CONSOLIDATED

financial report

4iG

Távközlési Holding Zrt.

2024

4iG TÁVKÖZLÉSI HOLDING ZRT.
CONSOLIDATED FINANCIAL STATEMENTS

ACCORDING TO INTERNATIONAL
FINANCIAL REPORTING STANDARDS
31 DECEMBER 2024

CONTENTS

The Consolidated Financial Statements were approved by the Board of Directors of the Company by written decision on 27 May 2025 by Board Resolution No. 1/2025 (V.27.).
The Consolidated Financial Statements were prepared in Hungarian and English. In case of any discrepancy, the Hungarian version shall prevail.

Data in millions of HUF, unless otherwise indicated

Consolidated statement of comprehensive income

	Notes	2024	2023
Net sales revenue	3	602 000	516 685
Other operating income	4	3 974	31 099
Total net sales revenue and other income		**605 974**	**547 784**
Capitalised value of own performance	5	17 181	12 470
Raw materials and consumables used	6	-147 326	-145 106
Services used	7	-126 433	-94 925
Employee benefit expenses	8	-78 207	-71 112
Other operating expenses	9	-49 175	-44 989
Impairment for financial assets		-2 224	-8 338
Operating costs		**-401 141**	**-356 132**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**222 014**	**204 122**
Depreciation and amortisation	10	-163 083	-148 133
Earnings before interest and taxes (EBIT)		**58 931**	**55 989**
Financial income	11	15 005	18 354
Financial expenses	11	-65 097	-42 833
Share of profit of associate	12	348	558
Profit or loss before tax		**9 187**	**32 068**
Income taxes	13	-6 843	-9 252
Profit or loss after tax		**2 344**	**22 816**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		19 978	4 303
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		**19 978**	**4 303**
Other comprehensive income/(loss)	14	**19 978**	**4 303**
Total comprehensive income/(loss)	15	**22 322**	**27 119**
Profit or loss after tax attributable to:			
Owners of the Company		-778	24 691
Non-controlling interests		3 122	-1 875
Total comprehensive income/(loss) attributable to:			
Owners of the Company		19 150	28 979
Non-controlling interests		3 172	-1 860

Data in millions of HUF, unless otherwise indicated

Consolidated statement of financial position

	Notes	31/12/2024	31/12/2023	01/01/2023
ASSETS				
Non-current assets				
Property, plant, and equipment	16	315 536	311 263	167 179
Customer relationship	17	109 156	115 193	0
Other intangible assets	18	233 419	231 169	43 070
Right-of-use assets	19	129 776	115 652	30 671
Deferred tax assets	20	4 312	2 097	3 900
Goodwill	21	525 731	506 832	405 937
Net investment in the lease – non-current	22	1 093	751	191
Investments in an associate	23	0	1 488	1 470
Other financial assets – non-current	24	87 211	29 112	6 585
Other non-financial assets – non-current	24	1 557	280	0
Total non-current assets		**1 407 791**	**1 313 837**	**659 003**
Current assets				
Cash and cash equivalents	25	41 647	42 712	29 836
Trade receivables	26	93 550	103 921	35 020
Income tax receivable	27	1 190	680	190
Net investment in the lease – current	28	673	563	137
Inventories	29	9 211	9 508	8 706
Other financial assets – current	30	11 840	24 688	2 443
Other non-financial assets - current	31	20 718	20 379	7 581
Assets classified as held for sale	46	0	0	179 393
Total current assets		**178 829**	**202 451**	**263 306**
Total assets		**1 586 620**	**1 516 288**	**922 309**
EQUITY AND LIABILITIES				
Equity				
Share capital	32	109 883	109 883	109 883
Capital reserve	33	549 659	549 659	549 659
Retained earnings		14 935	15 713	36 163
Accumulated other comprehensive income	34	24 216	4 288	0
Equity attributable to owners of the company		**698 693**	**679 543**	**695 705**
Non-controlling interests	35	132 583	129 818	-5 451
Total equity		**831 276**	**809 361**	**690 254**
Non-current liabilities				
Provisions – non-current	36	7 823	6 493	5 409
Loans, borrowings – non-current	37	402 160	377 965	62 056
Lease liabilities – non-current	38	112 765	95 427	15 150
Deferred tax liability	20	8 458	8 918	282
Other financial liabilities – non-current	39	3 169	4 642	6 092
Other non-financial liabilities – non-current	39	573	13	0
Total non-current liabilities		**534 948**	**493 458**	**88 989**

Data in millions of HUF, unless otherwise indicated

Consolidated statement of financial position (continued)

	Notes	31/12/2024	31/12/2023	01/01/2023
Current liabilities				
Trade payables	40	92 349	72 933	34 829
Provisions – current	36	6 618	6 096	4 571
Loans, borrowings– current	41	8 642	9 949	7 319
Lease liabilities – current	38	27 496	22 686	14 150
Income tax payable	27	1 871	1 408	1 570
Other financial liabilities – current	42	19 568	16 382	27 469
Other non-financial liabilities – current	43	63 852	84 015	33 585
Liabilities related to assets held for sale	46	0	0	19 573
Total current liabilities		**220 396**	**213 469**	**143 066**
Total liabilities and equity		**1 586 620**	**1 516 288**	**922 309**

Data in millions of HUF, unless otherwise indicated

Consolidated statement of changes in equity

	Notes	Share capital	Capital reserve	Retained earnings	Accumulated other comprehensive income	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance on 1 January 2023		**109 883**	**549 659**	**36 163**	**0**	**695 705**	**-5 451**	**690 254**
Profit or loss after tax				24 691		**24 691**	-1 875	**22 816**
Other comprehensive income	14				4 288	**4 288**	15	**4 303**
Total comprehensive income		**0**	**0**	**24 691**	**4 288**	**28 979**	**-1 860**	**27 119**
Increase in non-controlling interest due to acquisition	35					**0**	217 688	**217 688**
Changes in non-controlling interest without loss of control	35			-45 141	0	**-45 141**	-80 559	**-125 700**
Balance on 31 December 2023		**109 883**	**549 659**	**15 713**	**4 288**	**679 543**	**129 818**	**809 361**
Profit or loss after tax				-778		**-778**	3 122	**2 344**
Other comprehensive income	14				19 928	**19 928**	50	**19 978**
Total comprehensive income		**0**	**0**	**-778**	**19 928**	**19 150**	**3 172**	**22 322**
Dividends	35					**0**	-407	**-407**
Balance on 31 December 2024		**109 883**	**549 659**	**14 935**	**24 216**	**698 693**	**132 583**	**831 276**

Data in millions of HUF, unless otherwise indicated

Consolidated statement of cash flows

	Notes	31/12/2024	31/12/2023
Cash flows from operating activities			
Profit or loss before tax		9 187	32 068
Adjustments:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	10	89 409	81 740
Amortisation and impairment of intangible assets and impairment of goodwill	10	74 596	66 441
Movement in other impairment		5 458	11 566
Movement in provision	36	1 852	-1 798
Other financial income/expenses		28 424	33 013
Net foreign exchange differences		18 505	-6 170
Share of profit or loss of associates	12	-348	-558
Gain/loss on sale of property, plant, and equipment		-260	-23 267
Income tax paid		-8 784	-8 463
Changes in working capital			
Changes in trade receivables	26	-386	-19 568
Changes in inventories	29	540	4 653
Changes in trade payables	40	19 455	-12 472
Changes in other receivables and payables		-11 462	4 029
Net cash flows from operating activities		**226 186**	**161 214**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		619	541
Purchase of property, plant and equipment	16	-56 560	-56 167
Proceeds from sale of intangible assets		0	6
Purchase of intangible assets	18	-60 372	-50 283
Proceeds from sale of other investments		4 250	0
Loans granted	24	-52 423	-23 447
Repayment of loan receivables	24	2 130	1 162
Net cash flow from acquisition/disposal of subsidiaries, business		-959	-289 535
Dividends and interest received on investments		4 894	5 770
Net cash flows from investing activities		**-158 421**	**-411 953**
Cash flows from financing activities			
Proceeds from borrowings of borrowings	37	5 769	372 109
Proceeds from repayment of borrowings	37	-10 391	-62 661
Payment of principal portion of lease liabilities		-34 699	-17 365
Interest paid	11	-29 822	-26 896
Dividends paid to non-controlling interests		-407	0
Net cash flows from financing activities		**-69 550**	**265 187**
Net foreign exchange difference		720	-1 572
Net change in cash and cash equivalents		**-1 065**	**12 876**
Cash and cash equivalents at the beginning of the year	25	42 712	29 836
Cash and cash equivalents at the end of the period		**41 647**	**42 712**

Data in millions of HUF, unless otherwise indicated

1 General information

1.1 About the Group

4iG Távközlési Holding Zrt. is a company registered in Hungary (formerly “ANTENNA HUNGÁRIA” Zrt., changing its name as of 1 December 2024; registered office: 1013 Budapest, Krisztina krt. 39.), conducts its activities in accordance with the provisions of Hungarian law.

The ownership structure of the 4iG Távközlési Holding Zrt. (hereinafter referred to as the “Company” or “the Company”) is set out in the table below:

	2024	2023
4iG Plc	76.78%	76.78%
Corvinus Nemzetközi Befektetési Zrt.	23.22%	23.22%
Total	**100.00%**	**100.00%**

The Company’s ultimate parent is 4iG Plc.

“Group”, “the Group” or “4iG Távközlési Holding Group” refers to 4iG Távközlési Holding Zrt. and its subsidiaries.

The principal activities of the 4iG Távközlési Holding Group include the provision of comprehensive telecommunications services and the operation of telecommunications-related infrastructure.

“Related party” or “related parties” refer to the subsidiary or subsidiaries of the immediate parent company, 4iG Plc, that are not part of the 4iG Távközlési Holding Group.

This financial report is also available on the Company's website: www.ahrt.hu.

1.2 Basis of preparation

i) Approval and declaration

The consolidated financial statements for the year ended on 31 December 2024 were approved by the Board of Directors on 27 May 2025.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as published and incorporated by regulation in the Official Journal of the European Union (EU). IFRS are standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

The consolidated financial statements are presented in Hungarian forints, rounded to the nearest million forints, unless otherwise indicated.

The report contains audited consolidated financial statements for the period ending 31 December 2024. The consolidated financial statements provide comparative information in respect of the previous period.

ii) The basis of preparation of the accounts (Statement of compliance)

Financial statements shall present fairly the financial position, financial performance, and cash flows of the Group. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income, and expenses set out in the Framework.

The financial year for the Group is 1 January – 31 December 2024. The balance sheet date is 31 December 2024.

The consolidated financial statements have been prepared on a historical cost basis, except for assets and liabilities carried at fair value, which are financial instruments at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVTOCI).

iii) Going concern

The consolidated financial statement has been prepared on a going concern basis. This means that they have been prepared on the assumption that the Group will continue to operate for the foreseeable future without management's intention to wind up the entity or significantly reduce its level of activity.

iv) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and the accompanying disclosures, and the disclosures of contingent liabilities. Estimates and related assumptions are based on historical experience and a number of other factors that are considered to be reasonable under the circumstances and whose results form the basis for estimating the carrying amounts of assets and liabilities that are not readily determinable from other sources. Actual results may differ from these estimates. Estimates and baseline assumptions are regularly reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only the current year or in the period of the revision and future periods if the revision affects both current and future years.

This note provides an overview of the areas that involved a higher degree of judgement or complexity. Detailed information about each of these estimates and judgements is included in other notes.

The areas involving significant estimates or judgements are:

- estimation of current tax payable and current tax expense in relation to an uncertain tax position - Note 13 Income taxes,
- estimated fair value of certain financial assets – Note 24.2 Other non-financial assets – non-current and Note 30 Other financial assets – current,
- estimated useful life of property, plant and equipment– Note 16 Property, plant and equipment,
- estimation uncertainties and judgements made in relation to lease accounting – Note 19 Right-of-use assets and Note 38 Lease liabilities,
- estimated useful life of intangible asset – Note 18 Other intangible assets,
- estimation of fair values of contingent liabilities and contingent purchase consideration in a business combination – Note 21.2 Business combinations,
- recognition of revenue and allocation of transaction price – Note 3 Net sales revenue,
- recognition of deferred tax asset for carried-forward tax losses – Note 20 Deferred tax assets and liabilities,
- impairment of financial assets – Note 9 Other operating expenses,
- consolidation decision and classification of joint arrangement – Note 23 Investments in an associate,
- impairment of goodwill – Note 21 Goodwill and business combinations.
- The Group acts as a principal or an agent in different relationships with customers, further information can be found in Note 3 Net sales revenues.

2 Material accounting policies

The following note describes the material accounting policies applied in the preparation of the consolidated financial statements and the basis of preparation of the consolidated financial statements. Accounting policies have been consistently applied to the periods presented in these consolidated financial statements.

2.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, 4iG Távközlési Holding Zrt. controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group’s voting rights and potential voting rights

The Group reassess whether it controls an investee if circumstances indicate that there are changes to one or more of elements of control mentioned above. Consolidation of a subsidiary begins when 4iG obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, incomes, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control, until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any consequential gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Subsidiaries

The subsidiaries fully consolidated are shown in the table below for the period ended 31 December 2024:

Data in millions of HUF, unless otherwise indicated

Name of subsidiary	Remark	Direct majority owner	Date of inclusion in consolidation	Way of acquiring	Ownership on 31/12/2024	Ownership on 31/12/2023
"Digitális Átállásért" Nonprofit Kft.		4iG Távközlési Holding Zrt.	31/03/2022	cont. in kind	100.00%	100.00%
4iG ComCo Holding Zrt.	A	4iG Távközlési Holding Zrt.	02/08/2023	incorporated	100.00%	100.00%
4iG Hírközlési Infrastruktúra Zrt.	B	4iG Távközlési Holding Zrt.	19/11/2024	incorporated	100.00%	n/a
4iG InfraCo Holding Zrt.	C	4iG Távközlési Holding Zrt.	02/08/2023	incorporated	100.00%	100.00%
4iG International Telco Holding Kft.	D	4iG Távközlési Holding Zrt.	23/02/2022	incorporated	100.00%	100.00%
4iG Műsorszóró Infrastruktúra Kft.	E	4iG Távközlési Holding Zrt.	28/10/2024	incorporated	100.00%	n/a
AH Infrastruktúra Szolgáltató Zrt.	F	4iG Távközlési Holding Zrt.	01/09/2024	spin-off	100.00%	n/a
AH Média Kereskedelmi Zrt.	F	4iG Távközlési Holding Zrt.	01/09/2024	spin-off	100.00%	n/a
Albania Telecom Invest AD	G	4iG International Telco Holding Kft.	31/03/2022	cont. in kind	100.00%	100.00%
DIGI Távközlési és Szolgáltató Kft.	H	4iG Távközlési Holding Zrt.	31/03/2022	cont. in kind	100.00%	100.00%
D-Infrastruktúra Távközlési Kft.	H	4iG InfraCo Holding Zrt.	01/07/2024	demerger	100.00%	n/a
Invitech ICT Infrastructure Kft.	H	4iG Távközlési Holding Zrt.	01/07/2024	demerger	100.00%	n/a
Invitech ICT Services Kft.	H	4iG Távközlési Holding Zrt.	31/03/2022	cont. in kind	100.00%	100.00%
InviTechnocom Kft.	I	Invitech ICT Infrastructure Kft.	31/03/2022	cont. in kind	100.00%	100.00%
ONE Albania sh.a.		Albania Telecom Invest AD	31/03/2022	cont. in kind	96.28%	96.28%
ONE Crna Gora d.o.o.	J	4iG International Telco Holding Kft.	31/03/2022	cont. in kind	100.00%	100.00%
ONE MACEDONIA TELECOMMUNICATIONS DOOEL Skopje	K	4iG Távközlési Holding Zrt.	18/10/2024	incorporated	100.00%	n/a
One Magyarország Zrt.	L	4iG Távközlési Holding Zrt.	31/01/2023	acquisition	70.50%	70.50%

A As of 1 December 2024 AH KETTŐ Zrt. will continue its operation under the corporate name 4iG ComCo Holding Zrt.

B On 19 November 2024, 4iG Hírközlési Infrastruktúra Zrt. was established, which is 100% owned by 4iG Távközlési Holding Zrt.

C As of 1 December 2024 AH EGY Zrt. will continue its operation under the corporate name 4iG InfraCo Holding Zrt

D As of 1 December 2024 4iG Albánia Kft. will continue its operation under the name 4iG International Telco Holding Kft.

E On 28 October 2024, 4iG NÉGY Kft. was established, which is 100% owned by 4iG Távközlési Holding Zrt. As of 1 December 2024; AH NÉGY Kft. will continue its operation under the corporate name 4iG Műsorszóró Infrastruktúra Kft.

Data in millions of HUF, unless otherwise indicated

F On 31 August 2024, the separation from 4iG Távközlési Holding Zrt. was completed, AH Infrastruktúra Szolgáltató Zrt. and AH Média Kereskedelmi Zrt. were created by the restructuring, started their operations on 1 September 2024. 4iG Távközlési Holding Zrt. will continue to operate as a holding company.

G In December 2024 Albania Telecom Invest AD is contributed to 4iG International Telco Holding Kft.

H On 30 June 2024, the separation of DIGI Távközlési és Szolgáltató Kft. and Invitech ICT Services Kft. by way of a spin-off was completed, D-Infrastruktúra Távközlési Kft., which includes the DIGI infrastructure division and Invitech ICT Infrastructure Kft., which includes the infrastructure division of Invitech, started operations, as of that day, the commercial and infrastructure divisions continue to operate in separate companies. In December 2024 D-Infrastruktúra Távközlési Kft. is contributed to 4iG InfraCo Holding Zrt.

I On 30 June 2024, Invitechnocom Kft. was transferred to Invitech ICT Infrastructure Kft.

J In December 2024 ONE Crna Gora d.o.o. is contributed to 4iG International Telco Holding Kft.

K On 18 October 2024, ONE MACEDONIA TELECOMMUNICATIONS DOOEL Skopje was established, which is 100% owned by 4iG Távközlési Holding Zrt.

L On 31 December 2024, the name of Vodafone Magyarország Távközlési Zrt. has been changed to One Magyarország Zrt.

Associates

On 31 December 2024, the associated entities are shown in the table below:

Name of the associate	Date of acquisition	Way of acquiring	Ownership on 31/12/2024	Ownership on 31/12/2023
CarpathiaSat Zrt.	17/08/2020	incorporated	n/a	44.00%
Hungaro DigiTel Kft.	12/05/2021	acquisition	n/a	25.00%

In December 2024 CarpathiaSat Zrt. is contributed to 4iG Űr és Védelmi Technológiák Zrt.

On 12 July 2024, Portuguese Telecommunication Investments Kft. concluded a sales contract with 4iG Távközlési Holding Zrt. to acquire a 25% stake in Hungaro DigiTel Kft., making Portuguese Telecommunication Investments Kft. the 100% owner of Hungaro DigiTel Kft.

2.2 Foreign currencies

The Group's consolidated financial statements are presented in HUF (Hungarian forints), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies at the financial reporting date are translated at the exchange rate of the MNB (Hungarian National Bank) at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities into each Group entity's functional currency at year-end are recognised in the income statement.

Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated using the foreign exchange rates at the date the fair value is determined.

Group companies

For consolidation purposes, the results and financial position of each entity that have a functional currency different from reporting currency of the Group (HUF) are translated into the reporting currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the respective reporting period,
- (ii) income and expenses for each income statement are translated at exchange rates at the dates of the transactions, for practical reasons, taking into account the cost-benefit principle, the Group uses the average monthly exchange rate for the period, to translate income or expenses,
- (iii) equity items are translated on historical rate,
- (iv) all resulting exchange differences are recognised in other comprehensive income (OCI) as cumulative translation adjustments (CTA). On disposal of a foreign operation, the component of OCI relating to that particular operation is reclassified to profit or loss.

Goodwill arising on the acquisition of a foreign operation is translated at the spot rate of exchange at the reporting date.

2.3 Net sales revenue

The Group recognises revenue from contracts with customers (IFRS 15) and from its leasing activities as a lessor (IFRS 16) recognises lease income on a straight-line basis. The details of the lessor accounting are in Note 2.15 Leases.

According to the requirements of IFRS 15, revenue can be recognised when promised goods or services are transferred to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or service. This core principle is applied using a five-step model framework.

Step 1: Identify the contract with the customer

A contract with a customer will be within the scope of IFRS 15 if all the conditions set by IFRS are met. If a contract with a customer does not meet all of the criteria yet, the Group continues to reassess the contract going forward to determine whether it subsequently meets the criteria. From that point, the Group applies IFRS 15 to the contract.

Modification of contracts

If both the scope and the price of the contract increases and the increase in the price corresponds to the standalone selling price of the additional promised goods or services, a contract modification is accounted for as a separate contract with the customer. In other cases, the contract modification is accounted for by modifying the accounting for the current contract with the customer. Such modification is accounted for either prospectively or retrospectively depending on whether the remaining goods or services to be delivered after the modification are distinct from those delivered prior to the modification.

Step 2: Identify the performance obligations in the contract

At the inception of the contract, the Group assesses the goods or services that have been promised to the customer and identify as a performance obligation a good or service (or bundle of goods or services) that is distinct; or series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service is distinct if both of the following criteria are met:

- the customer can benefit from the good or services on its own or in conjunction with other readily available resources; and
- The Group’s promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated, and whether it act in its arrangements as an agent or principal.

Principal versus agent consideration

When more than one party is involved in providing goods or services to a customer IFRS 15 requires an entity to determine whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer:

- The Group is a principal (and, therefore, records revenue on a gross basis) if it controls a promised good or service before transferring that good or service to the customer. The revenue recognised is the gross amount to which the entity expects to be entitled.
- The Group is an agent (and, therefore, records as revenue the net amount that it retains for its agency services) if its role is to arrange for another entity to provide the goods or services. The revenue recognised is the net amount that the Group is entitled to retain in return for its services as the agent.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group evaluates contracts on a portfolio basis to determine the number of identifiable performance obligations within the given agreement and recognises revenue accordingly. It is important to highlight that in many cases, the contracts do not contain separately identifiable performance obligations. In such instances, under IFRS 15, the performance obligations are not considered distinct.

For post-sale support and warranty services, it is also necessary to assess individually whether they qualify as separate performance obligations. Statutory warranties required by law are generally not considered separate, whereas extended warranty services voluntarily provided beyond the statutory requirement are typically regarded as distinct performance obligations.

Step 3: Determine the transaction price

The transaction price is the amount to which The Group expects to be entitled in exchange for the transfer of goods and services. In determining the transaction price for the goods and services, the Group considers the effects of variable consideration and existence of a significant financing component.

Variable consideration

Where a contract contains elements of variable consideration, The Group estimates the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise, for example, as a result of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. Variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Significant financing component

Where consideration is paid in advance or in arrears, the Group considers whether the contract includes a significant financing arrangement and, if so, adjust the promised consideration for the effect of the time value of money. As a practical expedient, the Group elected not to adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Step 4: Allocate the transaction price to the performance obligations in the contracts

Where a contract has multiple performance obligations, the Group allocates the transaction price to the performance obligations in the contract by reference to their relative standalone selling prices. If a standalone selling price is not directly observable, it should be estimated. Any overall discount compared to the aggregate of standalone selling prices is allocated between performance obligations on a relative standalone selling price basis. In certain circumstances, it may be appropriate to allocate such a discount to some but not all of the performance obligations.

The Group applies the portfolio approach method for transaction price allocation for the Hungarian subsidiaries, while the detailed method is applied for the foreign subsidiaries. There is essentially no difference in the amounts calculated using the two methods, as both approaches result in a similar allocation of the transaction price across the performance obligations.

Step 5: Recognise revenue when the Group satisfies a performance obligation

Revenue is recognised as control is passed, either over time or at a point in time.
Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. This includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly.

The Group recognises revenue over time if one of the following criteria is met:

- the customer simultaneously receives and consumes all of the benefits provided by the Group as the Group performs,
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

When the Group has determined that a performance obligation is satisfied over time, the standard requires the Group to select a single revenue recognition method for the relevant performance obligation that faithfully represents the Group's performance in transferring control of the goods or services. The appropriate methods of measuring progress include output (recognise revenue based on direct measurements of the goods or services transferred to date relative to the remaining goods or services promised under the contract) and input (recognise revenue based on the Group's efforts or inputs to the satisfaction of a performance obligation) methods. In case of similar performance obligations, the Group applies the selected method consistently.

2.3.1 Main revenue types

Fixed line and mobile telecommunication revenue

The Group's key source of revenue generated from services provided to customers over the Group's telecommunication network and related product sale as well.
The customer's subscription agreement generally contains voice, data, internet, TV or other multimedia services. These types of agreements usually contain product sale or monthly subscription- and usage-based traffic fees.
Several packaged offers contain a subscription for service(s) and device(s). For bundled services, the Group accounts for individual products or services separately if they are distinct. – i.e. in the bundled package a product or service is separately identifiable from other items and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list price of the devices and the telecommunication services.
In case of a promotional offer which includes a free service period at inception, the Group considers whether a contractual obligation exists during the free period. If there is a contractual obligation to consume the service after the promotional period (there is a contract with the customer) the respective discount is allocated proportionally to each distinct performance obligation. When the customer does not commit to use the service, and the customer can cancel the service at any time during this period, the Group could not allocate revenue for the free period.
Based on IFRS 15 standard, usage-based considerations on use are not usually included in the transaction price (i.e., additional data packages) because the Group is not entitled to the consideration at contract inception date. Subscription fees are recognised in the period in which they apply.
Broadcasting and network connection, network maintenance services are usually recognised over the period, while the related performance obligations are fulfilled.

2.3.2 Contract balances

Contract asset

If the Group performs by transferring goods or services before the customer has paid the consideration or the payment is due, then the Group recognises a contract asset, except to the extent that it recognises it as a receivable. The contractual asset represents the Group's right to receive consideration for goods and services that it has already transferred. The Group recognises contract assets arising from IFRS 15 accounting in the statement of financial position under other non-financial assets - current and other non-financial assets – non-current.

Contract liability

If the customer pays consideration or the Group recognises a receivable before the Group transfers the good or service, the Group recognises a contractual obligation when the financial settlement is made. This obligation reflects the Group's obligation to deliver goods or services for which the customer has already paid. Contractual obligations arising from the accounting under IFRS 15 are recognised in the balance sheet as current and non-current other non-financial liabilities.

Cost to obtain a contract

The Group shall recognise as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (i.e., a sales commission, or success fees paid to agents). Costs of obtaining a contract with a customer are amortised on a straight-line basis over the period that the related goods or services are transferred to the customer. The Group chooses to classify and present these costs as a separate class of intangible assets and its amortisation in the same line item as amortisation of other intangible assets within the scope of IAS 38 Intangible Assets.

Cost to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (i.e., IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group shall recognise an asset from the costs incurred to fulfil a contract only if those costs meet specific recognition criteria. At the Group such costs cannot be capitalized but expensed as incurred.

2.4 Other operating income

Under this line is shown the income generated from activities that are not part of the Group's primary business activities. Incomes are measured at the fair value of the consideration receivable.

2.5 Capitalized value of own performance

The Group capitalizes the costs incurred in the development of internal assets, as well as those related to the carrying amount of property, plant, and equipment at initial recognition, in accordance with IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment, respectively.

2.6 Raw materials and consumable used

Raw materials and consumables used refers to the direct costs of production of the goods sold by the Group and the costs which incurred while transfer a service directly.

2.7 Services used

The Group presents under this line the services acquired from external parties that are directly or indirectly related to the daily operation.

2.8 Employee benefit expenses

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees or for the termination of employment.

At the Group, employee benefits include short-term employee benefits, such as wages, salaries, bonuses and other non-monetary benefits for current employees. Short–term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. These obligations are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.9 Other operating expenses

Operating expenses include the net amount of provision creation and release (if classified as an expense), the net amount of trade receivables and inventory provision creation and release (if classified as an expense), as well as taxes that do not fall under the scope of income taxes as defined by IAS 12 Income Taxes, along with penalties and other similar costs. Expenses are measured at the fair value of the consideration paid or payable (which not only includes the price for the service but also any indirectly allocated charges).

The Group presents separately from income taxes the extra profit and utility tax, and the environmental product charge and motor vehicle tax.

2.10 Depreciation and amortisation

Depreciation and amortisation include the depreciation cost of property, plant and equipment and the amortisation of intangible assets. The depreciation of right-of-use assets is also recognised in this financial statement line. See the details under the Note 2.13 Property, plant and equipment and Note 2.14 Intangible assets.

2.11 Financial income/expense

Finance income comprises the following: interest income on investments, dividend income, gains from the financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise the following: interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets.

2.12 Income taxes

Income taxes include all domestic and foreign taxes which are based on taxable profits. Income taxes also include taxes, associate on distributions to the reporting entity. They are recognised in the statement of profit or loss for the year, except for amounts relating to business combinations or items that are recognised directly in equity or other comprehensive income.

Current tax

At the Group, Hungarian local business tax, innovation tax payable and corporate income tax are presented as current taxes. Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the financial statements are authorized prior to filing relevant tax returns and any adjustment to tax payable in respect of previous years. Taxes other than on income are recorded within other operating expenses.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized. Deferred tax liabilities shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss) and the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in the statement of profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.13 Property, plant and equipment

Property, plant, and equipment of the Group comprise properties, vehicles, and other equipment. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably. Assets purchased or constructed are initially measured at cost. The cost of an item of property, plant and equipment 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, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Group applies the cost model for subsequent measurement of all of its tangible assets, which means items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment and based on the amount of the depreciable asset value. The depreciable amount of an asset is the cost less any residual value. Land and construction in progress are not depreciated. The useful lives by asset group are as follows:

Real estate:	10-50 years
Telecommunications equipment:	4-15 years
Machinery and equipment:	2-8 years
Office equipment:	3-7 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation methods are reassessed at each reporting date. These changes are treated as changes in the accounting estimates and are accounted for prospectively.

At the end of each reporting period management assesses whether there is any indication of impairment of properties, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset’s fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset’s value in use or fair value less costs to sell. Further details with regards to accounting for impairment of non-financial assets see under Note 2.16 Impairment of non-financial assets.

2.14 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance, including computer software and other intangible assets.

The recognition of an item as an intangible asset requires an entity to demonstrate that the item meets the definition of an intangible asset, and it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. Programme and other broadcast rights meet the definition of intangible assets because they are identifiable non-monetary assets without physical substance, arise from contractual rights and are controlled by the entity. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets acquired individually are recorded at cost. The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use. The cost of intangible assets acquired in a business combination i.e., customer relationships is their fair value at the date of acquisition. Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

After initial measurement, computer software and other intangible assets are stated at acquisition cost less accumulated amortisation and accumulated impairment, if any. The useful lives of intangible assets are finite or indefinite. Assets with finite useful lives are amortised using the straight-line method based on the best estimate of their useful lives. Amortisation is recognised in profit or loss on a straight-line basis, with the exception of goodwill, over the estimated useful lives of intangible assets, from the date that they are available for use. The Group's intangible assets other than goodwill have definite useful lives and include the followings:

Spectrum fee:	15-20 years
Customer lists:	10-20 years
Trademarks:	1-6 years
Licences:	2-6 years
Software and other intellectual property:	3-6 years
Content rights:	2-5 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an intangible asset is the higher of the asset's fair value less costs to sell and value in use. The Group reviews and validates at the end of each reporting period its decision to classify the useful life of an intangible asset as indefinite. If events and circumstances no longer support an indefinite useful life, the change from indefinite to finite life should be accounted for as a change in accounting estimate under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which requires such changes to be recognised prospectively (i.e., in the current and future periods). Furthermore, reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired.

The intangible assets' residual values, useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period. These changes are treated as changes in the accounting estimates and are accounted prospectively.

Content right

Within content right licensing contracts, the Group is entitled to distribute specific TV channels. These contracts could include fix, variable fees or the combination of the two components based on market practices. Cost accumulation model is used by the Group which means the recognition of an intangible asset and a financial liability only if the license fees are fixed (or variable with a minimum payment). All fixed payments are capitalized for the non-cancellable contract term considering the time vale of money (i.e. discounting future fixed payments on the initial recognition date by using an appropriate discount rate). In case of variable fees, the amount is recognised in the consolidated statement of profit or loss when incurred.

Customer list

The Group recognise customer lists as an identifiable intangible asset as part of the business combinations. Identified customer lists are measured at cost after initial recognition and amortised over the period of expected future benefit. Depending on the type of business, the useful life of the customer relationship may vary significantly.

Spectrum fees

The Group capitalizes the costs related to the acquisition of long-term frequency usage licenses, with their useful life determined based on the validity period of the rights. License renewal options are also taken into consideration when determining the amortisation period of the intangible asset.

2.15 Leases

The Group assess at contract inception whether a contract is or contains a lease. A lease is a contract (i.e., an agreement between two or more parties that creates enforceable rights and obligations), or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.15.1 Lessee accounting

At the commencement date, the Group as a lessee recognises a right-of-use asset and a lease liability.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. The right-of-use asset is measured at cost, less accumulated depreciation and any impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial measurement of the lease liability, any lease payments made to the lessor at or before the commencement date, less any incentives received from the lessor, any initial direct costs incurred by the lessee, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are to produce inventories. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The depreciation is presented within the Depreciation and amortisation line item in the consolidated statement of comprehensive income. The right-of-use assets are also subject to impairment. Refer to Note 2.16 Impairment of non-financial assets.

Lease contracts contain non–lease components when a lease coupled with an agreement to purchase or sell other goods or services. The Group applies the practical expedience provided by IFRS 16, which means the non-lease components are not separated from the lease, these items are treated as a single lease component and included in the lease liability.

Lease liabilities

At the commencement date, the Group as 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 lease payments include fixed payments less any lease incentive receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. After the commencement date, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications specified, or to reflect revised in-substance fixed lease payments.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets (below HUF 2 million) recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. The Group did not apply the short-term lease exemption to company car asset group, these assets are recognised and accounted based on the estimated lease term, or contract maturity if available.

Telecommunication industry specific

An indefeasible rights of use (IRU) contracts have several types in the telecommunication industry, an assessment is necessary for each contract. IRU contract could include several services dark fibre, fibre network (leased line), or network capacity. If the contract relates to an asset without a physical substance (e.g.: wavelengths, radio frequency) the Group chooses to account for leases of such intangible assets under IAS 38 Intangible Assets.

2.15.2 Lessor accounting

At inception date of the lease, the Group as a lessor classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Leases are classified as operating lease if they do not transfer substantially all the risks and rewards incidental to ownership.

Finance lease

At the commencement date, the Group as a lessor recognises assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date fixed payments (including in–substance fixed payments), less any lease incentives payable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After lease commencement, the Group accounts for a finance lease, as follows:

- recognises finance income (in profit or loss) over the lease term in an amount that produces a constant periodic rate of return on the remaining balance of the net investment in the lease (i.e., using the interest rate implicit in the lease).
- Income is recognised on the components of the net investment in the lease, including:
    - interest on the lease receivable
    - interest via accretion of the unguaranteed residual asset to its expected value at the end of the lease
- reduces the net investment in the lease for lease payments received (net of finance income calculated above)
- separately recognises income from variable lease payments that are not included in the net investment in the lease (i.e. performance- or usage-based variable payments) in the period in which that income is earned
- recognises any impairment of the net investment in the lease.

Operating lease

A lease is classified as an operating lease if it does not transfer substantially all of the risks and rewards incidental to ownership of an underlying asset. A significant element of risk should remain with the Group, as a lessor. An operating lease is usually for a period substantially shorter than the asset's useful economic life. The Group shall present assets subject to operating leases in the statements of financial position according to the nature of the asset. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Lease income is recognised on a straight-line basis over the lease term even if the receipts are not on such a basis, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Lease income is presented in the consolidated statement of comprehensive income under Net sales revenue line item.

2.15.3 Sublease – Intermediate lessor

If an underlying asset is re-leased by a lessee to a third party and the original lessee retains the primary obligation under the original lease, the transaction is a sublease. That is, the original lessee generally continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as the lessor (intermediate lessor). If a lessee subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low–value asset.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance lease, or an operating lease as follows:

- if the head lease is a short-term lease that the entity as a lessee has accounted for, the sublease shall be classified as an operating lease,
- otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset (for example, the item of property, plant, or equipment that is the subject of the lease).

The Group as the intermediate lessor accounts for the sublease as follows:

- If the sublease is classified as an operating lease, the original lessee continues to account for the lease liability and right–of–use asset on the head lease like any other lease.
- If the total remaining carrying amount of the right–of–use asset on the head lease exceeds the anticipated sublease income, this may indicate that the right– of–use asset associated with the head lease is impaired. A right-of-use asset is assessed for impairment under IAS 36 Impairment of Assets.
- If the sublease is classified as a finance lease, the original lessee derecognises the right-of-use asset on the head lease at the sublease commencement date and continues to account for the original lease liability in accordance with the lessee accounting model. The original lessee, as the sublessor, recognises a net investment in the sublease and evaluates it for impairment.

If the interest rate implicit in the sublease cannot be readily determined, the Group as an intermediate lessor may use the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease.

2.16 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, deferred tax assets and financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The Group examines annually whether there are any indications of impairment, and reviews whether goodwill might be impaired. Accordingly, the recoverable amount of cash-generating unit to which the goodwill is related must be estimated. To determine the recoverable amount the Group assesses the future cash flows of the cash-generating unit and selects an appropriate discount rate to calculate the present value of the cash flows.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In case the fair value less cost to sell of an asset or a cash-generating unit is higher than its carrying amount, there is no need to determine the value in use for the purpose of the impairment test.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Costs of disposal are incremental costs directly attributable to the disposal of an asset or cash-generating unit, excluding finance costs and income tax expense.

Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

According to IAS 36 Impairment of Assets impairment arises in relation with Right-of-use assets when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the present value of future cash flows expected to be generated by the use of the asset and its eventual disposal and the fair value less costs to sell, which represents the market value of the asset, reduced by the costs directly related to its sale.

2.17 Business combinations including goodwill

2.17.1 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

2.17.2 Business combinations under common control

A business combination under common control refers to a situation where all entities involved in the transaction are ultimately controlled by the same party or group of parties, both before and after the transaction, and where such control is not transitory. Such transactions do not represent a substantive change in the economic control or ownership structure of the Group.

These transactions fall outside the scope of IFRS 3 – Business Combinations, as they do not result in a change of control from an economic perspective and thus do not constitute an acquisition in substance. In these cases, the Group applies the predecessor method (book value accounting). Under this approach, the acquired assets and liabilities are recorded at their historical carrying amounts as previously recognized in the consolidated financial statements. No goodwill is recognized, and no gain or loss is reported in the statement of comprehensive income as a result of the transaction.

2.17.3 Goodwill, other intangible and long-lived assets

Goodwill is the positive difference between the acquisition cost and the fair value of the identifiable net assets of the acquired business at the acquisition date. Goodwill is not amortised, but the Group assesses annually whether there are any indications that the carrying amount may not be recoverable.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred including contingent consideration and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain (badwill) is recognised in profit or loss as Other operating income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

According to IAS 36 Impairment of Assets, if the full carrying amount of goodwill must be impaired, the remaining assets within the cash-generating unit must also be reviewed. In such a case, additional impairment losses may need to be recognised for other assets – such as property, plant and equipment or intangible assets – if their carrying amount exceeds their recoverable amount.

2.18 Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in an associate is initially recognised at cost. The Group's investment in its associate is accounted for using the equity method. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The statement of comprehensive income reflects the Group's share of the results of operations of the associate (Share of profit of associate line item).

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.19 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.

2.19.1 Financial assets

The Group's consolidated statement of financial position includes the following financial assets: loan and other receivables, cash and cash equivalents, trade receivables, other financial assets – current and non-current, finance lease receivables – current and non-current, investments in other entities.
All other assets, such as receivables from the state budget (including tax and social security receivables) other receivables, prepaid expenses and accrued income are shown in the statement of financial position as other non-financial assets.

Financial assets are initially recognised at fair value. Fair value at initial recognition is best evidenced by the transaction price. Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement-date.

IFRS 9 classifies the financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL),
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

Debt instruments

Classification and subsequent measurement of financial assets that are debt instruments depend on the Group's business model for managing the asset ("Business model assessment"); and the cash flow characteristics of the asset ("SPPI test" – solely payment of principal and interest on the principal amount outstanding).

- Business model reflects how the Group manages its assets in order to generate cash flows. That is, whether its objective is to hold the financial assets solely to collect the contractual cash flows from the assets or is to collect the contractual cash flows and sell those financial assets. Factors considered by The Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.
- SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest on the principal outstanding. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Based on these factors, Group classifies its financial assets that are debt instruments into one of the following three measurement categories:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Interest'. Interest income from these financial assets is included in 'Interest' using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Besides these assets, all the financial assets which are held for trading and financial assets designated at fair value through profit and loss on initial recognition are measured at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking.

The Group has debt instruments that are measured at amortised cost.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group presents investments in equity instruments of another entity as financial assets in the statement of financial position.

2.19.1.1 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVTOCI. The impairment loss is recognised in the statement of comprehensive income and reduces the carrying amount of the corresponding financial asset; for financial assets at FVTOCI the impairment loss is recognised in other comprehensive income. The Group recognises a loss allowance for such losses on an annual basis.

There are two approaches to measure the ECL: general approach and simplified approach. The simplified approach does not require the tracking of changes in credit risk but instead requires the recognition of lifetime ECL at all times. The impairment of other financial assets is recognised based on the general approach. The Group chose to apply simplified approach for operating and finance lease receivables, contract assets and trade receivables with a significant financing component that are not considered to be short-term (receivables with maturity over 12 months). The Group determines lifetime ECLs using an impairment matrix for the calculation of lifetime ECL under the simplified approach. The matrix considers certain circumstances of the debtors and the number of days past due. The impairment rates in the matrix are determined considering the general requirements of IFRS 9 for the calculation expected credit losses. Factors taken into account when measuring credit loss:

- whether the credit risk of the financial instruments has increased significantly since initial recognition:
    - base of estimate is the aging of receivables, historical write-off experiences, customer creditworthiness, recent changes in customer payment terms
    - trade receivables: the overdue stock of more than 30 days is 10%. The aging of trade receivables is detailed in the Note 44 Risk management.
    - loans given, contract assets: we consider these financial instruments to be low credit risk, as they are typically not past due at the balance sheet date and the risk of default is negligible.

- forward-looking information driven by expected macroeconomic tendencies was also taken into account when estimating the credit loss.

The Group reviews the above-described factors annually and adjusts them in the calculation when necessary. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss for the year. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognised at the date the impairment is reversed. Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset has been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment loss account in profit or loss for the year.

2.19.2 Financial liabilities

The Group's consolidated statement of financial position includes the following financial liabilities: trade payables and other current and non-current financial liabilities, loans, borrowings and bank overdrafts.
The Group initially measures all financial liabilities at fair value. In the case of loans and borrowings, transaction costs that are directly attributable to the acquisition of the financial liability are also considered. Financial liabilities within the scope of IFRS 9 are classified into two measurement categories:

- financial liabilities at amortised cost,
- financial liabilities at fair value through profit or loss (FVTPL).

In most cases the Group classifies its financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. This classification is applied to derivatives and financial liabilities held for trading. The Group does not designate other financial liabilities at fair value through profit or loss due to accounting mismatch at initial recognition.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as financial expense in the statement of comprehensive income.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

2.20 Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts with banks, short-term deposits and short-term liquid investments with a maturity of three month or less with an insignificant risk of changes in value. Cash and cash equivalents are carried in the balance sheet at amortized cost. As a result, the Group recognises expected credit losses on cash and cash equivalents if needed. In case of bank overdrafts, the Group recognises such item as a current financial liability.

2.21 Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sales, or in the form of materials or supplies to be consumed in the production process or in the rendering services.

Inventories are recognised at cost at the time of acquisition. The cost of inventories is made up of three main constituent groups based on the IAS 2 Inventories standard. These are the following:

- purchase price: the components of all items that must be reimbursed to an external party (transportation, loading, handling costs, customs duties, non-refundable or non-deductible taxes reduced by discounts received under various legal titles)
- conversion costs: direct conversion costs (e.g.: material costs, wage costs), and divided fixed (e.g.: depreciation, maintenance) and variable general costs (e.g.: indirect material costs, wage costs)
- other costs: all other costs incurred in order to bring the stocks to their current location and condition

Inventories are measured at the lower of cost and net realizable value that is equal to the estimated selling price less costs to complete and sell. The difference between the current net carrying value and net realizable value is material if it reaches 25% of the net carrying value by item, homogenous asset class. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The Group uses the same cost formula for all inventories having a similar nature and use. For inventories with a different nature or use, different cost formulas may be justified. Regarding the inventories used the weighted average cost formula is applied. When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised.

2.22 Equity

Share capital
Share capital include shares owned by shareholders through equity instrument transactions.

Capital reserves
The capital reserve of the Group includes the difference between the share’s nominal and the fair value on commencement (transaction) date.

Retained earnings
The Group’s retained earnings include the amounts of current year consolidated profit (or loss) and the accumulated profits and losses from previous years.

Other comprehensive income
Elements of other comprehensive income (“OCI”) are items of income and expense that are specifically required or permitted by other IFRS-s to be included in other comprehensive income and are not recognised in profit or loss. These items are classified by nature and classified into two separate groups: which may be reclassified and those that will not be reclassified to profit or loss. The Group present as OCI items the exchange differences on translation of foreign operations, share of other comprehensive income/(loss) of associates.

2.23 Non-controlling interests

Non-controlling interest represents the portion of equity in a subsidiary that is not owned by the Group. It reflects the interests of minority shareholders in the subsidiary. For each business combination, the Group elects whether to measure the non-controlling interests (“NCI”) in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. When the Group pays dividends to non-controlling interests (NCI), the amount of those dividends reduces the carrying amount of the non-controlling interests on the statement of financial position.

2.24 Provisions

General principles

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, 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. The amount initially recognised as a provision should be the best estimate of the expenditure required to settle the present obligation. All provisions must be revised at least annually and if their balance is changed materially according to such new information, such change(s) must be recognised.

The Group recognises provision for the followings:

- Provisions accounted for unused vacation
- Decommissioning liability/ Asset retirement obligation
- Liabilities expected to arise from legal claims

Time value

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate (or rates) to be used in calculation arriving at the present value is ‘a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) does not reflect risks for which the future cash flow estimates have been adjusted.

Asset retirement obligation

The cost of an item of property, plant and equipment or right-of-use asset shall include the estimated costs of dismantling and removing the assets and restoring the site. Estimation and “capitalization” of the relevant amount shall be carried out and assigned to the asset when the decision on dismantling and removing the asset and restoring the site has been adopted (i.e., demolition of cell towers, antennas, or related infrastructure, planning the costs of winding up) and there is a direct or indirect legal obligation to do so. No provision and no capitalization may take place on a decision of dismantling when there is no legal or constructive obligation to do so.

Decommissioning liability is recognised, which is the present value of the estimated future expenditure. This is calculated based on actual price offers where the future value of this amount is calculated with the assumed inflation rate until the expected date of the decommissioning. This expense is discounted then with the discount rate reflecting the time value of money which is based on a government bond rate with a similar currency and remaining term as the provision. Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of comprehensive income as a finance expense. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

Contingent liabilities

The treatment of contingencies under IAS 37 Provisions, Contingent Liabilities and Contingent Assets is as follows:

Likelihood of outcome	Accounting treatment: contingent liability	Accounting treatment: contingent asset
Virtually certain	Recognise	Recognise
Probable	Recognise	Disclose
Possible but not probable	Disclose	No disclosure permitted
Remote	No disclosure required	No disclosure permitted

It is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group's. It can also be a possible present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required, or the amount of obligation cannot be measured reliably. Unless the possibility of any outflow in settlement is remote, the Group discloses for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability, and where practicable an estimate of its financial effects, an indication of the uncertainties relating to the amount or timing of any outflow, and the possibility of any reimbursement. Where any of the information above is not disclosed because it is not practicable to do so, the Group discloses that fact.

2.25 Government grants

Government grants represent assistance by government in the form of transfers of resources to an entity in return. Government grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them; and the grants will be received.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The Group chose to present grants related to income on a gross basis in the statement comprehensive income as Other operating income. A government grant relating to assets the Group chose to present the grant in the statement of financial position as deferred income, which is recognised in the statement of profit or loss on a systematic and rational basis over the useful life of the asset.

2.26 Events after the reporting period

Events occurring between the reporting date and the date on which the financial statements are authorized for issue should be classified as either adjusting or non-adjusting events.

- Adjusting events provide further evidence of conditions that existed at the reporting date and result in adjustment to the financial statements.
- Non-adjusting events are indicative of a condition that arose after the end of the reporting period and do not result in adjustment to the financial statements. They are disclosed if of such importance that non-disclosure would affect the ability of the users to make proper evaluations and decisions.

Dividends

If the Company or a member of the Group declares dividends to holders of equity instruments after the reporting period, the Group shall not recognise those dividends as a liability at the end of the reporting period. If dividends are declared after the reporting period but before the financial statements are authorized for issue, the dividends are not recognised as a liability at the end of the reporting period because no obligation exists at that time. Such dividends are disclosed in the notes.

2.27 Assets held for sale

Non-current assets held for sale are assets whose carrying amount will be recovered principally through sale rather than through continuing use in the business activities. When the Group disposes of a group of assets together with directly associated liabilities in a single transaction (for example, the disposal of a subsidiary or a cash-generating unit), it is classified as held for sale.

2.28 First time adoption of IFRS (IFRS 1)

The financial statements for the year ended 31 December 2024, are the first the Group prepares in accordance with IFRS. Accordingly, the Group has prepared the first financial statements that comply with IFRS applicable as at 31 December 2024, together with the comparative period data for the year ended 31 December 2023. In preparing the first IFRS financial statements, the Group’s opening statement of financial position is prepared as at 1 January 2023, the Group’s date of transition to IFRS.

With certain exceptions, IFRS 1 requires retrospective application of standards and related Interpretations that are effective at the date of the first IFRS financial statements. The accounting policies adopted by the Group in the preparation of its financial statements are in accordance with these requirements of IFRS 1.

The Group did not prepare consolidated financial statements at the date of transition to IFRS (31 December 2022) as described in the exemption from consolidation above, so it is not possible to make a direct comparison between the consolidated financial statements prepared under the previous accounting system and those prepared under IFRS. A possible comparison between the parent company's standalone statutory financial statements and the Group's IFRS consolidated financial statements would not add any value as the subsidiaries represent a significant part of the Group's operations.
In preparing the consolidated financial statements, the Group has applied certain mandatory exceptions and potential exemptions provided for in IFRS 1.

The mandatory exceptions are:

- **Estimation exception**. The accounting estimates used in the financial statements prepared for 1 January 2024 and 31 December 2024 shall be consistent with those used in the financial statements prepared for the same dates under previous GAAP unless the latter estimates could be demonstrably inconsistent with IFRSs.
- **Derecognition of financial assets and financial liabilities.** The Company is not required to restate financial assets and financial liabilities that it derecognised before the date of transition. Management has not elected to apply the derecognition criteria in IFRS 9 earlier.
- **Hedge accounting exception.** The Company does not apply hedge accounting.
- **Non-controlling interest exception**. The Group did not retrospectively measure business combinations before the date of transition under IFRS 3 (see below for a description of the business combination exemption). Accordingly, the Group has determined the value of the non-controlling interest as of 1 January 2024 in accordance with the business combination exemption applied.
- **Classification and measurement of financial assets.** The classification and measurement of financial assets shall consider based on the facts and circumstances at the date of transition. This exception does not have a material impact on the consolidated financial statements.
- **Impairment of financial assets.** The Group applies the impairment requirements of IFRS 9 retrospectively.
- **Embedded derivatives**. The Group has no embedded derivatives.
- **Government loans**. The Group has no government loans.

In preparing the consolidated financial statements, the Group has selected and applied the following potential exemptions:

i) Exemption for business combinations. The Group has not applied IFRS 3 retrospectively to business combinations that occurred before the date of transition, as permitted by IFRS 1. Accordingly, the Group will apply IFRS 3 prospectively from 1 January 2023. The Group applies the exemption consistently to its investments in associates. As the Group has not prepared consolidated financial statements for the year ended 31 December 2022, it has applied Section C4(j) of Appendix C to IFRS 1 in preparing its consolidated financial statements. Accordingly, goodwill recognised in respect of subsidiaries acquired in a business combination before 1 January 2023 is calculated using the following method:

- The value of the subsidiary's assets and liabilities has been determined based on the value at which the subsidiary would report them in its standalone IFRS financial statements.
- The Group has calculated how much of subsidiary’s net asset value is attributable to non-controlling interests and how much is attributable to the owners of the parent company.
- The calculated goodwill value is the difference between the net asset value of the subsidiary attributable to the owners of the parent company as of 1 January 2023 and the value of the accounting interest in the Company under the standalone Accounting Law.

For other detailed disclosures relating to goodwill, see note 21 Business combinations and goodwill in the financial statements.

ii) Cumulative translation adjustments. Using the exemption provided by IFRS 1, the Group has set at zero the cumulative translation adjustments in the financial statements of its subsidiaries at date of transition, 1 January 2023. The exemption has been applied consistently to all subsidiaries.
iii) Leases. In accordance with Section D9B of Appendix D to IFRS 1, the Group measured the value of the lease liability at date of transition at the present value of the lease payments outstanding on 1 January 2023 using the incremental borrowing rate of the lessee at the date of transition as the discount rate. At the date of transition, the value of the right-of-use assets is equal to the value of the lease liability, adjusted by the amount of prepaid or accrued lease payments related to the leases recognised in the statement of financial position at the date of transition to IFRS.

2.29 Standards issued but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, and not early adopted up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.29.1 The standards/amendments that are not yet effective, but have been endorsed by the European Union

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)** The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The analysis of the financial impact of the amendment is currently ongoing within the Group.

2.29.2 The standards/amendments that are not yet effective and have not yet been endorsed by the European Union

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early adoption of amendments related to the classification of financial assets and the related disclosures is permitted, with the option to apply the other amendments at a later date.
  The amendments clarify that a financial liability is derecognised on the 'settlement date', when the obligation is discharged, cancelled, expired, or otherwise qualifies for derecognition. They introduce an accounting policy option to derecognise liabilities settled via electronic payment systems before the settlement date, subject to specific conditions. They also provide guidance on assessing the contractual cash flow characteristics of financial assets with environmental, social, and governance (ESG)-linked features or other similar contingent features. Additionally, they clarify the treatment of non-recourse assets and contractually linked instruments and require additional disclosures under IFRS 7 for financial assets and liabilities with contingent event references (including ESG-linked) and equity instruments classified at fair value through other comprehensive income. The amendments have not yet been endorsed by the EU. The analysis of the financial impact of the amendment is currently ongoing within the Group.
- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The amendments include clarifying the application of the 'own-use' requirements, permitting hedge accounting if contracts in scope of the amendments are used as hedging instruments, and introduce new disclosure requirements to enable investors to understand the impact of these contracts on a company's financial performance and cash flows. The clarifications regarding the 'own-use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application. The amendments have not yet been endorsed by the EU. The analysis of the financial impact of the amendment is currently ongoing within the Group.
- **IFRS 18 Presentation and Disclosure in Financial Statements**
  IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. IFRS 18 is effective for reporting periods beginning on or after 1 January 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. The standard has not yet been endorsed by the EU. The analysis of the financial impact of the amendment is currently ongoing within the Group.

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures**
  IFRS 19 permits subsidiaries without public accountability to use reduced disclosure requirements if their parent company (either ultimate or intermediate) prepares publicly available consolidated financial statements in compliance with IFRS accounting standards. These subsidiaries must still apply the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027, with early application permitted. The standard has not yet been endorsed by the EU. There will not be significant impact of this amendment for the Group according to the current analysis.
- **Annual Improvements to IFRS Accounting Standards – Volume 11**
  The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. The Annual Improvements to IFRS Accounting Standards - Volume 11, include amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. These amendments aim to clarify wording, correct minor unintended consequences, oversights, or conflicts between requirements in the standards. The standard has not been endorsed by the EU. The analysis of the financial impact of the amendment is currently ongoing within the Group.
- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The analysis of the financial impact of the amendment is currently ongoing within the Group.

Data in millions of HUF, unless otherwise indicated

3 Net sales revenue

The Group's accounting policy on revenue recognition and the presentation of the main revenue types are described in Note 2.3 Net sales revenue. The Group's revenue from contracts with customers (IFRS 15) and the revenue from its operating leasing activities (IFRS 16) are presented below:

	2024	2023
Mobile services	316 340	259 624
Fixed services	187 541	172 463
Other services	85 530	75 307
Revenue from related parties	2 764	1 440
Total revenue from contracts with customers	**592 175**	**508 834**
Revenue from leases	9 825	7 851
Total revenue	**602 000**	**516 685**

The table below presents the revenues by geographic regions where the Group operates:

	2024	2023
Hungary	510 704	436 506
Albania	65 413	56 683
Montenegro	25 883	23 496
Total	**602 000**	**516 685**

Breakdown of revenue recognition according to IFRS 15 is shown in the table below:

	2024	2023
Revenue recognised at a point in time	107 060	135 308
Revenue recognised over time	494 940	381 377
Total revenue from contracts with customers	**602 000**	**516 685**

The Group has performance obligation satisfied at a point in time (such as: sale of mobile phones, etc.), and performance obligations satisfied over time (such as: postpaid contracts, etc.). The methods used to recognise revenue from performance obligations satisfied over time are described in Note 2.3 Net sales revenue.

Data in millions of HUF, unless otherwise indicated

Contract balances

The Group has recognised the following contract assets and liabilities related to contracts with customers:

	31/12/2024	31/12/2023	01/01/2023
Trade receivables	93 550	103 921	34 973
Contract assets – current	1 706	5 912	284
Contract assets – non-current	352	280	0
Contract liabilities – current	20 257	24 656	8 311
Contract liabilities – non-current	573	13	0

Contract assets relate to revenue that has been recognised but not yet invoiced to the customer. Beyond the recognised but unbilled revenue, this also includes devices, such as mobile phones, purchased at a discounted price, which customers bought together in a bundle. If the revenue from the sale of the device has been recognised, but the full purchase price has not yet been invoiced (e.g., instalment payments), the revenue derived from this transaction is recognised as a contract asset.

Contract liabilities include customer advances and unfulfilled performance obligations related to the contract. In cases where a contract budget has been allocated for customer incentives (e.g., discounts, free GBs), but the corresponding services are not yet fully provided, the Group recognises this as a contract liability.

Set out below is the amount of revenue recognised from:

	2024	2023
Amounts included in contract liabilities at the beginning of the period	4 918	2 406
Performance obligations satisfied (or partially satisfied) in previous periods	324	844

Cost to obtain a contract

Closing balances of assets recognised from the costs incurred to obtain contract with customer in accordance with IFRS 15 Revenue from Contracts with Customers are presented within the Other intangible assets, please refer to Note 18 Other intangibles assets.
The capitalised amount at the beginning and at the end of reporting period, the amount of amortisation recognised during the period and any impairment losses recognised are shown in the movement table below:

	2024	2023
Beginning of the period	**11 879**	**2 232**
Capitalisation during the year	15 686	20 886
Amortisation	-13 841	-11 239
Closing balance	**13 724**	**11 879**

Data in millions of HUF, unless otherwise indicated

Cost to fulfil a contract

Cost to fulfil a contract with a customer include installation costs, such as cabling activities, materials for internet and TV services.
The installation costs do not meet the criteria set out in IAS 38 Intangible assets for recognising an asset and, therefore, are not capitalised as intangible assets. Instead, they are expensed in the comprehensive statement of income.

4 Other operating income

The composition of other operating income is as follows:

	2024	2023
Government grants and refunds	484	179
Provision release	1 212	2 777
Penalties and compensations received	675	770
Gain on the sale of tangible and intangible assets	385	23 316
Gain on receivables sold, transferred	0	1 787
Other	1 205	2 270
Other operating income from related parties	13	0
Total	**3 974**	**31 099**

There are no unfulfilled conditions or contingencies attached to the government grants.

During 2024 and 2023 the provision release of HUF 1,212 million and HUF 2,777 million respectively was mainly due to a change in the estimate of the provision for asset retirement obligation, refer to Note 36 Provisions.

The gain on the sale of tangible and intangible assets reflects the one-off impact of the disposal of tangible, intangible, and right-of-use assets, along with the related liabilities, sold in a batch during 2023. In contrast, only an insignificant amount has been recorded under this line in 2024.

The gain on sold or transferred receivables relates to receivables that were sold with a gain in the previous year, whereas in 2024, receivables were disposed of at a loss. For further details, please refer to Note 9 Other operating expenses.

Data in millions of HUF, unless otherwise indicated

5 Capitalised value of own performance

	2024	2023
Changes in inventories of finished goods and work in progress	45	55
Own work capitalised	17 136	12 415
Capitalised value of own performance	**17 181**	**12 470**

Own work capitalised include capitalised own performances in connection with internally developed intangible assets as well as internal expenditures that qualify as part of the cost of property, plant and equipment during the initial measurement in accordance with IAS 38 Intangible Assets and IAS 16 Property, plant and equipment respectively.

6 Raw materials and consumables used

	2024	2023
Cost of goods sold	-69 190	-67 576
Intermediated services	-49 250	-49 798
Raw materials	-28 886	-27 732
Total	**-147 326**	**-145 106**

The majority of the cost of goods sold and the value of intermediated services is attributable to the cost of sold devices, content rights, roaming charges, and content service fees. The most significant components of raw materials include electricity, fuel, and materials used for network maintenance.

Data in millions of HUF, unless otherwise indicated

7 Services used

The following table presents details of the services used.

	2024	2023
IT maintenance	-14 393	-11 761
Network maintenance costs	-18 516	-11 968
Fixed asset and other maintenance costs	-4 601	-4 688
Spectrum fee	-11 678	-10 723
Marketing and communication expenses	-9 871	-8 147
Audit fee	-635	-735
Logistics costs	-1 710	-1 472
Consulting and expert fees	-9 103	-11 143
Cost related to outsourced activities	-3 225	-3 116
Travel expenses	-413	-279
Security services	-628	-603
Administrative costs	-1 162	-962
Notarial fees, regulatory fees	-5 258	-4 835
Agency fees	-6 912	-6 009
Lease payments	-2 606	-1 144
Miscellaneous other services used	-8 273	-5 713
Services from related parties	-27 449	-11 627
Total	**-126 433**	**-94 925**

In order to maintain operational stability and ensure the uninterrupted continuity of services, the Group incurred significant expenditures for the maintenance and operation of both existing networks and those acquired through acquisitions.

In 2024, the Group's costs related to consulting and expert fees showed a marked decrease compared to the previous year. This reduction is attributable to the strategic decision to limit the engagement of external consultants. Instead, the Group executed the required expert tasks internally, relying on in-house resources.

Lease payments include expenses related to short-term leases, leases of low-value assets and lease payments out of scope of IFRS 16 Leases. For more details, please refer to Note 38 Lease liabilities.

Additionally, services used were impacted by the fact that One Magyarország Zrt. was consolidated for only 11 months in 2023 following its acquisition on 31 January 2023, whereas it was fully consolidated for the entire year in 2024.

Data in millions of HUF, unless otherwise indicated

8 Employee benefit expenses

	2024	2023
Wages and salaries	-63 793	-57 619
Other payments to personnel	-5 545	-5 368
Social security costs and similar deductions	-8 869	-8 125
Total	**-78 207**	**-71 112**
Average statistical number	7 356	6 691

The Group's total wage expenses and the average statistical number for 2024 were primarily influenced by the internal restructuring carried out within the Group, the resulting workforce changes, as well as the headcount adjustments related to the implemented demergers.
Furthermore, since One Magyarország Zrt. was acquired on 31 January 2023, it contributed only 11 months of data to the Group's 2023 employee benefit expenses and average statistical headcount, whereas in 2024 it has been consolidated for the full year.

9 Other operating expenses

	2024	2023
Grants provided for foundations	-147	-127
Penalties and compensations	-790	-1 250
Scrapping of intangible assets and property, plant and equipment	-936	-127
Taxes, duties, contributions	-30 606	-28 280
Write-down of inventories	-425	-2 452
Impairment (ECL) of receivables	-2 211	-8 267
Losses related to damages	-179	-207
Provisioning	-1 824	-159
Impairment of other financial assets	-13	-71
Loss on sale of receivables	-2 624	0
Other	-4 181	-4 028
Other operating expenses from related parties	-5 239	-21
Total	**-49 175**	**-44 989**

In 2024 Group has reviewed its intangible assets and property, plant and equipment during its restructuring process and has identified a few fixed assets that have not generated significant economic benefits for the Group, hence decided to scrap/sell some of its idle assets in a bigger extent than in 2023.

During 2024 the most significant part of other operating expenses are taxes, duties, and contributions – these are typically the public utility tax, telecommunications tax, and the special tax on the sector, i.e. taxes that are not income taxes.

Data in millions of HUF, unless otherwise indicated

As a result of the impairment review of slow-moving and obsolete inventories initiated in 2023, the Group recognised a significant impairment loss. Consequently, the impairment loss recorded in the current period (2024) was lower, amounting to HUF 425 million, compared to HUF 2,452 million in 2023.

The Group regularly assesses the level of impairment. As of 2024, the total impairment amounted to HUF 2,211 million, reflecting a decrease from 2023 (HUF 8,267 million in 2023). This reduction is attributed to the Group's improved financial position.

During 2024, a provision of HUF 1,824 million is recognised as a provision for legal cases, see Note 36 Provisions. The Group accounts for provisions and provision releases on a net basis according to the nature of the underlying provision. As a result, provisioning may be presented under Other operating expenses, while provision releases may appear under Other operating income.

Additionally, the Group recognised the loss of receivables sales amounting to HUF 2,624 million in 2024, whereas receivables were sold with a gain in the previous year and was disclosed on the Recognised value of receivables sold, transferred line in Other operating income, please see Note 4 Other operating income.

Other operating expenses from related parties arise from the service agreement with 4iG Plc, amounting to HUF 5,239 million (HUF 21 million in 2023).

Impairment movement table for the reporting period:

	Trade receivables	**Other financial assets – current**	**Other financial assets – non-current**	**Inventories**	**Contract assets**
on 31 December 2023	**-32 636**	**-693**	**-10**	**-5 564**	**-104**
Addition	-8 100	-3	-1	-1 100	-10
Reversal	3 265	0	0	675	0
Decrease due to inventory utilised	0	0	0	-633	0
Exchange differences	-2 214	-103	0	-251	0
Derecognition	20 481	-2	1	3 524	0
on 31 December 2024	**-19 204**	**-801**	**-10**	**-3 349**	**-114**

Data in millions of HUF, unless otherwise indicated

10 Depreciation and amortisation

	2024	2023
Depreciation and amortisation	-163 083	-148 133
Total	**-163 083**	**-148 133**

The depreciation and amortisation line also includes the depreciation of items recognised as right-of-use assets under IFRS 16 Leases, amounting to HUF 27,743 million in 2024 (HUF 24,332 million in 2023) and the depreciation of the fair value adjustments recognised for tangible and intangible assets during the acquisitions, amounting to HUF 11,483 million in 2024 (HUF 11,784 million in 2023).
Depreciation and amortisation increased primarily because One Magyarország Zrt. was consolidated for only 11 months in the previous year, whereas in 2024, it has been fully consolidated for the entire year.

11 Financial income and financial expenses

Financial income

	2024	2023
Interest income	3 317	3 545
Interest on lease receivables	90	74
Foreign exchange rate gains	1 646	11 600
Other	5 213	2 534
Financial income from related parties	4 739	601
Total	**15 005**	**18 354**

Financial expenses

	2024	2023
Other interest expenses	-29 131	-25 725
Interest on lease liabilities	-11 045	-11 047
Foreign exchange rate losses	-21 484	-1 943
Other	-1 911	-2 441
Financial expenses to related parties	-1 526	-1 677
Total	**-65 097**	**-42 833**

The interest income line includes interest received from financial institutions, out of this amount, HUF 1,981 million (2023: HUF 1,753 million) was generated by One Magyarország Zrt., HUF 878 million (2023: HUF 1,113 million) by 4iG Távközlési Holding Zrt., and HUF 293 million (2023: HUF 416 million) by DIGI Távközlési és Szolgáltató Kft.
The decrease in interest income compared to the previous year is primarily attributable to the reduction in the base rate set by the Hungarian National Bank.

The decline in foreign exchange gains is a result of adverse HUF fluctuations in 2024, impacting both realized and unrealized foreign exchange gains.

Data in millions of HUF, unless otherwise indicated

The increase in other financial income is primarily attributable to the gain on the sale of the share in Hungaro DigiTel Kft. in 2024 (HUF 4,250 million). This was partially offset by the absence of third-party dividend income at 4iG Távközlési Holding Zrt., which had been recognized in 2023 but amounted to HUF 0 million in 2024.

The other interest expenses line reflects mainly the interest paid to financial institutions (HUF 27,400 million in 2024 and HUF 23,679 million in 2023 primarily related to the Vodafone acquisition loans – refer to Note 37 Loans, borrowings – non-current for more information) and interest expenses recognised in connection with content rights at DIGI Távközlési és Szolgáltató Kft., One Magyarország Zrt., 4iG Távközlési Holding Zrt., and AH Média Kereskedelmi Zrt., amounting to HUF 959 million (2023: HUF 1,685 million), HUF 469 million (2023: HUF 341 million), HUF 14 million (2023: HUF 80 million), and HUF 29 million (2023: HUF 0 million), respectively.

Interest on lease liabilities includes interest expenses on leases recognised in accordance with the IFRS 16 Leases standard, amounting to HUF 11,045 million in 2024 (2023: HUF 11,047 million).

The increase in foreign exchange losses is primarily due to the adverse fluctuation of the HUF in 2024, significantly impacting the Group’s substantial liabilities denominated in foreign currencies and leading to higher realized and unrealized foreign exchange losses.

12 Share of profit of associate

The share of profit or loss of associates is accounted for using the equity method and is presented as the Group's share of the profit or loss of associates' operations.

On 12 July 2024, Portuguese Telecommunication Investments Kft. concluded a sales contract with 4iG Távközlési Holding Zrt. to acquire a 25% stake in Hungaro DigiTel Kft., making Portuguese Telecommunication Investments Kft. the 100% owner of Hungaro DigiTel Kft., resulting in a disposal of Hungaro DigiTel Kft. as an associate.

In December 2024, the 44% stake of CarpathiaSat Zrt. is contributed to 4iG Űr és Védelmi Technológiák Zrt., hence resulting in its disposal as an associate of the aforementioned company.

The Group's share of the profit/(loss) for the year:

Company name	2024	2023
Associates		
CarpathiaSat Zrt.	0	-36
Hungaro DigiTel Kft.	348	594
Total	**348**	**558**

Data in millions of HUF, unless otherwise indicated

13 Income taxes

The major components of income tax expense are:

	2024	2023
Current income tax:		
Corporate income tax	-1 313	-2 485
Local business tax	-7 049	-5 565
Innovation contribution	-1 080	-881
Deferred taxes:		
Relating to origination and reversal of temporary differences	2 599	-321
Income tax expense reported in the statement of comprehensive income	**-6 843**	**-9 252**

The income tax payable by the Group is the tax reported in the individual financial statements of the subsidiaries and calculated in accordance with the relevant local rules.
The tax rate applied to the deferred tax expense recognised in the statement of comprehensive income was 9% under the current legislation in Hungary, while in Albania and Montenegro it was 15% in both 2024 and 2023, in accordance with the applicable corporate tax rate.

Reconciliation of tax expense and the accounting profit:

	2024	2023
Profit or loss before tax	**9 187**	**32 068**
Tax liability calculated at statutory current tax rate	-827	-2 886
Adjustments in respect of current income tax of previous years	493	0
Local business tax	-6 415	-5 064
Innovation contribution	-983	-802
Utilisation of previously unrecognised tax losses	2 517	0
Deferred tax not recognised for current year loss	-166	0
Share of result of associates	-31	0
Non-deductible expenses for tax purposes:		
Other non-deductible expenses	-12	0
Effect of higher tax rates in Albania and Montenegro	-649	309
Foreign exchange rate differences	-269	0
Other	-501	-809
Income tax expense	**-6 843**	**-9 252**
Effective income tax rate	**-74%**	**-29%**
Income tax expense reported in the statement of profit or loss	-6 843	-9 252

Data in millions of HUF, unless otherwise indicated

4iG Távközlési Holding Zrt. is a member of the 4iG Group, whose ultimate parent company is 4iG Plc. 4iG Plc, as the parent company, has examined whether it is obligated to pay the global minimum tax starting from 1 January 2024.

As of 1 January 2024, 4iG Group has become subject to the global minimum tax based on the Act on Top-Up Taxes Ensuring a Global Minimum Level of Taxation and on the Amendment of Certain Related Tax Laws LXXXIV of 2023 (hereinafter "GMT Act"), given that the annual consolidated revenue *for global minimum tax purposes* of 4iG Plc - the ultimate parent company - exceeded EUR 750 million in 2022 and 2023. The Group has examined the compliance with the exemption rules provided by the OECD and Section 32 of the GMT Act, under which it is exempt from the global minimum tax liability in all jurisdictions based on the data of the country-by-country report preparing for the tax year.

14 Other comprehensive income/(loss)

Within other comprehensive income, the Group recognised the translation adjustments arising from the translation of the financial statements of foreign operations into Hungarian forint (as being the presentation currency of the Group) in accordance with IAS 21 The Effect of Changes in Foreign Exchange Rates requirements in the consolidated statement of comprehensive income.

Other comprehensive income

	2024	**2023**
Exchange differences on translation of foreign operations	19 978	4 303
Total	**19 978**	**4 303**

15 Total comprehensive income/(loss)

Total comprehensive income/(loss), in addition to other comprehensive income, includes the results of operating activities, income and expenses from financial operations, depreciation and amortisation expense and income taxes.

	2024	**2023**
Profit or loss before tax	**9 187**	**32 068**
Income taxes	-6 843	-9 252
Profit or loss after tax	**2 344**	**22 816**
Other comprehensive income	**19 978**	**4 303**
Total comprehensive income	**22 322**	**27 119**

Data in millions of HUF, unless otherwise indicated

16 Property, plant and equipment

	Machinery and other equipment	Land and buildings	Tele-communications equipment and devices	Construction in progress	Total
Gross value					
on 1 January 2023	**38 440**	**76 702**	**95 398**	**10 772**	**221 312**
Additions	25 572	30 444	27 763	14 096	97 875
Disposals	-8 344	-5 455	-4 456	70	-18 185
Reclassification	-12 638	-12 581	25 219	0	0
Acquisition	4 746	64 247	64 056	11 330	144 379
Exchange differences	604	2 876	8 304	-20	11 764
on 31 December 2023	**48 380**	**156 233**	**216 284**	**36 248**	**457 145**
Additions	13 158	8 543	38 044	1 190	60 935
Disposals	-5 219	-2 221	-26 853	-920	-35 213
Acquisition	24	0	0	0	24
Exchange differences	3 111	10 060	28 794	486	42 451
on 31 December 2024	**59 454**	**172 615**	**256 269**	**37 004**	**525 342**
Depreciation and impairment					
on 1 January 2023	**33 568**	**9 606**	**10 959**	**0**	**54 133**
Current year depreciation	13 451	8 026	35 047	0	56 524
Impairment losses	0	0	0	656	656
Disposals	-18 574	21 202	22 250	-76	24 802
Exchange differences	637	1 938	7 192	0	9 767
on 31 December 2023	**29 082**	**40 772**	**75 448**	**580**	**145 882**
Current year depreciation	9 841	5 129	45 265	0	60 235
Impairment losses	0	0	0	76	76
Disposals	-4 802	-1 886	-23 443	-542	-30 673
Exchange differences	2 822	6 693	24 771	0	34 286
on 31 December 2024	**36 943**	**50 708**	**122 041**	**114**	**209 806**
Net book value					
on 1 January 2023	**4 872**	**67 096**	**84 439**	**10 772**	**167 179**
on 31 December 2023	**19 298**	**115 461**	**140 836**	**35 668**	**311 263**
on 31 December 2024	**22 511**	**121 907**	**134 228**	**36 890**	**315 536**

The increase in property, plant and equipment in the year 2023 was primarily due to the acquisition of of One Magyarország Zrt. The impact of the acquisition on tangible assets was HUF 144,379 million.

As of 31 December 2024, the significant construction in progress were related to ongoing network constructions in the amount of HUF 36,807 million.

No borrowing costs have been capitalised. The Company did not have any qualifying assets on 31 December 2024.

Data in millions of HUF, unless otherwise indicated

On 31 December 2024, property, plant and equipment were pledged in the amount of HUF 27,122 million (31 December 2023: HUF 25,805 million).
No contractual commitments for the acquisition of property, plant and equipment were on 31 December 2024 and on 31 December 2023.
No temporary idle property, plant and equipment were on 31 December 2024 and on 31 December 2023, because the Group seeks to maximise the economic benefits from tangible assets.

17 Customer relationship

The breakdown of customer relationship by companies is presented in the table below:

	Customer relationship
Gross value	
on 1 January 2023	**0**
Acquisition	120 726
on 31 December 2023	**120 726**
Additions	0
on 31 December 2024	**120 726**
Amortisation and impairment	
on 1 January 2023	**0**
Current year amortisation	5 533
on 31 December 2023	**5 533**
Current year amortisation	6 037
on 31 December 2024	**11 570**
Net book value	
on 1 January 2023	**0**
on 31 December 2023	**115 193**
on 31 December 2024	**109 156**

During the previous reporting periods, the Group has identified intangible assets, separated from goodwill under IFRS 3 - Business Combinations, which are recognised as a separate line item in the consolidated statement of financial position and amortised over their identified useful lives (average 20 years) when measuring each business combination.

Data in millions of HUF, unless otherwise indicated

18 Other intangible assets

	Licences and similar rights	Software and other intellectual property	Content rights	Other intangible assets	Total
Gross value					
on 1 January 2023	**27 525**	**8 668**	**14 260**	**2 232**	**52 685**
Additions	8 225	25 528	3 778	11 901	49 432
Disposals	-22 075	-4 814	0	-1 012	-27 901
Acquisition	114 112	70 609	6 153	9 796	200 670
Exchange differences	1 744	-123	0	98	1 719
on 31 December 2023	**129 531**	**99 868**	**24 191**	**23 015**	**276 605**
Additions	9 982	25 087	21 214	14 638	70 921
Disposals	-14 750	2 872	-21 718	542	-33 054
Exchange differences	5 195	1 975	1	506	7 677
on 31 December 2024	**129 958**	**129 802**	**23 688**	**38 701**	**322 149**
Amortisation and impairment					
on 1 January 2023	**8 257**	**1 358**	**0**	**0**	**9 615**
Current year amortisation	14 846	22 518	12 052	11 180	60 596
Disposals	-23 230	-2 708	0	-103	-26 041
Exchange differences	1 173	34	0	59	1 266
on 31 December 2023	**1 046**	**21 202**	**12 052**	**11 136**	**45 436**
Current year amortisation	13 900	24 853	15 867	13 566	68 186
Disposals	-2 082	-7 874	-20 388	0	-30 344
Exchange differences	3 685	1 492	0	275	5 452
on 31 December 2024	**16 549**	**39 673**	**7 531**	**24 977**	**88 730**
Net book value					
on 1 January 2023	**19 268**	**7 310**	**14 260**	**2 232**	**43 070**
on 31 December 2023	**128 485**	**78 666**	**12 139**	**11 879**	**231 169**
on 31 December 2024	**113 409**	**90 129**	**16 157**	**13 724**	**233 419**

Intangible assets include content rights of HUF 16,157 million on 31 December 2024 (31 December 2023: HUF 12,139 million), which is the content right of DIGI Távközlési és Szolgáltató Kft., 4iG Távközlési Holding Zrt., AH Média Kereskedelmi Zrt. and One Magyarország Zrt.

The other intangible assets include the capitalised agent fee (according to IFRS 15 Revenue from Contracts with Customers, cost to obtain a contract) in the amount of HUF 13,724 million on 31 December 2024 (HUF 11,879 million as of 31 December 2023).

No intangible assets were subject to restrictions on title on 31 December 2024 and on 31 December 2023 and no intangible assets were pledged as security for liabilities on 31 December 2024 and on 31 December 2023.

Data in millions of HUF, unless otherwise indicated

No contractual commitments for the acquisition of intangible assets were on 31 December 2024 and on 31 December 2024. No temporarily idle intangible assets were on 31 December 2024 and on 31 December 2024, because the Group seeks to maximise the economic benefits from intangible assets.

The Group performs an annual year-end present value test for internally developed intangible assets in progress with significant value at each reporting period. For individually material intangible assets, the Group applied a weighted average cost of capital of 12.82%.
The Group's annual year-end impairment test did not identify any indications of impairment.

Individually material intangible assets

The Group's individually material intangible assets (with a gross value exceeding HUF 10,000 million) was HUF 75,474 million on 31 December 2024 (HUF 81,836 million on 31 December 2023), details for the current financial year can be found in the table below:

Description	Book value	Amortisation period	Final date of amortisation
Spectrum licence LTE	13 401	19 years	05/06/2034
Spectrum licence 700 MHz	20 457	20 years	05/09/2040
Spectrum licence 5G	41 616	20 years	08/04/2042
on 31 December 2024	**75 474**		

Data in millions of HUF, unless otherwise indicated

19 Right-of-use assets

	Land and buildings	Machinery, vehicles	Tele-communication devices	Total
Gross value				
on 1 January 2023	**21 120**	**1 938**	**7 613**	**30 671**
Addition due to new leasing	13 050	4 055	6 525	23 630
Addition due to acquisition	73 107	870	6 886	80 863
Modification/Remeasurement	18 092	220	414	18 726
Disposals	-9 280	-992	-7 769	-18 041
Exchange differences	148	21	-11	158
on 31 December 2023	**116 237**	**6 112**	**13 658**	**136 007**
Addition due to new leasing	14 459	3 815	5 189	23 463
Modification/Remeasurement	14 407	205	5 521	20 133
Disposals	-4 499	-735	-1 419	-6 653
Exchange differences	1 289	68	28	1 385
on 31 December 2024	**141 893**	**9 465**	**22 977**	**174 335**
Depreciation				
on 1 January 2023	**0**	**0**	**0**	**0**
Depreciation in the current year	19 244	1 837	2 668	23 749
Modification/Remeasurement	-1	0	12	11
Disposals	-1 345	-725	-1 420	-3 490
Exchange differences	77	7	1	85
on 31 December 2023	**17 975**	**1 119**	**1 261**	**20 355**
Depreciation in the current year	22 779	2 405	3 183	28 367
Modification/Remeasurement	-2 713	0	450	-2 263
Disposals	-1 378	-524	-320	-2 222
Exchange differences	293	24	6	323
on 31 December 2024	**36 956**	**3 024**	**4 580**	**44 559**
Net book value				
on 1 January 2023	**21 120**	**1 938**	**7 613**	**30 671**
on 31 December 2023	**98 262**	**4 993**	**12 397**	**115 652**
on 31 December 2024	**104 937**	**6 441**	**18 397**	**129 776**

The Group’s most significant leases comprise its headquarters and other office buildings, vehicle, network infrastructure, and other telecommunication equipment leases.

Data in millions of HUF, unless otherwise indicated

20 Deferred tax assets and liabilities

The Group's deferred tax asset on 31 December 2024 is HUF 4,312 million (HUF 2,097 HUF on 31 December 2023), and its deferred tax liability is HUF 8,458 million on 31 December 2024 (HUF 8,918 million on 31 December 2023).
The items giving rise to deferred tax relate primarily to timing differences in the depreciation of tangible and intangible assets and the timing of the recognition of provisions for tax loss carry forward and various costs.

Consolidated statement of financial position:

	31/12/2024	31/12/2023	01/01/2023
Expected credit losses of financial assets (e.g trade receivables)	2 534	2 421	1 163
Tax loss carry forward	8 294	5 338	497
Provisions	1 398	1 391	909
Interest deduction capacity	1 011	2 229	0
PPE and intangible assets	-17 872	-20 290	2 111
Foreign exchange rate differences	-40	0	0
Right of use of assets and lease liabilities	0	1 269	0
Other investments	0	0	-1 218
Other temporary difference	529	821	156
Net deferred tax assets/(liabilities)	**-4 146**	**-6 821**	**3 618**
from which: Deferred tax assets	*4 312*	*2 097*	*3 900*
from which: Deferred tax liabilities	*-8 458*	*-8 918*	*-282*

Consolidated statement of comprehensive income:

	2024	2023
Expected credit losses of financial assets (e.g trade receivables)	113	157
Tax loss carry forward	2 956	-391
Provisions	7	-209
Interest deduction capacity	-1 218	-180
PPE and intangible assets	2 418	-1 072
Foreign exchange rate differences	-40	0
Right of use of assets and lease liabilities	-1 269	1 333
Other temporary difference	-368	41
Deferred tax benefit/(expense)	**2 599**	**-321**

Data in millions of HUF, unless otherwise indicated

The Group has tax losses that arose in Hungary of HUF 446,872 million (2023: HUF 318,411 million) which can be used limitless or 5 years that are for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, according to the business plan the Group does not expect tax planning opportunities or other evidence of recoverability in the near future for this part of losses. If the Group were able to recognise all unrecognised deferred tax assets, the profit would increase by HUF 35,655 million (2023: HUF 28,657 million).
The amount of unused tax losses for which no deferred tax assets has been recognised in the statement of financial position is HUF 343,483 million (2023 HUF 227,975 million), since it cannot be guaranteed that, in the Group's case, any deferred tax asset recognised in relation to tax losses carried forward would be recoverable.

21 Goodwill and business combinations

21.1 Goodwill

Goodwill movement table:

	Goodwill
on 1 January 2023	**405 937**
Acquisition of a subsidiary	96 644
Exchange differences	4 251
on 31 December 2023	**506 832**
Acquisition of business units	595
Exchange differences	18 304
on 31 December 2024	**525 731**

Neither in 2024 nor in 2023 goodwill is deductible for tax purposes.

Impairment of goodwill

The following table shows the DCF-based return on the goodwill, and the difference between the book value and the recoverable amount, i.e., the headroom:

	31/12/2024
Recoverable amount	897 561
Book value of goodwill	525 731
Headroom of goodwill	**371 830**

The Group assessed whether any indicators existed suggesting that the carrying amount of goodwill may not be recoverable. Based on this assessment, no indications of impairment were identified. As a result, no impairment loss was recognised, and since the book value of the goodwill is expected to be recoverable, no impairment loss was recognised on other current assets.

Data in millions of HUF, unless otherwise indicated

The Group determined the recoverable amount of the segments using the Discounted Cash Flow (DCF) method. The discount rate (weighted average cost of capital - WACC) applied in the calculation of the recoverable amount of the goodwill is 10.32%. The estimates used in the DCF calculation are in line with market expectations and the business plans approved during the acquisitions. The synergistic effects of the Group's dynamic expansion realised in 2023 and 2024 have also been incorporated into management's expectations (both in terms of expected additional revenue and cost optimisation). The combined present value of cash flows from 2025-2029 and the residual value calculated with a 2% growth rate significantly exceeds the carrying value of the cash-generating unit.

Sensitivity analysis

The Group has performed sensitivity analyses regarding the recoverable amount of goodwill to assess whether changes in the parameters used for the recoverable amount calculation would result in the recognition of an impairment charge for any segment.
The table below shows how the recoverable amounts would change in the event of a 1%-point increase in the WACC, assuming all other conditions remain unchanged. The second table illustrates how the recoverable amounts would be affected by a 10% decrease in free operating cash flow (FCF) used in the DCF calculation, with all other factors held constant.

1%-point increase in WACC

	31/12/2024
Recoverable amount after sensitivity analysis	634 324
Book value of goodwill	525 731
Headroom of goodwill after sensitivity analysis	**108 593**

10% decrease in free operating cashflow (FCF)

	31/12/2024
Recoverable amount after sensitivity analysis	707 825
Book value of goodwill	525 731
Headroom of goodwill after sensitivity analysis	**182 094**

As shown in the sensitivity analysis above, for 31 December 2024, even with a 1%-point increase in WACC and a 10% decrease in free operating cash flow, the recoverable amount exceeds the book value, indicating a positive headroom. Therefore, even under these potential changes, there are no indications of impairment.

21.2 Business combinations

The description of the current year's and previous years' common control transactions are presented in the Note 2.1 Basis of consolidation.

Acquisitions in 2024

During 2024, the Group carried out a business combination as defined under IFRS 3 Business Combinations, by acquiring three smaller business units, that resulted in a goodwill amount of HUF 595 million.
In line with this transaction, assets were acquired, employees were transferred, and contracts were assumed, which meets the criteria for a business combination. The acquired activities are related to service provision and require minimal physical assets. As a result, the value of the acquired assets is not significant in the context of this acquisition. The primary focus of the acquisition was the transfer of employees rather than tangible assets.

The calculation of the purchase price allocation (PPA) for the acquisition in accordance with IFRS 3 Business Combinations is in progress. The Group is exercising the option to finalize the allocation of the acquisition price within one year, as prescribed by the standard, considering the review of the fair values of the acquired assets and assumed liabilities after the initial recognition. Although the process is still ongoing, it is not expected to significantly impact the users' interpretation of the financial statements.

Acquisitions in 2023

On 31 January 2023, 4iG Távközlési Holding Zrt. became the 51% owner of One Magyarország Zrt. (former name: Vodafone Magyarország Távközlési Zrt.), and on 20 March 2023, it acquired an additional 19.5% of the share capital of One Magyarország Zrt. owned by Corvinus Zrt. through a share exchange, thereby increasing its direct majority stake to 70.5%.

Data in millions of HUF, unless otherwise indicated

The fair values of the identifiable assets and liabilities of One Magyarország Zrt. as at the date of acquisition were:

	One Magyarország Zrt.
Assets acquired and liabilities assumed	
Of which:	
Property, plant, and equipment	144 379
Customer relationship	120 726
Other intangible assets	200 670
Right-of-use assets	80 863
Other assets - non-current	664
Total non-current assets	**547 302**
Cash and cash equivalents	1 380
Trade receivables	55 456
Income tax receivable	827
Inventories	6 305
Other financial assets - current	984
Other non-financial assets - current	17 200
Total current assets	**82 152**
Provisions – non-current	2 800
Loans, borrowings – non-current	13 019
Lease liabilities – non-current	67 315
Deferred tax liability	9 893
Other liabilities – non-current	3 341
Total non-current liabilities	**96 368**
Trade payables	34 899
Provisions – current	2 295
Lease liabilities - current	12 765
Other financial liabilities - current	7 979
Other non-financial liabilities - current	30 888
Total current liabilities	**88 826**
Total identifiable net assets at fair value	**444 260**
Non-controlling interests	217 688
Goodwill arising on acquisition	96 644
Purchase consideration transferred	**323 216**

The acquisition date fair value of the trade receivables amounts to HUF 55,456 million. The gross amount of trade receivables is HUF 62,262 million.

Data in millions of HUF, unless otherwise indicated

Purchase consideration

Paid purchase price	323 216
Total consideration	**323 216**

Analysis of cash flows on acquisition:

Transaction costs of the acquisition (included in cash flows from operating activities)	-2 675
Net cash acquired with the subsidiary (included in cash flows from investing activities)	1 380
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	0
Net cash flow on acquisition	**-1 295**

The Group recorded goodwill in the acquisition, driven by the anticipated synergies from merging the operations. The transaction will enable the Group to reopen the market in a number of service areas and play a key role in the digital transformation of the Hungarian economy, while strengthening its role in the region in the field of info-communications services.

22 Net investment in the lease – non-current

The Group mainly subleases business premises which are 100% owned by the companies of the Group.

Net investment in the lease	31/12/2024	31/12/2023	01/01/2023
ONE Albania sh.a.	228	222	191
One Magyarország Zrt.	865	529	0
Total	**1 093**	**751**	**191**

Future undiscounted minimum rentals receivable under non-cancellable leases are the follows:

	31/12/2024	31/12/2023	01/01/2023
Between 1 and 5 years	1 163	830	191
More than 5 years	96	0	0
Total	**1 259**	**830**	**191**

Data in millions of HUF, unless otherwise indicated

23 Investments in an associate

The Group had other investments in the following companies on 31 December 2023 and on 1 January 2023.

Company name	Investment in share capital	Type of investment	Voting right %
CarpathiaSat Zrt.	0	Associate	44%
Hungaro DigiTel Kft.	1 488	Associate	25%
on 31 December 2023	**1 488**		

Company name	Investment in share capital	Type of investment	Voting right %
CarpathiaSat Zrt.	36	Associate	44%
Hungaro DigiTel Kft.	1 434	Associate	25%
on 1 January 2023	**1 470**		

There were no other investments in an associate on 31 December 2024. For more information refer to Note 12 Share of profit of associate. The detailed description of the associate is presented under Note 2.1 Basis of consolidation.

24 Other non-current assets

24.1 Other financial assets – non-current

The breakdown of other financial assets – non-current at the balance sheet date is as follows:

	31/12/2024	**31/12/2023**	**01/01/2023**
Loans to related parties	77 249	28 518	6 517
Instalment payments – non-current	9 537	0	0
Miscellaneous other non-current financial assets	434	603	68
Impairment of other non-current financial assets	-9	-9	0
Total	**87 211**	**29 112**	**6 585**

Loans to related parties as in 2023 and 2024 were comprised solely of loans granted to 4iG Plc.
In 2023, the Group utilized factoring for instalment payments; however, in 2024, no instalments were sold, leading to a significant increase in non-current instalment payments.
In accordance with IFRS 9 Financial Instruments, the Group also regularly reviews its non-current financial assets and recognises any impairment of these assets if necessary.

Data in millions of HUF, unless otherwise indicated

24.2 Other non-financial assets – non-current

	31/12/2024	31/12/2023	01/01/2023
Prepayments – non-current	1 205	0	0
Contract assets – non-current	352	280	0
Total	**1 557**	**280**	**0**

The prepayments include prepaid license fees, typically covering a period of 3-5 years.
The Group's contract assets are described in Note 2.3.2 Contract balances. Provision for expected credit losses for contract assets is presented in Note 31 Other non-financial assets – current.

25 Cash and cash equivalents

	31/12/2024	31/12/2023	01/01/2023
Cash on hand	328	799	811
Cash at banks	41 319	41 913	29 025
Total	**41 647**	**42 712**	**29 836**

The Group measures its cash at amortised cost and has made an estimate of the expected credit loss on its cash and cash equivalents, on the basis of which it does not consider it appropriate to recognise an impairment loss as it only holds its cash with highly rated financial institutions.
For details regarding undrawn committed borrowing facilities, please refer to Note 37 Loans, borrowings – non-current.

26 Trade receivables

	31/12/2024	31/12/2023	01/01/2023
Trade receivables	112 338	135 905	70 751
Expected credit loss of trade receivables	-19 204	-32 636	-35 833
Trade receivables to related parties	416	652	102
Total	**93 550**	**103 921**	**35 020**

The decrease in the Group's expected credit losses on trade receivables is mainly due to disposals of receivables by DIGI Távközlési és Szolgáltató Kft. and One Magyarország Zrt. The Group has determined the expected credit losses on receivables in accordance with the requirements of IFRS 9. The policy for calculation of expected credit losses on trade receivables is presented in Note 2.19.1.1 Impairment of financial assets.
The information about the credit risk exposures related to trade receivables is disclosed in Note 44 Risk management.

Data in millions of HUF, unless otherwise indicated

The following table outlines the movement in the allowance for expected credit losses on trade receivables:

	Allowance for expected credit losses
on 1 January 2023	**-35 833**
Allowance for expected credit losses	-5 033
Write-off	8 500
Exchange differences	-270
on 31 December 2023	**-32 636**
Allowance for expected credit losses	-8 100
Write-off	20 481
Reversal	3 265
Exchange differences	-2 214
on 31 December 2024	**-19 204**

27 Income tax receivables and income tax payables

The Group considers the following to be income taxes under IAS 12 Income Taxes:

	31/12/2024	**31/12/2023**	**01/01/2023**
Corporate income and dividend tax receivables (+) / liabilities (-)	-1 088	-461	-1 445
Local business tax receivables (+) / liabilities (-)	594	-114	147
Innovation contribution receivables (+)/ liabilities (-)	-187	-153	-82
Total	**-681**	**-728**	**-1 380**
from which: receivables	1 190	680	190
from which: liabilities	-1 871	-1 408	-1 570

In the table above, the liability balance is shown with a negative sign Income tax receivables and payables are aggregated by company and by tax category.
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.

Data in millions of HUF, unless otherwise indicated

28 Net investment in the lease – current

	31/12/2024	31/12/2023	01/01/2023
Net investment in the lease – current	325	187	137
Net investment in the lease – current – subleasing	348	376	0
Total	**673**	**563**	**137**

The Group as a lessor engages in leasing activities in accordance with IFRS 16 Leases, whereby it leases out owned assets under finance leases and subleases assets that are leased. Usually, these assets are shops at ONE Albania sh.a. and at One Magyarország Zrt. The reason behind the increase in the net investment in the lease is mainly due to the new contracts in 2024.

29 Inventories

	31/12/2024	31/12/2023	01/01/2023
Goods	11 351	11 348	7 930
Raw materials	1 209	3 724	4 021
Write-down of inventories	-3 349	-5 564	-3 245
Total	**9 211**	**9 508**	**8 706**

	2024	2023
Inventories sold/utilized	-69 190	-67 577
Write-down of inventories as expense	-1 100	-3 182
Reversal of write-down of inventories as expense	675	568
Total	**-69 615**	**-70 191**

The carrying amount of inventories pledged as security for liabilities is HUF 1,007 million for 2024 (2023: HUF 882 million).

The Group reviews the turnover of its inventories every year and recognises impairment on slow-moving inventories based on market information, while obsolete inventories are written off.

Data in millions of HUF, unless otherwise indicated

30 Other financial assets - current

Other financial assets – current of the Group consist of the following:

	31/12/2024	31/12/2023	01/01/2023
Cash lent for short-term	219	1 000	247
Cash lent for short-term to related parties	11 203	273	0
Guarantees provided	43	0	328
Miscellaneous other financial assets - current	375	23 415	1 868
Total	**11 840**	**24 688**	**2 443**

As of 31 December 2023, the short-term loan of HUF 1,000 million granted to MIS Omega Mobilhálózat Kft., reported under Cash lent for short-term, was repaid during the 2024 financial year.

As of 31 December 2024, under Cash lent for short-term to related parties, the Group recognised the short-term portion of a long-term loan provided to 4iG Plc., amounting to HUF 6,917 million. In addition, accrued interest income of HUF 4,286 million related to this loan was also presented under this line item. The long-term portion of the loan is presented in Note 24.1 Other financial assets – non-current.

As of 31 December 2023, the line-item Miscellaneous other financial assets – current, mainly comprised the discounted deferred payment receivable related to intangible assets, tangible assets, right-of-use assets, and related liabilities sold in a batch. However, the full outstanding receivable was settled during 2024.

Following table summarizes the gross value of cash lent for short-term for both third and related parties as well as the impairment accounted on 31 December 2024, 31 December 2023 and 1 January 2023.

	31/12/2024	31/12/2023	01/01/2023
Gross value of cash lent for short-term	11 426	1 001	248
Impairment of cash lent for short-term	-4	-1	-1
Total	**11 422**	**1 000**	**247**

Data in millions of HUF, unless otherwise indicated

Table below summarizes the gross value of miscellaneous other financial assets for both third and related parties, and the impairment recognised as of 31 December 2024, 31 December 2023 and 1 January 2023:

	31/12/2024	31/12/2023	01/01/2023
Gross value of miscellaneous other financial assets – current	1 171	24 107	2 534
Impairment of miscellaneous other financial assets – current	-796	-692	-666
Total	**375**	**23 415**	**1 868**

The Group has assessed the expected credit loss on other financial assets in accordance with the requirements of IFRS 9 Financial Instruments, applying the general impairment model.
In the case of cash lent for short term—primarily to the ultimate parent company, 4iG Plc—the Group recognised only an insignificant expected credit loss. This is due to the high creditworthiness of the counterparty and the high probability of full collection, as supported by both historical experience and the financial position of the borrower.
Miscellaneous other financial assets were assessed individually. Although these assets were not past due as of the reporting date and the risk of default is considered low, the Group recognised a significant impairment loss. This is based on historical credit loss experience and forward-looking information, in line with the principles of IFRS 9, which require consideration of a range of possible outcomes and relevant macroeconomic factors, even in the absence of observable credit deterioration.

The calculation of expected credit losses on other financial assets is presented in Note 2.19.1.1 Impairment of financial assets.

Table below summarizes the movement in the allowance for expected credit losses on other current financial assets (i.e. both cash lent for short-term and miscellaneous other financial assets – current):

	Total impairment of other financial assets - current
on 1 January 2023	**-667**
Provision for expected credit losses	-86
Write-off	46
Exchange differences	-34
on 31 December 2023	**-693**
Provision for expected credit losses	-3
Write-off	-2
Exchange differences	-103
on 31 December 2024	**-801**

Data in millions of HUF, unless otherwise indicated

31 Other non-financial assets - current

Other non-financial assets – current of the Group include the followings:

	31/12/2024	31/12/2023	01/01/2023
Other tax receivables	11 619	1 102	0
Advances granted	1 843	1 945	1 342
Deposits related to leases	592	660	236
Contract assets	1 706	5 912	284
Accrued income	1 159	2 136	1 179
Prepayments	2 578	6 415	3 258
Other non-financial assets to related parties - current	1 221	2 209	1 282
Total	**20 718**	**20 379**	**7 581**

Within other tax receivables, the largest amount is represented by the VAT receivable, which stands at HUF 10,813 million as of 31 December 2024, compared to HUF 1,072 million as of 31 December 2023.

Contract assets include revenue recognised in accordance with IFRS 15 Revenue from Contracts with Customers for services completed and documented before 31 December 2024 but invoiced only after the reporting date. When the Group transfers control of the service over time, subject to the conditions set out in the standard, revenue from the sale of services is also recognised over time, in line with the applicable methods set forth in the standard, depending on the nature of the service. Although contract assets are classified as non-financial assets, the calculation of expected credit loss falls under the scope of IFRS 9 Financial Instruments, as detailed in Note 2.19.1.1 Impairment of financial assets.

The table below provides a breakdown of contract assets, detailing their gross value and related allowance for expected credit losses.

	31/12/2024	31/12/2023	01/01/2023
Gross value of contract assets	1 820	6 016	284
Allowance for expected credit losses of contract assets	-114	-104	0
Total	**1 706**	**5 912**	**284**

Accrued income represents revenue earned during the reporting period that has not yet been invoiced or received as of the financial statement preparation date.

Prepayments comprise costs and expenses invoiced before the balance sheet date but recognised as expenses after 31 December 2024. These typically include miscellaneous prepaid expenses, content rights, and wage expenses.

Data in millions of HUF, unless otherwise indicated

32 Share capital

The Company's share capital consists of

- 109,883,051 registered series "A" ordinary shares with a nominal value of HUF 1,000 each;
- 1 series "B" preference share with a nominal value of HUF 1,000, granting the preferential right to designate a member of the Board of Directors pursuant to Section 3:233 of Act V of 2013 on the Civil Code;
- 1 series "C" preference share with a nominal value of HUF 1,000, granting the preferential right to designate a member of the Supervisory Board pursuant to Section 3:233 of the Civil Code;
- 2 series "D" preference shares with a nominal and issue value of HUF 1,000 each, granting pre-emption rights pursuant to Section 3:234 of the Civil Code.

Each series "A" ordinary share and each series "B", "C" and "D" preference share entitles the holder to one vote. All shares have been issued in dematerialised form.

The share capital presented in the Company's consolidated financial statements is consistent with the share capital registered with the Court of Registration.

	31/12/2024	**31/12/2023**	**01/01/2023**
Share capital	109 883	109 883	109 883
Total	**109 883**	**109 883**	**109 883**

The Company's share capital amounts to HUF 109,883 million, consisting of HUF 16,436 million in cash contributions and HUF 93,447 million in non-cash contributions.

33 Capital reserve

	31/12/2024	**31/12/2023**	**01/01/2023**
Capital reserve	549 659	549 659	549 659
Total	**549 659**	**549 659**	**549 659**

During 2024, the balance of the capital reserve remained unchanged.

34 Accumulated other comprehensive income

	31/12/2024	**31/12/2023**	**01/01/2023**
Net gain/loss on exchange differences on translation of foreign operations	24 216	4 288	0
Total	**24 216**	**4 288**	**0**

Data in millions of HUF, unless otherwise indicated

The Group presents the foreign exchange rate differences arising from the translation of the statement of financial position and statement of profit and loss and other comprehensive income of foreign operations on the Accumulated other comprehensive income line within equity. If certain conditions are met, the exchange difference is an item that may be subsequently reclassified into the statement of profit or loss.

35 Non-controlling interests

Changes in non-controlling interests during the reporting period are shown in the consolidated statement of changes in equity.
During 2023, there were significant changes in the non-controlling interests due to the acquisition of One Magyarország Zrt. For more information about the acquisitions, please refer to Note 21 Goodwill and business combinations.
The acquisition of One Magyarország Zrt. included also a share exchange. The effect of the share exchange is presented in the consolidated statement of changes in equity as a change in non-controlling interests without loss of control.
During 2024 the Group paid dividends to its non-controlling interests in the amount of HUF 407 million, which also contributed to the change in the non-controlling interests' balance.

The most significant subsidiary with material non-controlling interests within the Group is One Magyarország Zrt. The subsidiary's principal place of business is Hungary. Proportion of equity interests held by non-controlling interests is 29.5% both on 31 December 2024 and 2023.
The summarised financial information of One Magyarország Zrt. is provided below. The tables contain data used for consolidation, adjusted with IFRS modifications and fair value differences due to purchase price allocation, which do not equal to the subsidiary's financial statements prepared in accordance with Hungarian Accounting Law. The information is based on amounts before intercompany eliminations.

Summarised statement of profit or loss of One Magyarország Zrt.

	2024	**2023**
Revenue and other income	340 050	284 735
Own performance capitalised	7 496	6 400
Operating costs, depreciation and amortisation	-323 556	-284 554
Financial income, expense	-10 122	-9 375
Income taxes	-3 437	-3 207
Profit or (loss)	**10 431**	**-6 001**
Total comprehensive income	**10 431**	**-6 001**
Attributable to non-controlling interests	3 077	-1 770
Dividends paid to non-controlling interests	407	**0**

Data in millions of HUF, unless otherwise indicated

Summarised statement of financial position of One Magyarország Zrt.

	31/12/2024	31/12/2023
Non-current assets	563 820	527 207
Current assets	93 054	107 059
Non-current liabilities	96 552	93 278
Current liabilities	112 263	102 730
Total equity	**448 059**	**438 258**
Attributable to equity holders of parent	315 882	308 972
Attributable to non-controlling interest	132 177	129 286

36 Provisions

	Provision for unused vacation	Provision for legal and litigation expenses	Asset retirement obligations	Total
on 1 January 2023	**566**	**3 453**	**5 961**	**9 980**
Acquisition of subsidiaries	0	2 229	2 867	**5 096**
Additions	667	2 184	0	**2 851**
Unwinding of discount and changes in the discount rate	0	0	471	**471**
Utilised	-33	-1 317	-401	**-1 751**
Unused amounts reversed	-32	-708	-2 376	**-3 116**
Exchange differences	12	-60	-894	**-942**
on 31 December 2023	**1 180**	**5 781**	**5 628**	**12 589**
Additions	2 122	4 291	315	**6 728**
Unwinding of discount and changes in the discount rate	0	0	246	**246**
Utilised	-847	-1 239	-765	**-2 851**
Unused amounts reversed	-1 074	-1 228	-447	**-2 749**
Exchange differences	64	116	298	**478**
on 31 December 2024	**1 445**	**7 721**	**5 275**	**14 441**

The maturity breakdown of provisions:

	31/12/2024	31/12/2023	01/01/2023
Provisions – non-current	7 823	6 493	5 409
Provisions - current	6 618	6 096	4 571
Total	**14 441**	**12 589**	**9 980**

Data in millions of HUF, unless otherwise indicated

The provision for unused vacation amounts to HUF 1,445 million on 31 December 2024 (HUF 1,180 million on 31 December 2023), of which HUF 2,122 million provision was created for 2024, whereas HUF 847 million was utilised. It is expected that these costs will be incurred in the next financial year. The annual change in provisions for unused vacation is accounted for under employee benefit expenses.

The provision for legal and litigation expenses typically includes provisions for legal, litigation, penalties, employee benefits on 31 December 2024 mainly at 4iG Távközlési Holding Zrt., One Magyarország Zrt. and ONE Albania sh.a. It is expected that these costs will be incurred in the next financial year. The additions, utilisation, and reversal of the provision for legal and litigation expenses were overall of a provisioning nature both in the current and the previous year as presented in Note 9 Other Operating Expenses.

The provision for asset retirements obligation includes the discounted provision for the future restoration of the assets of One Magyarország Zrt., ONE Albania sh.a. and ONE Crna Gora d.o.o. This provision is presented in the statement of financial position as current and non-current provision. According to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the discount rate of asset retirements obligation is continuously unwinding, and the decommissioning cost reaches the carrying amount of asset retirement obligation at maturity. The addition in the asset retirement obligation shown in the above table was offset by a corresponding increase in the value of the capitalized asset (HUF 315 million in 2024). The unwinding of discount, amounting to HUF 246 million (HUF 471 million in 2023), was recognized under financial expenses, while the utilisation and reversal for the current and prior year were accounted for under other operating income (see Note 4 Other operating income).

37 Loans, borrowings – non-current

	31/12/2024	31/12/2023	01/01/2023
4iG Távközlési Holding Zrt.			
MFB investment loan	24 827	26 248	29 375
Vodafone acquisition loans	340 419	319 057	0
ONE Albania sh.a.			
Italian Government loan	0	72	237
OTP club loan	11 314	12 434	13 549
Raiffeisen Bank loan	0	0	41
One Magyarország Zrt.			
Baross Gábor medium-term loan	3 650	0	0
Corvinus Zrt. medium-term loan	2 304	2 304	0
Loans, borrowings – non-current to related parties	19 646	17 850	18 854
Total	**402 160**	**377 965**	**62 056**

The movement schedule of Loans, borrowings – non-current is presented under Note 45 Financial instruments.

The above figures represent the amounts drawn down from permanent working capital facilities contracted, the amounts drawn down from loans by the Group and its consolidated subsidiaries. Both the Group and its consolidated subsidiaries have fully complied with all debt service obligations arising from financial commitments when due.

4iG Távközlési Holding Zrt.

In order to ensure the liquidity reserves for the company, it has an overdraft facility with MBH Bank Nyrt. in the amount of HUF 5,000 million, exposure was 0 at the balance sheet date.
A HUF 45,851 million 13-years loan contracted with MFB Magyar Fejlesztési Bank Zrt. in 2020, thereof HUF 3,126 million repayment is due on short-term and HUF 24,174 million due on long term at the balance sheet date.

In January 2023, the Company entered into long-term loan agreements denominated in EUR with Magyar Export-Import Bank Zrt. and MFB Magyar Fejlesztési Bank Zrt. for the acquisition of a majority stake in One Magyarország Zrt. Considering the grace period, no principal repayment was due in 2024, only interest payments, at a fixed interest rate for the first five years of the tenor. In addition to the company, One Magyarország Zrt. was involved as a co-debtor, and the financing banks have registered liens and mortgages on the assets of the company and the co-debtor as collateral for the loans and have stipulated financial covenants.

4iG Távközlési Holding Zrt. is required to comply with the following financial ratios on a consolidated basis for the above loans:

- the Debt Service Coverage Ratio shall not fall below 1.2 during the term starting from 1 January 2024,
- Net Debt/EBITDA shall not exceed 4.0 over the term from 1 January 2023, where EBITDA is determined on the basis of the principles set out in the accounting policies and consolidated IFRS financial statements of the 4iG Group and is defined as the aggregate EBIDTA for the 12 months preceding the calendar quarter in question,
- based on the consolidated accounts of 4iG Távközlési Holding Zrt. – including One Magyarország Zrt. -, the CAPEX may not exceed a certain amount.

The ratios for the end of the financial year with a deadline of 30 June of the following year, in the case of 4iG Távközlési Holding Zrt. - including One Magyarország Zrt. -, will be measured on the basis of consolidated financial statements prepared in accordance with IFRS, with a report prepared by an international audit firm, for the first time in the case of the CAPEX limit and Net debt/EBITDA for the financial year 2023 in 2024, and for the first time in the case of the Debt Service Coverage Ratio for the financial year 2024 in 2025.

The “Debt Service Coverage Ratio” for 4iG Távközlési Holding Zrt. at the end of the financial year was calculated according to the following formula:
A = B / C

where:
A = Debt Service Coverage Ratio,
B = Cash Available for Debt Service,
C = Debt Service.

“Cash Available for Debt Service” for 4iG Távközlési Holding Zrt. at the end of the financial year was calculated using the following formula:
CF = R + S – T + Y

where:
CF = Cash Available for Debt Service or Cash Flow
R = Cash flow from operating activities (Operating cash flow) according to this heading in the Cash flow statement prepared in accordance with International Financial Reporting Standards (IFRS)
S = interest and fees paid on any Authorised Financial Debt
T = Cash flow from investing activities (Investment cash flow) according to this heading in the Cash flow statement prepared in accordance with International Financial Reporting Standards (IFRS) (excluding dividends received from 4iG Group)
Y = proceeds from the issue of shares, the raising of capital and all other contributions of capital by the Owner, including subordinated loans by the Owner to its members

"Debt service" for 4iG Távközlési Holding Zrt. at the end of the financial year was calculated using the following formula:
D = A + B + C

where:
D = Debt service,
A = the amount of the Permitted Financial Debt, excluding the sum of principal repayments and lease payments due in the given financial year under the wording capital financing and leasing agreements,
B = the amount of interest repayments due under the Permitted Financial Debt in the current financial year,
C = the amount of interests, charges, fees and similar payments other than interest due under the Permitted Financial Debt in the relevant financial year.

„Net Debt” is total outstanding debt less cash and cash equivalents and bank overdrafts maturing within one year.

„Total outstanding debt” means the sum of the items recorded in the following balance sheet lines in the special purpose consolidated financial statements of 4iG Távközlési Holding Zrt:

- long-term loans and borrowings (including loans form owners and related companies),
- other long-term loans,
- liabilities under finance leases included in non-current liabilities,
- short-term loans and borrowings,
- liabilities under finance leases included in current liabilities.

In the financial year ending 31 December 2024, the Group met the relevant covenants as follows:

Name of Covenant	4iG Távközlési Holding Group	Covenant
Net Debt/EBITDA	2.29	max. 4.0

Data in millions of HUF, unless otherwise indicated

In accordance with the loan agreement, the Group is required to disclose only the Net Debt/EBITDA ratio in its financial statements. All covenants, i.e. the Net Debt/EBITDA ratio, the CAPEX limit and the Debt Service Coverage Ratio have however been met.

ONE Albania sh.a.

During the current period, ONE Albania sh.a. fully met all its principal and interest payment obligations. The outstanding debt of the project loan from Raiffeisen Bank Albania was fully repaid as it was scheduled, furthermore overdraft facility concluded with Banka OTP Albania was increased up to EUR 5 million.

Financing bank	Loan type	Frame amount	Actual outstanding	Currency	Interest
OTP BANK PLC; DSK BANK AD; BANKA OTP ALBANIA SHA	Syndicate loan	37 000 000	32 263 649	EUR	3M EURIBOR + 4.25%
BANKA OTP ALBANIA SHA	Overdraft	2 000 000	0	EUR	12M EURIBOR +3.5% (min 4.2%)
Italian Government	Bullet term loan	6 808 761	189 132	EUR	Fix 1%
Raiffeisen Bank Albania sh.a.	Project loan	600 000	0	EUR	12M EURIBOR + 5% (min 5.3%)
Raiffeisen Bank Albania sh.a.	Overdraft	1 650 000	0	EUR	12M EURIBOR + 5% (min 5.3%)
Tirana Bank S.A.	Overdraft	467 009 854	0	ALL	Yearly T-Bills + 2.5% (min 5.0%)

Out of the HUF 13,231 million OTP Bank loan (EUR 32 million) HUF 11,401 million (EUR 28 million) is presented as a non-current, whereas HUF 1,830 million (EUR 4 million) is presented as current loan. The whole amount of the Italian Government loan is presented as a current loan.

One Magyarország Zrt.

In January 2023, 4iG Távközlési Holding Zrt. and Corvinus Nemzetközi Befektetési Zrt. ("Corvinus") concluded a sales agreement for the acquisition of 100% of the company's shares, then the company became the co-borrower of 4iG Távközlési Holding Zrt. for the obligations set out in the above detailed long term EUR loan agreements in May 2023.

Subsequently, Corvinus provided loan at variable interest rate to finance certain liabilities of the company, the outstanding amount at balance sheet date is HUF 2,304 million.

During the current period, the company entered into three loan agreements with K&H Bank Zrt. for investment loans totalling EUR 14,998,211 under the Baross Gábor Reindustrialisation Loan Programme 2024, with a fixed interest rate, scheduled principal repayment over 46 months.

Following the drawdowns during the availability period until the end of November 2024, scheduled repayment started - in equal quarterly instalments - in December 2024, the outstanding amount at balance sheet date is EUR 13,349,617. Pledge on the company's current assets and receivables was registered in favour of the financing bank as collateral.

Data in millions of HUF, unless otherwise indicated

Bank guarantees

List of bank guarantees issued on behalf of DIGI Távközlési és Szolgáltató Kft. as of 31 December 2024:

Bank	Reference number	Beneficiary	Type	Total	Cur-rency	Date of issue	Expiry date
Citibank Europe Plc. Hungary Branch	111177	Budapest Közlekedési Zrt.	payment	15 181 537	HUF	19/12/2016	31/12/2025
	112366	Yettel Magyarország Zrt.	payment	17 000 000	HUF	24/07/2020	31/12/2024
	113260	CEE Property-Invest Kft.	payment	276 042	EUR	18/12/2023	29/01/2027
			Total HUF	**32 181 537**			
			Total EUR	**276 042**			

List of bank guarantees issued on behalf of Invitech ICT Services Kft. as of 31 December 2024:

Bank	Reference number	Beneficiary	Type	Total	Currency	Date of issue	Expiry date
UniCredit Bank Hungary Zrt.	23010106	Magyar Posta Takarék	payment	30 718 546	HUF	12/01/2024	12/01/2025
	23010114	M7 Ceref II Lux	payment	8 023.75	EUR	20/11/2023	12/06/2025
	23010118	GÉANT Vereniging	payment	100 000	EUR	19/01/2024	19/01/2025
			Total HUF	**30 718 546**			
			Total EUR	**108 023.75**			

A total of HUF 31 million and EUR 108 thousand in cash collateral was deposited in a designated bank account for this purpose as security for the bank guarantees.

List of bank guarantees issued on behalf of One Magyarország Zrt. as of 31 December 2024:

Data in millions of HUF, unless otherwise indicated

Bank	Reference number	Beneficiary	Type	Total	Cur-rency	Date of issue	Expiry date
Citibank Europe Plc. Magyar-országi fióktelepe	5137621678	Apple Distribution International Ltd.	payment	3 200 000 000	HUF	28/07/2023	26/07/2025
CIB Bank Zrt.	EG38780	Alba Bevásárlóközpont Kft	rental	40 870.41	EUR	25/10/2024	30/06/2025
	EG38030	Csaba Center Invest Kft.	rental	18 396.00	EUR	30/04/2024	30/04/2025
	EG37909	ECE Projektmanagement Bp Kft.	rental	25 862.00	EUR	01/03/2024	31/12/2026
	EG38762	ECE Projektmanagement Bp Kft.	rental	23 519.00	EUR	15/10/2024	15/10/2029
	EG38346	ECE Projektmanagement Bp Kft.	rental	53 551.00	EUR	26/06/2024	31/12/2026
	EG38721	GSZ-Monument Kft.	rental	21 746.00	EUR	11/10/2024	31/10/2025
	EG38722	GSZ-Monument Kft.	rental	13 875.00	EUR	11/10/2024	31/08/2026
	EG38779	GSZ-Monument Kft.	rental	59 589.00	EUR	25/10/2024	31/12/2025
	EG37908	KEQI Korlátolt Felelősségű Társaság	rental	31 432.50	EUR	12/04/2024	31/10/2025
	EG38076	Logicor (CURVE) Hungary Kft.	rental	101 710.31	EUR	23/04/2024	03/09/2025
	EG38464	Mall Invest Zrt.	rental	15 155.00	EUR	09/09/2024	30/03/2025
	EG38351	OTP Ingatlanbefektetési Alap	rental	26 865.80	EUR	05/09/2024	30/06/2025
	EG38040	Retail-Property Ingatlanhasznosító Kft.	rental	10 702.00	EUR	03/05/2024	02/05/2025
	EG38644	SYMMETRY ARENA KFT.	rental	98 710.70	EUR	21/10/2024	31/03/2025
	EG38133	Tesco Globál Áruházak Zrt.	rental	7 146.73	EUR	23/12/2024	31/12/2025
	EG38137	Tesco Globál Áruházak Zrt.	rental	9 049.32	EUR	23/12/2024	31/12/2025
	EG38138	Tesco Globál Áruházak Zrt.	rental	16 703.10	EUR	23/12/2024	31/12/2025
	EG38139	Tesco Globál Áruházak Zrt.	rental	12 639.93	EUR	23/12/2024	31/12/2025
	EG38373	Tummam Kft.	rental	50 551.12	EUR	26/06/2024	31/12/2028
	EG38605	BKK Budapesti Közlekedési Központ Zrt.	performance	5 000 000	HUF	30/09/2024	21/11/2025
	EG38273	Budapesti Közlekedési Zrt.	rental	3 614 031	HUF	10/06/2024	31/12/2025
	EG38272	Budapesti Közlekedési Zrt.	rental	9 130 179	HUF	10/06/2024	31/12/2025
	EG38432	Statman Repülőtéri Szolgáltató Kft.	rental	2 099 985	HUF	04/09/2024	31/01/2025
	EG38434	Várnai Cipőkereskedés Kft.	rental	2 099 985	HUF	04/09/2024	31/01/2025
	EG38598	Budapesti Közlekedési Zrt.	performance	17 937 900	HUF	26/09/2024	31/01/2028
	EG38059	Network Rider Kft.	rental	9 427 049	HUF	11/04/2024	30/11/2025
	EG38352	Raiffeisen Befektetési Alapkezelő Zrt.	rental	23 734 000	HUF	13/06/2024	01/06/2025
			Total HUF	**3 273 043 129**			
			Total EUR	**638 074,92**			

Data in millions of HUF, unless otherwise indicated

Bank	Reference number	Beneficiary	Type	Total	Cur-rency	Date of issue	Expiry date
MBH Bank Nyrt.	007GFIZ240780003	Budapest Airport Zrt.	rental	84 250.00	EUR	28/03/2024	31/12/2024
	007GFIZ241720001	SES Magyaország Kft.	rental	40 893.74	EUR	24/07/2024	31/01/2025
	007GFIZ240150001	Euro-Mall Ingatlanbefektetési Kft.	rental	27 890.96	EUR	18/01/2024	31/01/2025
	007GFIZ240960001	Multi Hungary Management Kft.	rental	64 243.95	EUR	24/05/2024	30/04/2025
	007GFIZ242990001	ECE Projektmanagement Bp Kft.	rental	33 812.94	EUR	20/11/2024	31/03/2028
	007GFIZ242990002	ECE Projektmanagement Bp Kft.	rental	37 652.00	EUR	18/11/2024	04/09/2028
	007GFIZ240510001	Európa Befektetési Alapkezelő Zrt.	rental	26 309.25	EUR	08/03/2024	31/05/2026
	007GFIZ241770001	FINEXT Befektetési Alapkezelő Zrt.	rental	1 140 079.92	EUR	03/12/2024	31/12/2025
	007GFIZ240530001	FINEXT Befektetési Alapkezelő Zrt.	rental	80 034.00	EUR	08/03/2024	31/01/2026
	007GFIZ242780002	GSZ-Monument Kft.	rental	34 074.00	EUR	12/11/2024	31/08/2025
	007GFIZ240780002	Lachmann Ipari, Ker. és Szolg. Kft.	rental	19 175.00	EUR	28/03/2024	31/03/2025
	007GFIZ242290001	ORO-Invest Ker. és Szolg. Kft.	rental	35 101.77	EUR	17/10/2024	31/03/2026
	007GFIZ240960002	Pólus Shopping Center Zrt.	rental	50 427.00	EUR	13/05/2024	31/10/2027
	007GFIZ240780001	Simon Péter	rental	5 460.00	EUR	11/04/2024	31/01/2026
	007GFIZ240390001	SK-IMMO Ingatlanhasznosító Zrt.	rental	37 666.00	EUR	07/03/2024	31/10/2027
	007GFIZ241630001	Viktor Explorer Ingatlanhasznosító Kft.	rental	10 920.90	EUR	25/07/2024	31/01/2026
	007GFIZ241840005	VPM Projekt Ingatlan és Vagyonkezelő Kft.	rental	3 387.09	EUR	17/07/2024	30/06/2029
	007GFIZ242430001	West End Magyarország Ingatlanhasznosító Zrt.	rental	163 108.00	EUR	15/10/2024	02/10/2025
	007GFIZ240860003	T-Szol Tatabányai Szolgáltató Zrt.	rental	1 991 568	HUF	12/04/2024	28/02/2025
	007GENH24023000 2	Digitális Kormányzati Ügynökség Zrt.	performance	10 000 000	HUF	29/01/2024	13/06/2028
	007GFIZ240400001	Immo-Bázis Kereskedelmi Kft.	rental	4 850 000	HUF	07/03/2024	01/04/2026
	007GFIZ240390002	Lurdy-Ház Kft.	rental	4 655 730	HUF	01/07/2024	31/05/2027
	007GTEL241910001	Miniszterelnöki Kabinetiroda	performance	361 356 406	HUF	21/08/2024	30/06/2025
	007GTEL241910002	Miniszterelnöki Kabinetiroda	performance	70 686 613	HUF	21/08/2024	30/06/2025
	007GTEL241910003	Miniszterelnöki Kabinetiroda	performance	212 889 741	HUF	21/08/2024	30/06/2025
	007GFIZ241590001	Shopper Park Plus Nyrt.	rental	4 092 504	HUF	24/09/2024	31/05/2025
	007GFIZ241590002	Shopper Park Plus Nyrt.	rental	4 564 107	HUF	25/09/2024	31/05/2025
	007GFIZ243410001	Shopper Park Plus Nyrt.	rental	4 724 313	HUF	13/12/2024	31/12/2025
			Total HUF	**679 810 982**			
			Total EUR	**1 894 486,52**			

Bank guarantees issued on behalf of ONE Albania sh.a. as of 31 December 2024 is altogether ALL 38,239,937 (HUF equivalent is 161 million), the company deposited cash collateral with the bank in a designated bank account.

Data in millions of HUF, unless otherwise indicated

38 Lease liabilities

	31/12/2024	31/12/2023	01/01/2023
Lease liabilities – non-current	112 765	95 427	15 150
Lease liabilities – current	27 496	22 686	14 150
Total	**140 261**	**118 113**	**29 300**

The carrying amounts of lease liabilities and the movements during the reporting period are presented below:

	Lease liabilities
On 1 January 2023	**29 300**
Addition from acquisitions	80 081
Addition from new leases	25 658
Interest expenditure	10 028
Lease payments	-17 365
Modification, remeasurement	154
Disposals	-9 824
Exchange difference	81
On 31 December 2023	**118 113**
Addition from new leases	23 447
Interest expenditure	11 045
Lease payments	-34 699
Modification, remeasurement	22 866
Disposals	-2 699
Exchange difference	2 188
On 31 December 2024	**140 261**

The amount of undiscounted future lease payments is shown in Note 44 Risk management.
The Group has excluded certain future cash flows to which it may be potentially exposed from the measurement of lease liabilities. The total amount of undiscounted potential future lease payments related to extension options that are not part of the lease term for subsequent periods is HUF 74,636 million (2023: HUF 56,730 million). The undiscounted cash flows related to termination options that was not included in the value of the lease liabilities amounted to HUF 4 million on 31 December 2024 (HUF 32 million on 31 December 2023). The future undiscounted lease payment liability for contracts the Group is committed but not yet commenced on 31 December 2024 amounted to HUF 441 million (HUF 4,941 million on 31 December 2023).
As of 31 December 2024, and 31 December 2023, there were no residual value guarantees to which the Group was potentially exposed, and these were not taken into account in the lease liabilities.

Data in millions of HUF, unless otherwise indicated

The following are the amounts recognised in profit or loss in relation to leases:

	2024	2023
Lease-related costs, expenses		
Depreciation expense of right-of-use assets	-28 367	-23 749
Interest expense on lease liabilities	-11 045	-11 047
Foreign exchange loss on lease liabilities	0	-635
Expense relating to short-term leases	-1	-50
Expenses relating to leases of low-value assets	-126	-60
Lease payments out of scope of IFRS 16 Leases	-2 479	-1 034
Total amount recognised in profit and loss	**-42 018**	**-36 575**

Expenses relating to short-term leases and leases of low-value assets are recognised as operating expenses by the Group – these amounts are presented in Note 7 Services used.
Lease payments out of scope of IFRS 16 Leases include payments for operational service contracts, such as agreements for the maintenance of network infrastructure, software licensing and other long-term collaborations.

39 Other liabilities – non-current

39.1 Other financial liabilities – non-current

	31/12/2024	31/12/2023	01/01/2023
Liabilities related to content right	3 169	4 642	6 092
Total	**3 169**	**4 642**	**6 092**

The Group recognises liabilities related to discounted future fixed payments to media content providers. The decrease in liabilities related to content right is primarily attributable to their reclassification as current liabilities. Meanwhile, the total content right liability has increased compared to the prior year due to newly signed agreements.

39.2 Other non-financial liabilities – non-current

The Group presents its long-term contract liabilities (according to IFRS 15 Revenue from Contracts with Customers) among the Other non-financial liabilities – non-current line, with a balance of HUF 573 million on 31 December 2024 (HUF 13 million on 31 December 2023, HUF 0 million on 1 January 2023).

Data in millions of HUF, unless otherwise indicated

40 Trade payables

	31/12/2024	31/12/2023	01/01/2023
Trade payables	88 171	66 850	34 789
Trade payables to related parties	4 178	6 083	40
Total	**92 349**	**72 933**	**34 829**

Trade payables increased in line with the expansion of activities.

41 Loans, borrowings - current

	31/12/2024	31/12/2023	01/01/2023
4iG Távközlési Holding Zrt.			
MFB investment loan	3 126	3 126	3 126
MFB investment loan interest	218	58	49
Vodafone acquisition loans interest	1 057	1 021	0
DIGI Távközlési és Szolgáltató Kft.			
Citibank credit card	0	18	1
ONE Albania sh.a.			
Italian Government loan	78	42	153
OTP club loan	1 830	1 160	1 539
OTP club loan interest	24	0	23
Raiffeisen Bank loan	0	145	820
Tirana Bank bank loan	0	0	1 585
One Magyarország Zrt.			
Baross Gábor short-term loan	1 825	0	0
Baross Gábor short-term loan interest	5	0	0
Corvinus Zrt. short-term loan	0	3 840	0
Corvinus Zrt. short-term loan interest	53	211	0
Loans, borrowings – current to related parties	426	328	23
Total	**8 642**	**9 949**	**7 319**

The detailed description of Loans, borrowings - current is presented under Note 37 Loans, borrowings – non-current.
The movement schedule of Loans, borrowings – current is presented under Note 45 Financial instruments.

Data in millions of HUF, unless otherwise indicated

42 Other financial liabilities - current

	31/12/2024	31/12/2023	01/01/2023
Payroll related obligations	3 893	2 465	2 943
Liabilities related to content right	13 532	8 023	8 092
Customers warranty contract liability	1 317	1 154	1 161
Government grants	0	502	502
Miscellaneous other financial liabilities - current	826	2 603	2 917
Other financial liabilities to related parties	0	1 635	11 854
Total	**19 568**	**16 382**	**27 469**

The liabilities related to content rights, as presented in the table above, represent the current portion of the future discounted cash flows for fixed payments to media content providers.
The non-current portion of these liabilities is disclosed in Note 39 Other liabilities - non-current. Current content right liabilities have increased as new contracts have been signed with media content providers.

The table below provides a breakdown of liabilities related to content rights (current) by Group companies:

	31/12/2024	31/12/2023	01/01/2023
DIGI Távközlési és Szolgáltató Kft.	6 634	6 354	8 092
One Magyarország Zrt.	6 317	1 469	0
4iG Távközlési Holding Zrt.	0	200	0
AH Média Kereskedelmi Zrt.	475	0	0
ONE Albania sh.a.	106	0	0
Total	**13 532**	**8 023**	**8 092**

The customer warranty contract is an insurance-type warranty that customers can purchase optionally, constituting a separate performance obligation. The liability gradually decreases over the warranty period as the obligation is fulfilled.

Other current financial liabilities to related parties include mainly the dividend payable to 4iG Plc on 31 December 2023 (HUF 1,593 million), which was 100% settled on 4 December 2024, resulting in a balance of HUF 0 million on 31 December 2024.

Data in millions of HUF, unless otherwise indicated

43 Other non-financial liabilities - current

	31/12/2024	31/12/2023	01/01/2023
Tax liabilities and contributions	10 572	10 872	4 527
Contract liabilities	20 257	24 656	8 311
Advances received from customers	2 803	2 361	1 894
Grants received, deferred income	497	415	699
Deferred income	4 658	4 398	3 981
Accrued expenses	15 572	37 434	12 573
Accrued expenses to related parties	9 493	3 879	1 600
Total	**63 852**	**84 015**	**33 585**

Tax liabilities and contributions include VAT liability of HUF 3,679 million (HUF 2,143 million on 31 December 2023), payroll tax of HUF 2,737 million (HUF 1,362 million on 31 December 2023), telecommunications tax of HUF 3,658 million (HUF 2,768 million on 31 December 2023), extra profit tax of HUF 288 million (HUF 1,120 million on December 2023) and other tax liabilities as of 31 December 2024. The Group has no overdue tax liabilities.

The balance of contract liabilities changed significantly between 1 January 2023 and 31 December 2023, primarily due to the acquisition of One Magyarország Zrt. (formerly Vodafone Magyarország Távközlési Zrt.).

Deferred income primarily includes indefeasible right of use assets (e.g. dark fiber).

Accrued expenses include certain items that are not expected to be settled in cash and all performance obligations have been fulfilled. Items, whereby all performance obligations have been fulfilled and are to be settled in cash are presented under Note 40 Trade Payables.

Accrued expenses to related parties increased compared to the previous year, primarily due to service contracts with 4iG Plc, resulting in a closing balance of HUF 9,130 million as of 31 December 2024 (HUF 3,829 million as of 31 December 2023).

44 Risk management

The Group's financial assets include cash, securities, trade and other receivables and other financial assets, excluding taxes. The Group's financial liabilities include loans and borrowings, trade and other payables, excluding taxes and gains and losses arising from the remeasurement of financial liabilities at fair value. The Group also holds investments in equity instruments.

The Group is exposed to the following financial risks:

- credit risk,
- liquidity risk,
- market risk.

This note presents the above risks faced by the Group, the Group's objectives, policies, process measurement and risk management, as well as the Group's capital management. The Board of Directors has overall responsibility for the establishment, oversight and risk management of the Group. The objective of the Group's risk management policy is to identify and assess the risks faced by the Group, as well as to establish appropriate controls and monitor those risks. The risk management policy and systems are reviewed from time to time to reflect changing market conditions and the Group's activities.

Capital Management

The Group's policy is to maintain a level of share capital sufficient to maintain investor and creditor confidence and to ensure the Group's development. The Board of Directors seeks to maintain a policy of taking on higher exposure from borrowings only at higher yields, based on the benefits provided by a strong capital position and security.

The capital structure of the Group consists of net debt and the Group's equity (the latter includes subscribed capital, other reserves attributable to the equity holders of the parent and non-controlling interests).

In managing capital, the Group aim is to ensure that its members can continue their activities while maximising returns to shareholders by optimally balancing debt and equity, as well as maintaining an optimal capital structure to reduce capital cost. The Group also monitors whether the capital structure of its subsidiaries complies with local legal requirements.
There were no changes in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

Credit risk

Credit risk is the risk that a debtor or counterparty will not meet its obligation under a financial instrument or customer contract, resulting in a financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables). Financial assets that are exposed to credit risk may be current or non-current borrowings, cash and cash equivalents, trade and other receivables.

The Group determined that the credit risk of financial instruments has not increased significantly since initial recognition, and these financial instruments are considered to have low credit risk.

Data in millions of HUF, unless otherwise indicated

There has been no significant increase in credit risk since initial recognition when financial assets are more than 30 days past due, has been rebutted. The Group has considered that there is no reasonable expectation of recovery and information about the policy for financial assets that are written-off.

The carrying amount of financial assets represents the maximum exposure to risk. The table below shows the Group's maximum exposure to credit risk on 31 December 2024 on 31 December 2023 and 1 January 2023:

Credit risk	31/12/2024	31/12/2023	01/01/2023
Trade receivables	93 550	103 921	35 020
Contract assets	2 058	6 192	284
Other financial assets – current	11 840	24 688	2 443
Cash and cash equivalents	41 647	42 712	29 836
Total	**149 095**	**177 513**	**67 583**

Under IFRS 9 – Financial Instruments, cash and cash equivalents are also subject to the expected credit loss (ECL) model. However, the Group considers the impairment to be immaterial due to the short-term and highly liquid nature of these assets. Additionally, the Group mitigates credit risk by diversifying its cash holdings across multiple financial institutions, assessing the credit ratings of banks and financial institutions, and continuously monitoring market conditions and regulatory safeguards, such as deposit insurance schemes.
More detailed information on expected credit loss (ECL) is disclosed under Note 26 Trade receivables.

The aging of trade receivables on 31 December 2024, on 31 December 2023 and on 1 January 2023 is as follows:

	31/12/2024	31/12/2023	01/01/2023
Not yet due	74 054	89 000	27 694
1-30 days expired	8 865	5 293	2 479
Between 30-90 days overdue	3 309	3 553	1 468
Between 90-180 days overdue	1 571	1 911	1 046
Between 180-360 days overdue	1 845	1 685	1 308
Over 360 days overdue	3 906	2 479	1 025
Total	**93 550**	**103 921**	**35 020**

The aging enables the Group to assess the risk of trade receivables. Older receivables are generally higher risk, as the probability that the customer will not be able to make payment increases. The related accounting policy can be found under Note 2.19.1.1 Impairment of financial assets.

The recovery risk of the Group's overdue receivables is continuously monitored, and the risk is reflected through the recognition of impairment losses.

Data in millions of HUF, unless otherwise indicated

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to liquidity management is to ensure, as much as possible, that it always has sufficient liquidity to fulfil its obligations when they are due, under both normal and extreme conditions, without incurring unacceptable losses or risking the Group's reputation.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 December 2024	**Less than 1 year**	**1 to 5 years**	**> 5 years**	**Total**
Loans and borrowings	8 642	48 623	354 965	**412 230**
Lease liabilities	26 882	96 125	16 105	**139 112**
Other financial liabilities	21 500	3 555	186	**25 241**
Trade and other payables	92 349	0	0	**92 349**
	149 373	**148 303**	**371 256**	**668 932**

Year ended 31 December 2023	**Less than 1 year**	**1 to 5 years**	**> 5 years**	**Total**
Loans and borrowings	9 949	17 110	367 495	**394 554**
Lease liabilities	29 340	98 307	17 823	**145 470**
Other financial liabilities	65 309	4 858	0	**70 167**
Trade and other payables	72 933	0	0	**72 933**
	177 531	**120 275**	**385 318**	**683 124**

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and the prices of investments in mutual funds, will affect the Group's results or the value of its investments in financial instruments. The objective of market risk management is to manage and control exposures to market risk within acceptable limits while optimizing profit. Financial instruments affected by market risk are the OTP club loan at ONE Albania sh.a. and from 2028 onwards the Vodafone acquisition loans at 4iG Távközlési Holding Zrt.

Risk from the war in Ukraine

The Group has no business relations with Ukrainian companies thus, we do not perceive any direct business risk.

Data in millions of HUF, unless otherwise indicated

Sensitivity analysis

The Group has determined that its results are significantly dependent on two key financial variables, foreign exchange risk and interest rate risk.

- Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).
- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Sensitivity analyses have been performed on these key variables. The Group primarily seeks to mitigate interest rate risk by investing its available cash. The sensitivity analysis assumes how the interest rate will be affected by 1% change in the interest rate, as well as how the foreign exchange rate will change in the event of a 1% change in foreign exchange rate.

The currency exposure of the Group on 31 December 2024 is as follows:

Currency exposure	**HUF**	**Currency**	**Total**
Trade receivables	72 726	20 824	**93 550**
Trade payables	57 471	34 878	**92 349**
Cash and cash equivalents	34 444	7 203	**41 647**
Loans	26 464	384 338	**410 802**

Interest rate sensitivity test

The Group's most significant financial liabilities consist of the Vodafone acquisition loan drawn by 4iG Távközlési Holding Zrt., which also carries a fixed interest rate for the five years following its drawdown (i.e., 31 January 2023), as detailed in Note 37 Loans, borrowings – non-current. Accordingly, in accordance with IFRS 7 Financial Instruments: Disclosures, the Company is not materially exposed to interest rate risk, as future interest payments are predetermined and unaffected by fluctuations in market interest rates.

Data in millions of HUF, unless otherwise indicated

Exchange rate sensitivity testing

The table below summarizes the potential impact for the consolidated financial statements of a proportional change in the foreign functional currencies (i.e., EUR, ALL) used by the Group.

With current exchange rates	**31/12/2024**
Non-monetary assets and assets denominated in HUF	1 558 596
Foreign currency assets	28 027
Liabilities denominated in HUF	339 384
Foreign currency liabilities	415 961
Net assets	**831 277**
Profit before tax	**9 188**
1%	
Non-monetary assets and assets denominated in HUF	1 558 596
Foreign currency assets	28 307
Liabilities denominated in HUF	339 384
Foreign currency liabilities	420 121
Net assets	**827 398**
Change in net assets	***-3 879***
Change in net assets (%)	***-0.47%***
Profit before tax	**5 309**
Change in profit before tax	***-3 879***
Change in profit before tax (%)	***-42.22%***
5%	
Non-monetary assets and assets denominated in HUF	1 558 596
Foreign currency assets	29 428
Liabilities denominated in HUF	339 384
Foreign currency liabilities	436 759
Net assets	**811 880**
Change in net assets	***-19 397***
Change in net assets (%)	***-2.33%***
Profit before tax	**-10 209**
Change in profit before tax	***-19 397***
Change in profit before tax (%)	***-211.11%***
10%	
Non-monetary assets and assets denominated in HUF	1 558 596
Foreign currency assets	30 829
Liabilities denominated in HUF	339 384
Foreign currency liabilities	457 557
Net assets	**792 484**
Change in net assets	***-38 793***
Change in net assets (%)	***-4.67%***
Profit before tax	**-29 606**

Data in millions of HUF, unless otherwise indicated

Change in profit before tax	***-38 793***
Change in profit before tax (%)	***-422.22%***
-1%	
Non-monetary assets and assets denominated in HUF	1 558 596
Foreign currency assets	27 746
Liabilities denominated in HUF	339 384
Foreign currency liabilities	411 801
Net assets	**835 156**
Change in net assets	***3 879***
Change in net assets (%)	***0.47%***
Profit before tax	**13 067**
Change in profit before tax	***3 879***
Change in profit before tax (%)	***42.22%***
-5%	
Non-monetary assets and assets denominated in HUF	1 558 596
Foreign currency assets	26 625
Liabilities denominated in HUF	339 384
Foreign currency liabilities	395 163
Net assets	**850 674**
Change in net assets	***19 397***
Change in net assets (%)	***2.33%***
Profit before tax	**28 585**
Change in profit before tax	***19 397***
Change in profit before tax (%)	***211.11%***
-10%	
Non-monetary assets and assets denominated in HUF	1 558 596
Foreign currency assets	25 224
Liabilities denominated in HUF	339 384
Foreign currency liabilities	374 365
Net assets	**870 070**
Change in net assets	***38 793***
Change in net assets (%)	***4.67%***
Profit before tax	**47 981**
Change in profit before tax	***38 793***
Change in profit before tax (%)	***422.22%***

Data in millions of HUF, unless otherwise indicated

45 Financial instruments

Financial instruments include financial assets and financial liabilities, both current and non-current such as trade receivables, loans granted, advances paid, bank deposits, securities and cash and cash equivalents, as well as loans and borrowings, trade payables, advances received and other financial liabilities. The Group measures financial instruments in accordance with the requirements of IFRS 9 Financial Instruments and presents them in its books accordingly at the end of the period.

As of 31 December 2024, 31 December 2023, and 1 January 2023, the Group measured all financial instruments at amortised cost. No fair value measurement was performed at any of these reporting dates.

Amortised cost	**31/12/2024**	**31/12/2023**	**01/01/2023**
Financial assets			
Net investment in the lease – non-current	1 093	751	191
Other financial assets - non-current	87 211	29 112	6 585
Total non-current financial assets	**88 304**	**29 863**	**6 776**
Cash and cash equivalents	41 647	42 712	29 836
Trade receivables	93 550	103 921	35 020
Net investment in the lease – current	673	563	137
Other financial assets - current			
Cash lent for short-term	219	1 000	247
Guarantees provided	43	0	328
Other current receivables	11 578	23 688	1 868
Total current financial assets	**147 710**	**171 884**	**67 436**
Total financial assets	**236 014**	**201 747**	**74 212**
Financial liabilities			
Loans, borrowings– non-current	402 160	377 965	62 056
Lease liabilities – non-current	112 765	95 427	15 150
Other financial liabilities - non-current	3 169	4 642	6 092
Total non-current financial liabilities	**518 094**	**478 034**	**83 298**
Trade payables	92 349	72 933	34 829
Loans, borrowings– current	8 642	9 949	7 319
Lease liabilities - current	27 496	22 686	14 150
Other financial liabilities - current	19 568	16 382	27 469
Total current financial liabilities	**148 055**	**121 950**	**83 767**
Total financial liabilities	**666 149**	**599 984**	**167 065**

Data in millions of HUF, unless otherwise indicated

As of 31 December 2024, the fair value of Vodafone acquisition loans and MFB investment loan taken by 4iG Távközlési Holding Zrt. amounted to HUF 396,810 million (HUF 362,449 million on 31 December 2023), while the carrying amount was HUF 369,647 million (HUF 349,510 million on 31 December 2023) as presented in Note 37 Loans, borrowings, bonds – non-current and Note 41 Loans, borrowings, bonds –current. The fair value of these loans corresponds to Level 3 of the fair value hierarchy.

Changes in liabilities from financing activities

	1 January 2024	Cash flows	Foreign exchange movement	New leases	Other	31 December 2024
Loans, borrowings - current	9 949	-2 093	706	0	80	**8 642**
Lease liabilities - current	22 686	-29 202	-501	418	34 095	**27 496**
Loans, borrowings – non-current	377 965	3 650	18 749	0	1 796	**402 160**
Lease liabilities – non-current	95 427	5 548	2 689	23 029	-13 928	**112 765**
Total liabilities from financing activities	**506 027**	**-22 097**	**21 643**	**23 447**	**22 043**	**551 063**

	1 January 2023	Cash flows	Foreign exchange movement	New leases	Other	31 December 2023
Loans, borrowings - current	7 319	2 798	-490	0	322	**9 949**
Lease liabilities - current	14 150	-11 434	44	12 766	7 160	**22 686**
Loans, borrowings – non-current	62 056	321 361	-4 448	0	-1 004	**377 965**
Lease liabilities – non-current	15 150	4 097	37	92 973	-16 830	**95 427**
Total liabilities from financing activities	**98 675**	**316 822**	**-4 857**	**105 739**	**-10 352**	**506 027**

Under lease liabilities, the “Other” column reflects the reclassification of HUF 34,170 million during 2024 (HUF 15,182 million in 2023) between non-current and current liabilities, as well as the impact of remeasurement and disposal of lease contracts: HUF -20,242 million (HUF - 1,648 million in 2023) for non-current lease liabilities and HUF -75 million (HUF - 8,482 million in 2023) for current lease liabilities during 2024. For more information, please refer to Note 38 Lease liabilities.

Data in millions of HUF, unless otherwise indicated

46 Assets classified as held for sale and liabilities related to assets held for sale

	31/12/2024	31/12/2023	01/01/2023
Assets classified as held for sale	0	0	179 393
Liabilities related to assets held for sale	0	0	19 573

As part of its previous integration and reorganisation processes, which have since been successfully completed, the Group has reviewed its assets and has classified assets that do not serve the Group's interests and future objectives on a sustainable basis as held for sale in relation to DIGI Távközlési és Szolgáltató Kft. Assets held for sale include property, plant and equipment, intangible assets and right of use assets while liabilities related to assets held for sale mainly represent current and non-current lease liabilities related to right of use of assets. On 31 May 2023 MIS Omega Mobilhálózat Kft. was established through a spin-off from DIGI Távközlési és Szolgáltató Kft., as a wholly owned subsidiary of 4iG Távközlési Holding Zrt (then: "ANTENNA HUNGÁRIA" Zrt.)., the new entity included assets and liabilities previously classified as held for sale. The Group did not recognise any depreciation or amortisation on the assets held for sale during 2023. The transaction was closed on 30 June 2023, MIS Omega Mobilhálózat Kft. was sold and the assets and liabilities held for sale were derecognised.

As of 1 January 2023, the Group also includes in assets held for sale its shares in TMT Hungary B.V. and TMT Hungary Infra B.V., which were sold on 20 March 2023 in a share swap for HUF 125,700 million and were previously recognised in the books of 4iG Távközlési Holding Zrt. As a result of the share swap, 4iG Távközlési Holding Zrt. increased its ownership in One Magyarország Zrt. (former Vodafone Magyarország Távközlési Zrt.) to 70.5% following the acquisition on 31 January 2023.

47 Related party transactions

The parent company of 4iG Távközlési Holding Zrt., 4iG Plc, as well as its other subsidiaries under common control, are considered related parties to 4iG Távközlési Holding Zrt. and its subsidiaries in accordance with IAS 24 Related Party Disclosures. Balances and transactions with these entities are disclosed in the relevant notes to the consolidated financial statements. As the associates of 4iG Távközlési Holding Zrt. are also subsidiaries of 4iG Plc, transactions and balances with these entities are also disclosed in the relevant notes among the related party transactions and balances. (Note 2.1 Basis of consolidation provides information about the Group's structure, including details of the subsidiaries and associates.)
In addition, pursuant to the provisions of IAS 24, entities in which the Group's key management personnel hold a direct or indirect interest and are thereby able to exert significant influence are also considered related parties. The following table presents the transactions and outstanding balances with these related parties.

	2024	2023
Sales to related parties	70	4
Purchases from related parties	9	1
Amounts owed by related parties (trade receivables)	9	0

Data in millions of HUF, unless otherwise indicated

The balance of trade payables to related parties was zero both on 31 December 2024 and on 31 December 2023. Outstanding balances at the year-end are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

The Group had no outstanding loan liabilities or loan receivables as of either 31 December 2024 or 31 December 2023 with entities in which its key management personnel held an interest.
The Group has no contractual commitments with related parties either for the year ending 31 December 2024 or for the year ending 31 December 2023.

48 Remuneration of key management personnel of the Group

In accordance with IAS 24 Related Party Disclosures, the Group has identified the following key management personnel (Chairman of the Board, Directors, Chief Executive Officer and Deputy Chief Executive Officers) for whom the remuneration paid or payable for employee services during the reporting period is set out below. We believe that the table below comprehensively includes the remuneration paid to key management personnel in HUF million during the reporting period and in the previous period:

	31/12/2024	31/12/2023
Members of the Board of Directors	31	31
Members of the Supervisory Board	25	30
Managing Directors and Chief Executive Officers of subsidiaries	612	566
Total	**668**	**627**

The remuneration of HUF 668 million disclosed in the table above for 2024 (HUF 627 million for 2023) comprises solely short-term employee benefits. No post-employment, termination, or other long-term benefits were granted to key management personnel.

49 Commitments and contingencies

49.1 Contingent liabilities

As of 31 December 2024, the members of the Group are not involved in any pending litigation. Provisions are recognised when it becomes probable that an outflow of economic benefits will be required to settle an obligation as a result of a past event and a reliable estimate can be made of the expected cash outflow. Provisions are disclosed in Note 36 Provisions.

49.2 Commitments and guarantees

The future undiscounted lease payment liability for contracts the Group is committed but not yet commenced on 31 December 2024 amounted to HUF 441 million (HUF 4,941 million on 31 December 2023).

50 Events after the balance sheet date

On 7 February 2025 the Hungarian Competition Authority has imposed a fine on DIGI Távközlési és Szolgáltató Kft. for an infringement committed from 11 November 2022 until the end of December 2022. The Hungarian Competition Authority found that DIGI's information on the increase in subscriber fees and the post-inflation adjustment was not clear.

On 3 March 2025 the Transformation Programme has reached its next significant milestone with the fact that the separation of AH Média Kereskedelmi Zrt. and AH Infrastruktúra Szolgáltató Zrt. by way of a spin-off by merger decided on 26 November 2024 was completed on 28 February 2025 (the dates of spin-off by merger), in view of which, as of March 1, 2025, the broadcasting business sectors of AH Média and AH Infra have been transferred to 4iG Műsorszóró Infrastruktúra Kft.

On 5 March 2025 the recommendation of the Minister of Foreign Affairs and Trade, Tamás Sulyok, President of the Republic of Hungary, has appointed Gellért Jászai, Chairman of Board and the majority indirect shareholder of 4iG, as Ambassador Extraordinary and Plenipotentiary for the Development of International Business Relations. The decision was published in the Hungarian Gazette.

On 9 April 2025 4iG Plc's Hungarian telecommunications subsidiaries providing services under the One brand, will refrain from introducing the planned 3.5 percent inflation-tracking fee adjustment for 2024 for fixed-line internet, television and mobile subscriptions provided to the public until July 1 2026, and the companies undertake not to apply the inflation-tracking fee adjustment due next year based on this year's inflation to these tariffs until July 1, 2026. The Board of Directors of One Magyarország Zrt. has further resolved to introduce new, competitively priced residential offers to the market by July 2025.

On 15 May 2025 4iG Távközlési Holding Zrt. and Corvinus Nemzetközi Befektetési Zrt. have signed a share sale and purchase agreement to acquire the 29.4982% of the shares wholly owned by Corvinus Nemzetközi Befektetési Zrt. (separately) in One Magyarország Zrt. and V-Hálózat Távközlési Zrt. by 4iG Távközlési Holding Zrt.
Simultaneously with the signing of the share sale and purchase agreement, Corvinus Nemzetközi Befektetési Zrt. will carry out a capital increase in 4iG Távközlési Holding Zrt. by contributing claims as in-kind contributions. As a result of the multi-step transaction, Corvinus Nemzetközi Befektetési Zrt.'s share in 4iG Távközlési Holding Zrt. will increase to 37.90% (from the current 23.22%), while 4iG Plc's share will decrease to 62.10% (from the current 76.78%).
Following the closing of the share sale and purchase agreement, 4iG Távközlési Holding Zrt. will be the sole, direct owner of One Magyarország Zrt. and V-Hálózat Távközlési Zrt.

Data in millions of HUF, unless otherwise indicated

51 Going concern

In the light of the effects of the war in Ukraine and in Israel, and after considering other market and liquidity risks, the Group has assessed and made estimates as to whether there are significant uncertainties regarding its ability to operate as a going concern and it has concluded that it is appropriate to assume that it will continue as a going concern for the foreseeable future, and that there are no significant uncertainties.
The Group's high cash balance and the exceptionally strong operating cash flow presented in the statement of cash flows ensure the timely settlement of outstanding liabilities despite the high level of debt. This is further supported by the fact that the principal repayment of the One Magyarország acquisition loan, which constitutes a significant portion of the Group's debt, are not due before 2028.

52 Remuneration of the auditor

The General Meeting, by Resolution 13/2024 (IV.29), elected Ernst & Young Könyvvizsgáló Kft. as the auditor for the consolidated annual financial statements for the years 2024-2026, starting from 1 May 2024 until 30 April 2027. Person responsible for the audit: Rita Domoszlai (mother's name: Zsuzsanna Halabrin, 2040 Budaörs, Szilva utca 41/B).
The financial statements include the fees paid to the auditor or the audit firm for the statutory audit of the annual financial statements as well as for other non-audit services for the financial year. The fee for the statutory audit of the consolidated and standalone annual financial statements of 4iG Távközlési Holding Zrt. for the year 2024, performed by the audit firm (Ernst & Young Könyvvizsgáló Kft.), amounts to EUR 147,850. The total fee for other assurance and related services provided by the auditor together with its network amounted to EUR 1,535,606.
The total invoiced fees for other non-audit related services rendered to 4iG Távközlési Holding Zrt. and its subsidiaries amounted to EUR 56,078, which does not include the fees for statutory annual audits required by law. Pursuant to Section 155 (2) of the Hungarian Accounting Law, an audit is mandatory for the Company. The annual financial statements, as well as the consolidated annual financial statements of the parent company, together with the independent auditor's report, are submitted electronically to the company information service.

53 Registered IFRS accountant responsible for preparing the financial statements

Ferenc Piros
2097 Pilisborosjenő, Tulipán köz 1.
Registration number: 145011

Budapest, 27 May 2025

Csaba Ferenc Thurzó	Gábor Tomcsányi
Member of Board of Directors	Member of Board of Directors