4iG TÁVKÖZLÉSI HOLDING ZRT.

CONSOLIDATED FINANCIAL STATEMENTS

2025

MEMBER OF 4iG GROUP

4iG TÁVKÖZLÉSI HOLDING ZRT.
CONSOLIDATED FINANCIAL STATEMENTS

ACCORDING TO INTERNATIONAL
FINANCIAL REPORTING STANDARDS
31 DECEMBER 2025

FINANCIAL REPORT

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The Consolidated Financial Statements were approved by the Board of Directors of the Company by written decision on 20 May 2026 by Board Resolution No. 2/2026 (V.20.).
The Consolidated Financial Statements were prepared in Hungarian and English. In case of any discrepancy, the Hungarian version shall prevail.

Consolidated statement of comprehensive income

	Notes	2025	2024
Net sales revenue	3	634,803	602,000
Other income	4	59,436	3,974
Total revenue and other income		**694,239**	**605,974**
Capitalised value of own performance	5	13,370	17,181
Raw materials and consumables used	6	-146,615	-147,326
Services used	7	-147,561	-131,672
Employee benefit expenses	8	-80,415	-78,207
Other operating expenses	9	-29,718	-43,936
Impairment of financial assets	9	*-3,401*	*-2,224*
Operating costs		**-404,309**	**-401,141**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**303,300**	**222,014**
Depreciation and amortisation	10	-163,700	-163,083
Earnings Before Interest and Tax (EBIT)		**139,600**	**58,931**
Financial income	11	36,470	15,005
Financial expense	11	-45,840	-65,097
Share of profit of associate and joint ventures	12	0	348
Profit or loss before tax		**130,230**	**9,187**
Income tax	13	-12,030	-6,843
Profit or loss after tax		**118,200**	**2,344**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations	14	*-10,889*	*19,978*
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		**-10,889**	**19,978**
Other comprehensive income/(loss)	14	**-10,889**	**19,978**
Total comprehensive income/(loss)	15	**107,311**	**22,322**
Profit or loss after tax attributable to:			
Owners of the Company		112,708	-778
Non-controlling interest		5,492	3,122
Total comprehensive income/(loss) attributable to:			
Owners of the Company		101,845	19,150
Non-controlling interest		5,466	3,172

Consolidated statement of financial position

	Notes	31/12/2025	31/12/2024
ASSETS			
Non-current assets			
Property, plant and equipment	16	329,551	315,536
Customer relationship	17	107,112	109,156
Other intangible assets	18	227,643	233,419
Right-of-use of assets	19	132,755	129,776
Deferred tax asset	20	5,042	4,312
Goodwill	21	520,151	525,731
Net investment in the lease - non-current	22	1,262	1,093
Other financial assets - non-current	24	178,571	87,211
Other non-financial assets - non-current	24	2,512	1,557
Total non-current assets		**1,504,599**	**1,407,791**
Current assets			
Cash and cash equivalents	25	53,405	41,647
Trade receivables	26	87,184	93,550
Income tax receivable	27	5,360	1,190
Net investment in the lease - current	28	599	673
Inventories	29	10,612	9,211
Other current financial assets	30	14,297	11,840
Other current non-financial assets	31	39,381	20,718
Total current assets		**210,838**	**178,829**
Total assets		**1,715,437**	**1,586,620**
EQUITY AND LIABILITIES			
Equity			
Share capital	32	135,865	109,883
Capital reserve	33	748,090	549,659
Retained earnings		39,892	14,935
Accumulated other comprehensive income	34	14,291	24,216
Equity attributable to the owners		**938,138**	**698,693**
Non-controlling interest	35	816	132,583
Total equity		**938,954**	**831,276**

Consolidated statement of financial position (continued)

	Notes	31/12/2025	31/12/2024
Non-current liabilities			
Provisions – non-current	36	11,426	7,823
Borrowings, loans and bonds - non-current	37	374,373	402,160
Lease liabilities – non-current	38	109,827	112,765
Deferred tax liability	20	9,578	8,458
Other financial liabilities – non-current	39	34,238	3,169
Other non-financial liabilities – non-current	39	789	573
Total non-current liabilities		**540,231**	**534,948**
Current liabilities			
Trade payables	40	76,488	92,349
Provisions - current	36	5,914	6,618
Borrowings, loans and bonds - current	41	10,239	8,642
Lease liabilities - current	38	28,505	27,496
Income tax payables	27	3,841	1,871
Other current financial liabilities	42	23,497	19,568
Other current non-financial liabilities	43	87,768	63,852
Total current liabilities		**236,252**	**220,396**
Total equity and liabilities		**1,715,437**	**1,586,620**

Consolidated statement of changes in equity

	Notes	Share capital	Capital reserves	Retained earnings	Accumulated other comprehensive income	Equity attributable to owners of the company	Non-controlling interest	Total equity
Balance on 1 January 2024		**109,883**	**549,659**	**15,713**	**4,288**	**679,543**	**129,818**	**809,361**
Profit after tax				-778		**-778**	3,122	**2,344**
Other comprehensive income	14				19,928	**19,928**	50	**19,978**
Total comprehensive income	15	**0**	**0**	**-778**	**19,928**	**19,150**	**3,172**	**22,322**
Dividend	35					**0**	-407	**-407**
Balance on 31 December 2024		**109,883**	**549,659**	**14,935**	**24,216**	**698,693**	**132,583**	**831,276**
Profit after tax				112,708		**112,708**	5,492	**118,200**
Other comprehensive income	14				-10,863	**-10,863**	-26	**-10,889**
Total comprehensive income	15	**0**	**0**	**112,708**	**-10,863**	**101,845**	**5,466**	**107,311**
Capital increase and changes in non-controlling interest without loss of control due to share swap	35	25,982	198,431	-87,751		**136,662**	-137,233	**-571**
Other movements	21				938	**938**		**938**
Balance on 31 December 2025		**135,865**	**748,090**	**39,892**	**14,291**	**938,138**	**816**	**938,954**

Consolidated statement of cash flows

	Notes	2025	2024
Cash flows from operating activities			
Profit or loss before tax		130,230	9,187
Adjustments:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	10	87,660	89,409
Amortisation and impairment of intangible assets and impairment of goodwill	10	80,128	74,596
Movement in other impairment		4,540	5,458
Movement in provision	36	-1,707	1,852
Other financial income/expenses		28,712	28,424
Net foreign exchange differences		-7,990	18,505
Share of profit or loss of associates and joint	12	0	-348
Gain/loss on sale of property, plant, and equipment		1,633	-260
Gain/loss on disposal of assets and related liabilities	4	-55,668	0
Income tax paid		-13,591	-8,784
Changes in working capital			
Changes in trade receivables	26	-7,981	-386
Changes in inventories	29	-2,925	540
Changes in trade payables	40	-13,235	19,455
Changes in other receivables and payables		11,479	-11,462
Net cash flows from operating activities		**241,285**	**226,186**
Cash flows from investing activities			
Proceeds from sale of property, plant and		1,447	619
Purchase of property, plant and equipment	16	-83,357	-56,560
Proceeds from sale of intangible assets		320	0
Purchase of intangible assets	18	-68,808	-60,372
Proceeds from sale of other investments		0	4,250
Acquisition of a subsidiary, net of cash acquired		-1,168	-959
Disposal of a subsidiary, net of cash disposed	4	22,896	0
Dividends and interest received on investments		3,692	4,894
Loans granted		-40,088	-52,423
Repayment of loans granted		6,522	2,130
Net cash flows from investing activities		**-158,544**	**-158,421**

Consolidated statement of cash flows (continued)

	Notes	2025	2024
Cash flows from financing activities			
Proceeds from borrowings	37	3,662	5,769
Repayment of borrowings		-6,829	-10,391
Payment of principal portion of lease liabilities		-37,462	-34,699
Interest paid		-28,999	-29,822
Dividends paid to non-controlling interests	35	0	-407
Net cash flows from financing activities		**-69,628**	**-69,550**
Net foreign exchange difference		-1,355	720
Net change in cash and cash equivalents		**11,758**	**-1,065**
Cash and cash equivalents at the beginning of the year	25	41,647	42,712
Cash and cash equivalents at the end of the period		**53,405**	**41,647**

Notes to the consolidated financial statements

1 General information

1.1 About the Group

4iG Távközlési Holding Zrt. is a company registered in Hungary (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:

	31/12/2025	31/12/2024
4iG Plc	62.10 %	76.78%
Corvinus Nemzetközi Befektetési Zrt.	37.90 %	23.22%
Total	**100.00 %**	**100.00%**

The Company's ultimate parent is 4iG Plc.

On 15 May 2025, 4iG Távközlési Holding Zrt. and Corvinus Nemzetközi Befektetési Zrt. signed a share sale and purchase agreement and Corvinus Nemzetközi Befektetési Zrt. carried out a capital increase in 4iG Távközlési Holding Zrt. by contributing claims as in-kind contributions. On 17 June 2025 as a result of the multi-step transaction, Corvinus Nemzetközi Befektetési Zrt's share in 4iG Távközlési Holding Zrt. increased to 37.90% (from the previous 23.22%), while 4iG Plc's share decreased to 62.10% (from the previous 76.78%).

"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.4igtavkozlesiholding.hu.

1.2 Basis of preparation

i) Approval and declaration

The consolidated financial statements for the year ended on 31 December 2025 were approved by the Board of Directors on 20 May 2026.

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 2025. 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 2025 – 31 December 2025. The balance sheet date is 31 December 2025.

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 (FVOCI).

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.
- estimation of asset retirement obligation - Note 36 Provisions,
- 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, the 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 Távközlési Holding Zrt. 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 2025:

Name of subsidiary	Remark	Majority owner	Date of inclusion in consolidation	Way of acquiring	Ownership on 31/12/2025	Ownership on 31/12/2024
"Digitális Átállásért" Nonprofit Kft.		4iG Távközlési Holding Zrt.	31/03/2022	cont. in kind	100.00 %	100.00 %
2Connect Távközlési Infrastruktúra és Hálózati Szolgáltatások Kft.	D, H	4iG InfraCo Holding Zrt.	7/1/2024	demerger	100.00 %	100.00 %
2Connect Technocom Kft.	H	2Connect Távközlési Infrastruktúra és Hálózati Szolgáltatások Kft.	30/09/2021	acquisition	100.00 %	100.00 %
4iG Broadcast Holding Kft.	E	4iG Távközlési Holding Zrt.	24/07/2025	incorporated	100.00 %	n/a
4iG ComCo Holding Zrt.		4iG Távközlési Holding Zrt.	8/2/2023	incorporated	100.00 %	100.00 %
4iG Hírközlési Infrastruktúra Zrt.		4iG Távközlési Holding Zrt.	19/11/2024	incorporated	100.00 %	100.00 %
4iG InfraCo Holding Zrt.		4iG Távközlési Holding Zrt.	8/2/2023	incorporated	100.00 %	100.00 %
4iG International Telco Holding Zrt.	G	4iG Távközlési Holding Zrt.	23/02/2022	incorporated	100.00 %	100.00 %
4iG Műsorszóró Infrastruktúra Kft.	J	4iG Távközlési Holding Zrt.	28/10/2024	incorporated	n/a	100.00 %
AH Infrastruktúra Szolgáltató Zrt.	D	4iG Távközlési Holding Zrt.	1/9/2024	spin-off	n/a	100.00 %
AH Média Kereskedelmi Zrt.	C	4iG Távközlési Holding Zrt.	1/9/2024	spin-off	n/a	100.00 %
Albania Telecom Invest AD		4iG International Telco Holding Zrt.	21/03/2022	acquisition	100.00 %	100.00 %
DIGI Távközlési és Szolgáltató Kft.	C	4iG Távközlési Holding Zrt.	31/3/2022	cont. in kind	n/a	100.00 %
Invitech ICT Infrastructure Kft.	D	4iG Távközlési Holding Zrt.	1/7/2024	demerger	n/a	100.00 %
Invitech ICT Services Kft.	C	4iG Távközlési Holding Zrt.	31/3/2022	cont. in kind	n/a	100.00 %
Mobilháló Kft.	I	Netfone Telecom Kft.	12/1/2025	acquisition	99.00 %	n/a
Netfone Telecom Kft.	I	4iG Távközlési Holding Zrt.	12/1/2025	acquisition	99.00 %	n/a
ONE Albania sh.a.		Albania Telecom Invest AD	21/03/2022	acquisition	96.25 %	96.25 %
ONE Crna Gora d.o.o.		4iG International Telco Holding Zrt.	21/12/2021	acquisition	100.00 %	100.00 %
ONE MACEDONIA TELECOMMUNICATIONS DOOEL Skopje		4iG Távközlési Holding Zrt.	18/10/2024	incorporated	100.00 %	100.00 %
One Magyarország Zrt.	A, B, C	4iG ComCo Holding Zrt.	31/01/2023	acquisition	100.00 %	70.50 %
PR-TELECOM Zrt.	F	4iG Távközlési Holding Zrt.	29/08/2025	acquisition	100.00 %	n/a
PR-WORK Kft.	F	PR-Telecom Zrt.	29/08/2025	acquisition	100.00 %	n/a

A. On 1 January 2025, One Magyarország Zrt. (formerly Vodafone Magyarország Zrt.) was demerged, so from 1 January 2025 V-Hálózat Távközlési Zrt. started its operations, which included the subsidiary's infrastructure division.

B. On 15 May 2025, 4iG Távközlési Holding Zrt. and Corvinus Nemzetközi Befektetési Zrt. signed a share sale and purchase agreement and Corvinus Nemzetközi Befektetési Zrt. carried out a capital increase in 4iG Távközlési Holding Zrt. by contributing claims as in-kind contributions. On 17 June 2025 as a result of the multi-step transaction, Corvinus Nemzetközi Befektetési Zrt's share in 4iG Távközlési Holding Zrt. increased to 37.90% (from the previous 23.22%), while 4iG Plc's share decreased to 62.10% (from the previous 76.78%). With the transaction completed 4iG Távközlési Holding Zrt. became the sole shareholder of One Magyarország Zrt. and V- Hálózat Távközlési Zrt.

C. On 17 June 2025, 4iG ComCo Holding Zrt. acquired 100% ownership interests via a contributions-in-kind transaction in DIGI Távközlési és Szolgáltató Kft., Invitech ICT Services Kft., AH Média Kereskedelmi Zrt., and One Magyarország Zrt. from 4iG Távközlési Holding Zrt.

D. On 17 June 2025, 4iG InfraCo Holding Zrt. acquired 100% ownership interests via a contributions-in-kind transaction in Invitech ICT Infrastructure Kft., AH Infrastruktúra Szolgáltató Zrt., and V-Hálózat Távközlési Zrt. from 4iG Távközlési Holding Zrt.

E. On 24 July 2025, 4iG Broadcast Holding Kft. was established, which is 100% owned by 4iG Távközlési Holding Zrt.

F. On 29 August 2025, 4iG Távközlési Holding Zrt. acquired 100% of the shares in PR-TELECOM Zrt. as well as the business interests of PR-WORK Kft., a wholly owned subsidiary.

G. On 1 October 2025, 4iG International Telco Holding Kft. (formerly known as 4iG Albánia Kft.) changed its corporate form and became a Zrt. (private company limited by shares).

H. Based on the decision of 4iG ComCo Holding Zrt., on 30 September 2025, AH Média Kereskedelmi Zrt., DIGI Távközlési és Szolgáltató Kft. and Invitech ICT Services Kft. merged into One Magyarország Zrt. as the acquiring and successor company, which, following the merger, continue to operate in unchanged form from 1 October 2025. From 1 October 2025, InviTechnocom Kft. will continue its operations under the name 2Connect Technocom Kft. Based on the decision of 4iG InfraCo Holding Zrt., on 30 September 2025, AH Infrastruktúra Szolgáltató Zrt., Invitech ICT Infrastructure Kft. and V-Hálózat Távközlési Zrt. merged into D-Infrastruktúra Kft. as the acquiring and successor company, which, following the merger, from 1 October 2025, continue to operate in unchanged form under the name 2Connect Távközlési Infrastruktúra és Hálózati Szolgáltatások Kft.

I. On 1 December 2025, 4iG Távközlési Holding Zrt. acquired 99% of the shares in Netfone Telecom Kft. as well as the shares of Mobilháló Kft., a wholly owned subsidiary. Regarding the acquisitions, the purchase price allocation (PPA) calculation under IFRS 3 Business Combinations is still in progress. The Group is exercising the option provided by the standard, which allows one year from the acquisition date to finalize the calculation; therefore, the determination of the fair value of the acquired assets and assumed liabilities is still ongoing.

J. On 9 December 2025, 4iG Műsorszóró Infrastruktúra Kft. was sold to PRO-M Zrt.

Associates

On 31 December 2025 and on 31 December 2024 the Group has no associate.

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 exchange 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 on which 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) and 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 increase 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 identifies 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 (e.g. warranties), and whether it acts 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 evaluates each contract 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 the 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, adjusts the promised consideration for the effect of the time value of money. As a practical expedient, the Group has 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 is estimated.

The aggregate discount, determined relative to the total of the stand-alone selling prices, is allocated by the Group to the performance obligations based on their relative stand-alone selling prices. However, where the discount is clearly attributable to one or more specific performance obligations – for example, in bundled offerings relating solely to telecommunications services or to devices – the Group allocates the discount only to the relevant 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 passes, 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 key source of revenue for the Group arises from services provided to customers over the Group's telecommunications network, as well as from related product sales.

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 the 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 does 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, during which 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 contract 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 contract liability 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. Contract liabilities 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 is presented 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 capitalises 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 are incurred while transferring 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 operations.

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 includes not only the price for the service but also any indirectly allocated charges).

The Group reports income taxes separately, excluding special taxes (see extra-profit tax), environmental product charge, and motor vehicle taxes.

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 or joint arrangement 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 authorised 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, the Company 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 regard 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, brands is their fair value at the date of acquisition. Acquired computer software licences are capitalised 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 value 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 assesses 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 expedient 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 leases 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 statement 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 the 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:

A. 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,
B. 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:

a) 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.
b) 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.
c) 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 costs 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 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.
The Group identified a single cash-generating unit (CGU) in accordance with IAS 36, comprising the entire telecommunications group.

2.18 Investment in associates

Investment in an associate or a joint venture is initially recognised at cost. The Group's investment in its associate and joint venture are accounted for using the equity method.

At the reporting date, the Group does not have any material investments in associates or joint ventures.

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: loans 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:

Amortised 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 amortised 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 amortised 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 amortised 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.

Gains and losses on equity investments at FVTPL are included in the 'financial income' line in the statement of 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 FVOCI. 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 FVOCI 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 the 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 the 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 of 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:
    - the basis of the 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 assets have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the 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, bonds 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 an 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 amortised 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 months or less with an insignificant risk of changes in value. Cash and cash equivalents are carried in the balance sheet at amortised 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 of 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 includes 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 IFRSs 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 presents as OCI items the exchange differences on translation of foreign operations, share of other comprehensive income/(loss) of associates and joint ventures and Net gain/loss on equity instruments at fair value through other comprehensive income.

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

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 the 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 the 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, and 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 authorised 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 adjustments 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 adjustments to the financial statements. They are disclosed if they are 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 New and amended standards and interpretations

2.27.1 The standards/amendments that are effective and 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. 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 Group has not identified any significant disclosure information required by the amendments in relation to IAS 21.

2.27.2 The standards/amendments that are not yet effective, but have 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 analysis of the financial impact of the amendments 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 analysis of the financial impact of the amendments is currently ongoing within the Group.

- **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, includes 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 analysis of the financial impact of the amendments 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. During the current reporting period the Group has already started to analyse the requirements of this newly issued standard and assess its impact.

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

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments)**

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. The amendments issued in August 2025 reduce the disclosure requirements of new IFRS accounting standards, which had been included in full when IFRS 19 was first issued. IFRS 19 (including the amendments) is effective for reporting periods beginning on or after 1 January 2027, with early application permitted. The analysis of the financial impact of the amendments is currently ongoing within the Group.

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. If an entity's functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position. An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, to the foreign operation's comparative figures. The amendments also introduce certain additional disclosure requirements. The analysis of the financial impact of the amendments 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 analysis of the financial impact of the amendments is currently ongoing within the Group.

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:

	2025	2024
Mobile services	335,630	316,340
Fixed services	211,800	187,541
Other telecommunication services	65,442	79,636
Revenue from related parties	5,709	2,764
Total telecommunication revenue	**618,581**	**586,281**
Total revenue from contracts with customers	**618,581**	**586,281**
Revenue from leases	16,222	15,719
Total sales revenue	**634,803**	**602,000**

The telecommunication revenue increased, reflecting growth in postpaid mobile subscribers and a higher average revenue per user (ARPU). The decrease in other telecommunication services is attributable to a shift in focus towards core telecommunication services, resulting in a reclassification away from auxiliary service elements.

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

	2025	2024
Hungary	543,635	510,704
Albania	64,719	65,413
Montenegro	26,449	25,883
Total	**634,803**	**602,000**

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.

Contract balances

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

	31/12/2025	31/12/2024
Trade receivables	87,184	93,550
Contract assets – current	2,912	1,706
Contract assets – non-current	1,082	352
Contract liabilities – current	897	20,257
Contract liabilities – non-current	789	573

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. See the details in the Note 43 Other non-financial liabilities - current.

Consideration is generally not variable in nature. Due to the close alignment between the timing of performance and invoicing, contract assets are typically not significant, indicating that it is uncommon for the Group to recognise revenue without having an unconditional right to consideration.

Set out below is the amount of revenue recognised from:

	2025	2024
Amounts included in contract liabilities at the beginning of the period	1,686	4,918

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:

	31/12/2025	31/12/2024
Beginning of the period	**13,724**	**11,879**
Capitalisation during the year	16,742	15,686
Disposals during the year	-1,564	0
Amortisation	-14,690	-13,841
Exchange differences	-124	0
Closing balance	**14,088**	**13,724**

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:

	2025	2024
Government grants and refunds	201	484
Provision release	1,464	1,212
Penalties and compensations received	288	675
Gain on the sale of tangible and intangible assets	0	385
Gain on derecognition of assets and related liabilities sold as a group	55,668	0
Other operating income related to disposal of content and rental contracts	724	0
Other	1,081	1,205
Other operating income from related parties	10	13
Total	**59,436**	**3,974**

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

In 2025, the release of provisions amounted to HUF 1,464 million (2024: HUF 1,212 million). The releases primarily related to provisions for future obligations (HUF 982 million), provisions previously recognised for legal and litigation matters (HUF 433 million), and restructuring provisions (HUF 45 million).
Overall, the releases in 2025 primarily reflected provisions of an operational nature and provisions established for legal risks. The composition of provision releases changed significantly compared to the prior year.

In 2024, total provisions released amounted to HUF 1,212 million, primarily related to asset retirement obligations (ARO) in the amount of HUF 1,125 million, while additional releases of other provisions amounted to HUF 87 million. In 2025, the release of ARO-related provisions decreased significantly (2025: HUF 4 million), as a substantial portion of the obligations recognised in prior periods had already been settled. For more information, please refer to Note 36 Provisions.

During the year ended 31 December 2025, the Group disposed of its entire interest in 4iG Műsorszóró Infrastruktúra Kft., a Hungary-incorporated entity engaged in terrestrial broadcasting infrastructure and related critical communication services. The transaction resulted in the disposal of 100% of the ownership interest and voting rights of the subsidiary.

The Group assessed the transaction in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and concluded that the disposed entity does not meet the criteria to be presented as a discontinued operation, as it does not represent a separate major line of business of the Group, nor does the transaction form part of a single coordinated plan to dispose of such a line of business or geographical area of operations. Accordingly, the results of the disposed subsidiary are included in continuing operations up to the date of disposal.

The gain recognised in the consolidated statement of profit or loss under gain on derecognition of assets and related liabilities sold as a group represents the difference between the consideration received and the carrying amount of the net assets derecognised at the date of disposal.

The detailed breakdown of the consideration received, as well as the carrying amounts of the assets and liabilities disposed of, is presented in the table below.

	4iG Műsorszóró Infrastruktúra Kft.
Consideration received (+)	79,487
Carrying amount of assets disposed of (-)	30,350
Carrying amount of non-current liabilities disposed of (+)	809
Carrying amount of current liabilities disposed of (+)	5,722
Gain on derecognition of assets and related liabilities sold as a group	**55,668**

The net cash inflow presented in the consolidated statement of cash flows under disposal of a subsidiary, net of cash disposed amounts to HUF 22,896 million.

Out of the total consideration, HUF 29,500 million was received in cash during the transaction, while the remaining portion of the consideration was placed in an escrow account in accordance with the terms of the agreement. This amount is further adjusted by the cash and cash equivalents of the disposed subsidiary derecognised upon disposal, amounting to HUF 6,604 million.

5 Capitalised value of own performance

	2025	2024
Changes in inventories of finished goods and work in progress	56	45
Own work capitalized	13,314	17,136
Total	**13,370**	**17,181**

Own work capitalised include capitalised own performances in connection with internally developed intangible assets recognised in accordance with IAS 38 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 16 Property, plant and equipment respectively.
The decrease in own work capitalised is mainly driven by synergies realised following the transformation program implemented as of 30 September 2025, under which telecommunications subsidiaries were integrated into a unified structure.
As a result, network-related activities are performed in a more centralised and efficient manner, reducing parallel efforts and the volume of internally generated costs eligible for capitalisation. The decrease therefore reflects operational synergies rather than a decline in activity.

6 Raw materials and consumables used

	2025	2024
Cost of goods sold	-59,230	-68,911
Cost of goods sold to related party	-965	-279
Intermediated services	-61,825	-46,468
Intermediated services to related parties	-2,124	-2,782
Raw materials	-22,358	-28,318
Raw materials from related parties	-113	-568
Total	**-146,615**	**-147,326**

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.

7 Services used

The following table presents details of the services used.

	2025	2024
IT maintenance	-16,390	-14,393
Network maintenance costs	-14,832	-18,516
Maintenance of fixed assets cost and other maintenance costs	-3,582	-4,601
Spectrum fee	-10,239	-11,678
Marketing and communication expenses	-11,128	-9,871
Audit fee	-823	-635
Logistics costs	-4,805	-1,710
Consulting, expert and legal fees	-5,711	-9,103
Cost related to outsourced activities	-6,624	-3,225
Business travel, travel expenses, travel allowance	-662	-413
Security services	-1,158	-628
Administrative costs	-1,260	-1,162
Notarial fees, regulatory fees	-7,954	-5,258
Agency fees	-9,609	-6,912
Lease payments	-2,828	-2,606
Miscellaneous other services used	-5,396	-8,273
Services from related parties	-44,560	-32,688
Total	**-147,561**	**-131,672**

IT maintenance expenses include costs associated with the continuous maintenance, support, and operation of the Group's IT systems, encompassing software maintenance agreements, IT infrastructure support, and external IT service engagements.

One of the Group's objectives was to achieve a significant reduction in network-related maintenance costs. The modernisation of the network infrastructure, combined with the partial outsourcing of maintenance activities, enabled more efficient operations and a reduction in maintenance requirements, which in previous periods had generated exceptionally high upkeep expenses.

During 2025, one of the Group's key achievements was the successful nationwide rollout of a new telecommunications brand following the completion of the transformation program. To promote the unified product portfolio and service packages, the Group implemented a comprehensive marketing campaign, including television and online advertising, as well as social media activities.

In addition to the Group's network infrastructure modernization works, logistics tasks were also outsourced during 2025, resulting in better-coordinated projects and more efficient execution.

The complex financial, operational and regulatory challenges encountered during the transformation program required extensive support from external consultants, industry experts and legal advisors.

Following the completion of the program, the use of these services and the associated costs were gradually reduced in line with the project close-out schedule.

Costs related to outsourced activities include all services that the Group purchases from external contractors and service providers, such as staff leasing, customer relationship management. In 2025, the increase was primarily attributable to the use of external expertise in connection with the Group's acquisitions, and strategic reorganisation.

As part of its expansion strategy, the Group engages in stakeholder and relationship-building activities with representatives of various countries, resulting in slightly higher travel expenses in line with its overall expansion.

Agency fees include various commissions paid by the Group to sales partners and resellers in connection with, among others, the sale of subscriptions, calls, data traffic, and vouchers.

Lease payments include expenses related to short-term leases, leases of low-value assets and lease payments out of scope of IFRS16 Leases. For more details, please refer to Note 38 Lease liabilities.

Miscellaneous other services include, among others, costs and fees related to occupational health services, as well as various internal trainings and corporate events.

The Group's Services from related parties line item reflects the services provided by 4iG Plc in support of strategic financial and operational decision-making processes, as well as services related to the operation of IT systems. Support associated with the Group's organizational transformations resulted in a significantly elevated level of demand and the related costs.

8 Employee benefit expenses

	2025	2024
Wages and salaries	-64,084	-63,793
Other payments to personnel	-6,872	-5,404
Social security costs and similar deductions	-8,938	-8,869
Personnel expenses with related parties	-521	-141
Total	**-80,415**	**-78,207**
Average statistical number	6,125	7,356

The increase in employee benefit expenses is primarily attributable to base salary adjustments aimed at maintaining a competitive compensation level, as well as higher one-off incentive payments made in connection with the organizational transformation of the Group.

Following the completion of the transformation program and the optimization of workflows, the Group's internal resource requirements decreased during the reporting period, resulting in a reduction in average statistical headcount.

9 Other operating expenses

	2025	2024
Grants provided for foundations	-158	-147
Penalties and compensations	-637	-790
Loss on intangible assets and property, plant and equipment sold	-1,633	0
Scrapping of intangible assets and property, plant and equipment	-1,525	-936
Taxes, duties, contributions	-15,283	-30,606
Write-down of inventories	-533	-425
Impairment, expected credit loss (ECL) of receivables	-3,401	-2,211
Losses related to damages	-524	-179
Impairment of other financial assets	-82	-13
Loss on sale of receivables	-3,767	-2,624
Provisioning	0	-1,824
Other	-2,175	-4,181
Total	**-29,718**	**-43,936**

In 2025 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 2024.

In 2025 the most significant part of other operating expenses are taxes and duties, and contributions e.g. the telecommunications tax, i.e. taxes that are not income taxes. The withdrawal of the special tax imposed on the telecommunications sector - effective from 1 January 2025 - resulted in a significant reduction in the tax burden for affected companies.

In the current year, the expense for expected credit losses on receivables amounted to HUF 3,401 million, compared to HUF 2,211 million in the prior year. The increase reflects higher customer credit risk and the application of a more conservative methodology compared to the prior year, resulting in a higher provision. It is determined based on a forward-looking expected credit loss (ECL) model in accordance with IFRS 9.

In 2025, the Group recognized a loss on the sale of receivables amounting to HUF 3,767 million compared to HUF 2,624 million in the prior year. The increase compared with the prior year primarily reflects changes in market and economic conditions affecting recoverability. Management regularly monitors receivable collectability to ensure that the financial statements reflect actual credit risk.

During the reporting period, the Group both recognized and released provisions, with the net effect of these movements resulting in a release of provisions. This is in contrast to the prior year, when a net provision of HUF 1,824 million was recognized. No new significant uncertain liabilities were identified during the reporting period that would have required the recognition of material additional provisions.

In the comparative period ended 31 December 2024, certain related-party expenses arising from a service agreement with 4iG Plc. were presented within Other operating expenses. Following a reassessment of their substance and nature, these items were determined to relate appropriately to Services used and have therefore been retrospectively reclassified to that line item in the current presentation.

Impairment movement table for the reporting period:

	Trade receivables	Other financial assets - current	Other financial assets - non-current	Inventories	Contract assets
on 1 January 2025	**-19,204**	**-801**	**-10**	**-3,349**	**-114**
Addition	-7,182	-150	0	-1,128	-16
Reversal	14	84	0	595	0
Derecognition	4,826	0	5	443	9
Acquisition	-607	0	0	0	0
Exchange differences	1,096	-45	-5	124	5
Reclassification	91	-91	0	0	0
on 31 December 2025	**-20,966**	**-1,003**	**-10**	**-3,315**	**-116**

10 Depreciation and amortisation

	2025	2024
Depreciation and amortisation	-163,700	-163,083
Total	**-163,700**	**-163,083**

The depreciation and amortisation line also includes the depreciation of items recognised as right-of-use assets under IFRS 16 Leases, amounting to HUF 28,245 million in 2025 (HUF 27,743 million in 2024) and the depreciation of the fair value adjustments recognised for tangible and intangible assets during the acquisitions, amounting to HUF 11,503 million in 2025 (HUF 11,483 million in 2024).

11 Financial income and financial expenses

Financial income

	2025	2024
Interest income	2,680	3,317
Interest on lease receivables	87	90
Foreign exchange rate gains	25,194	1,646
Other	242	5,213
Financial income from related parties	8,267	4,739
Total	**36,470**	**15,005**

Financial expenses

	2025	2024
Other interest expenses	-27,550	-29,131
Interest expense on lease liabilities	-10,515	-11,045
Foreign exchange rate losses	-3,420	-21,484
Other	-3,161	-1,911
Financial expenses to related parties	-1,194	-1,526
Total	**-45,840**	**-65,097**

The interest income line includes interest received from financial institutions.
The increase in foreign exchange gains is a result of favourable HUF fluctuations in 2025, impacting both realized and unrealized foreign exchange gains.

The other interest expenses line mostly reflects interest paid to financial institutions in the amount of HUF 24,785 million in 2025 (2024: HUF 27,400 million), as well as interest expenses recognised in connection with content rights in the amount of HUF 2,522 million in 2025 (2024: HUF 1,471 million) and the interest of asset retirement obligations in the amount of HUF 241 million in 2025 (2024: HUF 246 million).

Interest on lease liabilities includes interest expenses on leases recognised in accordance with the IFRS 16 Leases standard, amounting to HUF 10,515 million in 2025 (2024: HUF 11,045 million).

The decrease in foreign exchange losses is primarily due to the favourable fluctuation of the HUF in 2025, significantly impacting the Group's substantial liabilities denominated in foreign currencies and leading to lower 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.

Company name	**Group's share of profit/loss for the year**	**Share of ownership**
Associate		
Hungaro DigiTel Kft.	0	n/a
on 31 December 2025	**0**	

Company name	**Group's share of profit/loss for the year**	**Share of ownership**
Associate		
Hungaro DigiTel Kft.	348	n/a
on 31 December 2024	**348**	

On 31 December 2025 and on 31 December 2024 the Group has no associate. See the details in the Note 2.1 Basis of consolidation.

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.

13 Income taxes

The major components of income tax expense are:

	2025	2024
Current income tax:		
Corporate income tax	-3,717	-1,313
Local business tax	-7,608	-7,049
Innovation contribution	-1,124	-1,080
Deferred tax:		
Relating to origination and reversal of temporary differences	**419**	**2,599**
Income tax expense reported in the statement of comprehensive income	**-12,030**	**-6,843**

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% both in 2025 and 2024, in accordance with the applicable corporate tax rate.

Reconciliation of tax expense and the accounting profit:

	2025	2024
Profit or loss before tax	130,230	9,187
Tax liability calculated at statutory current tax rate	-11,721	-827
Adjustments in respect of current income tax of previous years	0	493
Local business tax	-6,923	-6,415
Innovation contribution	-1,023	-983
Utilisation of previously unrecognised tax losses	2,686	2,517
Deferred tax not recognised for current year loss	-1,367	-166
Share of result of associates and joint ventures	0	-31
Non-deductible expenses for tax purposes:		
Other non-deductible expenses	0	-12
Non-taxable income	4,996	0
Effect of higher tax rates in Albania and Montenegro	-832	-649
Foreign exchange rate differences	-10	-269
Other	2,163	-501
Income tax expense	**-12,030**	**-6,843**
Effective income tax rate	-9%	-74%
Income tax expense reported in the statement of profit or loss	**-12,030**	**-6,843**

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 falls under the global minimum tax rules 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.As of 31 December 2025 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 as per the follows:

- in Hungary, Albania and Montenegro pursuant to Section 32 (2) b) of the GMT Act (Effective Tax Rate Test)
- In Bulgaria and North Macedonia, pursuant to Section 32(2) a) of the GMT Act (De minimis test).

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

	2025	2024
Exchange differences on translation of foreign operations	-10,889	19,978
Total	**-10,889**	**19,978**

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.

	2025	2024
Profit or loss before tax	**130,230**	**9,187**
Income taxes	-12,030	-6,843
Profit or loss after tax	**118,200**	**2,344**
Other comprehensive income	**-10,889**	**19,978**
Total comprehensive income	**107,311**	**22,322**

16 Property, plant and equipment

	Machinery and other equipment	Land and buildings	Telecommuni-cations equipment and devices	Construction in progress	Total
Gross value					
on 1 January 2024	**48,380**	**156,233**	**216,284**	**36,248**	**457,145**
Prior year adjustments	-12,324	-85,482	89,492	8,314	**0**
on 1 January 2024 (restated)	**36,056**	**70,751**	**305,776**	**44,562**	**457,145**
Additions	8,013	3,992	43,922	5,008	60,935
Disposals	-5,219	-2,221	-26,853	-920	-35,213
Acquisition	24	0	0	0	24
Exchange differences	3,111	3,398	35,456	486	42,451
on 31 December 2024 (restated)	**41,985**	**75,920**	**358,301**	**49,136**	**525,342**
Additions	2,875	2,301	56,305	23,837	85,318
Disposals	-1,154	-4,024	-8,720	-1,575	-15,473
Reclassifications	122	-53	94	708	871
Acquisition	2,631	831	3,350	453	7,265
Sales	-13,157	-11,826	-14,694	-536	-40,213
Exchange differences	-1,708	-1,767	-16,647	-349	-20,471
on 31 December 2025	**31,594**	**61,382**	**377,989**	**71,674**	**542,639**
Accumulated depreciation					
on 1 January 2024	**29,082**	**40,772**	**75,448**	**580**	**145,882**
Prior year adjustments	-4,698	-1,293	5,991	0	**0**
on 1 January 2024 (restated)	**24,384**	**39,479**	**81,439**	**580**	**145,882**
Current year depreciation	7,065	3,100	50,070	0	60,235
Impairment losses	0	0	0	76	76
Disposals	-4,802	-1,886	-23,443	-542	-30,673
Exchange differences	2,822	2,422	29,042	0	34,286
on 31 December 2024 (restated)	**29,469**	**43,115**	**137,108**	**114**	**209,806**
Current year depreciation	6,196	2,571	48,491	0	57,258
Impairment losses	0	0	49	119	168
Reclassification	107	40	-30	-64	53
Disposals	-1,180	-768	-5,605	0	-7,553
Sales	-11,865	-5,056	-13,353	0	-30,274
Exchange differences	-1,551	-1,264	-13,555	0	-16,370
on 31 December 2025	**21,176**	**38,638**	**153,105**	**169**	**213,088**
Net book value					
on 1 January 2024	**19,298**	**115,461**	**140,836**	**35,668**	**311,263**
on 1 January 2024 (restated)	**11,672**	**31,272**	**224,337**	**43,982**	**311,263**
on 31 December 2024 (restated)	**12,516**	**32,805**	**221,193**	**49,022**	**315,536**
on 31 December 2025	**10,418**	**22,744**	**224,884**	**71,505**	**329,551**

The sale of 4iG Műsorszóró Infrastruktúra Kft. in December 2025 reduced the net carrying amount of the Group's property, plant and equipment by HUF 9,939 million. Acquisitions in the current year increased the net carrying amount of the Group's property, plant and equipment by HUF 7,265 million at the reporting date.

As of 31 December 2025, a significant portion of construction in progress related to ongoing network development projects, network infrastructure and network equipment.
No borrowing costs have been capitalised. The Group did not have any qualifying assets on 31 December 2025.
On 31 December 2025, property, plant and equipment were pledged in the amount of HUF 17,832 million (31 December 2024: HUF 27,122 million).
As of 31 December 2025 and 31 December 2024, there were no contractual commitments in relation to the acquisition of property, plant and equipment.
There were no temporarily idle property, plant and equipment on 31 December 2025 and on 31 December 2024, because the Group seeks to maximise the economic benefits from tangible assets.

Prior year adjustments

The Group presents the property plant and equipment and other intangible assets in the notes in the following categories:

Property, plant and equipment:
- Machinery and other equipment
- Land and buildings
- Telecommunications equipment and devices
- Construction in progress

Other intangible assets:
- Concessions and similar rights
- Software and other intellectual property
- Brand name
- Content rights
- Other intangible assets

During the preparation of the 2025 consolidated financial statements, the Group reviewed the classification of property plant and equipment and other intangible assets and identified classification inconsistencies affecting the breakdown of the comparative presentation of property, plant and equipment and intangible assets for the preceding periods presented.
Management concluded that the comparative presentation did not appropriately reflect the nature and classification of certain assets. Accordingly, in line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the Group has retrospectively restated the comparative information.

As part of the restructuring of the telecommunications segment, the Group performed a detailed review and harmonisation of asset classifications across its operations. This process initially focused on the Hungarian operations and was subsequently extended to foreign subsidiaries (notably Albania and Montenegro), resulting in the identification of additional classification inconsistencies.

Adjustments identified:

- Substructure of telecommunication equipment was presented as machinery and equipment and land and buildings instead of being presented on telecommunication equipment.
- Misclassification of in progress constructions as telecommunication equipments which should have been presented as construction in progress
- Software licenses, together with the related accumulated amortisation, were presented within concessions and similar rights instead of softwares and other intellectual properties.

Impact of the restatement

The restatement:

- does not affect total assets,
- does not affect profit or loss,
- does not affect total comprehensive income,
- does not affect cash flows,
- does not affect total equity.

The impact is limited to reclassification between asset categories and related disclosures.
The restatement also affected the opening balances as at 1 January 2024. The Group concluded that retrospective application was practicable; therefore, comparative information has been restated accordingly as presented in the table above.

17 Customer relationship

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

	Customer relationship
Gross value	
on 1 January 2024	**120,726**
on 31 December 2024	**120,726**
Acquisition	4,035
on 31 December 2025	**124,761**
Amortisation and impairment	
on 1 January 2024	**5,533**
Current year amortisation	6,037
on 31 December 2024	**11,570**
Current year amortisation	6,079
on 31 December 2025	**17,649**
Net book value	
on 1 January 2024	**115,193**
on 31 December 2024	**109,156**
on 31 December 2025	**107,112**

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.

18 Other intangible assets

	Concessions and similar rights	Software and other intellectual property	Content rights	Other intangible assets	Total
Gross value					
on 1 January 2024	**129,531**	**99,868**	**24,191**	**23,015**	**276,605**
Prior year adjustments	-13,045	13,045	0	0	**0**
on 1 January 2024 (restated)	**116,486**	**112,913**	**24,191**	**23,015**	**276,605**
Additions	9,469	25,600	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 (restated)	**116,400**	**143,360**	**23,688**	**38,701**	**322,149**
Additions	3,793	9,914	39,992	16,190	**69,889**
Disposals	-262	-3,051	-4,359	0	**-7,672**
Acquisition	26	1,788	430	0	**2,244**
Sales	-2,798	-795	0	0	**-3,593**
Exchange differences	-2,506	-1,580	-12	-418	**-4,516**
on 31 December 2025	**114,653**	**149,636**	**59,739**	**54,473**	**378,501**
Amortisation and impairment					
on 1 January 2024	**1,046**	**21,202**	**12,052**	**11,136**	**45,436**
Prior year adjustments	-2,048	2,048	0	0	**0**
on 1 January 2024 (restated)	**-1,002**	**23,250**	**12,052**	**11,136**	**45,436**
Current year amortisation	12,846	25,907	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 (restated)	**13,447**	**42,775**	**7,531**	**24,977**	**88,730**
Current year amortisation	10,749	26,843	19,111	15,701	**72,404**
Disposals	120	-1,079	-3,028	0	**-3,987**
Sales	-2,384	-645	0	0	**-3,029**
Exchange differences	-1,884	-1,078	-4	-294	**-3,260**
on 31 December 2025	**20,048**	**66,816**	**23,610**	**40,384**	**150,858**
Net book value					
on 1 January 2024	**128,485**	**78,666**	**12,139**	**11,879**	**231,169**
on 1 January 2024 (restated)	**117,488**	**89,663**	**12,139**	**11,879**	**231,169**
on 31 December 2024 (restated)	**102,953**	**100,585**	**16,157**	**13,724**	**233,419**
on 31 December 2025	**94,605**	**82,820**	**36,129**	**14,089**	**227,643**

Intangible assets include content rights of HUF 36,129 million on 31 December 2025 (31 December 2024: HUF 16,157 million).

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 14,089 million on 31 December 2025 (HUF 13,724 million as of 31 December 2024).

No intangible assets were subject to restrictions on title on 31 December 2025 and on 31 December 2024 and no intangible assets were pledged as security for liabilities on 31 December 2025 and on 31 December 2024.
No contractual commitments for the acquisition of intangible assets were on 31 December 2025 and on 31 December 2024. No temporarily idle intangible assets were on 31 December 2025 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 11.17%.
The Group's annual year-end impairment test did not identify any indications of impairment.

Prior year adjustments

During the preparation of the 2025 consolidated financial statements, the Group updated the classification within intangible assets. The nature and impact of these reclassifications are disclosed in detail in Note 16 Property, plant and equipment.

Individually material intangible assets

The Group's individually material intangible assets (with a gross value exceeding HUF 10,000 million) was HUF 70,189 million on 31 December 2025 (HUF 75,474 million on 31 December 2024), details for the current financial year can be found in the table below:

	Book value	Amortisation period	Final date of amortisation
Description			
Spectrum fee LTE	11,980	19 years	06/05/2034
Spectrum fee 700 MHz	19,152	20 years	09/05/2040
Spectrum fee 5G	39,057	20 years	04/08/2042
on 31 December 2025	**70,189**		

19 Right-of-use assets

	Land and buildings	Machinery, vehicles	Telecommunication devices	Total
Gross value				
on 1 January 2024	**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**
Addition due to new leasing	33,604	1,521	292	35,417
Modification/Remeasurement	3,925	-1,017	-4,895	-1,987
Disposals	-9,846	-807	-1,056	-11,709
Acquisition	360	136	1,211	1,707
Disposal of subsidiary	-1,152	-331	-8	-1,491
Other changes	6,425	610	-4,689	2,346
Exchange differences	-1,062	-38	-35	-1,135
on 31 December 2025	**174,147**	**9,539**	**13,797**	**197,483**
Depreciation				
on 1 January 2024	**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**
Depreciation in the current year	23,932	2,597	1,716	28,245
Modification/Remeasurement	-3,981	-1,122	-2,434	-7,537
Disposals	-1,316	-420	-101	-1,837
Disposal of subsidiary	-431	-110	-1	-542
Other changes	561	549	1,181	2,291
Exchange differences	-415	-28	-9	-452
on 31 December 2025	**55,306**	**4,490**	**4,932**	**64,728**
Net book value				
on 1 January 2024	**98,262**	**4,993**	**12,397**	**115,652**
on 31 December 2024	**104,937**	**6,441**	**18,397**	**129,776**
on 31 December 2025	**118,841**	**5,049**	**8,865**	**132,755**

The Group's most significant leases comprise its headquarters, other office buildings, and vehicle leases. In addition, the Group's lease portfolio includes additional buildings, network infrastructure, and other telecommunication equipment. The increase in additions due to new leases is primarily attributable to a new significant contract for the lease of data center capacity.

20 Deferred tax assets and liabilities

The Group's deferred tax asset on 31 December 2025 is HUF 5,042 million (HUF 4,312 million on 31 December 2024), and its deferred tax liability is HUF 9,578 million on 31 December 2025 (HUF 8,458 million on 31 December 2024).
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		Consolidated statement of comprehensive income	
	31/12/2025	**31/12/2024**	**2025**	**2024**
Expected credit losses of financial assets (e.g. trade receivables)	3,810	2,534	1,276	113
Tax loss carry forward	5,608	8,294	-2,686	2,956
Provisions	1,472	1,398	74	7
Interest deduction capacity	206	1,011	-805	-1,218
PPE and intangible assets	-17,073	-17,872	799	2,418
Foreign exchange rate differences	-6	-40	-34	-40
Right of use of assets and lease liabilities	718	0	718	-1,269
Other temporary difference	729	529	1,077	-368
Deferred tax expense (benefit)			**419**	**2,599**
Net deferred tax liabilities	**-4,536**	**-4,146**		

Deferred tax assets	5,042	4,312
Deferred tax liabilities	-9,578	-8,458
Deferred tax liabilities net	**-4,536**	**-4,146**

The Group has tax losses that arose in Hungary of HUF 323,839 million (2024: HUF 446,872 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 23,137 million (2024: HUF 35,655 million).
The amount of unused tax losses for which no deferred tax assets has been recognised in the statement of financial position is HUF 257,073 million (2024 HUF 343,483 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 2024	**506,832**
Acquisition of a subsidiary	595
Exchange differences	18,304
on 31 December 2024	**525,731**
Acquisition of a subsidiary	2,670
Exchange differences	-8,250
on 31 December 2025	**520,151**

The Group corrected during the current year a prior period adjustment related to the foreign currency translation of goodwill. The effect of the correction is presented within Other movements in the statement of changes in equity, while it is included within Exchange differences in the above goodwill movement schedule.

Neither in 2025 nor in 2024 goodwill is deductible for tax purposes.

Impairment of goodwill

During the preparation of the consolidated financial statement for 2025 goodwill impairment test was performed. 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:

	31/12/2025	31/12/2024
Recoverable amount	824,853	897,561
Book value of goodwill	520,151	525,731
Headroom of goodwill	**304,702**	**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.

The recoverable amount of the cash-generating units to which goodwill is allocated was determined using the Discounted Cash Flow (DCF) method. The discount rate (weighted average cost of capital – WACC) applied in the goodwill impairment test was 11.17%. 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 2024 and 2025 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 2026-2030 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.
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

	31/12/2025
Recoverable amount after sensitivity analysis	610,326
Book value of goodwill	520,151
Headroom of goodwill after sensitivity analysis	**90,175**

10% decrease in free operating cashflow (FCF)

	31/12/2025
Recoverable amount after sensitivity analysis	659,164
Book value of goodwill	520,151
Headroom of goodwill after sensitivity analysis	**139,013**

As shown in the sensitivity analysis above, for 31 December 2025, 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 2025

In 2025, the Group accelerated its expansion through strategic acquisitions. Key acquisitions included acquiring 100% of PR-TELECOM Zrt. and its subsidiary PR-WORK Kft, 99% of Netfone Kft. and its subsidiary Mobilháló Kft. The following tables present details of the acquisitions, with PR-TELECOM Zrt. and Netfone Kft. shown on a consolidated basis, including their respective subsidiaries.

	PR-TELECOM Zrt.	Netfone Telecom Kft.
Assets acquired and liabilities assumed		
Of which:		
Property, plant, and equipment	7,176	92
Customer relationship	0	4,035
Other intangible assets	457	1,788
Right-of-use assets	1,597	110
Net investment in the lease - non-current	124	0
Other investments	3	0
Total non-current assets	**9,357**	**6,025**
Cash and cash equivalents	1,308	1,338
Trade receivables	406	356
Income tax receivable	2	3
Net investment in the lease - current	25	0
Inventories	6	55
Other current financial assets	1	0
Other current non-financial assets	39	188
Total current assets	**1,787**	**1,940**
Borrowings, loans, bonds - non-current	1,004	0
Lease liabilities – non-current	1,431	66
Deferred tax liability	0	326
Other financial liabilities - non-current	357	0
Total non-current liabilities	**2,792**	**392**
Trade payables	971	1,118
Borrowings, loans, bonds - current	1	0
Lease liabilities - current	317	44
Income tax payable	2	122
Other current financial liabilities	150	267
Other current non-financial liabilities	1,072	1,216
Total current liabilities	**2,513**	**2,767**
Total consideration (+)	6,047	7,259
Non-controlling interests (+)	0	0
Total identifiable net assets at fair value (-)	5,839	4,806
Goodwill arising on acquisition	**208**	**2,453**

The acquisition date fair value of the trade receivables of the subsidiaries acquired during the year equals their net amount, which in aggregate amounts to HUF 762 million. The gross amount of trade receivables is HUF 1,378 million which is reduced by an expected credit loss allowance of HUF 616 million. It is expected that the full net amount will be collected.

The following table presents the details regarding the trade receivables:

	PR-TELECOM Zrt.	Netfone Telecom Kft.
Trade receivables gross	468	910
Expected credit loss	-62	-554
Trade receivables net	**406**	**356**

Purchase consideration

	PR-TELECOM Zrt.	Netfone Telecom Kft.
Paid purchase price	3,311	500
Deferred consideration	2,736	0
Contingent consideration liability	0	6,759
Total consideration	**6,047**	**7,259**

Future payments relating to deferred and contingent consideration have been discounted using the weighted average cost of capital (WACC) specific to each subsidiary. For PR-Telecom Zrt., the deferred consideration is payable in two instalments in 2026 and 2027. Contingent consideration depends on the number of subscribers for Netfone Telecom Kft., with payments extending until 2031. The table below presents the schedule of undiscounted future payments:

	PR-TELECOM Zrt.	Netfone Telecom Kft.
Less than 1 year	1,986	1,347
1 to 5 years	1,324	6,713
> 5 years	0	1,232
Total	**3,310**	**9,292**

The table below presents the analysis of the cash flow on acquisition:

	PR-TELECOM Zrt.	Netfone Telecom Kft.
Transaction costs of the acquisition (included in cash flows from operating activities)	0	0
Net cash acquired with the subsidiary (included in cash flows from investing activities)	1,308	1,335
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	0	0
Net cash flow on acquisition	**-2,003**	**835**

The table below presents net sales revenue and total comprehensive income generated since the acquisition date:

	PR-TELECOM Zrt.	Netfone Telecom Kft.
Net sales revenue	1,940	739
Total comprehensive income	-525	47

The Group recognised goodwill on the acquisitions due to the expected synergies from combining operations.

On 29 August 2025, the transaction for the acquisition of PR-TELECOM Zrt. and PR-WORK Kft. has been completed resulting in 4iG Távközlési Holding Zrt. acquiring a 100% ownership stake in the regional telecommunications service provider. The transaction added nearly 3,800 kilometers of network to the group's assets, including approximately 1,000 kilometers of optical backbone and 800 kilometers of optical access network segments. The acquisition enables Group to reduce the need for time- and resource-intensive network expansion investments in certain service areas while further reinforcing its leading position in the fixed-line segment. In the future, the transaction also opens the possibility of introducing convergent packages that combine fixed-line and mobile subscriptions, offering PR-Telecom customers a broad range of high-quality services.

On 1 December 2025, 4iG Távközlési Holding Zrt. has acquired 99% of the shares in Netfone Telecom Kft. a fast-growing nationwide virtual mobile operator. The purpose of the transaction is to expand the Group's customer base and thus further strengthen its position in the Hungarian telecommunications market. This acquisition introduces a customer-centric, agile, and efficient service provider to 4iG telecommunications portfolio. Netfone Telecom's experience, spanning over 10 years, 106,000 customers and 200 resale shops will create new opportunities for service development. In line with international telecommunications trends, this collaboration ensures the security and efficiency of a strategic partnership, bringing the MVNO (Mobile Virtual Network Operator) and the providing MNO (Mobile Network Operator) into a common interest group.

The calculation of the purchase price allocation (PPA) for Netfone Telecom Kft. 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 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 were related to service provision and required minimal physical assets. As a result, the value of the acquired assets was not significant in the context of this acquisition. The primary focus of the acquisition was the transfer of employees rather than tangible assets.

22 Net investment in the lease – non-current

Finance lease arrangements primarily relate to assets provided to business customers, the most significant of which are retail premises. These assets are made available to customers under service agreements, while legal ownership of the assets remains with the service provider or with subsidiaries of the Group.
Net investment in the lease on 31 December 2025 and on 31 December 2024. were as follows:

	31/12/2025	31/12/2024
Net investment in the lease – non-current	270	228
Net investment in the lease - non-current – subleasing	992	865
Total	**1,262**	**1,093**

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

	31/12/2025	31/12/2024
Between 1 and 5 years	1,232	1,163
More than 5 years	146	96
Total	**1,378**	**1,259**

23 Investments in an associate

There were no other investments in an associate on 31 December 2025 and on 31 December 2024. For more information refer to Note 12 Share of profit of associate.

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:

	31/12/2025	31/12/2024
Loans to related parties	114,707	77,249
Instalment payments - non-current	12,426	9,537
Security deposits	50,500	0
Miscellaneous other non-current financial assets	948	434
Impairment of other non-current financial assets	-10	-9
Total	**178,571**	**87,211**

Loans to related parties in 2025 and 2024 were comprised solely of loans granted to 4iG Plc.

The increase in the non-current instalment payments compared to the previous year is in line with the growth in sales revenue, reflecting a higher volume of inventories sold under such arrangements. Short-term portion of the instalment payments is presented under 26 Trade receivables.

Under security deposits, HUF 50,500 million represents a portion of the proceeds from the disposal of a subsidiary during the year that the Group is required to hold in a restricted account in accordance with the bank's requirements.

In accordance with IFRS 9 Financial Instruments, the Group also regularly reviews its non-current financial assets and recognizes any impairment of these assets if necessary.

24.2 Other non-financial assets – non-current

	31/12/2025	31/12/2024
Prepayments – non-current	1,430	1,205
Contract assets – non-current	1,082	352
Total	**2,512**	**1,557**

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

	31/12/2025	31/12/2024
Cash on hand	458	328
Bank	52,947	41,319
Total	**53,405**	**41,647**

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 necessary 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

	31/12/2025	31/12/2024
Trade receivables	107,409	112,338
Expected credit loss of trade receivables	-20,966	-19,204
Trade receivables to related parties	741	416
Total	**87,184**	**93,550**

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.

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

	Allowance for expected credit losses
on 1 January 2024	**-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**
Allowance for expected credit losses	-7,182
Reversal	14
Derecognition	4,826
Acquisition	-607
Exchange differences	1,096
Reclassification	91
on 31 December 2025	**-20,966**

27 Income tax receivables and income tax payables

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

	31/12/2025	31/12/2024
Corporate income and dividend tax receivables (+) / liabilities (-)	968	-1,088
Local business tax receivables (+) / liabilities (-)	336	594
Innovation contribution receivables (+) / liabilities (-)	215	-187
Total	**1,519**	**-681**
from which: receivables	5,360	1,190
from which: liabilities	-3,841	-1,871

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.

28 Net investment in the lease – current

	31/12/2025	31/12/2024
Net investment in the lease – current	254	325
Net investment in the lease - current – subleasing	345	348
Total	**599**	**673**

The Group, as a lessor, engages in leasing activities in accordance with IFRS 16 Leases. It leases its owned assets under finance leases and subleases assets leased from other parties. The assets related to such arrangements primarily consist of retail premises leased out by subsidiaries.

29 Inventories

	31/12/2025	31/12/2024
Goods	13,704	11,351
Raw materials	223	1,209
Write-down of inventories	-3,315	-3,349
Total	**10,612**	**9,211**

	2025	2024
Inventories sold/utilized	-59,230	-69,190
Write-down of inventories as expense	-1,128	-1,100
Reversal of write-down of inventories as expense	594	675
Total	**-59,763**	**-69,615**

The carrying amount of inventories pledged as security for liabilities is HUF 952 million for 2025 (2024: HUF 1,007 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.

30 Other financial assets - current

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

	31/12/2025	31/12/2024
Cash lent for short term	45	219
Cash lent for short-term to related parties	11,713	11,203
Guarantees provided	15	43
Miscellaneous other financial assets – current	2,524	375
Total	**14,297**	**11,840**

As of 31 December 2025, under Cash lent for short-term to related parties, the Group recognised accrued interest income of HUF 11,713 million (2024: HUF 4,286 million) related to a long-term loan provided to 4iG Plc. The long-term portion of the loan is presented in Note 24.1 Other financial assets – non-current.

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 2025 and on 31 December 2024.

	31/12/2025	31/12/2024
Gross value of cash lent for short term	11,758	11,426
Impairment of cash lent for short term	0	-4
Total	**11,758**	**11,422**

As of 31 December 2025, the line-item Miscellaneous other financial assets – current, includes, among others, security deposits paid to third parties, and as at 31 December 2025, it also comprises a short-term call option with a value of HUF 859 million.

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 2025 and 31 December 2024:

	31/12/2025	31/12/2024
Gross value of miscellaneous other financial assets – current	3,527	1,171
Impairment of miscellaneous other financial assets – current	-1,003	-796
Total	**2,524**	**375**

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.
As the balances primarily comprise deposits placed with financial institutions and receivables related to investment transactions, the associated credit risk is considered low. Accordingly, the recognized impairment is minimal and reflects a low probability of default.

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 2024	**-693**
Provision for expected credit losses	-3
Write-off	-2
Exchange differences	-103
on 31 December 2024	**-801**
Provision for expected credit losses	-150
Reversal	84
Exchange differences	-45
Reclassification	-91
on 31 December 2025	**-1,003**

31 Other non-financial assets - current

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

	31/12/2025	31/12/2024
Other tax receivables	17,778	11,619
Advances granted	2,490	1,843
Deposits related to leases	664	592
Contract assets	2,912	1,706
Accrued income	6,561	1,159
Prepayments	4,021	2,578
Other non-financial assets to related parties -current	4,955	1,221
Total	**39,381**	**20,718**

Other tax receivables mainly comprise VAT receivables, amounting to HUF 16,683 million as at 31 December 2025, compared to HUF 10,813 million as at 31 December 2024. The balance of remaining tax receivables amounts to HUF 1,095 million at year-end 2025, versus HUF 808 million at the end of 2024. The increase is largely driven by the expansion in business activity.

The balance of advances granted increased in 2025 compared with the prior year. The increase primarily reflects higher procurement and service order activity, which resulted in greater advance payments to suppliers.

Contract assets include revenue recognised in accordance with IFRS 15 Revenue from Contracts with Customers for services completed and documented before 31 December 2025 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.

	31/12/2025	31/12/2024
Gross value of contract assets	3,028	1,820
Allowance for expected credit losses of contract assets	-116	-114
Total	**2,912**	**1,706**

As at 31 December 2025, the Company's accrued income amounted to HUF 6,561 million, compared to HUF 1,159 million as at 31 December 2024. The increase is primarily attributable to the growth in revenue-related accruals, particularly in respect of mobile and fixed-line services and marketing support, where revenues have been recognized for services already rendered but not yet invoiced.

Prepayments comprise costs and expenses invoiced before the balance sheet date but recognized as expenses after 31 December 2025. These typically include prepaid expenses, content fees, and wage expenses.

32 Share capital

The Company's share capital consists of

- 135,864,653 units of series "A" ordinary shares with a nominal value of HUF 1,000 each, which consists of 25,511,100 units of series "A" registered ordinary shares with a nominal value and issue price of HUF 1,000 each, 64,284,473 units of series "A" registered ordinary shares with a nominal value of HUF 1,000 each and an issue price of HUF 6,252.79 each, i.e. six thousand two hundred and fifty-two Hungarian forints and seventy-nine hundredths of a Hungarian forint, 20,087,478 units of series "A" registered ordinary shares with a nominal value of HUF 1,000 each and an issue price of HUF 6,563.08 each, and 25,981,602 units of series "A" registered ordinary shares with a nominal value of HUF 1,000 each and an issue price of HUF 8,637.343 each,
- 1 unit of series "B" preference share with a nominal value and issue price of HUF 1,000, granting priority rights for the appointment of members of the Board of Directors pursuant to Section 3:233 of Act V of 2013 on the Civil Code.
- 1 unit of series "C" preference share with a nominal value and issue price of HUF 1,000, granting priority rights for the appointment of members of the Supervisory Board pursuant to Section 3:233 of Act V of 2013 on the Civil Code.
- 2 units of series "D" preference shares with a nominal value and issue value of HUF 1,000 each, granting preemptive rights in accordance with Section 3:234 of the Civil Code.

The Company's share capital amounts to HUF 135,865 million, consisting of HUF 16,436 million in cash contributions and HUF 119,429 million in non-cash contributions.

	31/12/2025	31/12/2024
Share capital		
Opening value	**109,883**	**109,883**
Increase	25,982	0
Closing value	**135,865**	**109,883**

On 15 May 2025, Corvinus Nemzetközi Befektetési Zrt. executed a capital increase in 4iG Távközlési Holding Zrt. by contributing claims as in-kind consideration. As a result of the transaction, the share capital was increased by HUF 25,982 million.

33 Capital reserve

	31/12/2025	31/12/2024
Opening value	**549,659**	**549,659**
Increase	198,431	0
Closing value	**748,090**	**549,659**

During the reporting period, capital reserves increased by HUF 198,431 million in connection with the capital increase executed on 15 May 2025 by Corvinus Nemzetközi Befektetési Zrt. in 4iG Távközlési Holding Zrt., through the contribution of claims as in-kind consideration.

34 Accumulated other comprehensive income

	31/12/2025	31/12/2024
Net gain/loss on exchange differences on translations of foreign operation	14,291	24,216
Total	**14,291**	**24,216**

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 the reporting period the non-controlling interest (NCI) changed without increase of control by the transaction on 17 June 2025, whereby 4iG Távközlési Holding Zrt. acquired 100% of the share capital of One Magyarország Zrt. Details of the transaction are presented in section 2.1 Basis of consolidation.

The Group did not make any dividend distributions to non-controlling interests in 2025, compared to HUF 407 million distributed in 2024, which decreased the balance of non-controlling interests.

36 Provisions

	Provision for unused vacation	Provision for legal and litigation expenses	Asset retirement obligations	Total
on 1 January 2024	**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
Reversal	-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**
Additions	1,054	678	4,826	6,558
Unwinding of discount and changes in the discount rate	0	0	241	241
Utilised	-866	-1,725	-65	-2,656
Reversal	-432	-413	-9	-854
Disposal from consolidation area	-22	0	0	-22
Exchange differences	-38	-172	-158	-368
on 31 December 2025	**1,141**	**6,089**	**10,110**	**17,340**

The maturity breakdown of provisions:

	31/12/2025	31/12/2024
Provisions - non-current	11,426	7,823
Provisions - current	5,914	6,618
Total	**17,340**	**14,441**

The provisions for unused vacation amounts to HUF 1,141 million on 31 December 2025 (HUF 1,445 million on 31 December 2024), of which HUF 1,054 million provision was created in 2025, whereas HUF 866 million was utilised. It is expected that these costs will incur in the next financial year.

The provision for legal and other matters typically includes provisions for legal, litigation, penalties on 31 December 2025 mainly at 4iG Távközlési Holding Zrt., One Magyarország Zrt. and ONE Albania sh.a. It is expected that these costs will incur in the next financial year.

The provision for asset retirement obligation includes the discounted provision for the future restoration of the assets of 2Connect Távközlési Infrastruktúra és Hálózati Szolgáltatások Kft., 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 retirement obligation is continuously unwinding, and the decommissioning cost reaches the carrying amount of asset retirement obligation at maturity.
During the reporting period, the Group reassessed its estimates of asset retirement obligations related to active and passive infrastructure. As a result of this reassessment, the estimated amount of these obligations increased, and accordingly, the Group recognised an increase in the related provision in the reporting period.

37 Loans, borrowings – non-current

	31/12/2025	31/12/2024
4iG Távközlési Holding Zrt.		
MFB investment loan	21,702	24,827
MFB loan	2,829	0
Vodafone acquisition loans	319,989	340,419
ONE Albania sh.a.		
OTP club loan	8,937	11,314
One Magyarország Zrt.		
Baross Gábor medium-term loan	1,715	3,650
Corvinus Zrt. medium-term loan	0	2,304
PR-TELECOM Zrt.		
MFB loan	392	0
Loans, borrowings – non-current to related parties	18,809	19,646
Total	**374,373**	**402,160**

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

The above figures represent the amortised cost balances of financial liabilities arising from committed permanent working capital facilities, loan agreements and bonds issued by the Group and its consolidated subsidiaries, including accrued interest and net of repayments. Both the Group and its consolidated subsidiaries have fully complied with all debt service obligations arising from these financial liabilities 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 1,000 million, exposure was 0 at the balance sheet date.

A HUF 45,851 million 13-years loan contracted with Magyar Fejlesztési Bank Zrt. in 2020, thereof HUF 3,126 million repayment is due on short term and HUF 23,073 million nominal value (HUF 21,702 million at amortised cost) 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. (EUR 748,632,034 equivalent HUF 288,517 million as of 31 December 2025) and Magyar Fejlesztési Bank Zrt. (EUR 98,552,524 equivalent HUF 37,990 million as of 31 December 2025) for the acquisition of a majority stake in One Magyarország Zrt. (formerly Vodafone Magyarország Zrt.) Considering the grace period, no principal repayment was due in 2025, 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.

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.

The Group complied with the relevant covenants for the financial year ended 31 December 2025.

As a result of the transformation of the Company, which began in September 2024, in 2025 the companies directly owned 100% by the debtor - namely 4iG ComCo Holding Zrt., 4iG InfraCo Holding Zrt., AH Média Kereskedelmi Zrt., AH Infrastruktúra Zrt., 4iG Hírközlési Infrastruktúra Zrt., 4iG Műsorszóró Infrastruktúra Kft. and V-Hálózat Infrastruktúra Zrt. - were included in the loan agreements as joint and several co-debtors, with amendments to the related collateral agreements.

Out of the above companies, 100% of the shares in 4iG Műsorszóró Infrastruktúra Kft. were sold on 9 December 2025, thus removing this company from the collateral structure as a co-debtor. The received purchase price was deposited in a security deposit account managed by MBH Bank Nyrt.

ONE Albania sh.a.

During the current period, ONE Albania sh.a. fully met all its principal and interest payment obligations.
During 2025, its total debt from fixed-rate loans taken out from the Italian government was repaid according to schedule.

Financing bank	Loan type	Credit limit	Actual outstanding	Currency	Interest
OTP BANK PLC; DSK BANK AD; BANKA OTP ALBANIA SHA	Syndicate loan	37,000,000	23,125,000	EUR	3M EURIBOR + 4.25%
BANKA OTP ALBANIA SHA	Overdraft	5,000,000	0	EUR	12M EURIBOR +3.5% (min 4.2%)
Raiffeisen Bank Albania sh.a.	Overdraft	1,650,000	0	EUR	12M EURIBOR + 5% (min 5.3%)

Out of the HUF 10,320 million OTP Bank loan (EUR 26,6 million) HUF 8,965 million (EUR 23,1 million) is presented as a non-current, whereas HUF 1,355 million (EUR 3,5 million) is presented as current loan. At the end of the year, the utilization of ONE Albania's overdraft facilities was zero. The process of renewal of the overdraft facility contracted with Tirana Bank was delayed due to administrative reasons, thus there was no active overdraft agreement with the Bank on balance sheet date.

One Magyarország Zrt.

Corvinus Nemzetközi Befektetési Zrt. provided loan at variable interest rate to finance certain liabilities of the subsidiary, the outstanding amount at balance sheet date is HUF 2,304 million.
In 2024, the subsidiary entered into three loan agreements with K&H Bank Zrt. for investment loans totalling EUR 14,998,211 (HUF 5,908 million) 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 8,908,397 (HUF 3,430 million). Pledge on the subsidiary's current assets and receivables was registered in favour of the financing bank as collateral.

PR- TELECOM Zrt.

In connection with the acquisition of PR-TELECOM Zrt. the purchase price was financed by Magyar Fejlesztési Bank Zrt. to 4iG Távközlési Holding Zrt. with a total loan amount of HUF 7,000 million on 29 August 2025, with 50% of the purchase price disbursed, totalling HUF 3,217 million (HUF 2,829 million non-current and HUF 388 million current debt service obligation outstanding on 31 December 2025 at 4iG Távközlési Holding Zrt.).
As part of the of the transaction closing, the 4iG Távközlési Holding Zrt. provided a loan to PR-TELECOM Zrt. to repay all of its outstanding debt to K&H Bank Zrt., in the total amount of HUF 569 million.

As security for the Magyar Fejlesztési Bank Zrt. loan, a pledge was created on all shares representing 100% of PR-TELECOM Zrt., as well as on the pledge revenue account. On 19 December 2025, PR-TELECOM Zrt. joined the loan agreement as a co-debtor and signed a mortgage agreement as collateral.
In 2018, PR-TELECOM Zrt. signed a total of seven agreements with Magyar Fejlesztési Bank Zrt. in the framework of GINOP-8.2.1-3.4.1-15 new generation access network (NGA) and local network development loan programme. Their outstanding balance on the reporting date was HUF 392 million.

Loans, borrowings - non-current to related parties

4iG International Telco Holding Zrt.

The Intercompany loan provided by 4iG Plc to 4iG International Telco Holding Zrt. (the legal successor of 4iG Albánia Kft.) currently has a principal amount of EUR 15 million (HUF 5,777 million), maturing on July 25, 2032, and was concluded with an interest rate of 12-month EURIBOR +4.14% with an annual interest period. The reference interest rate is determined on the first day of each interest period. If the borrower fails to pay interest in a given year, the interest for that year is capitalised in accordance with the loan agreement.

ONE Albania sh.a.

The Intercompany loan provided by 4iG Plc to ONE Albania sh.a. (the legal successor of AlbTelecom sh.a.) currently has principal amount of EUR 33.7 million (HUF 12,940 million), maturity on December 31, 2036, and an interest rate of 3-month EURIBOR +4.0% with quarterly interest payments. The reference interest rate is determined on the first day of each interest period.

ONE MACEDONIA TELECOMMUNICATIONS DOOEL SKOPJE

4iG Plc provided a loan of EUR 240,000 (HUF 92 million) to ONE MACEDONIA TELECOMMUNICATIONS DOOEL SKOPJE in 2025 to cover daily operating costs. The Intercompany loan, maturing on December 31, 2030, was secured at an interest rate of 3-month EURIBOR +3.5%, with quarterly interest periods. The reference interest rate is determined on the first day of each interest period. Interest is payable quarterly, on the 10th day following each interest period, but no later than the maturity date.

Bank guarantees

List of bank guarantees issued (above HUF 200 million) on behalf of One Magyarország Zrt. as of 31 December 2025:

Bank	Reference number	Beneficiary	Type	Total	Currency	Date of issue	Expiry date
Citibank Europe Plc. magyarországi fióktelepe	5137621678	Apple Distribution International Ltd.	reverse-guarantee	3,200,000,000	HUF	28/07/2023	07/11/2026
			Total	**3,200,000,000**	**HUF**		

Bank	Reference number	Beneficiary	Type	Total	Cur-rency	Date of issue	Expiry date
MBH Bank Nyrt.	007GFIZ241 770001	Futureal Prime Properties Ingatlanfejlesztő Zártkörű Esernyőalap - Futureal Prime Properties Three Ingatlanfejlesztő Részalap	rental	1,166,472.57	EUR	12/03/2024	31/12/2026
			Total	**1,166,473**	**EUR**		

During the reporting period, One Magyarország Zrt. deposited cash collateral with the contracting party/customer as security for its obligations under certain business contracts, instead of issuing bank guarantees.

One Magyarország Zrt. and MBH Bank Nyrt. signed a Framework Agreement in June 2025, which can also be used by 2Connect Távközlési Infrastruktúra és Hálózati Szolgáltatások Kft.
During the reporting period 2Connect Távközlési Infrastruktúra és Hálózati Szolgáltatások Kft. in accordance with the lease agreement of CEE Property-Invest Kft., instead of issuing a bank guarantee as security for the existing obligation, a cash deposit was placed with the contracting party/customer, in the amount of EUR 71,731 on 31 December 2025.

Bank guarantees issued on behalf of ONE Albania sh.a. as of 31 December 2025 is altogether ALL 41,877,868 (HUF equivalent is 166 million) and EUR 24,000, the subsidiary deposited cash collateral with the bank in a designated bank account.

38 Lease liabilities

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

	Lease liabilities non-current	Lease liabilities current
On 1 January 2024	**95,427**	**22,686**
Addition from new leases	23,030	417
Interest expenditure	8,310	2,735
Lease payments	-2,762	-31,937
Modification, remeasurement	22,874	-8
Reclassification	-34,170	34,170
Disposals	-2,632	-67
Exchange difference	2,688	-500
On 31 December 2024	**112,765**	**27,496**
Addition from new leases	31,576	1,909
Interest expenditure	10,515	0
Lease payments	-1,063	-36,399
Modification, remeasurement	3,393	-172
Acquisition	1,497	361
Reclassification	-36,007	36,007
Disposals	-9,628	-428
Exchange difference	-3,221	-269
On 31 December 2025	**109,827**	**28,505**

The amount of undiscounted future lease payments is shown in Note 44 Risk management.

The Group has excluded certain future cash flows from the measurement of lease liabilities to which it may be exposed. 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 147,620 million (2024: HUF 74,636 million).

The undiscounted cash flows related to termination options that was not included in the value of the lease liabilities amounted to HUF 3 million on 31 December 2025 (HUF 4 million on 31 December 2024). The future undiscounted lease payment liability for contracts the Group has committed but not yet commenced on 31 December 2025 amounted to HUF 1,378 million (HUF 441 million on 31 December 2024).

As of 31 December 2025, and 31 December 2024, there were no residual value guarantees to which the Group was potentially exposed, and these were not taken into account in the lease liabilities.

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

	2025	2024
Lease-related costs, expenses		
Depreciation expense of right-of-use assets	-28,245	-28,367
Interest expense on lease liabilities	-10,515	-11,045
Foreign exchange gain on lease liabilities	1,841	0
Expense relating to short-term leases	-8	-1
Expenses relating to leases of low-value assets	-5	-126
Lease payments out of scope of IFRS 16 leases	-2,815	-2,479
Total amount of recognised in profit and loss	**-39,747**	**-42,018**

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

	31/12/2025	31/12/2024
Liabilities related to content fee	28,051	3,169
Deferred consideration	6,187	0
Total	**34,238**	**3,169**

The Group recognizes liabilities related to discounted future fixed payments to media content providers. During 2025, the Group renegotiated and renewed multiple agreements with its partners regarding broadcasting rights under a unified structure, resulting in a significant increase in the liabilities related to content fee.

Additionally, the Group recognized non-current deferred consideration in connection with the acquisition of PR-TELECOM Zrt. and Netfone Telecom Kft. in the current year.

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 789 million on 31 December 2025 (HUF 573 million on 31 December 2024).

40 Trade payables

During the reporting period, the balance of trade payables decreased significantly. On 31 December 2025 the balance amounted to HUF 76,488 million, compared to HUF 92,349 million on 31 December 2024. Further details of this decrease are provided in Note 43 Other short-term non-financial liabilities.

41 Loans, borrowings - current

	31/12/2025	31/12/2024
4iG Távközlési Holding Zrt.		
Short-term part of MFB investment loan	3,126	3,126
MFB investment loan interest	184	218
Short-term part of MFB loan	388	0
Vodafone acquisition loans interest	888	1,057
ONE Albania sh.a.		
Italian Government loan	0	78
OTP club loan	1,324	1,830
OTP club loan interest	16	24
One Magyarország Zrt.		
Baross Gábor short-term loan	1,715	1,825
Baross Gábor short-term loan interest	3	5
Corvinus Zrt. short-term loan	2,304	0
Corvinus Zrt. short-term loan interest	59	53
Loans, borrowings – current to related parties	232	426
Total	**10,239**	**8,642**

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.

42 Other financial liabilities - current

	31/12/2025	31/12/2024
Payroll related obligations	3,827	3,893
Liabilities related to content fee	11,830	13,532
Customers warranty contract liability	1,241	1,317
Advance dividend received from subsidiary sold	259	0
Deferred consideration payable	3,824	0
Miscellaneous other financial liabilities - current	2,501	826
Other financial liabilities to related parties	15	0
Total	**23,497**	**19,568**

Payroll related obligations line item includes the portion of salaries accrued but not yet paid as of the reporting date, together with the related tax and social security obligations.

The liabilities related to content fees, 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.

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.

The deferred consideration payable line includes amounts payable in 2026 in respect of subsidiaries acquired during the current and prior periods. Further information on acquisitions made during the current year is provided in Note 21.2 Business combination.

Miscellaneous other financial liabilities - current amount to HUF 2,501 million, comprising a liability to an insurer (HUF 790 million), other settlements (HUF 1,521 million), and amounts related to charity line settlements (HUF 190 million).

43 Other non-financial liabilities - current

	31/12/2025	31/12/2024
Tax liabilities and contributions	7,231	10,572
Contract liabilities	897	2,431
Advances received from customers	1,604	2,803
Grants received, deferred income	958	497
Deferred income	4,197	4,658
Accrued income	15,712	17,826
Accrued expenses	42,449	15,572
Accrued expenses to related parties	14,720	9,493
Total	**87,768**	**63,852**

Tax liabilities and contributions mainly include VAT liability of HUF 3 495 million (HUF 3 679 million on 31 December 2024), payroll tax of HUF 1 020 million (HUF 2 737 million on 31 December 2024), telecommunications tax of HUF 2,484 million (HUF 3,658 million on 31 December 2024), extra profit tax of HUF 0 million (HUF 288 million on 31 December 2024) and other tax liabilities of HUF 232 million (HUF 210 million) as of 31 December 2025. The Group has no overdue tax liabilities.

Contract liabilities represent obligations arising from contracts with customers where consideration has been received or is due before the Group satisfies its performance obligations.

Advances received from customers form part of contract liabilities and specifically relate to amounts invoiced and collected in advance (typically based on advance invoices) prior to the transfer of goods or services. Given the nature of the Group's operations, they are disclosed separately in order to distinguish balances arising from advance invoicing and cash collection from other contract liabilities driven by timing differences in revenue recognition, thereby providing more transparent information to users of the financial statements.

In 2025, the Group revised the presentation of deferred revenue in the financial statements. As a result, the amount previously reported under deferred income from revenues in respect of indefeasible rights of use (IRU) has been reclassified to government grants and deferred income, in order to better reflect the economic substance of the transactions.

In connection with the mergers and organisational restructuring, certain entities of the Group experienced a temporary increase in operational workload in their invoice processing and accounting processes during the year. As a result, at the reporting date certain expenses were recognised through accruals, leading to an increase in accrual balances and a corresponding decrease in trade payables in 2025, see Note 40 Trade payables.
The underlying causes have since been identified and the related processes have been reviewed, and the Group has implemented the necessary measures to ensure that invoice processing and accounting are performed in a complete and timely manner going forward.

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 12,350 million as of 31 December 2025 (HUF 9,130 million as of 31 December 2024).

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 2025 and 2024.

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.

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 2025 and on 31 December 2024:

	31/12/2025	31/12/2024
Credit risk		
Trade receivables	87,184	93,550
Contract assets	3,994	2,058
Other current financial assets	14,297	11,840
Cash and cash equivalents	53,405	41,647
Total	**158,880**	**149,095**

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 ageing of trade receivables on 31 December 2025 and on 31 December 2024 is as follows:

	31/12/2025	31/12/2024
Ageing of trade receivables		
Not yet due	75,336	74,054
1-30 days expired	7,823	8,865
between 30-90 days overdue	1,696	3,309
between 90-180 days overdue	974	1,571
between 180-360 days overdue	617	1,845
Over 360 days overdue	738	3,906
Total	**87,184**	**93,550**

The ageing 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.

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:

	Less than 1 year	1 to 5 years	> 5 years	Total
Loans and borrowings	27,707	25,857	397,584	**451,148**
Lease liabilities	38,589	105,057	48,899	**192,545**
Other financial liabilities	29,727	33,219	1,324	**64,270**
Trade and other payables	76,488	0	0	**76,488**
On 31 December 2025	**172,511**	**164,133**	**447,807**	**784,451**

	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**
On 31 December 2024	**149,373**	**148,303**	**371,256**	**668,932**

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 and Middle East

The Group does not maintain business relationships with companies based in Ukraine or the Middle East; accordingly, it does not consider itself to be exposed to any direct business risks arising from the ongoing conflicts in these regions.

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 2025 is as follows:

Foreign currency exposure	**HUF**	**Foreign currency**	**Total**
Trade receivables	70,404	16,780	**87,184**
Trade payables	32,912	43,576	**76,488**
Cash and cash equivalents	36,118	17,287	**53,405**
Loans and borrowings	23,538	361,074	**384,612**

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.

	31/12/2025
With current interest rate	
Loans with fix interest rate	364,154
Loans with flexible interest rate	20,458
Interest liability	**1,156**
Profit before tax	**130,230**
1%	
Interest liability	**1,168**
Change in interest liability	***12***
Change in interest liability (%)	***1.000%***
Profit before tax	**130,242**
Change in profit before tax	***12***
Change in profit before tax (%)	***0.009%***
5%	
Interest liability	**1,214**
Change in interest liability	***58***
Change in interest liability (%)	***5.000%***
Profit before tax	**130,288**
Change in profit before tax	***58***
Change in profit before tax (%)	***0.044%***
-1%	
Interest liability	**1,144**
Change in interest liability	***-12***
Change in interest liability (%)	***-1.000%***
Profit before tax	**130,218**
Change in profit before tax	***-12***
Change in profit before tax (%)	***-0.009%***
-5%	
Interest liability	**1,098**
Change in interest liability	***-58***
Change in interest liability (%)	***-5.000%***
Profit before tax	**130,172**
Change in profit before tax	***-58***
Change in profit before tax (%)	***-0.044%***

Exchange rate sensitivity testing

Note that the table below presents percentage and not percentage point changes.

	31/12/2025
With current exchange rates	
Non-monetary assets and assets denominated in forint	1,681,370
Foreign currency assets	34,067
Liabilities denominated in HUF	371,832
Foreign currency liabilities	404,650
Net assets	**938,955**
Profit before tax	**130,230**
1%	
Non-monetary assets and assets denominated in forint	1,681,370
Foreign currency assets	34,408
Liabilities denominated in HUF	371,832
Foreign currency liabilities	408,697
Net assets	**935,249**
Change in net assets	***-3,706***
Change in net assets (%)	***-0.395%***
Profit before tax	**126,524**
Change in profit before tax	***-3,706***
Change in profit before tax (%)	***-2.846%***
5%	
Non-monetary assets and assets denominated in forint	1,681,370
Foreign currency assets	35,770
Liabilities denominated in HUF	371,832
Foreign currency liabilities	424,883
Net assets	**920,426**
Change in net assets	***-18,529***
Change in net assets (%)	***-1.973%***
Profit before tax	**111,701**
Change in profit before tax	***-18,529***
Change in profit before tax (%)	***-14.228%***
10%	
Non-monetary assets and assets denominated in forint	1,681,370
Foreign currency assets	37,474
Liabilities denominated in HUF	371,832
Foreign currency liabilities	445,115
Net assets	**901,897**
Change in net assets	***-37,058***
Change in net assets (%)	***-3.947%***

Profit before tax	**93,172**
Change in profit before tax	***-37,058***
Change in profit before tax (%)	***-28.456%***
-1%	
Non-monetary assets and assets denominated in forint	1,681,370
Foreign currency assets	33,726
Liabilities denominated in HUF	371,832
Foreign currency liabilities	400,604
Net assets	**942,661**
Change in net assets	***3,706***
Change in net assets (%)	***0.395%***
Profit before tax	**133,936**
Change in profit before tax	***3,706***
Change in profit before tax (%)	***2.846%***
-5%	
Non-monetary assets and assets denominated in forint	1,681,370
Foreign currency assets	32,364
Liabilities denominated in HUF	371,832
Foreign currency liabilities	384,418
Net assets	**957,484**
Change in net assets	***18,529***
Change in net assets (%)	***1.973%***
Profit before tax	**148,759**
Change in profit before tax	***18,529***
Change in profit before tax (%)	***14.228%***
-10%	
Non-monetary assets and assets denominated in forint	1,681,370
Foreign currency assets	30,660
Liabilities denominated in HUF	371,832
Foreign currency liabilities	364,185
Net assets	**976,013**
Change in net assets	***37,058***
Change in net assets (%)	***3.947%***
Profit before tax	**167,288**
Change in profit before tax	***37,058***
Change in profit before tax (%)	***28.456%***

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 2025 and 31 December 2024 the Group measured all financial instruments at amortised cost. No fair value measurement was performed at any of these reporting dates.

	31/12/2025	31/12/2024
Financial assets		
Net investment in the lease – non-current	1,262	1,093
Other investments	0	0
Other financial fixed assets		
Non-current loans	114,707	77,249
Other non-current assets	63,864	9,962
Total non-current financial assets	**179,833**	**88,304**
Cash and cash equivalents	53,405	41,647
Trade receivables	87,184	93,550
Net investment in the lease – current	599	673
Other financial assets - current		
Cash lent for short term	11,758	11,422
Guarantees provided	15	43
Other current receivables	2,524	375
Total short term financial assets	**155,485**	**147,710**
Total financial assets	**335,318**	**236,014**
Financial liabilities		
Loans, borrowings, bonds – non-current	374,373	402,160
Lease liabilities – non-current	109,827	112,765
Other financial liabilities - non-current	34,238	3,169
Total non-current financial liabilities	**518,438**	**518,094**
Trade payables	76,488	92,349
Loans, borrowings, bonds – current	10,239	8,642
Lease liabilities - current	28,505	27,496
Other financial liabilities - current	23,497	19,568
Total current financial liabilities	**138,729**	**148,055**
Total financial liabilities	**657,167**	**666,149**

As of 31 December 2025, the fair value of Vodafone acquisition loans and MFB investment loan taken by 4iG Távközlési Holding Zrt. amounted to HUF 354,049 million (HUF 396,810 million on 31 December 2024), while the carrying amount was HUF 349,106 million (HUF 369,647 million on 31 December 2024) 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

	01/01/2025	Cash flows	Foreign exchange movement	New leases	Other	31/12/2025
Current loans and borrowings	8,642	-32,517	-270	0	34,384	**10,239**
Current lease liabilities	27,496	-36,399	-269	1,909	35,768	**28,505**
Non-current loans and borrowings	402,160	3,236	-23,093	0	-7,930	**374,373**
Non-current lease liabilities	112,765	-1,063	-3,221	31,576	-30,230	**109,827**
Total liabilities from financing activities	**551,063**	**-66,743**	**-26,853**	**33,485**	**31,992**	**522,944**

	01/01/2024	Cash flows	Foreign exchange movement	New leases	Other	31/12/2024
Current loans and borrowings	9,949	-2,093	706	0	80	**8,642**
Current lease liabilities	22,686	-29,202	-501	418	34,095	**27,496**
Non-current loans and borrowings	377,965	3,650	18,749	0	1,796	**402,160**
Non-current lease liabilities	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**

Interest expense related to current loans and borrowings for the period calculated using the effective interest method amounted to HUF 24,785 million (2024: HUF 27,400 million), and is presented among others in the Other column.

Under lease liabilities, the “Other” column reflects the reclassification of HUF 36,007 million during 2025 (HUF 34,170 million in 2024) between non-current and current liabilities, as well as the impact of remeasurement and disposal of lease contracts: HUF -6,572 million (HUF -20,242 million in 2024) for non-current lease liabilities and HUF -534 million (HUF -75 million in 2024) for current lease liabilities during 2025. For more information, please refer to Note 38 Lease liabilities.

46 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.

	31/12/2025	31/12/2024
Sales to related parties	35	70
Purchases from related parties	528	9
Amounts owed by related parties (trade receivables)	32	9
Liabilites to related parties (trade payables)	114	0

The Group had no outstanding loan liabilities or loan receivables as of either 31 December 2025 or 31 December 2024 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 2025 or for the year ending 31 December 2024.

47 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. Table below comprehensively includes the remuneration paid to key management personnel in HUF million during the reporting period and in the previous period:

	31/12/2025	31/12/2024
Members of the Board of Directors	177	179
Members of the Supervisory Board	54	71
Managing Directors and Chief Executive Officers of the parent and subsidiaries	565	616
Total	**797**	**866**

The remuneration of HUF 797 million disclosed in the table above for 2025 (HUF 866 million for 2024) comprises solely short-term employee benefits. No post-employment, termination, or other long-term benefits were granted to key management personnel.

In addition to the short-term employee benefits presented above, certain members of the Board of Directors of the Group participate in a share-based remuneration arrangement operated through an Employee Share Ownership Program ("ESOP"). The Program is announced by 4iG Plc, additional information related to this is presented in the annual report of 4iG Plc.

In connection with the ESOP arrangement, the related costs attributable to the relevant key management personnel are recharged by 4iG Plc. to the Group. During the reporting period, the Group recognised HUF 423 million in relation to such share-based remuneration arrangements as part of the remuneration of key management personnel.

48 Commitments and contingencies

48.1 Contingent assets

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not entirely within the entity's control. These are not recognized on the consolidated financial statement.
On 31 December 2025 the Group has no contingent receivables for which the inflow of economic benefits is probable and significant.

48.2 Contingent liabilities

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.

On on 31 December 2025 and on 31 December 2024, the Group did not have any expected future obligations whose settlement is not probable or whose amount cannot be reliably estimated. Accordingly, the Group has no contingent liabilities as defined by IAS 37 Provisions, Contingent Liabilities and Contingent Assets

48.3 Commitments and guarantees

The future undiscounted lease payment liability for contracts the Group is committed but not yet commenced on 31 December 2025 amounted to HUF 1,378 million (HUF 441 million on 31 December 2024).

The bank guarantees provided, and the available but undrawn credit facilities constitute off-balance sheet items that reflect the Group's capacity for future commitments and its financial flexibility. Loans, borrowings, bonds are disclosed in Note 41 Loans, borrowings, bonds – current and in Note 37 Loans, borrowings, bonds – non current.

49 Events after the balance sheet date

Significant agreements

In accordance with IAS 10 Events after the Reporting Period, the following events are not considered adjusting events, as they have no material financial impact on the amounts recognised in the financial statements.

On 12 February 2026, 2Connect Távközlési Infrastruktúra és Hálózati Szolgáltatások Kft. and Yettel Magyarország Zrt. has signed a significant contract for FBaaS (Fixed-Broadband-as-a-Service) wholesale services.

On 19 February 2026, 4iG Távközlési Holding Zrt. and 4iG InfraCo Holding Zrt. entered into a non-binding term sheet with e& PPF Telecom Group.

Other publications

In accordance with IAS 10 Events after the Reporting Period, the following events are not considered adjusting events, as they have no material financial impact on the amounts recognised in the financial statements.

On 15 January 2026, the Board of Directors of 4iG Távközlési Holding Zrt. appointed Tamás Tábori as CEO, and the General Meeting of 4iG Távközlési Holding Zrt. elected him as a member of the Board of Directors.

On 27 February 2026, the Hungarian Competition Authority has imposed a fine on One Magyarország Zrt. - which is owned by 4iG ComCo Holding Zrt. - as a result of the follow-up investigation procedure initiated in 2025 to verify the fulfilment of the commitments made against its legal predecessor UPC Magyarország Telekommunikációs Kft. in 2015 in the proceedings concerning the conditions of the internet service in district 29.

On 25 March 2026, One Magyarország Zrt. has reached an agreement with the National Media and Infocommunications Authority on the renewal of its radio spectrum usage right for three 2x5MHz frequency blocks in the 2,100 MHz frequency band.

On 22 April 2026, ONE Albania sh.a. entered into a EUR 31 million, 10-year, floating-rate loan agreement with the participation of OTP Bank Nyrt., DSK Bank AD and Banka OTP Albania sh.a. The loan bears interest at 3-month EURIBOR + 3.5%, which simultaneously resulted in a reduction of the interest margin on the existing EUR 25.76 million OTP project financing facility (previously: EURIBOR + 4.25%). The transaction is secured by pledges over certain assets of ONE Albania sh.a., as well as a sponsor support undertaking by 4iG Plc, under which the Company commits to provide funding, if necessary, to ensure that ONE Albania sh.a. can meet its financial obligations.

50 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.

51 Remuneration of the auditor

The General Meeting, by Resolution 7/2024 (V.21), elected Ernst & Young Könyvvizsgáló Kft. as the auditor for the consolidated annual financial statements for the years 2024-2026. 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 2025, performed by the audit firm (Ernst & Young Könyvvizsgáló Kft.), amounts to EUR 150,000. The total fee for other assurance and related services provided by the auditor together with its network amounted to EUR 1,860,164.
The auditor together with its network did not invoice non assurance related services rendered to 4iG Távközlési Holding Zrt. and its subsidiaries in 2025. 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.

52 Registered IFRS accountant responsible for preparing the financial statements

Szilvia Turai
2509 Esztergom-Kertváros, Hőtáv utca 26.
Registration number: 202391

Budapest, 20 May 2026

Máté Szentmihályi-Tóth
Representative of the Company

Dr. Csaba Vezekényi
Representative of the Company