of the book value of certain of the company's assets.
- Unpredictable changes in the Hungarian tax regulations may have an adverse effect on its results.
- Fluctuations in the exchange rates could have an adverse effect on its results of operations.
- Economic trends in Hungary and in other countries could have an adverse impact on the value of the company's investments, operating results, or financial situation.
- The uncertain trend of inflation, with limited predictability, may affect the results of the company. The EU has set the goal of diversifying its current and future energy supply, which could directly lead to further increases in the market prices of electricity and several important energy carriers (natural gas, oil, coal, nuclear fuel), especially if the supply side of imported energy carriers becomes constrained.
- In the future, as a direct consequence of the global energy crisis, the market prices of electrical energy and several crucial energy carriers (natural gas, oil, coal) may further increase.
- Geopolitical uncertainties posed by elections, polarization, and conflicts within and between countries might have an indirect or direct negative impact on the economy, both globally and for individual companies.

  Risk management activities:

  - The Company continuously analyzes financial actual data and provide forecasts on financial indicators.
  - The Company monitors technological developments and its competitors' activities.
  - The Company carries out sensitivity analyses (e.g. foreign exchange, free cash flow).
  - The Company tests all key controls on an annual basis.
  - The Company continuously improves its processes and systems for the purpose of automated accounting, reporting and auditing.
  - The Company constantly monitors energy prices to ensure that it purchases energy at a proper price level.

Strategic risks

- The Company is subject to intense competition in the fixed business due to overlaps with its competitors on more and more locations as a result of the network rollouts.
- The Company is subject to intense competition in the system integration, IT and mobile segment as well.
- Adaption to the latest trends and technological changes in the telecommunications market might be a serious challenge.
- Its business may be adversely affected by actual or perceived health risks associated with mobile communications technologies, and unsubstantiated and rapidly spreading news about new technologies.
- Sustainability: information on the Company's approach to sustainability risks and opportunities can be found in Chapters ESRS E1 – Climate Change and ESRS G1 – Corporate Governance of the Consolidated sustainability statement.

  Risk management activities:

  - The Company continuously invests in the development of its network.
  - The Company transforms its internal processes to be even better prepared for future challenges.
  - The Company monitors technological developments and its competitors' activities.
  - The Company pursues responsible and sustainable business activities.
  - In order to maintain trust and its reputation the company continuously informs its key stakeholders on its plans, risks and achievements.
  - The Company integrates digital initiatives into its long-term planning and aligns its technology and business strategies.
  - The Company continuously provides training for its employees to familiarize them with new technologies.

Operational risks

- The future of its current operational model is subject to currently unforeseeable changes in the future business environment.

  Risk management activities:

  - The Company has a flexible business model. The company closely monitors the competitive environment in all markets and responds accordingly to both consumer and business segment needs.
  - Its price offers are competitive in the markets where the company operates.
  - The Company supports its business customers with its innovative products to increase efficiency.
  - The Company transforms its internal processes to be even better prepared for future challenges.

- The impact of a pandemic can affect its entire risk environment.

  Risk management activities:

  - Experiences in reacting to effects of COVID-19 have become part of the Company's everyday operation. Due to the nature of the telecom industry and the importance of communication services in a pandemic the company continuously strengthens its digital strategy.
  - The Company continuously invests in the development of its network to prepare for the challenges of the future and to successfully continue to ensure the operation and capacity of its network infrastructure.
  - Magyar Telekom Plc. can ensure the health protection, productivity and efficient way of working of employees by creating and enabling conditions for teleworking.

- The effects of system errors may reduce user traffic, result in lower revenue, incur fines for the company, and harm its reputation.

Risk management activities:

- Magyar Telekom Plc. operates network monitoring systems and defines recovery goals to minimize service outages.
- Magyar Telekom Plc. considers it of key importance to inform its customers in a timely manner about service problems thus the company operates an advanced information system.

- The departure of key employees may adversely affect the Company's business operations.

  Risk management activities:

  - Operation of an advanced human resources strategy, for further details see Chapter ESRS S1 – Own workforce of the Consolidated sustainability statement.

- The number of cyber-attacks has significantly increased worldwide in recent times. The cyber security risk has further worsened since the global pandemic, as work, shopping, social interactions, and education have shifted significantly towards digitization. The rapid development of digitization has increased organizations' vulnerability to cyber-attacks. Also, teleworking may increase the risk of fraud and misuse of business information and data, as well as unauthorized access, theft and fraudulent use of data.

  Risk management activities:

  - Magyar Telekom Plc. provides services with the highest security-standards and constantly tests and updates its cyber security countermeasures.
  - Magyar Telekom Plc. performs regular audits on key security risks affecting its business and maintains strategies to identify, prevent and respond to these challenges.
  - The Company's cybersecurity approach focuses on minimizing the risk of cyber security incidents impacting its networks, systems and services.
  - Magyar Telekom Plc. strengthens the correct security mindset among employees through communication, campaigns and training.

- Data protection incidents are punishable with very high fines. Despite the appropriate technical and organizational measures adapted to the nature of data processing, purposes and risks of data protection and well-designed data protection management structures data protection incidents and compliance deficiencies cannot be entirely excluded. There may be problems that can have a negative impact on Magyar Telekom Plc.'s reputation and may incur costs and other legal consequences (including fines).

  Risk management activities:

  - In order to ensure data protection compliance and to avoid other legal consequences (fines) the Company pays special attention to compliance with data protection principles (e.g. purpose limitation, data minimisation), to the definition of appropriate legal bases for data processing, to the assurance of privacy by design and by default in the design and operation of the services and processes as well as to high-level data security measures to avoid system failures that may impact a large number of subscribers, employees or any other data subjects. More information about data protection processes can be found in Chapter ESRS S4-1 – Policies related to consumers and end-users of the Consolidated sustainability statement.
  - The Company provides regular data protection and data security trainings, privacy awareness communication and other tools (e.g. privacy aids on the corporate intranet) to help colleagues make better and risk-conscious decisions.

- The increased penetration of artificial intelligence systems requires a high level of attention and can have serious legal consequences if not properly applied.

  Risk management activities:

  - Magyar Telekom Plc. incorporates related guidelines and requirements into its processes and provides regular legal and compliance support for business decisions in the use and development of artificial intelligence systems.

- In the course of use of artificial intelligence systems, if personal data processing is also involved, the company pays special attention to the compliance with the data protection requirements.

- Procurement and supply chain: the company cooperates with a wide range of vendors. High risk products and services include hardware, network technology components, and all products and services provided directly to end users. Supply risks cannot be entirely avoided. Epidemics, natural disasters, wars, transportation bottlenecks, price increases, changes in the economic or political environment or the suppliers' product strategies may have a negative impact on the company's business processes and results. Further risks may arise from dependencies on specific suppliers or from their default due to capacity or economic reasons.

  Risk management activities:

  - In order to reduce the Company's exposure to risks the company implements organizational, operational and profession-specific procurement strategies. Its procurement processes are planned and are monitored through regular internal and external controls. Key professional factors for managing procurement risks: proactive management of the supplier base, their frequent and ad-hoc due diligence, supplier segmentation, risk analysis of strategic and critical suppliers and continuous active contact keeping together with the business areas. More information regarding this can be found in Chapter ESRS S2 – Workers in the Value Chain of the Consolidated sustainability statement.

Compliance risks

- Violation of laws may result in loss of trust, financial sanctions, impairment of the company's shareholder value and further sanctions. Serious violation of laws may lead to criminal proceedings, litigation and regulatory actions.

  Risk management activities

  More information regarding this can be found in Chapter G1 – Corporate Governance of the Consolidated sustainability statement:

  - The company operates a compliance framework program for the identification, regular assessment and mitigation of risks.
  - Magyar Telekom Plc. trains its employees, runs awareness raising programs that explain its ethical norms throughout the organization and help the employees to understand their role in ensuring compliance.
  - The company supports a culture where its colleagues can voice their concerns, so the company can identify problems and prevent them from happening again.

8.4 Financial risk management

The classification of the Company's financial instruments is described in detail in Note 4 and the financial risk management of the Company is described in detail in Note 5 of the Separate Financial Statements.

9 Analysis of financial results for 2024

9.1 Revenues

Total revenue increased from HUF 691 billion in 2023 to HUF 795 billion in 2024, reflecting continued strong growth in mobile data and fixed broadband revenues as well as the impacts of the inflation-based fee adjustment.

Mobile revenue increased to HUF 514.1 billion in 2024 compared to HUF 443.5 billion in 2023, reflecting primarily the continued increase in mobile data usage.

- Voice retail revenue grew by 12.3% to HUF 128.0 billion in 2024, as lower usage levels were offset by the impacts of the inflation-based fee adjustment of the subscription fees.
- Voice wholesale revenue was down by 52.5% to HUF 3.8 billion in 2024, as a result of the reduction in the mobile termination rates effective from January 1, 2024. The rates were cut from HUF 1.6461 /minute to HUF 0.7678/minute in line with EU regulations.
- Data revenue grew by 24.3% to HUF 209.6 billion in 2024, driven by the continued growth in subscriber numbers and further increases in mobile data usage.
- SMS revenue rose by 10.8% to HUF 27.6 billion in 2024, as a result of higher revenues from mass SMS services coupled with the positive impacts of the fee adjustment.
- Mobile equipment revenue increased by 14.3% to HUF 125.1 billion in 2024, driven primarily by an increase in third party export sales.

Fixed line revenue increased to HUF 265.1 billion in 2024, up from HUF 231.9 billion in 2023 primarily as a result of higher broadband and TV revenues and the positive impact of the fee adjustment.

- Voice retail revenue was up by 2.8% at HUF 31.0 billion in 2024, as the further decline in the customer base and usage level was offset by the fee adjustment impacts.
- Broadband retail revenues increased by 24.8% to HUF 99.2 billion in 2024, thanks to further growth of the customer base that was coupled with continued strong demand for bandwidth upgrade transactions and the impact of the inflation-based fee adjustment.
- TV revenues increased by 14.8% to HUF 70.7 billion in 2024, reflecting the continued expansion of the IPTV customer bases as well as fee adjustment measures.
- Fixed equipment revenues rose by 12.5% to HUF 21.8 billion in 2024, primarily driven by lower present value discounts related to installment sales.
- Data retail revenues rose by 13.6% to HUF 13.0 billion in 2024 thanks to higher revenue from leased line fixed internet services.
- Wholesale revenues were up by 7.2% to HUF 14.2 billion in 2024 thanks to higher IP and data revenues.

System Integration (SI) and IT revenues remained stable at HUF 15.4 billion in 2024.

9.2 Direct costs

Direct costs increased from HUF 278.5 billion in 2023 to HUF 294.4 billion in 2024, driven by higher equipment sales expenses.

- Interconnect costs decreased by 22.3% to HUF 13.2 billion in 2024, reflecting the cut in mobile termination rates, effective from January 1, 2024.
- SI/IT service-related costs remained stable at HUF 11.9 billion in 2024, reflecting similar project values during both years.
- Bad debt/Impairment losses and gains on financial assets and contract assets expenses declined by 8.9% to HUF 12.3 billion in 2024 as increases driven by the higher revenue base was offset by the absence of the one-off HUF 3.5 billion forward-looking impairment recognized in 2023.
- Telecom tax was lower by 1.5% at HUF 25.1 billion in 2024, reflecting lower fixed voice usage as well as lower mobile voice usage among business customers.

- Other direct costs increased by 10.1% to HUF 231.9 billion in 2024, driven primarily by higher equipment costs coupled with an increase in roaming and TV-content outpayments.

9.3 Gross profit

Gross profit increased to HUF 500.1 billion in 2024, from HUF 412.4 billion in 2023, reflecting the increase in revenues.

9.4 Employee-related expenses

Employee-related expenses rose by 23.0% year-on-year to HUF 85.7 billion in 2024, driven primarily by the wage increases implemented coupled with a one-off bonus payment amounting to HUF 4.5 billion.

9.5 Supplementary telecommunication tax

Supplementary telecommunication tax, increased to HUF 36.3 billion in 2024 from HUF 29.9 billion in 2023 due to the higher relevant revenue base.

9.6 Other operating expenses

Other operating expenses decreased from HUF 80.8 billion in 2023 to HUF 76.3 billion in 2024 reflecting the repeal of the utility tax effective from January 1, 2024.

9.7 Other operating income

Other operating income increased to HUF 5.4 billion in 2024 from HUF 4.2 billion in 2023, driven by higher income received for relocation and reconstruction of own network.

9.8 EBITDA

EBITDA grew to HUF 307.2 billion in 2024 versus HUF 236.3 billion in 2023, thanks to higher gross profit that could offset the increase in indirect costs.

9.9 Depreciation and amortization

Depreciation and amortization (D&A) expenses remained broadly stable, amounting to HUF 115.8 billion in 2024.

9.10 Operating profit

Operating profit rose to HUF 191.4 billion in 2024 from HUF 121.6 billion in 2023 thanks to the improvement in EBITDA.

9.11 Net financial result

Net financial result improved from a loss of HUF 47.0 billion loss in 2023 to a loss of HUF 30.2 billion in 2024. Interest expense improved as a result of lower debt levels and more favorable average interest rates, whilst decline in other finance expense reflects improvement in results related to derivatives fair value measurements.

9.12 Income tax

Income tax expense rose to HUF 26.5 billion in 2024 from HUF 15.6 billion in 2023 driven by the higher profit before tax.

10 Separate sustainability statement

Magyar Telekom Group Separate Sustainability Statement 2024

Introduction

In preparing this sustainability statement, Magyar Telekom Group acknowledges certain inherent limitations due to the initial reporting under the Corporate Sustainability Reporting Directive (CSRD). Consequently, comparisons over time may be constrained as frameworks for sustainability reporting are continuously evolving. The data collection processes and methodologies for certain sustainability metrics are still being refined. As such, some data points may be subject to estimation. Any future changes in structure or operations may impact the reported sustainability metrics. The sustainability impacts reported herein are influenced by external factors such as regulatory changes, market conditions, and technological advancements, which may affect the outcomes of the Group's sustainability initiatives.

Magyar Telekom Plc. management is committed to continuously improving its sustainability reporting processes to follow regulatory changes, market conditions, implementation guidelines.

Given the interrelated services within Magyar Telekom Group and its activities, the value chains, as well as the impact, risk, and opportunities conceptual framework, it is not feasible to consider the parent entity on its own. According to this concept, the value chain sustainability statement must include information about all material impacts, risks, and opportunities (IROs), including those that arise or may arise in the context of its business relationships within the upstream and downstream value chains. These business relationships are not limited to direct contractual relationships. Magyar Telekom Plc. management is confident that including the same content of the CSRD report is the appropriate method for both consolidated and separate integrated reporting purposes in the annual reports. Magyar Telekom Plc. management is dedicated to transparency and continuous improvement of reporting practices.

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General information

ESRS 2 – General disclosures

Introduction

Magyar Telekom Group regularly reports on its sustainability initiatives and achievements, this year for the first time in the form of a Consolidated sustainability statement in accordance with the requirements of the Act C of 2000 on Accounting implementing the relevant provisions of the CSRD[6]. This Consolidated sustainability statement is divided into the following sections 'General disclosures', 'Environmental topics', 'Social topics' and 'Business conduct'. In order to avoid duplication within the management report, references are made to further information in other chapters at appropriate points. In line with the following ESRS thematic standards, the Group reports on its approach to managing its impact on society and the environment as well as the risks and opportunities identified along its entire value chain:

- E1 – Climate change
- E5 – Resource Use & Circular Economy
- S1 – Own workforce
- S2 – Workforce in the value chain
- S4 – Consumers and end-users
- G1 – Business conduct

Section 95/I (1) of the Act on Accounting requires that the Company shall prepare the Separate business/management report in the electronic reporting format (XHTML) specified in Article 3 of Commission Delegated Regulation (EU) 2019/815 and shall mark up (using the XBRL markup language) its Separate sustainability statement, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (ESEF taxonomy), in accordance with the electronic reporting format. As the ESEF taxonomy for sustainability reporting has not yet been adopted when preparing the Separate sustainability statement, the Company has not been in a position to complete the XBRL tagging for the Separate sustainability statement.

The following index reflects the general disclosure requirements of the standard "ESRS 2 – General Disclosures".

ESRS-Index according to ESRS 2 IRO-2

Disclosure	Designation	Remarks
ESRS 2 General information		
ESRS 2 BP-1	General basis for preparation of sustainability statements	
ESRS 2 BP-2	Disclosures in relation to specific circumstances	
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the administrative, management and supervisory bodies	
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	
ESRS 2 GOV-4	Statement on due diligence	
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	
ESRS 2 SBM-1	Strategy, business model and value chain	
ESRS 2 SBM-2	Interests and views of stakeholders	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in option for ESRS 2 SBM-3 §48e
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	
ESRS 2 IRO-2	Disclosure Requirements in ESRS covered by Magyar Telekom Group's sustainability statement	

[6] Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 amending Regulation (EU) No 537/2014 and Directives 2004/109/EC, 2006/43/EC and 2013/34/EU as regards corporate sustainability reporting.

Basics for preparation of sustainability statements

ESRS 2 BP-1 – General basis for preparation of sustainability statements

This sustainability statement was prepared on a consolidated basis. The group of companies included in the Consolidated sustainability statement includes Magyar Telekom Plc and its subsidiaries, in line with the Group's financial reporting. If certain data points or descriptions do not cover the whole Group, this is clearly-stated in the relevant part of the Consolidated sustainability statement.

The Consolidated sustainability statement covers both Magyar Telekom Group's own operations and the upstream and downstream value chain. The materiality assessment of impacts, risks and opportunities (IROs) covered the value chain from raw material extraction to end-of-life treatment. The extent to which policies, actions, targets, and data extend to the value chain is specified under the respective disclosures.

The time horizons applied in the Consolidated sustainability statement correspond to the time horizons defined by ESRS (short-, medium-, long-term).

In the preparation process, the option of omitting certain information relating to intellectual property, know-how or the results of innovation has not been taken. Information has not been included on upcoming developments or matters currently in the negotiation phases has not been included in this report.

ESRS 2 BP-2 – Disclosures in relation to specific circumstances

Any changes and errors that occurred in the preparation and presentation of sustainability information compared to the previous reporting period are specified in the respective disclosures.

Sources of estimation and outcome uncertainty identified in case of Scope 3 emissions and emission factors. Due to lack of primary data, especially in the upstream and downstream value chain, and lack of product-related emission factors, estimates have been used to determine greenhouse gas (GHG) emissions from the use of products and services. Emission factors cannot be determined exactly for each individual product thus an average value has been used in the upstream value chain. The degree of accuracy is supported by the application of emission factors from reliable sources.

Application of information by reference is used in the following cases: information required in ESRS 2 GOV-1 on the expertise and skills of Board of Directors, Management, Supervisory Body and Audit Committee is incorporated by reference.

Governance

ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies

The **Board of Directors** is the management body of Magyar Telekom Plc. and represents the Company with regard to third parties, in court and before other authorities. The members of the Board of Directors shall conduct the management of the Company by giving primacy to the interests of the Company. The Board of Directors is not an operative management body, in other words, the Board of Directors is not involved in the Company's daily business. The Board of Directors is responsible for all matters relating to the Company's management and course of business not otherwise reserved for the General Meeting or to other corporate bodies by the Articles of Association of the Company or by the law. The Board of Directors operates based on its Rules of Procedure. The Civil Code does not include requirements with regard to the independence of the members of the Board of Directors if besides the Board of Directors there is also a supervisory board operating at the company. The members of the Board of Directors shall be elected by the General Meeting.

On December 31, 2024, the Board of Directors had 8 members, 2 internal (executive) and 6 external (non-executive) members with 3 independent (all non-executive) (37.5%) and 5 non-independent (62.5%) members among them. Members of the Board of Directors by gender: 5 men and 3 women.

Further information on the Board of Directors is available under Section 2.2. „Board of Directors" of this Business Report / Management Report or under the Corporate Governance site of Magyar Telekom's website.

The **Management** of the Magyar Telekom Plc. comprises of the Chief Executive Officer and other Chief Officers and operates as a 'Leadership Squad' based on agile methodology. The Chief Financial Officer is responsible for providing reports on sustainability activities to the Board of Directors at least once a year.

On December 31, 2024, members of the Management by gender: 4 men and 2 women.

Further information on the Management is available under Section 2.3. „Management" of this Business Report / Management Report or under the Corporate Governance site of Magyar Telekom's website.

The **Supervisory Board** of Magyar Telekom Plc. supervises the management of the members (shareholders) of the Company in order to protect the interests of the Company. The members of the Supervisory Board are independent of the management of the Company and cannot be instructed in the course of their activities. The Supervisory Board carries out its activities based on its Rules of Procedure that are established by the Supervisory Board. According to the Articles of Association the Supervisory Board shall be comprised of 5 members. 3 members of the Supervisory Board must be independent from time to time in accordance with the applicable provisions of the Civil Code and 2 members of the Supervisory Board must be employees of the Company. The members shall be elected by the General Meeting.

On December 31, 2024, the Supervisory Board had 5 members with 3 non-executive and independent (60%) and 2 employee representatives and non-independent (40%), members. Members of the Supervisory Board by gender: 4 men and 1 woman.
Further information on the Supervisory Board is available under Section 2.4. „Supervisory Board" of this Business Report / Management Report or under the Corporate Governance site of Magyar Telekom's website.

The General Meeting elects a 3-member **Audit Committee** from the independent members of the Supervisory Board for the same period as the membership of the relevant members in the Supervisory Board. The purpose of the Audit Committee is to support the Supervisory Board in supervising the financial reporting system, in selecting the statutory Auditor and in cooperating with the statutory Auditor (including the activities aimed at providing assurance on the sustainability report). The Audit Committee informs the General Meeting of the Company of the outcome of the statutory audit activity and assurance on the sustainability report, explain how the statutory audit activity and the assurance activity on sustainability reporting contributed to the integrity of financial and sustainability reporting respectively, and the role of the Audit Committee in the reporting process. The Audit Committee operates based on its Rules of Procedure. The Audit Committee establishes its own Rules of Procedure, approved by the Supervisory Board.

On December 31, 2024, the Audit Committee had 3 non-executive and independent (100%) members. Members of the Audit Committee by gender: 2 men and 1 woman.

Further information on the Audit Committee is available under Section 2.5. „Audit Committee" of this Business Report / Management Report or under the Corporate Governance site of Magyar Telekom's website.

The ESG Center of Expertise ('ESG CoE'), of which several employees are certified sustainability managers, is responsible for the coordination of governance and environmental topics. The Corporate social responsibility (CSR) and Diversity and Inclusion Experts are responsible for social topics. The ESG Squad is a cross-functional team of experts that serves as a central, operative forum for identifying, solving, and driving ESG-related tasks, facilitating decision-making and coordination across the organization.

To ensure that employees have the appropriate skills and expertise, internal training platforms are available to all employees, offering various opportunities related to sustainability matters.

ESRS 2 GOV-2 – Information provided to and sustainability matters addressed by the administrative, management and supervisory bodies

Responsibilities of governance, control and monitoring of sustainability matters, along with the detection, assessment and management of associated impacts, risks and opportunities, are not confined to any single role or committee within the Group. Respective obligations of detection, assessment and management of sustainability related impacts, risks and opportunities are being defined along the internal corporate policies, the Organizational and Operational Regulations of the company, the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Audit Committee. Monitoring of risks and opportunities is part of the regular risk management process. A quarterly risk report is prepared under the responsibility of the Chief Financial Officer.

Management controls of certain impacts, risks and opportunities are covered by the Internal Control System (ICS), which is subject to an annual independent audit based on management risk assessment.

The ESG CoE regularly informs the ESG Squad about important sustainability indicators and developments in the sustainability area. In 2024, the ESG Squad was notified about the process of double materiality assessment and as a result, the material impacts, risks and opportunities. The ESG Squad meets regularly in order to effectively coordinate group-wide and company-level sustainability tasks, adopting resolutions by a simple majority of votes. The CEO and the CFO are jointly responsible for setting the strategic direction of sustainability operations outlining strategy, goals, performance metrics and internal guidelines. The Management ('Leadership Squad') is informed about sustainability matters on an ad-hoc basis. The Rules of Procedure of the Board of Directors does not include the responsibility for developing, approving, and updating the organization's mission, strategies and policies related to sustainable development. The Board of Directors are informed about the most important sustainability matters once a year according to the relevant internal policy.

The Rules of Procedure of the Board of Directors, the Supervisory Board, and the Audit Committee do not include the responsibility of developing, approving, and updating the organization's mission, strategies and policies related to sustainable development. The Supervisory Board and the Board of Directors of Magyar Telekom Plc. take impacts, risks and opportunities into account when monitoring the strategy, the Company's decisions on important transactions and the risk management procedures by risk management area.

ESRS 2 GOV-3 - Integration of sustainability-related performance in incentive schemes

The annual bonus of the Management of Magyar Telekom Plc. is a set percentage of the base wage paid proportionately to the performance targets determined by the Remuneration and Nomination Committee of Magyar Telekom Plc. In 2024, the targets (40% financial, 40% strategic and 20% sustainability) derived from the strategic objectives defined for the specific business year.

Such an incentive is not available for the members of the Board of Directors, the Supervisory Board and the Audit Committee, as their fixed-amount remuneration is determined by the General Meeting.

The sustainability indicator is equally composed of energy consumption and CO2 emission (scope 1 + 2) factors.
The Remuneration and Nomination Committee adopts the annual targets and their performance levels annually in light of the Company's strategic objectives and corporate responsibility principles.

Further detailed information on Magyar Telekom Plc's Remuneration Policy and Remuneration Report, the members of the Board of Directors, the Supervisory Board and the Management is available under the Corporate Governance site of Magyar Telekom's website.

This incentive is also implemented at certain lower managerial level at Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt. is described in the relevant internal regulation, which is evaluated, recognized and paid based on target achievement (40% financial, 40% strategic and 20% sustainability).

Similar incentive schemes and remuneration policies are implemented at Makedonski Telekom AD. Other subsidiaries of Magyar Telekom Plc. have not yet introduced an incentive scheme covering sustainability related KPI-s.

ESRS 2 GOV-4 - Statement on due diligence

The following overview shows how and where the most important aspects and steps of the due diligence process are taken into account in the Consolidated sustainability statement.

Overview of the key aspects and steps of the due diligence process in the Consolidated sustainability statement

Key elements of the due diligence process	Chapters and sub-chapters in the Consolidated sustainability statement	Chapter
Integrating due diligence into governance, strategy and business model	ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the administrative, management and supervisory bodies ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes and ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model.	ESRS 2, E1, E5, S1, S2, S4, G1
Involvement of stakeholders in key steps of due diligence procedures	ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the administrative, management and supervisory bodies, ESRS 2 SBM-2: Interests and views of stakeholders, ESRS 2 IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities, ESRS 2 SBM-3 E1 – Material impacts, risks and opportunities and their interaction with strategy and business model ESRS E1-2 – Policies related to climate change mitigation and adaptation ESRS E5-1 – Policies related to resource use and circular economy ESRS S1-1 – Policies related to own workforce ESRS S2-1 – Policies related to value chain workers ESRS S4-1 – Policies related to consumers and end-users ESRS G1-1 – Corporate culture and business conduct policies and corporate culture	ESRS 2, E1, E5, S1, S2, S4, G1
Identification and assessment of negative impacts	ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities (including application requirements in relation to specific sustainability aspects in the relevant ESRS) and ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS 2, E1, E5, S1, S2, S4, G1
Measures against these negative effects	ESRS E1-3 – Actions and resources in relation to climate change policies ESRS E5-2 – Actions and resources related to resource use and circular economy ESRS S1 – 4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action ESRS S4-4 – Taking action on material impacts on consumers and end-users and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions measures and approaches ESRS G1-3 – Prevention and detection of corruption and bribery	E1, E5, S1, S2, S4, G1
Tracking the effectiveness of these efforts and communication	Goals ESRS E1-4 – Targets related to climate change mitigation and adaptation ESRS E5-3 – Targets related to resource use and circular economy ESRS S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities ESRS S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities Key figures ESRS E1-5 – Energy consumption and mix ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions ESRS E1-7 – GHG removals and GHG mitigation projects financed through carbon credits ESRS E1-8 – Internal carbon pricing ESRS E5-4 – Resource Inflows ESRS E5-5 – Resource Outflows ESRS S1-6 – Characteristics of Magyar Telekom Group's employees ESRS S1-8 – Collective bargaining coverage and social dialogue ESRS S1-9 – Diversity metrics ESRS S1-12 – Persons with disabilities ESRS S1-14 – Health and safety metrics ESRS S1-16 – Compensation metrics (pay gap and total compensation) ESRS S1-17 – Incidents, complaints and severe human rights impacts	E1, E5, S1, S2, S4,

ESRS 2 GOV-5 - Risk management and internal controls over sustainability reporting

Internal control system: The Management is committed to establishing and operating an adequate level of internal controls to ensure the reliability of financial reporting and to ensure covering the most relevant financial, operational and compliance risks and to ensure reasonable assurance on financial statements. From 2021 onwards, the internal control system includes Corporate Responsibility as a separate area, with dedicated controls to cover the risks associated with this function, the number of which significantly increased in 2023 and were adjusted in 2024. The controls cover the process of Deutsche Telekom Group wide data collection through a dedicated system, which provides data for the Consolidated sustainability statement. The operation of the internal control system is regularly audited by independent audit functions.

Risk management procedures: Risk factors affecting the operations of Magyar Telekom Group are reviewed regularly. The risk reporting process requires all divisions and subsidiaries to report risks identified in the Group's operation. This includes ESG-related risks together with risks related to the sustainability reporting process. In the year under review, no risks were identified in relation to the CSRD sustainability reporting process.

Following risk evaluation based on a pre-defined threshold and methodology, the results are presented to the Board of Directors and the Audit Committee. Quarterly reporting ensures that management is aware of the risk environment, that risk factors are taken into consideration when establishing strategy, that risks are actively managed, that up-to-date risk mitigation measures are in place and regularly followed up. For a more detailed description of the risk management system, please see Section 8. Internal controls, risks and uncertainties of the Consolidated business/management report.

Consolidated sustainability statement preparation process: Magyar Telekom Group has established an internal process to perform the review of the draft Consolidated sustainability statement prior to publication at expert, management and supervisory body levels. As part of the Consolidated management report, the Consolidated sustainability statement is submitted to the Board of Directors, the Audit Committee and the Supervisory Board.

The following circumstances have been identified as key factors affecting sustainability reporting and their mitigation. The report contains estimations which are clearly highlighted in the relevant sections. The applied assumptions and estimation methodologies were assessed by the external auditor.
Recommendations and measures received during audits and internal control system testing are considered and implemented into the processes to integrate the findings.

The ESG CoE informs the ESG Squad about important sustainability indicators and developments with respect to sustainability area, including the result of the audit of the Consolidated sustainability statement, its key findings and recommendations.

Regular reports ensure that management receives the latest information about key findings of any audit. The Board of Directors, the Audit Committee and the Supervisory Board receive audit report summaries from internal auditors on findings of audits and results of the internal control system testing. Any significant findings regarding sustainability reporting are highlighted in the audit report summaries.

Strategy

ESRS2 SBM-1 – Strategy, business model and value chain

Magyar Telekom Group is the leading information and communication technology provider in Hungary and in North Macedonia, providing a full suite of telecommunications and IT services. Magyar Telekom Group is present in Bulgaria and in Romania serving B2B and wholesale customers on the Group's fixed networks.

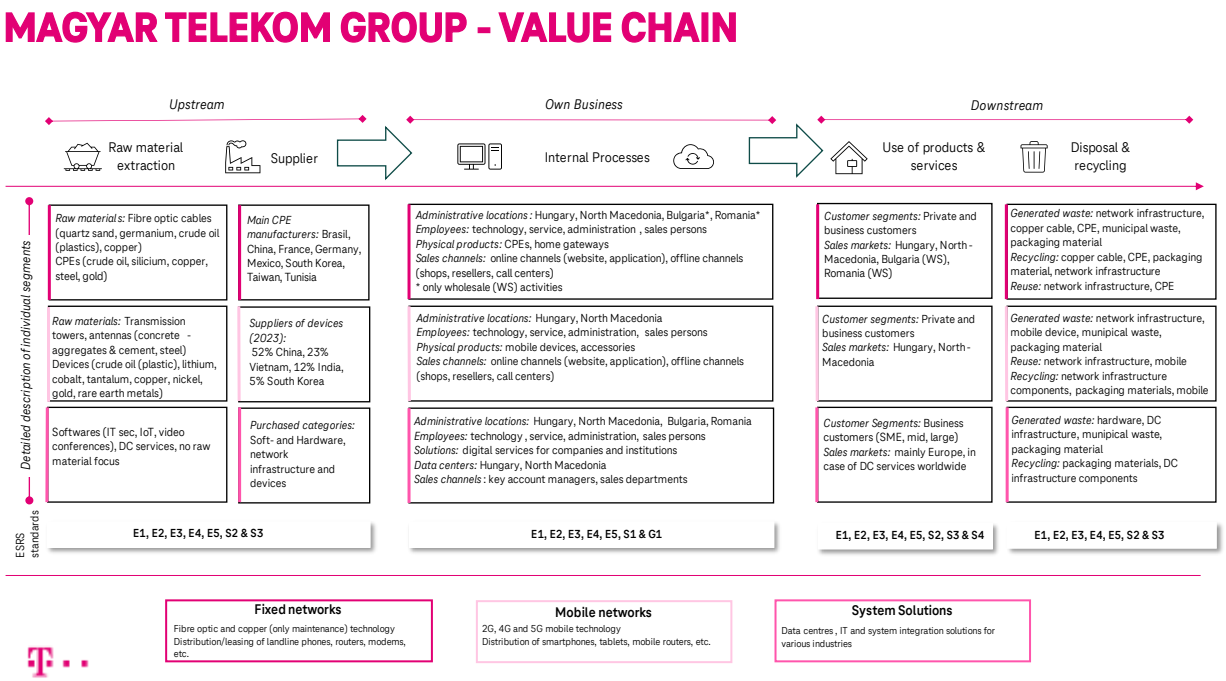
The chart below shows the value chain that was assessed across business units, including the inputs used in and outputs derived from the Group's business model. The potential impacts, risks and opportunities of the telecommunications industry were considered as part of a double materiality assessment. The possible relationships with the value chain and business model were examined. The material potential impacts, risks and opportunities are explained under the standards. The content of ESRS Standards was considered as part of the assessment within each section of the value chain.

Magyar Telekom Group's supplier network is complex and diverse, as the Group requires many different products and services for its operations. The relationship between the Group and its partners is characterized not only by close cooperation but also by mutual dependency. Both parties work to reach common goals and promote sustainable practices. Generally, suppliers can be categorized as follows:

- Network equipment suppliers: These include companies that supply the equipment needed to build and maintain the network, such as cables, optical devices, antennas, servers, and other hardware. Typically, such suppliers are large international technology companies.
- Software suppliers: Software is essential for Magyar Telekom Group to operate its IT systems and provide its services. Software vendors can be large software companies as well as smaller, specialized software development firms.
- IT service providers: IT service providers are companies that assist in the operation, maintenance, and development of Magyar Telekom Group's IT systems.
- Content providers: Companies that provide the content needed for television and other content services. These can include, for example, television channels, film studios, or online streaming providers.
- Other service providers: These include other services necessary for operation, such as logistics, marketing, consulting, or security services.

The full list of Magyar Telekom Group's suppliers is confidential and as such not publicly disclosed.

Magyar Telekom Group's customers can be divided into residential and business customers. Residential customers are individuals who use fixed and mobile communications services, whereas business customers are small and medium-sized enterprises, large enterprises, institutions, organizations and public sector entities that use specialized business solutions and services. The products of the Group are split into mobile, fixed, IT/SI and wholesale services. Mobile services can be split into two main types: pre-paid and post-paid plans. The relationship between Magyar Telekom Group and its customers is defined by high service quality standards and customer satisfaction.



An overview of the Group’s employee base by country is presented in the Chapter of ESRS S1-6 - Characteristics of the Magyar Telekom Group's employees.

At the time of the preparation of this statement, sector specific ESRS Standards for the telecommunication sector had not yet been published and additional significant ESRS sectors are not relevant for Magyar Telekom Group. The breakdown of total revenue is presented in Notes 18.3.1 Disaggregation of revenue from contracts with customers and 33.2.1 Information regularly provided to the CODM of the Consolidated financial statements.

The main objective of Magyar Telekom Group's 5th sustainability strategy is to remain the leading sustainable company by putting digitalization at the service of the development of people, families and businesses, and the protection of the environment. The main guiding principle of the strategy is to maintain a leading role in sustainability as an ICT service provider. Long-term goals are set up till 2030. These are monitored and will be updated, if necessary, in line with emerging trends or changes in the operating environment.

Magyar Telekom Group's sustainability strategy focuses on climate protection, digitalization, inclusivity and diversity. It is relevant for Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt.

Climate protection: Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt. have set a target to reduce emissions - direct (Scope 1) and indirect (Scope 2) - by a total of 80% till 2030 (compared to 2015), furthermore their aim is to reduce other indirect emissions (Scope 3) associated with the companies by a total of 30% till 2030 (compared to 2017). Sub-goals were not defined. Scope 1-2-3 reduction can be reached through many ways, and they can be shaped depending on the external circumstances.
Besides the sustainability strategy, Magyar Telekom Plc. is committed to achieving its Science Based Target Initiative (SBTi) targets to reduce Scope 1-2 emissions by 84% till 2030 (compared to 2015); and Scope 3 emissions by 30% till 2030 (compared to 2017).

The Group's strategic goals are to offset its remaining emissions each year, and to source electricity required for its operations from renewable sources. The latter is achieved by signing short-term power purchase agreements (PPAs) and purchasing renewable certificates (guarantee of origins, GoOs'). Furthermore, Magyar Telekom Plc. aims to increase the capacity of its onsite renewable energy production.

As part of the climate pillar of its sustainability strategy, the Group also strives to lead the way in implementing circular economy by 2030. This includes a volume increase in the mobile phone collection initiative, reducing the amount of technical waste ending up in landfill while also ensuring 100% sustainable packaging of own-brand products.

Digitalization: Magyar Telekom Plc. is committed to building a gigabit-capable fixed network covering additional 1 million homes and businesses in four years, making the fixed gigabit-capable network infrastructure available to 4.5 million Hungarian homes and businesses by the end of 2027. In addition, the Company has also accelerated the rollout of its 5G coverage, resulting in an increase to close to 99% population-based outdoor 5G coverage by 2026. With the development of its fixed and mobile infrastructure, Magyar Telekom Plc also aims to contribute to the improvement of digital skills, fostering businesses' competitiveness, integrating digital solutions, encouraging greater use of emerging technologies, strengthening research, development and innovation, and increasing the uptake of data-based solutions.

Inclusivity and diversity: As an employer, Magyar Telekom Plc. aims to achieve a 100% accessible and inclusive employee experience by 2030, including the aim of increasing the ratio of female managers, reducing the gender pay gap and focusing on LMBTQI and Roma integration. The European Accessibility Act (EAA) will apply to most of the different elements of services and products the Group provides from June 28, 2025 - with a few exceptions from 2030 - so that they must be accessible to customers with disabilities. This includes websites and apps (both with WCAG compliance), the ICT products the Company uses to provide services, the ICT products the Company sells, and the electronic communications services provided.

The sustainability strategy and business strategy are inter-linked. Magyar Telekom Plc. has a deep commitment to driving digitalization across Hungary while maintaining its leading position as an integrated service provider. To support these goals, it prioritizes digitalization and IT transformation. This is evident in the sustainability strategy namely to use the opportunities offered by digitalization for the benefit of society at large. Magyar Telekom Group also emphasizes its role in transforming customers' digital lives. Efficiency improvement is a key part of the general strategy, which is closely linked to the climate protection pillar of the sustainability strategy. In executing its strategy, Magyar Telekom Plc. strives to be a decisive and timely, responsive and agile service provider. To this end, it has launched a cultural transformation program using new ways of working. Research shows that an inclusive and diverse workplace fosters creativity and efficiency, creating a link between strategies.

ESRS 2 SBM-2 – Interests and views of stakeholders

The involvement of stakeholders in the preparation of the Group's materiality assessment has been an important factor in recent years. Stakeholders are those groups that are 1) affected by Magyar Telekom Group or 2) have an impact on Magyar Telekom Group. They are also the primary users of the Consolidated sustainability statement.
In the last quarter of 2023, Magyar Telekom Group conducted a review of its stakeholder list, which was updated by the internal expert team and the ESG Squad. Following this review, the identified stakeholder groups were asked via an online questionnaire about several sustainability matters and the Group's impacts. Given that no significant time has elapsed between the time when the double materiality assessment was carried out in 2024 and the stakeholder review and survey were carried out at the end of 2023 and given that there have been no significant changes in the Group's operations in the intervening period, the results of the latest review and survey can be considered up to date.

The ESG CoE involved the ESG Squad in the assessment of the stakeholder review and the results of the questionnaire performed in 2023., Through the involvement of the ESG Squad, they were informed about the views of stakeholders on the Group's sustainability-related impacts. The results of the questionnaire, in the form of the identified material topics, were presented in the 2023 Sustainability Report, which is publicly available. Management and supervisory bodies were not informed separately about the views of stakeholders as a result of assessment on the Group's sustainability impact.

In 2024, internal stakeholders, employees (experts), were involved in the collection and validation of IROs. Thanks to their scope of activities and their cooperation with external stakeholders, experts provided useful and reliable information during the process of the double materiality assessment.

The following stakeholder groups are considered key stakeholders: management, shareholders, customers, suppliers, employees, future generation, regulators, media and NGOs.

In 2024, the results of the double materiality assessment were approved by the CFO, following which they were shared with ESG Squad.

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

The main impacts, risks and opportunities of Magyar Telekom Group and their interactions with the strategy and business model are described in the respective topic standards. The ESRS topics identified as material are examined in detail in the respective chapters and corresponding strategies, goals, measures and key figures related to the main impacts, risks and opportunities are reported.

The detected positive and negative environmental, societal and governance material impacts are described in the respective standard topic chapters of this Consolidated sustainability statement. The description of each material impact also includes information on whether the Group causes the impact, contributes to the impact or relates to the impact and indicates the specific sections of the value chain which are affected by the particular impact. The description of each potential material impact contains reference to the time horizon of their expected impact based on the ESRS time horizon terminology. The identified material risks and opportunities are described in a qualitative way. The Group omits the information prescribed by ESRS 2 SBM-3 paragraph 48(e) (anticipated financial effects of material risks and opportunities) for the first year of preparation of its Consolidated sustainability statement.

At the start of 2023, sustainability strategy objectives were revised to better align them with the overall strategical directions, reflect the changing external and internal circumstances and to base the objectives on more accurate calculations. Some of the previous strategic sub-objectives were affected by risks related to the price and availability of fossil fuels, as well as the increased energy demand for 5G services and data centers. In addition to external changes, there have also been changes in the structure of Magyar Telekom Group due to the restructuring of the former T-Systems Hungary Ltd. Co. As a result, amendments have been made to the sustainability strategy to level up its resilience. The ESG CoE oversees the implementation of the group-wide strategy, monitors the Group's sustainability related impacts, risks and opportunities, and has the authority to refine the strategy as needed and secure approval from the appropriate governing bodies. In 2024, due to the resiliency of the operations, no IRO-s have been identified that would have required such interventions.

Reporting on the changes to the material impacts, risks and opportunities compared to the previous year is not relevant in the first reporting year.

The respective standard topic chapters of this Consolidated sustainability statement declare if the detected impacts, risks and opportunities are covered by ESRS disclosure requirements or covered by entity-specific disclosures. Risks and opportunities are disclosed in a qualitative manner and the Group uses the phase-in option of quantitative data.

The following table provides an overview of the impacts, risks and opportunities covered by additional entity-specific disclosures instead of standard topic data points.

Company-specific disclosures

Impact, Risks and Opportunities	Company-specific disclosure	Chapter
Magyar Telekom Plc. aims to achieve a positive impact on society. Besides the development of the network, increasing digital maturity of society is also part of the strategy.	ESG KPI "Beneficiaries – Digital Society"	ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Management of sustainability impacts, risks and opportunities

ESRS 2 IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities

The Consolidated sustainability statement considers Magyar Telekom Group's upstream and downstream value chain. In order to consider Magyar Telekom Group's business efficiently and realistically at the same time, the following basic assumptions were made when considering the value chain as part of the materiality assessment:

- Magyar Telekom Group's activities are reported under fixed, mobile and IT/SI services.
- Magyar Telekom Group, as a service provider, does not produce itself, but sells the products of its suppliers. These are primarily manufacturers of mobile devices. Given the substantial market power of Magyar Telekom Group’s suppliers, the Group very limited influence on the raw material extraction of its merchandise and does not establish a direct connection between these activities and its own business model
- Given the centralized nature of procurement decisions and processes, the analysis of Magyar Telekom Group relies on the findings of Deutsche Telekom Group's upstream value chain analysis.

Magyar Telekom Group completed its first double materiality assessment in 2024. The aim was to identify all material impacts on people and the environment caused by the Group’s business activities and locations along the entire value chain, while getting a thorough overview of the sustainability related financial risks and opportunities for the Group.

Internal stakeholders, employees (experts), were involved in the collection and validation of IROs. Due to their scope of activities and their cooperation with external stakeholders, experts provided useful and reliable information. For the outcome of double materiality analyses and material IROs, the opinion of pre-defined management group and the approval of the CFO has been asked.

The following process was applied to identify, assess, prioritize and monitor the potential and actual impacts of the Group: the due diligence process was based on the ESRS dimensions of severity and probability of occurrence. Based on these criteria, an evaluation scheme was used to assess the relevance of positive and negative, actual and potential impacts. For the assessment of the actual and potential impacts, the following aspects were considered when determining the severity of impact:

- Extent: how severe is the impact?
- Scope: how widespread is the impact?
- Irreversibility: how difficult is the impact to counteract (only for negative effects)?

Potential impacts were also assessed according to their probability of occurrence and the time horizon (short, medium or long-term). Using a five-point scale based on the recommendations of the European Financial Reporting Advisory Group's (EFRAG) Implementation Guidance of December 2023. For each impact, the value creation stage at which it occurs or could occur was also determined.

The following process was applied to identify, assess, prioritize and monitor the risks and opportunities of the Group related to sustainability issues that have or may have financial effects: the scheme of the financial materiality analysis follows the four-stage evaluation logic of established risk and opportunity management. In order to determine financial risks and opportunities, an inventory was made, risks and opportunities were assessed and assigned to ESRS sub-topics and identified correlations with the impacts. The risks were divided into the following categories:

- Strategic
- Operational
- Regulatory
- Legal and antitrust proceedings (relating to risks only)
- Compliance (with regard to risks only)
- Financial (with regard to risks only)

The affected stages of the value chain were also determined, in which risks and opportunities arise. The time horizon was also assigned in which they can arise (short, medium or long-term).

Sustainability-related risks were prioritized based on two key criteria: likelihood of occurrence and potential impact. These criteria originated from established processes for Group-wide risk management. Once individual risks or opportunities have already exceeded the internal monitoring thresholds, they are included in Magyar Telekom Group's risk portfolio and are therefore covered by the Group-wide risk management.

The risks and opportunities arising from impacts and the impacts arising from risks and opportunities have been interlinked in the analysis to consider the connection between them.

Decision-making process and the related internal control procedures of double materiality assessment

Impact, risk and opportunity inventory for determining material sustainability matters was prepared on the basis of the examination of the ESRS topics. The identification and assessment process were coordinated by the ESG CoE, supported by Risk management. Responsible business areas were involved in the assessment of each topic, the process is very similar to the existing corporate risk assessment and risk management process.

The materiality assessment for this Consolidated sustainability statement was based on extensive desk research with reference to studies and research, as well as internal and external stakeholder involvement in the form of qualitative interviews, questionnaire and analysis of data.

Decision-making materials were compiled, and the CFO was asked to approve the results of the double materiality assessment, with support from an extensive range of management members. Internal policies stipulate the decision-making responsibility rests with the CFO.

ESRS 2 IRO-2 – Disclosure Requirements in ESRS covered by Magyar Telekom Group's sustainability statement

The following section presents the material ESRS topical standards as well as the list of non-material ESRS topical standards according to which the Group is obliged to report according to other EU legislation. The list below shows the disclosure requirements complied with when preparing the Consolidated sustainability statement based on the results of the double materiality analysis, as well as the required disclosures under Article 8 of Regulation (E) 2020/852 (Taxonomy Regulation):

- ESRS 2 – General information
- Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)
- ESRS E1 – Climate Change
- ESRS E5 – Resource Use and Circular Economy
- ESRS S1 – Own workforce
- ESRS S2 – Workers in the value chain
- ESRS S4 – Consumers and End Users
- ESRS G1– Business conduct

There were no material impacts, risks and opportunities identified corresponding to the following list of ESRS topical standards, therefore the Group omits all connected disclosure requirements with regards to corresponding topical ESRS.

- E2: Pollution
- E3: Water and marine resources
- E4: Biodiversity and ecosystems
- S3: Affected communities

The determination of the data points to be reported under the topical standards and thus essential information is based on qualitative mapping at the content level of the identified impacts, risks and opportunities.

List of data points in general and thematic standards resulting from other EU legislation

The table below contains all the data points resulting from other EU legislation, as listed in ESRS 2 Annex B, and indicates where the data points can be found in our report and which data points are assessed as 'non-material'.

Disclosure	Data point	Designation	SFDR Reference	Pillar 3 Reference	Benchmark Regulation Reference	EU Climate Law Reference	Materiality	Chapter
ESRS 2 GOV-1	21d	Gender diversity in management and control bodies	x		x			ESRS 2 GOV-1 - The role of administrative, management and supervisory bodies
ESRS 2 GOV-1	21e	Percentage of independent board members			x			ESRS 2 GOV-1 - The role of administrative, management and supervisory bodies
ESRS 2 GOV-4	30	Statement on due diligence	x					ESRS 2 GOV-4 - Statement on due diligence
ESRS 2 SBM-1	40d-i	Participation in fossil fuel-related activities	x	x	x		Not relevant	-
ESRS 2 SBM-1	40D-II	Activities related to the production of chemicals	x		x		Not relevant	-
ESRS 2 SBM-1	40d-III	Involvement in activities related to controversial weapons	x		x		Not relevant	-
ESRS 2 SBM-1	40d-iv	Participation in activities related to the cultivation and production of tobacco			x		Not relevant	-
ESRS E1-1	14	Transition plan to achieve climate neutrality by 2050				x		ESRS E1-1 – Transition plan for climate change mitigation
ESRS E1-1	16g	Companies exempted from the Paris-aligned benchmarks		x	x			ESRS E1-1 – Transition plan for climate change mitigation
ESRS E1-4	34	GHG emission reduction targets	x	x	x			ESRS E1-4 – Climate Change Mitigation and Adaptation Objectives
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x					ESRS E1-5 – Energy consumption and mix
ESRS E1-5	37	Energy consumption and mix	x					ESRS E1-5 – Energy consumption and mix
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	x					ESRS E1-5 – Energy consumption and mix
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	x	x	x			ESRS E1-6 – Gross Scope 1, 2, 3 and Total GHG emissions
ESRS E1-6	53-55	Gross GHG emissions intensity	x	x	x			ESRS E1-6 – Gross Scope 1, 2, 3 and Total GHG emissions
ESRS E1-7	56	GHG removals and carbon credits				x		ESRS E1-7 – GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Not Reported (Phase-in Option)	-

Disclosure	Data point	Designation	SFDR Reference	Pillar 3 Reference	Benchmark Regulation Reference	EU Climate Law Reference	Materiality	Chapter
ESRS E1-9	66a 66c	Disaggregation of monetary amounts by acute and chronic physical risk / Location of significant assets at material physical risk		x			Not Reported (Phase-in Option)	-
ESRS E1-9	67c	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			Not Reported (Phase-in Option)	-
ESRS E1-9	69	Degree of exposure of the portfolio to climate- related opportunities			x		Not Reported (Phase-in Option)	-
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				Not material	-
ESRS E3-1	9	Water and marine resources	x				Not material	-
ESRS E3-1	13	Dedicated policy	x				Not material	-
ESRS E3-1	14	Sustainable oceans and seas	x				Not material	-
ESRS E3-4	28c	Total water recycled and reused	x				Not material	-
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	x				Not material	-
ESRS 2 IRO-1 E4	16a-i		x				Not material	-
ESRS 2 IRO-1 E4	16b		x				Not material	-
ESRS 2 IRO-1 E4	16c		x				Not material	-
ESRS E4-2	24b	Sustainable land / agriculture practices or policies	x				Not material	-
ESRS E4-2	24c	Sustainable oceans / seas practices or policies	x				Not essential	-
ESRS E4-2	24d	Policies to address deforestation	x				Not material	-
ESRS E5-5	37d	Non-recycled waste	x					ESRS E5-5 - Resource Outflows
ESRS E5-5	39	Hazardous and radioactive waste	x					ESRS E5-5 - Resource Outflows
ESRS 2 SBM-3 – S1	14f	Risk of incidents of forced labour	x					ESRS S1-1 – Policies related to own workforce
ESRS 2 SBM-3 – S1	14g	Risk of incidents of child labour	x					ESRS S1-1 – Policies related to own workforce
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8,			x			ESRS S1-1 – Policies related to own workforce
ESRS S1-1	22	processes and measures for preventing trafficking in human beings	x					ESRS S1-1 – Policies related to own workforce
ESRS S1-1	23	workplace accident prevention policy or management system	x					ESRS S1-1 – Policies related to own workforce
ESRS S1-3	32c	grievance/complaints handling mechanisms	x					ESRS S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns.

Disclosure	Data point	Designation	SFDR Reference	Pillar 3 Reference	Benchmark Regulation Reference	EU Climate Law Reference	Materiality	Chapter
ESRS S1-14	88b 88c	Number of fatalities and number and rate of work- related accidents	x		x			ESRS S1-14 – Health and safety metrics
ESRS S1-14	88e	Number of days lost to injuries, accidents, fatalities or illness	x					ESRS S1-14 – Health and safety metrics
ESRS S1-16	97a	Unadjusted gender pay gap	x		x			ESRS S1-16 – Compensation metrics (pay gap and total compensation)
ESRS S1-16	97b	Excessive CEO pay ratio paragraph	x					ESRS S1-16 – Compensation metrics (pay gap and total compensation)
ESRS S1-17	103a	Incidents of discrimination	x					ESRS S1-17 – Incidents, complaints and severe human rights impacts
ESRS S1-17	104a	Non-respect of UNGPs on Business and Human Rights and OECD	x		x			ESRS S1-17 – Incidents, complaints and severe human rights impacts
ESRS 2 SBM3 – S2	11b	Significant risk of child labor or forced labor in the value chain	x					ESRS 2 SBM-3 S2 – Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S2-1	17	Human rights policy commitments	x					ESRS S2-1 – Policies related to value chain workers
ESRS S2-1	18	Policies related to value chain workers	x					ESRS S2-1 – Policies related to value chain workers
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x		x			ESRS S2-1 – Policies related to value chain workers
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8,	x					ESRS S2-1 – Policies related to value chain workers
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x					ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action
ESRS S3-1	16	Human rights policy commitments	x				Not material	-
ESRS S3-1	17	non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	x		x		Not material	-
ESRS S3-4	36	Human rights issues and incidents	x				Not material	-
ESRS S4-1	16	Policies related to consumers and end-users	x					ESRS S4-1 – Policies related to consumers and end-users

Disclosure	Data point	Designation	SFDR Reference	Pillar 3 Reference	Benchmark Regulation Reference	EU Climate Law Reference	Materiality	Chapter
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x		x			ESRS S4-1 – Policies related to consumers and end-users
ESRS S4-4	35	Human rights issues and incidents	x					ESRS S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
ESRS G1-1	10b	United Nations Convention against Corruption	x					ESRS G1-1 – Corporate culture and business conduct policies
ESRS G1-1	10d	Protection of whistleblowers	x					ESRS G1-1 – Corporate culture and business conduct policies
ESRS G1-4	24a	Fines for violations of corruption and bribery regulations	x		x			ESRS G1-4 – Confirmed incidents of corruption or bribery
ESRS G1-4	24b	Standards of anti-corruption and bribery	x					ESRS G1-4 – Confirmed incidents of corruption or bribery

Environmental topics

Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)

Compliance with the transparency requirements of the EU Taxonomy

The EU taxonomy aims to promote investment flows from the financial sector to companies engaged in environmentally sustainable activities. In this way, the taxonomy is intended to contribute to the implementation of the European Green Deal. As a basis for this, the regulation creates a binding definition of the environmental sustainability of activities and investments and obliges companies to report on these activities. In 2021 and 2022, EU legislation initially set out criteria for the taxonomy environmental goals 'Climate Change Mitigation' (CCM) and 'Climate Change Adaptation' (CCA). In June 2023, criteria were adopted for the remaining four environmental goals: 'Sustainable use and protection of water and marine resources' (WTR), 'Transition to a circular economy' (CE), ''Pollution prevention and control' (PPC) and ''Protection and restoration of biodiversity and ecosystems' (BIO).

According to the EU Taxonomy Regulation, the first step is to determine taxonomy-eligible economic activities of a company. These are activities that are covered by the EU taxonomy and thus potentially make a significant contribution to achieving environmental goals. As the second step, these activities must be checked for their taxonomy conformity. An activity is considered taxonomy-compliant if it meets the technical assessment criteria for a substantial contribution to at least one environmental objective listed in the Annexes to Delegated Regulations (EU) 2021/2139, (EU) 2022/1214, (EU) 2023/2485 and (EU) 2023/2486. At the same time, it must not significantly impair any of the other environmental objectives and must comply with the minimum social standards (so-called minimum protection) set out in the Taxonomy Regulation (EU) 2020/852, which require compliance with human and labor rights. Magyar Telekom Group operates in the information and telecommunication industry, and as such, in the context of the environmental goal 'climate protection' (CCM), the following two economic activities are relevant for its core business according to the EU taxonomy (taxonomy-eligible):

- Data processing, hosting and related activities (CCM 8.1)
- Data-based solutions to reduce greenhouse gas emissions (CCM 8.2)

Magyar Telekom rents out devices to its customers and sells refurbished devices as part of its core business. Accordingly, the following economic activities, which are assigned to the environmental goal 'Transition to a Circular Economy' (CE), are also relevant:

- Sale of second-hand goods (CE 5.4)
- Product as a service and other circular and outcome-based service models (CE 5.5)

The EU taxonomy does not yet include criteria related to the 'provision and operation of electronic communications networks and services' economic activity. As a result, an essential part of the Group's business model is not yet covered by the EU taxonomy. As such the EU taxonomy does not offer an opportunity for Magyar Telekom Group to demonstrate its contribution to climate protection in the area of network expansion and operations of fixed and mobile networks.
On the other hand, the EU taxonomy lists cross-sectional activities outside of the core business that are potentially relevant to the Group's general corporate infrastructure, such as fleet and building management and energy generation. In the 2024 financial year, Magyar Telekom Plc. carried out the following taxonomy-eligible cross-sectional activity related to the environmental target 'Pollution prevention and control' (PPC) which is financially significant:

- Collection and transport of non-hazardous and hazardous waste (PPC 2.3)

Procedure for determining taxonomy eligibility and compliance

When determining the taxonomy eligibility of economic activities, Magyar Telekom Group focused on the main corporate activities, carefully evaluating them through a cost-benefit lens. In the year under review, the application of the materiality analysis changed slightly. In contrast to the previous year, any sales and capital or operational expenditures under HUF 100 million are no longer reported, which is also the lowest level of financial materiality in the risk management of Magyar Telekom Group.

The activities identified as taxonomy-eligible were individually assessed for their taxonomy compliance. However, the proof of conformity to avoid significant impairments of the environmental goal of adaptation to climate change (CCA) was

provided across the board for all taxonomy-eligible activities, as climate risks are managed centrally at Deutsche Telekom Group level. Compliance with the minimum social standards is monitored through a Deutsche Telekom Group-wide management system.

In order to avoid significant harm to the environmental objective of adaptation to climate change (CCA), the taxonomy compliance assessment requires that an analysis of possible physical climate risks be carried out for all the aforementioned economic activities. As part of the risk management, a comprehensive analysis of physical climate risks was conducted in the year under review. In the context of the taxonomy-eligible activities, no impairment of the environmental objective 'Adaptation to Climate Change' (CCA) was identified, as individual local climate risks are minimized through existing adaptation measures.

The minimum social standards require a management system to monitor compliance with the OECD Guidelines for Multinational Enterprises as well as the UN Guiding Principles on Business and Human Rights, including the core labor standards of the International Labor Organization and the International Charter of Human Rights. The Group is explicitly dedicated to upholding these principles. Human rights due diligence is conducted through a risk-based management system operated by Deutsche Telekom that covers Magyar Telekom Group and its supply chain and monitors compliance with social and environmental standards. An open dialogue is also maintained with employee representatives and trade unions. To prevent corruption and promote fair competition, Magyar Telekom Group employs a compliance management system tailored to its risk profile and it is regularly certified by external audits.

Sales-relevant economic activities

The taxonomy-eligible economic activity 'data processing, hosting and related activities' (CCM 8.1) includes 'the storage, manipulation, management, movement, control, display, intermediation, exchange, transmission or processing of data through data centers, including edge computing'. Within the Group-wide business activities, Telekom Rendszerintegráció Zrt. covers this branch of the economy. Only data centers that comply with the EU Code of Conduct for the Energy Efficiency of Data Centers make a significant contribution to climate protection according to the EU taxonomy. Data center of Telekom Rendszerintegráció Zrt. does not meet these criteria, therefore the data center used for the CCM 8.1 economic activity is classified as non-taxonomy-aligned in the year under review.

'Data-based solutions for reducing greenhouse gas emissions' (CCM 8.2) economic activity is classified as solutions and products in the Group which, in accordance with the provisions of the EU taxonomy, are 'primarily intended for the provision of data and analyses to enable the reduction of greenhouse gas emissions'. These are solutions and products, that have a demonstrated potential ofCO_2 emissions reduction on the user side.

- Business-related web and video conferencing solutions (saving travel-related CO_2 emissions)
- Workplace and cloud solutions (increase energy efficiency through improved server utilization)
- IoT solutions (CO_2 emission savings)

To demonstrate alignment with the taxonomy, a life-cycle analysis is required to show that a solution will deliver significant GHG emission reductions over its entire life cycle compared to a relevant standard, i.e. reference, solution available on the market. Deutsche Telekom Group has carried out the necessary life cycle analyses for business-related video conferencing solutions as well as for some cloud solutions. Based on Deutsche Telekom Group's analysis, a comparison of face-to-face meetings with business videoconferencing solutions provided evidence of significant GHG reductions. Hybrid meetings reduce greenhouse gas emissions by about 62% (small meetings) or 32% (large meetings). Given the evident reduction in GHGs, all web-based conferencing solutions are reported as taxonomy aligned.

Magyar Telekom Group offers a number of IoT solutions that can reduce CO_2 emissions. However, as a life cycle analysis to prove the effects of these solutions has not yet been carried out, they are reported as non-taxonomy-eligible for the reporting year.

Financial indicator for activity Sale of second-hand goods (CE 5.4) are not disclosed by Magyar Telekom Group because they would be information relating to a single business partner.

The industry standard, 'Product-as-a-service and other circular use- and result-oriented service models' (CE 5.5) activity is also relevant for Magyar Telekom Group: in 2024 only the leases of CPE devices (set-top boxes) to its customers are reported. Set-top boxes are packaged products, where Magyar Telekom Group cannot guarantee that all set-top-boxes are sustainably packaged, therefore as a conservative approach it is reported as non-taxonomy-eligible for the reporting year.

Cross-sectional activities

Magyar Telekom Group strives to lead the way to implement a circular economy by 2030. This also applies to the network technology used across the operations. This is achieved by sorting waste and transferring it to an appropriate processing partner, within the limits set by law. Thus, the economic activity 'Collection and transport of non-hazardous and hazardous waste (PPC 2.3)' is relevant as a cross-sectional activity. Waste management regulation in Hungary has changed in 2023, with certain waste streams becoming centrally managed. Thus, the accurate sorting of waste emerged as a key focus in the Group's ambition to keep technology waste out of landfills.

Activities predefined Key Performance Indicators (KPIs) do not fully comply with all criteria therefore this activity is reported as non-taxonomy-aligned in the year under review.

Taxonomy KPIs

The aggregated group figures used as the basis for the calculation according to the EU taxonomy in the reporting year were revenue of HUF 967,478 million, capital expenditure of HUF 113,303 million and indirect costs of HUF 224,267 million.

Revenue and capital expenditure are determined on the basis of the consolidated accounts. In accordance with EU taxonomy rules, the disclosure of capital expenditure is not part of the taxonomy-eligible capital expenditure plan for the expansion of economic activities (CAPEX). Operating costs relevant to the EU taxonomy represent a small proportion of total operating expenditure. They include costs related to research and development; measures to remediate buildings; short-term leasing; maintenance and repair; and all other direct expenditure related to the day-to-day maintenance of property, plant and equipment. As Magyar Telekom's core business is not yet adequately covered by the criteria in the EU taxonomy an aggregate view of the taxonomy eligibility of all economic activities results in 2024 in very low proportions of taxonomy-eligible revenue (1.5 percent), capital expenditure (0 percent), and operating expenditure (0 percent).

In the 2024 financial year, the taxonomy-aligned proportion of all economic activities of the Magyar Telekom Group was 0.02 percent of revenue, 0 percent of capital expenditure, and 0 percent of operating expenditure.

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)	Taxonomy aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
MAGYAR TELEKOM		*Millions, HUF*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES			**1,5%**																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Data-driven solutions for GHG emissions reductions	CCM 8.2	210	0,02	0,02	0,02	N/A	N/A	0,02	NA	Y	Y	N/A	N/A	Y	NA	Y	0,02	0,01	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**210**	**0,02**	**0,02**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	Y	Y	N/A	N/A	Y	NA	Y	**0,02**	**0,01**	**E**	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Data processing, hosting and related activities	CCM 8.1	2 744	0,28																	
Data-driven solutions for GHG emissions reductions	CCM 8.2	8 038	0,83																	
Collection and transport of non-hazardous and hazardous waste	CE 2.3	131	0,01																	
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	3 592	0,37																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**14 505**	**1,50**														**1,50**	**1,26**		
Total (A.1+A.2)		**14 715**	**1,52**														**1,52**	**1,27**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		**952 763**	**98,48**																	
Total (A+B)		**967 478**	**100,00**																	

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic Activities (1)	Code (2)	Absolute CAPEX (3)	Proportion of CAPEX (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total CAPEX, year N (18)	Taxonomy aligned proportion of CAPEX, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
MAGYAR TELEKOM		*Millions, HUF*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES			0%																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0,00	0,00	0,00	0,00	0,00	0,00	0,00								0,00	0,00		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0,00														0,00	0,19		
Total (A.1+A.2)		0	0,00														0,00	0,19		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CAPEX of Taxonomy-non-eligible activities		113 303	100,00																	
Total (A+B)		113 303	100,00																	

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')										
Economic Activities (1)	Code (2)	Absolute OPEX (3)	Proportion of OPEX (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total OPEX, year N (18)	Taxonomy aligned proportion of OPEX, year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
MAGYAR TELEKOM		*Millions, HUF*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES			0,00																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0,00	0,00	0,00	0,00	0,00	0,00	0,00	NA	NA	NA	NA	NA	NA	NA	0,00	0,16		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0,00														0,00	0,00		
Total (A.1+A.2)		0	0,00														0,00	0,16		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OPEX of Taxonomy-non-eligible activities		224 267	100,00																	
Total (A+B)		224 267	100,00																	

ESRS E1 – Climate Change

Introduction

As a responsible market player and one of the leading ICT service providers in Central Europe, Magyar Telekom Group recognizes the risks of climate change and has integrated the mitigation of this environmental issue into its operations for over 20 years. This is demonstrated by the fact that the Group has been publishing data on its main CO_2 emissions since 2002, long before it was required by law. As such, critical actions with respect to both mitigation and adaptation were taken before the present reporting period and prior to the setting of Magyar Telekom Group's science-based commitment.
The following index shows the disclosure requirements identified by the materiality analysis with regard to the topic standard 'Climate Change'.

ESRS index according to ESRS 2 IRO-2

Disclosure	Designation	Remarks
ESRS E1 – Climate Change		
ESRS 2 GOV-3 E1	Integration of sustainability-related performance in incentive schemes	
ESRS E1-1	Transition plan for climate change mitigation	
ESRS 2 SBM-3 E1	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in option for ESRS 2 SBM-3 §48e
ESRS 2 IRO-1 E1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	
ESRS E1-2	Policies related to climate change mitigation and adaptation	
ESRS E1-3	Actions and resources in relation to climate change policies	
ESRS E1-4	Targets related to climate change mitigation and adaptation	
ESRS E1-5	Energy consumption and mix	
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits	
ESRS E1-8	Internal carbon pricing	
ESRS E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Use of phase-in option
MDR-P MDR-A MDR-M MDR-T	Policies adopted to manage material sustainability matters Actions and resources in relation to material sustainability matters Metrics in relation to material sustainability matters Tracking effectiveness of policies and actions through targets	The Group applies the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding disclosure requirements.

Strategy

ESRS E1-1 – Transition plan for climate change mitigation

Magyar Telekom Plc's parent company, Deutsche Telekom, wants to become climate neutral (net-zero) across the entire value chain, by 2040 at the latest. Magyar Telekom Group itself has currently no official net-zero commitment. However, Magyar Telekom Group is committed to the Deutsche Telekom group target. In addition, Hungary has passed a law (Act XLIV of 2020 on Climate Protection) which states that the country will achieve climate neutrality by 2050. As such, Magyar Telekom Group shall contribute to both goals."

Magyar Telekom Group is not excluded from the EU Paris-aligned Benchmarks. In 2023, the Group revised its sustainability strategy to adapt to changing external circumstances while maintaining its original emission reduction targets. Consequently, the transition plan is under revision. The Group intends to publish its transition plan, including financial information in its next sustainability statement.

Magyar Telekom Plc. emission reduction commitments made in 2018 - approved by the Science Based Target Initiative (SBTi) - were replaced by more ambitious targets in 2019 in response to the IPCC's 1.5°C report and became the main focus of the Group's strategy. Magyar Telekom Plc. committed to reducing absolute Scope 1 and 2 GHG emissions 84% by 2030 relative to 2015 (base year). Magyar Telekom Plc. also committed to reducing absolute Scope 3 GHG emissions 30% by 2030 relative to 2017 (base year). These targets are compatible with limiting global warming to 1.5°C in line with the Paris Agreement.

The Group can only maintain its market leadership if it reacts promptly to external market, geopolitical and environmental changes. Due to external factors (fuel price and availability of fossil fuels) and internal transformation processes, as well as detailed mapping of emission sources (e.g. emergency power generation, fugitive emissions from refrigerants), the Scope 1-2 strategy of two largest Hungarian member companies was revised in 2023, with a base year harmonized with

the SBT commitment. A market-based emission reduction of 80% is achievable by 2030 with the extended sources for Magyar Telekom Plc. and Telekom System Integration Ltd. In addition, Magyar Telekom Group actively contributes to the achievement of Deutsche Telekom's sustainability targets aimed at achieving climate neutrality by 2040.

Magyar Telekom Group's key actions of climate change mitigation are as follows:

Reduction of electric power consumption by 55% till 2030 compared to 2015 base year through fixed network modernization:

- Green transition of data centers in line with EU Taxonomy recommendations
- Maintain the coverage of 100% its electric power demand from renewable sources
- Efforts to further increase the share of local renewable energy
- Energy efficiency investments in MT-Hungary's buildings and infrastructure
- Gradual green transition of the vehicle fleet
- Lead the way in implementing a circular economy by 2030.

While the ICT sector as a whole is energy intensive, individual sites do not share this characteristic. The ongoing transition away from fossil energy dependency ensures that the lock-in effect does not apply. There are no issues with buildings that would prevent the commitment from being met.

Deutsche Telekom also sets actions (e.g. RE100 requirements since 2021, circularity goals, incentive scheme for climate targets etc.) to contribute its Group's targets. For any climate neutrality target, it is essential to sustainably decouple the economic growth from the use of resources therefore, companies must significantly increase their energy and resource efficiency and further restrict their absolute energy consumption. This is necessary given that even the production of green electricity has a negative impact on the environment. Despite an extensive build-out of the telecommunications networks in the coming years, the aim is to keep absolute energy consumption stable in the medium-term within the whole Deutsche Telekom Group. The Supervisory Board of Deutsche Telekom considers it important to incentivize top management to ensure that energy consumption that is harmful to the environment is kept at least stable in the medium term. The short-term climate change related management incentives are linked to a decrease in Scope 1 & 2 emissions and to a reduction in electricity consumption. The CO_2 emission reduction target aims to motivate management to sustainably integrate green electricity use, optimize building energy consumption, and gradually transition the Group's vehicle fleet from fossil fuels to emission-free or low-emission engine types. These targets drive the implementation of energy-saving programs and investments across all energy sources, while also promoting optimization, innovation and the adoption of advanced technological components for future infrastructure. Company procedures related to remuneration are regulated by Magyar Telekom's internal policies. Decisions regarding the remuneration of the Chief Executive Officer and other Chief Officers are adopted by the Remuneration and Nomination Committee. However, the climate and energy targets are determined by Deutsche Telekom with 20% of the annual bonus linked to the achievement of sustainability targets.

ESRS 2 SBM-3 E1 – Material impacts, risks and opportunities and their interaction with strategy and business model

During the process of double materiality analysis Magyar Telekom Group identified material impacts and risks related to climate change related topics. Further information on this process is provided in the Chapter of ESRS 2 IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities during the understanding phase of double materiality analysis, interviews and documentation collection were conducted internally to assess the Group's environmental impact across its value chain.

The summary below shows the material impact groups of Magyar Telekom Group's business activities, which have been identified through the double materiality analysis. Unless marked as 'potential", these are actual impacts. Operational activities, such as heating office buildings, shops and other facilities, and as well as vehicle fleet operation, generate greenhouse gases and negatively impact the environment. Magyar Telekom Group purchases renewable energy via PPAs, which has a positive impact on reducing Scope 2 market-based emissions. However, energy consumption requires the usage of the national electricity grid, and the operation of the grid is partially based on fossil energy sources. While digitalization of the economy as a whole can play a major role in reducing overall energy consumption, this increases Magyar Telekom Group's consumption.

Data centers play an important role in operations, with their energy consumption having a global impact. Additionally, the cooling equipment used in these data centers relies on greenhouse gases that are up to 2,000 times more powerful than carbon dioxide. A leak or failure in the system could lead to significant emissions. The latter would significantly increase Magyar Telekom Group's Scope 1-2 emissions (potential impact).

The production of the infrastructure and equipments required for the provision of Group's services and the construction of these equipments causes greenhouse gas emissions. On the one hand, this generates process emissions (e.g.: the refining

of petroleum, which forms the basis of plastics). On the other hand, all production processes involve energy consumption, which is still primarily based on the burning of fossil fuels. These factors are relevant in terms of Magyar Telekom Group's Scope 3 emission.

The above-mentioned emissions contribute to climate change and Magyar Telekom Group's Scope 1, 2 and 3 emissions. The Group has Strategic goals aimed at addressing these impacts.

Participation in the JAC (Joint Alliance for CSR) sector initiative and the simultaneous further development of strategically important suppliers can result in a positive impact. JAC members share best practices and resources to improve long-term international CSR implementation - with a particular focus on climate change mitigation - at different levels of the ICT sector supply chain. Due to Deutsche Telekom's centralized procurement, this initiative is important for Magyar Telekom Group, which contributes to the achievement of Scope 3 emissions targets.

The following summary outlines Magyar Telekom Group's identified topic-specific risks, with a phase-in option used to report their financial effects. In the value chain section of Magyar Telekom Group's operations, three long-term risks were identified. Climate change causes physical risk in the operations due to extreme weather events, which can cause service outages and result in repair costs in the event the network infrastructure is damaged.

Two transitory risks were identified. Not achieving the strategic goal related to self-produced renewable energy may affect the ability to fulfill green energy component of emission related goals. If Magyar Telekom Group cannot meet its own green energy production targets, and it must fulfill its target of using 100% renewable electricity, this can result in additional costs of GOO/PPA purchasing.

On the other hand, side, given that Magyar Telekom Group has one of the largest fleets in Hungary, it is critical for this fleet to be transformed to reduce emissions and mitigate climate change. While this transformation requires investment, if the transformation of the fleet does not take place, it contributes to a stronger increase in compensation costs (offsetting).

As the European Union and Hungary undergo an economic transition in line with the 1.5°C vision, experts point to the potential instability of the electricity system. Therefore, it was important to assess the capacity of Magyar Telekom Group's infrastructure to handle the risk of electricity ou-tages. In order to decrease service downtimes, Magyar Telekom Group has already equipped its mobile base stations and critical infrastructure si-tes with batteries in preparation for shorter periods of power outages. To respond flexibly to a sudden or planned power outage, Magyar Telekom Group has internal capacity to generate electricity at key facilities using mobile diesel generators, enabling it to restore power within 2 hours at these sites. Although the network has been designed to ensure it can provide a continuous service in the event of a longer-term and national blackout by supplying its own power to priority sites, it is dependent on diesel generators to operate. Makedonski Telekom A.D. is currently also dependent on the use of diesel generators due to local power supply uncertainties, so dependence on fuel supply is already present.

ESRS 2 IRO-1 E1 Description of the processes to identify and assess material climate- related impacts, risks and opportunities

Assessment of Magyar Telekom Group's resilience has taken into account future economic exposure of the telecommunication sector under different climate and socio-economic scenarios. The assessment also looked at the climate/weather parameters to which the Group is most exposed and the extent to which the strategy developed can reduce exposure. Based on past technical experience, flooding, flash floods, stormy winds, bush/forest fires and extremely hot days are challenges for the network and the future behavior of these climate-related elements has been analyzed. Vulnerability to physical changes has only been investigated for the two largest Hungarian member companies. The analysis focused on own operations, but due to the dependence on the energy sector, this value chain element was also important.

Magyar Telekom Group has a long track record in analyzing its exposure to climate change. The initial focus was on physical resilience, especially the effect of higher temperatures on infrastructure and energy costs. During development of the 2021 sustainability strategy the Group analyzed how to prepare for and respond to economic and social changes under different scenarios. The development of the strategy also raised questions about how to reduce exposure during the 1.5°C transition. According to the sustainability strategy, Magyar Telekom Group started to assess the climate related risk management process based on TCFD in 2022. The initial analysis of the physical risks of climate change on infrastructure of its own operation (more than 10000 sites) was carried out in the case of Magyar Telekom Plc. and Telekom System Integration Ltd. Weather/climate risks to the companies' operations have been identified by the Technology Unit. Physical risks were analyzed taking into account publicly available information (model results, analysis) from public administrations - at the best geographical resolution available (e.g. at district level). Climate scenarios were available for RCP4.5 and RCP8.5. It should be noted that the geographical distribution of the data could be improved for flash floods and forest fires, but a more detailed data set is not yet available. The longest useful life in the case of infrastructure in the telecommunication sector is around 35 years, so this timeframe has been considered in the analysis. While for transition

risks, we can analyze short-, medium- and long-term risks, for climate risks - according to the climate definition itself and the available model results - only long-term risks can be analyzed. (In the climate models used, the minimum time step is 10 years. The climate average covers a period of 30 years, which is a long-term horizon relative to the company's business plans.)

The risks were assessed based on two climate scenarios from the Intergovernmental Panel on Climate Change (IPCC): a business as-usual scenario (RCP 4.5/SSP2-4.5), which predicts a global temperature rise of more than two degrees, and a four-degree global temperature rise scenario (RCP 8.5/SSP5-8.5). RCP 4.5 was considered as the most likely scenario based on current analysis (UNEP's emission gap report 2023), while RCP 8.5 represents the worst-case scenario. The following table summarizes the key socio-economic assumptions by 2050:

RCP 4.5 - SSP2	**RCP 8.5 - SSP5**
growing electricity demand while fuel use is decreasing	slow transition to renewable energy use in the world
Hungary is going to produce 90% carbon-free energy by 2030; EU energy efficiency measures exist - mandatory efficiency goals for energy suppliers, which are passed on to the customers	Hungary produces 90% carbon-free electricity, but need a large amount of import electricity with high carbon intensity
EU ETS-like policy for buildings and fuels and low levels of natural gas consumption	usage of natural gas for heating continues
decreasing population in Hungary - medium rate	decreasing population in Hungary - medium rate
high carbon price in voluntary carbon market	no carbon pricing for telecommunication sector

Flash flooding has been identified as the riskiest weather event, and (depending on the scenarios) 19-24% of infrastructure operations could be negatively affected by extreme warm weather in the coming decades. This analysis can help ensure future upgrades to make infrastructure more resilient to the expected changes.

Physical risks in the network in Hungary	**as a percentage of sites**	**value of infrastructure concerned (billion HUF)**
flood	42%	200
flash flood	72%	400
wind	22%	100
forest fire	46%	300
hot days >90 (RCP4.5)	19%	100
hot days >180 (RCP8.5)	24%	100

The financial impact of the above risks has been quantified in line with the inventory of assets and buildings. There are different categories of sites within two largest Hungarian member companies, hence the average value of each site category has been used for this estimation. Local damage to the infrastructure as a consequence of extreme weather such as precipitation extremes and storms is possible and has been already experienced. Magyar Telekom Plc. continuously monitors these types of events. Related costs are integrated within asset maintenance costs in the integrated financial planning process. The magnitude of financial impact is low but can be expected to grow over time as extreme weather events and their average impact increase in the medium and especially in long term due to ongoing climate change. Magyar Telekom Group is increasing its energy efficiency in line with the Sustainability Strategy and ISO 50001 certification guidelines. As a responsible company, Magyar Telekom Plc. gives priority to continuously enhancing its energy efficiency. The Group continuously measures, monitors and evaluates energy consumption and the significant factors related to it, both in terms of real estate and technological infrastructure (or technology and related service equipment). Based on these measurements, energy efficiency opportunities are continuously explored, which are implemented in the form of projects in line with the energy management objectives. Magyar Telekom Plc. Expects growing investment in the coming years to increase self-sufficiency and reduce exposure to rising energy prices. The aim is to reach 6000 MWh (in 2030) in the use of its own renewable energy sources. Magyar Telekom Plc. also expects to dedicate additional CAPEX to the development of resilient network infrastructure. The exploitation of climate change-related opportunities drives investments into the network as the expansion of network infrastructure drives future revenues by enabling new carbon reducing products and services, such as self-driving cars, which require low latency and a 5G-Infrastructure.

The supply chain is an area of uncertainty in the resilience assessment, despite Magyar Telekom Plc.'s effort to avoid dependence on a single supplier. For assets exposed to physical risk, in a sector where national coverage is an essential requirement, the only appropriate measures are to improve resilience and to prepare for change/adaptation.

Magyar Telekom Group's business model is able to adjust to climate change, thanks to a sector-wide need to adopt new technologies in a short period of time and the agile operation. Furthermore, connectivity is critical for economic resilience and recovery in the face of disaster. Robust telecommunications enable emergency response, coordination, and economic activities that aid recovery efforts, suggesting that Magyar Telekom Group's service portfolio is not at risk.

Magyar Telekom Group has been collecting GHG emissions data for Scope 1-2 for several decades, and a longer data series is available for Scope 3 emissions for Magyar Telekom Plc. Emissions from different sources and their amount have been taken into account in the impact assessment.

Management of impacts, risks and opportunities

ESRS E1-2 – Guidelines related to climate change mitigation and adaptation/ Policies related to climate change mitigation and adaptation

The Environmental Policy of Magyar Telekom Group sets out the general principles for environmentally responsible operations, including compliance with SBT and renewable energy targets, as well as environmental management in operations (according to ISO14001). It also outlines certain minimum sustainability requirements in the supply chain. Accordingly, the Supplier Code of Conduct requires reporting on Scope 1,2,3 and the preparation of a reduction plan if any of the member companies dealing with the individual supplier deems it necessary. The policy is complemented by environmental guidelines which provide further details, including the targets to be achieved. Magyar Telekom Environment Protection Guidelines include a policy which addresses renewable energy use. The Group is committed to developing and implementing a long-term climate protection strategy and has defined emission reduction and renewable energy use targets for a period through 2030. As of 2021, in line with this policy, the electricity consumption of the companies involved in sustainability activities has been covered by renewable sources every year.
The Group's Environmental Policy also sets out the enabling effect of digitalization and the role of information and communication technology in GHG emission reduction. Magyar Telekom Group facilitates this with smart products and services, simplifying and enriching people's lives. By actively communicating with stakeholders, Magyar Telekom Group creates opportunities to improve their environmental awareness.
Climate adaptation is not covered by the Group's environmental policy.

The Company has a specific policy on energy efficiency, which is a legal requirement for the two largest Hungarian member companies. (This policy is only available in Hungarian.)

ESRS E1-3 – Actions and resources in relation to climate change policies

Magyar Telekom Group has taken the following measures to reduce its emissions in 2024: in addition to the existing PPA contract, a further contract was signed, leading to the operation of the new solar power plant from December 2024. This ensures that Magyar Telekom Group can keep its market-based Scope 2 emission at a low level. More electric vehicles were leased in 2024, which will reduce fossil fuel consumption (Scope 1 emissions) of the fleet. Network modernization continued this year, as did the UPS reconstruction of the Group's largest data center, which resulted in additional electricity savings, further reducing scope 2 location-based emissions.

In the modernization of its infrastructure, in which Magyar Telekom Plc. has invested HUF 1,2 billion in 2024, priority was given to the following technological applications to enhance network climate change resilience:

- more heat-resistant batteries,
- more efficient air conditioning systems and
- open-air ventilation.

By using these three technologies together, Magyar Telekom Plc. has significantly reduced the use of air conditioners throughout the year, resulting in significant energy savings. In line with previous plans, 813 units were modernized/replaced in the network, not only to meet energy saving targets but also to respond to the challenges of weather/climate changes at the sites. In case of higher temperatures all the base stations and data centers use more energy to cool down the systems. In recent years, we have seen energy prices in Europe rise dramatically from one moment to the next. This can result in financial risks due to increasing energy consumption. Long-term renewable energy contracts (PPAs) offer an opportunity to mitigate these risks while supporting the Group's climate goals. Reducing energy consumption is an ongoing goal for Magyar Telekom Plc., to not only mitigate the risk of unpredictable energy price fluctuations (which had a significant effect on companies across Europe in 2023), but also as a necessary step to meet emissions targets. Key initiatives in this area include the rationalization of assets and phasing out of redundant technologies (e.g. copper network running alongside the existing fiber network), taking into account relevant regulatory requirements. As Magyar Telekom Group does not present its transition plan in this report, the associated future actions and their GHG emission reductions are not presented.

Goals/Targets

ESRS E1-4 – Targets related to climate change mitigation and adaptation

Magyar Telekom Group set its energy consumption targets in 2006 and has since been granted a Certificate of Patented Use by the Hungarian Patent Office for its free air-cooling technical solution. In 2008, a 10% GHG emission target was set for the main emission sources (energy consumption and paper use) by 2011 compared to 2007 emissions. This was followed by a 5% energy reduction target between 2011 and 2015 and a further location-based GHG reduction target of around 10% between 2016 and 2020. Meanwhile Magyar Telekom Group gradually increased its renewable energy purchases. It has also experimented with a number of innovative solutions to implement its own renewable production in the grid. Climate adaptation in the Magyar Telekom Plc.'s network started in the 2000s, with the development of cold corridors, the creation of flood protection and preparation for flooding, and the completion of modernization in 2024, where adaptation was also a factor. No targets or further action are planned for the time being.

Magyar Telekom Plc. made emission reduction commitments in 2018, which were approved by the Science Based Target Initiative (SBTi), it became a pioneer in the fight against climate change. The targets were set ahead of the parent Company's net zero commitments. These targets were replaced by more ambitious goals in 2019 in response to the IPCC's 1.5°C report and became the main focus of the Group's sustainability strategy. These targets, which were presented in E1-1, cover market-based Scope 1-2 GHG emissions and Scope 3 GHG emissions, but F-gas emissions were not part of the target validation process. These emission reduction targets are gross targets, meaning that Magyar Telekom Plc. does not include GHG removals or carbon credits. When setting the targets' base year, it was important to be as close as possible in time to the target setting date (max. 3 years is allowed by SBTi), but not to have an extreme year in terms of weather. In 2015, Hungary experienced an average year in terms of weather, marked by a mix of mild and hot conditions, typical of its temperate continental climate. The year saw average temperatures that were generally close to long-term norms. It was also necessary to have the base year data available, therefore the base years are different for Scope 1-2 and Scope 3. Magyar Telekom Plc's science-based targets corresponding to a transition of 1.5°C are aligned with the SSP 1-1.9 scenario. During the target setting procedure, the SBTi took into account compliance with the sector-specific 1.5°C pathways. Alos, the expected energy consumption path of Magyar Telekom Plc. and possible technological solutions were taken into account. There is no long-term, 2050 net-zero commitment by Magyar Telekom Plc., therefore intermediate milestones were not set.

In 2023, a structural change facilitated the implementation of the new strategy to address challenges centrally and consistently. As a result, the Scope 1-2 target was extended to the two largest Hungarian member companies with all Scope 1-2 GHGs (CO_2, CH_4, N_2O, HFCs) and all sources covered. With this extended scope, these companies aim to achieve an 80% reduction. For the time being, this is only an internal strategic target and has not been externally validated (e.g. by SBTi). Magyar Telekom Group is also involved in achieving the sustainability targets of Deutsche Telekom Group. In addition to its own climate protection targets, it must also contribute to the 2040 net-zero target that the parent company has committed to and updated in 2024. The strategic goals continue to include that Magyar Telekom Group offsets its remaining GHG emissions for the Group each year. The Group intends to publish its transition plan, including financial information in its next sustainability statement and in parallel with this, the GHG reduction impact of measures will be presented.

The original SBTi targets were formulated taking into account energy efficiency and renewable energy deployment. In the meantime, a number of transitional risks and parent company expectations have emerged which have led to renewal of the actions in the strategy. As a result, Magyar Telekom Group's primary focus is now on reducing energy consumption still reliant on fossil fuels, with existing technologies planned to meet its GHG emission reduction targets. Strategic goals also include the expansion of own (onsite) renewable capacity. As Magyar Telekom Group does not present its transition plan in this report, the associated future actions and their GHG emission reductions, as well as the CapEx and OpEx requirements of these actions, are not presented.

Magyar Telekom Group does not have GHG emission reduction targets in intensity value.

Key Figures

ESRS E1-5 – Energy consumption and mix

To reduce market-based emissions, Magyar Telekom Group purchased 197,467 MWh of renewable energy in 2024, generated by solar, wind and hydro power plants, secured by Guarantees of Origin or a direct contract. In addition, from 2023, a part of this was generated in a solar power plant in Hungary, which was also part of Magyar Telekom Plc.'s electricity purchase under a three-year power purchase agreement (PPA). In 2024, this PPA was extended to 10 years and additional PPAs were signed, under which 2 new solar power plants started to operate in Dec 2024. Under the PPA contracts, 13,677 MWh of GOs were cancelled for Magyar Telekom Plc. In 2024, the Group was able to cover 77.5% of its total energy consumption with renewable energy sources from the market.

Total energy consumption*

in MWh	2024	2023
Total consumption of fossil energy	56,441	59,832
Consumption from nuclear power sources	0	0
Total renewable energy consumption	197,690	193,592
of which: fuel consumption for renewable sources, including biomass (including industrial and municipal waste of biological origin), biofuels, biogas, hydrogen from renewable sources, etc.	0	0
of which: consumption from purchased and received electricity, heat, steam and cooling from renewable sources	197,467	193,371
of which: consumption of self-generated renewable energy that is not fuels	222	221
Total energy consumption	**254,131**	**253,424**

*Calculation of total final energy consumption complies with the requirements of the EU 2012/27 Directive transposed into national legislation (Government Decree 122/2015 (26.V.) on the implementation of the Energy Efficiency Act).

The share of self-generated renewable energies is 0.1%, generated by solar systems.

ESRS E1-6 – Gross Scope 1, 2, 3 and Total GHG emissions

Emissions are not directly measured but are calculated based on the Greenhouse Gas (GHG) Protocol methodology. Following the GHG Protocol, the Group's indirect (Scope 2) emissions are reported on both location- and market-based methods. Magyar Telekom Group continues to use the carbon dioxide equivalent (CO_2eq) as an indicator to quantify GHG emissions (CO_2, CH_4, N_2O, HFCs) from its activities, taking into account the global warming potential according to the IPCC 5th Assessment Report.

in t CO2eq	2024	2023
Scope 1 and 2 "market-based"	**15,357**	**16,290**
of which: t CO_2eq emissions Scope 1	13,962	14,505
of which: t CO_2eq emissions Scope 2 ("market-based")	1,395	1,786
t CO_2eq emission reduction through additional purchase of electricity from renewable energies (PPA, GOO, RECS)	77,486	51,458*
t CO_2eq emissions Scope 2 ("location-based")	73,800	66,127
t CO_2eq emissions Scope 3 (total)	362,298	247,173**
of which: t CO_2eq emissions Scope 3 (upstream)	187,077	134,593**
of which: t CO_2eq emissions Scope 3 (downstream)	175,221	112,580**
Total CO_2eq emissions (Scope 1-3)	377,655	263,463**

*Contains only Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt. data

** Contains scope 3 data only from Magyar Telekom Plc.

Detailed market-based GHG emissions scope 1-2 [t CO_{2eq}]	**2015 (base year)**	**2023**	**2024**
Natural gas	7,103	2,061	1,718
Oil	1,145	431	451
Fuels (total)	14,748	10,059	10,186
diesel	*7,731*	*5,820*	*5,814*
gasoline	*7,017*	*4,239*	*4,372*
Electricity (market-based)	36,212	0	0
District heating	2,994	1,786	1,395
F-gases	1,767	1,954	1, 607
Magyar Telekom Plc.	29,168	13,892	11,728
Telekom Rendszerintegráció Zrt.	8,529	858	987
Hungary			**12,771**
North Macedonia			**2,365**
Romania			**168**
Bulgaria			**53**
Total	**63,970**	**16,290**	**15,357**

Detailed GHG emissions Scope 3 [t CO2eq], Magyar Telekom Plc.

Category	Calculation method	2017	2024
1. Purchased goods and services	Based on supplier's report	72,379	98,784
2. Capital goods	Based on supplier's report	53,249	27,772
3. Fuel- and energy-related activities	Based on supplier's report	17,874	5,601
4. Upstream transportation and distribution	Based on sold products	3,319	2,900
5. Waste generated in operations	Based on waste generated	3,330	2,104
6. Business travel	Based on calculated emission of business travels	347	245
7. Employee commuting	Based on employee survey	6,832	713
8. Upstream leased assets	Not relevant	-	-
9. Downstream transport	Based on supplier's data	605	581
10. Processing of sold products	Not relevant	-	-
11. Use of sold products	Based on the number of sold products	37,620	42,447
12. End-of-life treatment of sold products	Based on the number of sold priducts and supplier's data	931	979
13. Downstream leased assets	Based on the number of CPEs and supplier's data	59,472	82,029
14. Franchises	Not relevant	-	-
15. Investments	Not relevant	-	-
Sum		**255,958**	**264,155**

GHG Intensity based on net revenue

Magyar Telekom Group's GHG intensity was 0.452 tonnes CO2eq / MHUF in 2024. Net revenue is equal to the amount published in the financial statement.

ESRS E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

In line with its strategic goals till 2030, Magyar Telekom Group offsets its remaining emissions each year. This is not based on an existing contractual agreement.
In 2024, the Group purchased certified emission reduction units for the tenth time. In the past years, the granting of allowances has resulted in significant risk for corporate green transition, and Magyar Telekom Group has introduced a quality assurance process for the purchase of allowances in 2023. The selection of the most suitable project to be supported is based on the scoring system established by the Carbon Credit Quality Initiative, and it is examined if the project could meet other quality requirements, such as the various safeguards set out in the CDP questionnaire, based on the available documentation. The Group also considers it crucial to align the implementation of the emission reduction projects, and the compensation period as closely as possible, therefore, an additional selection criterion was that the project should have started after 2020.

In 2024 Magyar Telekom Group purchased 15,400 verified emission units (VERs) from the Shuangbaotai Animal Manure Management System GHG Mitigation Project in Anhui Province, China, which were verified by Gold Standard. These credits have been retired, saving 15,400 tonnes of CO_2 emissions from being released into the atmosphere. As the Group does not intend to use these credits to reduce emissions, it has not assessed whether they are eligible for a corresponding adjustment under Article. 6 of the Paris Agreement.

ESRS E1-8 – Internal carbon pricing

Magyar Telekom Group does not currently have an internal policy to apply internal carbon pricing, but when planning energy-related investments in Hungary, it takes into account the costs of offsetting (in Scope 1-2 categories) the remaining emissions in the future. Magyar Telekom Group is in its 10th year of purchasing carbon offsets for the Group, but with changing expectations, it expects significant costs in the future, so the impact of this can be reflected in financial planning. Deutsche Telekom Group provides its member companies with information on expected future prices based on information from external consultant companies. Avoiding this calculated cost due to any emission reduction in projects can reduce the payback period. This supports the internal decision-making process. Since Magyar Telekom Group focuses on the reduction of fossil fuel use, this scheme covers approx. 90% of its Scope 1 emissions.

ESRS E5 – Resource Use and Circular Economy

Introduction

Magyar Telekom Group is committed to the responsible use of resources across its value chain. In addition to conserving and limiting the use of resources, the goal is to enhance the usability of products and materials for as long as possible and returning them to the cycle. Longer periods of use and reuse facilitate savings in resource and energy use, while contributing to emission-reduction, and thus climate protection.

The following index shows the disclosure requirements identified by the materiality analysis with regard to the topic standard 'Resource Use and Circular Economy'.

ESRS index according to ESRS 2 IRO-2

Disclosure	Designation	Reference/Reference
ESRS E5 – Resource Use and Circular Economy		
ESRS 2 SBM-3 E5	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in option for ESRS 2 SBM-3 §48e
ESRS 2 IRO-1 E5	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	
ESRS E5-1	Policies related to resource use and circular economy	
ESRS E5-2	Actions and resources related to resource use and circular economy	
ESRS E5-3	Targets related to resource use and circular economy	
ESRS E5-4	Resource inflows	
ESRS E5-5	Resource outflows	
MDR-P MDR-A MDR-M MDR-T	Policies adopted to manage material sustainability matters Actions and resources in relation to material sustainability matters Metrics in relation to material sustainability matters Tracking effectiveness of policies and actions through targets	The Group applies the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding disclosure requirements.

Strategy

ESRS 2 IRO-1 E5 - Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

During the process of double materiality analysis, the whole value chain and all business activities were considered when assessing impacts, risks and opportunities, the process is detailed in the Chapter of ESRS 2 IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities To safeguard high quality operations, it is essential, especially in view of the rapid technological development, to modernize infrastructure, purchase new equipment and provide equipment to customers, which generates material inflows. The material outflow is generated by the resale without modification of devices (phones, routers, notebooks, etc.) purchased, in addition to the waste generated by the operation. There has been a close assessment of the environmental impacts of waste along the entire value chain. With respect to impacts, the analysis is partly based on available professional literature.

The summary below shows the key impacts identified by the double materiality analysis. Material risks and opportunities related to resource use and the circular economy were not identified. The following overview provides information on where in the value chain the material impacts are and whether they are positive or negative. Unless marked as "potential", all impacts are actual. In addition, the overview contains a description of the effects and whether they affect humans and/or the environment. Since there are also potential impacts in terms of E5 resource use & circular economy, a relevant time horizon has been added. Actual impacts are existing and continuous. Further information on the responses to the consequences of the effects can be found later on in this chapter.

In the upstream value chain, impacts on the environment were identified concerning resource-inflow and resource use. ICT devices have a short product lifecycle, which increases demand for new devices and increases resource outflows. Worldwide, only a small percentage of electronic waste is recycled. Magyar Telekom Group can have both a negative effect in certain aspects and a positive effect by contributing to a circular economy, thus saving resources. There is a negative impact on global resource use due to the procurement of large sums of products and components for the maintenance and expansion of fixed and mobile infrastructure. Every year, large amounts of resource inflows are procured for grid expansion and modernization accompanied by large investment costs. In this case, the Group causes the effect. However, positive effects are also identified in the upstream value chain as new business models such as the rental or sale of refurbished technical equipment can have a positive impact, in which cases the Group's operation is directly linked to the impact. As a result, resource inflows are minimized, and the use of new materials is avoided. With the launch of refurbished mobile devices an alternative has emerged to prevent resource use. However, the scarcity of available refurbished devices may limit its widespread use. The rental model is a common ICT solution for CPE devices, which can also reduce waste while ensuring appropriate reuse or recycling.

In the own operation of Magyar Telekom Group and its downstream value chain, waste-related environmental impacts were identified. The expansion, modernization and maintenance of the fixed and mobile network has an impact on resource usage and, in this perspective, on waste generation. At Magyar Telekom Group, the most significant factor is the high production of E-waste from the operation of the network. Due to modernization developments, the amount of certain types of waste may show outstanding values in a given year. Batteries and UPS equipment that ensure continuous operation need to be replaced regularly, and proper waste management must be ensured. Positive effects are also identified as there are potential positive long-term effects due to Zero Waste targets introduced by Deutsche Telekom Group.

Management of impacts, risks and opportunities

ESRS E5-1 – Policies related to resource use and circular economy

Magyar Telekom Group strives to lead the way to implement a circular economy by 2030, also extended to network technology usage. The Group also pays attention to recyclability at the workplace, in case of own branded devices, in the Telekom shops and in data centers. Magyar Telekom Group operates according to its groupwide Environmental Policy and its Environment Protection Guidelines. The Guidelines include the following measures: if possible equipments and materials should be reused, and the Group supports recycling of raw materials. It supports the implementation of a circular economy by exploiting the business opportunities offered by digitalization-enabled dematerialization and by promoting the implementation of a sharing economy. In addition to the above, several product-relevant specifications (e.g. "Sustainability by Design", sustainable sourcing and use of renewable resources) are applied in the course of vendor selection for own branded devices to incorporate environmental aspects.

Magyar Telekom Group maintains and continually enhances an environmental management system that complies with the ISO 14001 standard, demonstrating their commitment to strenghtening their environmental performance.

Deutsche Telekom plays an important role in fostering sustainable operations through centrally managed procurement process in several key areas within the Group. The "Sustainability by Design" guideline gives product developers at Deutsche Telekom clear support when it comes to making important decisions so that the circular economy can be factored into products before they go into production. In addition, the requirements for new device developments in Germany and Europe stipulate an increase in the use rate of secondary raw materials.

Magyar Telekom Group reflects its response to significant impacts - material inflow and waste in its Environmental policy, although there are no specific targets in this policy on circular economy and waste, at the moment. Internal stakeholders were involved in policy development, who took into account the expectations of many other stakeholder groups. This policy has been in place for a long time, with the current one being published in 2020. Targets presented in ESRS E5-3 were set after the policy's publication. In addition, suppliers must adopt and operate in accordance with the environmental policy and the sustainability criteria set out in the Supplier Code of Conduct. Deutsche Telekom established its waste hierarchy policy in 2013, which was implemented by Magyar Telekom Group.

ESRS E5-2 – Actions and resources related to resource use and circular economy

The first step for efficient resource use reduction is the proper management of the Group's upstream operations. The weight of the sustainability factor, with 20% in case of central procurement at Deutsche Telekom and with 10% at Magyar Telekom Group, in the purchasing evaluation, contributes to minimizing the negative impact of resource inflows, while promoting sustainable innovations among the Group's partners.

The production of mobile phones not only uses rare earth metals but also generates significant water usage. Magyar Telekom Group expects its suppliers to share the Group's commitment by responding to challenges posed by climate change and working toward protecting the environment and nature, and preserving the natural livelihood of the population. As part of this commitment, all suppliers must, without limitation: Prevent or eliminate waste of all types, including water discharges and energy losses, by implementing appropriate conservation measures at their facilities through (1) the use of conservation-minded maintenance and production processes, and (2) by implementing strategies to reduce, reuse, and recycle materials (in that order), whenever possible and prior to disposal. The Group also aims to reduce this impact by collecting and recycling materials from mobile phones and by marketing refurbished devices. Re-use and recycling are also important for network equipment.

The Deutsche Telekom Group, including Magyar Telekom Group, offers solutions globally that contribute to reducing the impact of resource inflow, e.g. setting an example for mobile phone manufacturers. In addition to high performance, the 2nd generation of own branded mobile phones (T Phone 2 5G and T Phone 2 Pro 5G) have also seen an increase in sustainability values, namely the sector-specific Eco Rating scores are 88/100 and 84/100, respectively. (The Eco Rating score takes into account: durability, repairability, recyclability, resource efficiency, climate efficiency.) In addition, the devices will receive monthly software and security updates for three years and quarterly updates for a further 2 years, helping them to last longer. These mobile phones have the third party verified „Green Magenta" label, which is awarded by Deutsche Telekom to products that contribute to climate protection and responsible use of resources. These devices are also characterized by above-average recyclability. The optimized use of semiconductors not only reduces greenhouse gas emissions during the production process but reduces resource use.

In addition to sustainable device features, sustainable packaging is equally important for Magyar Telekom Group. The Group expects suppliers to use recyclable and biodegradable packaging materials. In case of some packaging materials, where these properties cannot be achieved by using 100% post-consumer fiber, the least possible amount of added new fiber is used. If new fiber is unavoidable, the source should be only from sustainable cultivation, as certified by FSC or equivalent. Only non-toxic labelling and printing are used such as soy ink or equivalent. The packaging is 100% plastic free, which means that plastic wrappers, plastic display foils, plastic filling material, etc. are prohibited. Shifting to mono-materials is also a key feature of sustainable packaging: laminates and composite packaging from multiple materials constitute one of the biggest hurdles to achieving recyclability. Optimized usage of materials, i.e. lower volume and mass (product to packaging ratio), fewer packaging layers are also mandatory requirements.

Magyar Telekom Plc. continues its 20-year tradition of collecting used mobile devices that contain critical raw materials. As it is a common practice in the ICT sector, many other telecommunication devices (CPEs) are leased assets, that are returned by the user to the service provider, once the contract expires. As a responsible service provider, Magyar Telekom Plc. Provides information on its website about the options and ways customers can return their used and waste devices and batteries in accordance with the legal requirements.

To meet its device collection targets, Magyar Telekom Plc. cooperated with its suppliers (e.g. OEMs) in co-branded campaigns, business partners (e.g. Groupama) and Magyar Telekom Plc.'s own and partner shops, as well as employees to collect recyclable handsets. MOHU MOL Hulladékgazdálkodási Zrt., handles and recycles the collected devices. The importance of device circularity is also widely communicated, with internal education on recycling promoted by prize draws among customers and employees. Magyar Telekom Plc. offered extra discounts to customers handing in their old phones for recycling. Discounts were subsidy-funded, partly by Magyar Telekom Plc. and partly by manufacturers. The Company has not used green bonds, loans or other sustainable financing instruments. Magyar Telekom Plc. also offered HUF 500 for each device collected through its logistic channels (maximized in 16 million HUF) for the winner of the tender 'Körforgásban, Kölcsönhatásban, Közösségben' announced by Magyar Telekom Plc. and HelloNonprofit to deliver a sustainability project from the donation. The winner of the tender was the Jane Goodall Institute – Passzold vissza, tesó! Program.

As part of Makedonski Telekom's eco-initiative 'Together for the Protection of the Environment' thousands of mobile devices have been collected and recycled in partnership with Zero Waste since 2022. To encourage customers to join this initiative, for every old device, they get a discount on the purchase of a new smartphone. At the moment, the discount applies to the purchase of a new T Phone.

-To reduce the environmental waste burden, the following measures have been introduced in Hungary, covering waste prevention and preparation for reuse in the waste hierarchy:

- used assets are reused within Magyar Telekom Group, if possible, sold, rented/leased or donated to employees or external partners;
- separate waste collection is provided at Group sites where possible.
- improving efficiency by reviewing contracts and collection points, carrying out inspections and maintaining communication;
- strict compliance with DT Group level regulation on cable waste management published in 2015.

Following the amendment in 2023 of the Hungarian waste law, Magyar Telekom Plc. needed to exercise much more care in its waste management in terms of waste sorting and collection. All employees concerned were provided with training material to help them carry out the new tasks, which facilitated collection in compliance with the legislation. This action supported the increase the recovery of strategic critical raw material [7]such as copper and energy-intensive iron and steel.

Goals/Targets

ESRS E5-3 – Targets related to resource use and circular economy

Since 2021, Magyar Telekom Group has had voluntary targets – not validated by an external organization -, which include increasing the collection of mobile phones used by customers (downstream, absolute target), keeping technical waste out of landfills (own operation and downstream, relative target) and ensuring 100% sustainable packaging (more details are in ESRS E5-2) of own-brand products (upstream, relative target). The targets relate to the following circular economy themes: increase of circular material use rate; the waste management, including preparation for proper treatment; sustainable sourcing and use of renewable resources, respectively. The targets are not set against a base year, but specific targets are included in the strategy. To monitor the targets, the Group requires quarterly reporting on the relevant indicators. In case of take-back, the number of mobile devices taken back is collected, and the amount of technical waste for different treatment methods is also collected as a key indicator. While Deutsche Telekom Group sets the targets, Magyar Telekom Group was involved in quantifying the targets (especially in case of take-back of mobile phones). Targets cover prevention and preparing for reuse in the waste hierarchy.

Magyar Telekom Group target for take back of mobile phones in kg-s

	2024 target	2024 actual take-back	Rate of achievement	2025 target	2028 target
Mobile phones	4,500	5,693	126%	2x of 2024 target	6x of 2024 target

The secondary (recycled) material use rate is not measured by the Group - this is a task for the suppliers - and there are expectations for suppliers set out in the Supplier Code of Conduct, but no specific targets are set, as they have to meet other criteria besides sustainability (e.g. safety, durability, etc.).

100% target value for sustainable packaging of own-brand products is achieved by 2024, which will be maintained in the future. 100% of technical waste is collected for recycling, but currently only 90% is actually recycled by licensed partners, the rest is landfilled.

[7] Critical raw materials act - Consilium (europa.eu)

Key Figures

ESRS E5-4 – Resource inflows

Total weight of products and technical and biological materials used in the reporting period:

In kg	2024
Devices for sale with packaging materials (in alignment with scope 3 4. category.)	1,311,508
of which refurbished phones with packaging materials	4,507
Take-back of mobile phones	5,693
Materials and equipments for network modernization	742,087
Total	**2,063,795**

Reported weight of products and technical material is calculated. The biological materials used are not separately indicated but are included in the calculations as packaging material. In case of sold products the unit weights used for the calculations are the same as in Scope 3, category 4, for the other items, calculations were based on information from suppliers.

ESRS E5-5 – Resource outflows

Products and materials

Magyar Telekom Group is a non-manufacturing company, which means that the inflowing products flow out without modification, therefore these issues are addressed at resource inflows.

Waste

Since July 01, 2023, the public waste management tasks of the municipalities and the state has been replaced by a centralized waste management system, with the abolition of the former and the creation of a new public waste management system, where the state's public waste management tasks includes the public waste management service and the institutional waste management activities. The Group transfers its waste for treatment to authorized organizations in accordance with the legislation in force.

Quantity of waste generated in tonnes	2024
Total amount of waste generated	2823
Total amount of E-waste	323
Total amount of hazardous waste and radioactive waste	258
of which radioactive waste	*0*

In terms of waste management, regarding waste breakdown of diverted from disposal and directed to disposal, there is insufficient data available for the reporting year. The amount of waste is measured by the organization responsible for waste collection and processing. In Hungary, Magyar Telekom Group receives the data from the responsible partner in units of mass. Data is also uploaded to a central government database by the different organizations responsible for the waste streams (producers, transporters, treatment operators).

In North Macedonia, Makedonski Telekom AD has established procedures according to local legislation. In this market an outsourced company for facility management is used as a facilitator for organization of waste handover and for documentation related to waste management. This data is documented by waste type and quantity, as well as intended waste management operations (e.g. disposal, recycling). These forms and their content are regulated in the Official Gazette of the Republic of Macedonia No. 07/06. Records of the total quantities of waste handed over to waste handling companies are kept by the outsourcing facility company which at least once a year and/or upon request, provides relevant reports.

At Magyar Telekom Group, biomass is mainly generated as organic waste in office buildings. In the field of network technology and IT, metals, rare earths, non-metallic minerals and plastics are produced as waste. These elements can be found both in the waste generated by active technology (transmitting and receiving technology, storage technology, etc.)

and in passive technology (e.g. cables, technical housings). The same applies to the customer devices taken back in the fixed network (e.g. routers, TV boxes, etc.) and in mobile communication (e.g. smartphones, tablets).

Magyar Telekom Group fulfills its obligations as a manufacturer and distributor as follows:

- For electronic equipment also subject to the Product Charges Act, it has opted for the payment of the product charge, the state recovery system.
- It pays the EPR fee for packaging, packaging purchased from abroad, electronic equipment purchased from abroad, batteries and furniture purchased from abroad. Magyar Telekom Plc. informs its customers on its websites about the possibility of returning used and waste devices and batteries in accordance with the legal requirements.
- In North Macedonia, there is a collective waste management organization that operates the local system in line with EU legislation.

Social topics

ESRS S1 – Own workforce

Introduction

Magyar Telekom Group considers its employes to be crucial to its business success. The Group places significant emphasis on participation and fair cooperation and actively promotes diversity and inclusion. The following index shows the disclosure requirements identified by the materiality analysis with regard to the topic standard 'Own workforce'.

ESRS index according to ESRS 2 IRO-2

Disclosure	Designation	Reference
ESRS S1 – Own workforce		
ESRS 2 SBM-2	Interests and views of stakeholders	
ESRS 2 SBM-3 S1	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in option for ESRS 2 SBM-3 §48e
ESRS S1-1	Policies related to own workforce	
ESRS S1-2	Processes for engaging with own workforce and workers' representatives about impacts	
ESRS S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	
ESRS S1-5	Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities	
ESRS S1-6	Characteristics of the Magyar Telekom Group's employees	
ESRS S1-8	Collective bargaining coverage and social dialogue	
ESRS S1-9	Diversity metrics	
ESRS S1-12	Persons with disabilities	
ESRS S1-13	Training and skills development metrics	Use of phase-in option for ESRS S1-13
ESRS S1-14	Health and safety metrics	
ESRS S1-16	Remuneration metrics (pay gap and total remuneration)	
ESRS S1-17	Incidents, complaints and severe human rights impacts	
MDR-P MDR-A MDR-M MDR-T	Policies adopted to manage material sustainability matters Actions and resources in relation to material sustainability matters Metrics in relation to material sustainability matters Tracking effectiveness of policies and actions through targets	The Group applies the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding disclosure requirements.

Strategy

During the process of double materiality assessment Magyar Telekom Group identified material impacts and risks related to its employees. The assessment process is detailed in the Chapter of ESRS 2 IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities. Furthermore, during the understanding phase of double materiality analysis, interviews and documentation collection were conducted internally to gain understanding of the Group's approach regarding its employees and related practices. The summary below shows the material impacts of the Group business activities on its own workforce which were identified through the double materiality assessment. All material negative impacts are systemic. It includes employees affected by material impacts among the Group's own workforce, i.e. those having a direct employment relationship with the Group. Due to their marginal number, non-employees are out of scope of the Consolidated sustainability statement.

The working conditions, frameworks and regulatory environment provided by Magyar Telekom Group have an actual direct physical and mental impact on employees. The Group as a responsible employer has a number of ways to ensure supportive working conditions. The Group is committed to creating a safe and inclusive workplace for all, which is also reflected in its strategic objectives. In addition, employees have an opportunity to shape working conditions through employee representation.

Magyar Telekom Group's priority is to ensure non-discrimination and equal opportunities in the workplace, fostering an inclusive environment for all, together with providing constant access to learning and development opportunities for employees. By implementing its prevailing Equal Opportunities Plan, covering Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt., it sets measures for the sustained improvement of working conditions for employees coming from disadvantaged social groups such as women, employees with families, employees on parental leave, employees with disabilities or with reduced working capacities, entry level young professionals and senior professionals over 50 years of age. People operations of Magyar Telekom Group have an actual positive impact on the workplace inclusion of employees, related to all of these groups.

The equal opportunities category also includes addressing the gender pay gap. From July 2020, the Group conducts a complex gender pay gap analysis twice a year. Along the process of merit increase evaluations, managers rely on information about the necessities of potential salary adjustments, to address any pay gaps, ensuring compensation aligns with performance and market rates.

The protection of personal data provided by employees is a priority for Magyar Telekom Group. The Group handles the personal data of data subjects who contact it confidentially and in accordance with the applicable legislations, ensures their security, takes the technical and organizational measures and establishes the procedural rules necessary to enforce the applicable legislations and court decisions, official decisions and recommendations relating to data protection. The Group’s general principles, approaches and procedures relating to privacy topics are described in the Chapter of ESRS S4 ESRS S4-1 – Policies related to consumers and end-users (Sub-topic: Data Protection at Magyar Telekom Group) and ESRS S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (Sub-topic: Data Protection at Magyar Telekom Group).

The general growth and internal processes of the Group may be threatened in the long term by the foreseeable labor shortage in certain skill areas involving the risks of difficulties of replacing experts. The educational pillar of the Magyar Telekom Group's sustainability strategy puts an emphasis on the development of digital skills of the population and customers. This is to contribute to ensuring the industry's expert replacement, since the difficulties in ensuring the supply of experts can represent a potential risk in terms of the continuous assurance, improvement and development of the quality of the Group's services. To provide the highest possible quality of service, the Group needs the best professionals. This primarily requires a competitive training background. To manage the long-term risk of potential labor shortages in specific knowledge and skill areas, the Company continues its dual training program started in 2021 with the Kandó Kálmán Informatikai Technikum SZC Miskolc. In this context, it provides up-to-date theoretical teaching materials and practical opportunities for the students participating in the training. Furthermore, Magyar Telekom Plc. continues its cooperation with István Széchenyi University, the aim of which is to provide professional training for electrical engineers.

Employee satisfaction may face a mid-term decrease if remuneration does not increase appropriately, therefore there is an anticipated increase in wage-related costs. However, the Group has established a transparent remuneration system, wage-ranges and relevant internal regulations are available to all employees. Furthermore, the welfare and social benefits provided are extremely broad. The Group provides employees with telecommunication discounts, fringe benefits, life and accident insurance, and health screenings, access to Employee Assistance Program (EAP). Magyar Telekom Group pays particular attention to ensure that there is no unjustified difference in earnings between colleagues performing similar tasks, and that the income ratios between those performing different types of work are truly based on differences in actual work.

Management of impacts, risks and opportunities

ESRS S1-1 – Policies related to own workforce

Sub-theme: Working conditions: collective bargaining and social dialogue

Magyar Telekom Group implemented uniform standards for the management of material impacts in cooperation with social dialog and freedom of association. Magyar Telekom Group respects the right to freedom of association and collective bargaining in accordance with national law, il also maintains a trusting dialog with employee representatives and trade unions. These standards are anchored in its guidelines outlined in the Code of Conduct and in its Code of Human Rights.

The Code of Human Rights contains globally applicable voluntary commitment to uphold freedom of association and the right to collective bargaining (in compliance with national law), occupational health and safety and the prohibition of unequal treatment in employment, among other things.

The Code of Human Rights is part of Deutsche Telekom Group's human rights policy statement and was expanded in December 2023. It incorporated the contents of the existing Employee Relations Policy and the regulations of employee relations and employee matters in greater depth. The Code of Human Rights describes the Group's values and standards, which are substantiated by the internal Group guidelines, instructions and processes and thus form the Group's framework for action. The principles and expectations towards Magyar Telekom Group's employees enshrined in the Code include in particular the prohibition of child labor, forced labor and all forms of slavery, occupational health and safety, freedom of association and the right to collective bargaining, prohibition of unequal treatment in employment, fair pay, zero tolerance of violence and harassment of any kind.

The scope of principles and expectations described in the Code extend to Magyar Telekom Group's employees as well as its suppliers and business partners. The Code declares the Group's commitment to respecting human rights and promoting environmental considerations throughout its operations including its suppliers and business partners. This Code of Human Rights is made available to all employees of the Magyar Telekom Group and their interest groups in an appropriate form. The contents of this policy are communicated to business partners and suppliers of Group companies as an expectation in an appropriate manner.

Deutsche Telekom Group has been operating a Group-level program for several years to comply with human rights and environmental due diligence obligations in accordance with the international reference instruments mentioned under ESRS S1-1 §19/ESRS 2 §65d MDR-P. The scope of people in relation to which potential positive of negative effects of the Group's business operations could be identified was defined based on the aforementioned process and the involvement of internal and external expertise (human rights impact analysis). The same process defined the scope of people, whose interests were taken into account when creating the Code of Human Rights. These include employees of Deutsche Telekom Group companies, including employees of Magyar Telekom Group, employees of direct or indirect suppliers, customers, children and young adults, as well as communities. For many years, the Group has expected its suppliers to also commit to respecting human rights and environmental concerns and comply with the related principles, including the prohibition of child labor, forced labor and all forms of slavery. It also expects its suppliers to commit to establishing appropriate due diligence processes based on their own risk assessment to pass this expectation on to their own suppliers.

Due to the recent changes in the legal requirements and the newly updated and issued Code of Human Rights the clarification and definition of roles and responsibilities are still ongoing locally regarding the review of human rights and environmental issues and associated due diligence obligations.

The Code of Human Rights revised by Deutsche Telekom Group was adopted by the Chief People Officer of Magyar Telekom Plc. in 2024. The adoption of the revised Code by the responsible management bodies of the Group companies was completed in 2024. The Code reaffirms Magyar Telekom Plc's commitment to the internationally recognized human rights and environmental legal standards and law reference instruments, including the United Nations International Bill of Human Rights, the core labor standards of the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. Through its voluntary commitment, the Group also recognizes the minimum social standards that are necessary conditions for the taxonomy conformity of economic activities in accordance with EU taxonomy regulations. The minimum social standards require a management system that monitors compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the core labor standards of the International Labor Organization and the International Bill of Human Rights. As mentioned above, Magyar Telekom Group is part of the group-level program of Deutsche Telekom Group for several years to comply with human rights and environmental due diligence obligations in accordance with the international reference instruments.

Sub-topic: Working conditions (health and safety)

Occupational health and safety measures are deeply rooted in Magyar Telekom Group's operation structures assured by certified management systems, following corresponding guidelines and directives. The Group has an internationally standardized quality, occupational health and safety and environmental protection management system. It is based on the international standards ISO 9001, ISO 45001 and ISO 14001. The Group is also committed to securing occupational health and safety in the workplace as stated in the above-mentioned Code of Human Rights.

The integrated management system for health, safety and the environment (HSE) ensures that considerations of sustainability are embedded in all business processes and are present in the everyday lives of employees.

The management system secures the systemic planning, improvement and implementation of HSE processes. It also helps Magyar Telekom Group to participate on project acquiring tenders, where potential commercial customers require HSE certificates from their suppliers.

The general responsibilities, tasks and measures of health and safety management have been set out in the management system manual for quality, health, safety and environmental protection. It serves to standardize and align management systems across the Group.

The HSE management system promotes employee health management, thus contributing to overall employee well-being and improvement of work performance.

The Group systematically evaluates the effectiveness of these measures. As part of this evaluation process a quarterly management report is conducted. For example, the relevant health assessment related data are being quarterly reported to the respective management bodies. It also draws on the results of the employee engagement survey, on the findings of the legally required, tri-annual psycho-social risk analysis, on the health insurance reports and competitor assessments, among other things. The Group analyzes these data and derives measures from them.

The HSE MS is valid throughout the Magyar Telekom Group and covers all activities, products and services: Fixed Network / Broadband, Mobile Communications, Internet and Internet-based TV products and services as well as ICT solutions for business and corporate customers. The Group's responsibility also extends to the control of outsourced processes.

The Management bears overall responsibility for occupational health and safety and environmental protection. Magyar Telekom Plc's QHSE policy takes into account the Luxembourg Declaration, the United Nations Global Compact and the requirements of the ISO 45001, ISO 14001 and ISO 9001 standards.

In addition, all employees can actively participate in the design of occupational health and safety measures in accordance with the requirements of ISO 45001.

Centralized documented information of Magyar Telekom Group's QHSE management system is available on its website, both in Hungarian and English.

Magyar Telekom Group uses a management system for occupational health and safety in accordance with ISO 45001 to reduce the number of accidents at work. This certified system allows the entire process relating to occupational health and safety to be mapped in a structured manner. This allows the Group to develop packages of measures that increase the safety of its employees and help to keep them healthy.

Sub-topic: Equal treatment and equal opportunities for all (diversity; employment and inclusion of people with disabilities; gender equality and equal pay for work of equal value)

Magyar Telekom Group is committed to providing equal opportunities for all and actively supporting inclusion along different diversity dimensions. The Group has defined how it intends to fulfill this commitment by laying foundations in its corporate guidelines and policies such as the Group guideline ''Diversity, Equal Opportunities and Inclusion'', Diversity, Equity and Inclusion Group Policy, the seven Guiding Principles, the Leadership Anchors serving as leadership practice adaptations of the Guiding Principles and the Code of Human Rights. It ensures transparent and gender-neutral remuneration through its collective agreements and collective bargaining agreements with its social partners.

Diversity, equity and inclusion (DE&I) is also rooted in the culture of Magyar Telekom Group. Based on the possibility provided for in Act CXXV of 2003 on Equal Treatment and the Promotion of Equal Opportunities and the Group's practice introduced since September 2010, an Equal Opportunities Plan has been adopted for the fifth time in cooperation with the employee representative bodies in order to respect the principles of equal treatment, promote equal opportunities and monitor and improve the employment position of specific disadvantaged groups of employees. The current Equal

Opportunities Plan, which covers Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt, covers a five-year period between 2021 and 2025. In implementing the plan, the companies plan measures to continuously improve the working conditions for employees coming from disadvantaged social groups, in particular women, employees with families, employees on parental leave, employees with disabilities or reduced working capacities, entry level young professionals, women in leadership positions, senior professionals over 50 years of age and members of LGBTQ+ community. The progress of each action and the results of the action plan is discussed once a year between the equal opportunities unit and the employee representative bodies.

With this Group policy, Magyar Telekom Group is establishing holistic DE&I management and renewing its commitment and responsibility to it through a strong culture of inclusion and belonging. In addition to an overview of the definitions, strategies, goals and benefits of diversity, equal opportunities and participation, the guideline includes collaborative measures that are taken by different areas under the premise that the benefits of diversity, equal opportunities and participation can only be achieved through joint efforts.

All employees and applicants should be given fair opportunities for access and development - regardless of individual backgrounds such as age, ethnicity and nationality, gender and gender identity, physical and mental abilities, religion and belief, sexual orientation and social background. The goal is to secure equal opportunity participation for all as the Group aims to close access gaps and foster inclusion.

Magyar Telekom Group is responsible for the further implementation of DE&I in its respective organizations and for the conduct of an annual progress analysis along corresponding reporting to the responsible management bodies to review the effectiveness of the strategy.

The Diversity, Equity and Inclusion Group Policy applies to all employees groupwide (board members, management members, as well as all employees and persons who are functionally equivalent to employees, such as temporary workers) of Magyar Telekom Group. Implementation of the Group policy on diversity, equal opportunities and inclusion was completed in all countries of the Deutsche Telekom Group in 2024. The interests of employees were taken into account when drawing up or renewing the policy.

The policy is publicly available and published on Magyar Telekom Plc's website.

Respecting the individuality of its employees and embracing their diversity as a quality contributing to business success is just as important to Magyar Telekom Group as it is to maintain foster the development of an inclusive corporate culture. This is the key role of the corporate diversity team, that is situated within the Corporate Communications Hub, at the People Unit of Magyar Telekom Plc.

Magyar Telekom Group is committed to compliance with the fundamental frameworks of DE&I governance. These include the Universal Declaration of Human Rights, the Guidelines and Declaration of Principles for Multinational Enterprises of the International Labor Organization, the Convention of the Organization for Economic Cooperation and Development, the Guidelines for Multinational Enterprises and the ten principles of the United Nations Global Compact. In addition, it observes the requirements of the EU anti-discrimination directives and the respective local regulatory environments.

In 2016, Hungary joined the European Union's Diversity Charter, and Magyar Telekom Plc. was one of the 50 signatory companies to declare its commitment to fostering diversity as a core value. Every year thereafter, including in 2024, it was among the signatories. Magyar Telekom Plc. is also member of Employers' Forum for Equity, We Are Open, Equalizer Foundation and the DE&I working group of AmCham Hungary.

In accordance with the core diversity dimensions of the "Diversity Charter", the Group offers numerous opportunities for development and progress for all employees regardless of age, ethnic origin and nationality, gender and gender identity, physical and mental abilities, religion and ideology, sexual orientation or social background. In order to make its working environment even more inclusive and implement its diversity strategy in the business units, the Group is developing and implementing both division-specific and cross-divisional action plans, with regards to all diversity dimensions.

ESRS S1-2 –Processes for engaging with own workers and workers' representatives about impacts

The Group fosters dialog-driven relationships with employees, while maintaining a trusting and constructive cooperation with employee representatives and trade unions. In cases of Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt., workers council and the trade unions – TÁVSZAK, T-Net - represent the interests of employees.

The employee representatives represent the employees in various committees, for example in the Occupational Safety Committees meetings on occupational safety.

To secure inclusion of different employee groups, the Group generally engages in co-creative collaboration when creating policies, guidelines and other products, for example with its international employee resource groups from the various diversity dimensions. In addition, it strives to remove barriers to the use of products and technology, for example by creating global, accessible learning opportunities.

Employees also have the opportunity to participate in managing the impact on their own workforce via the ideas management system. Creative ideas from employees help to improve the Group's processes. Magyar Telekom Group promotes a corporate culture in which it encourages its employees to get actively involved.

Employees are considered as key stakeholders who are invited to actively shape the working environment and workplace culture along their participation in different employee surveys. The findings of the surveys are the cornerstones of multiple people operations related strategies as their overall development is fundamentally grounded in the proactive and transparent consultation with the employees. Information about the results and the outcomes of these surveys are internally shared and discussed with employees on team, department, company and group levels alike.

The employee surveys disclosed in this section can be separated into 3 scopes based on the employee scope of their target group:

Deutsche Telekom Group Pulse surveys are employee satisfaction surveys, targeting employees in the entire global Deutsche Telekom Group footprint twice a year every year. The engagement score is calculated as an average based on the answers to questions on mood, employer attractiveness, brand identity and inspiration. Every second year one of these global DT Group Pulse surveys is being replaced by an Employee Survey, which has an extended question set. Apart from raising the classic Pulse survey questions on employee satisfaction, they also have additional questions asking for employee feedback from engagement and health to workload, management style and compensation. In the area of commitment, employees are also asked about the extent to which they identify with the Group's ecological and social commitments and if they perceive the Group's performance on its social and environmental commitments to be sufficient.

The recent 2 DT Group Employee Surveys were conducted in 2021 and 2024. Due to service provider change the Employee Survey due in 2023 was rescheduled and conducted in 2024.

Magyar Telekom Group, covering Magyar Telekom Plc. and Telekom Rendszerintegráció Zrt. also conducts its own local Pulse survey twice a year, thus allowing a more in-depth insight to the local feedback assessment of employees. As the employees of Magyar Telekom Group are thus within the scope of two Pulse survey cycles, colleagues have the possibility to provide feedback to the employer 4 times each year. This frequency supports the mature feedback culture of the organization, while it allows the timely identification of weaknesses and the fine tuning of corresponding remedial actions.

Since 2018, Magyar Telekom Plc. runs its own bi-annual Inclusion Survey among its employees, aiming to assess employee perceptions of safe space and workplace inclusion in relation to different diversity dimensions. The dimensions were defined based on the target groups of the Equal Opportunity Plan. This structure facilitates the analysis of survey results across various diversity dimensions and enables the development of targeted action recommendations. The findings of this survey directly shape the objectives of the DE&I action plan of the Company.

In 2024, due to the scheduling of the upcoming Deutsche Telekom Group wide self-identification survey in early 2025, Magyar Telekom Plc. decided to postpone the conduct of its own Diversity and Inclusion Survey to late 2025.

The questions of the coming Deutsche Telekom Group self-identification survey offer self-identification along different diversity dimensions. These questions are to be implemented to supplement the existing DT Group level employee survey (Pulse Survey). The data obtained from this should provide information on details about the various employee groups along the diversity dimensions in the entire DT Group footprint through correlation with, for example, employee satisfaction values and other results of the survey. Magyar Telekom Plc. Is also invested in the support of its Employee Resource Groups (ERG) along different diversity dimensions: MagentaPride on LGBTQ+ community, Women@Telekom engaged in fostering gender equity, Accessible Telekom supporting the workplace inclusion of employees with diverse abilities or limited working capacities and Caregivers@Telekom aiming to support families, parents, grandparents, and caregivers of chronically ill relatives. ERGs have members who are either affected or allies supporting the particular diversity dimension. All of these voluntary employee groups organize events open to all employees thus contributing to the shared experience of a more diverse and inclusive workplace for all.

ESRS S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

In order to remedy negative impacts on individuals in own workforce or to participate in resolving them, Magyar Telekom Group has set up a complaint handling procedure as part of the Compliance Management System (CMS). As soon as a breach of due diligence is identified, corrective measures are taken.

Magyar Telekom Group offers all employees the possibility to report violations of legislations and internal company regulations, through its whistleblowing and complaint portal 'Tell Me', also supporting options of anonymous reporting. The scope of 'Tell me' also includes possible references to human rights or environmental risks. Magyar Telekom Group encourages employees to use the whistleblowing portal to report potential misconducts related to company policies, as well as violations of law or any kinds of unethical activities detected. Risks of physical or psychological violence among employees, in customer contact or even in a private context can also be reported. Magyar Telekom Group investigates all complaints in connection with employee matters and initiates appropriate measures depending on the results of the investigation.

Both the central 'TellMe' complaint procedure of Deutsche Telekom Group and the 'Tell me' whistleblowing portal of Magyar Telekom Group are publicly accessible via public websites of the companies. In order to provide access to partners or third parties in addition to our employees, the Group accepts whistleblowing information on various channels, like telephone, e-mail, letter or online entries at the respective portal – anonymously if necessary. Information about the availability and use of the above-mentioned channels is available to all employees on the intranet.

Magyar Telekom Group records incoming reports of suspicions and complaints relating to persons from own workforce within the subject areas of human rights (including for example the right to freedom of association, occupational health and safety and discrimination). Whistleblowers can provide voluntary feedback after the process has been completed. Magyar Telekom Group has not established any processes to check the effectiveness of the complaint-raising processes. The complaints are tracked and handled according to legal obligations (Act XXV of 2023 on complaints, reports in the public interest, and rules relating to reporting abuse) within the required timeframe.

People in own workforce need to know and trust the structures and procedures described above in order to communicate concerns or needs and have them examined. The Group also outlines its aim for protecting individuals against retaliation. Further information is published in the Chapter ESRS G1 – Business conduct.

ESRS S1-4 – Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches

Sub-topic: Working conditions: collective bargaining and social dialogue

In 2023, Magyar Telekom Group launched the updated human rights training of Deutsche Telekom Group that was made available on multiple languages in order to train employees on the topic of human rights and to mitigate the negative impact of the lack of trade union and union-related work in parts of the Deutsche Telekom Group on the representation of employees' interests. As part of its curriculum, the updated training also explains the complaints procedure of the 'TellMe' portal, and shares details about the established whistleblowing process and raises employee awareness of freedom of association.

In addition, updated basic training on compliance was provided for all employees in 2023, which also addresses the complaints procedure. The campaign continued in 2024. The training courses provide all employees with necessary information about the channels where complaints can be reported. Complaints about potential misconduct can also cover grievances relating to freedom of association and this way should be reported via the 'TellMe' whistleblowing portal.

If an internal grievance mechanism is effectively implemented, employees can address violations or risks independent from the legal prosecution bodies. Risks, like human rights violations, or breaches of the right to freedom of association can thus be adequately mitigated.

The effectiveness of the updated human rights and compliance training is measured based on the number of employees participating within twelve months after the announcement. As the human rights training was published in March 2024, with a completion period lasting till the end of 2024, assessment findings of the efficiency are not in scope for this report as they are yet to be assessed during 2025.

Between the rollout at the end of August 2023 and the campaign closure at the end of March 2024, 91% of employees of Magyar Telekom Plc. and 93% of employees of Telekom Rendszerintegráció Zrt. completed the updated basic training on compliance.

Magyar Telekom implemented the updated Code of Human Rights in 2024.

Sub-topic: Working conditions (health and safety)

To improve occupational safety, standards have been defined to apply to the safe and ergonomic equipment of buildings and vehicles. In addition to offers that are available to all employees, there are also target group-specific measures. These include, for example, special safety training for employees who are deployed to work at radio sites. In addition to preventing accidents, the aim is also to promote the health and motivation of employees and thus increase the health rate.

Measures to promote health in companies not only help individual employees and ensure long-term business success but also have a positive impact beyond the boundaries of the Group. With its holistic health management, the Group assumes social responsibility and is committed to a proactive health culture. Magyar Telekom Group supports its employees in maintaining their health and occupational safety with numerous target group-specific measures and a wide range of preventative measures. Legal requirements are the minimum requirements for them.

For example, the Group ensures to have 2 trained first aiders among its employees per site, and plus 1 person for each 50 employees. First aiders are trained by the contracted occupational health partner and refresher trainings are offered every 5 years up on demand.

The Group uses measures to promote health awareness and health literacy among its employees. The annual comprehensive health-screening program provided by, a third party service provider, gives the flexibility to employees to select the health screening of their choice., Furthermore, it provides flu vaccination for front-end employees, allowing all other employees to receive them upon demand.

In addition to providing the conditions for employees to lead a healthy lifestyle, the Group provides training and coaching sessions, as well as an Employee Assistance Program (EAP) to help them develop effective and successful ways to manage challenging everyday responsibilities. In 2024, the ‘‘Healthy & Happy’ program continued to provide colleagues with physical, mental and emotional support, ranging from expert presentations, coaching and thematic webinars to personal training sessions in the TGym at Magyar Telekom Group’s headquarter in Budapest. The program also offered a variety of activities promoting fitness such as the fostering of the Magenta Tour outdoors hiking community.

Magyar Telekom Group is committed to offering health programs for its employees that best fit their needs. In 2024 an all employee corporate health concept survey was conducted to support this mission and to examine the usage ratio and satisfaction with the Employee Assistance Program (EAP) and the satisfaction with the ‘Healthy and Happy’ program. Based on the findings, the health concept will be reviewed and if necessary, modified and enriched with new elements in 2025.

In accordance with the PDCA cycle (Plan-Do-Check-Act), Magyar Telekom Group systematically examines and measures the effectiveness of its measures. It aims to continuously develop its management system. To this end, the Group regularly examines how occupational health and safety is integrated into management and leadership activities and derive strategies for improvement where necessary. In doing so, it draws on the results of its employee survey, evaluations from the collective bargaining stress protection regulations, competitive analyses and other key figures. The Group analyzes this data on an ongoing basis and develops suitable measures to promote the health and well-being of employees.

The relevant indicator for the effectiveness of the measures is the accident rate, which is regularly published externally.

Health & Safety Managers are responsible for specific processes and offerings that consider special requirements and framework conditions right down to the operational level. Internal financial resources are provided in accordance with the external requirements as well as for more in-depth measures and voluntary workplace health promotion offers. The budget for occupational health and safety is based on the hours worked per employee at the individual companies. The data is used to determine the estimated minimum amount required for the coming year. In addition, a budget is provided for more in-depth measures or voluntary offers of workplace health promotion.

Sub-topic: Equal treatment and equal opportunities for all (diversity; employment and inclusion of people with disabilities; gender equality and equal pay for work of equal value)

With its Global Compensation Guideline for senior executives, its collective agreements and other collective agreements, Magyar Telekom Group ensures transparent and gender-neutral remuneration and compensation for its employees. In this way, it wants to counteract the negative impacts on its own workforce in connection with the gender pay gap in the ICT sector. Accordingly, pay is based on the level of difficulty and complexity of the specific tasks and not on the individual. In this way, the Group ensures that remuneration is based on the type and scope of the work performed and the requirements of the function, regardless of diversity characteristics such as age, ethnicity and nationality, gender and gender identity, physical and mental abilities, religion and ideology, sexual orientation and social background. In 2020,

Magyar Telekom Plc. pledged to join Amnesty International Hungary's ‚One Step Closer' campaign to publish annually the gender pay gap within their companies, thus contributing to raising awareness and reducing the pay gap within companies and society as a whole.

Implementation plans to increase the proportion of women have also been agreed with the management. The aim is to increase the proportion of women in line with the EU Directive 2022/2381. The Group is pursuing a clear vision and comprehensive measures to ensure that the corporate culture is characterized by equal opportunities, inclusion and diversity and that all employees can develop their full potential. Its wide range of measures have enabled it to continuously increase the proportion of women in management positions in recent years.

Magyar Telekom Group also uses various training courses to shed light on unconscious thought patterns in order to highlight prejudices. As part of their orientation process, which takes place during the two months following their entry, employees of Magyar Telekom Group participate in the mandatory Human Rights training and the e-learning on Increasing Awareness about Unconscious Bias.

In 2024, it launched the 'DE&I Baseline eLearning', the first company-wide, fully accessible training course developed by Deutsche Telekom to promote a shared understanding of diversity, equal opportunities and participation. The training was co-created in collaboration with internal and external experts as well as employee networks and includes employees' experiences and personal stories. Relating to the different diversity dimensions. The eLearning is aimed at all employees and is available in eleven languages, including Hungarian. The eLearning is supplemented by a glossary of over 100 terms relating to diversity, equal opportunities and participation, also available in Hungarian. The glossary has been published both internally and externally and is intended to create a basis for communication on an equal footing.

Since 2018, Magyar Telekom Group runs a bi-annually Diversity Survey among its employees. This measures experience and also perception on how safe, diverse, equitable and inclusive workplace Magyar Telekom according to different diversity dimensions. The dimensions were defined based on the target groups of its Equal Opportunity Plan, as it follows: member of LGBTQ+ community, women in leadership, people living with disabilities, colleagues with Roma ethnicity, fresh graduates, 45+ years employees. This structure makes it possible to analyze the results of the survey according to different diversity dimensions and to derive specific recommendations for action.

To ensure that future work on diversity, equal opportunities, and participation is even better based on data, a self-identification survey will be rolled out in units of Deutsche Telekom Group.It will contain questions on all 7 diversity dimensions in order to better understand the diversity of employees and link these with the engagement factors from the employee surveys. This enables the Group to implement more targeted measures and also gives it an insight into how minorities feel within Magyar Telekom Group. In addition, the Group will continue to include the DE&I questions introduced in 2021 in the employee surveys, which measure the topics of 'non-discrimination & safe space' and 'equal opportunities'. In 2024, Magyar Telekom Group also placed a special focus on promoting multipliers of diversity, equal opportunities and participation within its own workforce, for example through greater involvement, networking and incentivization of Employee Resource Groups (ERGs). Its ERGs make an important contribution to raising awareness of diversity, equal opportunities and participation. All employees are free to get involved in the ERGs or take part in their activities, e.g. training sessions, workshops, round-table discussions, thematic days, etc. The co-chairs of ERGs meet once a month for community calls, in which they receive updates relevant to their group from DE&I tea and share best practices and current challenges, work on collaboration between their groups.

The Group is actively committed to the inclusion of people with disabilities in its workforce with a comprehensive portfolio of measures. The aim is not only to create a professional livelihood, but also to sustainably promote the professional advancement of the affected employees with disabilities. The integration and employment of people with disabilities also contributes to Magyar Telekom Group's DE&I strategy.

Magyar Telekom Group has established various initiatives to ensure an inclusive working environment. These include measures to equip the working environment for the disabled, including the adaptation of workstations and the provision of technical aids.
Great emphasis is placed on increasing the number of employees living with disabilities and supporting them within the organization. For this reason, from 2022, a rehabilitation mentor also helps the affected colleagues. A manual containing important information about altered working capacity has been developed, which is available to all employees on the intranet. Special support is provided for colleagues with altered working capacity, which includes one day of extra paid leave and a one-time financial support to aid in their recovery and improve their health condition in the best possible way. In addition, a related employee resource group – Accessible Telekom - has been also established to support people with disabilities, promoting accessibility, equal rights and the inclusion of people with disabilities.

Magyar Telekom Group regards all people with disabilities as fully-fledged employees and emphasizes their importance as an integral part of the organization's diversity. The Group recognizes that this diversity is not only a valuable asset, but also a source of learning and shared success.

In order to check the effectiveness of the initiatives, the usage figures and ratings (Customer Satisfaction Index) for many products are reviewed on an ongoing basis. These measures are applied, for example, to its learning offerings such as the 'DE&I Baseline eLearning' and glossary. Pulse surveys are conducted among employees twice a year. In connection with diversity, equal opportunities and participation, questions are asked about non-discrimination, a safe and supportive working environment and equal opportunities. As part of the employee survey, regular assessments are conducted to determine how satisfied employees are with their remuneration. To ensure that the initiatives and products have a positive impact, it relies on participatory and co-creative processes in planning and development. There are various feedback loops to ensure satisfaction, relevance and usability.

Magyar Telekom Group always keeps an eye on the increasing demand for qualified employees and is competing for the best talent. Its Employer Value Proposition (EVP) is therefore primarily aimed at positioning it as an international, attractive employer while focusing on human factors which tend to become increasingly important for all. The EVP describes what current and potential employees can expect from working at Magyar Telekom Group. As an employer, the Group believes that its colleagues can maintain their outstanding performance when their life is in balance. To this end, it provides a stable background in which they can make the most out of themselves and create the balance they need. The message of its image campaign in 2024 also responded to this demand, promising its colleagues that 'We respect their boundaries so that they can push them for themselves'. This encourages them to strive for the best and step out of their comfort zone, as they are provided with a flexible and safe environment to do so. Therefore, they can contribute to continuously being the market leader in the IT and Telecommunications sector.
Through training courses and workshops, it promotes cultural change regarding the compatibility of work and family life and thus increase the chances of equal participation of women in the labor market. It considers the increasing demands that employees place on employers as part of its operational risk management: To meet these challenges, it is continuously strengthening the Telekom brand as attractive employer, among others, and proactively seeking out new skilled personnel and talent.
To mitigate the risk of staff shortages that could arise in connection with the gender pay gap in the ICT sector, the Group targets female talents through collaborations and at events (e.g. Girls' Day initiative, roundtable discussions in Equalizer Foundation's Annual Conference, WomenUp Conference, etc.), offering ‚SHE-Care' career path support program with trainings and mentoring for female colleagues.

To ensure that employees can make the best possible use of their skills in all situations, the Group also supports work-life balance in the interests of equality - for example through flexible working hours, hybrid working models and part-time employment. Through training and workshops, the Group wants to promote cultural change regarding work-life balance and thus increase women's chances of equal participation in the labor market.

Regardless of existing actual impacts, the Group also places a special focus on data protection and privacy in the digital environment due to its business activities. Data processing IT services potentially gives rise to human rights violations regarding the privacy of end users and employees. The Group's general principles, approaches and procedures relating to privacy topics are described in the sub-chapters of ESRS S4 – Consumers and end users.

Goals/Targets

ESRS S1-5 - Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities

No other time-bound or result-oriented targets are defined besides the ones mentioned in the previous sections of ESRS S1 in relation to reducing negative impacts, promoting positive impacts or managing material risks and opportunities associated with the Group's workforce.

ESRS S1-6 - Characteristics of Magyar Telekom Group's employees

Overview of the characteristics of the Group's employees

Gender	Number of employees (number of persons)
Male	4 330
Female	2 471
Other	0
Not specified	0
Total number of employees	6 801

Overview of the Group's employees by country

Country	Number of employees (number of persons)
Hungary	5 681
North-Macedonia	943
Bulgaria	53
Romania	124
Total number of employees	6 801

Magyar Telekom Group has personalized locations in 4 countries, of which almost 84% of employees work in Hungary and around 14% in North-Macedonia. The employees in the other countries account for less than 3% of the total number of employees.

Overview of employees by type of contract, broken down by gender* (FTE)

Permanent employees are active employees with unlimited contract type, temporary employees are also active employees with limited contract type (fixed-term contract type). Though the Group does not employ employees with non-guaranteed hours, according to the definition they are employed without a guarantee of a minimum or fixed number of working hours. The employee may need to make themselves available for work as required, but the employer is not contractually obliged to offer the employee a minimum or fixed number of working hours per day, week, or month. Casual employees, employees with zero-hour contracts, and on-call employees are examples that fall under this category.

Female	Male	Other*	No information	Total
Number of employees (FTEs)				
2 420.25	4 317.78	0	0	6 738.03 (2023: 6 797.07
Number of permanent employees (FTEs)				
2 366	4 289.5	0	0	6 655.5 (2023: 6 693.07)
Number of temporary employees (FTEs)				
54.25	28.28	0	0	82.53 (2023: 104)
Number of employees without guaranteed working hours (FTEs)				
N/A	N/A	N/A	N/A	N/A

* Gender according to the employees' own information.

In the reporting year, the fluctuation rate in total was 8.5%., thereof unforced fluctuation was 4.8%, while forced fluctuation was around 3.7%. Total number of leavings in 2024 was 585.

Fluctuation rate is made up of individual characteristics from unforced fluctuation, forced fluctuation in the numerator and in the denominator from the internal active workforce year end previous year. Employee Turnover Rate = Employee Turnover / internal active workforce yearend previous year. Employee turnover:

Parts of the unforced attrition:

- Voluntary termination
- Termination on grounds of conduct
- Retirement
- Retirement due to disability

Parts of the forced attrition:

- Terminations with severance payment
- Early retirement
- Partial retirement
- Termination for operational reasons
- Other downsizing instruments
- Transfer to government/ public authorities

FTE stands for Full Time Equivalent and is a unit of measurement for the size of the workforce. FTE therefore indicates the average number of full-time equivalents of all full-time and part-time employees. The information in the report generally relates to the calendar year 2024 with a reporting date of October 31, 2024. Exceptions are marked accordingly. All figures are based on more detailed data. As some figures are rounded, totals may differ slightly. Annual averages are used to calculate some ratios.

ESRS S1-8 - Collective bargaining coverage and social dialog

Collective bargaining policy is important to the Group and has a long tradition, as confirmed by the degree of coverage by collective agreements. The Group-wide coverage rate as of October 31, 2024, was around 95%. In 2024, 4 collective agreements were concluded with trade unions at Magyar Telekom Group - a testament to the intensive cooperation with employee representatives.

Overview of the degree of collective agreement coverage by country

Country	Collective agreement coverage (%)
Hungary	99.9%
Romania	100%
Bulgaria	-
North Macedonia (non EEA)	84%

ESRS S1-9 - Diversity metrics

Overview of gender distribution at management level

	Management (executives)	
	Quantity	in %
Male	27	72%
Female	11	28%
Total	38	**100**

Overview of distribution of employees by age group

	Employees by age group	
	Quantity	in %
under 30 years old	689	10 %
30-50 years old	4 053	60 %
Over 50 years old	2 059	30 %
Total	6 801	**100**

S1-12 - Persons with disabilities

In 2024, the proportion of people with disabilities at Magyar Telekom Group was 0.4 %. Proof of disability is based on self declaration.

S1-13 – Training and skills development metrics

While it is important for Magyar Telekom Group to ensure continuous access to learning and development opportunities for its employees, the Group adopts the phase-in option for the disclosure requirements specified in S1-13 Trainings and Skill Development in the first year of reporting.

S1-14 - Parameters for health and safety

96% of Magyar Telekom Group employees are covered by a health and safety management system.
In 2024, the number of fatalities as a result of work-related injuries and work-related ill health is 0. The number and rate of recordable accidents at work were 33 respectively 0.5%. The number of reportable work-related illnesses was 0. The number of days lost due to work-related injuries and fatalities due to work-related accidents, work-related ill health and fatalities from ill health was 454.

S1-16 - Remuneration metrics (pay gap and total remuneration)

The average unadjusted gender pay gap between female and male employees is 17.5%, the average adjusted gender pay gap is 8.8%.

The ratio of the annual total compensation between the highest-paid person and the median of the annual total compensation of all employees (excluding the highest-paid person) is 4023 % or 40.2 to 1.

For these remuneration parameters, the individual total remuneration of the employees was determined as the sum of the gross cash remuneration received in the reporting period and converted into an hourly remuneration for the calculation of the gender pay gap and into a full-time annual equivalent for the ratio of the annual total remuneration.

The average unadjusted gender pay gap was calculated as a weighted average of the unadjusted pay gaps of the Group companies included in the report. For the average adjusted gender pay gap, the pay gaps for each remuneration group (according to the definition applicable in the organization concerned) were first determined for each Group company and the weighted average was then calculated from this.

S1-17 - Incidents, complaints and severe human rights impacts

Magyar Telekom Group ‘s Group Compliance Hub is responsible for conducting internal investigations and cases of compliance misconducts. However, the exact statistics of these cases are handled with confidentiality and Magyar Telekom Group does not disclose this kind of information about the incidents.
In the Chapter of ESRS S4 the number of data protection investigations and information requests is presented.

ESRS S2 – Workers in the Value Chain

Introduction

Magyar Telekom Group takes responsibility across their entire value chain. The Group is committed to respecting and promoting human rights and requires the same commitment from its business partners and suppliers.
The following index shows the disclosure requirements identified by the materiality analysis with regard to the topic standard 'Workers in the value chain'.

ESRS index according to ESRS 2 IRO-2

Disclosure	Designation	Reference
ESRS S2 – Workers in the Value Chain		
ESRS 2 SBM-2	Interests and views of stakeholders	
ESRS 2 SBM-3 S2	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in option for ESRS 2 SBM-3 §48e
ESRS S2-1	Policies related to workers in the value chain	
ESRS S2-2	Processes for engaging with value chain workers about impacts	
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	
ESRS S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	
MDR-P MDR-A MDR-M MDR-T	Policies adopted to manage material sustainability matters Actions and resources in relation to material sustainability matters Metrics in relation to material sustainability matters Tracking effectiveness of policies and actions through targets	The Group applies the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding disclosure requirements.

Strategy

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

In the upstream value chain of Magyar Telekom Group there may be actual negative impacts on employees of indirect suppliers (e.g. disregard for human rights, poor working conditions, equal treatment and equal opportunities**).** Due to centralized procurement policy of Deutsche Telekom Group, Magyar Telekom Group has no material influence on these circumstances, and therefore Deutsche Telekom Group's assessment has been taken into account in the impact materiality assessment. Deutsche Telekom Group identified numerous negative impacts on the workforce in the value chain. Magyar Telekom Group contributes to reducing these negative impacts.
Through the procurement of electronic devices and network infrastructure, as well as components thereof, the material negative effects on workers in the value chain are directly linked to Deutsche Telekom Group's strategy and business model.

Magyar Telekom Group has no detailed information about employees in the upstream and in the downstream value chain. Workers who may be particularly affected by human rights violations in the value chain include:

- all workers working for direct and indirect suppliers in the upstream value chain,
- workers (from the above or other categories) who are particularly vulnerable to adverse effects due to their intrinsic characteristics or special circumstances, such as members of a trade union, migrant workers, homeworkers, women or young workers

All material negative impacts on workers in the value chain identified as part of the materiality analysis are systemic and are not related to individual incidents or specific business relationships of Magyar Telekom Group.

Since 2016, Deutsche Telekom Group has been operating a program to comply with its human rights and environmental due diligence obligations, in line with the international reference instruments. Based on this and with the involvement of external and internal expertise, Deutsche Telekom Group has identified groups of people on whom its business activities

can potentially have a negative or positive impact (human rights impact analysis) and whose interests were taken into account in the preparation of the Human Rights Code. Deutsche Telekom Group is constantly developing its procedures for identifying vulnerable groups of people, but at least once a year after conducting its annual human rights and environmental risk analysis. Magyar Telekom Group was fully covered in the annual risk analysis for 2024.

Management of impacts, risks and opportunities

ESRS S2-1 Policies related to value chain workers

Due to its size, Magyar Telekom Group has a significant impact on other players of the economy, so its responsibility cannot be limited to the boundaries of the organization. In addition, from a risk management perspective, it is essential that it should do business with supplier partners whose economic, social and environmental performance is appropriate. To this end, the Group also manages its supplier relationships from a sustainability perspective too.
It is important for the Group to maintain a reliable, lawful business relationship with its suppliers and to apply documented supplier evaluation practices that ensure that all its contractual partners comply with this legal requirement. Anti-corruption and ethical conduct in supplier relationships are of paramount importance. In the above spirit, suppliers are required to adopt:

- Magyar Telekom's Anti-Corruption Declaration
- Magyar Telekom's Supplier Code of Conduct, and the Deutsche Telekom Group's Supplier Code of Conduct, which includes the stipulations set forth by the German law on supplier chain due diligence (LkSG)
- the Code of Human Rights
- a Confidentiality Statement
- privacy regulation (GDPR)
- the Privacy Information

All suppliers must peruse, accept and comply with all of these requirements as a precondition of the contract. Magyar Telekom's Supplier Code of Conduct contains the following guidelines and documents:

- Code of Conduct
- Code of Human Rights and Social Principles
- Diversity Policy
- Magyar Telekom Group Environmental Policy
- Financial Code of Ethics
- Responsible Corporate Governance Report
- Magyar Telekom Group Quality Policy

Magyar Telekom Group's principles and expectations formulated in the Supplier Code of Conduct include, among them, the prohibition of child labor, forced labor and all forms of slavery. With the Supplier Code of Conduct Magyar Telekom is committed to internationally recognized norms and standards:

- ILO and OECD Guidelines
- Universal Declaration of Human Rights
- UN Global Compact
- Tripartite Declaration of Principles for Multinational Enterprises and Social Policy (MNE Declaration)
- UN Guiding Principles on Business and Human Rights ('Ruggie Principles')

The Supplier Code of Conduct mentioned is Deutsche Telekom's group level policy. During the term of the contractual relationship, the suppliers shall, upon specific request, take the necessary measures to ensure compliance with this Supplier Code of Conduct as required by Deutsche Telekom at any time and shall notify Deutsche Telekom without delay if it becomes aware of any breach of principles set by the Code, either by itself or by any Third Party. The suppliers shall implement the principles of the code throughout their supply chain.
The basic principles of the Supplier Code of Conduct are included in Deutsche Telekom's Procurement Policy, which is part of the Rules of procedure of the procurement of products and services of Magyar Telekom Group. This document was approved by the CEO of Magyar Telekom Plc.

ESRS S2-2 Processes for engaging with value chain workers about impacts

As part of its centralized purchasing policy Deutsche Telekom Group regularly reviews the working conditions at its suppliers' production sites through audit programs. In doing so, Deutsche Telekom Group specifically asks workers in the upstream value chain for their feedback in order to incorporate it into our due diligence processes. With mobile surveys ("mobile audits"), Deutsche Telekom Group also gives its suppliers' workforce the opportunity to anonymously share information online about the social and environmental conditions at their operation sites. The surveys are primarily used to gain an initial impression of the working conditions on sites in order to initiate further measures if necessary, such as specific on-site inspections ("social audits"). The social audits are carried out by external auditors.

Magyar Telekom Plc. continued its sustainability web audit in 2023, which consists of environmental, social and business ethics questions. The assessment pays particular attention to whether suppliers expect their own partners to comply with certain sustainability guidelines. The responses received are weighted according to the supplier's industry to provide a final score. In 2023, 69 companies participated directly in the survey, representing 9.75% of the total procurement value. The Sustainability Web Audit assessment is valid for three years.

The responsibility for integrating the interests of workers in the value chain within the framework of the mobile audits and on-site inspections lies with the purchasing functions of Deutsche Telekom Group and Group Corporate Responsibility of Deutsche Telekom Group.
No such process has been carried out in 2024, and no negative environmental, labor, human rights or social non-compliance issues have been identified.

ESRS S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

Deutsche Telekom Group-wide risk management system implements process steps in all essential business operations, with the aim of identifying and minimizing human rights and environment-related risks. It also aims to prevent, address, and minimize any violations of environment or human rights obligations. This risk management system covers all Deutsche Telekom Group companies over which Deutsche Telekom exercises significant influence; thus, Magyar Telekom Group was covered with this process in 2024. Magyar Telekom Group was fully covered in the annual risk analysis for 2024, all of its suppliers were classified centrally, among high, medium and low priority risk categories, each of the risk categories have own procedures to follow after the classification.
In order to enable remedy in the event of negative effects in the upstream value chain, Deutsche Telekom immediately contacts Magyar Telekom Group which contacts its direct suppliers and demands that any infringement be stopped. In the absence of a contractual relationship with indirect supplier companies, it also seeks contact with direct supplier companies who maintain a business relationship with them in the event of violations in their business activities. In this way, Deutsche Telekom Group is also striving to create a concept for preventing, ending or minimizing human rights violations for the indirect supplier companies that cause them and to implement them in partnership with all parties involved. All identified violations are recorded in a corrective action plan and are prioritized according to severity. The timely implementation of these measures is regularly monitored.

Magyar Telekom Group's suppliers must provide their employees with effective procedures and a safe environment for any complaints and feedback in accordance with the relevant supplier codes. The Group has not yet established any procedures in order to ensure effectiveness of its complaints system in connection with reports of workers from the upstream value chain. Complaints and comments concerning issues and violations of legal obligations or Magyar Telekom rules and regulations can be submitted to Magyar Telekom Group's 'Tell Me' whistleblower portal.

ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

If a supplier is unable to meet the sustainability requirements set out in the Supplier Code of Conduct, or if there are specific misconducts, Deutsche Telekom Group's risk incident process starts. In the first step, the suspected case is checked for plausibility and a statement is requested from the supplier. At the same time, the supplier shall determine mitigation or remedial measures and agree on deadlines after which it must confirm the implementation of the measures promised in its statement. The follow-up of the corrective and preventive measures is carried out by various Deutsche Telekom stakeholders. In the event of anomalies, an expert committee consisting of representatives from the Group Corporate Responsibility, Legal, Compliance, Human Resources (HR) and Purchasing functions is involved. If the steps taken prove to be insufficient, escalation will be initiated. If it is foreseeable that the supplier company will not meet the requirements, the expert committee will examine the temporary suspension of business relationships or the removal of the supplier company from procurement lists. If the violation is serious or cannot be terminated, the termination of the business relationship is considered as a last resort.
In addition, Deutsche Telekom Group's involvement in networks and associations such as the 'United Nations Global Compact', 'econsense' or the industry initiative 'Joint Alliance for CSR' (JAC) contributes to achieving a long-term improvement in the international implementation of sustainability requirements in the supply chain of the information and communication technology (ICT) industry, for example by sharing best practices and combined resources. In 2024, five audits were conducted centrally, one supplier of Magyar Telekom Group was covered with the process.

Due to the complexity and ever-changing nature of Magyar Telekom Group's business activities, it is not possible to accurately allocate resources and funds for the management of the measures described above. In principle, all measures are implemented with the budgets of the individual areas and usually do not require significant operating or investment expenditure. The Group has the necessary human resources to contribute to Deutsche Telekom's risk management system.

If specific actions need to be taken, as part of the sustainable supply chain management process, a temporary working group is being set up to support efficient operations, with members who are responsible for and act on supplier incidents, negative environmental, labor, human rights or social impacts. The permanent members of the working group are staff from the procurement, legal and compliance areas, complemented by staff from the unit involved in the incident and experts on the subject matter of the incident.

Goals/Targets

ESRS S2-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Magyar Telekom Group has not set separate results-oriented targets for reducing the negative impact on workers in the upstream value chain. In addition, in line with the requirements of the Hungarian ESG law, a risk analysis will prepare about Magyar Telekom Group's suppliers in 2025. The results of the risk analysis will be included in the measures taken with suppliers.

ESRS S4 – Consumers and End Users

Introduction

Magyar Telekom Group is committed to ensuring that everyone can participate in the digital world. The development of fixed and mobile infrastructure contributes to increasing digital skills, fostering the competitiveness of businesses, integrating digital solutions, promoting the use of emerging technologies, and strengthening research, development and innovation. Magyar Telekom Group, as a responsible service provider, plays a role and thus has an impact in creating digital equality in society, and promotes the development of digital skills through its networks and programs in several ways. The digitalization pillar of sustainability strategy includes the provision of digital maturity and awareness programs and initiatives.

The following index shows the material disclosure requirements identified by the materiality analysis in relation to the topic standard 'Consumers and End Users'.

ESRS-Index according to ESRS 2 IRO-2

Disclosure	Designation	Reference
ESRS S4 – Consumers and End Users		
ESRS 2 SBM-2	Interests and views of stakeholders	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in option for ESRS 2 SBM-3 §48e
ESRS S4-1	Policies related to consumers and end-users	
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions	
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	
MDR-P MDR-A MDR-M MDR-T	Policies adopted to manage material sustainability matters Actions and resources in relation to material sustainability matters Metrics in relation to material sustainability matters Tracking effectiveness of policies and actions through targets	The Group applies the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding disclosure requirements.

Strategy

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

During the process of double materiality analysis, Magyar Telekom Group identified material impacts and risks related to consumers and end-users. The process is detailed in the Chapter of ESRS 2 IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities. Furthermore, during the understanding phase of double materiality analysis, interviews and documentation collection were conducted internally to gain understanding of the Group's goals, approaches and practices related to its customers. All material negative impacts on consumers and end-users[8] identified in the double materiality analysis are systemically anchored. As part of the double materiality analysis, no material negative impacts on consumers and end-users related to individual incidents were identified. Based on its business model, Magyar Telekom Group has a positive impact on its downstream value chain, on the society through the development of its network, as this contributes to creating secure and reliable infrastructure for both society and businesses, increasing digital skills of social groups with poor digital skills, fostering the competitiveness and digital transformation of businesses, integrating digital solutions, promoting the use of emerging technologies, and strengthening research, development and innovation. Opportunities arise from the impacts on consumers and end users along the efforts to promote digitalization. Digitalization gives the opportunity to the Group to identify stable and regular income streams.

Customers who use Magyar Telekom Group's services or purchase products with which they access its services are being considered as beneficiaries of 1) the Group's digitalization activities, 2) initiatives that boost digital skills and 3) offered digital products, while they are also the ones who may experience negative impacts in privacy related topics. Considering the products and services offered to different customer sub-groups, it is apparent that privacy related and internet safety related impacts, risks and opportunities in the digital world affect all consumers and end-users. However, certain social

[8] Consumer and end user terminology used based on ESRS definition, not by the definition of Act C of 2003 on Electronic Communications

groups were identified as groups at greater risks of harm, primarily children and elderly people, who lack sufficient digital skills and could be exposed to threats in the digital environment. Magyar Telekom Plc. provides educational programs aiming to improve the digital skills of affected groups and their caregivers, thus contributing to a safer digital world.

ESRS S4-2 – Processes for engaging with consumers and end-users about impacts and ESRS S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

To identify sustainability matters related to the topical standard of ESRS S4, an online stakeholder survey was conducted to collect and identify the perspectives of customers as stakeholders about the key impacts of the Group in the last quarter of 2023. The process is detailed in the Chapter of ESRS 2 SBM-2 – Interests and views of stakeholders. During the understanding phase of double materiality analysis, interviews and documentation collection were conducted internally to gain understanding the Group's products and services and customer groups. The function which has the highest operational responsibility for conducting such engagements is the Lead of Capital Market Relations Hub. The Group plans to continue such engagement activities during the next reporting period. The Group has not implemented a procedure to assess the effectiveness of the engagements mentioned above.

The Group established complaints handling processes that ensure customer satisfaction, as feedbacks from customers allow and support the continued development of services and processes. Magyar Telekom Group puts high emphasis on informing customers about the available complaint management procedures through customer service channels and online. Customers are informed about the definition of complaints that should be managed in accordance with the published complaint-management procedure. In line with the Consumer Protection Act (Act CLV of 1997) and as stated in the General Terms and Conditions, there is an obligation to carry out the investigation and send written information to the complainant about the results within 30 days. Based on the commitment to quality principles and customer experience, the following issues are understood as complaints:

- a complaint about the Group's products or services,
- any case where it may be alleged that the Group has failed to meet its contractual or legal obligations,
- if the information the customer has received from the Group's colleagues is incorrect or inaccurate and the customers are adversely affected by it,
- if the customer experienced inadequate administration or communication from the Group's colleagues.

Customers can raise complaints through all available channels: in person at the shops and partner shops, in voice calls contacting the via call center or in a written form via e-mailing or web channels.

During opening hours, the front-line receiving channel will transfer the case to the complaint hotline team who, after communicating with the customer on call, will either handle the case in a call or, if more time-consuming, in a background E2E activity.

The channel receiving the complaint records the complaint workflow in the respective system (in any case, in written case, it is recorded and acknowledged) and through the automated process it is sent to the processing team, where the E2E approach is also the basis for handling, who receives the case, takes it through and responds to the customer.

The General terms and conditions on the website contain all contact details of Magyar Telekom Plc. and the contact details of the competent authorities to whom complaints can be made against the Company.

Magyar Telekom Group implemented other processes and platforms to receive and manage concerns from stakeholders. Chapter ESRS G1 – Business conduct details the related information. In addition to that, this current Chapter of ESRS S4 Consumers and end-users also provides information on relevant channels and procedures, along which consumers, end-users and other data subjects can ask questions or raise concerns regarding privacy related topics.

Management of impacts, risks and opportunities

ESRS S4-1 – Policies related to consumers and end-users

Sub-topic: Data Protection at Magyar Telekom Group

The protection of the personal data of customers, employees, contractors, visitors of Magyar Telekom Group's websites and users of its applications is a priority. The Group applies procedural rules for data processing necessary to enforce the applicable legislations, court decisions and recommendations. It also ensures a high level of data security by taking appropriate technical and organizational measures, by establishing group-wide employee awareness of the importance of data protection, and by handling personal data lawfully and accountably.

The Group promotes an active data protection and compliance culture built up over many years to protect the personal data of everyone associated with the Group (not only employees, but other stakeholders such as customers or business partner representatives) as well as to address the material risks arising from any data processing activities. The Group's data protection management system describes technical and organizational measures, processes and audits. The responsibility for data protection lies with the executive management, while the Data Protection Officer (DPO) and the Privacy CoE of Group Legal Hub advise on and monitor compliance with data protection regulations and with the relevant internal policies.

With the Binding Corporate Rules Privacy (BCRP) Deutsche Telekom Group has a group-wide regulation since 2014, for a uniform level of data protection and handling of personal data in the member companies. BCRP is a continuation of the Privacy Code of Conduct, which was replaced in 2014. Magyar Telekom Group has committed itself to these Group guidelines: its internal policies, rules, privacy governance, protective measurements and data processing practices are based on these guidelines. The current version of the BCRP and the list of companies which have adopted them on a legally binding basis is published.

For many years Magyar Telekom Group has been continuously improving its information security systems, which comply with the ISO 27001 standard.

The Group is committed to the fundamental rights of data protection and privacy. The new Group-level Code of Human Rights was adopted in 2024. With regards to the universal human rights, the Group's aim is to ensure the lawful processing of personal data, which is anchored in the prevailing Code of Human Rights of the Group. Along the legal requirements, the Group is further committed to observing numerous international human rights and environment-related reference tools, stated in the Code of Human Rights. The internal policies are aligned with internationally recognized instruments, including UN Guiding Principles on Business and Human Rights and ILO Declaration on Fundamental Principles and Rights at Work.

Privacy is not only important in the case of its own operations, but also if Magyar Telekom Group uses data processors for certain data processing activities. It is defined in the Supplier Code of Conduct that contractors are obliged to commit to Deutsche Telekom Group level principles regarding ethics, human rights, and environmental values, to comply with all relevant data protection legislation, as well as the data protection and security requirements stated in the individual contracts with Magyar Telekom Group. The Supplier Code of Conduct was also renewed in 2024. Both Codes are publicly available on respective websites.

If Magyar Telekom Group uses data processors who operate outside of the EU, it requires them to treat customers' personal data confidentially and to ensure a high level of protection of personal data in accordance with the Group's requirements. Since 2021 processes and agreements for data transfers outside the EU have been aligned with the updated standard contractual clauses of the European Commission, relevant data protection decisions of CJEU and European Data Protection Board (EDPB) recommendations.

ESRS S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Sub-topic: Data Protection at Magyar Telekom Group

The Group received requests for information from the National Authority for Data Protection and Freedom of Information (NAIH) and requests and complaints from customers and other data subjects in 2024, all of which were duly investigated. Findings and information on action taken on these requests were provided to the data subject or to the Authority respectively. Based on the results and conclusions of these investigations and complaints, internal processes were reviewed, adjusted, if necessary, furthermore, followed and monitored.

In 2024, two data protection investigations and two information requests related to handling of personal data were initiated, none of the investigations have yet been concluded. Due to confidentiality, the Group does not disclose further information.

Magyar Telekom Group has robust breach detection, investigation, and internal reporting procedures in place to detect, evaluate the risks of, mitigate, keep records of and report data breaches to the relevant supervisory authority and notify the affected data subjects according to the rules of GDPR and the Electronic Communication Act. Employees and contractors are aware of the escalation process of potential security or data protection incidents, informing the appropriate team in the organization, which has the responsibility to determine if a breach has occurred and should be reported. Magyar Telekom Group provides advice to customers on how to prevent unlawful access to their personal data by unauthorized third parties and implements new protective measures based on the findings of the occurred incidents. The Group implemented a specific policy to ensure that information security incidents (including data breaches) are detected, reported, and managed.

Magyar Telekom Group has different channels for consumers, end-users and other data subjects to ask questions or raise concerns regarding privacy related topics and issues, furthermore, it appointed a DPO, who can be contacted via dpo@telekom.hu.

Magyar Telekom Group has sufficient staff and financial resources to carry out its tasks under the GDPR and the respective internal regulations, and to ensure that processing of personal data is compliant with GDPR and the applicable legislations, guidelines of the EDPB and NAIH. The Group continuously monitors changes in the legal environment to prepare for the implementation of new and forthcoming legislation affecting data protection.

The Group continuously trains its employees and subcontractors to ensure the proper processing and security of personal data and to keep up with relevant regulations, guidelines, and internal policies. In 2023 all employees were required to participate in the „Our Commitment to Data and Information Privacy" training, developed jointly with Deutsche Telekom Group. Based on the company-wide review of the mandatory trainings in 2023, in 2024, the design of a new, tailored privacy training program has started to ensure that all employees receive data protection knowledge which is relevant and suited for their work tasks.

DPO conducts audits each year on areas where issues or gaps have been identified during the previous year based on customer complaints, data breaches or other observations of monitoring compliance with the data protection regulations. These audit reports list several action points to improve compliance with the applicable legislations, court decisions and recommendations relating to data protection.

In 2025, the Group shall conduct a structured and documented data protection impact assessment for the processing of personal data. Deutsche Telekom Group provides a centrally available process called Privacy and Security Assessment (PSA) platform which will be implemented uniformly in all Deutsche Telekom Group companies in 2025.

ESRS S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions

Sub-topic: Digitalization of Hungary

In order to achieve the goals of the Digital Decade 2030 Policy Program (hereinafter: Digital Decade), set out by the European Parliament and the Council in December 2022, Hungary's National Strategic Roadmap has been prepared, which contains detailed measures to promote digital development and strengthen the digital economy. The Policy Program aims to create new opportunities for citizens and businesses in terms of a reliable and secure digital infrastructure, digital transformation of businesses and access to digital skills by 2030, including through the following objectives:

- every household in Europe should be covered by a gigabit network and 5G coverage should reach all populated areas
- 75% of European businesses should use cloud services, big data and AI and at least 90% of European SMBs should achieve at least basic digital intensity
- 20 million employed ICT professionals, with a convergence of the share of women and men
- 100% of key public services should be available to European citizens and businesses online

The strategic objectives of Magyar Telekom Plc. contribute to the fulfilment of the Policy Program and the National Strategic Roadmap of Hungary, and to the achievement of the objectives of the digital transformation of the country. In the long term, state-of-the-art infrastructure is essential to enable homes and businesses to be successful players in digital transformation. In this context, on September 15, 2023, the Government of Hungary and Magyar Telekom Plc. signed a Memorandum of Understanding confirming that the Company is deeply committed to support digital transformation of Hungary. The development of fixed and mobile infrastructure contributes to the improvement of digital skills, fostering businesses' competitiveness, integrating digital solutions, encouraging greater use of emerging technologies, strengthening research, development and innovation, and increasing the uptake of data-based solutions. Under the Memorandum of Understanding, Magyar Telekom Plc. commits to build a gigabit-capable fixed network covering an additional 1 million households and businesses by 2027. By that, Magyar Telekom Plc. will provide 4.5 million Hungarian homes and businesses with access to a fixed gigabit-capable network infrastructure. The Company has also accelerated the rollout of 5G coverage, resulting in an increase to close to 99% population-based outdoor 5G coverage by 2026.

Strategic goals originate from the Digital Decade policy program and the Company's general business strategy. Social participation in the Digital Decade is an EU institutional issue/Member State obligation, while the formation of business strategy is indirectly influenced by consumers and their representatives: Magyar Telekom Group always strives to meet the needs of its customers at the highest possible level and formulates its business strategy in line with these objectives but without direct involvement of these stakeholders.

Magyar Telekom Plc. continued and successfully concluded its multi-year mobile network modernization program in 2024, which aimed to modernize, maintain and improve service quality and increase capacity in line with the continuous growth in voice and data traffic demand from its customers.

In 2024, Magyar Telekom Plc. added 200,242 new gigabit-capable access points to its existing fixed network, bringing the total number of gigabit-capable access points to more than 3.8 million. A total of 69% of the fixed network is gigabit capable. The focus of unwavering commitment remains the ambition to deliver stable connectivity and outstanding customer experience.

This commitment is to be fulfilled by the end of 2027. Yearly targets are integrated into company level Objectives and Key results (OKRs), ensuring the highest focus on the fulfillment. Progress is reported to the Chief Technology and IT Officer (CTIO) every month. In terms of mobile network development, the modernization program continued, with the aim of making the entire 4G network 5G-capable. As part of the overall program, the modernization of mobile base stations covers not only active and passive radio equipment, but also the infrastructure necessary for their deployment and operation. The replacement of this equipment with their more modern counterparts in itself creates additional capacity, which could lead to technological advantages accessible by modern devices, more reliable service and lower energy consumption. In doing so, technological capabilities are being created that allow for immediate or future service expansion at the given stations and throughout the nation. The flexibility of a more advanced network lays the ground for the ability to respond more quickly and in a more customized way to customer needs. A significant number of the modernized stations also received capacity upgrades. Magyar Telekom's 5G technology is available at 700 MHz, 2100

MHz and 3600 MHz, with the upgrades typically extending 5G coverage on the 700 MHz frequency. By the end of 2024, Magyar Telekom Plc. had upgraded 100% of its mobile network, resulting in outdoor residential 5G coverage reaching 74%. Current coverage is available at the following website.

The head of the modernization program has provided the responsible leaders with monthly updates on the progress status, complemented by regular in-person meetings to review progress in detail. Additionally, the related objectives were integrated into Magyar Telekom Plc's annual goals, ensuring alignment with broader strategic priorities. The fulfillment of these goals was monitored and reviewed consistently to maintain accountability and drive progress.

The demand for faster, universally available data services is growing steadily. Information is presented on the capital expenditures relating to network expansion in the Notes 9.2 Property, plant and equipment, 10.2 Intangible assets and 10.5 Significant individual other intangible assets of the Consolidated financial statements.

Related risks

To achieve the set goals of digitalization of Hungary, the Group. monitors the status of macroeconomic environment as its challenges affect Magyar Telekom Group on several levels. The current geopolitical situation, including disruptions in supply chains, could lead to resource shortages and price increases. The changes in the geopolitical framework and the challenges faced by the world's economy can affect Magyar Telekom Group businesses, supply chains and may lead to sanctions for impacting certain countries and stricter compliance requirements. Persistent tensions and armed conflicts can delay or cancel strategic initiatives and have a direct impact on logistics and supply chains.

The Group performs several risk management activities to reduce exposure. The Group continuously monitors geopolitical events, identifies alternative suppliers and, if necessary, conducts procurement contracts. Magyar Telekom Group works with existing suppliers, engages regional partners and relies on diversified global supply chains to ensure stability and lower exposure to geopolitical risks. Magyar Telekom Group works closely with Deutsche Telekom to identify group-wide risk mitigation measures.

Sub-topic: Product development and digital solutions

The Group aims to contribute to the digital transformation of companies, including helping medium and large enterprises to digitally transform, enabling them to respond faster to change and use human resources more efficiently, taking advantage of the opportunities offered by technology. The Group also encourages cost-effectiveness as it promotes the idea that becoming a digital transformation winner is not about large one-off investments, but about scalable solutions that can be used by customers as and when they need them, furthermore, it encourages exploiting the potential of 5G networks, capable of high-speed transmission with low latency and taking advantage of low energy consumption of IOT devices. The advanced technological solutions provided by the Group optimize, simplify and speed up processes, thus ensuring an ever-increasing degree of efficiency, which saves resources.

In the framework of end-to-end product development, which ensures an ownership approach throughout, the development of the ideas received is supported by incubation, and the creation of pilots and product prototypes is supported by startup-based operations. The approach is that the project is based on a specific market need at the start of product development, validated by continuous customer feedback and sales commitment. The prototypes affect the process of identifying customer needs as precisely as possible, so that a specific sales target can be defined at the end of product development. This method helps to optimize costs and resource use.

In 2024, the Investment Committee was the main resource allocation body, with experts from finance, accounting and controlling as permanent participants, in addition to the professional, strategic and commercial areas. The Investment Committee decides on the launch of pilots, PoC (Proof of Concept) projects and the allocation of OPEX and CAPEX resources on the basis of proposals from the Idea Management Team. Due to ongoing organizational changes during the second half of the reporting period, the development of new processes has started. Further information can be provided in the next Consolidated sustainability statement.

The responsible teams established goals and KPIs for each offered product to assess the effectiveness of solutions, such as the time-to-market indicator, customer satisfaction and cost optimization, details of such goals and KPIs are not disclosable due to confidentiality reasons. Existence of efficient internal processes for efficient sales are ensured, furthermore, continuous search for and exploration of new customers and innovative opportunities, while the Group pays special attention to the acquisition of the necessary human competencies to develop such products.

5G and IoT

The widespread adoption of 5G and IoT created the opportunity to connect millions of new devices. These devices can provide data that were previously impossible to measure (such as real-time electricity, gas, and water consumption, location, and others). This data allows for more conscious resource management and the early detection of necessary repairs, possibly even in advance. When complemented by various machine learning (AI) methods, companies can achieve significant cost reductions, which also means more careful and conscious use of the Earth's resources. From Magyar Telekom Group's perspective, this translates into a stable, regular income stream, enabling the Group to steer customers towards mobile solutions and retain them within this ecosystem. The following innovative solutions aim resource savings and utilization of 5G network in alignment with the Group's digital strategy.

Energy management in its most efficient form: NRG MAP

The Smart Energy software offered by the Group combines a smart approach to energy consumption and production with real-time data collection and efficient forecasting, can also make a significant contribution to the sustainability and climate goals of companies. The software does not only provide data on equipment, but also collects real-time consumption and production information, enabling customers to understand their accurate energy usage. In addition to passive data collection, it also performs an active prediction of electricity consumption and production based on previously recorded data and information gathered by the software. Thus, it serves as a powerful optimization tool, helping customers improve their energy use and reduce their costs. The solution also plays a prominent role in supporting financial decisions by accurately calculating energy costs based on the data collected and the customer's electricity tariffs, enabling decision makers to make informed, data-driven decisions in financial planning and energy strategy. The reporting feature allows detailed financial and energy reports to be generated, giving customers an overview of their costs and consumption, enabling them to use energy more efficiently and develop more sustainable business strategies.

Campus Network

In parallel with the roll-out of the 5G network, the demand for fast and secure private mobile network access in the corporate environment is also steadily increasing. The Group also offers its business customers a Campus Network private (non-public) mobile network as a commercial service, which provides fast and flexible network connectivity disconnected from the public network. This helps to avoid unwanted interference between commercial and residential activities. The Campus Network solution is a mobile data communications service for a well-defined geographic area – e.g.: exclusive mobile networks for industrial sites that provides a suitable basis for Industry 4.0 solutions.

Digitalization of the work environment

Digitalization of the work environment leads to significant resource savings, enhanced customer experience, and increased employee efficiency resulting in a better work-life balance. While reducing existing workflows and enabling more flexible and efficient work practices, it also creates value for the Group and can be easily marketed to customers, who will experience these benefits as well in their daily operations. The following innovative solutions aim to simplify internal processes of companies focusing on human resources and time optimization and exploit opportunities of digital world in line with the Group's digital strategy.

Dronify

The solution encourages the digitalization of inventory processes and operation of warehouses to increase accuracy and save resources. Dronify is an automatic inventory solution that can create a perfect inventory record without human intervention, the solution can also prevent situations that are dangerous to human life.

Qualified Time Stamping

The solution of qualified time stamping complies with current industry standards and plays an outstanding role in ensuring the authenticity of data, preventing fraud and establishing a clear chronology of events. The solution combines the principles of accuracy, security, invariability, reliability and integrity as the solution is designed to be seamlessly integrated into existing systems, making them accessible to a wide range of users and industries.

Sub-topic: Digital skill development

Magyar Telekom Plc. aims to achieve a positive impact on society. Besides the development of the network, increasing digital maturity of society is also part of the strategy, It addresses social problems not only by engaging people in this world, but also by guiding them to see the opportunities and the threats of the digital world. Its initiatives pay particular attention to the development of digital skills of certain social groups and the online and physical safety of children. The effort to improve digital literacy also aims to promote the digital transformation of businesses and encourage the development and take-up of digital solutions and technologies. The goal is to make digital knowledge accessible for everyone by improving digital skills and digital literacy. In 2024, the following initiatives were in place and continuously carried out to contribute to the digital skill development of social groups. The highest level of leadership of customers' initiatives lays with the Chief Commercial Officer.

Hello Parent

Magyar Telekom Plc. aims to make the benefits of digitalization available to everyone, and to support people with its solutions in the challenges of everyday life, therefore it works to build bridges, strengthen communities and create a more livable future for all through digitalization. Recognizing that many questions about families remain unanswered and that there is often a lack of a reliable, authoritative source of help and support for families, Magyar Telekom Plc. launched the Hello Parent family platform. The platform offers articles, interviews, podcasts, relevant business offers, videos, downloads, tips and expert answers for parents, all of which can be easily integrated into everyday life. Hello Parent groups its content around four main themes: staying safe online, smarter every day, learning, growing and happy families. The site also addresses important social issues by promoting digital awareness, education and open dialogue often on taboo subjects.

Since its launch in October 2023, the Hello Parent platform has achieved outstanding results. In its first year, 2024, it successfully met all of its key performance indicators and in some months almost doubled its targets.

Magyar Telekom Plc. continued its practice of having Hello Parent roadshow sessions country-wide, where several topics were covered and discussed with the help of professionals working with children, young people and families. Magyar Telekom Plc. has set up its own initiative to indirectly implement child protection activities. In addition to the content provided by Hello Parent – which targets children through their parents – the Aréna Telekom shop has hosted and plans to continue offering internet safety presentations for school classes. Hello Parent platform has a dedicated budget which is planned and reviewed annually.

Netrevalók

It is important that social groups with less digital skills also learn about and have access to the opportunities offered by technology. The strategic goal is to support social groups with poor digital skills, such as the elderly people, to experience the digital world and access the opportunities offered by technology: social experiences, networking, knowledge, information, entertainment. The aim is to give elderly the right skills, self-confidence, and motivation to go online, and to be socially integrated. The program provides mental health benefits by helping elderly people stay in touch with relatives and friends using ICT, thus reducing feelings of loneliness. However, many of them need support and guidance, and it is obvious that they will get this help from those who are most familiar with the technology: young people. Not only do young people pass on knowledge to their elders, but they also learn a lot by working together: empathy, communication and cooperation skills can be developed, as well as skills such as critical thinking, complex problem solving and creativity. The Netrevalók program reduces the digital divide and promotes communication and acceptance between generations. Netrevalók project was launched in October 2023 and expanded significantly in April 2024.

In 2024 the key targets were: the libraries in 50 cities to include in the program, 1,000 people/year of retired people participating in face-to-face session and 500 people/year student participation in face-to-face sessions.

Hello Business

Supporting the digital development of small and medium-sized enterprises is an important pillar of the strategy. The Telekom Hello Business platform launched 7 years ago also serves this goal. With the help of this platform, the SME sector is not only supported with products and services, but also with a wide range of digital knowledge and expert advice. The initiative provides practical news and information in video and written formats on the Hello Business website. The program's Facebook page already has 36,000 followers thanks to the continuous production of content. In addition, a dedicated Facebook group with experts helps SMBs with their tax, legal, marketing and other questions.

The main objective for the year 2024 was the design, development and launch of the new Telekom Hello Business platform, which was completed in November.

Kraftlab

Magyar Telekom Plc. believes that young people play a key role in digital advancement and transformation, shaping the digital world of the future with their understanding of the digital world, creativity and innovative ideas. This belief is reinforced by KraftLab, which has been a creative space for the young generation since its opening in Debrecen in September 2021. KraftLab's four themed rooms - the fully equipped Video Studio, the four-person Podcast Studio, the Workshop Room for training and meetings, and the Music Lab with DJ booth, which debuted in March 2023 - offer opportunities for creative expression and co-creation, strengthening young people's connection to the Telekom brand. From video creation and streaming to podcasts and workshops to cutting-edge music creation, KraftLab will give young talent a space to express themselves in all areas of digital expression.

The initial average of 234 visitors per month increased by 9% in 2023 and by a further 33% in 2024, reaching 10,000 visitors in total by the beginning of November 2024. This dynamic growth demonstrates the growing popularity of KraftLab and its important role in the life of Debrecen.

ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Feedback on Hello Parent content, access and time spent on the site is measured together with the visitor activities and access duration at the relevant Facebook sites, but specific measurements, such as those measuring the experience of Hello Parent Roadshow or Netrevalók participants, are still under development.

Digitalization and digital skill development is a part of the Group’s strategy and sustainability strategy. ESG Squad regularly meets and monitors the actions and initiatives, furthermore, the effectiveness of the activities mentioned are monitored via a Deutsche Telekom Group level ESG KPI called "Beneficiaries". This indicates the number of people who have benefited directly or indirectly (assuming-based) from the commitment to promoting a digital society. Magyar Telekom Plc. contributes to Deutsche Telekom Group’s goal to reach 80 to 110 million people across the entire Deutsche Telekom Group footprint with the ESG KPI "Beneficiaries" between 2024 and 2027. In 2024, around 2.18 million people benefited from the initiatives and measures of the digital society provided by Magyar Telekom Plc. The KPI is not validated by an external party and is partially derived from statistical data, which means that the number of indirect beneficiaries is considered an estimate.

Other goals and targets related to consumers and end-users are presented separately in the previous chapters in ESRS S4: Data protection at Magyar Telekom Group, Digitalization of Hungary, Product development and digital solutions.

Governance topics

ESRS G1 – Business conduct

Introduction

Magyar Telekom Group stands for lawful and fair entrepreneurial action. Compliance is a key component of the Group's business conduct, which is oriented towards integrity and appreciation. The following index shows the material disclosure requirements identified through the materiality analysis in relation to the corporate governance topic standard.

ESRS-Index according to ESRS 2 IRO-2

Disclosure Requirement	Description	Remarks
ESRS G1 – Business conduct		
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	
ESRS 2 SBM-3 G1	Material impacts, risks and opportunities and their interaction with strategy and business model	
ESRS 2 IRO-1 G1	Description of the processes to identify and assess material impacts, risks and opportunities	
ESRS G1-1	Corporate culture and business conduct policies	
ESRS G1-3	Prevention and detection of corruption and bribery	
ESRS G1-4	Confirmed incidents of corruption or bribery	
MDR-P MDR-A MDR-M MDR-T	Policies adopted to manage material sustainability matters Actions and resources in relation to material sustainability matters Metrics in relation to material sustainability matters Tracking effectiveness of policies and actions through targets	The Group applies the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding disclosure requirements.

Strategy

ESRS 2 SBM-3 G1 – Material impacts, risks and opportunities and their interaction with strategy and business model

During the process of double materiality analysis Magyar Telekom Group identified material impacts and risks related to business conduct, the process is detailed in the Chapter of ESRS 2 IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities. Furthermore, during the understanding phase of double materiality analysis, interviews and documentation collection were conducted internally to gain understanding of the Group's approach on corporate culture and compliance practices. Magyar Telekom Group has a positive impact on corporate culture with the established rules and operational frameworks and applied guiding principles, furthermore, a strong corporate culture has a positive impact on employee well-being. This actual impact is related to the Group's own business activities.

Magyar Telekom Group does not tolerate corruption or attempted corruption, and has introduced several internal policies and procedures, through which it has a positive impact on prevention and detection of corruption cases. This actual impact is related to the Group's own business activities.

Cases of bribery, corruption or fraud may result in reputational damage, loss of trust, financial sanctions and a reduction in the Group's shareholder value, as well as additional sanctions. The impact of an individual case may take several years to materialize and is subject to the prevailing laws applicable when such conviction is final. Business impact depends on several factors, including the market structure and organizational/contractual arrangements when such conviction is final. During the double materiality analysis this risk was determined in the upstream and own business activities for the medium term.

Management of impacts, risks and opportunities

ESRS G1-1 – Business conduct policies and corporate culture

Magyar Telekom Group's culture is characterized by entrepreneurial thinking and cooperative work as well as mutual respect and trust. The Group's culture is based on our values, which are enshrined in seven Guiding Principles. The guidelines form the basis for cooperation with each other, but also with the customers, shareholders and the public. The Guiding Principles are:

1. Delight our customers: We try to find out what makes our customers (external or internal) happier and more satisfied. We look at each interaction as a new opportunity to improve customer experience (everyone is a customer or potential customer). We do not exist without our customers - it is inevitable that they choose us again and again
2. Get things done: We know exactly where we create value - we focus on it. We can say no, discontinue things, realize redundancies and recognize low value for money situations.
3. Act with respect and integrity: We respect each other, our customers and our partners. We care about society and our environment. We are an inclusive workplace. Everything we do and represent is ethical.
4. Team together - team apart: We do not feel success is complete until the other team is successful. We can only succeed together. We belong together, we help each other, we can count on each other.
5. I am T –Count on me: We take our responsibilities and do not rest until we fulfill them, from start to end. We are empowered and we are trusted. We do not create extra work for others, and we do not get scared of new tasks.
6. Stay curious and grow: We are brave enough to try new things, to change ourselves and the things around us. We are not afraid to question, and we do not accept "because we have been doing it like this so far" as an answer.
7. Failure or success – we learn from everything: We celebrate individual and team success. Errors are acceptable, we learn from them. We escalate problems in time, while they can be corrected. The agile ceremonies (retro) make learning from our mistakes a part of our lives.

The goal with the values was to determine the conduct that is accepted by everyone in addition to being important and tangible in our daily operation.

ESRS G1-3 – Prevention and detection of corruption and bribery

Magyar Telekom Group does not tolerate corruption or attempted corruption, and has introduced several internal policies and procedures, through which it has a positive impact on prevention and detection of corruption cases. Cases of bribery, corruption or fraud may result in reputational damage, loss of trust, financial sanctions and a reduction in the Group's shareholder value, as well as additional sanctions. The impact of an individual case may take several years to materialize and is subject to the prevailing laws applicable when such a conviction is final. Business impact depends on several factors, including the market structure and organizational/contractual arrangements when such a conviction is final.

Magyar Telekom Group implemented a Corporate Compliance Program, which applies to all bodies, organizations, directors, officers and employees of Magyar Telekom Group, as well as to consultants, agents, representatives, and all other persons or bodies who carry out work on behalf of any member companies of Magyar Telekom Group. Additionally, the Group expects its business partners, suppliers and customers to aid in this effort by acting in a similarly ethical manner. As such, certain aspects of the Magyar Telekom Corporate Compliance Program apply not just to Magyar Telekom Group employees, but also to third parties with whom do business. If employees, partners, or third parties have concerns that behaviors contradict laws, corporate culture, or internal guidelines, they can report these via the whistleblower portals – anonymously if desired. This also includes reports on human rights or environmental risks as well as legal violations along our global supply chain. This may concern the actions of the employees in their own business area of group companies or those of the suppliers or business partners. For the investigation of internally or externally reported suspicions, Magyar Telekom Group has implemented internal processes according to which suspected violations are initially substantiated and if necessary, further clarified in accordance with legal requirements. The Group has defined internal guidelines to ensure that matters are reported to internal committees and supervisory bodies depending on defined relevance thresholds.

Magyar Telekom's Compliance Management System and certified through the German IDW AsS 980 process. This ensures that all the anti-bribery, anti-corruption and other compliance related issues are prevented, detected and handled

accordingly. The Compliance Management System of Deutsche Telekom is regularly subject to external audits (such as the German Institute of Auditors' Standard 980 (IDW PS 980) or ISO 37001). Magyar Telekom Group is regularly included in these independent audits and system audits, the next external audit (IDW AaS980) is planned for 2025.

Based on the different areas of the CMS there is dedicated Askme! Channel for prevention activities. Employees can ask for guidance and opinions on sponsorship, donations, acceptance and providing benefits, contractual conditions, requirements, due diligence topics, conflicts of interest, etc. Compliance concerns can be raised through this channel.

The whistleblowing channel of Magyar Telekom Group is also available internally and externally. Employees receive messages about the existence of the portal, whistleblowing options and the importance of Speak up! culture via in-person trainings, tone from the top messages and through different communication campaigns in the Compliance area.

In accordance with applicable regulations, including in line with Directive (EU) 2019/1937 of the European Parliament and of the Council, Magyar Telekom Group has established a whistleblower portal through those employees, partners, or third parties can report suspicions and misconducts - anonymously, if desired. The whistle blowing portal is available internally as well as externally.

The Code of Conduct of Magyar Telekom Group is built on the United Nations Convention against Corruption. As a Deutsche Telekom Group member Magyar Telekom Group joins the UN International Anti-Corruption Day each year on the 9th of December, followed by a communication campaign. The protection of whistleblowers is carried out in accordance with applicable regulations, including in line with Directive (EU) 2019/1937 of the European Parliament and of the Council. The Code of Conduct of Magyar Telekom Group clearly states that the whistleblower cannot suffer from negative consequences resulting from speaking up or reporting a potential misconduct. The Group ensures that received reports are processed by sufficiently qualified personnel.

Magyar Telekom Group has procedures in place to investigate any incidents related to its business activities – including cases of corruption and bribery – promptly, independently, objectively, and lawfully. The compliance area of the Group performs monitoring activities defined through a risk-based approach, performs an annual compliance risk assessment process and has a significant focus on prevention activities.

In conducting anti-corruption training sessions, Magyar Telekom Group pursues a risk-oriented approach: The frequency and content of the training sessions depend on how many employees are exposed to compliance risks – including corruption and bribery. There is an annual compliance e-learning mandatory for all employees of Magyar Telekom Group. The training focuses on the messages of the Code of Conduct and the compliance- relevant risks. New joiners receive a general compliance e-learning as part of their onboarding after joining the Group.

In addition, there is a mandatory in-person training session for members of executive bodies of operationally active companies every three years. If there is a new member within the given body, an ad hoc compliance training is organized. On the other hand, Magyar Telekom Group does not conduct training for the Supervisory Board.

Additionally, deeper dives into certain compliance topics are assigned to individuals or specific business units based on potential risk exposure for the roles. These training courses are reviewed and updated on a regular basis.

In the case of e-learnings the participation rate is aimed to be above 90%, for the annual mandatory e-learning 95%. In the case of risk-based in-person training additional occasions are organized if the original training has not reached the 80% participation rate. The participation rate of risk-based in-person trainings were 90% in 2024. The scope of the risk-based in person training varies on different factors (activity of the given area, the last year when colleagues recieved in person trainings, changes in the organizational structure, responsibilities, and lessons learnt about last year’s tip offs, cases). In 2024, the focus was on the Technology Unit and its colleagues and the final round of relevant participants was defined with the help of the expertise of the given departments. As usually, the Enterprise Unit colleagues were also in scope in 2024.

E-learnings and in person trainings cover the topics of anti-corruption and anti-bribery and provide information about the consultation as well as the whistleblowing channel.

The Group also communicates the principles of corporate strategy and culture in all internal media, including intranet, mailings, and meetings. New employees receive dedicated new joiner training that covers the topic of the Magyar Telekom Group's Code of Conduct and general compliance messages. Additionally, deeper dives into certain Code topics

are assigned to individuals or specific business units based on potential risk exposure for the roles. These trainings are reviewed and updated on a regular cadence.

The strategies of Magyar Telekom Group against corruption and bribery particularly relate to functions within the Group that are most at risk in terms of corruption and bribery. These primarily include executive bodies as well as the operational areas of the Group. In addition, deeper dives into certain compliance topics are assigned to individuals or specific business units based on potential risk exposure for the roles (e.g. procurement or sales areas).

The Compliance area of Magyar Telekom Group, namely the Group Compliance Hub is the guard of the Compliance Program. Group Compliance Hub as well as the Compliance Officer is a direct report to the CEO, this means that the compliance department is organized independently of other units. Additionally, the Audit Committee has the right to the supervision of the compliance Officer. Compliance reports are sent to the Audit Committee, the Supervisory Board and the Board of Directors on a regular basis. The Compliance Officer has the right to escalate compliance issues towards the Audit Committee or Deutsche Telekom Group Compliance Management if necessary.

The Compliance Officer is responsible for the Compliance Program and has the right to escalate compliance issues towards the Magyar Telekom Plc. Audit Committee or Deutsche Telekom Group Compliance Management if necessary. Group-relevant cases above a threshold are reported within regular compliance reporting processes.

Magyar Telekom Group informs employees through various channels about strategies and processes of the Group with which we prevent, detect, investigate, and prosecute allegations or incidents related to corruption and bribery. These channels include intranet postings, mailings, and compliance training sessions. Also, different dedicated Group directives cover these topics. If a Group directive has been refreshed, the relevant colleagues receive an automated message about the refreshment. Additionally, in case of significant or important changes there are additional compliance communication campaigns emphasizing the topic.

ESRS G1-4 – Incidents of corruption or bribery

Magyar Telekom Group ‘s Group Compliance Hub is responsible for conducting internal investigations on cases of compliance misconducts. However, the exact statistics of these cases are handled with confidentiality and Magyar Telekom Group does not share this kind of information about the incidents.

Declaration

We the undersigned declare that the Separate management (business) report was prepared in accordance with the sustainability reporting standards according to Section 95/D (1) point 3 of the Act C of 2000 on Accounting and the regulations determined in accordance with Article 8 (4) of the Regulation (EU) 2020/852 of the European Parliament and of the Council.

Budapest, February 25, 2025

Tibor Rékasi
Chief Executive Officer, Board member

Daria Aleksandrovna Dodonova
Chief Financial Officer, Board member

11 Events after the reporting period

Magyar Telekom Plc. has entered into an agreement for the sale of ViDaNet Zrt., a provider of fixed services. The total consideration is based on the conditions of agreement calculated at the date of closing of the transaction. The transaction is expected to close in the first quarter of 2025, subject to customary closing conditions, including the necessary regulatory decisions.

Budapest, February 25, 2025

Tibor Rékasi
Chief Executive Officer, Board member

Daria Aleksandrovna Dodonova
Chief Financial Officer, Board member

Declaration

We the undersigned declare that

- the attached Separate financial statements which have been prepared in accordance with the applicable set of accounting standards and to the best of our knowledge, gives a true and fair view of the assets, liabilities, financial position and profit or loss of Magyar Telekom Plc., and
- the Separate management (business) report gives a fair view of the position, development and performance of Magyar Telekom Plc., together with a description of the principal risks and uncertainties of its business.

Budapest, February 25, 2025



Tibor Rékasi
Chief Executive Officer, Board member

Daria Aleksandrovna Dodonova
Chief Financial Officer, Board member