



ANNUAL REPORT 2025

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GROUP BUSINESS



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FINANCIAL KEY PERFORMANCE INDICATORS

TOTAL REVENUE 2024/25: +3.6%	€ 1,142 m
ADJ. EBITDA AL 2024/25: +3.3%	€ 430 m
CAPEX AL 2024/25: +10.5%	€ 268 m
CASH FLOW FROM OPERATING ACTIVITIES 2024/25: +1.6%	€ 407 m
NET PROFIT AFTER NON- CONTROLLING INTERESTS 2024/25: +0.8%	€ 143 m

ESG KEY PERFORMANCE INDICATORS

 E - SEGMENT	• 300,000 mobile and fixed electronic devices collected from customers in 2024/25: +26% • By increasing energy efficiency, energy intensity in 2024/25 reduced by 15% • Signed 5 contracts to expand broadband internet infrastructure under the EUBB program, coverage of > 40,000 customers in rural areas
 S - SEGMENT	• “Tools for Modern Times”: a national digital literacy program encompassing 219 primary schools across Croatia and more than 6,000 children • “You Can Do AI Too”: launched a national artificial intelligence education program in Croatian >120,000 people engaged • Signatory of the telecom industry Code for the Protection and Promotion of Children’s Rights in the Digital Environment, in partnership with UNICEF
 G - SEGMENT	• “Croatian Sustainability Index – HRIO 2025”: national award for sustainable development (5th consecutive year) • HANFA recognition: Corporate Governance (2nd consecutive year) • ZSE Awards: awards in the categories “Stock of the Year” and “Best Investor Relations”





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In 2025, Croatian Telecom was once again recognised for excellence in the capital markets, receiving two awards from the Zagreb Stock Exchange. At the same time, for the second consecutive year, we earned recognition from the regulator for exemplary corporate governance, which confirms our commitment to transparency and high business standards. Our continuous creation of value for our shareholders, society, customers, and employees is evident in the largest dividend payout since 2013. These awards and results confirm that through systematic development and business transformation, we are building a stable, long-term, sustainable, and successful company.

Matija Kovačević (CEO)



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Our goal entering 2025 was clear – to be even better in every respect. And we delivered that. We were the ones to build the most again, invest the most, and, at the same time, set new, higher standards that were considered unattainable until yesterday but are now the benchmark.

Boris Drilo (CTIO)

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We continuously invest in top-quality content, new technologies, and the best TV experience, because we believe that the quality of entertainment, ease of use, and value we provide form the foundation of the customers’ experience. In doing so, we also confirm our position as the leader in television experience and the best telecom brand. Through a rich ecosystem of practical and useful services, such as the Magenta Moments program and a range of digital solutions that go beyond the traditional telecom world, we not only deliver quality experience but also unforgettable digital moments. We do not see innovation as an end in itself, but as a tool that provides simple access to future technologies for customers. We place special focus on the development and application of artificial intelligence and enabling AI tools for Croatian citizens, making technologies that revolutionize work, learning, and entertainment accessible to all. And we build this on the best network.

Krešimir Madunović (COO Residential)



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Croatian Telecom is also the frontrunner in Europe’s most technologically advanced projects, including Rijeka Gateway, smart airports, and advanced ICT solutions. We are a Centre of excellence for cybersecurity at Deutsche Telekom Europe, with more than 150 companies using Combis’s Security Operations Centre. The services we provide in our data centers (IaaS) have resulted in a series of awards from our partners. The innovativeness of our teams and their expertise are key to realizing the most complex projects.

Marijana Bačić (COO Business)



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All our successes and achievements are based on the exceptional commitment and dedication of our employees. The satisfaction of our people is our driving force, and the significant increase in 2025 reflects systematic efforts focused on each individual’s career path and professional development. Employee satisfaction is a prerequisite for achieving our continuous goal of excellence in customer experience. The smile on our customers’ faces remains the primary focus of all our employees, from colleagues working in direct contact with customers to the Management Board. We continue to work on these principles – developing employees, shaping leaders, strengthening expertise, and providing the best service to our customers.

Ivan Bartulović (COO)

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Artificial intelligence represents a new major technological milestone, which is why we are systematically investing in AI solutions that enhance our business and the business of our customers, as well as in the knowledge and digital skills of citizens through the national “You Can Do AI Too” program. We consider it our responsibility to ensure that the opportunities arising from artificial intelligence are accessible to all. By building key digital infrastructure, we contribute to a digitally inclusive society in which technology delivers real value to citizens, businesses, and society.

Siniša Đuranović (CCO)



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CEO LETTER TO SHAREHOLDERS

Dear Shareholders,

The past year for Croatian Telecom was a year of reaffirming successful business operations, financial performance and delivering on our vision - one that combines growth driven by customer experience, innovation, transformation and social responsibility, and, most importantly, one that delivers results across all key segments of our business.

In a time of rapid technological change, when success and competitiveness are more than ever defined by the level of digitalization and the integration of advanced technologies, Croatian Telecom has not only followed developments and trends, but has systematically led them. Guided by the belief that technology must be inclusive, we have enabled access to modern digital tools for residential and business customers, economy and society, thereby creating a platform for progress as well as sustainable growth and development.

Stable growth and value creation for all stakeholders

We closed the year with growth across all key indicators, in both the residential and business customer segments, across mobile and fixed services as well as System Solutions. Revenues increased by 3.6%, adjusted EBITDA AL rose by 3.3%, and Net profit after non controlling interests amounted to EUR 143 million. These results reflect the structural strength of our business model and the continuous transformation of our operating model, through which we have successfully mitigated inflationary and cost pressures.

At the same time, we continued to create value for our nearly 150,000 shareholders. We paid a dividend of EUR 125.5 million for 2024, the highest since 2013, and in 2025 Croatian Telecom returned a total of EUR 159.7 million to shareholders through dividends and share buybacks. In doing so, we confirmed our financial strength and the quality of our capital management.

Largest investments in the market - the foundation for development, digitalization, and growth

Once again, we made the largest investment in the market, 268.4 million euros, representing an increase of 10.5% compared to the previous year. This further demonstrated our strong commitment to expanding the most advanced fiber and mobile infrastructure across Croatia, including rural areas.

We also confirmed our status as the best mobile network, as demonstrated for the third consecutive year by an independent national survey conducted by the regulator. At the same time, by covering one million households and businesses with fiber, we reached an important strategic milestone that contributes to reducing the digital divide and forms the foundation for progress across society.

We are particularly proud of projects that demonstrate how advanced infrastructure is becoming a platform for transforming key sectors of the economy, while also confirming that Croatian Telecom is recognized at the European level as a technological front-runner. The Rijeka Gateway 5G campus network, with which Croatian Telecom equipped the new container terminal at the Port of Rijeka with a dedicated 5G network, was highlighted by the European Commission at the European Digital Connectivity Awards 2025 as one of the most innovative digital connectivity projects in Europe. The NextGen5G Airports project has been selected for co-financing under the Connecting Europe Facility program. This is only the fourth aviation infrastructure project to receive support from CEF Digital, with HT acting as consortium's mobile network operator and the lead partner. Upon completion of the project, Croatia will get its first three smart airports, with a dedicated 5G campus network to be built by Croatian Telecom. These, along with other projects implemented in 2025, confirm our role as a national strategic partner in digital transformation.

Artificial Intelligence for everyone

Artificial intelligence is becoming an increasingly important part of our strategy. We are integrating AI across all areas of our operations - from predictive analytics and network optimization to improving energy efficiency and developing advanced solutions for business customers. AI enhances service quality, increases operational efficiency, and opens new opportunities for business development.

As the adoption of artificial intelligence continues to accelerate, demand for high-performance networks and computing power will continue to grow. Our ongoing investments in fiber infrastructure, 5G networks, ICT, cybersecurity, and data centres position us well to capitalize on this long-term structural trend.

Organizational transformation and a strong team

During the year, we completed the separation of our tower infrastructure into a separate company, HT Towers, thereby following the European trend of infrastructure separation and further enhancing operational efficiency.

Our strategy is delivered by more than 5,000 engaged employees. Their expertise, dedication, and readiness to embrace change form the foundation of our ability to continuously improve service quality, develop modern products, and deliver the best customer experience across both the residential and business segments.

Thanks to their efforts, Croatian Telecom has further strengthened its position as the number one telecommunications brand in Croatia.

Leadership with responsibility

Our goals and ambitions extend beyond the traditional telecommunications industry. We see the purpose of our work not only in achieving business objectives, but also in our broader contribution to society— in caring for the communities in which we live and work, in the opportunities we create for others, and in the legacy, we leave behind.

Sustainability and sustainable development are integral parts of our business. In particular, we have focused on increasing energy efficiency, promoting digital inclusion, and creating long-term sustainable value. In 2025, our energy intensity improved by 15% year-on-year, reflecting tangible progress in operational efficiency and in reducing our environmental impact.

To advance digital inclusion and education, we launched the national program of free artificial intelligence training, “You Can Do AI Too”, aimed at increasing access to AI and strengthening AI literacy across Croatia. By investing in knowledge and digital skills, we strive to ensure that technology serves everyone and delivers tangible benefits to society. Our goal is to help build an inclusive, productive and competitive digital Croatia, a society that does not fear change but leads it by harnessing the full potential of innovative technologies.

Our long-term commitment to responsible and sustainable business practices is also reflected in the recognitions we have received. For the fifth consecutive year we were awarded the Croatian Sustainability Index (HRIO), for the second consecutive year we received HANFA's Corporate Governance Award, and we were also honoured with two awards from the Zagreb Stock Exchange.

What you can expect from HT in 2026

In 2026, we have a clear objective: to continue improving customer experience, building the most advanced networks with even better performance, connecting, innovating, and driving digitalization, while systematically applying artificial intelligence to support sustainable growth. Our goal is to deliver the best services, share knowledge and create opportunities for the development of our customers and partners.

The foundation of our continued development and of customer satisfaction rests on the satisfaction of our employees, whose dedication and engagement make every achievement possible.

By building modern infrastructure, we are creating the backbone of a digital Croatia, while investments in innovation and superior customer experience strengthen the foundations of competitiveness and sustainable growth. Our strategic focus goes beyond technology, it is centred on creating long-term value for shareholders, partners and society as a whole.

Thank you for the trust you place in us.

Yours sincerely,
Nataša Rapaić





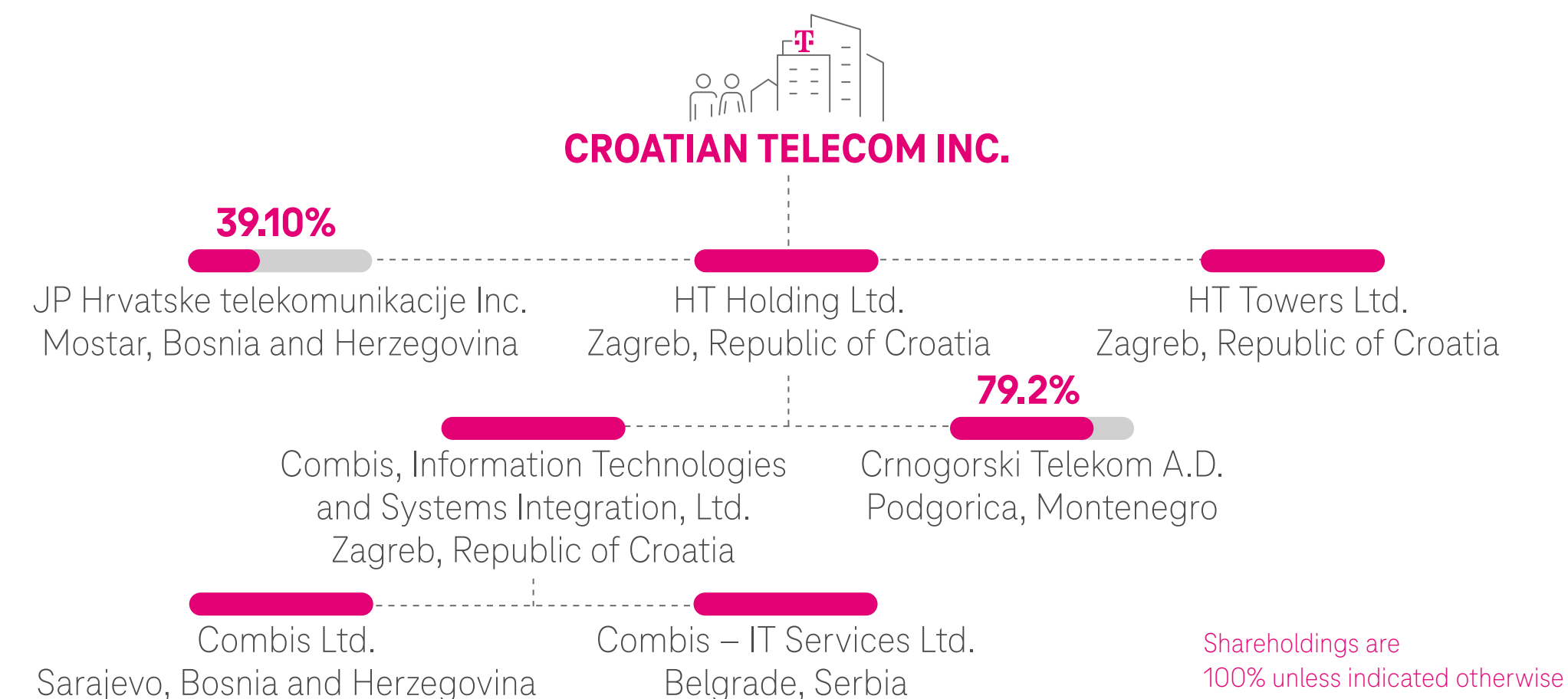
CORPORATE PROFILE

OVERVIEW



Croatian Telecom Group (hereinafter referred to as the “Group”), led by Croatian Telecom Inc. (hereinafter referred to as “HT” or the “Company”) and its subsidiary companies, is the leading

provider of telecommunication and digital services in the Republic of Croatia. The Company has no branch offices. Group structure on 31 December 2025 is shown below:



OWNERSHIP STRUCTURE

The share capital of Croatian Telecom Inc. on 31 December 2025 amounted to EUR 1,340,772,262 divided into 76,550,000 shares without nominal value.

The Company has 145,875 of its own shares, which represents 1.0% of the share capital.

Deutsche Telekom Europe B.V. is the majority shareholder of Croatian Telecom Inc. with a 54.6% holding. Deutsche Telekom Europe B.V. is 100% owned by Deutsche Telekom Europe Holding B.V. whose 100% owner is Deutsche Telekom Europe Holding GmbH (former name was T-Mobile Global Holding Nr. 2 GmbH).

Deutsche Telekom Europe Holding GmbH is 100% owned by Deutsche Telekom AG.

The Croatian War Veterans' Fund owns 7.1%, with the Restructuring and Sale Center (CERP)/Republic of Croatia holding 1.9% of shares.

The remaining 36.4% is owned by Croatian citizens and other domestic and foreign institutional investors. Raiffeisen Pension Funds (in Croatian: Raiffeisen mirovinski fondovi) are the investor with the largest shareholding among private and institutional investors, holding 10.4% of Company shares.





GROUP VISION is to achieve sustainable and profitable growth for the Company by connecting everyone in the Republic of Croatia with the opportunities provided by digitalisation and enabling people to make their lives better.

GROUP’S GUIDING PRINCIPLES AND FOCUS AREAS

Group’s guiding principles set the daily operations guidelines based on ethics, respect, teamwork, responsibility, and creating an environment that values outstanding results. They foster an atmosphere that contributes to business success through shared values towards customers and partners.

Responsibility for promoting these values lies with all employees, from management to every team member *(the chapter ESRS G1-1 – Business Conduct Policies and Corporate Culture)*.

Group offers its customers a wide range of fixed, mobile, internet, and data services and advanced ICT solutions tailored to business needs. Frequent awards and independent recognition confirm Group’s market visibility for the best network, sustainable business practices, corporate governance, and social engagement *(detailed overview is available in the section on Initiatives, Awards, and Recognition)*.

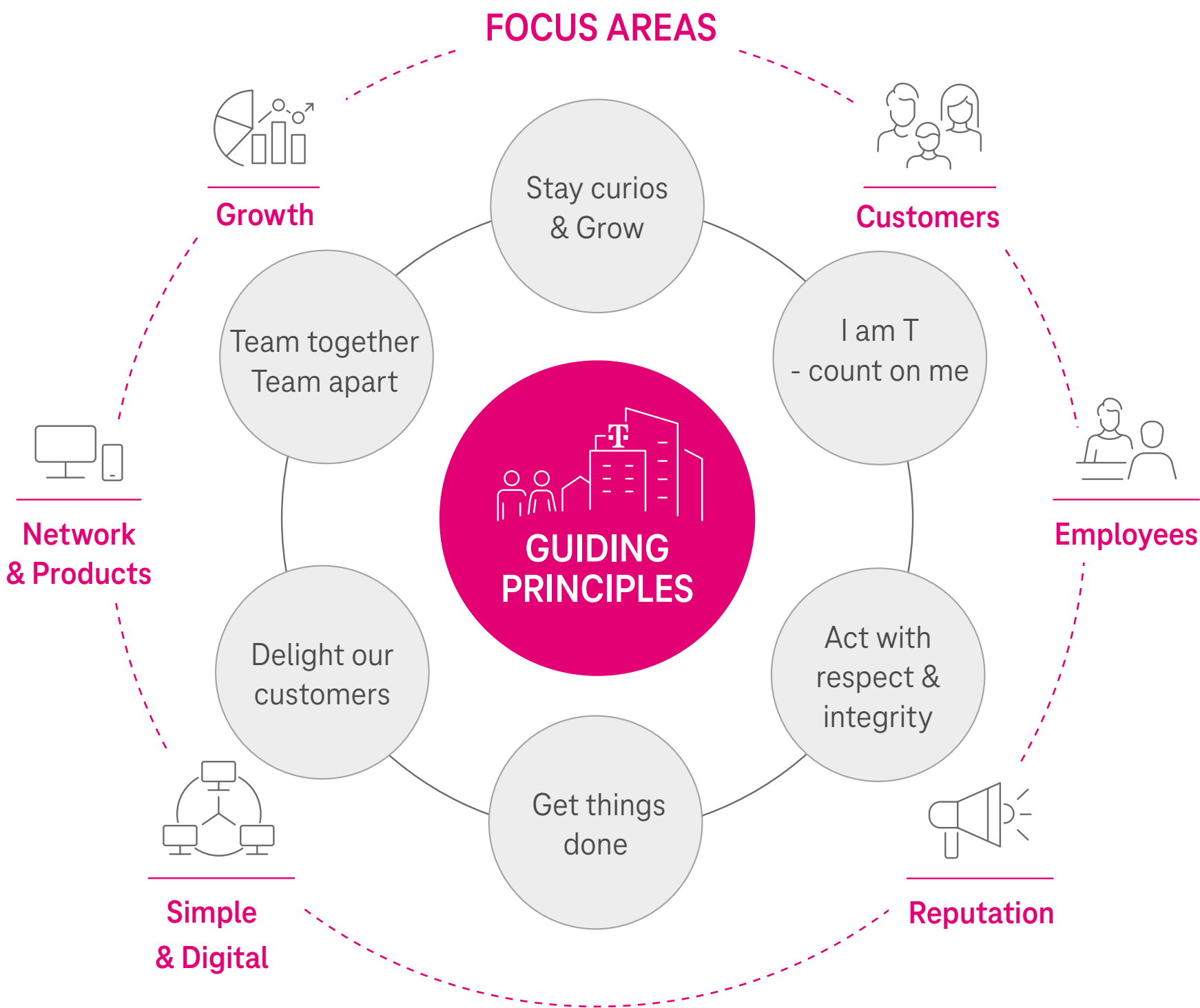
Group is continuously upgrading technology and network quality to ensure a superior customer experience and developing innovative digital solutions that foster a connected and sustainable society. Thanks to its strategic focus on digitalisation, technological advancement and providing the best customer experience, Group is the market leader in

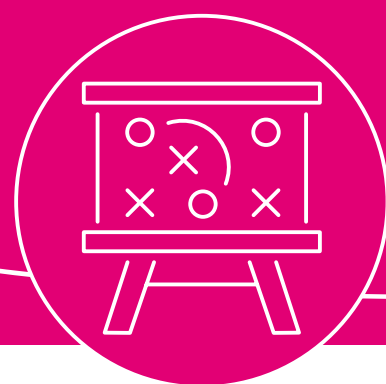
both the residential and business segments. Group builds its reputation through everything it does.

With modern infrastructure, Group sets industry standards and emphasizes digitalisation. By investing in 5G networks, fibre infrastructure, and advanced Cloud services, Group enables faster and more secure access to information, supports the development of smart cities, and drives digital transformation of the economy and the public sector. With its cybersecurity and Internet of Things (IoT) solutions, as well as data centres, Group enhances business efficiency and security.

The strong employee engagement and our status as one of the most desirable employers on the market ensure Group’s continuous growth and prosperity.

As a socially responsible company, Group actively contributes to reducing the digital gap, fostering sustainable business practices, and implementing ESG standards. By providing technological solutions that improve the quality of life, simplify communication, and stimulate innovation, Group plays a key role in the digital transformation of society and the economy, making the Republic of Croatia more connected, advanced, and globally competitive.





As the largest private investor in the digital transformation of the Republic of Croatia, Group continues to be a leading digital and sustainable telecommunications company and a reliable partner to its customers and to the society.

Main strategic guidelines and key performance indicators of Group for the year 2025 are shown in the visual below.

- National AI education program **“You Can Do AI Too”**: >120,000 participants gained skills through the initiative
- Children’s digital literacy program **“Tools for Modern Times”**: >6,000 children included across 219 Croatian schools
- Environmental program **“A Call You Have to Take”**: >33,000 mobile devices collected and responsibly recycled
- **“Business START Academy”**: free education program for small businesses, craftsmen and family farms: 3,800 webinar participants and >450 companies through live training programs
- **“Bye-Bye to Hate Speech”**: initiative raising awareness about online hate speech

- **+3.6% total revenue**
- **+3.3% adjusted EBITDA after leases**
- **+2.5% growth** in total mobile customer base

- Successful **3G mobile network shutdown** with full migration to faster technologies
- **Modernization of IT architecture**: new IT systems fully aligned with global standards (TM Forum)
- The goal of IT modernization is to ensure **superior customer experience** and optimize the operating model through:
 - new, digitally optimized Customer Journeys
 - advanced tools enabling faster and more accurate service resolution
 - upgraded data quality and reliability, supported by AI-powered functionalities

- **Magenta Moments program**: >210,000 active users with 65% more transactions than in 2024
- **Partnership with Wolt**: through Magenta Moments program, users were offered 12 months of complimentary Wolt+ subscription
- **Complimentary Perplexity Pro annual license** available to all Croatian citizens: approximately 2% of the population uses this AI solution
- **Premium sports content** in one place: exclusive broadcasting rights for Croatian First Football League (HNL) matches and related competitions secured until 2031, and further enriched the sports offering with SportKlub channels
- **#1 Security**: Our security packages deliver flexible ICT solutions tailored to customer needs. The Group Security Operations Centre provides 24/7 monitoring and protection for more than 45,000 endpoints, offering advanced cyber threat detection and recovery support. Group is recognized as a **Cybersecurity Centre of Excellence** within the Deutsche Telekom Group.

- Employer Partner
- Above & Beyond certificate of excellence in Human Resources management
- Equal Pay Champion

- **Market-leading investments**
- **Best mobile network in the Republic of Croatia** for the third consecutive year - approved by HAKOM
- **Leading optical network**: 1 million households covered
- **Advanced 5G private network** deployed for the most large-scale and demanding events
- **The Rijeka Gateway 5G Campus Network** recognized as one of Europe’s best digital connectivity projects
- **Core network modernization** forming the foundation for gigabit services and future digital ecosystems





CORPORATE PROFILE

HISTORY



Croatian Telecom Inc. (hereinafter referred to as “HT” or “the Company”) is a joint stock company, incorporated on 28 December 1998 in the Republic of Croatia, pursuant to the provisions of the Act on the Separation of Croatian Post and Telecommunications into two new joint stock companies, HT – Hrvatske telekomunikacije Inc. (HT Inc.) and HP – Hrvatska pošta Inc. (HP Inc.). Pursuant to the terms of the Hrvatske telekomunikacije Inc. Privatisation Act, in 1999, the Republic of Croatia sold 35% of shares in HT to Deutsche Telekom AG (hereinafter referred to as “DTAG”), and in 2001 DTAG purchased further 16% of the Company’s shares and thus became the majority shareholder with a 51% stake.

In 2013, DTAG transferred shares in the Company to T-Mobile Global Holding Nr. 2 GmbH, and in 2014, T-Mobile Global Holding Nr. 2 GmbH transferred the shares in the Company to CMobil B.V. (In 2015, CMobil B.V. changed its registered name to Deutsche Telekom Europe B.V.). These transfers of shares were executed as a part of the internal restructuring carried out within DTAG, and as a result thereof, DTAG’s influence in the Company remained unchanged.

In the near past, several organizational changes were implemented within the Group:

- On 1 January 2024, the technological unit Ericsson Nikola Tesla Servisi Ltd. (hereinafter referred to as “ENTS”), responsible for the construction and maintenance of the HT network, which was initially outsourced to

ENTS in September 2014, was integrated into the Group. The now former technological unit of ENTS has been transferred together with the employees to HT Services Ltd. (a subsidiary company established by HT on 15 November 2023, and fully owned by HT), based on the Agreement on the transfer of a part of the economic activity concluded with ENTS.

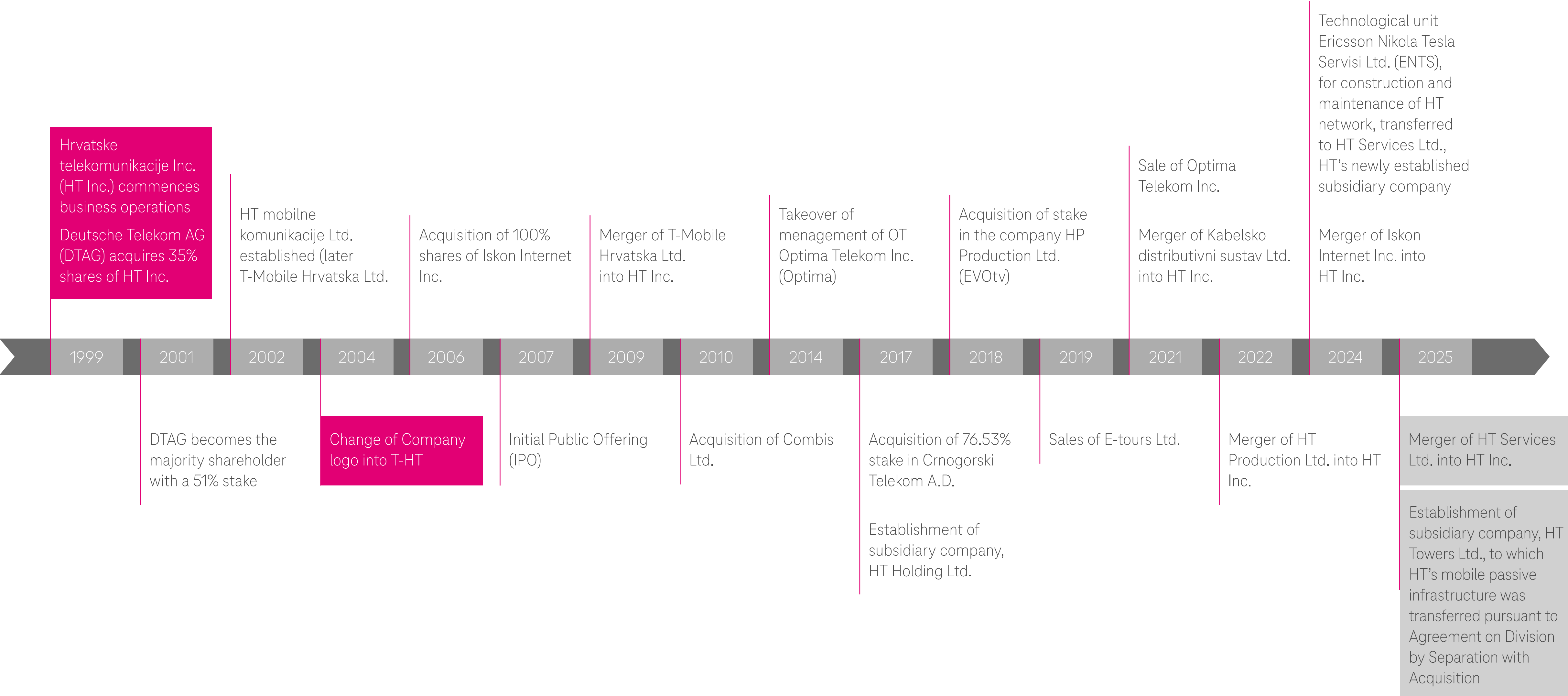
- Based on the Merger Agreement concluded on 5 November 2024 between HT Inc. and HT Services Ltd. and the General Assembly of the merged company on approval for the merger on 2 January 2025, the merger has been entered into the Court Register of the Commercial Court in Zagreb. By entry of the merger the company HT Services Ltd. ceased to exist and HT Inc. became the universal legal successor, thus entering into all legal relationships of the merged company.
- In March 2025, the Agreement on Division by Separation with Acquisition was concluded between HT Inc. and HT Towers Ltd. (a subsidiary company established by HT on 15 March 2025, and fully owned by HT), by which the transfer of part of the assets of HT (passive mobile infrastructure) to HT is regulated. The division of HT through separation with acquisition has been entered into the Court Register of the Commercial Court in Zagreb on 29 August 2025.





CORPORATE PROFILE

HISTORY (continued)





MANAGEMENT BOARD

NATAŠA RAPAČIĆ

President of the Management Board (CEO)



Nataša Rapačić was appointed President of the Management Board (CEO) of Croatian Telecom, effective July 2024.

Since 2013, she has held the position of Member of the Management Board and Chief Operating Officer Residential (COOR) and was responsible for sales, marketing, customer and technical services for the

residential area. She joined the Group in 2003 and has held several managerial positions since then; Operating Director and Chief Marketing Officer for residential customers, Chief Marketing Officer at T-Com, and Operating Director for corporate communications.

During her career at Croatian Telecom the company has undergone a successful transformation into a digital company recognized for the best customer experience based on innovative products and services and the best network, strengthening its status as a market leader and the most loved telecom brand in Croatian market.

She was an economic analyst in the Economic Office at the Embassy of Spain, a financial analyst in the investment department of the bank Grupo Caixa Galicia, and a consultant at Madrid-based Europraxis Consulting working, on Telefónica Móviles projects.

Nataša holds a degree from the Faculty of Economics in Zagreb and has completed an MBA in Business Management at IE in Madrid.

MARIJANA BAČIĆ

Member of the Management Board and Chief Operating Officer Business (COO Business)



Marijana Bačić was appointed Management Board Member and Chief Operating Officer Business effective September 2022, and is responsible for Product Development, Business Marketing, Sales, Channel Management, Customer Support for Corporate Segment, and complete ICT Business.

She started her career in Croatian Telecom in 2001 in the Data and IP Services Department, continuing in the Controlling and Planning Department before becoming a Key Account Manager for corporate customers, and being promoted to Director of the Corporate Sales Department and later the whole Corporate Sales Sector. As of 2020 she held the role of Vice President for Corporate Customers and ICT.

During her career at Croatian Telecom, she has had a significant role in working with key business customers of the Company, as well as in developing the company's innovative products and solutions that improved the business of companies of all sizes. She took part in creating and implementing ICT business synergy within the Group that resulted with international recognitions.

Effective 1 May 2025, Marijana also took over the role of Director of Combis.

She graduated from the Faculty of Economics at the University of Zagreb and obtained a Master of Science degree in Finance.

IVAN BARTULOVIĆ

Member of the Management Board and Chief Operating Officer for Human Resources and Customer Operations (COO)



Ivan Bartulović took over the role of a Member of the Management Board and Chief Operating Officer for Human Resources and Customer Operations as of July 2024.

Since 2019, he was a Member of the Management Board and Chief Human Resources Officer (CHRO) at Croatian Telecom and was responsible for strategic transformational management that

lead to HTs employee satisfaction and engagement reaching all-time highs. After taking on a broader COO role his responsibilities also include technical services for private, business and ICT customers, as well as a call center for residential customers and digital sales and customer support.

He began his career in 2005 in financial consultancy at Privredna banka Zagreb. From 2010, he was an Executive Director for Strategic Human Resources at CEMEX Group, responsible for their operations in Croatia, Bosnia and Herzegovina, Montenegro and Serbia. Between 2016 and his appointment as CHRO at Croatian Telecom, he was a Member of A1 Group's Leadership Team and Cluster Senior Director of Human Resources and Corporate Communications for business segments in Croatia and North Macedonia.

He is a Board member at German-Croatian Chamber of Industry and Commerce (Deutsch-Kroatische Industrie- und Handelskammer).

Ivan graduated in Business Economics, gaining a Master's degree in Financial Management from the Faculty of Economics in Split. He completed his MBA studies at HHL Leipzig Graduate School of Management and EADA Business School. During the MBA studies, he also studied at Georgetown University and Lingnan University. He attended Harvard Business School, specializing in Business Transformation Management.

BORIS DRILO

Member of the Management Board and Chief Technical and Information Officer (CTIO)



Boris Drilo held the position of Member of the Management Board and Chief Technical and Information Officer since 2017. He is responsible for development, implementation, and operation of technological platforms of Croatian Telecom, including mobile and fixed networks and IT and business systems.

He previously held the position of HT's Sector Director for managing

architecture, strategy, and investments within technical functions of Croatian Telecom, and that of Member of the Management Board in charge of technology and IT with Iskon Internet Inc.

Boris joined Croatian Telecom in the 2012, from Ericsson Group, where he had spent 12 years at managerial functions related to the development and application of telecommunications networks and new technologies.

He graduated from the Faculty of Electrical Engineering & Computing at University of Zagreb, where he spent one year as Research Assistant in the area of wireless data communications. He is a Master of Science in the field of Electrical Engineering, and he also completed the Executive Leadership Programme at the Boston University, as well as the Executive MBA degree course at Cotrugli Business School in Zagreb.

*As of 1 January 2026, Boris Drilo stepped down from his position as Management Board Member for Technology and Information Technology (CTIO) at Croatian Telco, continuing his career with Deutsche Telekom Group.





SINIŠA ĐURANOVIĆ

Member of the Management Board and Chief Corporate Affairs Officer (CCO)



Siniša Đuranović was appointed Management Board Member and Chief Corporate Affairs Officer in December 2022. In his role he is responsible for coordinating and managing the Company's corporate affairs regarding strategy, mergers, and acquisitions (M&A) and sustainable development (ESG), legal and regulatory affairs, wholesale, electronic communications infrastructure,

business transformation and tportal and media and digital services.

During his career with Croatian Telecom, which started in 2000, his responsibilities among which also that of Senior Vice President and General Counsel, included leading regulatory and legal functions as well as strategic Croatian Telecom and the Group projects in Croatia and the region.

Siniša is also the Chairman of the Borad of Directors of Crnogorski Telekom, Supervisory Board member of the public company Hrvatske telekomunikacije Inc. Mostar, and Vice President of Croatian Employers Association ICT section Executive Board.

He started his career at Law Office Filipović focusing on corporate law and domestic and international consulting in major acquisitions.

He graduated from the Faculty of Law in Zagreb and completed the MBA program at IEDC Bled Business School of Management.

MATIJA KOVAČEVIĆ

Member of the Management Board and Chief Financial Officer (CFO)



Matija Kovačević has been Management Board Member and Chief Financial Officer since August 2022. In his role, he is responsible for finance, internal audit, risk management, procurement, real estate management and business transformation.

Since joining Croatian Telecom, he held several executive positions and participated in the acquisition of Combis and Iskon. In 2009, he

was appointed a member of the Management Board and Chief Financial Officer at Iskon.

He continued his career at Deutsche Telekom in 2010, gaining extensive international experience. He was responsible for financial and business steering in Deutsche Telekom's subsidiaries in South-East Europe and lead a range of transformation and operating model change projects, as well as controlling of European Head Office unit at Deutsche Telekom.

Matija is also a member of the Supervisory Board of Combis Ltd., a regional system integrator and a member of the Group, and Member of the Board of Directors of Crnogorski Telekom.

He graduated from the Faculty of Economics and Business in Zagreb.

KREŠIMIR MADUNOVIĆ

Member of the Management Board and Chief Operating Officer Residential (COO Residential)



Krešimir Madunović was appointed Member of the Management Board and Chief Operating Officer Residential, effective July 2024. In his role, he is responsible for Product development, Sales, Residential Steering and Channel Management, Customer Experience, Residential Marketing, Brand Development and Management.

Previously, since end of 2022, he served as Director of the Residential Marketing at Croatian Telecom and, in parallel, as CEO of Iskon (a part of the Group), a position he held since 2016 until Iskon's integration into Croatian Telecom on 1 January 2024.

He started his career at HPT Mostar in 1997 and continued at T-Mobile where he held several managerial positions. In 2009, he assumed the position of Operations Director of the Sales Sector for SME of Croatian Telecom. He was appointed a member of the Iskon Management Board for Business Customers and Wholesale in 2013.

Krešimir holds a degree from Faculty of Electrical Engineering and Computing from the University of Zagreb and has competed an MBA program at the IEDC Business School in Bled.

REMUNERATION OF THE MANAGEMENT BOARD

The remuneration and evaluation of the work performed by the Management Board is conducted in accordance with the Remuneration Policy for Members of the Management Board that was adopted by the General Assembly of the Company in 2023. Once a year the Company submits to the General Assembly the Report on remuneration paid to the Members of the Supervisory Board and to the Management Board Members in the previous business year. Remuneration Policy and the above stated Report are available at the Company web pages at the following link <https://www.t.ht.hr/en/investor-relations/report-of-remuneration>.

Annual target salary of Management Board Members consists of fixed basic annual salary and performance related variable component, the so-called Short-Term incentive (STI). The STI shall reward the achievement of collective targets over an annual period.

Compensation system also encompasses long-term compensation elements, Long-Term Incentive (LTI), EU Game Changer Incentive Program, and Share Matching Plan (SMP) that can be awarded on top of the target salary as a voluntary long term compensation instrument allowing participation only if targets from the Short-Term incentive Plan are achieved at the level of minimum 100%.

Company's Shares Award Plan (PDD) is also implemented, a voluntary compensation tool under which a Member of the Management Board has the option to choose HT shares instead of a pay-out of certain percentage of Short-Term incentive (STI) achieved for the previous year.

Additionally, to acknowledge extraordinary individual performance and achievements, Supervisory Board can grant a Spot Bonus as one-time payment within one calendar year.

Individual compensation agreements can include fringe benefits: company car, accommodation cost, pension fund, scholarship for children, other non-cash benefits and services.

These elements are adjusted depending on individual circumstances of each Management Board Member and are defined by the Contract each Management Board Member concludes with the Company.



SUPERVISORY BOARD

ELVIRA GONZÁLEZ SEVILLA
Chairwoman of the Supervisory Board

During her 20 years of international experience working for Deutsche Telekom and Vodafone, Elvira González Sevilla held various leadership roles in Spain, Netherlands, UK, and Germany across Strategy, Consumer, Business and Wholesale functions.

Currently she performs the function of Senior Vice President for Commercial Growth B2B Europe at Deutsche Telekom AG.

She is Chairwoman of the Compensation and Nomination Committee of the Supervisory Board of Croatian Telecom and holds the positions of Member of the Board of Directors of Magyar Telekom Nyrt, and Member of the Board of Directors of OTE S.A.

Mrs. González Sevilla holds a university Master’s degree in Telecommunications engineering and an MBA from the EOI School in Madrid.

IVICA MIŠETIĆ, PhD
Deputy Chairman of the Supervisory Board

Ivica Mišetić, PhD, is a finance and marketing expert with extensive managerial experience. He held the position of Regional Sales Manager of the air carrier Adria Airways, and during his 14 years long tenure as President of the Management Board of Croatia Airlines, it became the leading company in the region, positioning itself successfully on the global market.

During his career, he has held the positions of Chairman of the Association of European Airlines, and Council Member of the Croatian Tourist Board. He spent three years in the position of Head of State Protocol for the Republic of Croatia, simultaneously holding Ambassador status.

He has received several decorations from the Republic of Croatia for his achievements and has been awarded the French Legion of Honor Medal. In October 2010, he joined Atlantic Grupa Inc. as General Secretary.

Ivica Mišetić, is the Member of the Compensation and Nomination Committee of the Supervisory Board of Croatian Telecom.

He also chairs the Members Council of the Croatian Employers Association.

He graduated and earned his Master’s and his Doctoral degrees from the Faculty of Economics, University of Zagreb, and completed the AMP program at the Harvard Business School.

EIRINI NIKOLAIDI
Member of the Supervisory Board

Eirini Nikolaidi is an accomplished executive, with corporate law background and a rich track-record in the heavily regulated sector of electronic communications.

She currently serves as General Counsel - Chief Legal, Regulatory, Public Affairs & Corporate Governance Officer of the OTE Group.

Mrs. Nikolaidi is a member of the Compensation and Nomination Committee and of the Audit Committee of the Supervisory Board of Croatian Telecom. She holds the positions of Member of the Board of Directors of the companies Germanos S.A., COSMOTE Payments Electronic Money Services Single Member S.A. and COSMOTE Telekom Towers S.A.

She holds a law degree from the University of Athens, and a Master’s degree (LLM) in International Business Law from the University of London (UCL), where she specialized, among others, in international finance and international trade law. She is a member of the Athens Bar Association.

MARC STEHLE
Member of the Supervisory Board

Marc Stehle started his career with Ernst&Young in the audit department, and for the last 30 years he has been working for Deutsche Telekom Group in various positions at managerial levels and different areas, such as Group Headquarters, Sales and Service and IT-Services.

Currently he performs the function of Vice President of Financial Controlling and Corporate Responsibility for Europe at Deutsche Telekom AG.

Mr. Stehle is the chairman of the Audit Committee of the Supervisory Board of Croatian Telecom and holds the positions of Member of the Board of Directors of Crnogorski Telekom A.D., Managing Director of Deutsche Telekom Europe Holding B.V., and Managing Director of Deutsche Telekom Europe B.V.

He studied business economics and graduated from the University of Applied Science in Duesseldorf.





STEFAN SCHLOTER, PhD
Member of the Supervisory Board

Stefan Schlöter has over twenty years of experience in international IT, business and consulting.

He currently serves as Chief Information Officer Europe at Deutsche Telekom IT GmbH.

Mr. Schlöter is a member of Deutsche Telekom Europe's Leadership Team and member of the Global Delivery & Engineering Leadership Team of the Product and Technology Board Area. Moreover, he is a member of the Supervisory Board of T-Mobile Polska S.A. Warszawa, Poland.

He received a university degree in physics at University of Würzburg, Federal Republic of Germany, became a Master of Arts at State University of New York at Stony Brook, and obtained a PhD in physics, University of Bayreuth.

DIANA SAMLAND
Member of the Supervisory Board

Diana Samland is a manager with extensive experience in Deutsche Telekom Group in the segment of controlling, capex management and digitalization in finance.

She currently holds the function of Vice President Technology Controlling Europe, at Deutsche Telekom AG.

Mrs. Samland is a Member of the Supervisory Board of Deutsche Telekom Privatkunden-Vertrieb GmbH.

She received a university degree in business economics at Friedrich-Schiller-Universität, Jena.

DOLLY PREDOVIC, PhD
Member of the Supervisory Board

Dolly Predovic, PhD is a corporate finance expert with extensive business experience, holding positions of member of Board of Directors in Pirelli RE, Milano, and Hipotekarna Banka, Podgorica. She is also the founder and CEO of Career Paths, Milano. In her academic career, she held various lecturing positions in corporate finance at the Bocconi University and SDA Bocconi School of Management, IULM University, University of Trieste, and International Management Institute of Saint Petersburg (IMISP).

Mrs. Predovic is a Member of the Audit Committee and of the Related Parties Transactions Committee of the Supervisory Board of Croatian Telecom, a Member of the Supervisory Board of Podravska Banka Inc., and Member of the Academic Council of the Zagreb School of Economics and Management.

She graduated Business Administration and received her Master's degree in Finance from Bocconi University, Milan, and holds a Doctorate in higher education internationalisation from UCSC - Università Cattolica del Sacro Cuore, Milan.

PROFESSOR VEDRAN BILAS, PhD
Member of the Supervisory Board

Vedran Bilas, PhD, is Full Professor of electrical engineering at the Faculty of Electrical Engineering and Computing (FER) in Zagreb. In addition to lecturing and conducting research in the field of electronic systems, he also pursues technological entrepreneurship and management in engineering. He has experience in technology transfer to new enterprises.

He performs the function of Dean of FER as of the academic year 2022/2023.

He is chairman of the Managing Board of FER's Innovation center Nikola Tesla, member of the Partnership Council of the City of Zagreb and member of the IEEE IMS Administrative Committee.

VIKTOR VANEK
Member of the Supervisory Board, Workers' representative

Viktor Vanek is the President of the Workers' Council of Croatian Telecom. He started his career in Croatian Telecom, and transferred to T-Mobile, where he specialized in sales force training and education, leading projects and processes. Currently he holds the position of Efficiency and Work Quality Expert in the Business Marketing Sector.

He also holds the positions of Deputy President of the HST - Croatian Union of Telecommunications and is a Member of the Presidency of the European Workers' Council of Deutsche Telekom.

He graduated in electrical engineering and received his Master's degree in Entrepreneurship from the Josip Juraj Strossmayer University of Osijek.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of Supervisory Board Members has been determined in accordance with the Decision of the General Assembly on remuneration of members of the Supervisory Board, approved by the General Assembly held in 2024. The Decision of the General Assembly and the Remuneration Report are available on the Company website at: <https://www.t.ht.hr/en/investor-relations/report-of-remuneration>.

The remuneration of members of the Supervisory Board is determined according to the function they hold in the membership of the Supervisory Board and the tasks they perform within the Board or committees of the Supervisory Board, and in relation to the average net salary of employees paid in the previous month.

The remuneration to the Supervisory Board Members does not include a variable part and is therefore not influenced by the Company's operating results in any given past or future period.

Deutsche Telekom AG (DTAG) representatives do not receive any remuneration for the membership in the Supervisory Board due to a respective policy of DTAG.





CORPORATE GOVERNANCE CODE COMPLIANCE REPORT

Croatian Telecom Inc. (hereinafter referred to as “HT” or “the Company”), in accordance with the Companies Act and with the Accounting Act, hereby reports on compliance with the Corporate Governance Code.

In the year 2025, the Company applied the Corporate Governance Code (hereinafter referred to as “the Code”) adopted by the Croatian Financial Services Supervisory Agency (hereinafter referred to as “HANFA”) and the Zagreb Stock Exchange Inc. Zagreb, in effect as of 1 January 2025, and it was published on the website of the ZSE (www.zse.hr) and on the web-site of HANFA (www.hanfa.hr).

The Company fully complies with the recommendations of the Code, with the exception of those provisions that were not or are not practical for the Company to implement at the relevant time or the application of which is not foreseen given the applicable legal framework. These exceptions are as follows:

- The Supervisory Board does not adopt procedures for selecting senior management, decisions on the selection of closest associates are, in accordance with good corporate practices, left to the autonomous decision-making of the Management Board of the Company (Question 42). In line therewith, the Compensation and Nomination Committee does not monitor Management Board policies in the selection and appointment of senior management (Question 55).

- The Supervisory Board is not composed mostly of independent members. Currently two out of nine Members are independent, but none of them are Chairman or Deputy Chairman of the Supervisory Board (Questions 65, 66, 67 and 68). The Committees of the Supervisory Board are not composed mostly of independent members (Questions 76 and 78). All Supervisory Board Members, regardless of independence status, are obliged to act in the interest of the Company as a whole, with the Company applying strict conflict of interest management policies.
- The lock-up period for shares that Management Board Members acquired under the Company’s Shares Award Plan (PDD) is one year, while the recommended period is minimal two years (Question 137). The lock-up period for shares acquired under the Share Matching Plan (SMP) is four years.
- The Remuneration Policy for Management Board Members does not include provisions that further specify circumstances in which part of the Management Board Member’s remuneration would be withheld or clawback would be sought (Question 139). Provisions on return of variable compensation of Management Board Members shall be included in the amendments to the Remuneration Policy which shall be submitted for approval to the General Assembly to be held in 2026.

- The Management Board of the Company has adopted a Risk Management Policy, and since the adoption of this document falls under the management of the Company’s business affairs, Supervisory Board approval is not foreseen (Question 152). The Supervisory Board is regularly informed about risk status and the risk management system through quarterly Audit Committee reports. The Policy is not available on the webpages of the Company (Question 209). A detailed description of the risk management system organization within the Group is available in the Annual Report chapter: Risk Management.
- The Report on the Company’s relations with affiliated companies is not available on the webpages of the Company (Question 204). The Management Board has prepared a Report on Relations with Affiliated Companies and submitted it to the Company’s auditor and Supervisory Board for review. The conclusion of the auditor and the Supervisory Board, that the Company received a respective counter-action for each legal affair, without any damage to the Company, is published within the Report of the Supervisory Board on performed supervision.
- The Remuneration Policy for Supervisory Board and the Management Board and the

Annual Remuneration Report is available on the webpages of the Company, however, the Remuneration Policy for senior management is not available (Question 207). The Company shall consider the publishing of the Remuneration Policy for senior management in the future, within the applicable legal framework.

- At the General Assembly held in 2025, the Deputy Chairman of the Supervisory Board was present along with one other Supervisory Board Member, and five of seven Management Board Members. The Chairwoman of the Supervisory Board and Chairpersons of Supervisory Board Committees, as well as two Management Board Members, were prevented from attending due to urgent business obligations (Question 242).
- The Supervisory Board and the Management Board have not adopted policies regarding tax planning (Question 253). The Audit Committee does not monitor tax planning implementation (Question 158). It is assessed that there is no need for such policies and Audit Committee monitoring, since tax obligations are duly paid in accordance with applicable regulations in the countries where activities are conducted and income is earned.





INTERNAL CONTROL AND RISK MANAGEMENT

The Audit Committee of the Supervisory Board has a key role in preparing the Supervisory Board's decisions and supervising the implementation of these decisions in relation to the controlling, reporting and audit activities within the Company and the Group. Its principal responsibilities include:

- overseeing the implementation of internal and external audits,
- discussing specific issues highlighted by the auditors or the management team, and
- ensuring the objectivity and credibility of the information and of the reports submitted to the Supervisory Board.

The Audit Committee also advises the Supervisory Board on relevant topics related with audit and Company governance.

The Audit Committee is authorized to:

- Request the necessary information and supporting documentation from the management and senior executives of the Company and from external co-workers,
- Participate at the meetings held within the Company on the matters that fall under the scope of the activities and responsibilities of the Audit Committee,
- Appoint advisors to the Audit Committee on a permanent basis or on a case-by-case basis, if needed,

- Obtain, at the Company's expense, external legal or other independent professional advice on any matter within its terms of reference provided that such advice is needed for the fulfilment of the Committee's scope of activities and responsibilities.

The Internal Audit of the Company performs an independent audit and control function on behalf of the Management Board of the Company and provides management with comprehensive reports on the findings and proposed improvements. Basis for its activities is defined by the Internal Audit Charter – a strategic document which defines the framework and main principles of the internal audit function in the Company and the Group.

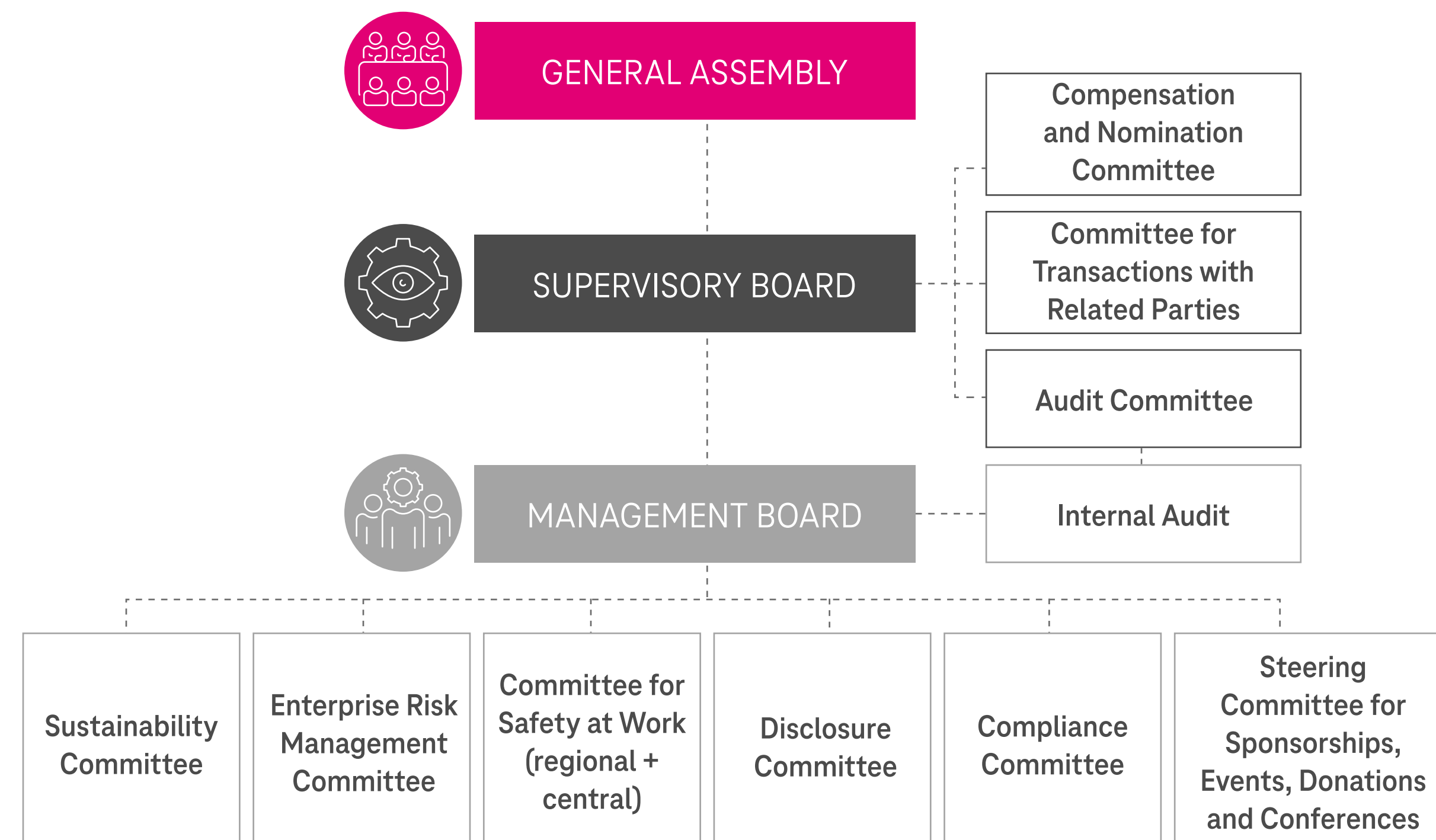
The main tasks of Internal Audit as defined in the Internal Audit Charter are:

- Evaluating appropriate identification and management of risks relating to the achievement of strategic objectives of the Company and the Group.
- Assessment of compliance of the actions of managers, employees, and contractors with policies, procedures, and applicable laws, regulations and governance standards.
- Evaluating the consistency of results of operations and programs with established goals.

- Analysing the efficiency and effectiveness of operations and programs.
- Reviewing the established processes and systems which enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Company and the Group.

- Assessing the reliability, integrity, and accuracy of the information and the means used to collect and analyse data.

Detailed description of the risk management system organization within the Group is available in the chapter Risk Management.





SIGNIFICANT COMPANY SHAREHOLDERS

On 31 December 2025, significant Company shareholders are as follows:

- Deutsche Telekom Europe B.V. with a 54.6% holding.
- The Croatian War Veterans' Fund owns 7.1% of shares of the Company.
- Centar za restrukturiranje i prodaju – CERP (Restructuring and Sale Centre) of the Republic of Croatia owns 1.9% of shares of the Company.

- The remaining 36.4% of shares are owned by Croatian citizens and by domestic and foreign institutional investors.

Raiffeisen Pension Funds are investors with the largest shareholding among the private and institutional investors, holding 10.4% of the Company's shares.

An up-to-date list of the top ten shareholders of the Company is published on the Central Depository & Clearing Company website (share symbol: HT-R-A).

Management Board Members of the Company hold the following number of Company shares:

Nataša Rapaić President of the Management Board (CEO)	5,042 shares
Matija Kovačević Member of the Management Board and Chief Financial Officer (CFO)	2,385 shares
Krešimir Madunović Member of the Management Board and Chief Operating Officer Residential (COO Residential)	1,095 shares
Marijana Bačić Member of the Management Board and Chief Operating Officer Business (COO Business)	2,201 shares
Boris Drilo Member of the Management Board and Chief Technical and Information Officer (CTIO), until 31 December 2025	2,413 shares
Ivan Bartulović Member of the Management Board and Chief Operating Officer for Human Resources and Customer Operations (COO)	2,903 shares
Siniša Đuranović Management Board Member and Chief Corporate Affairs Officer (CCO)	2,794 shares

Members of the Supervisory Board of the Company do not hold Company shares.

Senior management of the Company hold 8,452 shares.

APPOINTMENT OF MANAGEMENT BOARD MEMBERS, THEIR FUNCTIONS AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Members of the Management Board, including the President, are appointed and removed by the Supervisory Board. Their term of office is up to five years, with the possibility of re-appointment.

The Management Board consists of between five and seven members. The current composition of the Management Board includes seven positions:

- President of the Management Board (CEO),
- MB Member and Chief Financial Officer (CFO),
- MB Member and Chief Operating Officer Residential (COO Residential),
- MB Member and Chief Operating Officer Business (COO Business),
- MB Member and Chief Technical and Information Officer (CTIO),

- MB Member and Chief Operating Officer for Human Resources and Customer Operations (COO) and,

- MB Member and Chief Corporate Affairs Officer (CCO).

Short Curricula Vitae of Management Board Members can be found in the introductory part of the Annual Report.

The Company is offering fixed and mobile telephony services as well as wholesale, internet and data services, organized into two business units, Business and Residential.

The Management Board needs prior approval from the Supervisory Board for the proposal of any amendments to the Articles of Association at the General Assembly.

AUTHORITIES OF MANAGEMENT BOARD MEMBERS

Pursuant to the Companies Act and the Company's Articles of Association, the Management Board has the responsibility for managing the business affairs of the Company. It is obligated and authorised to perform all the activities and to pass all the resolutions that it considers necessary to successfully manage the business affairs. Approval from the Supervisory Board is required for certain matters and decisions. The Company may be represented by any two Members of the Management Board jointly.

The Share Buyback Program (hereinafter referred to as "the Programme") is being implemented as of 2021 and lasting until 2026, with the goal of acquiring 5,000,000 shares, while the maximum amount allocated to the Programme is EUR 135,000,000. Exclusive purpose of the Programme is to withdraw shares without a nominal value without reducing the share capital, in which case the stake of the remaining shares in the share capital increases, and in a smaller part to offer them to employees of the Company.





CORPORATE GOVERNANCE CODE COMPLIANCE REPORT

(continued)

Within the Company's Share Award Plan (PDD) for the managers in 2025, the Company transferred 5,471 Company's shares to Members of the Management Board, and 13,213 Company's shares were transferred to managers below Management Board level.

In December 2025 the Management Board withdrew 1,450,000 Company shares without nominal value, without the share capital of the Company being decreased, and the information on the new number of shares has been aligned in the Articles of Association of the Company. Thereby the total number of shares has decreased from 78,000,000 shares to 76,550,000 shares without nominal value, while the remaining

shares' participation in the share capital is being increased. The change of total number of shares of the Company has been entered into the register of the Commercial Court in Zagreb on 31 December 2025.

During 2025, the Company acquired a total of 802,196 Company shares on the Zagreb Stock Exchange, representing 1.05% of the Company's issued share capital. For this acquisition of shares, the Company paid out an equivalent value of EUR 34,260,623.19. The total number of Company shares held on 31 December 2025 amounted to 145,875, in book value of EUR 5,748,797.93, representing 0.19% of the Company's issued share capital.

THE COMPOSITION AND FUNCTIONS OF THE SUPERVISORY BOARD

The Supervisory Board consists of nine members, of which eight are elected by the General Assembly with a simple majority of represented votes, and one is appointed by the Workers' Council. The term of office of the members of the Supervisory Board is up to four years, after which they are eligible for individual re-election.

The Supervisory Board is responsible for the appointment and removal of Management Board Members as well as for supervising the management of the Company's business affairs. Certain matters, such as major transactions and the assumption of long-term indebtedness, require the approval of the Supervisory Board, as stated within the Articles of Association of the Company.

Out of the eight members elected by the General Assembly, two are independent: Mrs. Dolly Predovic, PhD, and Professor Vedran Bilas, PhD. Four members are experts in accounting and audit of the financial statements, i.e., Mr. Marc Stehle, Mrs. Eirini Nikolaidi, Mrs. Dolly Predovic, PhD., and Diana Samland. Short Curricula Vitae of all Supervisory Board members can be found in the introductory part of the Annual Report.

In 2025, there were 8 sessions of the Supervisory Board and 3 decision makings out-of-session. The overall participation rate at the sessions and decision makings out-of-session was around 89%, with Supervisory Board Members either physically attending the sessions or participating in the work by teleconferencing or by video conferencing.

To increase the efficiency of the work of the Supervisory Board, and to ensure the lawful, compliant and appropriate performance of its duties, in consideration of specific requirements that need to be fulfilled, the Supervisory Board established the Compensation and Nomination Committee, the Audit Committee and the Committee for Transactions with Related Parties. The Compensation and Nomination Committee encompasses both the compensation / remuneration role and the nomination / appointment role. From the point of view of good corporate governance, the decision to have these closely related topics dealt with by one single body with overall competence does not give rise to any concerns as to the competence and independence of the committee.

Within its compensation role, the Committee reviews the remuneration system and policies for the members of the Supervisory Board and Management Board. The Committee proposes to the Supervisory Board to determine the Remuneration policy for members of the Management Board and Supervisory Board, to be submitted to the General Assembly for approval, at least once in every four years, or more frequently, in case of significant changes. The Committee also reviews the Report on remuneration paid to the members of the Supervisory Board and Management Board in the previous business year, compiled jointly by the Supervisory Board and Management Board, to be submitted to the General Assembly for approval.

Within its nomination role, the Committee

establishes the guiding principles for the selection procedures for candidates to the Management Board and Supervisory Board and their election or re-election and proposes respective candidates for Management and Supervisory Board membership and regularly reviews the structure, size and composition (including the skills, knowledge and experience) required for the Management Board and Supervisory Board Members and makes respective recommendations to the Supervisory Board.

Mrs. Elvira González Sevilla, Chairwoman, Mr. Ivica Mišetić, PhD, Member, and Mrs. Eirini Nikolaidi, Member, are the members of the Compensation and Nomination Committee.

In 2025, the Compensation and Nomination Committee held three sessions, with overall participation rate of Committee members at the sessions and decision making out-of-session of around 89%.

The Audit Committee is in charge of preparation of Supervisory Board decisions and for the supervision of the implementation of such decisions in relation to the controlling, reporting, including sustainability reporting, internal control and audit activities within HT Inc. and the Group.

Mr. Marc Stehle, Chairman, Mrs. Dolly Predovic, PhD, Member, and Mrs. Eirini Nikolaidi, Member, are the members of the Audit Committee. All three members are financial experts, and one Member, Mrs. Dolly Predovic, is independent.

In 2025, the Audit Committee held four sessions, with overall participation rate of Committee members at the sessions of 100%.





CORPORATE GOVERNANCE CODE COMPLIANCE REPORT

(continued)

In 2025, the Committee for Transactions with Related Parties did not meet, since there were no transactions undertaken between the Company and its related parties that would require Supervisory Board prior approval, under the requirements of Article 263.b of the Companies Act.

Operation of the Supervisory Board and its Committees during 2025 is described in more detail in the Report of the Supervisory Board on performed supervision over the management of business affairs of the Company. This Report is submitted to the General Assembly together with the Annual Report and is published together with the Invitation to the General Assembly each year.

RESULTS OF THE SELF-EVALUATION OF THE WORK OF THE SUPERVISORY BOARD AND ITS COMMITTEES

The Supervisory Board conducted an assessment of its effectiveness for the business year 2025, as well as an assessment of the individual effectiveness of the Supervisory Board members, which was led by the Chairwoman of the Supervisory Board. All members of the Supervisory Board participated in the survey.

The Supervisory Board determined that the Supervisory Board and its committees fulfill their functions and obligations in an appropriate and effective manner. The structure, size, and composition of the Supervisory Board and its committees were assessed as appropriate.

Regarding the individual effectiveness assessment of Supervisory Board members, it was concluded that the members thoroughly prepare for meetings, participate openly and constructively in discussions on agenda items, maintain effective communication with other members of the Supervisory Board and the Management Board, and demonstrate a high level of engagement and commitment in performing their duties.

The Supervisory Board intends to continue following the highest standards of corporate governance with the aim of achieving even greater effectiveness.

DIVERSITY POLICY AND EQUAL REPRESENTATION OF WOMEN AND MEN IN COMPANY BODIES

The Company has established equal representation of women and men in Company bodies in line with the criteria proscribed by Article 272s, Paragraph 1 and Paragraph 2 of the Companies Act. Out of the total of sixteen Management Board and

Supervisory Board members, six are women. In the Management Board, women hold two out of seven positions, i.e., 29%, while out of nine Supervisory Board Members four are women, i.e., 44%. The President of the Management Board

and the Chairwoman of the Supervisory Board are women. The representation of women in senior management is 44%.

The Company adopted the Diversity, Equity and Inclusion Policy, which is applicable to membership in all Company bodies, and to all employees of the Group. The Policy, its goals, the way it is being implemented and the results achieved in the year 2025, are described in more detail in the Sustainability Report, which is an integral part of the Annual Report for 2025, and the Policy is published on the web pages of the Company.

The assessment of the procedures for appointing Members of the Management Board and electing Members of the Supervisory Board, as well as the procedures for selecting senior management

WORK OF THE GENERAL ASSEMBLY

In accordance with the principle of equal treatment of shareholders pursuant to Article 211 of the Companies Act, shareholders shall have an equal position in the Company under equal conditions. Shareholders of the Company exercise their voting rights at the General Assembly in person or through a proxy, in accordance with the number of shares they hold, meaning that each share entitles the holder to one vote.

Information on the manner of work of the General Assembly and on shareholders' rights are provided to shareholders within the Invitation to the General Assembly which is publicly announced and made available on the Company web pages. The Invitation contains, in addition to decision, proposals with

and the succession plan, has determined that the aforementioned procedures and plans fully comply with all applicable regulations governing gender equality.

Following the analysis of the effects of the Remuneration Policy on gender pay equality, it has been determined that the Policies fully comply with all applicable regulations governing gender pay equality. The remuneration system is based on objective criteria, regardless of gender. Regular monitoring and comparison of remuneration levels between genders in comparable positions demonstrates that there are no systemic differences that could be attributed to gender discrimination.

adequate explanations, detailed instructions for participation and voting at the General Assembly, and an overview of shareholder's rights, including:

- posing questions,
- request for amendments to the agenda,
- submit counterproposals and,
- right on information.

All General Assembly Decisions, together with voting results, are published on the Company webpages. Other information on the authorisations and the work of the General Assembly and on shareholders' rights are regulated by applicable legislation and publicly available regulations.







ECONOMIC OVERVIEW

In 2025, gross domestic product (GDP) of the Republic of Croatia grew by 3.2% in real terms. The main drivers were strong personal consumption, supported by robust wage growth, and investment activity underpinned by EU funding. As a result, the Republic of Croatia achieved, for the third consecutive year, one of the highest GDP growth rates among euro area member states, significantly outperforming the euro area average of 1.4%.

In 2026, a mild slowdown in economic activity is expected, with projected real GDP growth of 2.8%. Personal consumption is expected to remain the principal contributor to growth, despite slower wage dynamics. The contribution of government consumption and investments is expected to be lower than in the previous two years.

Inflation, measured by the national Consumer Price Index, accelerated to 3.7% in 2025, driven primarily by higher food and service prices. Despite easing inflationary pressures at the euro area level, the Republic of Croatia remains among the euro area countries with the highest inflation rates.

In 2026, a moderate slowdown in the average annual inflation rate to 3.1% is expected, mainly due to slower growth in services and food prices. At the same time, an increase in energy prices is projected due to further reductions of government energy subsidies.

The labour market remained resilient in 2025. The decline in unemployment slowed, while employment and wage growth moderated relative to the previous year. Total employment increased by 2.6%, largely due to the rising number of foreign workers and the return of part of the retired population to the labour market. The registered unemployment rate declined to 4.5%.

Nominal gross wages grew by 10.7%, supported by wage increases in the public sector and a 15.5% rise in the minimum wage, while the private sector contributed to a lesser extent. In 2026, employment growth is expected to slow to around 2%, unemployment to decrease further to historically low levels, and wage growth to moderate to around 6%.

In 2025, international credit rating agencies Standard & Poor’s and Fitch Ratings reaffirmed Croatia’s sovereign credit rating at A-, reflecting continued fiscal discipline, strong economic performance and the stability provided by euro area membership.

**ANALYSIS OF THE
TELECOMMUNICATIONS MARKET OF
THE REPUBLIC OF CROATIA**

The telecommunications market in the Republic of Croatia continued its stable growth in 2025, driven by sustained investments in infrastructure and network modernisation, growth in the number of users and revenues, and the accelerated digital

transformation of the economy and society. The market increasingly focuses on Very High-Capacity Networks (VHCN), the expansion of convergent offerings combining mobile and fixed services and the development of comprehensive digital solutions for both private and business users.

Growing reliance on digital networks across the economy, public services, and households increases the demand for high levels of availability, security and reliability of communication systems. Therefore, investments in network security, cyber-risk management and data protection represent operators’ key factors of competitiveness, particularly in the business segment. Cybersecurity is increasingly positioned as a strategic priority across all sectors, reinforcing user trust and ensuring the long-term resilience of the digital economy.

Market competition is shaped by three national integrated operators, who actively compete across mobile, fixed and convergent service segments through intensive promotional activities and commercial offerings.

Total telecommunications market revenues reached €1.9 billion in 2025, representing annual growth of approximately 4%. Broadband services on mobile and fixed networks remained the main drivers of revenue growth.

By the end of September 2025, the number of VHCN connections in the Republic of Croatia exceeded 592,000, representing 50% of 1.2 million fixed broadband connections. The number of fiber connections recorded strong annual growth of 36%, further accelerating the transition from copper network to fiber, which is gradually becoming the dominant access technology.

In response to elevated inflationary pressures and rising operating costs—particularly labour costs and capital-intensive infrastructure investments—leading operators adjusted monthly fees in 2025 in line with the average annual inflation rate for 2024 of 3.0%. This price adjustment enabled operators to mitigate cost pressures and, for Croatian Telecom, supported the continuation of market-leading infrastructure investment, next-generation network development and sustained improvements in service quality and user experience.





DEREGULATION OF HT'S FIBER NETWORK IN MAJOR CITIES OF THE REPUBLIC OF CROATIA

On 27 July 2023, HAKOM adopted final decisions deregulating HT's fiber network in 72 geographic units (municipalities and districts of the City of Zagreb) that HAKOM considers competitive. Deregulation of HT's fiber network was implemented in most of the City of Zagreb, as well as in the cities of Split, Rijeka and Osijek. HT's fiber network in the remainder of the Republic of Croatia, as well as HT's copper network at the national level, remain regulated.

On 18 December 2025, HAKOM adopted final decisions that further increase the number of geographic units in which HT's fiber network is deregulated, raising the number of households located in deregulated areas by 20%. These decisions come into force at the beginning of 2026.

HT AS UNIVERSAL SERVICE PROVIDER

New conditions for the provision of universal services in the electronic communications market entered into force on 1 January 2025. The key changes for HT are the increase of the minimum speed of the universal internet access service from 7 Mbit/s downstream to 14 Mbit/s downstream, the introduction of additional operators as universal service providers in specific geographic

areas within the Republic of Croatia, and changes to the framework for offering affordable packages tailored to socially vulnerable consumer groups.

GUARANTEED CAPACITY MARKET ANALYSIS

On 26 June 2025, HAKOM adopted a decision on the analysis of the wholesale guaranteed capacity market (data links).

It has been concluded that HT still holds significant market power in these markets and should retain its existing regulatory obligations (access, non-discrimination, transparency, price control, cost accounting and accounting separation). As a new regulatory obligation, a margin squeeze test has been introduced for retail data link offers. In the transmission segment of data links, the number of cities between which the guaranteed capacity service is deregulated increased (from 31 to 53).

MVNO MODEL FOR ASSESSING THE ECONOMIC REPLICABILITY OF WHOLESALE MVNO OFFERS

During 2025, HAKOM carried out a project to develop an MVNO (mobile virtual network operator) model for assessing the economic replicability of wholesale MVNO offers. Based on the requirements stipulated by national radio frequency spectrum usage licenses, mobile

operators are obligated to offer access to MVNO's upon receiving a reasonable request. HAKOM published the final MVNO model on 12 November 2025.

INTRODUCTION OF THE EQUIVALENCE OF INPUT MODEL

On 27 December 2025, HAKOM issued a decision on the implementation of HT's obligation to introduce the Equivalence of Input (EOI) model. The EOI obligation requires operators using HT's wholesale services to have access to the same systems and processes as HT's retail unit. In accordance with HAKOM's decision, HT implemented the EOI obligation starting from 1 May 2025.



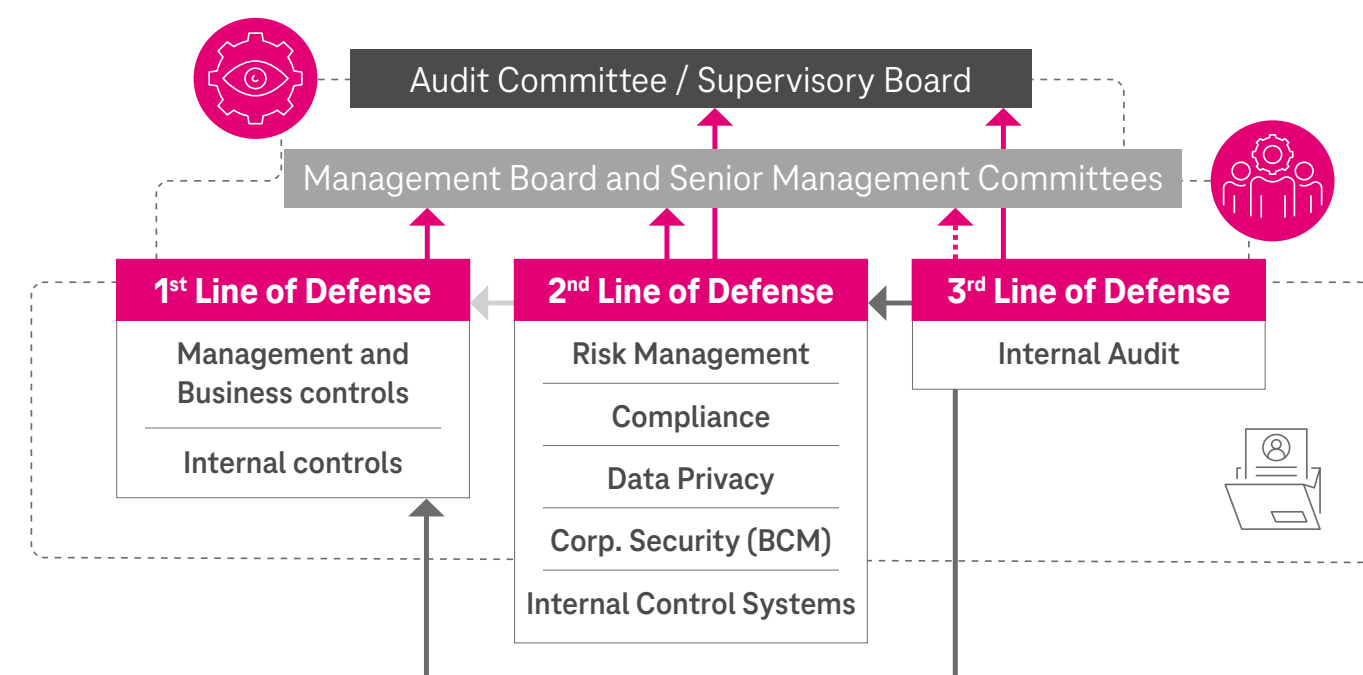


BUSINESS REVIEW

RISK MANAGEMENT

Risk management is an integral part of the Group's corporate governance and organizational culture and is focused on preserving and increasing shareholder value in the long term, as well as ensuring the Group's resilience and a going concern. The risk management system is integrated into key business processes and strategic decision-making.

The Management Board of the Group is responsible for the overall business results and the risk appetite, which reflects the level of risk that the Group is willing to accept in achieving its strategic objectives. Risk-taking is based on a balanced approach, which focuses on revenue growth and shareholder value creation, while ensuring the existence of appropriate level of controls and safeguards in the event of unforeseen circumstances. Group continuously maintains a low level of tolerance regarding regulatory and reputational risks, and applies a zero-tolerance policy for corruption.

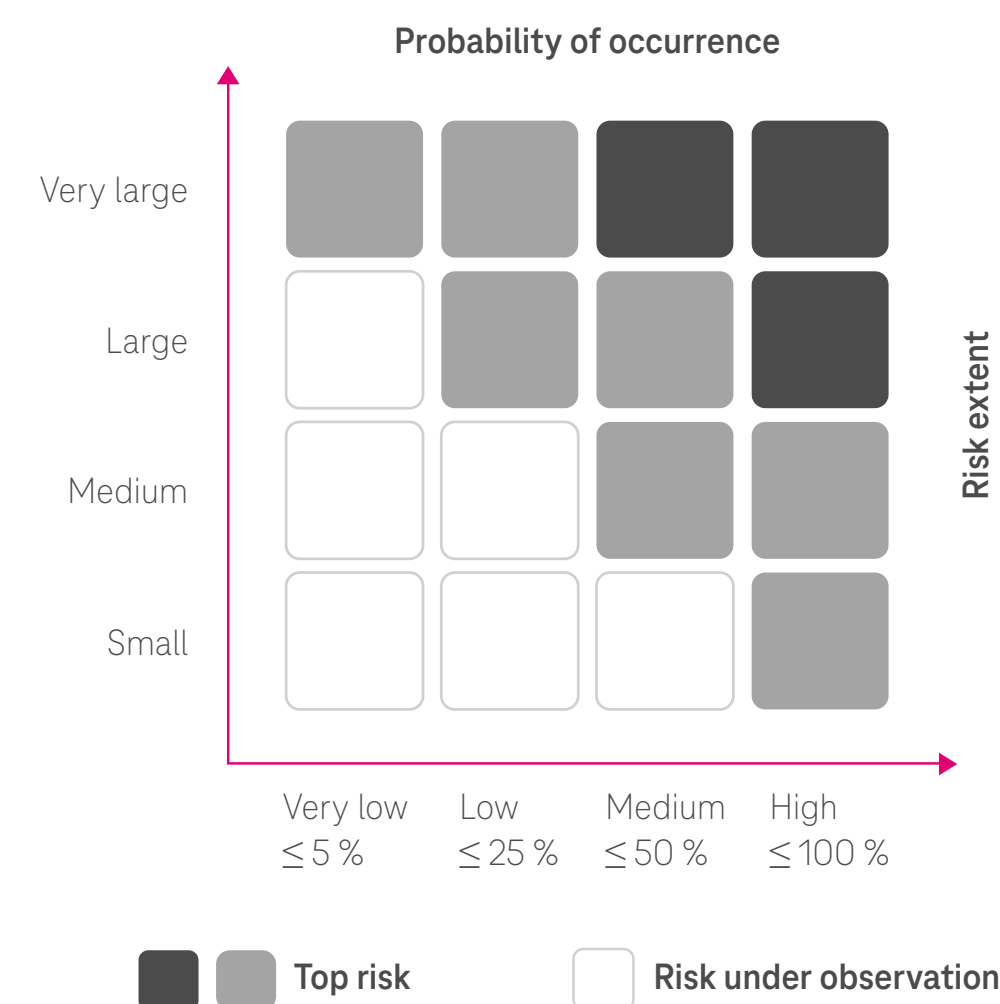


The risk management system is organized according to a “Three Lines of Defense” model, as shown in the figure above. The first line of defense is top management, which owns and manages risk within the framework of everyday business activities. The second line of defense are the independent support functions, that oversee the risk or group of risks, including Business Continuity function, Compliance, Data Privacy, Internal Control Systems, Corporate Risk Management, and Sustainability (ESG). Cooperation between the aforementioned functions is strengthened through advisory bodies such as Enterprise Risk Committee, Business Continuity Committee, Compliance Committee, and Sustainability Committee. These bodies are promoting a structured dialogue and a coordinated approach to achieve an efficient risk management system on an Group level. The third line of defense is Internal Audit, which, through independent assurance, assesses the effectiveness and efficiency of business processes and monitors the implementation of corrective measures with an objective to improve the overall risk management system.

RISK PORTFOLIO

Risks are assessed based on the level of potential financial impact and probability of occurrence, as well as through analysis of their effects on environmental, social and governance aspects. The most significant risks are presented in the risk heatmap, which forms an integral part of the Group's Risk Report. The Report is submitted quarterly to the Management Board and the Audit Committee.

The risk management process is closely linked to business planning and financial reporting. Risks assessed as likely (with a probability of occurrence exceeding 50%) are incorporated into planning and business-performance projections, while contingent liabilities and accruals are evaluated and recognized in accordance with International Accounting Standard IAS 37 within the audited financial statements.



The overall risk and opportunity position reflects a consolidated assessment of all significant risk categories and individual risks at the Group level. Total risk exposure is regularly monitored and remains stable compared with previous reporting periods. Key challenges include geopolitical and macroeconomic uncertainties, changes in the regulatory environment, intense market competition and profitability pressures, strategic business transformation and the need to adapt to new technologies.





MAIN RISKS

In its business operations, Group is exposed to operational, strategic, legal and regulatory, and financial risks. These risks are identified and monitored through the Group risk management process. The table below outlines the key risks currently identified within the Group that could affect its business and financial position

Key risks and related mitigation measures are regularly monitored and reported quarterly to the Management Board and the relevant committees. The risk management system enables transparent monitoring of risk trends, risk exposure and the effectiveness of implemented measures.

Operational Risk

Strategic Risk

Regulatory Risk

Financial Risk

Risk Title	Risk Description	Risk Mitigating Measures	Reference
Operational Resilience Risks	Availability and continuity of telecommunications services are the foundation of telecom operators’ business in an ever-more complex and interconnected technological landscape. Risks to system resilience escalate alongside global digitalization and the adoption of emerging technologies. The critical role of telecommunications system resilience is underlined by the Digital Operational Resilience Regulation (DORA), which recognizes telecom operators as ICT service providers and partners in maintaining financial system stability.	Group continuously strengthens its organizational resilience through sustained investments in network modernization and the development of its Business Continuity Management (BCM) system, which has been certified under the international standard ISO 22301 since 2023. The BCM framework identifies critical business processes, key assets and their interdependencies, and, through a set of prevention and recovery plans, defines both preventive and operational resilience measures aimed at minimizing the impact and duration of potential disruptions. Business continuity is further ensured through a systematic and ongoing process of risk assessment, mitigation and proactive management embedded across the organization.	“Strategy” Chapter
Cybersecurity Risks	Group’s business involves processing large volumes of data and operating across advanced digital platforms such as cloud computing, 5G and IoT. The strengthening of the regulatory framework is also evident at the European Union level, including NIS2, DORA, the General Data Protection Regulation (GDPR), and the Artificial Intelligence Act (AI Act).	Group implements a holistic corporate security strategy through which targeted measures are developed to manage and mitigate risks such as fake news, cyber attacks, supply chain disruptions and targeted attacks on critical infrastructure. In addition to regularly updating policies and internal procedures related to digital security, Group consistently applies the principles of Security and Privacy by Design, integrating security and privacy protection already at the system design stage. A high level of information security is further confirmed through ongoing compliance with the international standard ISO 27001.	“Strategy” Chapter “ESRS G-Subject-Specific Disclosure - Cybersecurity” of the Sustainability Report

Operational Risk

Strategic Risk

Regulatory Risk

Financial Risk

Risk Title	Risk Description	Risk Mitigating Measures	Reference
Data Privacy	Financial and reputational consequences for Group may arise in the event of a personal data breach or potential non compliance with GDPR.	Group applies high standards of security and personal data protection in accordance with the GDPR and the Group Privacy Policy. The personal data management system is based on clearly defined actions, processes and regular audits that ensure the lawful processing of personal data. Data protection and security play a key role in the development of the Group products and services. Technical and security aspects related to privacy are systematically verified in development stages through the Privacy and Security Assessment (PSA). The effectiveness of the PSA process is regularly evaluated, both internally and externally, through certification in accordance with the international standard ISO 27001.	“Strategy” Chapter “ESRS S4 - Consumers and End Users” of the Sustainability Report
Supply chain disruptions and third-party vulnerability	Natural disasters, cyber incidents, geopolitical tensions and related trade barriers and military conflicts can cause significant disruptions in supply chains. The growing dependence on third-party service providers, and their increasing interconnectedness, further increase risks in the supply chain. Managing such risks, given their complexity and the wide range of relationships involved, is becoming increasingly challenging and requires increased operational engagement and effective coordination of different organizational units.	In addition to fundamental supplier due diligence measures such as maintaining a supplier “Whitelist,” incorporating contractual clauses that regulate service quality, incident-reporting obligations, anti-corruption commitments, respect for human rights and other ethical principles, the Group actively manages and continuously enhances activities across the entire supply chain.	“Strategy” Chapter
Climate changes	Increased frequency and intensity of extreme weather events, such as floods, earthquakes, storms, fires and extreme temperatures may lead to service interruptions, potentially resulting in higher operating costs.	Group invests significant resources to ensure business continuity and reduce exposure to climate-related risks. One of the regular measures for mitigating the potential impacts of unforeseen events includes maintaining an insurance program that covers Balance Sheet assets and liabilities against insurable risks.	“Strategy” Chapter “ESRS E1 - Climate Change” of the Sustainability Report





BUSINESS REVIEW

RISK MANAGEMENT

(continued)

☐ Operational Risk ☐ Strategic Risk ☐ Regulatory Risk ☒ Financial Risk

Risk Title	Risk Description	Risk Mitigating Measures	Reference
Inflationary pressures and risks from the market environment	Inflationary pressures in the Republic of Croatia remain pronounced, and projections indicate that inflation will continue to exceed the Eurozone average in the medium term. Rising labor costs, driven by administratively mandated wage increases in the public sector, which have also influenced developments in the private sector, are further supporting strong domestic market demand.	Croatian Telecom maintains its leading market share despite a strong competitive environment. Group successfully differentiates itself from the competition through its offer of convergent services and advanced ICT solutions, as well as through high network quality and excellent customer experience. In addition to the continuous expansion of the Group's customer base, some of the inflationary effects have been mitigated by implementing HT indexation clause.	"Strategy" Chapter
Volatility of electricity prices	Rising electricity prices, driven by geopolitical crises, including the war in Ukraine, and inflationary pressures, have resulted in a significant increase in operating costs. At the same time, the growth in overall energy consumption, as a result of expanding network infrastructure, accelerated digitalization, and the increased data center demands, is further increasing operating costs and dependence on the energy market price movements.	As an integral part of the energy transition and energy efficiency strategy, Group covers a significant part of its electricity needs from reliable, sustainable and price-stable sources, thereby mitigating significant part of energy and market risks. The launch of the first virtual power purchase agreement (vPPA) marked a significant step forward in the implementation of the Group's energy strategy. At the same time, energy efficiency is continuously improved through infrastructure optimization, the gradual phasing out of obsolete technologies and the application of innovative technological solutions, further strengthening the Group's long-term responsibility towards the environment.	"Strategy" Chapter "ESRS E1 - Climate Change" of the Sustainability Report

☐ Operational Risk ☐ Strategic Risk ☐ Regulatory Risk ☒ Financial Risk

Risk Title	Risk Description	Risk Mitigating Measures	Reference
Growing and complex regulatory requirements	Over the recent years, telecommunication companies within the European Union have been facing increasing regulatory requirements aimed at strengthening operational resilience and sustainability over the entire supply chain, while improving the effectiveness of third-party risk management. Compliance with recent legislative initiatives, including the AI Act, the Cybersecurity Act and the NIS2 Directive, DORA, the Cyber Resilience Regulation, the Corporate Sustainability Due Diligence Directive (CSDDD), the Sustainable Reporting Directive, etc., requires an additional resource engagement, internal processes' alignment, often requiring additional financial investments.	Group continuously monitors regulatory developments and aligns its business processes with new requirements, which are regularly reported within the Group's Risk Report.	"Strategy" Chapter
Financial risks	Group, like other large companies, actively manages the credit risk of its service users, liquidity risk, and its exposure to fluctuations in currency exchange rates and interest rates.	Group conducts regular receivables controls in accordance with clearly defined policies and the calculation of expected credit losses under International Financial Reporting Standard IFRS 9. In addition, receivables monitoring and maturity analyses are performed, and cash flow hedging instruments are applied.	"Strategy" Chapter Note 2.3 "Cash flow hedging derivatives" in the Financial Statements





FINANCIAL INDICATORS

HT SHARE

The year 2025 in global capital markets was marked by the continued gradual stabilisation of macroeconomic environment. Inflation further slowed in most developed economies, enabling central banks to ease restrictive monetary policies and support more favourable financing conditions. This further strengthened investor confidence, while positive trends were also supported by the strong performance of the technology sector, particularly in the field of artificial intelligence. In such an environment, global capital markets maintained a positive trend, recording more moderate but stable growth compared with the previous period.

The telecommunications sector in 2025 continued to demonstrate resilience and stability, driven by sustained demand for high-quality connectivity, further expansion of 5G networks and increased investments in fibre infrastructure. Operators remained under pressure from significant capital expenditure requirements; however, they also benefited from previous investment cycles through improved efficiency and the development of new digital services. The focus increasingly shifted towards infrastructure monetisation, the development of ICT and cloud solutions, and the provision of advanced services to business customers. In Europe, the regulatory framework, market competition and the need for continued investment in digital infrastructure remained key

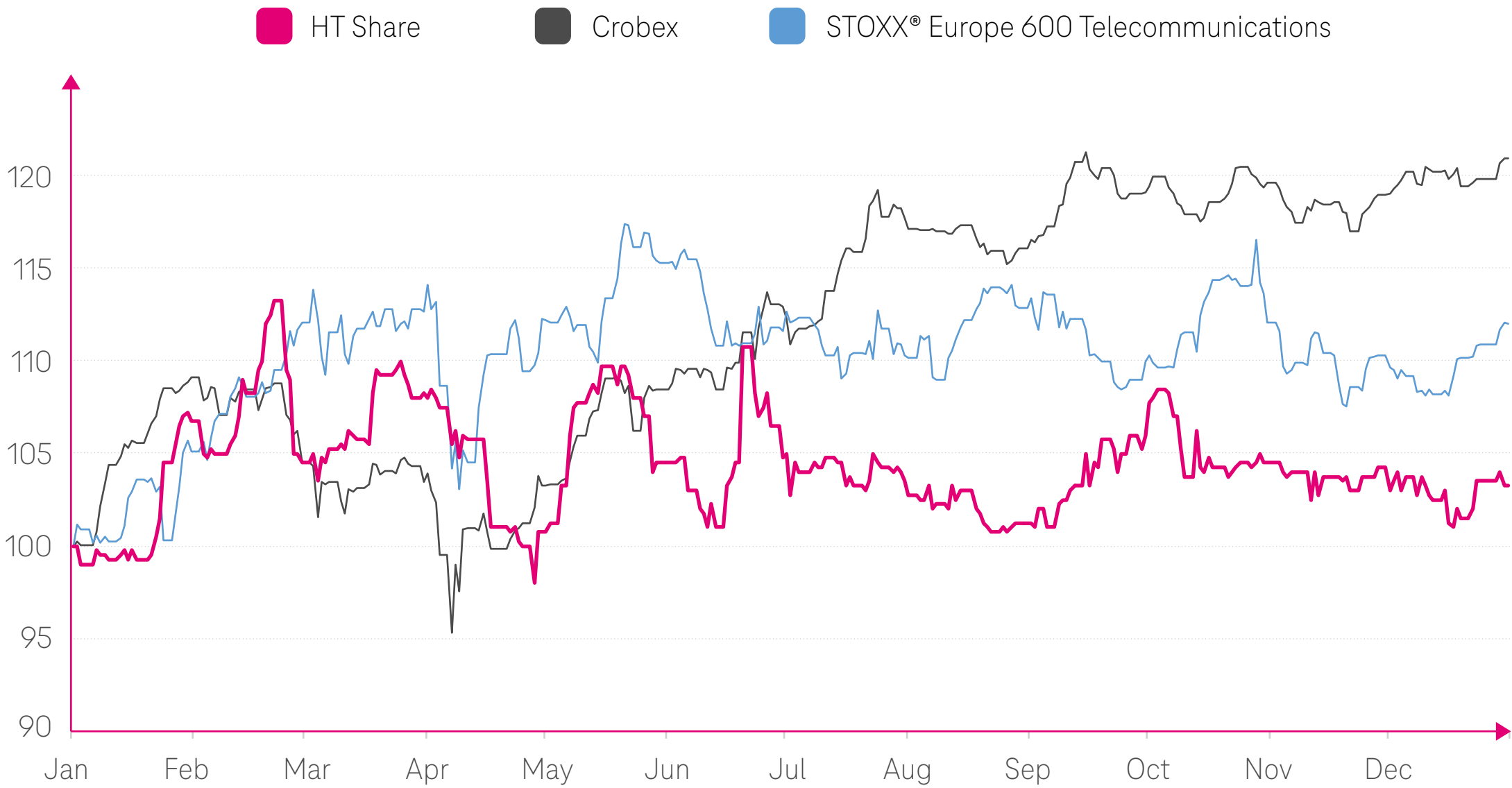
business factors, while partnerships, infrastructure sharing and selective consolidation continued to be important elements of telecommunications operators’ strategies.

The Croatian capital market continued its positive trend in 2025, reflecting a stable macroeconomic environment and strengthening investor confidence. The main share index, CROBEX, recorded strong growth of 20.9%, reflecting favourable market conditions, solid business performance of leading domestic companies and increased interest from both domestic and international investors.

Croatian Telecom maintained its position as one of the most important and most liquid issuers on the Zagreb Stock Exchange, confirming its status as a stable and reliable investment. Following exceptionally strong share price growth in the previous year, HT’s share continued its positive performance in 2025, increasing by 3.2%.

In 2025, the total shareholder return through dividends and share buybacks amounted to EUR 159.7 million, representing the highest level of shareholder return since 2013.

During the year, the share price ranged between EUR 39.10 and EUR 45.60, reflecting continued market confidence and strong investor interest in HT’s share.



The liquidity of HT’s share was evident from the high turnover, which in 2025 amounted to EUR 63.8 million, representing a 35.3% increase compared to the previous year.

The excellence of Croatian Telecom was recognised, and Croatian Telecom received prestigious awards from the Zagreb Stock Exchange, being listed among the top companies in the categories “Share of the Year” and “Best Investor Relations”, which additionally reaffirmed its key role in the domestic capital market.





Dividend

The dividend policy of Croatian Telecom provides for dividend payout ranging from 50% to 100% of the Company’s net profit, depending on the Company’s financial position and its working capital needs. In June 2025, a dividend payment of EUR 1.64 per share was made for 2024, representing a payout ratio of 92.2% of the Company’s net profit and an increase of 7.2% compared to the previous year. The proposal for 2025 is to pay out EUR 129.1 million, i.e. EUR 1.69 per share as a dividend, while the remaining

EUR 10.0 million will be distributed to retained earnings. The General Assembly is planned for 7 May 2026; dividend payout will be made on 3 July 2026, for the shareholders registered on 5 June 2026 (record date). Trading in shares without dividend payment rights commences on 3 June 2026 (ex-date). As of 2015, HT has been announcing a minimum dividend at the beginning of every year. For 2026, the minimum dividend of EUR 1.00 per share is expected.

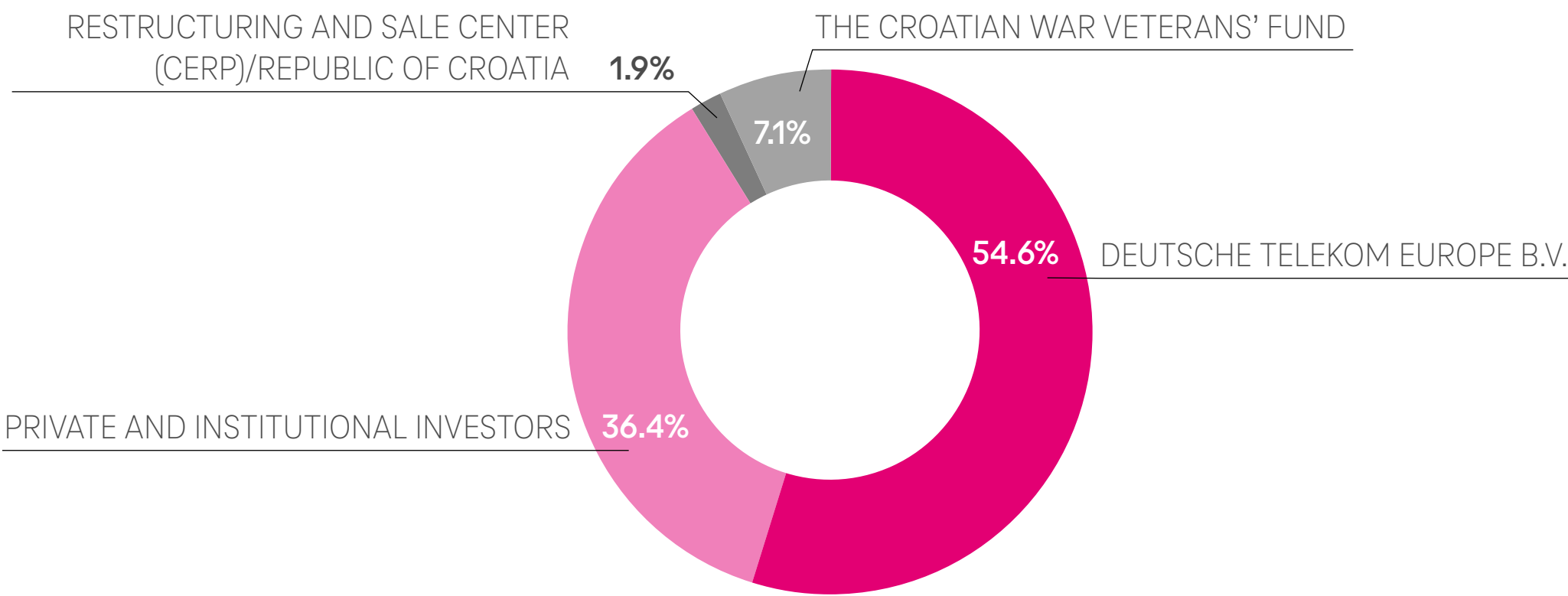


Share Buyback

During 2025, the Company acquired a total of 802,196 Company shares on the Zagreb Stock Exchange, representing 1.05% of the Company’s issued share capital. For this acquisition of shares, the Company paid out an equivalent value of EUR

34,260,623.19. The total number of Company shares held on 31 December 2025 amounted to 145,875, in book value of EUR 5,748,797.93, representing 0.19% of the Company’s issued share capital.

Shareholder structure as at 31 December 2025



Total number of shares issued: 76,550,000

Financial calendar

Information about the current financial calendar is available at the link below. The stated dates are subject to change.



<https://www.t.ht.hr/en/about-us/modal-financial-calendar>





4.1 KEY FINANCIAL DATA OF THE GROUP AND THE COMPANY

in EUR thousands	Group			HT Inc.		
	2025	2024	%	2025	2024	%
Revenue	1,141,669	1,101,579	3.6%	982,642	957,315	2.6%
Adjusted EBITDA AL	429,764	416,211	3.3%	375,018	374,519	0.1%
Adjusted EBITDA AL margin	37.6%	37.8%	(0.2 p.p.)	38.2%	39.1%	(0.9 p.p.)
EBIT	183,273	179,592	2.0%	160,061	166,244	(3.7%)
EBIT margin	16.1%	16.3%	(0.2 p.p.)	16.3%	17.4%	(1.1 p.p.)
Net profit after non controlling interests	142,960	141,869	0.8%	139,109	136,827	1.7%
Net profit margin	12.5%	12.9%	(0.4 p.p.)	14.2%	14.3%	(0.1 p.p.)
CAPEX AL	268,428	242,920	10.5%	245,155	217,891	12.5%
CAPEX AL / Revenue ratio	23.5%	22.1%	1.4 p.p.	24.9%	22.8%	2.1 p.p.

I. Revenue

in EUR thousands	Group			HT Inc.		
	2025	2024	%	2025	2024	%
Mobile service revenues	433,421	413,152	4.9%	391,220	372,903	4.9%
Mobile non-service revenues	195,493	193,048	1.3%	184,344	182,911	0.8%
Fixed service revenues	356,317	346,686	2.8%	328,330	320,523	2.4%
Fixed non-service revenues	65,869	65,560	0.5%	60,697	64,123	(5.3%)
System Solutions	90,569	83,133	8.9%	18,051	16,856	7.1%
Total	1,141,669	1,101,579	3.6%	982,642	957,315	2.6%

Croatian Telecom maintained its growth trajectory, supported by continued positive business developments across mobile and fixed service revenues as well as profitable growth in the System Solutions business.

I.I Mobile

Mobile KPI	Group in Croatia		
	2025	2024	%
Number of customers	2,539	2,477	2.5%
Prepaid	933	926	0.8%
Postpaid	1,606	1,551	3.5%
Blended ARPU	11.3	11.2	0.9%
Prepaid	4.5	5.0	(8.7%)
Postpaid	15.5	15.1	2.8%

* Number of customers in thousands, ARPU in EUR

Increase in mobile service revenue was supported by continued postpaid base expansion and price adjustments, while mobile non-service revenue growth was driven by market dynamics and hardware promotions.

A higher number of postpaid customers is a result of the successful push of attractive tariffs, now including more GB, supported by digital offer for Young (the best tariff and phone), Family offer, refreshed bonbon offer and IoT tariff. Promotional activities and attractive handset offerings supported our efforts in customers’ acquisition and retention. ARPU increase is supported by upsell of customers to higher value tariffs and price adjustments.

A higher number of prepaid customers is driven by increase in M2M customer base in business

segment and successful seasonal offers in residential segment, almost fully offset with decrease coming from continuous efforts to migrate prepaid customers to postpaid subscriptions, overall shrinking trend of prepaid market and strong competition. Despite focusing on additional value for HT prepaid customers, ARPU is decreasing due to continuous migrations of high value prepaid customers to postpaid plans and increase in lower value M2M customer base.

Handset revenue increased, driven by sales of higher-value devices, innovative sales models such as “Pay Less and Replace” and increase in sales of the T-brand devices that combines affordability and quality. The “Swap and Save” initiative further reinforced this trend, encouraging device recycling, aligning with our sustainability goals.





FINANCIAL INDICATORS

MAIN FINANCIAL INDICATORS OF THE GROUP AND THE COMPANY IN 2025 (continued)

I.II Fixed

Fixed KPI	Group in Croatia		
	2025	2024	%
Fixed voice mainlines - retail	709	717	(1.1%)
Broadband access lines - retail	674	669	0.7%
TV customers	555	554	0.4%
ARPU voice per user	7.4	8.1	(8.2%)
Broadband retail ARPU	15.8	15.4	2.4%
TV ARPU	14.3	13.1	9.0%
Wholesale customers ¹	165	171	(3.4%)

* Number of customers in thousands, ARPU in EUR
¹ Includes Naked Bitstream + Bitstream + ULL + FA + WLR wholesale rental

Fixed service revenue increased, reflecting customer migrations to higher value propositions, supported by ongoing investments in fiber infrastructure, premium sport content and price adjustments.

Continued growth in broadband services is driven by targeted Fiber-To-The-Home (FTTH) campaigns and the innovative MAX 2 5G solution for home internet on the fastest 5G network. New fixed service packages deliver a premium and secure home experience through the highest available speeds, support for a greater number of connected devices, and WiFi6 technology. Deregulation of FTTH offers has enabled equal market conditions and further supported growth amid

intensified competitive pressure. Flexible seasonal and targeted offers (second home, students) additionally expand the customer base. MAXtv maintains its position as a premium TV service through platform modernization, rich content offerings, and exclusive sports rights, including the extension of HNL rights until 2031. Attractive promotional campaigns, a refreshed EVOtv offer, and Netflix integration further enhance the value proposition and drive TV customer growth.

The wholesale customer base decreased due to the reduced customer base on copper, caused by reductions in voice services, but was partially offset by growth of the customer base on the FTTH network.

I.III System Solutions

System Solutions growth was driven by strong positioning of integrated ICT offerings, particularly in cloud and cybersecurity services.

In our Digital Applications portfolio, we recorded growth in the customer base across leading digital services, including Fiscal Cash Registers, Office 365,

My Digital Office, and Digital Business solutions for website and e-commerce development.

We launched a successful promotional offer for our Fleet Management solution, introducing a highly competitive pricing package tailored to market demands. Additionally, we promoted and expanded the adoption of our EDI service for sending and receiving e-invoices among customers participating in the national Fiskalizacija 2.0 project. Numerous live and online events were organized to educate the market and support customers in adapting to the new regulatory requirements.

Solutions such as the private 5G network for Rijeka Gateway and the NextGen 5G Airports project have been recognized as examples of the best practice - across Europe.

Combis continued with a whole variety of activities in cyber security, from sharing knowledge through attending security conferences in Croatia (General sponsor of CSC Conference in Osijek, international Adria Security Conference) to organizing its own educations and events. Aside from the security, we have continued to promote AI technology we are increasingly incorporating in our Smart City solutions.

I.IV. Crnogorski Telekom

Mobile KPI	CT		
	2025	2024	%
Number of customers	536	498	7.8%
Prepaid	199	172	16.2%
Postpaid	337	326	3.4%

Fixed KPI	CT		
	2025	2024	%
Fixed voice mainlines - retail	100	100	(0.5%)
Broadband access lines - retail	85	85	1.1%
TV customers	85	83	2.1%

* Number of customers in thousands

Crnogorski Telekom (CT) achieved strong financial results across all services. Mobile revenue growth was particularly significant, driven by investments in mobile network modernisation aiming to deliver the best customer experience and price adjustments. Fixed service revenues also increased, driven by broadband and TV offerings

that capitalised on investments in fibre-optic infrastructure, reaching 152,000 households, with a 10% YoY increase in connected customers. System Solutions revenues decreased, reflecting lower volume of one-time reselling deals, while cloud services revenues were growing.





FINANCIAL INDICATORS

MAIN FINANCIAL INDICATORS OF THE GROUP AND THE COMPANY IN 2025 (continued)

II. Profitability

	Group			HT Inc.		
in EUR thousands	2025	2024	%	2025	2024	%
Revenue	1,141,669	1,101,579	3.6%	982,642	957,315	2.6%
Other operating income	9,953	12,589	(20.9%)	9,648	11,838	(18.5%)
Total operating revenue	1,151,622	1,114,168	3.4%	992,290	969,153	2.4%
OPEX AL	(745,497)	(713,752)	4.4%	(640,725)	(606,831)	5.6%
Material expenses	(350,725)	(353,191)	(0.7%)	(285,170)	(290,380)	(1.8%)
Employee benefits expenses	(223,672)	(194,286)	15.1%	(190,443)	(142,314)	33.8%
Work performed by the Group and capitalised	23,866	22,335	6.9%	21,085	4,531	365.3%
Other expenses	(138,938)	(135,457)	2.6%	(126,405)	(130,667)	(3.3%)
IFRS 16 Depreciation	(50,712)	(47,828)	6.0%	(50,730)	(43,430)	16.8%
IFRS 16 Interest expenses	(5,317)	(5,325)	(0.2%)	(9,062)	(4,571)	98.3%
EBITDA AL	406,125	400,416	1.4%	351,565	362,323	(3.0%)
EBITDA AL margin	35.6%	36.3%	(0.7 p.p.)	35.8%	37.8%	(2.0 p.p.)
Exceptional items*	23,638	15,795	49.7%	23,453	12,196	92.3%
Adjusted EBITDA AL	429,764	416,211	3.3%	375,018	374,519	0.1%
Adjusted EBITDA AL margin	37.6%	37.8%	(0.2 p.p.)	38.2%	39.1%	(0.9 p.p.)
Depreciation (non IFRS 16 related)	(228,169)	(226,149)	0.9%	(200,566)	(200,650)	(0.0%)
EBIT	183,273	179,592	2.0%	160,061	166,244	(3.7%)
EBIT margin	16.1%	16.3%	(0.2 p.p.)	16.3%	17.4%	(1.1 p.p.)
Net financial result (non IFRS 16 related)	(541)	2,857	(118.9%)	16,469	2,635	525.1%
Tax provisions	(32,837)	(33,928)	(3.2%)	(28,359)	(27,481)	3.2%
Non controlling interests	(1,619)	(1,327)	22.0%	0	0	n/a
Net profit after non controlling interests	142,960	141,869	0.8%	139,109	136,827	1.7%
Net profit margin	12.5%	12.9%	(0.4 p.p.)	14.2%	14.3%	(0.1 p.p.)

* Exceptional items mainly relate to restructuring redundancy costs and legal cases

Material expenses decreased, mainly reflecting lower energy and merchandise costs. Employee benefit expenses increased driven by continued strategic investments in our people and one-time severance payments related to operating model transformation. Capitalized internal work increased due to stronger projects’ implementation, which resulted in the growth of retail FTTH connections. Higher other expenses mostly coming from advertising cost supporting campaigns focused on ‘Magenta Moments’ benefits, such as the Perplexity Pro licence and strong youth-focused anti-hate speech initiatives. Continuation of

inflationary pressure was partially mitigated by the ongoing transformation of the operating model and cost-efficiency initiatives.

Adjusted EBITDA AL increased by 3.3% YoY, reflecting resilient operational performance and continued transformation of operating model, despite ongoing salary and inflationary pressures.

Net profit after non-controlling interests reached EUR 143 million, remaining stable despite higher exceptional items related to restructuring and redundancies.





FINANCIAL INDICATORS

MAIN FINANCIAL INDICATORS OF THE GROUP AND THE COMPANY IN 2025 (continued)

III. Capital expenditure after leases (excluding Spectrum)

	Group			HT Inc.		
in EUR thousands	2025	2024	%	2025	2024	%
CAPEX AL*	268,428	242,920	10.5%	245,155	217,891	12.5%
CAPEX AL / Revenue ratio	23.5%	22.1%	1.4 p.p.	24.9%	22.8%	2.1 p.p.
IFRS 16 CAPEX	59,118	59,078	0.1%	207,984	53,291	290.3%
Total CAPEX (Booked + IFRS 16 Capex)	327,545	301,998	8.5%	453,139	271,182	67.1%

*CAPEX AL excluding spectrum

Market leading investments went up by 10.5% YoY, underscoring HT’s continuous commitment to expanding state-of-the-art fiber and mobile infrastructure across Croatia, ensuring constant product and services development and strengthening the foundation for sustainable growth.

The strategic program for the implementation of next generation fixed access network (NGA) in FTTH topology continued with strong execution momentum. By the end of the year, Croatian Telecom covered a total of 1 million households and businesses nationwide.

Mobile network traffic continued its strong growth throughout 2025, resulting in an overall 40% YoY traffic increase. Despite this significant growth, network performance remained highly stable, supported by proactive capacity management measures including spectrum refarming, 3G shutdown, targeted radio and transmission upgrades, and core network expansion.

Our mobile network was once again recognized as the best in Croatia, confirmed by independent national research conducted by the Croatian Regulatory Authority for Network Industries (HAKOM). For the third consecutive year since the research was introduced, Croatian Telecom achieved the best overall performance across evaluated categories.

Modernization of network and IT platforms continued in line with strategic objectives. Key initiatives included further rollout of 5G dual core architecture, continued modernization of IN/OCS platforms, deployment of Cisco NSO for data center network orchestration, and integration of adaptive energy-saving solutions (TUPL) into the live RAN network. Machine Learning Operations (MLOps) use cases for anomaly detection remained operational in the live network, supporting proactive monitoring and automation.

IV. Cash flow

	Group			HT Inc.		
EUR thousand	2025	2024	%	2025	2024	%
Net cash flow from operating activities	407,490	401,024	1.6%	363,145	355,813	2.1%
Net cash flow from investing activities	(211,124)	(165,492)	27.6%	(184,430)	(152,553)	20.9%
Net cash flow from financing activities	(252,959)	(238,952)	5.9%	(242,769)	(224,956)	7.9%
Net increase/decrease of cash and cash equivalents	(56,593)	(3,420)	1,554.9%	(64,054)	(21.696)	195.2%

Net cash flow from the Group’s operating activities is a result of trade payables movements and dynamic of payments partially offset by higher trade receivables due to marketing actions (IFRS 15).

The increase in cash expenditure from investment activities in 2025 is mainly driven by higher capex.

The net cash expenditure from financial activities increased primarily due to the dividend paid out, higher share buy back and content repayments.

These developments account for the changes within both the Group and the Company across all three activity categories.





FINANCIAL INDICATORS

MAIN FINANCIAL INDICATORS OF THE GROUP AND THE COMPANY IN 2025 (continued)



V. Financial position

EUR thousand	Group			HT Inc.		
	2025	2024	%	2025	2024	%
Non-current assets	1,562,178	1,505,329	3.8%	1,705,369	1,508,098	13.1%
Current assets	563,188	591,795	(4.8%)	437,644	464,761	(5.8%)
TOTAL ASSETS	2,125,366	2,097,124	1.3%	2,143,013	1,972,859	8.6%
Capital and reserves	1,662,071	1,676,578	(0,9%)	1,600,454	1,620,524	(1.2%)
Non-current liabilities	113,184	109,392	3.5%	232,026	97,456	138.1%
Current liabilities	350,111	311,154	12.5%	310,533	254,879	21.8%
TOTAL EQUITY AND LIABILITIES	2,125,366	2,097,124	1.3%	2,143,013	1,972,859	8.6%

Group’s total assets increased compared to last year mainly due to higher level of capital investments. The increase of assets was partially offset by lower level of cash and cash equivalents and prepayments.

Group’s capital decreased compared to last year due to dividend payout and treasury share buyback partially offset by net profit for the period.

Current liabilities increased compared to 2024 due to higher trade payables and provisions for redundancy.

At the Company level, total assets are slightly higher compared to the previous year due to higher level of capital investments.

The Company’s capital decreased compared to 2024 due to a decrease in share capital coming from HT Towers demerger and higher volume of share buyback.

Trade payables and other liabilities increased compared to 2024 due to rising prices and a higher level of capital investments in 2025.





Despite the still-volatile environment, we expect to maintain our growth trajectory in 2026, with both revenue and Adjusted EBITDA AL projected to grow at a low single-digit rate.

Following the elevated investment cycle in previous years, CAPEX AL is expected to moderately decrease at a low single-digit.

Our stance on regional expansion remains unchanged, as we diligently assess potential M&A opportunities.

	Results 2025	Outlook 2026 vs. 2025
REVENUE	EUR 1,142 million	Low single-digit increase
ADJ. EBITDA AL	EUR 430 million	Low single-digit increase
CAPEX AL ¹	EUR 268 million	Low single-digit increase
REGIONAL EXPANSION	HT is monitoring and evaluating potential M&A opportunities	HT is monitoring and evaluating potential M&A opportunities

¹ Excluding spectrum





INITIATIVES, AWARDS AND RECOGNITIONS

#1

3rd
year
in a row

THE BEST MOBILE NETWORK

Croatian Regulatory Authority for Network Industries (HAKOM)



SHARE OF THE YEAR / INVESTOR RELATIONS

(Zagreb Stock Exchange)



EUROPEAN DIGITAL CONNECTIVITY AWARDS 2025

(European Commission)

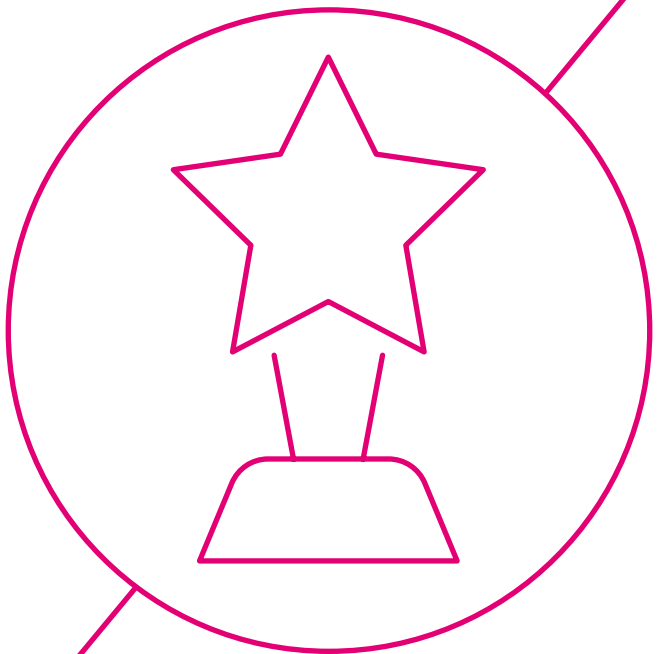
Excellence and innovation in deployment of Gigabit-Ready Infrastructure - for project Rijeka Gateway



2nd
year
in a row

CORPORATE GOVERNANCE RECOGNITION

(HANFA)



5th
year
in a row

CROATIAN SUSTAINABILITY INDEX

(Croatian Business Council for Sustainable Development - HRPSOR)



Employer Partner
Certified by SELECTIO Group

EMPLOYER PARTNER CERTIFICATE (SELECTIO)

Certificate for the highest HR standards



SABRE EMEA (Provoke)

For the Program Tools for Modern Times



Equal Pay Champion
Certified by SELECTIO Group

EQUAL PAY CHAMPION (SELECTIO)

Certificate for equal opportunities





SUSTAINABILITY REPORT



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RESPONSIBILITY FOR THE SUSTAINABILITY REPORT

In accordance with the provisions referred to in Articles 32 and 36 of the Accounting Act (Official Gazette of the Republic of Croatia, Nos. 85/2024, 145/2024, 151/25), the Management Board is responsible for preparing a consolidated Sustainability Report in accordance with the European Sustainability

Reporting Standards (ESRS) and for the following:

- Preparing the disclosures in the section (“Disclosures in accordance with Article 8 of the Regulation (EU) 2020/852 (the Taxonomy Regulation)”) of the consolidated Sustainability Report in accordance with the reporting requirements referred to in Article 8 of the Regulation EU 2020/852 (the Taxonomy Regulation);
- Designing, implementing and maintaining an internal controls system determined by the Management Board as required to enable the preparation of the consolidated Sustainability Report, without material errors due to a fraud or mistake; and
- Selecting and implementing appropriate sustainability reporting methods and making respective assessments and estimates about individual sustainability disclosures as may be reasonable under the given circumstances.

The Management Board is also responsible for designing and implementing a process for identifying information disclosed in the consolidated Sustainability Report in line with ESRS and to disclose this process in the section “ESRS 2 IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities” of the consolidated Sustainability Report. This responsibility includes the following:

- Understanding the context of the activities and business relations of the Group and the impacted stakeholders;
- Identifying the actual and potential impacts (both negative and positive) connected with sustainability matters as well as risks and opportunities that impact or that may reasonably be expected to impact the financial position of the Group, financial results/ financial success, cash flows, access to financing or cost of capital in the short, mid and long term;
- Assessing the materiality of identified impacts, risks and opportunities connected with sustainability matters by selecting and implementing appropriate materiality thresholds; and
- Making reasonable assumptions under the given circumstances.

The Management Board approved the consolidated Sustainability Report on 18 March 2026.

Croatian Telecom Inc.
Radnička cesta 21
10000 Zagreb
Republic of Croatia

18 March 2026

On behalf of the Group and the Company,

NATAŠA RAPAIC

President of the Management Board and CEO

MATIJA KOVAČEVIĆ

Member of the Management Board and CFO

OGNJEN VUKOSLAVOVIĆ

Member of the Management Board and CTIO

KREŠIMIR MADUNOVIĆ

Member of the Management Board and COO Residential

IVAN BARTULOVIĆ

Member of the Management Board and COO

SINIŠA ĐURANOVIĆ

Member of the Management Board and CCO

MARIJANA BAČIĆ

Member of the Management Board and COO Business





INTRODUCTION

Based on the obligations arising from the Accounting Act of the Republic of Croatia (Official Gazette of the Republic of Croatia Nos 85/24, 145/24, 151/25) and the Capital Markets Act of the Republic of Croatia (Official Gazette of the Republic of Croatia Nos 65/18, 17/20, 83/21, 151/22, 85/24, 126/25), the Croatian Telecom Group (hereinafter referred to as the “Group”) publishes its Sustainability Report as part of the Management Report within the Annual Report of the Group for 2025. The Sustainability Report of the Group for 2025 has been prepared in accordance with the Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (European sustainability reporting standards (ESRS)). Information in line with Article 8 of the Regulation (EU) 2020/852 on establishing a framework to facilitate sustainable investment (the Taxonomy Regulation) makes part of the Sustainability Report.

The Sustainability Report concerns the period from 1 January to 31 December 2025 and includes consolidated data for all companies of the Group included in the Annual Report 2025.

All previous Group sustainability reports, corporate social responsibility reports and environmental protection reports are available on the Group’s web page: <https://www.t.ht.hr/en/corporate-social-responsibility>. Stakeholder opinions on sustainability and corporate social responsibility govern the management of sustainability matters. You can send any questions, comments and proposals about the contents of this Report via e-mail to

drustvena.odgovornost@t.ht.hr.

The Sustainability Report of the Group for 2025 contains information about the following sustainability factors.

- E1– Climate change
- E5 – Resource use and circular economy
- S1 – Own workforce
- S2 – Workers in the value chain
- S4 – Consumers and end-users
- G1 – Business conduct
- G – Entity-specific disclosures – Cyber security

The following index reflects general disclosure requirements according to the standard “ESRS 2 – General disclosures”.

ESRS index according to ESRS 2 IRO-2

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ESRS 2 General disclosures		
ESRS 2 BP-1	General basis for preparation of the sustainability statement	p. 41
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ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	p. 44
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	p. 47
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	p. 47
ESRS 2 GOV-4	Statement on due diligence	p. 48
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ESRS 2 SBM 1	Strategy, business model and value chain	p. 50
ESRS 2 SBM-2	Interests and views of stakeholders	p. 54
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ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	p. 59
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ESRS E1 – Climate change		
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ESRS 2 IRO-1 E1	Description of the processes to identify and assess material impacts, risks and opportunities	p. 77
ESRS E1-2	Policies related to climate change mitigation and adaptation	p. 78
ESRS E1-3	Actions and resources in relation to climate change policies	p. 79
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ESRS E1-5	Energy consumption and mix	p. 82
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GENERAL INFORMATION

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Disclosure	Name	Reference
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ESRS E5-3	Targets related to resource use and circular economy	p. 90
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ESRS S1 – Own workforce		
ESRS 2 SBM-3 S1	Material impacts, risks and opportunities and their interaction with strategy and business model	p. 94
ESRS S1-1	Policies related to own workforce	p. 95
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ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	p. 98
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	p. 99
ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	p. 102
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Disclosure	Name	Reference
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ESRS S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	p. 110
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	p. 111
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ESRS G – Entity-specific disclosures – Cyber security		
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BASIS FOR PREPARATION

ESRS 2 BP-1– General basis for preparation of the sustainability statement

The Sustainability Report of the Group for 2025 has been made based on consolidated data. The Sustainability Report’s consolidation scope is the same as that of the financial statements. It covers Croatian Telecom Inc. (hereinafter referred to as “HT” or “the Company”) and its affiliated companies Combis Ltd., HT Services Ltd. (merged to HT as of 2 January 2025), HT Towers Ltd., HT Holding Ltd. and Crnogorski Telekom A.D.

The Sustainability Report comprises own operations and the Group’s upstream and downstream value chain. For the purpose of a realistic and effective assessment of its own business activities and value chain, the following key assumptions have been adopted:

- The business is structured around the following areas: fixed network, mobile communications, the sale of devices, and system solutions (business customers)

- As a service-based company that generally does not have its own manufacturing activities, the Group sells products supplied by its suppliers. These are primarily manufacturers of mobile devices. The Group has very limited influence over the extraction of raw materials used in devices and does not establish a direct link between these activities and its own business model.
- The Sustainability Report does not make avail of the possibility for exemption of information on intellectual property, know-how or results of innovation from disclosure nor does it omit disclosures of impending developments or matters of negotiation.

ESRS 2 BP-2 – Disclosures in relation to specific circumstances

Value chain estimation

Upstream and/or downstream metrics	Description of the basis for preparation	Description of the resulting level of accuracy
Scope 3 GHG emissions and emission factors	Due to a lack of primary data, especially concerning the upstream and downstream value chain, coupled with a lack of product-related emissions factors, estimates were used at the DT Group level to determine the GHG emissions from using products and solutions. Emission factors per each product cannot be precisely determined. This is why an average value in the upstream value chain was used for calculation. Since few suppliers delivered their primary data to DT, secondary statistic data were used, which is a standard industry practice.	DT uses only recognised sources from public bodies. Software solutions and the increasing digitalisation of data collection ensure a reliable basis for calculations. Annual comparison of the data used with publicly available sources and the latest findings ensures continuous improvement in data quality. Further improvements in data quality can be ensured. Given the highly complex relationships within the supply chain and the challenging nature of data collection and generation (e.g. life cycle analysis), annual analyses form an integral part of customer discussions and the supplier selection process at the DT Group level. For this purpose, tools used include, among others, life cycle analyses, surveys and customised emission factors based on CDP data. The aim of these measures is to decrease emissions and, in cooperation with suppliers, to improve the accuracy of emission data collection.





GENERAL INFORMATION

ESRS 2 – GENERAL DISCLOSURES

(continued)

Upstream and/or downstream metrics	Description of the basis for preparation	Description of the resulting level of accuracy
Workers in the value chain	Since the DT Group companies share many significant suppliers that are part of global value chains, the estimate of negative impacts on human rights is done at the DT level. The estimate is based on risk analysis done at the DT Group level in accordance with the German Act on Corporate Due Diligence in Supply Chains (LkSG).	DT regularly reviews the working conditions at their suppliers’ production sites within its audit programs. Within DT’s due diligence processes, the communication with workers in the upstream value chain, i.e. in the supplier chain, is done via surveys. This enables the workers of DT’s suppliers to anonymously provide information about their respective organisations’ social and environmental conditions. The survey is primarily used to gain an impression of the working conditions at a particular site and to initiate further actions as needed, such as specific on-site reviews (the so-called “social audits”) conducted by external auditors. Social audits are conducted within the sector initiative “Joint Alliance for CSR” (JAC), which comprises 31 globally active telecommunications companies, enabling the coverage of a more significant number of relevant suppliers in the supply chain. In 2025, the Group expanded the scope of due diligence of its business partners and developed a comprehensive partner questionnaire (Partner Assessment Survey). The questionnaire includes a set of ESG-related questions, including questions relating to the workers of the Group’s suppliers and their rights. Data collection commenced at the end of 2025, while the full implementation and analysis of data gathered through the new and expanded questionnaire will begin in 2026.

Sources of estimation and outcome uncertainty

Quantitative metrics and monetary amounts that are subject to a high level of measurement uncertainty	Information on sources of measurement uncertainty	Assumptions, approximations and judgements the entity has made in measuring them
ES RS E5-4 – Resource inflows The total quantity of products and technical materials used in the reporting period: mobile telephony antennas and fibre optic cables	Since it is not practical to monitor data about the weight of mobile telephony antennas and optical fibre cables, estimates are made based on average values, extrapolations and data clustering to calculate the weight efficiently.	Concerning fibre optic cables, estimates are made based on data on the total length of the purchased cables and the average weight per unit of length. The number of antennas is multiplied by the average weight per unit to calculate the total weight of antennas.
ESRS E5-4 – Resource inflows Use of biological materials for network infrastructure build-out and maintenance	Since manufacturers do not submit any information on this metric, a rough estimate is used.	The use of biological materials for network infrastructure build-out and maintenance is mainly limited to paper packaging, which makes an insignificant proportion of the total weight.





Changes in preparation or presentation of sustainability information

Data point	Previously determined values	Redefined values
ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions Scope 3 (total)	2024 173,194 t CO ₂ e	2024 161,733 t CO ₂ e
ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions Scope 3 (upstream emissions)	2024 108,533 t CO ₂ e	2024 97,072 t CO ₂ e
ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions Total GHG emissions (location-based)	2024 212,061 t CO ₂ e	2024 200,599 t CO ₂ e
ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions Total GHG emissions (market-based)	2024 182,306 t CO ₂ e	2024 170,845 t CO ₂ e
ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions Indirect upstream emissions	2024 108,533 t CO ₂ e	2024 97,072 t CO ₂ e
ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions Indirect upstream emissions: Purchased goods and services (Category 1)	2024 46,202 t CO ₂ e	2024 35,831 t CO ₂ e
ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions Indirect upstream emissions: Capital goods (Category 2)	2024, 36,517 t CO ₂ e	2024 36,598 t CO ₂ e
ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions Indirect upstream emissions: Upstream transportation and distribution (Category 4)	2024 16,814 t CO ₂ e	2024 15,477 t CO ₂ e
ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions Indirect upstream emissions: Employee commuting (Category 7)	2024 3,767 t CO ₂ e	2024 3,932 t CO ₂ e

As explained in the chapter *“ESRS E1-6 – Gross Greenhouse Gas Emissions from Scopes 1, 2, 3 and Total Greenhouse Gas Emissions,”* the Scope 3 greenhouse gas emission values for 2024 have been adjusted to reflect changes in emission factors as well as methodological and structural changes during the reporting year.

The overview below provides information on data incorporated by reference.

Incorporation by reference

Disclosure requirements (datapoints)	Reference
G1 ESRS 2 GOV-1 §5a Detailed information on the composition and activities of the Management and Supervisory Board	<i>“Management Board”</i> , <i>“Supervisory Board”</i> and <i>“Corporate Governance Code Compliance Report”</i> in the section Group Business
ESRS 2 GOV-1 §21c/G1 ESRS 2 GOV-1 §5b Curricula vitae of members of the Management and Supervisory Board	<i>“Management Board”</i> and <i>“Supervisory Board”</i> in the section Group Business
ESRS 2 SBM-1 40b Breakdown of total turnover per other segments	Consolidated and separate financial statements 31 December 2025. <i>Note 4 Revenues from core business and segment information</i>
ESRS 2 IRO-1 53c Risk assessment criteria	<i>“Risk management”</i> in the section Group Business
ESRS E1-6 46 Scope 3 GHG emissions – category 15 (investments)	Consolidated and separate financial statements 31 December 2025. <i>Note 1 Corporate information</i>





Use of phase-in provision in accordance with Appendix C of ESRS 1

Disclosure	Name	Reference
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in provision for ESRS 2 of SBM-3, (48 (e))
ESRS 2 SBM-3 E1	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in provision for ESRS 2 of SBM-3, (48 (e))
ESRS E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Use of phase-in provision
ESRS 2 SBM-3 S4	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in provision for ESRS 2 of SBM-3, (48 (e))
ESRS 2 SBM-3 G – Entity-specific disclosure	Material impacts, risks and opportunities and their interaction with strategy and business model	Use of phase-in provision for ESRS 2 of SBM-3, (48 (e))

GOVERNANCE

ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies

HT has a two-tiered governance system whose main feature is a strict division of competence between the two bodies, the Management Board and the Supervisory Board of the Company. The Management Board is in charge of managing the Company’s business affairs, while the Supervisory

Board’s has a supervisory function. The Shareholders’ Meeting is made up of shareholders of the Company. At the Shareholders’ Meeting, shareholders exercise their management and property rights as well as their right to receive information.

Management Board

Under the Companies Act, HT’s Articles of Association and the By-Laws on the Work of the Management Board, the Management Board manages the Company’s business affairs at its own responsibility. It is obligated and authorised to take all actions and make decisions it deems necessary to manage the Company’s business affairs successfully. The consent of the Supervisory Board is needed for some issues and decisions (such as significant transactions and long-term indebtedness). The Articles of Association stipulate that the Company can be represented by any two members of the Management Board jointly.

Supervisory Board

The Supervisory Board is authorised to appoint and dismiss members of the Management Board and to oversee the managing of the Company’s business affairs in accordance with the Companies Act, Articles of Association of the Company and the By-Laws on the Work of the Supervisory Board. Certain major transactions and long-term indebtedness require the approval of the Supervisory Board.

Details on the composition and activities of the Management and Supervisory Board are given in the Introduction to the Annual Report and in the Corporate Governance Code Compliance Report. On 31 December 2025, the Management Board of HT had 7 members: Nataša Rapačić, President of the Management Board (CEO); Marijana Bačić, in charge of the business customers segment; Boris Drilo, in charge of technical and information technologies

functions; Siniša Đuranović, in charge of corporate affairs; Matija Kovačević, in charge of finance; Ivan Bartulović, in charge of human resources and customer support; and Krešimir Madunović, in charge of residential customers segment. Boris Drilo has resigned and, as of 1 January 2026, he will step down from the position of Member of the Management Board and Chief Technical and Information Officer (CTIO). Ognjen Vukoslavović has been appointed as the new Member of the Management Board and Chief Technical and Information Officer (CTIO) of HT, and he will assume position as of 1 January 2026.

The Supervisory Board comprises 9 members. Of that number, 8 members are elected by the Shareholders’ Meeting, and one is appointed by the Workers’ Council as the workers’ representative. Out of 8 members elected by the Shareholders’ Meeting, two are independent – Dolly Predovic, PhD, and Prof Vedran Bilas, PhD. The Workers’ Council appointed Viktor Vanek as Supervisory Board member who is workers’ representative.

Jonathan Abrahamson and André Lenz resigned from their positions as members of the Supervisory Board, with effect from the conclusion of the first Annual General Meeting in 2025. At the General Meeting held on 3 June 2025, Diana Samland and Stefan Schlöter, PhD were elected as new Supervisory Board members.

Short curricula vitae of the Management and Supervisory Board members are available in the *Management Board* and *Supervisory Board* in the section Group Business.

The following table shows the gender diversity of the Management Board and the Supervisory Board of the Group.





Percentage of women on the Management and Supervisory Board of HT

percentage (%)	31.12.2025	31.12.2024
Percentage of women on the Management Board	29	29
Percentage of women on the Supervisory Board	44	33
Total on the Management Board and Supervisory Board	38	31

The Supervisory Board comprises 22% independent members. These are Dolly Predovic, PhD, and Prof Vedran Bilas, PhD.

Composition of the Management Board and Supervisory Board of HT

Management Board	Supervisory Board
Nataša Rapaić	Elvira Gonzalez Sevilla
Marijana Bačić	Ivica Mišetić, PhD
Ivan Bartulović	Viktor Vanek
Boris Drilo	Dolly Predovic, PhD
Siniša Đuranović	Marc Stehle
Matija Kovačević	Eirini Nikolaidi
Krešimir Madunović	Prof Vedran Bilas, PhD
	Stefan Schlöter, PhD
	Diana Samland

The Management Board is the highest administration body that evaluates and manages the impact of business activities of the Group on society and the environment, as well as the risks and opportunities identified in the double materiality assessment.

The Supervisory Board oversees and gives recommendations to the Management Board concerning implementing the [Sustainability Strategy](#) and managing material impacts, risks and opportunities.

The Management Board and the Supervisory Board adopt the Annual Report; the Sustainability Report makes an integral part of it.

To ensure the lawful, compliant and appropriate discharge of its duties, the Supervisory Board has established three committees that perform their respective activities: the Audit Committee, the Compensation and Nomination Committee and the Committee for Transactions with Related Parties.

HT’s Management Board adopts regulations and strategic guidelines concerning sustainability matters at the Group level. Group Policy on Corporate Responsibility assigns executive responsibility for sustainability-related matters to HT’s Management Board. Representatives of business units regularly report to the Management Board on the status and progress of the Sustainability Strategy and the status of objectives and respective measures. The Management Board is informed about sustainability metrics at dedicated meetings between the Management Board and a broader management team and, if necessary, at regular weekly Management Board meetings.

The [Group Policy on Corporate Responsibility](#) has formally established the roles of a central corporate responsibility coordinator (CR Manager) and a corporate responsibility controller (CR Controller) appointed by the Management Board.

The CR Manager is a central point of contact for sustainability matters at HT. This role provides operational support to the Management Board in implementing the sustainability strategy and planning and coordinating corporate responsibility activities. The CR Controller’s task is to collect and consolidate key performance indicators concerning corporate responsibility.

Both roles are crucial in supporting the Management Board in independently reporting on the Group’s sustainability and reporting on corporate responsibility as part of the DT Group.

Sustainability Committee

In 2025, the Sustainability Committee was established as a body advising the Management Board of HT on the implementation of the sustainability strategy, as well as on the objectives and actions of the Group derived from this strategy. The Committee also provides proposals for improvement (both strategic and expert), other recommendations in the field of sustainability, and guidance in the preparation of the Sustainability Report.

The Committee comprises experts from various sustainability-related fields and may involve additional internal or external experts as required. Members of the Committee convey key sustainability aspects and guidelines, as well as their expert knowledge, to the respective HT departments within their areas of responsibility. The Committee comprises:

- Group Leader for Sustainable Governance (who also serves as the CR Manager)
- Group’s Compliance Officer
- Manager responsible for monitoring energy consumption and CO₂ emissions (Energy Efficiency Lead)
- Human resources representative responsible for sustainability-related matters
- Project Lead for ESG financial methodology.

The CR Manager coordinates and appropriately documents the work of the Committee and reports to the Management Board on the Committee’s activities and conclusions. The Committee is accountable to the Management Board and is authorised to involve ad hoc members in its work (representatives from within HT’s organisation responsible for sustainability-related matters), as well as external experts. Permanent and ad hoc members of the Committee also participate in the work of DT Group’s expert working groups for the management of sustainability matters.

Procedures, controls and protocols for tracking, managing and overseeing impacts, risks and opportunities concerning sustainability matters are part of the corporate risk management process at the Group level. The corporate risk management process, including sustainability-related risks, is conducted in line with DT’s Risk Management Policy and is part of an integrated risk management system at the DT Group level. Implementing this multi-level system enables an early detection and assessment of risks and





opportunities compared to the strategic goals of the Group. Based on this, the Group undertakes activities for the management and control of risks and opportunities. Overall, HT experts participate in the work of working groups and committees involved in control processes for risk prevention and mitigation, and each identified material risk has a dedicated risk owner at the top management level, as well as designated owners of risk mitigation measures. The risk assessment includes an assessment of emerging risks, while risks in relation to the strategic objectives of the Group are assessed on a quarterly basis. Risk status is consolidated on a quarterly basis in a risk report and presented to the Management Board, as well as to the Audit Committee of the Supervisory Board of HT Risk report is standardised at the DT Group level by using a single IT tool. The risk report includes an analysis of risks assessed qualitatively or quantitatively against defined business objectives, based on a predefined methodology. All risks in the Group’s quarterly risk report are further reviewed in terms of the ESG classification into environmental, social and governance risks. The management of identified risks depends on the type and level of materiality of the risk in relation to key performance indicators. The risk management system enables the identification of future potentially risky events that may affect the Group within the defined risk tolerance framework, thereby providing reasonable assurance of the achievement of the Company’s objectives. The Corporate Risk

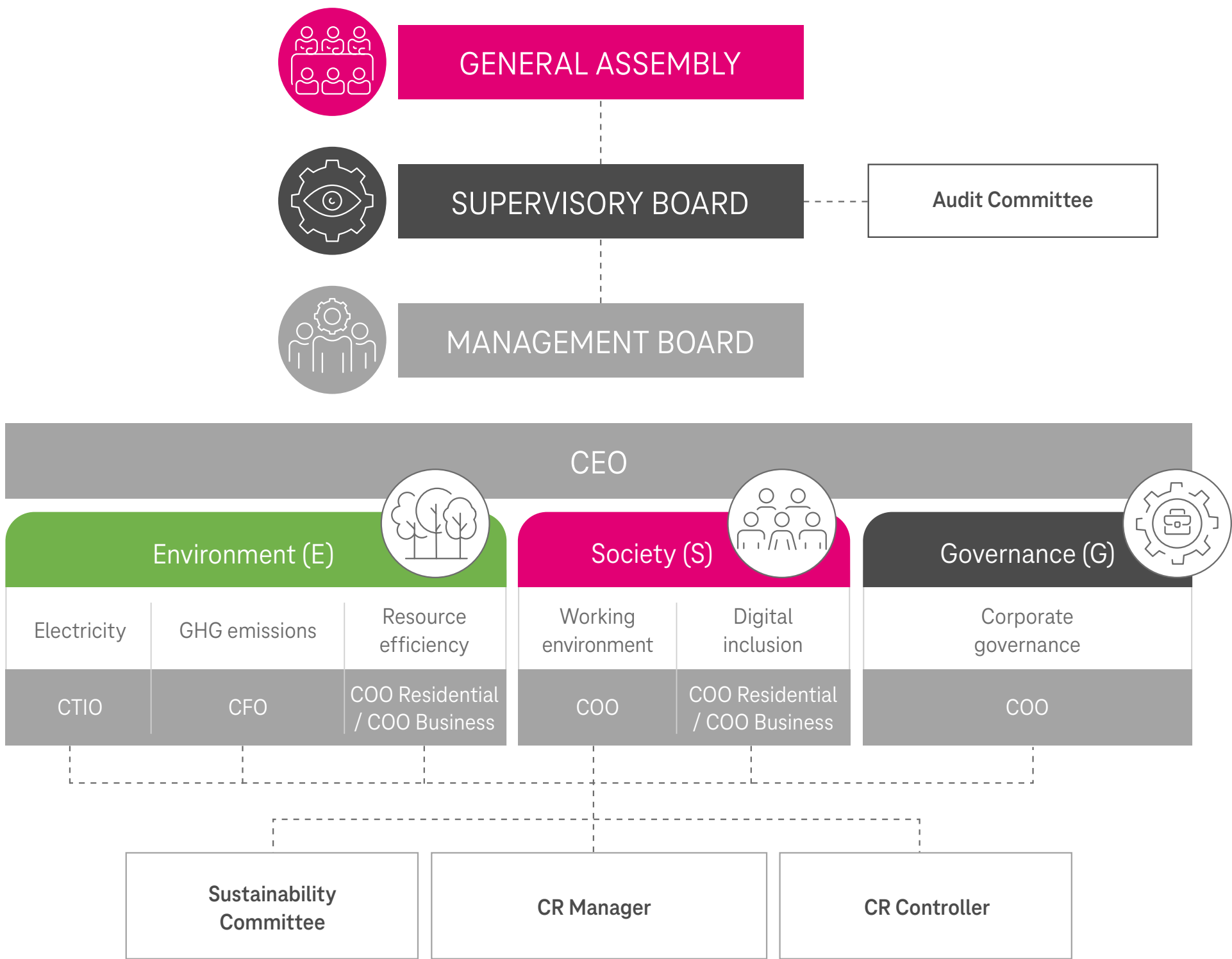
Committee, an independent body that supports HT’s Management Board in overseeing the risk management system and processes at regular intervals, is also part of the risk management function.

The process of collecting sustainability-related data is documented and tested annually through the internal control system (ICS) in accordance with the DT ICS methodology, with the involvement of management, internal audit and independent third parties.

The Supervisory Board sets corporate goals annually, among others, relating to significant impacts, risks and opportunities concerning sustainability matters. It also monitors and assesses the achievement of these goals. HT’s Supervisory Board is regularly informed about the Sustainability Strategy, its implementation and key performance indicators for internal collective Company goals. These contents are included in the information about business operations that the Supervisory Board takes on notice quarterly or more often, if necessary.

Respective HT Management Board members, taking into account their scope and responsibility, have key competences in their area of responsibility for environmental, social and governance matters defined by the Sustainability Strategy of the Group, which have been described in more detail under the section “*ESRS 2 SBM-1 – Strategy, business model and value chain*”.

Areas of responsibility of administrative, management and supervisory bodies





Considering that HT's governance system implies a division of responsibility according to management levels, lower management levels also have all necessary competencies to successfully manage the ESG areas for which they have been charged and for providing support to their respective Management Board member. The Sustainability Committee acts as the central body for the provision of information, advice and recommendations. It thereby supports the implementation of the sustainability strategy, as well as the objectives and actions of the Group derived from this strategy. Members of the Management Board of HT have direct access to experts with all the necessary competencies related to the identified material impacts, risks and opportunities.

Marc Stehle, member of the Supervisory Board and Chairman of the Audit Committee, also holds the position of Vice President of Financial Controlling and Corporate Responsibility for Europe at Deutsche Telekom. This role enables him to have a special

ESRS 2 GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

As described under the section *“ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies”*, the Management Board is informed on sustainability matters at meetings between the Management Board and a broader management team. Based on insights and advice gathered from the Sustainability Committee and experts from the relevant HT departments, the Management Board discusses and, as necessary,

expertise and extensive experience in sustainability matters that affect the business operations of the Company. As Audit Committee's Chairman, he oversees the sustainability reporting of the Group, ensuring compliance with the requirements relating to competences for sustainability matters in line with statutory provisions and ESRS requirements.

At HT, the administrative and management bodies have continuous access to expert knowledge and skills in various sustainability areas and Management Board members are regularly informed about sustainability topics in their area of competence.

The CR Manager and CR Controller support the Management Board in managing, monitoring and reporting on sustainability matters. More info about the CR Manager and CR Coordinator roles is available under the section *“ESRS 2 GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies”*.

adopts decisions at its meetings on current sustainability matters relating to sustainability strategy and the management of impacts, risks and opportunities. Before finalising the double materiality

assessment, the Management Board received information of the status of the double materiality assessment process at a Management Board meeting.

Prior to the publication of the Group Sustainability Report for 2025, the Audit Committee and a representative of the Workers' Council were provided with insight into the sustainability information, as well as into the methods used for obtaining and verifying such information. The Workers' Council had been asked to provide a written opinion, which was subsequently submitted to the Supervisory Board. As described under the section *“ESRS 2 GOV-1 – The role of the administrative, management and supervisory*

ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes

Management Board remuneration

The remuneration and evaluation of the work performed by the Management Board have been conducted in accordance with the [Remuneration Policy for Members of the Management Board](#) that was adopted by the Shareholders' Meeting of the Company in 2023. The Company, once a year, submits to the Shareholders' Meeting the Report on Remuneration Paid to the Members of the Supervisory Board and Management Board in the Previous Year. The Remuneration Policy and the above-stated Report are available at the Company's web pages at the following link: <https://www.t.ht.hr/en/investor-relations/report-of-remuneration> for 10 years as of their adoption.

The annual target salary of Management Board members consists of a fixed base yearly salary and a performance-related variable component, the so-called Short-Term Incentive (STI). The STI rewards

bodies”, the Sustainability Report is adopted by the Management Board and the Supervisory Board.

In 2025, the Management Board and Supervisory Board addressed all material impacts, risks and opportunities. A list of material impacts, risks and opportunities is contained in disclosure requirements “SMB-3” of the respective topical standards.

the achievement of collective targets over an annual period.

The remuneration system for Management Board members depends on the realisation of financial and non-financial key performance indicators. The below paragraph will focus only on the non-financial performance indicators of variable Management Board remuneration instruments.

Short-term or one-year variable remuneration includes environmental and social non-financial performance indicators.

Environmental non-financial performance indicators are energy consumption and CO₂ emissions (Scope 1 and 2). They constitute 20% of the target amount, with each indicator carrying 50% of the value. Based on the corporate plan, the Supervisory Board sets the target and border values for these indicators. A target value of 100% corresponds to the budgeted value from the plan. Each goal can be achieved in a range from 0% to 150%.





Programs and investments in energy efficiency measures for all energy sources, infrastructure optimisation and new innovative technological solutions support the goal of reducing energy consumption.

The goal of reducing CO₂ emissions relates to electricity consumption from renewable sources, optimisation of consumption in buildings and a gradual conversion of the Group’s fleet from vehicles with internal combustion engines using fossil fuels to vehicles with zero or low emissions.

Social non-financial performance indicators – customer satisfaction and employee satisfaction

– ensure that the Management Board appropriately represents the interests of both customers and employees.

Both social performance indicators jointly constitute 25% of the strategic goals set for 2025. Management Board can achieve a ratio of goal achievement ranging between 0% and 150%.

The globally recognised TRI*M methodology (TRI*M = Measure, Manage, Monitor) is used to measure customer satisfaction.

Employee satisfaction is measured by regular employee surveys conducted during the year.

ESRS 2 GOV-4 – Statement on due diligence

The following table gives an overview of how and where the Sustainability Report takes into account the most important aspects and steps of the due diligence process.

Overview of main aspects and steps of the due diligence process in the Sustainability Report

Core elements of due diligence process	Sections in the Sustainability Report	ESRS standard
Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS 2, E1, E5, S1, S2, S4, G1

Core elements of due diligence process	Sections in the Sustainability Report	ESRS standard
Engaging with affected stakeholders in key steps of the due diligence process	ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies ESRS 2 SBM-2: Interests and views of stakeholders ESRS 2 IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities ESRS E1-2 – Policies related to climate change mitigation and adaptation ESRS E5-1 – Policies related to resource use and circular economy ESRS S1-1 – Policies related to own workforce ESRS S2-1 – Policies related to value chain workers ESRS S4-1 – Consumers and end-users ESRS G1-1 – Business conduct policies and corporate culture	ESRS 2, E1, E5, S1, S2, S4, G1
Identifying and assessing adverse impacts	ESRS 2 IRO-1 (including disclosure requirements related to specific sustainability matters in the relevant ESRS topical standards) and ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS 2, E1, E5, S1, S2, S4, G1
Taking action to address those adverse impacts	ESRS E1-3 – Actions and resources in relation to climate change policies ESRS E5-2 – Actions and resources related to resource use and circular economy ESRS S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions ESRS S4-4 – Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to value consumers and end-users, and effectiveness of those actions and approaches ESRS G1-3 – Prevention and detection of corruption and bribery	E1, E5, S1, S2, S4, G1





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(continued)

Core elements of due diligence process	Sections in the Sustainability Report	ESRS standard
Tracking the effectiveness of these efforts and communicating	Objectives ESRS E1-4 – Targets related to climate change mitigation and adaptation ESRS E5-3 – Targets related to resource use and circular economy ESRS S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities ESRS S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	E1, E5, S1, S2, S4,
	Key indicators ESRS E1-5 – Energy consumption and mix ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions ESRS E1-7 – GHG removals and GHG mitigation projects financed through carbon credits ESRS E5-4 – Resource inflows ESRS E5-5 – Resource outflows ESRS S1-6 – Characteristics of the undertaking’s employees ESRS S1-8 – Collective bargaining coverage and social dialogue ESRS S1-9 – Diversity metrics ESRS S1-13 – Training and skills development metrics ESRS S1-14 – Health and safety metrics ESRS S1-16 – Compensation metrics (pay gap and total compensation) ESRS S1-17 – Incidents, complaints and severe human rights impacts	

ESRS 2 GOV-5 – Risk management and internal controls over sustainability reporting

Information on risk management and internal control of sustainability reporting are part of the general processes of risk management of the Group, as described in more detail under the section “*ESRS 2 GOV-1 – The role of the*

administrative, management and supervisory bodies”. All risks referred to in the quarterly risk report of the Group are additionally reviewed in terms of the ESG classification into the environmental, social and governance risks.





STRATEGY

ESRS 2 SBM-1 – Strategy, business model and value chain

The Sustainability Report of the Group for 2025 relates to business activities on the markets of the Republic of Croatia and Montenegro. The Group is the provider of telecommunications services, offering fixed and mobile telephony services, as well as wholesale, internet and data services.

Head count by geographical areas

head count	31.12.2025	31.12.2024
Republic of Croatia	5,229	5,271
Rest of the world	504	480
Employees total	5,733	5,751
- of which: Montenegro	451	447
- of which: other countries	53	33

Breakdown of total turnover of the Group

EUR thousand	2025	2024
Turnover from mobile services	433,421	413,152
Other mobile turnover	195,493	193,048
Turnover from fixed services	356,317	346,685
Other fixed turnover	65,869	65,561
System solutions	90,569	83,133
Segment turnover	1,141,669	1,101,579

For breakdown of turnover per other segments, please see *Note 4 Revenues from core business and segment information*. The Group does not operate in the sector of fossil fuels, chemical production, controversial weapon and growing and manufacturing tobacco.

Sustainability-related goals

No	Goal	Scope
1	Environment	
1.1	Climate change	
1.1.1	Procuring 100% electricity from renewable energy sources	Group; own operations
1.1.2	As part of the DT Group, net zero GHG emissions for direct and indirect energy consumption within the organisation (Scope 1 and 2) by 2025	Group as part of DT Group; own operations
1.1.3	As part of the DT Group, by 2030 cut greenhouse gas emissions along the entire value chain (Scope 1-3) by 55% compared to 2020 (SBTi)	Group as part of DT Group; entire value chain
1.1.4	As part of the DT Group, net zero emissions along the entire value chain (Scope 1-3) by 2040 (SBTi)	Group as part of DT Group; entire value chain
1.2	Resource use and circular economy	
1.2.1	Continuous goal of the Group is to recycle 100% of technological waste	Group; own operations
2	Social matters	
2.1	Own workforce	
2.1.1	The Group's Continuous goal is to keep the percentage of women in management positions at 40%	Group; own operations
2.2	Consumers and end-users	
2.2.1	By the end of 2025, achieve a 25% coverage of the total rural area of the Republic of Croatia with 5G network	HT in the Republic of Croatia; mobile telephony (residential and business customers)
2.2.2	By the end of 2027, achieve a 50% coverage of the total rural area of the Republic of Croatia with 5G network	HT in the Republic of Croatia; mobile telephony (residential and business customers)
2.2.3	By the end of 2026, achieve a 95% population coverage with an appropriate level of 4G and/or 5G signal in each of the 20 defined areas	HT in the Republic of Croatia; mobile telephony (residential and business customers)





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ESRS 2 – GENERAL DISCLOSURES (continued)



Group's Sustainability Strategy

The Sustainability Strategy of the Group reflects the ambition of the entire Group to be a digital and sustainable telecommunications company which creates value for all its stakeholders – customers, employees, shareholders, partners and society as a whole. A long-term vision of sustainability is a part of Group's business strategy aimed at the realisation of sustainable and profitable growth by connecting everyone with digital opportunities.

As a socially responsible company, HT integrates and systematically implements all three ESG dimensions in its business operations and takes them into account when adopting strategic decisions. The Group's approach to sustainability is based on three cornerstone areas: climate change, resource efficiency and digital inclusion, with a focus on efficient resource use, reduction of GHG emissions and creating a better future for all.

Climate change

The growing effects of climate change and the increasingly unpredictable and destructive consequences of extreme weather events – driven by unsustainable and non-renewable resource consumption – pose a major threat to ecosystems, humanity, infrastructure and the entire economy. Digitalisation holds the potential to accelerate the necessary shift to a low-carbon economy and steer society toward a more sustainable future. Having recognised the severity and urgency of the situation, HT's dedication to climate change

mitigation is included in our corporate strategy by setting science-based GHG emission reduction targets, which was adopted by all DT Group members. The DT Group's climate goals, in whose implementation the Group participates, reflect the direction of the European Green Deal and were approved by the Science Based Targets Initiative (SBTi), which confirms their alignment with the Paris Agreement goals.

Resource efficiency

The linear economy model based on the singular use of materials has led to unsustainable levels of consumption of natural resources that, in addition to threatening the stability of ecosystems, create an increasing challenge for companies in terms of the availability of raw materials. In response to this challenge, business models based on the principles of the circular economy, enabling a more sustainable approach to business, are increasingly being applied. At the Group, we take a holistic approach to the responsible use of resources and implementing circular economy principles. Through strategic, proactive, and preventive action, the Group strives to reduce waste generation by carrying out maintenance, repairs and renovation of equipment, while reusing materials that can be used as valuable resources. In doing so, the Group recycles waste and materials in an environmentally responsible manner, which mainly refers to waste generated during the construction, replacement and modernisation of network infrastructure. The Group's ambition is to achieve a full circularity of





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ESRS 2 – GENERAL DISCLOSURES (continued)

technology and devices along the entire value chain in the future, which will enable the reuse of materials. To this end, the Group applies different approaches, introduces new offers and develops cooperation with different stakeholders, including suppliers and customers, to find joint opportunities and enable circular business models.

Inclusion, with a focus on digital inclusion

The social component of the Group's sustainability strategy is focused on relationships among employees, relations with customers, suppliers and the community. The Group in Croatia strives to have a positive impact on society, connecting everybody in Croatia with the opportunities that digitalisation provides, promoting equity, inclusion and diversity in building a better future. Digital

inclusion reflects the Group's belief in the power of digital technology to improve everyone's lives and be a catalyst for positive change. By fostering digital inclusion, the Group wishes to empower individuals and groups and, through removing digital barriers such as unavailability of technology, knowledge and skills, reduce the digital divide and create a more equal, connected and safer digital world for all.

Sustainability and responsibility are an integral part of the Group's approach to corporate governance. The implementation of the highest business standards and exemplary corporate governance practices is the backbone of good corporate governance of the Group. Integrity, ethical conduct, compliance with the principles of data protection and safety, fostering an integral corporate compliance system and risk

management, accepting key premises of digital responsibility, respect of human rights, creating sustainable procurement chains and transparent communication on activities concerning the environment and social corporate responsibility are the basic guidelines in HT's everyday business.

As a leader in digitalisation, the Group sets new and ever-increasing goals within the industry, encourages the development of a knowledge society and opens up new opportunities for individuals, companies and society as a whole, adhering to the highest ethical standards that have been incorporated into our corporate culture.

Value chain

As part of the DT Group, the Group is part of global value chains of the telecommunications and ICT industry. Within its business model, the Group operates as telecommunications and digital services provider, without own manufacturing and equipment, relying on its network of domestic and international suppliers.

Direct cooperation of the Group with domestic and international suppliers in the Republic of Croatia includes the procurement of the following key products and services: telecommunications infrastructure equipment, services and works, IT services, ICT integration services, delivery, service platforms production and maintenance, mobile devices, media contents, postal services, energy sources, electricity and facility maintenance. HT regularly engages agency employees through contracted agencies. The most significant groups

of products and services that CT procures in Montenegro are infrastructure equipment and services, construction works, IT services, service platforms production and maintenance, customer devices, postal services and marketing agency services and it also employs agency workers. Key suppliers are all suppliers that perform critical ICT functions without which the Group would be unable to carry out its core telecommunications activities.

HT provides a wide spectrum of fixed broadband network products and services, mobile communications, internet and IPTV for residential and business customers as well as data transfer services between devices (M2M). The Group also provides integrated information and communication technology solutions (ICT) for business and corporate customers and data transfer services (leased lines, Metro-Ethernet, IP/MPLS).

Business segments

- Fixed networks: fibre optic technology (with a focus on FTTH), copper infrastructure (recycling/phase out), together with related telecommunications services
- Mobile telephony: mobile network components with related telecommunications services
- Product and sales: smartphones, tablets, (mobile) routers, fixed line phones and other devices
- System solutions: data centres and solutions for various industries.

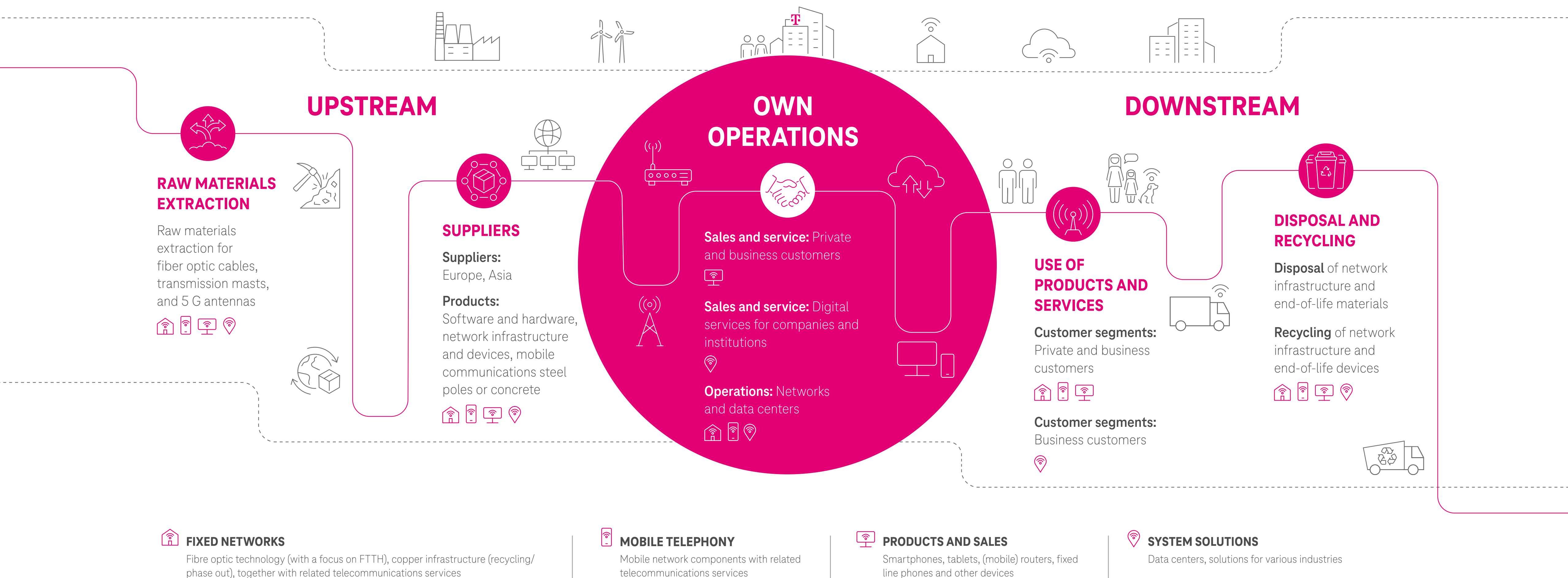




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ESRS 2 – GENERAL DISCLOSURES (continued)

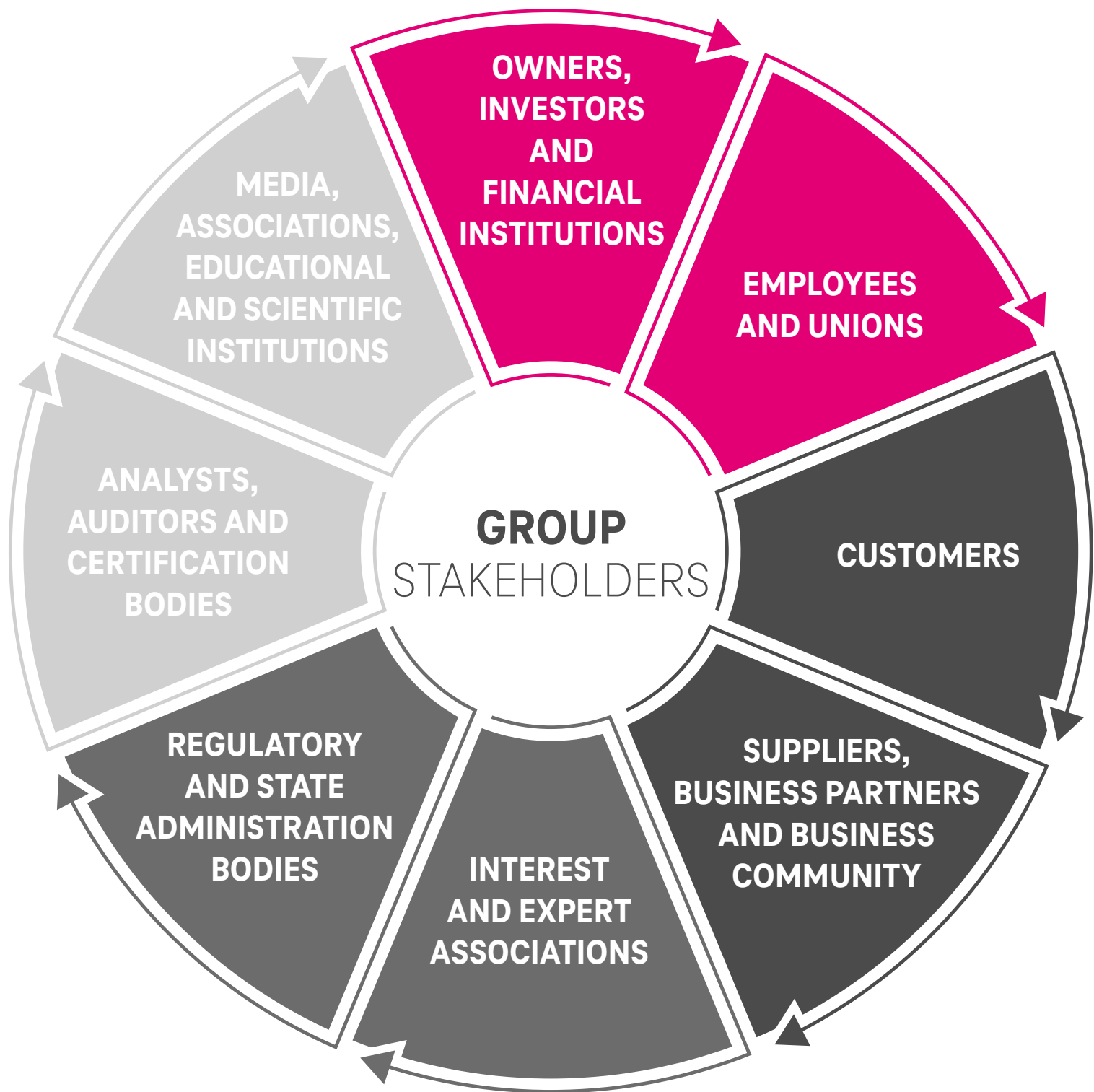
Value chain of The Group





ESRS 2 SBM-2 – Interests and views of stakeholders

Group stakeholders



External evaluation of HT’s sustainability practices and the identification of issues that affect HT’s stakeholders is an important part of HT’s sustainability management. Information on stakeholder views is collected on a regular basis through mechanisms such as customer satisfaction surveys, social dialogue with employee representatives and employee satisfaction surveys, as well as whistleblowing and feedback channels available to all Group stakeholders. Information collected through the mechanisms described informs the double materiality assessment, including the identification of material impacts on employees and customers. In 2025, the Group expanded the scope of due diligence of its business partners and developed a comprehensive Partner Assessment Survey, which includes information on the observance of human rights and environmental protection across the Group’s value chain. Data collection commenced at the end of 2025, while the full implementation and analysis of data collected through the new and expanded survey will begin in 2026.

In addition to the established mechanisms, for many years HT has conducted in-depth interviews with external experts who are well acquainted with the Group’s operations and are able to provide informed opinions on the Group’s sustainability practices. In 2025, discussions with external experts focused on validating the actual positive contributions of HT’s circular business models to resource savings and the potential avoidance of

greenhouse gas emissions. This type of regular stakeholder inclusion is a valuable source of information about the improvement of sustainable business and is also an opportunity to learn which areas need more attention in the future. Every year, we take care to include individuals and organisations that may provide an informed opinion on the current topics of joint interest.

Information on additional channels for collecting information about the interests of the stakeholders and the way how the administrative, management and supervisory bodies have been informed about the opinions and interests of the affected stakeholders are published in the respective ESRS topical standards. As described under the section *“ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes”*, information about employee satisfaction and customer satisfaction has been included in the remuneration system to ensure that the Management Board appropriately represents the interests of both customers and employees.

As described in the section *“ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes”*, the globally recognised TRI*M methodology (TRI*M = Measure, Manage, Monitor) is used to measure customer satisfaction, while employee satisfaction is assessed through regular employee satisfaction surveys conducted throughout the year.





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ESRS 2 – GENERAL DISCLOSURES

(continued)

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

Material impacts, risks and opportunities and their interaction with strategy and business model

Value chain		Impact		Description	Interaction with strategy and business model
ESRS E1– Climate change					
Climate change mitigation					
Own operations	🔴	Negative impact (actual)	⊖	Use of vehicles on fossil fuels. GHG emissions occurring through fuel use by HT’s vehicle fleet with internal combustion engines	Originating from the business model
Upstream	🔴	Negative impact (actual)	⊖	Manufacturing processes for products (software and hardware) as well as for infrastructure construction (fixed and mobile network) cause GHG emissions in manufacturing and transport and thus add to climate change	HT connected through business relations
Own operations	🔴	Negative impact (actual)	⊖	Construction works during network infrastructure construction and maintenance lead to GHG emissions	Originating from the business model
Own operations	🔴	Positive impact (actual)	⊕	Increase in the green energy ratio in the total consumption facilitates a decrease in emissions and contributes to mitigating climate change	Originating from the business model
Upstream	🔴	Negative impact (actual)	⊖	Manufacturing electronic devices and the construction and maintenance of fixed and mobile network infrastructure require significant amounts of energy, largely from fossil sources in manufacturing countries	Originating from the business model
Energy					
Own operations	🔴	Negative impact (actual)	⊖	Business growth and the high energy consumption of data centres increase energy demand and the associated emissions	Originating from the business model
Upstream	🔴	Negative impact (actual)	⊖	Manufacturing of electronic devices and the construction and maintenance of the fixed and mobile network infrastructure have a negative impact. Energy demand is especially high in manufacturing countries like China and is primarily based on fossil fuels	HT connected through business relations

Value chain		Impact		Description	Interaction with strategy and business model
ESRS E5 – Resource use and circular economy					
Resource inflows, including resource use					
Own operations	🔴	Negative impact (actual)	⊖	Maintenance and expansion of fixed and mobile infrastructure impact the global consumption of material due to procuring large quantities of components, such as fibre optic and mobile telephony antennas	Originating from the business model
Downstream	🔴	Positive impact (actual)	⊕	Circular business models have a positive impact on the environment – resource inflows are minimised, and the use of new resources is avoided (NEW)	HT contributes via its products and services
Waste					
Own operations	🔴	Negative impact (actual)	⊖	Office buildings and data centres generate waste during their construction and operation. If not adequately disposed of, this waste may pollute the soil, water and air and have a negative impact on the local environment. Network expansion and maintenance generate large quantities of electronic waste containing hazardous substances, which may cause environmental pollution if not managed responsibly	Originating from the business model
Downstream	🔴	Positive impact (actual)	⊕	Impact through zero-waste initiative (e.g. Call You Have to Take) and circular business models. Zero waste includes, on the one hand, a fundamental reduction of waste generation, for example, e.g. through reusing or refurbishing existing goods and products, and, on the other, the recovery of raw materials they contain through extensive recycling and reuse in new production	Originating from the business model
ESRS S1– Own workforce					
Working conditions					
Own operations	🔴	Positive impact (actual)	⊕	Collective bargaining High level of rights arising from the Collective Agreement and collaboration with the unions	Originating from the business model
Own operations	🔴	Positive impact (actual)	⊕	Health and safety Health and safety at work programs lead to a sustainable positive impact on employee health	Originating from the business model





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ESRS 2 – GENERAL DISCLOSURES

(continued)

Value chain		Impact		Description	Interaction with strategy and business model
Own operations	🔴	Negative impact (actual)	⊖	Health and safety Burnout and stress due to demanding nature of the job	Originating from the business model
Own operations	🔴	Negative impact (actual)	⊖	Health and safety The telecommunications industry generally has a low physical risk for employees. However, there are health risks for technicians or construction workers due to working with high-voltage equipment, working on heights or other activities related to health and safety	Originating from the business model
Equal treatment and opportunities for all					
Own operations	🔴	Positive impact (actual)	⊕	Gender equality and equal pay for work of equal value HT's initiative for equal pay and gender equality	Originating from the business model
Own operations	🔴	Positive impact (actual)	⊕	Measures against violence and harassment in the workplace Training and skills development programs have a positive impact on employees' competencies, as well as on their professional and individual development	Originating from the business model
Own operations	🔴	Positive impact (actual)	⊕	Training and skills development Internal processes positively affect the workforce through a broad portfolio of measures concerning anti-discrimination and diversity (NEW)	Originating from the business model
ESRS S2 – Workers in the value chain					
Working conditions					
Upstream	🔴	Negative impact (potential/short-term (< 1 year))	⊖	Adequate wages The ICT industry manufacturing has a negative impact on the fair wages of indirect suppliers. The ICT sector is characterised by high market pressure, often resulting in low wages for workers. There is a considerable risk that workers in factories have wages below minimum and/or sustainable living wages	HT connected through business relations
Upstream	🔴	Negative impact (potential/short-term (< 1 year))	⊖	Collective bargaining The ICT industry manufacturing negatively impacts workers' right to collective bargaining. Workers rarely have the opportunity to participate in collective bargaining, making their association difficult	HT connected through business relations

Value chain		Impact		Description	Interaction with strategy and business model
Upstream	🔴	Negative impact (potential/short-term (< 1 year))	⊖	Health and safety Electric devices and network infrastructure manufacturing negatively impact occupational health and safety. There are reports on long-term health effects such as cancer and even death cases, i.e. due to psychological stress (suicides)	HT connected through business relations
Equal treatment and opportunities for all					
Upstream	🔴	Negative impact (potential/short-term (< 1 year))	⊖	Gender equality and equal pay for work of equal value The manufacturing of electronic products, network equipment and related components in production facilities may have negative impacts in the form of discrimination. This includes adverse impacts related to a lack of diversity, inadequate equal opportunities and insufficient equality. Workers may be discriminated against on the basis of sex characteristics, ethnic origin, religion or belief, sexual orientation, disability, or other personal characteristics protected under international human rights standards	HT connected through business relations
Other rights arising from the employment relationship					
Upstream	🔴	Negative impact (potential/short-term (< 1 year))	⊖	Forced labour The extraction of raw materials for the production of electronic devices may have negative impacts in the form of forced labour. In some mines, raw material extraction takes place under conditions that violate international labour and human rights standards (CHANGE)	HT connected through business relations
S4 – Consumers and end-users					
Impacts connected to information for customers and/or end-users					
Downstream	🔴	Positive impact (actual)	⊕	Freedom of expression / Digital inclusion Network build-out enables a large number of people to express their opinions and have access to information	HT contributes via its products and services
Personal safety of consumers and/or end-users					
Downstream	🔴	Negative impact (actual)	⊖	Protection of children Risks to children online increase with greater access to the internet and have a negative impact on child protection. The scale and widespread reach of the internet make it increasingly challenging to ensure children's safety in the digital environment (NEW)	HT contributes via its products and services





GENERAL INFORMATION

ESRS 2 – GENERAL DISCLOSURES

(continued)

Value chain	Impact	Description	Interaction with strategy and business model
Social inclusion of consumers and/or end-users			
Downstream	Positive impact (actual)	Access to products and services / Digital inclusion The Group's continued strong investments in the development of fixed and mobile infrastructure, particularly in rural areas, contribute to reducing the digital divide and strengthening digital connectivity for society and the economy in Croatia	HT contributes via its products and services
Downstream	Positive impact (actual)	Access to products and services / Digital inclusion Network expansion, high-quality products and services, and digital inclusion programs enable broader participation in the digital society, as well as access to knowledge, information and the opportunity to express opinions (CHANGE)	HT contributes via its products and services

Material risks and opportunities

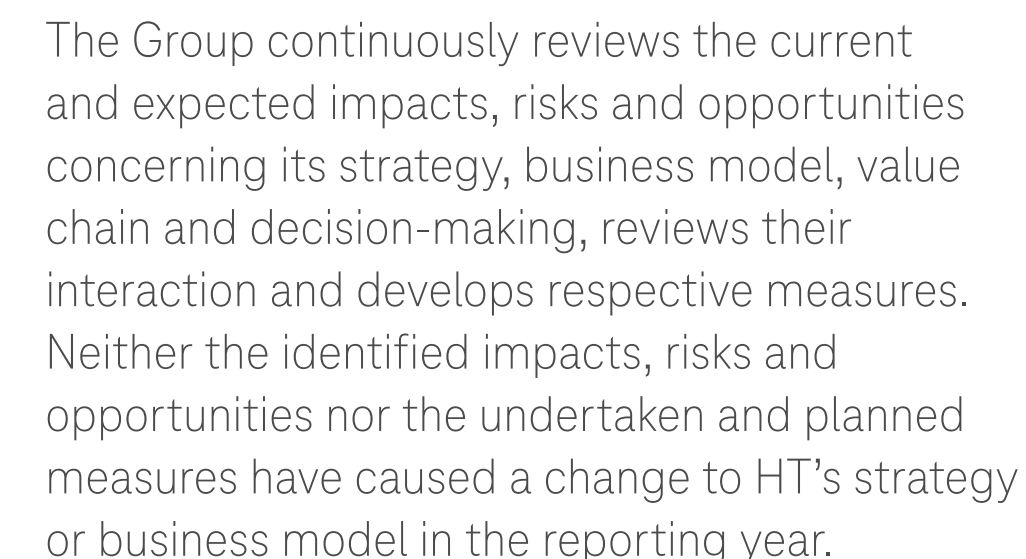
Value chain	Risk/opportunity	Description
ESRS E1 – Climate change		
Climate change mitigation		
Own operations	Climate change transition opportunity (mid-term (2-5 years))	Digital solutions for emissions decrease: the Group offers a wide range of ICT solutions that enable customers to reduce their own carbon footprint (CHANGE)
Climate change adaptation		
Own operations	Physical risk (long-term >5 years)	The increased frequency and intensity of extreme weather events (floods, storms, fires and extreme temperatures) may cause damage to network infrastructure and disruptions in service provision. As a result, costs related to insurance, preventive measures to ensure business continuity (e.g., more resilient construction), as well as the repair and restoration of infrastructure increase, adversely affecting operating costs and posing a risk to business continuity (NEW)

Value chain	Risk/opportunity	Description
Energy		
Upstream and own operations	Climate change transition risk (mid-term 2-5 years)	Volatility of electricity prices (NEW)
S4 – Consumers and end-users		
Risks and opportunities connected to information for customers and/or end-users		
Own operations and downstream	Risk (short-term <1 year)	Privacy Financial and reputational consequences resulting from data breaches or data theft, as well as potential non-compliance with the GDPR
Own operations and downstream	Risk (mid-term 2-5 years)	Access to (quality) information Investments are required to expand network infrastructure and maintain a leading market position
Downstream	Opportunity (mid-term (2- 5 years))	Pristup (kvalitetnim) informacijama Deregulation of retail prices in urban areas (major cities) as of 2 December 2023 (relating to internet and IPTV)
ESRS G1 – Business conduct		
Corporate culture		
Own operations	Opportunity (short-term <1 year)	Strong corporate culture. Opportunity to increase the attractiveness of HT as an employer in a highly competitive labour market
Corruption and bribery		
Upstream	Risk (short-term <1 year)	Prevention and detection including training Corruption and bribery in the supply chain





Group's Double Materiality Assessment



The Group wishes to facilitate an efficient use of resources, reduce GHG emissions and create a better future for all through new technologies, innovative ideas and offering more sustainable digital solutions.

The actual and potential impacts on various stakeholders, that are reported in accordance with the topical standards “ESRS S1 – Own workforce”, “ESRS S2 – Workers in the value chain” and “ESRS S4 – Consumers and end-users” follow from either Group’s strategy or business model (ESRS S1) or are connected with them through procurement of equipment (ESRS S2) and focus on continuous network build-out (ESRS S4).

All material negative impacts on affected stakeholders, which we have identified through the double materiality perspective, are systemic; they are not connected to separate incidents or specific business relations of the Group.

Along with reporting on how we address material impacts, which HT has been doing for 20 years, the Sustainability Report of the Group for 2025 discloses material risks and opportunities arising from the impacts and dependencies concerning various stakeholders within social topical

standards. Material risks related to own workforce have not been identified.

An assessment of the financial materiality of the identified risks and opportunities was carried out to determine whether they have a material impact on the Group's financial position, financial performance and cash flows for the reporting period. The assessment also included an analysis of the likelihood that a specific risk or opportunity could lead to material adjustments to the carrying amounts of assets and liabilities in the next reporting period.

In line with the Group's risk management strategy, each identified risk was mapped to potential financial impacts, with an assessment of the extent to which those impacts materialised during the current reporting period. The Group provides detailed disclosures on risk management in the *"Risk Management"* section of the Annual Report. No material financial impacts from the identified risks and opportunities were recorded during the reporting period.

All assessments are based on available information, internal risk models and estimates by the management. The Group continues to monitor risks and opportunities and to timely update all relevant financial impacts and disclosures.

HT has established a business continuity system according to ISO 22301:2019 standard, which ensures that there are no interruptions in business operations even in case of adverse events, including the materialisation of recognised risks relating to sustainability matters. Implementing the business continuity management system ensures



that HT can provide continuous support to its customers even in the most challenging situations. Through continuous risk analysis, assessment and management, the business continuity management system is focused on ensuring an uninterrupted operation of business processes and strengthening the resilience of the Group.

The table below gives an overview of impacts, risks and opportunities for which Group-specific indicators have been used.

Entity-specific disclosures

Impacts, risks and opportunities	Entity-specific disclosure	Reference
Energy inefficiency and data centres energy consumption	KPI energy intensity	ESRS E1-5 – Energy consumption and mix
Mobile equipment collected via business models	Number of devices	ESRS E5-2 – Actions and resources related to resource use and circular economy
Fixed equipment collected and/or refurbished	Number of devices	ESRS E5-2 – Actions and resources related to resource use and circular economy
Continuous network build-out enabling accessibility even in rural areas, which positively impacts customers and end-users in crisis situations	Number of customer units	ESRS S4-4 – Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to customers and end-users, and effectiveness of those actions and approaches
Continuous network build-out enabling accessibility even in rural areas, which positively impacts customers and end-users in crisis situations	Coverage of the total rural area of the Republic of Croatia with 5G network	ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
Continuous network build-out enabling accessibility even in rural areas, which positively impacts customers and end-users in crisis situations	Population coverage with an appropriate 4G and/or 5G signal in each of the 20 defined areas	ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

To determine the scope of the Sustainability Report of the Group for 2025, i.e. of the material impacts, risks and opportunities, a re-evaluation of the comprehensive double materiality assessment carried out for the previous reporting year was performed. On the one hand, the double materiality assessment aimed to identify any actual and potential impacts on society and the environment caused by the Group’s business activities and relations along the entire value chain. On the other hand, gaining an integral overview of the financial risks and opportunities for the Group that arise from managing our sustainability matters was also important.

To determine the scope of the double materiality assessment, a contextual analysis including the following was taken into account: analysis of the competition, analysis of the results of previous independent evaluations of the materiality of the Group’s impacts and the double materiality assessment of the DT Group and analyses and results of the assessment of impacts in the value chain conducted at the DT Group level when compiling the Sustainability Strategy. The processes performed for the preparation to report in line with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the Accounting Act of the Republic of Croatia have also been taken into account as well as analyses of the trends in the telecommunications industry, the latest events and regulatory changes in sustainability at the local, European and global level, economic environment and the business operations of the Group. The mapping was carried out by HT’s experts from various business segments, considering relevant scientific studies, legislation, international agreements and treaties and the Annual Report on the Work of the Croatian Regulatory Authority for Network Industries. They also took into account reports on customer disputes in electronic communications, the European Sustainability Reporting Standards (ESRS) and the guidelines of the European Financial Advisory Group (EFRAG), the reporting standards of the Global Reporting Initiative (GRI), the sector standards for telecommunications services of the Sustainability Accounting Standards Board (SASB), voluntary recommendations for climate change disclosures of the Task Force on Climate-Related Financial Disclosures (TCFD) and the UN’s Sustainable Development Goals

The double materiality assessment includes an assessment of impacts, risks and opportunities in relation to the Group’s strategy and business model, taking into account the context and source analysis, as well as the results of the impact materiality assessment conducted in the





preparation of the Group Sustainability Report. Double materiality is the result of a management assessment carried out by risk owners, based on available information from regulatory authorities, interest and professional associations, trade unions, local and regional government units, suppliers, civil society organisations, and the academic and scientific community. These stakeholder groups are defined in the Group's [Code of Human Rights](#) as groups on which HT's business activities may have negative or positive impacts. The manner and frequency of communication with stakeholders are described in the relevant ESRS topical standards.

Impact materiality assessment

Based on the collected information, the Group analysed the negative and positive impacts of business activities and business relations on society and the environment across the value chain. Concerning potential impacts, HT has determined a time frame, i.e. the period in which an impact may be expected. The re-evaluation of the impact materiality assessment for 2025 was conducted using online methods, documented in Excel format and confirmed in writing (by e-mail).

The impacts of business activities and sites on the environment across the value chain were also considered. Among other things, the dependence on biodiversity and ecosystems has also been reviewed. Network infrastructure is primarily installed in urban, developed areas. In rural areas, including biodiversity-sensitive sites, such as the protected sites Natura 2000, all interventions

are done in compliance with national legislation (e.g. making environmental impact assessments). Also, when necessary, such interventions are coordinated with local authorities in charge of environmental protection to consider the specific aspects of biodiversity. The Group's activities do not negatively impact biodiversity-sensitive areas. The pollution and impact on water and marine resources have not proven relevant to the Group's business operations.

Criteria for assessing impact materiality

The assessment of the materiality of impacts of the Group is based on the ESRS dimensions of severity (scale, scope and irremediable character for negative impacts, and scale and scope for positive impacts) for actual impacts, and additionally on the dimension of the likelihood of occurrence for potential impacts. To determine materiality within these dimensions, detailed criteria and quantitative thresholds for impact materiality were applied, depending on the level of severity and the likelihood of occurrence. To evaluate the actual and potential impacts, we have taken into account the following aspects determining the final severity of the impact:

- **Scale**
How grave the impact is, and how material can the impact be on the undertaking/sector?
Scale from 1 – Very low severity, to 5 – Very high severity, expressed by quantitative descriptions

- **Scope**
How widespread can the impact of the undertaking/sector be?
Scale from 1 – Limited local spread, to 5 – Supranational/global spread, expressed by quantitative descriptions

For negative impacts, we additionally considered the following:

- **Irremediable/irreversible character**
How difficult is it, or how difficult could it be, to remedy or repair the harm caused?
Scale from 1 – Simple, to 5 – Impossible, expressed by quantitative descriptions

When assessing potential impacts, an additional dimension of assessment includes:

- **Likelihood of occurrence**
How likely is it that an impact may occur?
Scale from 1 – Very unlikely, to 5 – Most likely, expressed in percentage ranges
- **Time interval**
Time period when an impact might be expected
Short-term (1 year), mid-term (2-5 years), long-term (more than 5 years)

The impacted levels of the value chain where positive or negative impacts occur were also assessed.

Financial materiality assessment

The re-evaluation of the assessment of sustainability-related financial risks and opportunities for 2025 was conducted using online methods, documented in Excel format and confirmed in writing (by e-mail). The methodology for assessing financial materiality is aligned with the risk management system based on the Group's Risk Management Policy, which forms part of the integrated risk management system at the DT Group level. Implementing this multi-level system enables an early detection and assessment of risks and opportunities compared to the strategic goals of the Group, based on which activities for risk management and control are conducted.

In addition, through discussions with representatives of risk owners, risks and opportunities were identified across all three levels of the value chain: (1) high level or upstream, 2) own operations or inhouse, and 3) lower level or downstream). In addition, a time horizon for potential occurrence was assigned to the identified risks and opportunities.





Financial materiality criteria

The criteria for assessing risks and opportunities include an evaluation of the magnitude of financial impact and the likelihood of occurrence and are described in more detail under the section “*Risk Management*” in the Business Review of the Group for 2025.

- Scope of financial impact
What is the expected financial impact if an assumption materialises?
Scale from 1 – Low, to 4 – Very high, expressed in EUR M
- Likelihood of occurrence
How likely is it that an assumption will materialise?
Scale from 1 – Very unlikely, to 4 – Highly likely, expressed in percentage ranges

Scope of financial impact

Value	Financial impact
1 – Low	<2 EUR M
2 – Moderate	2-5 EUR M
3 – High	5-10 EUR M
4 – Very high	> 10 EUR M

Likelihood of occurrence

Value	Likelihood
1 – Very low	<5%
2 – Low	5-25%
3 – Moderate	25-50%
4 – High	<50%

The methodology for assessing risks and opportunities is described in the section “*Risk Management*” in the Business Review of the Group for 2025.

The impacted levels of the value chain where positive or negative impacts occur were also assessed.

ESRS 2 IRO-2 – Disclosure requirements in ESRS covered by the undertaking’s sustainability statement

The table below shows disclosure requirements which served as a guideline in our preparation of the Sustainability Report of the Group for 2025 based on the results of the double materiality assessment as well as mandatory disclosures requirements in accordance with Article 8 of the Regulation (EU) 2020/852 on establishing a framework to facilitate sustainable investment

(the Taxonomy Regulation). After the double materiality analysis, we assessed that the topical standards “ESRS E2 – Pollution”, “ESRS E3 – Water and marine resources”, “ESRS E4 – Biodiversity and ecosystems” and “ESRS S3 – Affected communities” were not material. On the other hand, the following topical standards were assessed as material:

ESRS index

Disclosure	Reference
General information	
ESRS 2 – General disclosures	p. 39
Environmental information	
Disclosures in accordance with Article 8 of the Regulation (EU) 2020/852 (the Taxonomy Regulation)	p. 67
ESRS E1– Climate change	p. 75
ESRS E5 – Resource use and circular economy	p. 86
Social information	
ESRS S1– Own workforce	p. 93
ESRS S2 – Workers in the value chain	p. 106
ESRS S4 – Consumers and end-users	p. 112
Environmental information	
ESRS G1 – Business conduct	p. 120
ESRS G – Cyber security	p. 125





GENERAL INFORMATION

ESRS 2 – GENERAL DISCLOSURES

(continued)



List of data points in cross-cutting and topical standards that derive from other EU legislation

Disclosure	Datapoint	Name	Reference to the Sustainable Finance Disclosure Regulation (SFDR)	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Materiality	Chapter
ESRS 2 GOV-1	21d	Management Board's gender diversity	x		x			ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies
ESRS 2 GOV-1	21e	Percentage of Management Board members who are independent			x			ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies
ESRS 2 GOV-4	30	Statement on due diligence	x					ESRS 2 GOV-4 – Statement on due diligence
ESRS 2 SBM-1	40d-i	Involvement in activities related to fossil fuels and energy	x	x	x		Not applicable	-
ESRS 2 SBM-1	40d-ii	Involvement in activities related to chemical production	x		x		Not applicable	-
ESRS 2 SBM-1	40d-iii	Involvement in activities related to controversial weapons	x		x		Not applicable	-
ESRS 2 SBM-1	40d-iv	Involvement in activities related to the cultivation and production of tobacco			x		Not applicable	-





GENERAL INFORMATION

ESRS 2 – GENERAL DISCLOSURES

(continued)

Disclosure	Datapoint	Name	Reference to the Sustainable Finance Disclosure Regulation (SFDR)	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Materiality	Chapter
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x		ESRS E1-1 – Transition plan for climate change mitigation
ESRS E1-1	16g	Undertakings excluded from Paris-aligned benchmarks		x	x			ESRS E1-1 – Transition plan for climate change mitigation
ESRS E1-4	34	GHG emissions reduction goals	x	x	x			ESRS E1-4 – Targets related to climate change mitigation and adaptation
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				Not applicable	-
ESRS E1-5	37	Energy consumption and mix	x					ESRS E1-5 – Energy consumption and mix
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	x				Not applicable	-
ESRS E1-6	44	Gross Scopes 1, 2, 3 and Total GHG emissions	x	x	x			ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1-6	53-55	Gross GHG emissions intensity	x	x	x			ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

Disclosure	Datapoint	Name	Reference to the Sustainable Finance Disclosure Regulation (SFDR)	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Materiality	Chapter
ESRS E1-7	56	GHG removals and carbon credits				x		ESRS E1-7 – GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Use of phase-in provision	-
ESRS E1-9	66a	Disaggregation of monetary amounts by acute and chronic physical risk		x			Use of phase-in provision	-
ESRS E1-9	66c	Location of significant assets at material physical risk		x			Use of phase-in provision	-
ESRS E1-9	67c	Breakdown of the carrying value of its real estate assets by energy-efficiency classes			x		Use of phase-in provision	-
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities	x				Use of phase-in provision	-





GENERAL INFORMATION

ESRS 2 – GENERAL DISCLOSURES

(continued)

Disclosure	Datapoint	Name	Reference to the Sustainable Finance Disclosure Regulation (SFDR)	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Materiality	Chapter
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the EPRTTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				Not material	-
ESRS E3-1	9	Water and marine resources	x				Not material	-
ESRS E3-1	13	Dedicated policy	x				Not material	-
ESRS E3-1	14	Sustainable oceans and seas	x				Not material	-
ESRS E3-4	28c	Total water recycled and reused	x				Not material	-
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	x				Not material	-
ESRS 2 SBM-3 E4	16a-i		x				Not material	-
ESRS 2 SBM-3 E4	16b		x				Not material	-
ESRS 2 SBM-3 E4	16c		x				Not material	-

Disclosure	Datapoint	Name	Reference to the Sustainable Finance Disclosure Regulation (SFDR)	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Materiality	Chapter
ESRS E4-2	24b	Sustainable land/agriculture practices or policies	x				Not material	-
ESRS E4-2	24c	Sustainable oceans/seas practices or policies	x				Not material	-
ESRS E4-2	24d	Policies to address deforestation	x				Not material	-
ESRS E5-5	37d	Non-recycled waste	x					ESRS E5-5 – Resource outflows
ESRS E5-5	39	Hazardous waste and radioactive waste	x					ESRS E5-5 – Resource outflows
ESRS 2 SBM-3 – S1	14f	Risk of incidents of forced labour	x				Not material	-
ESRS 2 SBM-3 – S1	14g	Risk of incidents of child labour	x				Not material	-
ESRS S1-1	20	Human rights policy commitments			x			ESRS S1-1 – Policies related to own workforce
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	x					ESRS S1-1 – Policies related to own workforce





GENERAL INFORMATION

ESRS 2 – GENERAL DISCLOSURES

(continued)

Disclosure	Datapoint	Name	Reference to the Sustainable Finance Disclosure Regulation (SFDR)	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Materiality	Chapter
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				Not material	-
ESRS S1-1	23	Workplace accident prevention policy or management system	x					ESRS S1-1 – Policies related to own workforce
ESRS S1-3	32c	Grievance/ complaints handling mechanisms	x		x			ESRS S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1-14	88b, 88c	Number of fatalities and number and rate of work-related accidents	x					ESRS S1-14 – Health and safety metrics
ESRS S1-14	88e	Number of days lost to injuries, accidents, fatalities or illness	x		x			ESRS S1-14 – Health and safety metrics
ESRS S1-16	97a	Unadjusted gender pay gap	x					ESRS S1-16 – Compensation metrics (pay gap and total compensation)
ESRS S1-16	97b	Excessive CEO pay ratio	x					ESRS S1-16 – Compensation metrics (pay gap and total compensation)

Disclosure	Datapoint	Name	Reference to the Sustainable Finance Disclosure Regulation (SFDR)	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Materiality	Chapter
ESRS S1-17	103a	Incidents of discrimination	x		x			ESRS S1-17 – Incidents, complaints and severe human rights impacts
ESRS S1-17	104a	Non-respect of UNGPs on Business and Human Rights and OECD	x					ESRS S1-17 – Incidents, complaints and severe human rights impacts
ESRS 2 SBM3 S2	11b	Significant risk of child labour or forced labour in the value chain	x					ESRS S2-1 – Policies related to value chain workers
ESRS S2-1	17	Human rights policy commitments	x					ESRS S2-1 – Policies related to value chain workers
ESRS S2-1	18	Policies related to value chain workers	x		x			ESRS S2-1 – Policies related to value chain workers
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights and OECD	x					ESRS S2-1 – Policies related to value chain workers
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8	x					ESRS S2-1 – Policies related to value chain workers





GENERAL INFORMATION

ESRS 2 – GENERAL DISCLOSURES

(continued)

Disclosure	Datapoint	Name	Reference to the Sustainable Finance Disclosure Regulation (SFDR)	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Materiality	Chapter
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x				Not material	-
ESRS S3-1	16	Human rights policy commitments	x		x		Not material	-
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights and OECD	x				Not material	-
ESRS S3-4	36	Human rights issues and incidents	x				Not material	-
ESRS S4-1	16	Policies related to consumers and end users	x		x			ESRS S4-1 – Consumers and end-users
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD	x				Not material	-
ESRS S4-4	35	Human rights issues and incidents	x				Not material	-

Disclosure	Datapoint	Name	Reference to the Sustainable Finance Disclosure Regulation (SFDR)	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Materiality	Chapter
ESRS G1-1	10b	United Nations Convention against Corruption	x					ESRS G1-1 – Business conduct policies and corporate culture
ESRS G1-1	10d	Protection of whistle- blowers	x		x		Not material	ESRS G1-1 – Business conduct policies and corporate culture
ESRS G1-4	24a	Fines for violation of anti-corruption and anti-bribery laws	x					ESRS G1-4 – Incidents of corruption or bribery
ESRS G1-4	24b	Standards for preventing corruption or bribery	x					ESRS G1-4 – Incidents of corruption or bribery





ENVIRONMENTAL MATTERS

EU TAXONOMY REPORT



The Taxonomy Regulation (EU) 2020/852 is a legislative act of the European Union that establishes a unified framework for classifying sustainable economic activities in line with the objectives of the European Green Deal.

The Taxonomy Regulation and its delegated acts define technical screening criteria for assessing the environmental sustainability of investments to ensure market transparency. The objective of the Regulation is to provide clear and comparable information to investors and financial institutions and to direct capital towards investments that support the EU economy's green transition.





The Regulation (EU) 2020/852 (the “Taxonomy Regulation“, the “Regulation“) is a key legislative act that facilitates sustainable investment and supports the implementation of the European Green Deal. It establishes a framework for classifying sustainable economic activities, enabling the reorientation of capital flows towards sustainable investments. By implementing this Regulation, which is part of the European Green Deal adopted in 2019, criteria are defined for assessing the degree to which investments are environmentally sustainable, which ensures transparency and alignment with the objectives of the Taxonomy Regulation.

Article 9 of the Regulation defines 6 environmental objectives, which the implementation of this Regulation strives to achieve:

1. Climate change mitigation (CCM);
2. Climate change adaptation (CCA);
3. The sustainable use and protection of water and marine resources (WTR);
4. The transition to a circular economy (CE);
5. Pollution prevention and control (PPC); and
6. The protection and restoration of biodiversity and ecosystems (BIO).

The Regulation differentiates between two basic categories of prescribed activities:

- 1. Taxonomy-eligible activities** – economic activities included in the Regulation’s list within individual environmental objectives.
- 2. Taxonomy-aligned activities** – economic activities that are acceptable, and that also meet specific technical screening criteria and may be considered as environmentally sustainable activities.

Pursuant to Article 3 of the Regulation, an economic activity shall qualify as environmentally sustainable (EU Taxonomy-aligned) where that economic activity meets the following criteria:

1. Substantial contribution

For an economic activity to qualify as environmentally sustainable, the first Regulation requirement is to substantially contribute to one of the 6 environmental objectives set out in Article 9 of the Regulation, while complying with the prescribed technical screening criteria.

2. The “Do No Significant Harm” principle

The second Regulation requirement dictates that, for an economic activity to qualify as environmentally sustainable, it must not harm any other environmental objective.

3. Minimum safeguards

An economic activity must be carried out in compliance with the minimum safeguards, including:

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work
- International Bill of Human Rights

Amendments to the EU Taxonomy (Commission Delegated Regulation (EU) 2026/73)

On 4 July 2025, the European Commission, as part of its efforts to simplify sustainability legislation within the European Union, adopted a new Delegated Act relating to the EU Taxonomy.

The revised Delegated Act on the EU Taxonomy entered into force on 28 January 2026 and applies from 1 January 2026 (Commission Delegated Regulation (EU) 2026/73).

This amends the Disclosures Delegated Act, with the aim of simplifying the content and presentation of disclosures, as well as the Climate and Environmental Delegated Acts, in order to simplify the general “Do No Significant Harm” (DNSH) criteria for the environmental objective of Pollution Prevention and Control (Annex C).

The Group has decided to apply the simplified templates for the disclosure of Taxonomy KPIs and has not made use of the new option provided by the same Regulation allowing for an exemption from the assessment of Taxonomy eligibility and alignment for financially non-material activities representing less than 10% of the denominator. Given that the amendments to the regulatory requirements have only recently entered into force, the Group will, in the forthcoming period, carry out comprehensive analyses of its activities in relation to the newly introduced materiality thresholds.

Taxonomy-eligible activities of the Group

Under the Regulation, the first step in aligning with the EU Taxonomy is to identify an undertaking’s Taxonomy-eligible economic activities. These are activities that are included in the EU Taxonomy that may potentially significantly contribute to achieving environmental objectives, irrespective of whether they meet the technical screening criteria set out in the delegated acts.

Conversely, Taxonomy-non-eligible economic activities are defined as those not described in the delegated acts that supplement the Regulation.

Considering that the main business activities of the Group belong to the information-telecommunications sector, four Taxonomy-eligible economic activities have been identified in its core business:

- Data processing, hosting and related activities (CCM 8.1)
- Data-driven solutions for GHG emissions reductions (CCM 8.2)
- Software for managing and adapting to physical climate risks (CCA 8.4.)
- Provision of IT/OT data-driven solutions for leakage reduction (WTR 4.1)





Since the Group also realises turnover from activities that are not connected with its core activities of the information-telecommunications sector, some additional activities, which are Taxonomy-eligible, have also been presented in the Taxonomy-alignment report:

- Acquisition and ownership of buildings (CCM 7.7)
- Installation, maintenance and repair of electric vehicle charging stations in buildings (and associated parking spaces) (CCM 7.4)
- Sale of second-hand products (CE 5.4)
- Collection and transportation of non-hazardous and hazardous waste (CE 2.3)

The Taxonomy Regulation also comprises cross-sector activities which, although not part of the Group's core business, are relevant for the entire corporate structure and business operations of the Group (e.g. transport, asset management and electricity generation). In 2025, these were some of the relevant cross-sector activities for the Group:

- Electricity generation using solar photovoltaic technology (CCM 4.1)
- Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5)
- Product-as-a-Service and other circular use and result-oriented service models (CE 5.5)
- Building renovation (CCM 7.2)
- Installation, maintenance and repair of energy efficiency equipment (CCM 7.3)

The alignment of Taxonomy-eligible economic activities

After determining the Taxonomy eligibility, verifying whether the recognised Taxonomy-eligible activities are aligned with the technical screening criteria is required. An activity is qualified to be aligned with the Taxonomy Regulation if it meets the technical screening criteria set out in Commission Delegated Regulation (EU) 2021/2139, Commission Delegated Regulation (EU) 2023/2485 and Commission Delegated Regulation (EU) 2023/2486. This implies a significant contribution to at least one environmental objective, not harming any other environmental objective, and compliance with minimum safeguards set out by international conventions and human and labour rights' principles referred to in Taxonomy Regulation (EU) 2020/852.

In accordance with the regulation requirements, the 2025 report is compiled about the alignment of economic activities within all defined environmental objectives. The analysis is based on activities that are materially most significant for the business operations of the Group in terms of the percentage of their eligibility per an individual KPI. These activities include the following:

Data processing, hosting and related activities (CCM 8.1)

The specified activity includes storing, handling, managing, moving, controlling, displaying, switching, exchanging, transmitting or processing data via data centres, including edge computing. All activities related to data centres are listed within this activity, including cloud services. Under cloud services that meet the criteria for this activity according to the Taxonomy Regulation, the following services have been included:

- Software-as-a-Service (SaaS)
- Platform-as-a-Service (PaaS)
- Infrastructure-as-a-Service (IaaS)

For data centres to make a significant contribution to climate change mitigation in line with the Taxonomy Regulation, they must adhere to the EU Code of Conduct for Data Centre Energy Efficiency. Given that compliance with this Code has not been verified by an independent third party yet, the Group's data centre activities have not been classified as Taxonomy-aligned under the Taxonomy Regulation requirements in the reporting year.

Data-driven solutions for GHG emissions reductions (CCM 8.2)

This activity pertains to developing or applying information and communication technologies ("ICT solutions") aimed at collecting, transmitting and storing data, and modelling and using data in the context of reducing GHG emissions. Such ICT solutions can, among others, include the application of decentralised technologies (i.e., decentralised transaction ledger technologies), the Internet of Things (IoT), 5G technology and artificial intelligence (AI). Within this activity, the Group includes the service of a cloud-based vehicle monitoring and fleet management system, the primary goal of which is vehicle route optimisation, which directly contributes to the reduction of CO₂ emissions into the atmosphere. Combis's services, such as ComEnergy, One Smart City and ARA, which directly impact the reduction of CO₂ emissions, are also included.

The technical criterion for verifying a substantial contribution requires a lifecycle analysis as proof of the Taxonomy alignment of these solutions. Companies must prove that their solutions significantly reduce GHG emissions throughout their entire lifecycle compared to the relevant benchmark solution available on the market. Since the substantial contribution criterion, in addition to lifecycle assessment, requires verification of the scientific basis of the GHG emissions reduction assessment by an independent third party, these services cannot be classified as Taxonomy-aligned in the reporting year.





Product-as-a-Service and other circular use and result-oriented service models (CE 5.5)

This activity relates to providing access to products for customers through a service model, offering either use-based services – where the product remains the property of the service provider while the user has the option of leasing, renting, sharing or co-using the product – or result-based services, where payment and delivery of the agreed result are predefined (i.e., payment per unit of service). Within this activity, the Group reports on devices such as routers and set-top boxes (“STBs”), which are provided to customers for use and, after the expiry of the contract with the customer, are returned to the Group for refunctioning for the next customer. In the context of the Taxonomy Regulation, a climate risk analysis has not been conducted for this activity, which automatically means that the criteria for not causing significant harm within the environmental objective of climate change adaptation are not met. Therefore, this activity cannot be classified as Taxonomy-aligned.

Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5)

The Group’s vehicle fleet includes business personal vehicles and light commercial vehicles, which are acquired through operational leasing and are regularly maintained. Accordingly, the activity of “Transport by motorbikes, passenger cars and light commercial vehicles” (CCM 6.5) has been identified as a Taxonomy-eligible economic activity of the Group. Electrification and reducing the CO₂ footprint of the vehicle fleet are key elements of an integrated climate strategy.

In the upcoming reporting periods, the Group plans to increase the share of vehicles that meet the technical criteria for CO₂ emissions defined by EU regulations for new vehicles. Additionally, activities will be conducted to align with other technical screening criteria in the Taxonomy Regulation, including requirements of the most recent applicable stage of the emission-type approval referred to in the Euro 6 norm. Also, plans include ensuring M and N category road vehicle tyres compliance with the highest class criteria for external rolling noise and corresponding rolling resistance coefficient. Currently, the choice of vehicles is primarily left to employees who are assigned the vehicles for use. For the reporting year 2025, no vehicles have been defined that meet the technical screening criteria, and this activity cannot, therefore, be classified as aligned with the EU Taxonomy.

Acquisition and ownership of buildings (CCM 7.7)

This activity pertains to all real estate owned or leased by the Group. According to the technical screening criteria in the Taxonomy Regulation, no buildings owned or leased by the Group have been identified that could be classified as Taxonomy-aligned for the reporting year 2025.

The Group’s compliance with minimum safeguards

The Group’s approach to human rights’ respect is based on the United Nations Guiding Principles on Business and Human Rights – the global guidelines on corporate social responsibility and respecting human rights – the Diversity Charter to which the Group is an initial signatory, and the Basic Principles referred to in the Deutsche Telekom Group’s Social Charter. By adhering to these documents, all DT Group companies show their commitment to operating in accordance with internationally recognised norms, guidelines and standards. These standards include the norms contained in the International Bill of Human Rights, the key conventions of the International Labour Organisation (ILO), the Guidelines of the Organisation for Economic Cooperation and Development (OECD), and the principles of the UN Global Compact initiative.

At the beginning of 2024, the Group adopted its Code of Human Rights, which aims at promoting the respect of employees’ human rights, as well as its Diversity, Equity and Inclusion (DE&I) Policy. By adopting these documents, the Group committed to respecting international instruments such as the Universal Declaration of Human Rights, the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work and guiding principles for multinational enterprises and social policy, the OECD Guidelines for Multinational Enterprises, the UN Global Compact principles and the UN Guiding Principles on Business and Human Rights.





Calculation of Taxonomy-related key performance indicators (“KPIs”)

Given that the economic activities defined within the environmental objectives do not relate solely to the activities for which the Company is registered (the NACE codes), this year the Group has also conducted a deep dive of all its activities to determine the economic activities relevant for the Taxonomy Regulation. Following the identification of appropriate activities, the Group calculated the key performance indicators (KPI) of turnover and capital expenditure.

In calculating KPIs, particular attention was paid not to double count, in line with the principles of the Taxonomy Regulation, ensuring that one economic activity cannot be counted several times as a contribution to various ecological objectives or for various operators. Since it was defined that every identified activity contributes to one environmental objective only, a double count was successfully avoided.

In calculating the KPIs for the Group, related parties’ transactions were not considered because this is a consolidated report.

Operating expenditure as a whole is not material to the Group’s business model. The denominator of operating expenditure under the EU Taxonomy represents only 4,53% (2024: 4.98%) of the consolidated operating expenditure. The Group’s core activity is highly capital-intensive, and significant major repair costs are capitalised as capital investments; consequently, operating costs relating to maintenance and minor repairs play only a limited role. Costs relating to short-term leases are also not material, as leased assets are predominantly recognised as right-of-use assets in accordance with IFRS 16. Furthermore, the Group does not incur significant research and development costs. Consequently, the cost categories under the EU Taxonomy are not separately relevant for planning and management at the Group level. For these reasons, and in accordance with Commission Delegated Regulation (EU) 2026/73, the analysis of the eligibility and alignment of operating expenditure has been omitted.

Financial year (2025)															
KPI (1)	Total (2)	Share of Taxonomy- eligible activities (3)	Taxonomy- aligned activities (4)	Share of Taxonomy- aligned activities (5).	Breakdown of Taxonomy-aligned activities by environmental objectives						Share of enabling activities (12)	Share of transitional activities (13)	Unassessed activities considered to be non-material (14)	Taxonomy-aligned activities in the previous financial year (2024) (15)	Share of Taxonomy- aligned activities in the previous financial year (2024) (16)
					Climate change mitigation (6)	Climate change adaptation (7)	Water and marine resources (8)	Circular economy (9)	Pollution (10)	Biodiversity and ecosystems (11)					
	M EUR	%	M EUR	%	%	%	%	%	%	%	%	%	%	M EUR	%
Turnover	1,143.95	1.19%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0%
CapEx	327.55	11.26%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0%
OpEx	43.91	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0%





Key performance indicator – Turnover

To calculate the turnover KPI in line with the definition from the Regulation, all revenues recognised in accordance with the International Accounting Standard 1, item 82, subitem (a), have been included. For a more detailed overview of accounting policies relating to standards referred to in this item, please see Note 2.3 to financial statements.

Reported KPI (Turnover)													
Financial year (2025)					Environmental objectives of Taxonomy-aligned activities								
Economic activities (1)	Designation (2)	Taxonomy-eligible KPI (Share of Taxonomy-eligible turnover) (3)	Taxonomy-aligned KPI (monetary value of turnover) (4)	Taxonomy-aligned KPI (Share of Taxonomy-aligned turnover) (5)	Climate change mitigation (6)	Climate change adaptation (7)	Water and marine resources (8)	Circular economy (9)	Pollution (10)	Biodiversity and ecosystems (11)	Enabling activity (12)	Transitional activity (13)	Share of Taxonomy-aligned activities within Taxonomy-eligible activities (14)
		%	M EUR	%	%	%	%	%	%	%	(E if applicable)	(T if applicable)	%
Collection and transport of non-hazardous and hazardous waste	CE 2.3	0.02%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	0.00%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Sale of second-hand products	CE 5.4	0.06%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.00%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Installation, maintenance and repair of electric vehicle charging stations in buildings (and associated parking spaces)	CCM 7.4	0.01%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Acquisition and ownership of buildings	CCM 7.7	0.01%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Data processing, hosting and related activities	CCM 8.1	0.91%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Data-driven solutions for GHG emissions reductions	CCM 8.2	0.18%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Total aligned by objective					0 %	0 %	0 %	0 %	0 %	0 %			
Total		1.19%	0	%	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %





Key performance indicator – Capital expenditure

In accordance with regulation, the numerator equals to the part of the capital expenditure included in the denominator that is any of the following:

- Related to assets or processes that are associated with Taxonomy-aligned economic activities;
- Part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned (“CapEx plan”);
- Related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, notably activities listed in points 7.3 to 7.6 of Annex I to the Climate Delegated Act, as well as other economic activities listed in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

All identified activities within capital expenditure relate to assets or processes that are associated with Taxonomy-aligned economic activities since the Group has not yet adopted a CapEx plan and has not made any purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or lead to greenhouse gas reductions.

Relevant capital expenditure for the calculation of the capital expenditure KPI is determined based on the consolidated financial statements and is calculated by adding all purchases of the Group recognised in accordance with the following accounting standards:

- International Accounting Standard 16: Property, Plant and Equipment
- International Accounting Standard 38: Intangible Assets (excluding goodwill)
- International Financial Reporting Standard 16: Right-of-Use Assets

For a detailed overview of accounting policies connected with the above standards, please see under Note 2.3 to financial statements.

Estimations were not used to define the amounts needed to calculate the capital expenditure KPI.

Reported KPI (CapEx)													
Financial year (2025)					Environmental objectives of Taxonomy-aligned activities						Share of Taxonomy-aligned activities within Taxonomy-eligible activities (14)		
Economic activities (1)	Designation (2)	Taxonomy-eligible KPI (Share of Taxonomy-eligible CapEx) (3)	Taxonomy-aligned KPI (monetary value of CapEx) (4)	Taxonomy-aligned KPI (Share of Taxonomy-aligned CapEx) (5)	Climate change mitigation (6)	Climate change adaptation (7)	Water and marine resources (8)	Circular economy (9)	Pollution (10)	Biodiversity and ecosystems (11)			
		%	M EUR	%	%	%	%	%	%	%	(E if applicable)	(T if applicable)	%
Electricity generation using solar photovoltaic technology	CCM 4.1	0.00%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Product-as-a-Service and other circular use and result-oriented service models	CE 5.5	4.70%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2.40%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Building renovation	CCM 7.2	0.09%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Installation, maintenance and repair of equipment for energy efficiency	CCM 7.3	0.37%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Installation, maintenance and repair of electric vehicle charging stations in buildings (and associated parking spaces)	CCM 7.4	0.02%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Acquisition and ownership of buildings	CCM 7.7	2.15%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Data processing, hosting and related activities	CCM 8.1	1.49%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Data-driven solutions for GHG emissions reductions	CCM 8.2	0.02%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Software for managing and adapting to physical climate risks	CCA 8.4	0.02%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	n/a	n/a	0 %
Total aligned by objective					0 %	0 %	0 %	0 %	0 %	0 %			
Total		11.26%	0	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %





ENVIRONMENTAL MATTERS

EU TAXONOMY REPORT (continued)

The Taxonomy Regulation, as a list of economic activities contributing to climate objectives, currently does not include criteria for the economic activity of providing and operating telecommunications network infrastructure. Since the Taxonomy Regulation does not yet include the core activity of the Group (telecommunications network), the total overview of all Taxonomy-eligible economic activities shows a low share in turnover (1.19%) and capital expenditure (11.26%).

The Group, together with other companies that are members of the Deutsche Telekom Group, participates in the work of numerous business and industry associations to include adequate and relevant criteria describing the contribution of its core business to climate and other environmental objectives. Given the high standards for the technical screening criteria, the alignment and alignment verification represent a challenging and time-consuming process. The introduction of a system of monitoring the alignment with the technical screening criteria in the accounting practices of the Group will facilitate a more straightforward demonstration of alignment with the criteria, and we plan to increase the share of aligned activities for the coming years.





ENVIRONMENTAL MATTERS

ESRS E1 – CLIMATE CHANGE



Climate change and the possible, increasingly unpredictable and destructive consequences of future extreme weather events, driven by unsustainable non-renewable resource consumption, pose a major threat to ecosystems and humankind. They also cause physical damage to infrastructure and have an adverse effect on the global economy.

In line with the corporate strategy and the climate objectives of the Sustainability Strategy, the Group is systematically working to reduce greenhouse gas emissions and invests in energy efficiency, energy from renewable sources and the development of solutions that support digitalisation and the transition towards a low-carbon economy.

100%
of electricity
from renewable sources

Energy intensity improved
by **15%**
compared to 2024

25,024 t CO₂e
of avoided
Scope 1 and 2 emissions





STRATEGY

ESRS E1-1– Transition plan for climate change mitigation

Climate action is integrated into the Group’s corporate strategy through science-based greenhouse gas emission reduction targets across the entire value chain, adopted by all DT Group members. The climate targets of the DT Group, in which the Group actively participates, align with the European Green Deal and have been approved by the Science Based Targets initiative (SBTi), confirming their alignment with the goals of the Paris Agreement. Climate goals are described under the section “*ESRS E1-4 – Targets related to climate change mitigation and adaptation*”. To ensure the achievement of its climate goals, DT has developed a climate transition plan, published

in 2024, to be implemented with the participation of the Group.

Considering the change in the European Union’s legislation, i.e. the Corporate Sustainability Due Diligence Directive (CSDDD), the Group does not have the obligation to prepare and publish its standalone climate transition plan any more. The Group will continue implementing actions contributing to the climate transition plan of the DT Group and, in line with these actions, it plans to voluntarily compile its standalone climate transition plan.

ESRS 2 SBM-3 E1 – Material impacts, risks and opportunities and their interaction with strategy and business model

The table below shows the material impact of the Group’s business activities on climate change, which has been identified through a double materiality assessment. A time frame is not stated since the material impacts connected with the topical standard “ESRS E1 – Climate change” are actual impacts. A transition opportunity, transition and a physical climate risks have been determined in the double materiality assessment.

More detailed information on the interaction of the material impacts, risks and opportunities with the Group’s strategy and business model is given under the section “*ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*”.

Material impacts and their interaction with strategy and business model

Value chain		Impact		Description
Climate change mitigation				
Own operations	◼	Negative impact (actual)	⊖	Own greenhouse gas emissions from fossil fuel consumption in the vehicle fleet
Upstream	◼	Negative impact (actual)	⊖	Emissions from the manufacturing and transport of products and network equipment
Own operations	◼	Negative impact (actual)	⊖	Emissions associated with construction works on network infrastructure
Own operations	◼	Positive impact (actual)	⊕	The use of energy from renewable sources contributes to climate change mitigation
Upstream	◼	Negative impact (actual)	⊖	Manufacturing electronic devices and the construction and maintenance of network infrastructure require significant amounts of energy, largely from fossil sources.
Energy				
Own operations	◼	Negative impact (actual)	⊖	Business growth and high energy consumption of data centres increase energy demand and the associated emissions
Upstream	◼	Negative impact (actual)	⊖	Manufacturing of devices in countries with a high dependence on fossil fuels and the construction of network infrastructure





Material risks and opportunities

Value chain		Risk/opportunity		Description
Climate change mitigation				
Own operations	🟢	Climate change transition opportunity (mid-term 2-5 years)	☆	ICT solutions enabling customers to reduce carbon footprint and optimise business operations (CHANGE)
Climate change adaptation				
Own operations	🟢	Physical risk (long-term >5 years)	⚠️	Extreme weather conditions causing infrastructure damage and increased costs (NEW)
Energy				
Upstream and own operations	⬆️🟢	Climate change transition risk (mid-term 2-5 years)	⚠️	Volatility of electricity prices (NEW)

ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Climate risks and associated hazards stemming from extreme weather events pose an increasing threat, with potential long-term implications for the sustainability of the Group's business operations. Natural disasters such as floods, storms, wildfires, heatwaves and other hazards can significantly damage infrastructure or disable networks. Exposure to physical climate risks is based on the effects that extreme weather conditions could have on telecommunications infrastructure and customers. Therefore, using the Location Risk Intelligence Software of the reinsurance company Munich Re, HT carried out

a physical climate risk assessment using state of the art high-resolution climate projections across several future climate scenarios. The assessment covers 2,400 sites with HT's data centres and mobile and fixed infrastructure in the Republic of Croatia, whose functionality is significant for the Group's business operations.

The climate risk analysis that was conducted includes an assessment of the current exposure to various climate hazards and a future-scenario analysis predicting different concentrations of greenhouse gases:

- SSP 1- / RCP 2.6: expected increase in global temperature below 2°C, with significant efforts invested in climate protection
- SSP 2- / RCP 4.5: expected increase in global temperature below 2.2 – 2.6°C, some efforts have been made for climate protection resulting in slight reduction of greenhouse gas emissions, but significant consequences of climate change are expected
- SSP 5- / RCP 8.5: expected increase in global temperature above 4°C, continuous growth in emissions leading to drastic changes in climate conditions (the so-called “business-as-usual scenario”) due to a lack of efforts in climate protection.

This assessment includes exposure to floods, temperature stress, precipitation, fires, droughts, cold waves, cyclones and sea-level rise. Projections were made for 2030, 2050 and 2100 for all risks except sea-level rise, which was modelled for the year 2100 only. According to the UN Environment Programme (UNEP) from November 2025, the current path of global warming is on track to increase by 2.8°C by the end of the century compared to pre-industrial levels, with a serious risk of exceeding 3°C if additional measures are not implemented, leading to more frequent and severe weather events. Hence, the analysis used the RCP 8.5 climate scenario, which is based on the highest levels of greenhouse gas concentrations and projections for the year 2050.

The analysis shows that only a small part of the Group's infrastructure is currently exposed

to climate hazards. To systematically embed resilience into HT's telecommunications network, the system for managing risks of physical damage to infrastructure is based on several key principles and technical and organisational measures. By applying ring topologies and redundancy of network elements, we ensure service continuity and mitigate the risk that a failure or damage to an individual component has a significant adverse impact on service availability and quality. Most critical sites are additionally protected by uninterruptible power supply (UPS) systems, which include battery systems as well as mobile and stationary diesel generators. Such solutions enable an autonomous energy supply during power outages lasting several hours. In addition to technical measures, the processes concerning crisis management and operational preparedness have been developed, enabling rapid response, effective remediation of damage and accelerated network recovery in emergency situations.

The conducted analysis of physical climate risks, based on different climate scenarios and time horizons, will enable a more effective long-term planning of climate change adaptation actions at each site and make HT's operations less exposed to extreme weather events. Long-term projections based on the RCP 8.5 climate scenario indicate that insufficient global efforts to mitigate climate change by 2050 could increase the share of HT's assets exposed to heightened risk from certain climate hazards.





IMPACT, RISK AND OPPORTUNITY MANAGEMENT

ESRS E1-2 – Policies related to climate change mitigation and adaptation

Climate neutrality is one of the umbrella goals of the [Group's Sustainability Strategy](#) described in more detail under the section *“ESRS 2 SBM-1 – Strategy, business model and value chain”*. Our integrated climate strategy, which defines the framework for achieving this umbrella goal, is founded on 4 pillars: value chain emissions, renewable energy, energy efficiency and enablement or supporting our customers' climate protection efforts.

The [Environmental, Health and Safety at Work Management Policy](#) is a fundamental document through which the Group manages its environmental footprint. Climate protection is also described in the [Group's Policy on Corporate Responsibility](#), the [Supplier Code of Conduct](#) and the [Code of Human Rights](#). The Policy aligns with new requirements and reflects the Group's continuous commitment to managing environmental impacts. The business operations of the Group concerning the environment are shaped according to the requirements of the Integrated System of Environmental, Occupational Health and Safety at Work Management of the Group according to ISO 14001 and ISO 45001 standards, which confirm HT's alignment with the globally accepted best practice standards.

The Environmental, Health and Safety at Work Management Policy relates to climate change mitigation, energy efficiency and introducing

energy from renewable sources. The Policy defines strategic guidelines and energy initiatives at the Group concerning using energy from renewable sources, increasing energy efficiency and reducing GHG emissions in the organisation by fostering and using alternative energy sources and fuel and investing in the renewal of the vehicle fleet.

The Group's Policy on Corporate Responsibility addresses climate change mitigation and climate change adjustment. The Policy describes the strategy which includes activities for CO₂ reduction (mitigation) and adjustment to climate change (adaptation) across the value chain. The strategy also includes a solution portfolio to help consumers reduce CO₂ emissions (enabling). The Energy Policy further defines the approach to increasing energy efficiency, addressing climate change mitigation and the transition risk associated with the volatility of energy prices.

The volatility of electricity prices stems from unstable economic and geopolitical conditions in the market, potential growth in overall energy consumption due to the expansion of network infrastructure, digitalisation and data centres, as well as dependence on market-based energy prices, which may lead to increased operating costs. The management of this risk has been integrated into the Group's Sustainability Strategy and the [Energy Policy](#), with the aim of ensuring long-term price stability, business resilience and a

reduced environmental impact. It is based on the procurement of electricity from renewable sources and improvements in energy efficiency.

By adopting the Supplier Code of Conduct and the Code of Human Rights, suppliers cooperating with the Group undertake to actively contribute to reducing adverse impacts on climate change across the value chain.

Digital solutions for emission reduction

The Group recognises a market opportunity in the growing demand for digital solutions that enable business customers to optimise operations, reduce costs and lower greenhouse gas emissions. HT continuously develops a wide range of ICT solutions integrating business efficiency with positive environmental and social impacts. ICT technologies offered by the Group to the private and public segment enable real-time data collection, better decision-making and business processes' optimisation. This leads to lower energy consumption, cost decrease, energy efficiency increase and safety and a decrease in resource consumption and greenhouse gas emissions.

E-mobility (EVC)

HT operates a network of electric vehicle charging stations comprising more than 540 connection points in the Republic of Croatia. Access to the network is enabled via the free espots mobile app, which provides users with seamless access to the world's largest publicly available EV charging

network and facilitates electric vehicle charging payments through a user-friendly platform. By the end of 2025, the number of registered users of the espots mobile app reached 35,000 (2024: 26,000), representing a 35% increase compared to the previous year.

In 2025, HT's electric vehicle charging network recorded total electricity uptake of 2,339,547 kWh. Considering that an electric vehicle consumes an average of 18 kWh of electricity per 100 kilometres, the electricity delivered by HT's charging stations in 2025 enabled more than 13 million “green kilometres” and prevented the emission of over 2.2 tonnes of CO₂.

Cloud-based fleet management

The cloud-based fleet management solution via HT's mobile network enables a 24/7 digital tracking of vehicle locations, routes and status. Data is securely processed and stored in the cloud, i.e. in HT's data centres, while advanced analytic and detailed reports on vehicle usage, fuel consumption and driver behaviour support an informed decision-making. Real-time access to vehicle usage data via mobile or desktop devices leads to improved utilisation, greater operational efficiency and reduced fleet greenhouse gas emissions. Traffic safety is further enhanced through features such as GPS geo-fencing and anomaly alerts, while additional functionalities like Travel Expenses and Roaming allow users to manage their entire fleet from a single platform.





ENVIRONMENTAL MATTERS

ESRS E1 – CLIMATE CHANGE (continued)

Smart factory

HT's smart factory is a system that integrates an application hosted in HT's data centres with HT's fibre-optic and 5G networks. The system leverages Internet of Things (IoT) technologies to connect with users' ERP systems, enabling real-time data collection on production and the implementation of automated systems to optimise processes in manufacturing environments.

By adopting this solution, users can monitor every step of the production process in detail, log production cycle phases to facilitate product traceability, analyse the performance of machines and employees, and identify actions to boost production efficiency, improve process control and reduce downtime. In addition to shortening the production cycle, smart factories optimise business processes, leading to lower energy consumption and more efficient use of resources, thereby directly contributing to the reduction of greenhouse gas emissions.

ComEnergy

ComEnergy is an energy management solution that enables real-time energy monitoring. Tracking actual consumption provides detailed analytic and supports better energy use optimisation, resulting in cost savings.

It can be integrated with existing business systems such as ERP and MES, facilitating implementation, ensuring seamless operation and enhancing decision-making.

Smart metering

HT's smart consumption metering system uses NB-IoT technology to directly monitor water, electricity and gas consumption data. Hosted in HT's data centres, the system provides real-time insights into resource usage, enabling efficient and secure management, loss prevention and seamless integration with existing business systems.

Smart parking

The parking occupancy monitoring system enables quicker identification of available parking spaces, reducing traffic congestion and time spent on the road, thus directly lowering CO₂ emissions and air pollution, and improving the quality of life in urban areas. The system is based on magnetic radar detection and NB-IoT technology, allowing the monitoring of moving and stationary traffic, and is supported by HT's cloud, which can be easily integrated into existing infrastructure. In addition to speeding up the often frustrating search for a parking space, the system also enables users to pay for parking quickly and easily, while providing service operators with data insights on vehicle frequency, parking usage and payment patterns.

ESRS E1-3 – Actions and resources in relation to climate change policies

Actions to reduce GHG emissions

The Group is committed to implementing climate change mitigation measures aimed at reducing its carbon footprint and offering solutions that help customers lower theirs. Key measures to reduce Scope 1 and 2 emissions include:

- Procuring electricity exclusively from renewable sources
- Improving energy efficiency by deploying more efficient technologies and phasing out legacy systems
- Decrease and modernisation of office space
- Electrifying and reducing the vehicle fleet
- Installing heat pumps.

In the Republic of Croatia, the Group ensures electricity from renewable sources through the following mechanisms:

- A ten-year virtual Power Purchase Agreement (vPPA) on power supply from renewable sources
- Procurement of green electricity with "ZelEn" certification from HEP Opskrba
- Guarantees of Origin (GoO) from the international market for the rest of electricity, consumed in properties leased from natural and business persons, for which, according to the information provided by HROTE (Croatian Energy Market Operator), it is not possible to purchase certificates on the Croatian market.

CT in Montenegro procures electricity using the green tariff of the national power utility company Elektroprivreda Crne Gore (EPCG) as well using the Guarantees of Origin (GoO) on the local and international market.

The implementation of the actions described resulted in 25,024 t CO₂e of avoided Scope 1 and Scope 2 emissions in 2025

The planned reduction of Group Scope 1 emissions over the period from 2026 to 2029 amounts to 1,606 t CO₂e, primarily driven by the electrification of the vehicle fleet, the installation of heat pumps and the use of refrigerants with lower emission factors. Investments amounting to EUR 15 million are planned over the same period to achieve the proposed emission reductions. The Group plans to continue sourcing 100% of its electricity from renewable sources.

The Group takes a strategic approach to the development of business processes related to data centres, which require constant investment in modernisation. The Group is systematically modernising electro-energy and thermo-technical





ENVIRONMENTAL MATTERS

ESRS E1 – CLIMATE CHANGE (continued)

systems with energy-efficient equipment in line with global standards (according to Uptime Institute guidelines). In parallel, a strategy of data centre consolidation and modernisation is being implemented, with the goal of optimising capacity and business processes across two production, two EDGE and two B2B data centres with highly reliable infrastructure. In 2025, an AI-based cooling tool was implemented in the system rooms of the Utrine data centre, dynamically and automatically adjusting cooling to the thermal load in the server room in real time. Thanks to this type of regulation, we achieved improvements in the cooling of IT/NT equipment, along with significant savings in electricity consumption. Additional savings were realised through a software upgrade implemented at the beginning of July, which introduced prioritisation of water-cooled air-conditioning units over less efficient gas-based cooling systems. In addition to the modernisation described, the introduction of AI-based cooling tools is planned for other sites as well and, in the future, across all data centres. This will complete the optimisation process and maximise energy efficiency management. Data centres modernisation is a key prerequisite for the stability of HT's service provisioning and keeping the high customer satisfaction.

Scope 3 greenhouse gas emission reduction measures focus on extending product lifecycles, improving the energy efficiency of sold devices and ensuring sustainable sourcing of materials and packaging. The Group's portfolio of ICT solutions for a low-carbon economy, such as smart factories and cloud-based operations, has a positive impact

on climate change. Energy-efficient hosting on HT's infrastructure and the optimisation of processes through the use of online services, delivered and consumed via this infrastructure and products, can directly or indirectly save energy for users.

All contracts with electronic equipment suppliers are signed at the DT Group level within the Global Framework Agreement with suppliers to ensure alignment with the ecological standards in place and goals set. After signing an agreement at the DT Group level, accession agreements or local agreements for the procurement of electronic equipment are then signed. This approach aims to ensure a sufficient number of suppliers capable of meeting the market demand for various devices, while simultaneously meeting high sustainability standards. The Group suppliers have been additionally informed about the requirements of the DT Group regarding sustainable packaging and have been asked for their feedback on the sustainability of their product packaging to find a jointly acceptable solutions for the entire value chain.

A key lever for financing emission reductions across the value chain is improving the efficiency of products and solutions during the use phase. The planned reduction of Scope 3 emissions in the downstream value chain over the period from 2026 to 2029 amounts to 3,681 t CO₂e, with investments planned in the amount of EUR 15 million. These investments primarily relate to non-current assets. Actions to reduce emissions in the upstream value chain, i.e. within the supplier chain where total greenhouse gas emissions are higher,

are implemented in a coordinated manner at the DT Group level. As implementation takes place at suppliers' sites, these actions do not require significant operational or capital expenditure by the Group.

The total planned investments for reducing the Group's greenhouse gas emissions over the period from 2026 to 2029 amount to EUR 30 million. The planned investments cannot be classified as a capital expenditure plan aligned with Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment.

Actions to manage risk concerning volatility of electricity prices

The Group applies two key approaches to managing electricity price risk: financial risk management (hedging) and operational and strategic measures focused on sustainability and energy efficiency.

To mitigate exposure to electricity price volatility, the Group uses financial hedging instruments (derivatives) to reduce the risk of adverse price movements in the energy market. These instruments enable stable energy costs and support business planning stability.

As a key hedging instrument against electricity price increase, the Group entered into a virtual Power Purchase Agreement from renewable sources (vPPA) for a period of 10 years. This ensures the following:

- Long-term fixed and predictable electricity prices

- Reduced exposure to market and energy shocks
- Long-term stability of operating costs.

At the same time, the vPPA also represents a strategic instrument for achieving climate goals, as it enables the procurement of electricity from renewable sources, thereby reducing the Group's carbon footprint.

In addition to financial risk management, the Group continuously implements a range of operational and strategic actions within its own operations aimed at systematically reducing the overall energy consumption and dependence on market electricity prices. The key long-term measures include:

- Increasing the energy efficiency of network and IT infrastructure
- Optimising energy consumption through equipment modernisation and the application of advanced technologies
- Shutdown of obsolete technologies
- Increasing the share of energy from renewable, sustainable and price-fixed sources in the total consumption.

As a result of these actions, the Group has already met a significant portion of its electricity needs from reliable, sustainable and price-stable sources, thereby mitigating a substantial part of energy, financial and market risks. These risks are monitored within the integrated risk management system. The responsibility for managing these risks lies with the Management Board of the Group, and the goals concerning reducing energy





ENVIRONMENTAL MATTERS

ESRS E1 – CLIMATE CHANGE (continued)

consumption and CO₂ greenhouse gas emissions form a part of the collective targets of the Group. HT's Energy Efficiency Lead role has the function of managing non-financial indicators and actions to reduce electricity consumption. This role collaborates closely with a team dedicated to the same goal within the DT Group and regularly participates in the DT Group's working meetings on consumption plans and measures for reducing electricity consumption. The Energy Efficiency

Lead supports HT's Management Board decision-making about long-term and short-term plans and actions for optimising consumption and regularly reports to HT's Management Board on achievements and the current status. The Energy Efficiency Lead also cooperates with the Group's experts in all business segments to ensure everyone is up to date with planning, creating and monitoring actions for optimising consumption.

OBJECTIVES

ESRS E1-4 – Targets related to climate change mitigation and adaptation

The Science Based Targets concerning decrease in greenhouse emissions of the Group were set at the DT Group level and were approved by the Science Based Targets initiative (SBTi). The sustainability goals of the Group relating to climate change mitigation are:

- Continuous goal, procuring 100% electricity from renewable sources
- As part of the DT Group, net zero GHG emissions for direct and indirect energy consumption within the organisation (Scope 1 and 2) by 2025
- As part of the DT Group, by 2030 cut greenhouse gas emissions along the entire value chain (Scope 1-3) by 55% compared to 2020 (SBTi)
- As part of the DT Group, net zero emissions along the entire value chain (Scope 1-3) by 2040 (SBTi).

Continuous goal of procuring 100% electricity from renewable sources

The Group has been sourcing 100% of its electricity from renewable sources since 2021. By achieving this goal, HT has significantly decreased Scope 2 GHG market-based emissions.

100% of electricity from renewable sources

As part of the DT Group, net zero GHG emissions for direct and indirect energy consumption within the organisation (Scope 1 and 2) by 2025

The target to become greenhouse gas neutral in our own operations (Scope 1 and 2) on DT Group level has been reached by the end of 2025. Compared to 2017, the DT Group has reduced Scope 1 and 2 emissions by 94%.

The main levers to reach the reduction target have been the consequent sourcing of renewable electricity since 2021 group-wide as well as a broad range of energy efficiency actions. The Group contributed to this through the actions described in the section *“ESRS E1-3 – Actions and resources in relation to climate change policies”*.

The remaining 6% that we could not avoid to this point in time, have been neutralized through compensatory actions so that they are removed from the atmosphere. The DT Group has set itself strict quality requirements for acquiring carbon credits, limiting itself on projects in accordance with Oxford categories IV and V, i.e. projects strive





ENVIRONMENTAL MATTERS

ESRS E1 – CLIMATE CHANGE (continued)

to remove carbon from the atmosphere through short- and long-lived storage.

The Group is fully aligned with this objective and contributes to its achievement to the extent that is technically and economically feasible. The remaining emissions that cannot be reduced have been neutralized by means of high-quality carbon removal projects in accordance with the quality requirements set at DT Group level.

Even after achieving greenhouse gas emissions neutrality in its own operations, the Group will not stop, and it will continue to implement additional measures contributing to further reductions of residual emissions, ensuring that neutralisation is strictly limited to emissions that cannot be avoided.

As part of the DT Group, by 2030 cut greenhouse gas emissions across the value chain (Scope 1-3) by 55% compared to 2020 (SBTi)

As part of the DT Group, net zero emissions along the entire value chain (Scope 1-3) by 2040 (SBTi)

The interim target of decreasing GHG emissions in the value chain (Scope 1-3) of the DT Group by 55% in absolute terms by 2030 compared to 2020 has been confirmed by the Science Based Targets initiative (SBTi). Also, the DT Group's goal,

in whose implementation the Group participates, is to achieve climate neutrality, i.e. net zero GHG emissions across the value chain (in all three Scopes), by 2040 at the latest. To achieve this goal, it is necessary to decrease GHG emissions by 90% in absolute terms compared to 2020, with a possible compensation of up to 10% emissions. This goal has been aligned with the objectives of the European Green Digital Coalition.

When setting the goals for the GHG emissions reduction and in forecasting their development, various factors were taken into account on the DT Group level: the expected market development (e.g., customer numbers, sales), the technical development in own operations and products as well as regulatory elements (e.g., expansion of renewable energy sources/electricity mix).

The progress of the realisation of climate targets is monitored based on the GHG emissions decrease. The market-based method is used for Scope 2 emissions.

The Science Based Targets initiative (SBTi) has confirmed the DT Group's climate targets in the reporting year are aligned with the Paris Agreement goals according to the new, stricter guidelines. The Science Based Targets initiative has also examined the reference value and designated it as a representative value.

KEY INDICATORS

ESRS E1-5 – Energy consumption and mix

Through network expansion in 2025, total energy consumption increased by 1%, primarily due to a rise in electricity consumption (2%) compared to the previous year. Fossil fuel energy consumption decreased by 2% compared to the previous reporting period, as two heat pumps were installed at the end of 2024, replacing oil-based heating at those locations during the reporting year.

In 2025, the share of renewable energy in the total energy consumption amounted to 79% (2024: 79%). All electricity consumption from renewable sources relates to the procured green electricity.

The Group does not operate in high climate impact sectors.

Group's energy consumption and mix

in MWh	2025	2024
Total energy consumption from fossil fuels	34,832	35,559
Share of fossil sources in total energy consumption (%)	21	21
Consumption from nuclear sources	0	0
Share of nuclear sources in total energy consumption (%)	0	0
Total energy consumption from renewable sources	134,781	131,869
- of which: Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	0	0
- of which: Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	134,781	131,869
- of which: Consumption of self-generated non-fuel renewable energy	0	0
Share of renewable sources in total energy consumption (%)	79	79
Total energy consumption	169,613	167,428





The indicators are based on reporting data for individual segments and follow from the consumption calculation and data from local energy providers. If these data are unavailable on time, we do extrapolation to forecast consumption without exact consumption data based on the available information about significant consumers. This is done by using consumption data from the preceding year and relevant preceding periods and by using additional information on adjustments in energy consumption.

As described under the section “*ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies*”, an internal control system (ICS) is implemented at the Group, ensuring various controls for the collection of KPIs, including reporting on energy consumption and electricity from renewable sources. Authorised or accredited certification bodies validate all green energy certificates.

Network energy efficiency

The Group tracks its energy efficiency improvements via its network modernisation. The KPI which is used to track this improvement is the energy intensity KPI. This KPI measures energy consumption in relation to the transmitted data volume. Using the data volume transported as the denominator enables establishing a direct link with the efficiency of HT’s networks. This

indicator takes into account the data volume transported between HT’s customers and the respective service providers. The numerator takes into account the total energy consumption from all energy sources – renewable sources and fossil fuels.

This KPI is important because large amounts of energy are needed for network operation and maintenance.

In 2025, further optimization of the fixed access network continued through the remote shutdown of power supply cards and the decommissioning of outdated broadband nodes, with user migration to next-generation nodes.

In data centres, modernization and optimization of capacity and processes continued. As described in the chapter “ESRS E1-3 – Actions and resources in relation to climate change policies”, an AI-based cooling tool was implemented in 2025 at the Utrine data centre. This tool dynamically adjusts cooling based on actual thermal load, ensuring more efficient cooling of IT/NT equipment while achieving significant electricity savings.

Thanks to the implemented measures, energy consumption per unit of output continues to decline despite increased traffic and network expansion. In 2025, energy intensity amounted to 17 kWh per terabyte of data (2024: 20 kWh/TB), achieving a significant increase in network energy efficiency.

Energy intensity improved
by 15% compared to 2024

2025	2024
17 kWh/TB	20 kWh/TB

ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

The Group consistently reports on the GHG Scope 1, 2 and 3 emissions so that they can be compared throughout the years. Emissions are presented in tonnes of CO₂ equivalent (t CO₂e). Within its Integrated System of Environmental, Occupational Health and Safety at Work Management, the Group has prescribed procedures for substances affecting the ozone layer, describing the method of monitoring and managing activities related to maintaining various equipment containing substances with potential atmospheric impact. Although these are small quantities, the Group records the quantities of gases used in cooling and fire protection systems and devices.

The presentation of GHG emissions across the value chain enables an overview of where in the value chain the majority of GHG emissions occur.

Factors impacting the gross GHG emissions are regularly checked at the DT Group level and in the Group companies for joint reporting on the fulfilment of the Science Based Targets of decreasing GHG emissions approved by the

Science Based Targets initiative (SBTi).

Market-based and location-based methods are used when calculating GHG emissions relevant in the context of electricity consumption within the organisation. The market-based method considers specific emission factors of the electricity suppliers used by the undertaking. The location-based method considers average emission factors for a geographic area where electricity consumption occurs. The GHG emissions of the Group are mainly caused by HT’s vehicle fleet, fossil fuel consumption and heating. The Group monitors emissions using both methods in accordance with the guidance provided by the GHG Protocol Corporate Standard (GHG Protocol). The Group calculates and reports on the emissions of GHG from Scope 1, 2 and 3 based on the guidance provided by the GHG Protocol Corporate Standard. Scope 3 emissions are extrapolated from directly collected data and indirect statistical data.



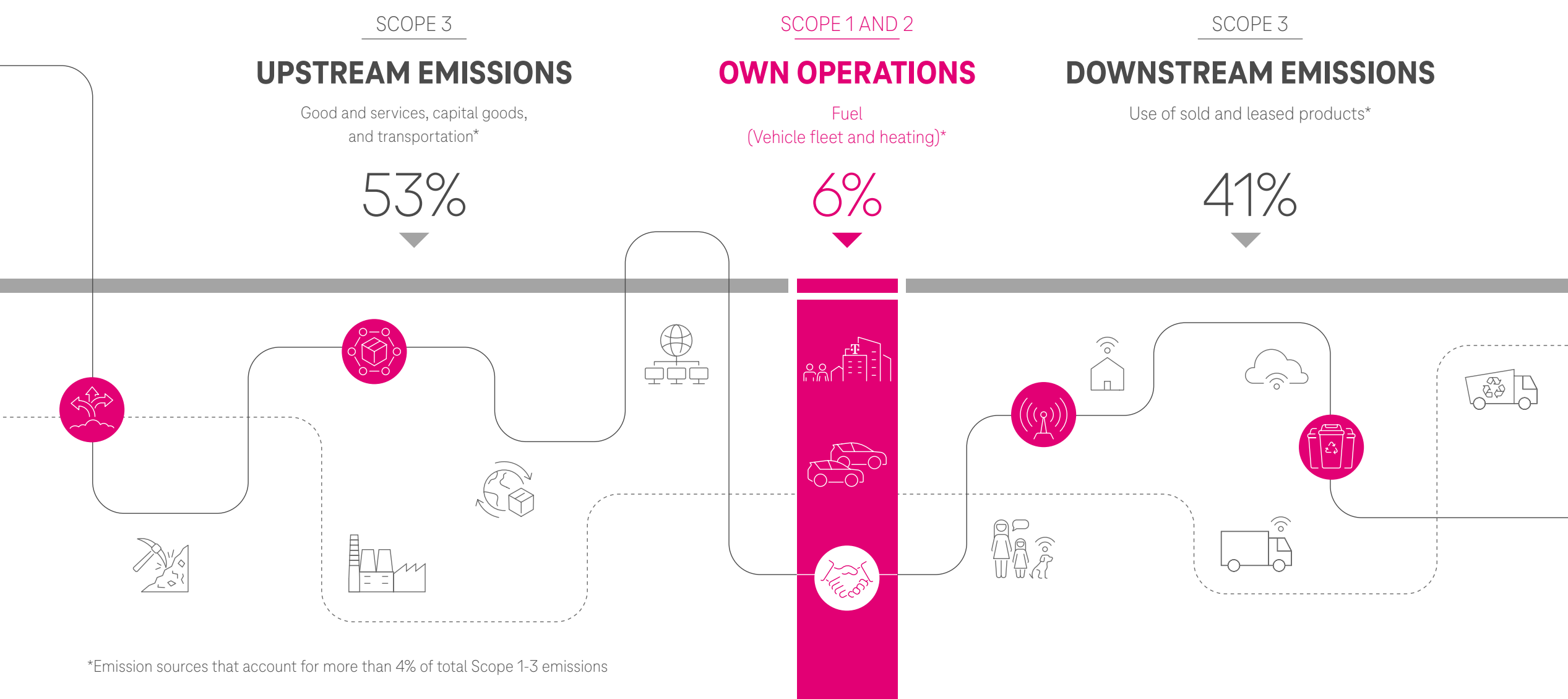


ENVIRONMENTAL MATTERS

ESRS E1 – CLIMATE CHANGE (continued)

The primary approach when reporting on GHG emissions of the Group is the market-based method. This method means calculating emissions using a specific emission factor. This factor depends on the actual purchase of energy (electricity mix). The purchase of energy from renewable sources has a positive impact of decreasing GHG emissions.

In the location-based method, HT uses the emissions factors from the International Energy Agency (IEA) for the respective country. This method does not consider the actual purchase of energy (electricity mix), i.e., it also does not consider the purchase from renewable energy sources outside of the national mix.



Gross Scopes 1, 2, 3 and Total GHG emissions

in t CO ₂ e	2025	2024
Scope 1 and 2 (market-based)	8,949	9,112
- of which: Scope 1	8,555	8,728
- of which: Scope 2 (market-based)	394	384
Scope 2 (location-based)	25,168	30,139
Scope 3 (total)	150,155	161,733*
- of which: Scope 3 (upstream emissions)	84,616	97,072*
- of which: Scope 3 (downstream emissions)	65,539	64,661
Total GHG emissions (location-based)	183,878	200,599*
Total GHG emissions (market-based)	159,104	170,845*

* The Scope 3 greenhouse gas emission values for 2024 have been adjusted to ensure that the calculation reflects changes in emission factors, as well as methodological and structural changes during the reporting year.

Gross Scope 3 GHG emissions

in t CO ₂ e	2025	2024
Indirect upstream emissions	84,616	97,072*
- of which: Purchased goods and services (Category 1)	35,611	35,831*
- of which: Capital goods (Category 2)	29,139	36,598*
- of which: Fuel- and energy-related activities (Category 3)	4,774	4,790
- of which: Upstream transportation and distribution (Category 4)	10,729	15,477*
- of which: Waste generated in operations (Category 5)	15	16
- of which: Business travel (Category 6)	426	427
- of which: Employee commuting (Category 7)	3,922	3,932*
Indirect downstream emissions	65,539	64,661
- of which: Downstream transportation and distribution (Category 9)	1,326	1,473
- of which: Use of sold products (Category 11)	7,396	7,969
- of which: Disposal and recycling of sold products (Category 12)	265	311
- of which: Use of leased products (Category 13)	51,611	49,967
- of which: Investments (Category 15)	4,940	4,942

* The Scope 3 greenhouse gas emission values for 2024 have been adjusted to ensure that the calculation reflects changes in emission factors, as well as methodological and structural changes during the reporting year.





ENVIRONMENTAL MATTERS

ESRS E1 – CLIMATE CHANGE (continued)

The categories of GHG Scope 3 emissions include all upstream and downstream indirect emissions occurring in the value chain of the Group. These categories are described in the guidance provided by the GHG Protocol Corporate Standard (GHG Protocol) and include 15 specific emissions categories. Scope 3 includes indirect emissions of category 15 (Investments), covering emissions relative to the ownership interest of Croatian Telecom Inc. in the joint venture JP Hrvatske telekomunikacije Inc. Mostar, Bosnia

and Herzegovina (*Note 1 Corporate information* to Financial Statements). Categories that are not included in this calculation are Category 8 (Upstream leased assets), 10 (Processing of sold products) and 14 (Franchises) because they are not significant for the Group’s business model. The Group reports on the indicator “GHG intensity based on net revenue”. This indicator includes a ratio of the total GHG emissions and net revenue of the Group.

GHG Intensity based on net revenue

in t CO ₂ e/EUR thousand	2025	2024
Total GHG emissions (location-based) per net revenue	0.16	0.19
Total GHG emissions (market-based) per net revenue	0.14	0.17

E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

The total volume of carbon credits from climate change mitigation projects developed outside the Group’s value chain, verified in accordance with recognised quality standards and cancelled during the reporting period, amounts to 8,949 tonnes of CO₂e. For carbon credits from removal projects, 6,712 tonnes of CO₂e originate from biogenic sinks and 2,237 tonnes of CO₂e from technological sinks.

The following table provides an overview of retired carbon credits and, among other information, sets out the different standards selected for the portfolio. These standards ensure the integrity and credibility of emissions reductions and guarantee that the certificates comply with international requirements.

Carbon credits cancelled in the reporting year

in %	2025
Share from removal projects (%)	100
Share from reduction projects (%)	0
Recognised quality standard: Verra (%)	5
Recognised quality standard: Climate Action Reserve (CAR) (%)	70
Recognised quality standard: Puro.earth (%)	8*
Recognised quality standard: Carbon Standards International (%)	17
Share of projects within the EU (%)	1
Share of carbon credits considered corresponding adjustments (%)	0
Total (in tonnes of CO₂ equivalent)	8,949

* 8.54% has been rounded for the purpose of aligning the total sum to 100%

Carbon credits planned to be cancelled in the future

t CO ₂ e	by 2028
Carbon credits planned to be cancelled from 2026 to 2028	25,040

Of the carbon credits outside the Group’s value chain planned to be retired between 2026 and 2028, 18,029 tonnes of CO₂e originate from biogenic sinks and 7,011 tonnes of CO₂e from technological sinks. The total volume of carbon credits outside the value chain planned to be retired, based on existing contractual commitments, amounts to 25,040 tonnes of CO₂e.

As stated under the section “*ESRS E1-4 – Targets related to climate change mitigation and adaptation*”, the Group has set strict quality requirements for the acquisition of carbon credits, limiting them to projects aligned with Oxford categories IV and V, i.e. projects focused on removing carbon from the atmosphere through short-term and long-term storage.





ENVIRONMENTAL MATTERS

ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY



The Group recognises the importance of the circular economy as a response to risks related to resource consumption, waste generation and the limited availability of raw materials. The maintenance and development of network infrastructure require significant resource use and generate waste, in particular electronic waste.

Through a strategic approach to resource efficiency based on proactive and preventive action, the Group prevents waste generation, extends product and equipment lifecycles and enables their reuse through the application of zero-waste initiatives and circular business models, and, by recycling the waste generated, enables its reuse as a resource.

34,745
smartphones and
mobile phones
collected through
circular business models

100%
recycling of
technological waste
Group's target achieved since
2021





STRATEGY

ESRS 2 SBM-3 E5 – Material impacts, risks and opportunities and their interaction with strategy and business model

The table below shows the material impact of the Group’s business activities on the environment, which we have identified through a double materiality assessment. A time frame is not stated since the material impacts connected with the topical standard “ESRS E5 – Resource use and circular economy” are actual impacts. Material risks and opportunities relating to the topical standard “ESRS E5 – Resource use and circular economy” have not been identified.

More detailed information on the interaction of the material impacts, risks and opportunities with HT’s strategy and business model is given under the section *“ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model”*.

Material impacts, risks and opportunities and their interaction with strategy and business model

Value chain		Impact		Description
Resource inflows, including resource use				
Own operations	❑	Negative impact (actual)	⊖	Consumption of resources for the manufacture of components for the construction and maintenance of network infrastructure
Downstream	❑	Positive impact (actual)	⊕	Circular business models reduce the need for new resources and contribute to resource efficiency (NEW)
Waste				
Own operations	❑	Negative impact (actual)	⊖	Waste generation in own operations, including electronic waste
Downstream	❑	Positive impact (actual)	⊕	Zero-waste initiatives and circular business models contribute to the avoidance of waste generation through the reuse and refurbishment of products and equipment

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

ESRS E5-1 – Policies related to resource use and circular economy

The [Group’s Environmental, Health and Safety at Work Policy](#) is a fundamental document through which the Group manages its overall environmental footprint. This Policy reflects HT’s commitment to environmental protection and the well-being of employees, covering a large part of the aspects of the Group’s operations. Through this Policy, the Group commits to the continuous improvement of environmental protection and occupational health and safety processes, and to the responsible management of resources, packaging and waste. The Policy stipulates that waste at all locations is systematically sorted and disposed of in accordance with applicable legislation, with a particular focus on reducing waste volumes, recycling and the reuse of materials wherever possible. The Policy further defines strategic projects, internal programs and communication activities as mechanisms for systematically fostering a culture of environmental responsibility among the Group’s customers, employees and business partners. This is how we promote the awareness of the importance of the circular economy, efficient waste management and the conservation of natural resources.

The Group’s Management Board is directly responsible for establishing and implementing the Policy. The Policy is aligned with the new requirements and it reflects a continuous commitment to managing environmental impacts in accordance with integrated environmental, health and safety management system requirements under ISO 14001 and ISO 45001 standards.

ESRS E5-2 – Actions and resources related to resource use and circular economy

Waste management

In addition to resource use in its core operations, the Group recognises responsibility for resources consumed during production and use of its own products and services, as well as for material flows associated with the construction and modernisation of network infrastructure. As large quantities of equipment, products and components are procured for the construction and maintenance of fixed and mobile networks, the Group has a significant impact on global material consumption. Therefore, circular economy principles are systematically integrated into all stages our value chain through strategic activities.





ENVIRONMENTAL MATTERS

ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY

(continued)

With the aim of extending equipment lifespan, reducing material needs and preventing waste generation, the Group continuously enhances processes for the reuse, refurbishment and repair of network and customer equipment. The long-term ambition is to increase the share of materials and products that can be reused or recycled, and to ensure higher rates of recovery and proper end-of-life treatment of equipment, in line with circular economy principles.

The majority of waste is generated during the modernisation of network infrastructure, as well as in office buildings and data centres. To reduce adverse environmental impacts, we apply the “Prevent – Reduce – Reuse – Recycle” approach, optimising resource use and reducing the need for procuring new materials. The reuse of equipment and the repair of technically viable components are the key elements of this approach.

A responsible waste management makes an integral part of operational resource management at the Group. All types of waste – office, technological and construction waste – are collected separately and managed in cooperation with authorised collectors and processors, in accordance with internal procedures and the ISO 14001 standard. By applying the “Prevent – Reduce – Reuse – Recycle” approach, the Group ensures full recycling of its own waste as well as electronic waste collected from customers. An internal IT solution enables the tracking of waste volumes by location and ensures accurate and transparent internal and external reporting.

The largest share consists of technological (electronic) waste generated through network modernisation and decommissioning legacy technological equipment. Contractual partners carry out dismantling and sorting, whereby part of the equipment is prepared for reuse or sold with the required documentation, while the remainder is handed over to authorised processors for recycling.

Through strategic projects, internal programs and communication activities, a culture of environmental responsibility is fostered among employees, customers and business partners, thereby raising awareness of the importance of the circular economy and the conservation of natural resources.

The same practices are applied by CT, which transfers all electronic waste to licensed agencies and submits annual reports to competent authorities. The collection and processing of electrical and electronic equipment are carried out through an authorised network of processors that ensure the take-back of waste free of charge, in accordance with applicable regulations.

Circular business models

By introducing circular business models, including support for out-of-warranty repairs, extended manufacturer warranties, and refurbishment of used devices, HT, in collaboration with its customers and partners, contributes to extending the lifecycle of devices. This reduces the amount of electronic waste and has a positive impact on

environmental preservation and more efficient resource use. The results have been achieved through a series of initiatives and models, with a focus on those that integrate circular economy principles already at the point of sale:

Trade In

The “Trade In” is a model in which the customer receives a discount on the purchase of a new device in the amount of the appraised value of their used, functional device, provided it has a minimum market value of one euro. The used device is then refurbished and placed back on the market, thereby extending its lifespan. This model was launched in 2024.

Forward TradeIN – FTI

“Forward TradeIN” is a model whereby a new way of procuring devices is enabled for our customers. The customer pays the value of the device reduced by the residual value in 24 monthly instalments or upfront. If the customer chooses to keep the device, the remaining amount (the residual value) upon the expiry of 24 months can be settled either in a lump sum or in an additional 12 instalments. Alternatively, the user has the option to return the device at the end of the 24-month period with no further obligation. The program was launched in May 2024, and by the end of 2025, more than 41,000 mobile devices were sold. Device returns under this model are expected in 2026.

Devices as a Service

Since 2024, HT has been offering the Device as a Service (DaaS) business model, which enables business customers to use mobile phones and tablets for a fixed period under a contractual obligation. The model includes a manufacturer’s warranty for the entire contract period (12, 24, or 36 months), comprehensive support, regular repairs, and device replacements as part of the subscription package. The DaaS model enables better device traceability and lifecycle management, extending the device lifespan to up to 5 years and eliminating the need for users to purchase new devices, thereby avoiding negative environmental impacts, energy consumption, and the use of primary raw materials in the production of new devices. Thanks to its transparency and focus on prolonging the lifespan of a device, this business model ensures the highest device return rate, reduces the amount of electronic waste generated at replacement, and enables systematic device recycling, thereby reducing the number of devices outside formal waste management systems.





ENVIRONMENTAL MATTERS

ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY

(continued)

Circularity in the value chain

Regarding suppliers and customers, the Group sets internal goals and implements initiatives for more sustainable procurement by focusing on the use of products and telecommunications network infrastructure. The goal is to make the products and materials that are part of HT’s service packages as durable as possible, ensure their proper disposal and the recycling of valuable raw materials. HT promotes circular economy principles through initiatives focused on the collection of electronic waste and plans aimed at raising public awareness of the importance of its proper disposal. HT focuses on activities that enable the extension of device lifespans, encourage responsible resource use, and foster sustainable consumer habits. Since July 2024, HT has been included in the Register of Waste Management Brokers, officially confirming its role in the system of responsible electronic waste management.

The “Call You Have to Take” platform

By implementing the “Take Back & Recycle” model, customers bring in old electronic equipment and periodically receive discounts on new devices through campaigns. The most important aspect of the Group’s “Take Back & Recycle” initiative is ensuring that all customers can return and properly dispose of their devices. As part of its environmental protection platform the “Call You Have to Take”, the Group has ensured conditions for accepting and

safely disposing of used electronic devices in all T-Centres.

The “Call You Have to Take” platform, launched by HT in 2023, is a program aimed at a more efficient use of natural resources, circular economy, more responsible management of electronic equipment and waste, especially old mobile devices. The goals of the program are to educate users about the return and recycling of electronic equipment and to encourage citizens and companies to participate in sustainability initiatives and contribute to positive social change, so that future generations are equally able to enjoy our planet.

The return process places the greatest emphasis on mobile phones, mobile routers and tablets, and other devices such as chargers, smart watches, and headphones are also collected. Although collection is carried out through all available models, the greatest value is generated by those models that enable the extension of device lifespan and waste reduction already at the point of sale. Through the previously described business models such as TradeIN, Forward TradeIN, and DaaS, HT continuously develops solutions that enable responsible resource management, reduction of electronic waste, and improvement of the overall user experience.

In addition to the regular collection of mobile devices at its stores, in 2025 CT conducted the campaign “Recycle Your Old Phone and Win a Prize for Your School!” in 10 schools in Podgorica. The aim of the campaign was to raise awareness among young people about the importance of proper disposal of electronic waste.

Mobile equipment collected via business models in 2024 and 2025

number of devices	2025	2024
Smartphones and mobile phones		
TradeIN Number of devices collected from customers for further processing	2,993	3,676
TakeBack & Recycle Number of devices collected from customers for recycling	31,752	27,214
Total number of smartphones and mobile phones collected	34,745	30,890
Other equipment (tablets, mobile routers, chargers, headphones, smart watches)		
TakeBack & Recycle Number of devices collected from customers for recycling	4,749	9,311
Total mobile equipment collected	39,494	40,201

In 2025, through its environmental protection platform the “Call You Have to Take” and the initiative of collecting mobile equipment at CT, the Group collected and disposed of 39,494 mobile

electronic devices (2024: 40,201). Of that amount, as many as 34,745 smartphones and mobile phones were collected through circular business models (2024: 30,890).

12% increase in the number of collected smartphones and mobile phones compared to 2024

2025	2024
34,745	30,890





ENVIRONMENTAL MATTERS

ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY

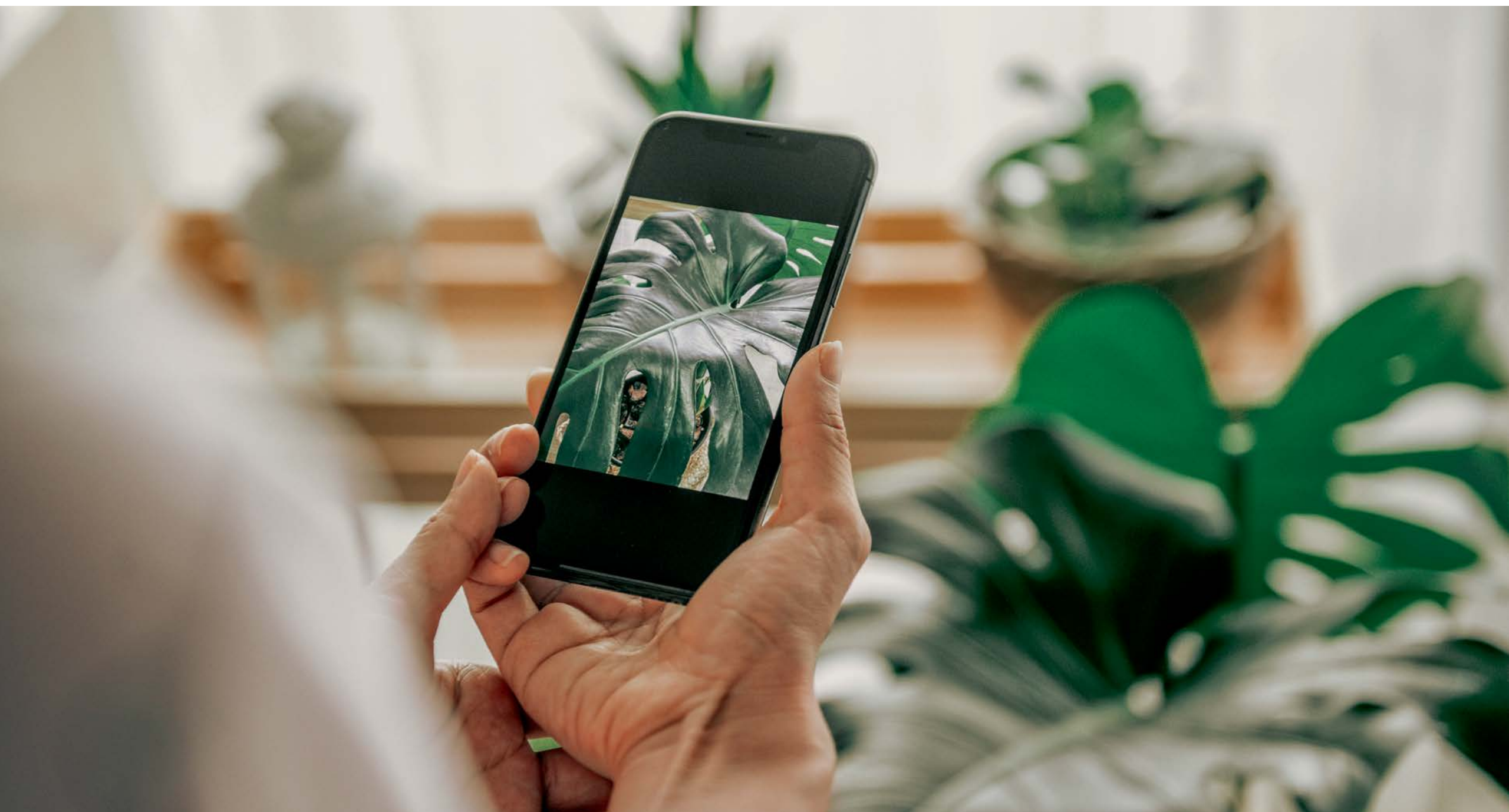
(continued)

The Group also continuously collects and refurbishes fixed equipment leased to customers.

In 2025, 280,477 pieces of fixed equipment were collected from customers (2024: 213,808).

Fixed equipment collected and/or refurbished in 2024 and 2025

number of devices	2025	2024
Fixed equipment		
Fixed equipment collected from customers for refurbishment and reuse	194,180	105,779
Fixed equipment collected from customers for further processing or recycling	86,297	108,029
Total fixed equipment collected	280,477	213,808



OBJECTIVES

ESRS E5-3 – Policies related to resource use and circular economy

The continuous objective of the Group is to recycle 100% of its technological waste.

This objective rests on a renewed commitment of the Management Board, which was confirmed by adopting the [Sustainability Strategy of the Group](#) in 2023.

This objective relates to adequate disposal or recycling of technological waste in accordance with the Waste Management Act of the Republic of Croatia (Official Gazette of the Republic of Croatia, No. 84/2021) and the Waste Management Act of Montenegro (011/24-553/2-01), i.e. eliminating waste sent to landfills. By applying the “Prevent – Reduce – Reuse – Recycle” approach, the Group aims to fully recycle its own waste and the electronic waste collected from customers in

Recycling 100% of technological waste
Group’s target achieved since 2021

the reporting year. The Group has been meeting this objective since 2021.

The Group has not set any other measurable objectives related to outcomes associated with the identified material impacts under this topical standard.





KEY INDICATORS

ESRS E5-4 – Resource inflows

The primary resource inflows related to negative impact to global resource consumption by network maintenance and build-out include mobile telephony antennas and fibre optic cables. Data is

collected for fibre optic cables including micro and mini cables used in network infrastructure, and passive and active mobile telephony antennas.

Total weight of products and technical and biological materials used in the reporting period

t	2025	2024
Fibre optic cables	65	54
Mobile telephony antennas	91	167
Total weight	156	221

The use of biological materials for network infrastructure build-out and maintenance is mainly limited to paper packaging, which makes an insignificant proportion of the total weight. The Group does not have information from manufacturers about the total proportion of paper in packaging; therefore, this is an estimate.

Estimates are also made when collecting data on optical cables and mobile telephony antennas. Concerning fibre optic cables, estimates are made based on data on the total length of the purchased cables and the average weight per unit of length. The number of antennas is multiplied

by the average weight per piece to calculate the total weight of mobile telephony antennas. Two weight categories are used when collecting data about cables and antennas to gather information about the weight of different types of cables and antennas per unit as accurately as possible.

It was not practical to assess the weight as an absolute value and percentage of the unprocessed and reused or recycled parts, semi-products and materials that are used for the manufacturing of the stated products, and this is why this has not been disclosed.

ESRS E5-5 – Resource outflows

In accordance with applicable legislation, waste generated in the Group's operations falls into the categories of hazardous or non-hazardous waste, which, if not managed responsibly, could have a negative impact on the environment.

The Group monitors and records the following types of waste:

- Hazardous waste, such as batteries, waste accumulators, lighting equipment, electrical and electronic equipment, and other materials
- Non-hazardous waste, including paper, wood, construction waste, bulky waste and other non-hazardous materials.

The quantities of waste handed over for recovery to authorised recovery operators or disposal contractors are always accompanied by the legally required documentation, including weighing records and the relevant consignment notes.

Most of the waste generated in the Group's operations that could pose an environmental risk if not managed responsibly is categorised as technological waste. The Group recycles all technological waste.

The Group monitors the following categories of technological waste: electronic waste, cables, and other types of technological waste.

In 2025, the volume of electronic waste increased due to the dismantling of old and obsolete

equipment as part of modernization and the transition to new technologies. These activities are part of a strategic infrastructure upgrade and contribute to long-term energy efficiency, as described in the section *“ESRS E1-5 – Energy consumption and mix”*, as well as to the reduction of operational risks.

The increase in municipal waste recorded in the reporting year was a result of extensive site-cleaning activities (e.g., Marsovo polje and Škrljevo – Rijeka), during which large amounts of old and worn-out furniture were disposed of, along with standard waste streams such as paper, plastic, and similar materials from regular business operations.

The increase in other types of waste was due to the renovation and adaptation of certain business locations and the construction and upgrade of telecommunications infrastructure.

The increase across all three waste categories led to an overall rise in total waste volume during the reporting period. This increase is a direct consequence of intensified and strategically planned business activities, including infrastructure modernization, site optimization, and network development.

Group recycles 100% of generated waste, including all electronic waste.





ENVIRONMENTAL MATTERS

ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY

(continued)

Total waste amount related to own business activities

t	2025	2024
Total amount of waste diverted from disposal	943	742
Percentage of waste diverted from disposal (%)	100	100
a) Hazardous waste diverted from disposal	457	408
- of which: Recycling	457	408
a) Non-hazardous waste diverted from disposal	486	334
- of which: Recycling	486	334
Total amount of waste directed to disposal	0	0
Percentage of waste directed to disposal (%)	0	0
Total amount of generated waste	943	742
Total amount of non-recycled waste	0	0
Percentage of non-recycled waste (%)	0	0
Total amount of hazardous waste	457	408

In the field of network technologies and IT, the materials present in waste include metals, rare earths, non-metallic minerals and plastics. These elements can be found in the waste generated by active technology (e.g., transmitter and receiver technology, storage technology, etc.) and passive technology (e.g., cables, technical casings, etc.). The same applies to devices customers return relating to fixed telephony (e.g., routers, repeaters, media receivers, etc.) and mobile telephony (e.g., smartphones, tablets, etc.).

As described under the section *“ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies”*, an internal control system (ICS) is implemented in the Group, ensuring various controls for ESG-related risks, including reporting on waste. An independent

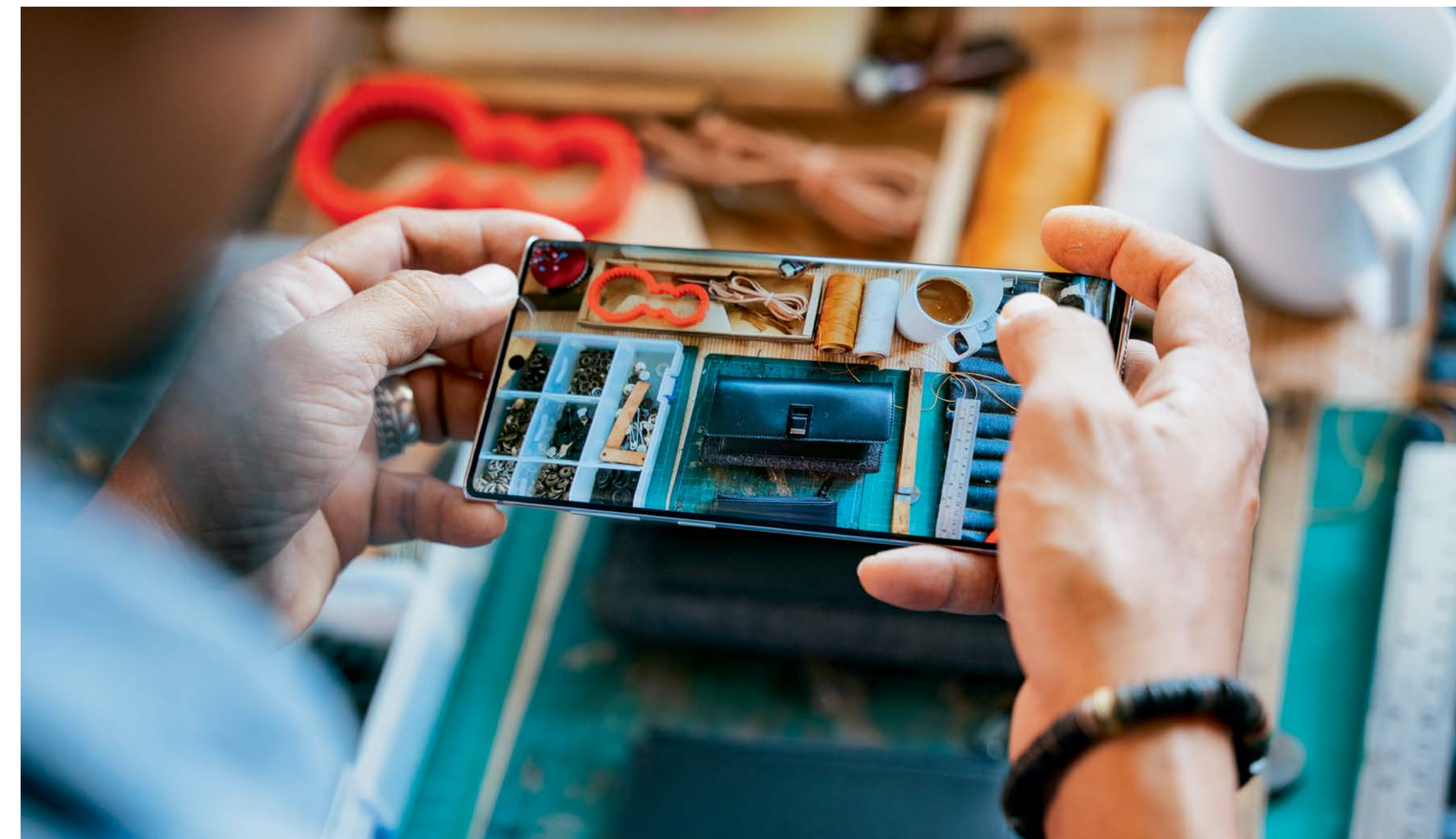
third party conducted the ICS testing for 2025, which included the data and indicators relating to circularity/waste.

Besides that, the Group regularly reports its generated waste amounts to the Register of Polluters (ROO) based on the location where the waste is generated. The data about waste generation for 2024 were reported to the ROO database and verified by the Office for Environmental Protection of the City of Zagreb and by the respective offices in Croatian counties. The reporting of waste generation data for 2025 to the Register of Polluters is currently underway (according to the Ordinance on the Register of Polluters (Official Gazette of the Republic of Croatia, No. 3/22), the statutory deadline for data delivery is until 1 March of the current year

for the preceding year). CT regularly reports its generated waste amounts to the Environmental Protection Agency of Montenegro following the Waste Management Act. The waste generation data for 2024 were reported to the Environmental Protection Agency of Montenegro and were approved by it. The reporting of waste generation data for 2025 is currently underway and the statutory deadline for data delivery is until 1 March of the current year for the preceding year.

According to the Ordinance on the Register of Polluters (Official Gazette of the Republic

of Croatia, No. 3/22), the Group reports waste generation data based on the location of their generation to the Register of Polluters (ROO) latest until 1 March of the current year for the preceding year. All data are verified by a competent body. In accordance with a similar practice, CT regularly reports its generated waste amounts to competent authorities following the Waste Management Act, and delivers data to the Environmental Protection Agency of Montenegro.





SOCIAL MATTERS

ESRS S1 – OWN WORKFORCE

Through a systematic approach to health and safety, the development of competencies and the promotion of equal opportunities and diversity, the Group generates positive impacts on the quality of the working environment, as well as on employee satisfaction and engagement.

The Collective Agreements, high standards of workers' rights and a culture of cooperation with workers' representatives further strengthen the Group's position as a desirable employer. At the same time, the Group recognises challenges such as workplace stress and health risks associated with field work and continuously implements appropriate measures to safeguard employee well-being.

Adjusted
gender pay gap

3%

Equal Pay Champion certificate

Above and Beyond
recognition awarded to the

top 10%

Employer Partners





STRATEGY

ESRS 2 SBM-3 S1 – Material impacts, risks and opportunities and their interaction with strategy and business model

The table shows the material impact of the Group’s business activities on employee rights, which has been identified through a double materiality assessment. Since the material impacts connected with the topical standard “ESRS S1 – Own workforce” are actual impacts, a time frame is not stated. Material risks and opportunities related to the topical standard “ESRS S1 – Own workforce” have not been identified.

More detailed information on the interaction of the material impacts, risks and opportunities with HT’s strategy and business model is given under the section *“ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model”*.

Material impacts, risks and opportunities and their interaction with strategy and business model

Value chain	Impact	Description
Working conditions		
Own operations	Positive impact (actual)	Collective bargaining The Collective Agreement and cooperation with workers’ representatives ensure a high level of employee rights
Own operations	Positive impact (actual)	Health and safety Health and safety at work programs lead to a sustainable positive impact on employee health
Own operations	Negative impact (actual)	Health and safety Burnout and stress due to demanding nature of the job
Own operations	Negative impact (actual)	Health and safety Field work entails health and safety risks for technicians and employees engaged in construction works
Equal treatment and opportunities for all		
Own operations	Positive impact (actual)	Gender equality and equal pay for work of equal value Group’s initiative for equal pay and gender equality
Own operations	Positive impact (actual)	Measures against violence and harassment in the workplace Internal processes positively affect the workforce through a broad portfolio of measures concerning anti-discrimination and diversity.
Own operations	Positive impact (actual)	Training and skills development Training and skills development programs have a positive impact on employees’ competencies, as well as on their professional and individual development. (NEW)

Concerning the review of material impact on own employees, only employees of the Group have been included. Self-employed persons or persons provided by third-party undertakings that primarily deal with recruitment services make up

less than 5% of the cost of the entire workforce, and therefore, potential material impacts related to workers whom HT does not employ have not been included in this report.





IMPACT, RISK AND OPPORTUNITY MANAGEMENT

ESRS S1-1– Policies related to own workforce

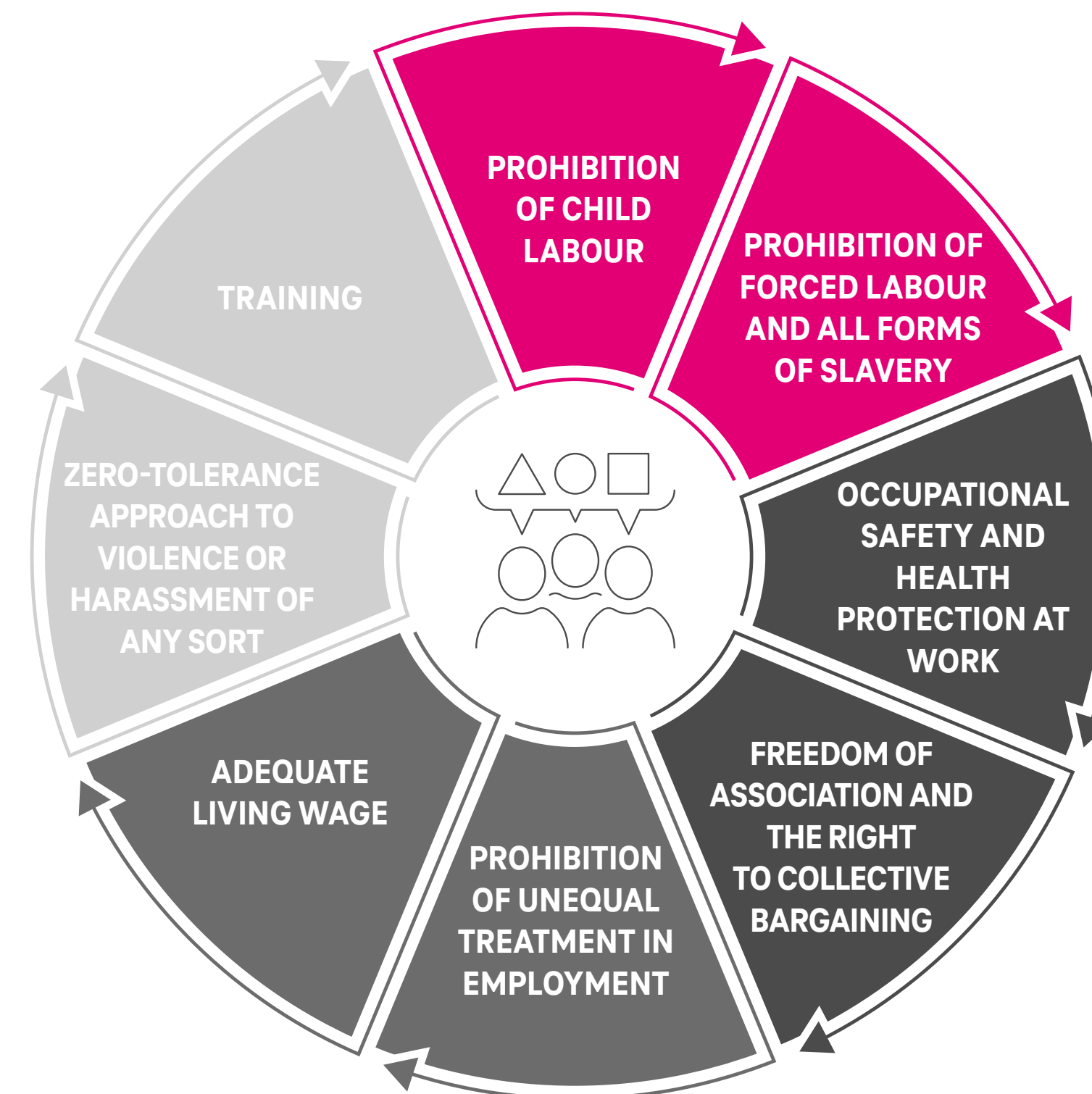
Working conditions (Collective bargaining, including rate of workers covered by collective agreements)

The Group respects the right to association and collective bargaining in accordance with national legislation. Employees thus exercise a high level of rights arising from the Collective Agreement and collaboration with the unions. Due to different legal and contractual requirements in certain countries, these topics are managed in a decentralised manner, and agreements with workers' representatives are entered into by the companies that make part of the Group separately.

The approach to managing material impacts related to social dialogue and the freedom of association is based on the [Group's Code of Human Rights](#). This Code describes HT's values and standards, which are more concretely stated in guidelines, directions and processes that create the framework for the Group's business conduct.

The principles and expectations outlined in the Code of Human Rights apply in equal measure to HT's employees, suppliers and business partners of the Group. HT is committed to respecting and promoting human rights and environmental concerns everywhere the Group operates, including in its supply chain and business partners.

Group's principles and expectations concerning employees





The Code of Human Rights is available on HT's web page to all employees of the Group, their interested parties and external stakeholders. Besides the Code of Human Rights, the following policies and guidelines regulate care about own employees:

- [Code of Conduct](#)
- [Diversity, Equity and Inclusion \(DE&I\) Policy](#)
- [Social Charter](#)
- Collective Agreements
- Quality, Health, Safety and Environment Management System.

Besides that, the Group obliges its business partners and suppliers to adhere to the principles and values outlined in [HT's Supplier Code of Conduct](#), described under the section "[ESRS S2-1 – Policies related to value chain workers](#)". These principles have been aligned with the Code of Human Rights.

In the Code of Human Rights, along with the legal requirements, the Group commits to adhere to numerous international reference instruments to protect human rights and to take care about environmental concerns. Currently, these are:

- International Bill of Human Rights, consisting of the Universal Declaration of Human Rights and International Covenant on Civil and Political Rights, within which the civil, political and social rights that everyone is entitled to are set out
- International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work defining its five basic

principles, namely the freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labour, effective abolition of child labour, elimination of discrimination in respect of employment and occupation, and a safe and healthy working environment

- OECD Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development and principles of UN Global Compact
- Tripartite declaration of principles concerning multinational enterprises and social policy (MNE Declaration) of the International Labour Organisation (ILO)
- United Nations Guiding Principles on Business and Human Rights.

Through this voluntary obligation, the Group also adheres to minimum safeguards required to align economic activities with the provisions of the EU Taxonomy Regulation. Minimum safeguards require a management system that can be used to monitor the alignment with the above-stated reference instruments. In accordance with that, HT's human rights protection processes and preventive measures are based on risk management through a management system covering the DT Group and its supply chain, which is used to monitor the alignment with social and environmental standards. Additionally, HT regularly engages in confidential dialogue with employee representatives and unions.

HT's Management Board is responsible for adherence to the Code of Human Rights, while

the Human Rights Officer has a supporting role in monitoring compliance with the obligations assumed through the adoption of the Code.

If, based on our risk analysis, we establish that a violation of human rights has already occurred or is imminent, we immediately take appropriate measures to provide remedies as described in the Code of Human Rights, under the chapter "Remedial action", aimed at stopping or mitigating the scope of the violation. The objective of remedial action is to stop the violation.

Since 2016, a program has been put in place at the level of the DT Group to ensure compliance with human rights and environment-related due diligence in accordance with the above-mentioned international reference instruments. Within this program, a human rights analysis was carried out, and both external and internal experts were involved in preparing the Code of Human Rights. The analysis allowed us to identify groups of individuals that may be positively or negatively affected by the business process of the DT Group and DT considered their interests when preparing the Code of Human Rights. This includes the employees in the DT Group companies, employees of the DT Group's direct and indirect suppliers, individuals at the DT Group's customers, children, young people and people in affected communities. When carrying out due diligence processes, special attention is paid to the interests of particularly vulnerable groups such as children, young people, women, migrant workers and other members of national or ethnic, religious or linguistic minorities. At the DT Group level, the procedures for identifying vulnerable groups are constantly refined and reviewed at least

once a year after conducting the annual human rights and environmental risk analysis. At HT, data on employee satisfaction, i.e. on topics concerning labour rights, are proactively collected using regular employee surveys.

Working conditions (Health and safety)

The key to a productive employee lies in their health. The Group recognises the importance of both physical and mental wellbeing of its employees and the connection among wellbeing, individual productivity and results achievement. Occupational health and safety programs of the Group have a sustainably positive impact to the employees' health. On the other hand, the service sector has specific negative impacts on the health and safety of employees in this area of business. The recognised negative effect relates to employee burnout and stress. Although no policy explicitly addresses burnout and stress, through its Code of Human Rights, Environmental, Health and Safety at Work Policy, Work Performance Management Policy, Social Charter and Diversity, Equity and Inclusion (DE&I) Policy, the Group seeks to prevent excessive psychological fatigue, promote employee wellbeing and actively support work-life balance. The telecommunications industry generally has a low physical risk for employees, but there is a health risk for technicians, field workers and construction workers due to working with electricity, working at heights or other activities related to health and safety.

Ensuring employee health and safety is of strategic importance to the Group. This topic is governed





SOCIAL MATTERS

ESRS S1 – OWN WORKFORCE

(continued)

by the Occupational Health and Safety Regulations, the Job Risk Assessment, the Health and Safety Protection Policy at Work, various training manuals for safe working practices and fire safety, and various guidelines for safe working practices across all work sites. In addition to the above policies, HT also adheres to national legislative framework. In the Republic of Croatia, this includes European guidelines, directives and recommendations by the European Centre for Disease Prevention and Control (ECDC), recommendations and guidelines of the Croatian Institute of Public Health (HZJZ). In Montenegro, this includes the Health and Safety at Work Act, the Protection and Rescue Act, the Act on Restricting the Use of Tobacco Products and the Road Safety Act. The entire Group operates according to the guidelines and instructions of the World Health Organisation (WHO). HT and CT have also obtained certification for the international standard for occupational health and safety management, ISO 45001:2018.

Equal treatment and opportunities for all (Gender equality and equal pay for work of equal value; Measures against violence and harassment in the workplace; Diversity)

Respect and integrity are key to the long-term business success of the Group. The Group strives for diversity which is seen as a source of different ideas, a driver of debates and an impetus for improvements, resulting in innovations, better solutions and improved business results. The values whereby HT strives to achieve these goals are defined by the 6 [Guiding Principles](#), which are

known to the entire organisation. The behaviours for each of the Guiding Principles stated under the section *“ESRS G1-1 – Business conduct policies and corporate culture”* are clearly defined and we expect every individual to understand and apply them in their work. Two of the 6 Guiding Principles relate precisely to the respect for others and a sense of belonging.

HT has adopted several codes of conduct, policies and regulations that affirm its commitment to respecting diversity and inclusivity. HT is among the first signatories of the Diversity Charter, which raises awareness of the importance of diversity in the business world and in society as a fundamental value of modern society. These values are also embedded in the Diversity, Equity and Inclusion (DE&I) Policy, the Code of Human Rights, the Social Charter, the Code of Conduct, the [Digital Ethics Guidelines](#) and the Collective Agreement. The Work Regulations and the Collective Agreement also address the topic of equal pay for equal work.

By adopting the Diversity, Equity and Inclusion (DE&I) Policy, which is available on HT’s web page, HT committed itself to respecting international instruments such as the Universal Declaration of Human Rights, the Organisation for Economic Co-operation and Development’s (OECD’s) Guidelines for Multinational Enterprises, the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labour Organisation (ILO), the Convention on the Organisation for Economic Co-operation and Development, the Guiding Principles for Multinational Enterprises and the 10 principles

of the UN’s Global Compact. Furthermore, HT adheres to the guidelines from EU directives against discrimination and the local law in the respective countries of the Group’s footprint.

At the Group, the Diversity, Equity and Inclusion (DE&I) Officer, the Human Rights Officer as well as organisational units in charge of human resources, compliance and legal affairs are in charge of the strategy and management of all measures to strengthen diversity, equity and inclusion referred to in the Diversity, Equity and Inclusion (DE&I) Policy. Implementing measures to boost diversity, equity and inclusion is aligned with HT’s business goals and strategy.

Equal treatment and opportunities for all (Training and skills development)

Training and skills development are based on strategic direction of the Company and governed

ESRS S1-2 – Processes for engaging with own workers and workers’ representatives about impacts

HT realises the high level of rights stemming from collective agreements and collaboration with unions through a long history of dialogue with its social partner, i.e. working with the workers’ representatives and unions of the Group. This is evident in ensuring adequate pay and workers’ social rights in line with the Code of Human Rights and international instruments described under the section *“ESRS S1-1 – Policies related to own workforce”*.

by formal policies, including the following key policies: the Work Performance and Career Management Regulations and the Guidelines for Employee Participation in Training Programmes, as well as various operational instructions and the annual training plan. They define the purpose, scope, methods of skills development and the target groups of employees to be assigned to training.

The Collective Agreement further stipulates that employees are to be provided with opportunities for training, education and professional development at work in line with their abilities and the employer’s needs, and also regulates the entitlement to a paid leave for the purpose of sitting examination.

Training and skills development are delivered through several programs, covering larger closed groups of employees as well as individual participation in training courses and conferences.

Cooperation with employee representatives, namely the Workers’ Council, is carried out by providing information, engaging in consultation and obtaining of their consent. The Workers’ Council comprises 23 members who are elected in accordance with the Labour Act for a 4-year term of office. Members of the Workers’ Council are granted paid hours off to perform their duties, with 5 members fully released from their contractual work obligations and dedicated full-





SOCIAL MATTERS

ESRS S1 – OWN WORKFORCE

(continued)

time (8 hours) to the activities of the Workers' Council. HT and the Workers' Council have concluded the Agreement on the Conditions for the Operation of the Workers' Council.

The Workers' Council conducts its work through meetings held on average once a month, or more frequently as required. At least one employer representative attends each meeting. Meetings are held based on a defined agenda and, depending on the topics discussed, the employer provides presentations and briefings for information purposes or, where relevant, submits additional documentation to enable consultation and the obtaining of consent. Issues raised by employees and collected by the Workers' Council form an integral part of every meeting.

At CT, the employer organizes an annual meeting attended by all employees, where members of the management present the company's strategy and achieved results. In addition, management conducts at least one annual "Road Show" aimed at enhancing direct communication with employees in other cities and regions. CT conducts employee satisfaction surveys twice a year, in accordance with standards applied across the entire Group.

In the Group subsidiaries Combis and HT Towers, a union representative operates with the rights and obligations of a Workers' Council. Their role and mode of operation are equivalent to those of a Workers' Council. The employer maintains regular communication with the union representative, via email and/or through meetings. These meetings have a set agenda and, depending on the

topics, the employer presents and informs, or in addition to the presentation, provides supporting documentation for the purpose of consultation and obtaining consent. Questions from employees collected by the union representative are an integral part of each meeting.

Data on HT's employee satisfaction and their labour rights are regularly and actively collected through employee surveys, which serve to verify the contribution to equal treatment and opportunities for all. The survey results for 2025 have shown that the satisfaction level is stable, with minor oscillations in several areas. Concerning diversity and non-discrimination, HT has been continuously achieving high scores. Most employees believe that, at HT, everybody has equal opportunities for employment and career development, regardless of age, gender and gender identity, sexual orientation, physical and mental abilities, nationality, social and ethnic origin, political beliefs, religion and world view. They also believe that HT provides a safe working environment for all, in which inappropriate behaviour is not tolerated, regardless of the aforementioned categories.

Regarding health and safety, HT monitors and collects complaints and proposals of employees, individuals at work and workers' safety representatives when identifying workplace hazards, harmful factors and strains at the workplace. The list and contacts of HT's occupational health and fire protection experts are accessible to employees on the intranet. For direct reporting, questions or comments regarding

occupational health and safety, employees can use direct e-mail contact of the occupational health and fire protection department or other digital tools (like the HPSM Service Management Desk). During the year, the occupational health and safety committee holds at least two meetings with all representatives – worker safety delegates – to which employer representatives and occupational safety experts are invited (and, if necessary, labour inspectors and occupational health specialists). The Company has a total of 5 appointed professional delegates and 18 workers safety delegates whose duty is to protect workers' interests concerning occupational safety and to monitor the application of rules, measures, procedures and activities related to safety at work.

It is a legal obligation to establish an occupational safety committee. In HT, at the regional level, there are 4 occupational safety committees – Committee for Central and Northern Croatia, Committee for Western Croatia, Committee

for Eastern Croatia and a Central Occupational Safety Committee, which serves as an advisory body for improving occupational safety, with meetings held at least once every 6 months. The Committee consists of the employer or its authorised representative, an occupational safety expert performing safety tasks for the employer, an occupational medicine specialist appointed in accordance with specific regulations and a worker safety delegate or their coordinator.

The described permanent mechanisms, which include social dialogue, employee satisfaction surveys and mechanisms for expressing opinions, serve as input information for assessing the materiality of the impacts, risks and opportunities relating to own workforce. HT's approach of stakeholder inclusion has been described in more detail under the sections "*ESRS 2 SBM-2 – Interests and views of stakeholders*" and "ESRS 2 IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities".

ESRS S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

The Group has zero tolerance towards any form of direct or indirect violence, discrimination or harassment at work – either on the internet or in person. Also, we do not tolerate any form of racism or antisemitism. Furthermore, whenever they represent any of the Group companies, employees must avoid any behaviour that includes discrimination or harassment of other individuals. This also includes the external presentation of the

Group (e.g. marketing activities). HT is committed to zero tolerance for any form of sexual harassment in the workplace. Throughout the Group, We treat all incidents seriously and investigate all sexual harassment allegations. Any allegations of deliberate misconduct are punishable following applicable statutory provisions, regardless





of the rank and position of the individual in question within the Group.

If any of Group’s employees feel threatened, perceive discriminatory practices against them or are aware of such actions at the Group, they can utilise the grievance mechanism through the “Tell Me!” website or submit an anonymous report via the Ethics Line. They may also directly contact authorised persons responsible for receiving and resolving complaints about protecting workers’ dignity. If, as described under the section *“ESRS S1-1 – Policies related to own workforce”*, a violation of human rights has occurred or is imminent, appropriate remedial action is immediately undertaken to prevent, stop or decrease the scope of violation. In accordance with internal acts, if a complaint of discrimination on any grounds is found to be justified, the designated person handling complaints related to the protection of workers’ dignity is obliged to alert the Company of the need for urgent measures to prevent further harassment or sexual harassment. The manner of informing HT’s employees on how to raise concerns is described under the section *“ESRS G1-1 – Business conduct policies and corporate culture”*.

The Regulations on the Procedure for Reporting Internal Irregularities and Appointing a Trustworthy Person and their Deputy ensure the protection of whistleblowers against retaliation, attempted retaliation or threats of retaliation. Any act or legal transaction by which the employer retaliates against a whistleblower or a related person as a result of reporting irregularities shall have no legal effect.

Negative impacts on employees relating to health and safety are monitored at HT by conducting various activities to alleviate and prevent such impacts. Identifying significant negative impacts, risks and opportunities is key to planning and implementing measures to track their realisation. Risks are identified through a risk assessment process. Risks are identified through a risk assessment process. If a risk is identified as high or significant, HT implements a series of measures, such as education, disease prevention and health campaigns to mitigate or eliminate the identified risk. Through periodic checks such as tests, examinations, internal audits and inspections, HT continuously assesses the system of preventive measures to ensure its adequate implementation, applicability and effectiveness. Among the activities aimed at safeguarding health, programs focused on the preservation of physical and mental health are particularly highlighted.

Concerning mental health protection, lectures, webinars and incentives for concrete activities are continuously delivered throughout the year via the internal well@work platform, with the aim of mitigating the adverse effects of stress and preventing burnout.

A culture of promoting and implementing health-related activities is increasingly fostered through various lectures, workshops, challenges, Healthometer surveys, exercising with colleagues, Health Polygons with measurements of health parameters, and many other initiatives.

ESRS S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Working conditions (Collective bargaining, including rate of workers covered by collective agreements; Social dialogue)

The rights of employees within the Group are different depending on which company they work for, and they are adequately adjusted to the type of job and employee. Employee rights are defined by regulations published in official gazettes or on the intranet at least 8 days before they enter into force. As stated under the section *“ESRS S1-8 – Collective bargaining coverage and social dialogue”*, 90% of all Group employees are covered by collective agreements (2024: 92%). In the Republic of Croatia, a three-year Collective Agreement of HT is in force until 31 December 2026, while Combis’ employee rights that go beyond the legally prescribed level of labour rights are defined by the respective regulations. In Montenegro, a three-year Collective Agreement of CT is in force, which was signed in 2023.

HT’s Collective Agreement has maintained the high level of employee rights from the previous agreement, including an inflation allowance, which has been further increased as of October 2024. This Collective Agreement significantly improved the pay grade thresholds, secured a larger salary budget, increased minimum wages by a total of 37%, and ensured the following employee rights:

- Abolishing 8 pay grades and putting all employees into 4 job categories
- Increase in the minimum salary to 1,150 euros
- Adjustment of and increase in entry-level salaries for all job categories,
- More than 3,900 employees had a salary increase as a result of salary and career path adjustments,
- Increase in the Easter bonus to 130 euros,
- Increase in holiday allowance and Christmas bonus to a total of 500 euros,
- Introducing a kindergarten allowance for employees’ children amounting to 50 euros per child per month
- Co-financing of employees’ voluntary pension savings in an amount of up to 100 euros,
- Increase in the statutory minimum severance pay from 1/3 to 1/2 of the monthly salary.

Employees to whom HT’s Collective Agreement does not apply can belong to HT managers category or be employees of other Group companies. The rights of these employees are defined by the Labour Regulations of the company of their employment. All employees’ rights are higher than those prescribed by the Labour Act, and the concrete rights vary from company to company, i.e. they are aligned with the type of job and type of employee of a particular company.





CT's Collective Agreement covers all employees of the Group in Montenegro. Apart from this Agreement, a salary agreement for a shorter period was signed to allow annual adjustments based on the inflation rate.

Working conditions (Health and safety)

When managing impacts, HT relies on various indicators to assess the functionality of HT's occupational health and safety systems. One of these indicators is the status of implementation of workplace safety, which HT bases on the results of internal audits of compliance with workplace safety rules and findings from inspection authorities. We also monitor the frequency and causes of workplace injuries, occupational diseases, work-related illnesses and accidents at work and the severity of their consequences. Additionally, we take into account the results of the analysis of decisions and conclusions from committee meetings and we track employee satisfaction indicators related to occupational health and safety through satisfaction surveys. The effectiveness of HT's safety system is also evaluated by the Management Board.

Member of the Management Board and Chief Operating Officer for Human Resources and Customer Operations (COO) is in charge of this segment and appoints and assigns employees from the Employee Strategic Management and Protection Department to perform specialised occupational health and safety tasks. They receive support from other sectors or departments as needed, depending on the nature of the work. They are supported by managers, team leaders, worker

representatives for occupational safety and contracted specialist occupational medicine doctors. At the regional level, there are 4 occupational safety committees and a Central Occupational Safety Committee described under the section *"ESRS S1-2 – Processes for engaging with own workforce and workers' representatives about impacts"*.

The plan of preventive measures refers to rules, measures, procedures and activities aimed at preventing and reducing risks to ensure a higher level of occupational health protection. At HT, we periodically review the plan of measures implementation, considering the set deadlines, key implementers and processes for measure control. This plan includes the following indicators:

- Implementation status of occupational health protection based on findings from internal audits of the application of occupational health and safety rules at the workplace, as well as conclusions from inspection authorities
- The frequency of workplace injuries, occupational diseases, work-related illnesses and workplace accidents, considering their sources, causes and severity of consequences
- Complaints and observations of employees, individuals at work and workers' safety representatives on the implementation of occupational health and safety measures, along with their suggestions regarding the identification of hazards, harmful factors and strains in the workplace
- Analysis of the implementation of decisions and conclusion from the Occupational Health and Safety Committee meetings

- Indicators of employee satisfaction with occupational health and safety, measured through employee satisfaction surveys.

As of 1 January 2025, HT employees have been provided with additional health insurance coverage – a benefit that elevates the level of healthcare support. In cooperation with Croatia osiguranje, HT offers employees free supplementary insurance policies, providing access to free preventive medical check-ups and a broad range of additional healthcare services, including specialist consultations, advanced diagnostics and faster access to services at more than 500 locations across Croatia.

Continuous efforts are also made to encourage employees to use these services, with periodic reminders communicated through internal channels. HT employees are also provided with various educational content on physical and mental health, including articles, webinars, face-to-face (F2F) sessions and workshops accessible to all employees. HT has contracted occupational health services in all regions in accordance with legislation on specific healthcare and health insurance.

HT ensures appropriate health monitoring for its employees, tailored to the risks, hazards and stresses they may encounter during work. All companies of the Group are obligated to provide all employees with an accident insurance coverage, 24 hours a day, both domestically and internationally. This means all employees are insured with a 24-hour policy regardless of whether an accident occurs at or outside of work. The accident insurance policy with an authorised insurance company covers all employees in case of death caused by an

accident or permanent disability resulting from an accident. HT has also arranged for daily allowances for temporary incapacity for work and coverage of hospitalisation costs.

The Group regularly conducts training in health and safety at work to ensure that every employee knows how to behave responsibly and safely, and to reduce workplace accidents. Following our efforts to promote health among our employees, each year we conduct various activities and projects to raise the awareness of our employees that they need to take care of their health.

Health and safety at work in 2025 were addressed through a comprehensive and systematic approach based on the following key activities:

- Preparation and regular review of risk assessments for all workplaces in order to identify potential hazards and define measures to eliminate them
- Preparation of a detailed occupational health and safety action plan, including preventive activities, as well as rules and procedures for safe work
- Training and education of employees on safe work procedures, the proper use of work equipment and personal protective equipment, as well as on job-specific risks
- Conducting regular medical checkups of employees, with particular emphasis on workers exposed to specific risks• Internal monitoring of compliance with occupational health and safety rules, together with advisory support to the employer's authorised representatives and employees to remedy identified deficiencies





- Organisation and implementation of evacuation and rescue drills, as well as other safety procedures
- Monitoring and analysis of data on accidents, injuries and work-related illnesses, as well as the preparation of quarterly reports and notifications to the competent authorities
- Ensuring the use of personal protective equipment and safe work equipment
- Encouraging healthy lifestyles through health promotion programs, such as sports activities and healthy nutrition in the workplace
- Cooperation with occupational health and safety specialists, medical professionals and competent authorities with the aim of continuously improving the occupational health and safety system.

In the area of occupational health and safety at CT, a Risk Assessment Act has been adopted, defining all job positions, with special emphasis on those with increased risk. For employees in high-risk positions, the employer organizes mandatory annual medical check-ups.

Additionally, the employer provides mandatory safety training for employees in the following situations: upon employment, reassignment to a different position, introduction of new or replacement work equipment, changes in work processes, and reassignment after an absence longer than one year. These mandatory occupational health and safety trainings are organized in cooperation with an authorized Occupational Health and Safety Agency. The company has also appointed an employee representative for occupational health and safety at CT.

Regular first aid training sessions are organized in cooperation with the Red Cross of Montenegro. A list of trained employees, including contact numbers, is displayed in all CT office buildings. All relevant documentation in this area (corporate directives, procedures, regulations, recommendations, guidelines, important phone numbers, etc.) is available to employees via the internal portal.

The goal of safety training is to change behaviour and actions in situations that may affect the life and health of employees, making it one of the most effective measures in preventing workplace injuries.

Equal treatment and opportunities for all (Gender equality and equal pay for work of equal value; Measures against violence and harassment in the workplace; Diversity)

The Group considers the creation of an equal-opportunity working environment, the promotion of inclusivity, the mitigation of the impacts of unconscious bias and zero tolerance for all forms of discrimination to be critical to its success. Through the implementation of measures to prevent discrimination, promote diversity and pursue pay equity initiatives, the Group achieves a positive impact on equal treatment and opportunities for its employees. Through a range of activities aimed at promoting diversity and non-discrimination, the Group educates its people and raises awareness of unconscious bias, while fostering sensitivity towards others. Managers are educated about HT's Guiding Principles through programs such as "Leadership Anchors – the Modification of Principles for Managerial Perspective" to ensure

organisational values are successfully applied in people management. Employees undergo education on the Guiding Principles through development programs that are part of their career path, contributing further to the development of the work environment. Additionally, HT raises employee awareness through its "Diversity, Equity and Inclusion" website with articles and videos, including the series "Everyone Can Be Themselves Here" ("Kod nas svatko može biti svoj"), which features testimonials and stories from employees who are in some way different from the majority. HT's HR department monitors the statistical representation of all groups in key processes and implements various activities to promote inclusivity so that all employee groups are adequately included. At CT, company values and its stance on discrimination are continuously communicated through employee notices about the prohibition of mobbing, rights, obligations and responsibilities related to mobbing, methods of recognising it and options to be protected from mobbing.

Additionally, HT demonstrates equality through equal pay for equal work for all employees regardless of their gender, political, ethnic, religious or any other diversity. Our job positions are systematised and categorised into corresponding wage grades and published in HT's Regulations on Organisational Structure and Job Systematisation. Wage ratios are defined in the Wage Regulations and in the Collective Agreement. The gender pay ratio for men and women is shown under the "*ESRS S1-16 – Compensation metrics (pay gap and total compensation)*" section, proving that HT lives its values. An analysis conducted at HT has shown that HT's efforts to reduce the gender pay gap have

been successful. HT is one of 16 companies in the Republic of Croatia to be awarded the "Equal Pay Champion" certificate by the SELECTIO Group.

Equal treatment and opportunities for all (Training and skills development)

In 2025, a lot of comprehensive development programs were implemented, involving over 80% employees and confirming HT's ongoing commitment to strengthening competencies and maintaining a culture of lifelong learning and personal development. Below is a brief overview of the most significant development programs implemented at HT in 2025:

- Three programs for managers and team leaders that were launched in 2024 continued
- Two programs supporting career development and forming part of the Career Path process – Boosting High Potential and Grow Beyond – enrolled a new generation of participants
- Several programs were implemented to develop specific professional competencies, with a particular focus on the development of so-called "future-proof skills"
- More than 2,000 employees participated in individual internal and external short-term training sessions
- An internal online learning platform, Percipio, is available to all employees, while additional online learning systems focused on developing artificial intelligence skills are made available to selected employees





- A 20% increase in access to online learning tools
- The internal portal “Love AI – VolimAI” consolidates all in-house activities related to AI awareness and skills development. A dedicated AI section on the intranet allows employees to write, suggest training topics or watch AI-related podcasts
- Employees also joined the national program through which HT educates the wider public on

the use of AI technologies, entitled “You Can Do AI Too” (“AI ti to možeš”), with more than 800 employees participating.

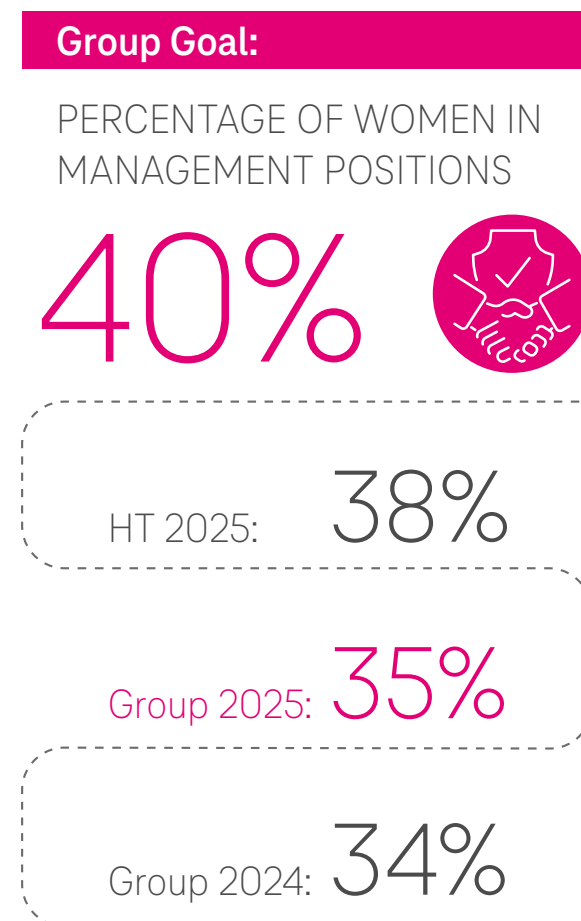
For excellence in human resources management and continuous improvement of work processes, HT was re-awarded the Employer Partner certificate granted by the SELECTIO Group and once again received the Above and Beyond recognition, awarded to the top 10% of Employer Partners.

OBJECTIVES

ESRS S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The inclusion of all people, whereby everyone in the Company feels respected and included, is one of the pillars of the [Sustainability Strategy of the Group](#). The continuous goal of the Group is to keep the percentage of women in management positions at 40%. This target is based on a renewed commitment of the Management Board, which has been confirmed by adopting the Sustainability Strategy of the Group in 2023 and underlines the ambition of the Group to advance gender equality at all levels in the Company, especially in management positions. The objective was set in earlier periods and related to HT only. However, since there have been significant acquisitions in the last couple of years, there has been a decrease in the ratio of women in management positions. As stated under the section “*ESRS S1-9 – Diversity metrics*”, the proportion of women in management positions in the Group at the end of this reporting period amounted to 35% (2024: 34%).

The Group has not set any other measurable and outcome-oriented targets related to material impacts identified in this topical standard.



KEY INDICATORS

The following data has been consolidated at the Group level. The unit of measurement concerning the workforce number is the number of individuals.

The number of individuals (head count) is expressed as number of individuals in employment relationship as at 31.12.2025.

ESRS S1-6 – Characteristics of the undertaking’s employees

In 2025, the Group’s head count was 5,733 (2024: 5,751).

Employees head count per gender

Head count	2025	2024
Gender	Head count	
Male	3,717	3,728
Female	2,016	2,023
Employees total	5,733	5,751

Head count in countries where the undertaking has at least 50 employees representing at least 10% of its total number of employees

Head count	2025	2024
Country	Head count	
Republic of Croatia	5,229	5,271
Montenegro	451	447





SOCIAL MATTERS

ESRS S1 – OWN WORKFORCE

(continued)

Information on employees per contract type, breakdown per gender

Head count	2025			2024		
	Women	Men	Total	Women	Men	Total
Employees total	2,016	3,717	5,733	2,023	3,728	5,751
- of which: Number of permanent employees	1,895	3,445	5,340	1,932	3,497	5,429
- of which: Number of temporary employees	121	272	393	91	231	322
- of which: Number of non-guaranteed hours employees	0	0	0	0	0	0

In the reporting year, 535 employees left the Company. The fluctuation rate in 2025 was 9% (2024: 8%).

ESRS S1-8 – Collective bargaining coverage and social dialogue

In the Republic of Croatia, the Collective Agreement of HT is in force and it applies to HT's employees but not managers. The Collective Agreement of HT does not cover employees of other companies within the Group. The rights and obligations of employees of the Group companies are governed by the Labour Act and

related legislation, as well as by the internal rules and policies of each individual company. In Montenegro, CT's Collective Agreement is in force, and it relates to all Group employees in Montenegro.

In 2025, the percentage of employees covered by collective agreements was 90% (2024: 92%).

Collective bargaining coverage and social dialogue

Collective bargaining coverage			Social dialogue
Coverage rate – percentage (%)	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – outside EEA (estim. for regions with > 50 empl. representing >10% of total emp.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)
2024	Republic of Croatia 90%	Montenegro 100%	Republic of Croatia 90%
2025	Republic of Croatia 89%	Montenegro: 100%	Republic of Croatia : 89%

Supervisory Board member and workers' representative of HT is Viktor Vanek, a member of

the Presidium of the European Works Council of Deutsche Telekom (EWC DTAG).

ESRS S1-9 – Diversity metrics

Gender distribution per number and percentage of managers in leading positions, without the Management Board

	Number of individuals	Share %	Number of individuals	share %
head count and percentage (%)	2025		2024	
Men	128	65	144	66
Women	68	35	74	34
Total	196	100	218	100





Employee distribution per age groups

	Number of individuals	share %	Number of individuals	share %
head count and percentage (%)	2025		2024	
younger than 30 years of age	829	14	778	14
30-50 years of age	3,312	58	3,396	59
older than 50 years of age	1,592	28	1,577	27
Total	5,733	100	5,751	100

ESRS S1-13 – Training and skills development metrics

Percentage of employees who participated in regular performance and professional development reviews

	%	
percentage (%)	2025	2024
Men	100	100
Women	100	100
Total	100	100

Average number of training hours per employee, by gender

	M	F	M	F
average number of hours	2025		2024	
Management	30	32	30	31
Employees	40	41	37	40

ESRS S1-14 – Health and safety metrics

All Group employees (100%) are covered by occupational safety at work, based on the international standard ISO 45001:2018, which is described in more detail under the section “*ESRS S1-1 – Policies related to the undertaking’s own workforce*”. In 2025, a total of 23 accidents were recorded at the Group (2024: 33) with the rate of accidents of 2.18 (2024: 3.37), while the total number of days lost to injuries amounted to 905.6 (2024; 1,347.5). In the reporting period, there were no work-related illnesses about which record needs to be made but to which legal restrictions concerning data collection are applied. Also, in the reporting period, there were no fatalities resulting from injuries at work or work-related illnesses (2024: 0 fatalities).

The reduction in the number of occupational injuries during the reporting period is the result of continuous and systematic investments in preventive health and safety actions. In 2025, risk assessments were revised, work processes were improved, and employee training was intensified

The reduction in the number of occupational injuries (LTIR) is the result of continuous and systematic investments in preventive health and safety actions

with the aim of identifying and preventing potentially hazardous situations before they lead to injury.

Special emphasis was placed on developing a safety culture, regular safety communication, and responsible behaviour in the workplace. Investments in prevention have led to reduced exposure to risks, greater employee awareness, and timely response, which directly contributed to a lower number of occupational injuries compared to the previous year.

Health and safety metrics

	Number of fatalities	Number of injuries	Lost Time to Injury Rate (LTIR)	Number of days lost
based on head count	2025			
In the working process	0	16	1.52	542.6
Outside of the working process	0	7	0.66	362
Injuries at work total	0	23	2.18	905.6





ESRS S1-16 – Compensation metrics (pay gap and total compensation)

In 2025, the unadjusted gender pay gap amounts to 4% (2024: 3%). The adjusted gender pay gap, which takes into account the proportion each company contributes to the total number, was 3% (2024: 4%).

The ratio of the total annual remuneration of the highest-paid individual to the median total yearly remuneration for all employees (excluding the highest-paid individual) in 2025 is 28:1 (2024: 32:1).

The methodology of calculating the average gross remuneration and the hourly pay includes all remuneration paid during 2025 to employees employed as of 31 December 2025. Remunerations include basic and variable salaries, bonuses, fixed supplements, reimbursements, vacation bonus, Christmas bonus and similar payments.

This calculation does not include contributions in kind, such as an official vehicle and support not directly connected to work (e.g., for childbirth, long-term sick leave, death of a family member, etc.).

When calculating the gender pay gap percentage, the total yearly remuneration is the average hourly pay divided by the yearly number of working hours. The percentage difference is calculated using the following formula: (average gross hourly pay for a male employee – average gross hourly pay for a female employee / average gross hourly pay for a male employee) x 100

Adjusted gender pay gap 3 %

To calculate the ratio between the total yearly remuneration of the highest-paid individual and the median yearly total remuneration for all other employees (excluding the highest-paid individual), the total remuneration per employee is shown as a full-time equivalent.

ESRS S1-17 – Incidents, complaints and severe human rights impacts

In 2025, via the complaints mechanism on the “Tell Me!” website, Ethics Line and persons authorised for receiving and handling complaints related to the protection of workers’ dignity, a total of 7 reports about discrimination and harassment were received (2024: 5 reports about discrimination and harassment (of which, one was confirmed). Out of this number, 7 reports were received from the employees of the Group (2024: 5 reports were received from the employees of the Group). In 2025,

there were no fines, penalties or compensation for damages (2024: 0 fines, penalties or compensation for damages).

In 2025, no severe human rights incident were recorded (such as forced labour, people trafficking or child labour) related to workforce (2024: 0 incidents). In the reporting year, the total fines, penalties and compensation for damages for severe human rights incidents connected to the undertaking’s workforce amounted to 0 euros (2024: 0 euros).





SOCIAL MATTERS

ESRS S2 – WORKFORCE IN THE VALUE CHAIN



The Group's Supplier Code of Conduct defines standards of ethical business conduct and sets out how business partners, suppliers and their subcontractors are expected to ensure lawful conduct and an adequate level of respect for human rights.

By accepting the Supplier CoC, they commit to fair labour practices, adequate compensation for workers, freedom of association and the right to collective bargaining, promoting diversity, inclusion and occupational health and safety. Also, suppliers commit to prohibiting forced labour, preventing the use of child labour and worker discrimination.





STRATEGY

ESRS 2 SBM-3 S2 – Material impacts, risks and opportunities and their interaction with strategy and business model

The table shows the material impacts of the business activities of the Group on the human rights of workers in the value chain, which have been identified through double materiality assessment. The assessment is based on risk analysis conducted on the DT Group level in 2025, in accordance with the German Act on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains (abbreviated, the German Act on Corporate Due Diligence in Supply Chains or LkSG). As the assessment did not confirm the existence of actual adverse impacts, all identified

impacts were classified as potential, but likely to occur in the short term. Material risks and opportunities relating to the topical standard “ESRS S2 – Workers in the value chain” have not been identified.
More detailed information on the interaction of the material impacts, risks and opportunities with HT’s strategy and business model is given under the section *“ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model”*.

Material impacts, risks and opportunities and their interaction with strategy and business model

Value chain	Impact	Description
Working conditions		
Upstream	Negative impact (potential/short-term (< 1 year))	Fair wages The risk of unfair remuneration and wages below the statutory minimum for workers in the factories of indirect suppliers
Upstream	Negative impact (potential/short-term (< 1 year))	Collective bargaining Limited rights to collective bargaining and organisation in manufacturing facilities
Upstream	Negative impact (potential/short-term (< 1 year))	Health and safety Health and safety risks in the manufacturing of electronic devices
Equal treatment and opportunities for all		
Upstream	Negative impact (potential/short-term (< 1 year))	Gender equality and equal pay for work of equal value Discrimination, unequal opportunities and a lack of equality in production facilities
Other work-related rights		
Upstream	Negative impact (potential/short-term (< 1 year))	Forced labour The risk of forced labour in the extraction of raw materials for the production of electronic devices (CHANGE)





Workers who may be particularly affected by human rights violations in the value chain of the Group and the DT Group are:

- All workers employed by direct and indirect suppliers in the upstream value chain, i.e. within the supplier chain
- Workers (from these or other categories) who are particularly vulnerable to adverse impacts due to their inherent characteristics or specific circumstances, such as trade union members, migrants, remote workers, women or young workers.

This does not include:

- Workers who work at the Group and the DT Group locations but are not part of the Company's own workforce, including self-employed individuals or workers provided

by third parties, primarily engaged in employment and labour leasing activities

- Workers employed by companies in the downstream value chain (e.g. individuals involved in the activities of logistics or distribution service providers, franchise partners or retailers)
- Workers involved in the management of joint ventures or specialised vehicles owned by the Group and the DT Group.

Under the section *“ESRS S1-1 – Policies related to own workforce”*, within the description of the [Code of Human Rights](#), it is specified which workers with particular characteristics or working in specific work environments and activities are exposed to a higher level of risk.

[of Conduct](#) and the Code of Human Rights of the Group, and to implement such behaviour across their value chains. The Supplier Code of Conduct is part of the General Procurement Terms and Conditions of the DT Group, i.e. Procurement Regulations and internal instructions for conducting the procurement process of the Group. The Supplier Code of Conduct does not replace applicable laws and regulations in the countries where the DT Group suppliers operate, which includes the suppliers of the Group. Instead,

the Code aims to promote alignment with these laws and regulations and to provide support in ensuring that legal requirements are dutifully and efficiently implemented. By signing the Supplier Code of Conduct, suppliers adhere to respecting internationally recognised human rights and, if necessary, undertake corrective measures to remediate human rights violations of any kind as well as violations of fair working conditions. Also, suppliers are obligated to disclose such events (including potential violations) and cooperate with stakeholders when examining potential or actual violations. The basic principles and expectations that are referred to in the Supplier Code of Conduct include the following:

- Prohibition of child labour, forced labour and all kinds of slavery (e.g. human trafficking)
- Protection of the freedom of association and the right to collective bargaining
- Human rights and fair work practices
- Promotion of occupational health and safety
- Prohibition of unequal treatment in employment, i.e. respecting the principles of diversity and non-discrimination
- Payment of fair wages and respecting the working hours.

By its Supplier Code of Conduct as well as by the Code of Human Rights, described in more detail in the section *“ESRS S1-1 – Policies related to own workforce”*, the Group obliges its suppliers and business partners to respect the following internationally recognised norms and standards:

- “International Bill of Human Rights”, consisting of the “Universal Declaration of Human Rights” and “International Covenant on Civil and Political Rights”, within which the civil, political and social rights that everyone is entitled to are set out
- “International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work” defining its five basic principles, namely the freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labour, effective abolition of child labour, elimination of discrimination in respect of employment and occupation, and a safe and healthy working environment
- “OECD Guidelines for Multinational Enterprises” of the Organisation for Economic Co-operation and Development and principles of UN Global Compact
- Tripartite declaration of principles concerning multinational enterprises and social policy (MNE Declaration) of the International Labour Organisation (ILO)
- United Nations Guiding Principles on Business and Human Rights.

To educate suppliers and partners of the Group on these rules, responsible practices in human rights and environmental protection in global supply chains and international standards and best practices, publicly available e-learning materials have been published on HT's website.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

ESRS S2-1 – Policies related to value chain workers

In the context of workers in the value chain, the Group as part of the DT Group examines all material negative impacts on human rights. The management of these impacts and the requirements arising from these impacts have been integrated into centralised procurement practices applied by the Group which are described below.

By its [Supplier Code of Conduct](#), the Group obliges all its suppliers to act according to the principles and values referred to in the [Code](#)





SOCIAL MATTERS

ESRS S2 – WORKFORCE IN THE VALUE CHAIN (continued)

All suppliers and individuals who recognise non-compliance with the respective codes must raise concerns via the channels described in more detail under the section *“ESRS S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns”*. In case of non-compliance with the requirements referred to in the Supplier Code of Conduct in the Group or in any of the countries where the DT Group members operate, DT initiates a centralised risk incident analysis procedure in accordance with and under the requirements of the German Act on Corporate Due Diligence in Supply Chains (LkSG). This

ESRS S2-2 – Processes for engaging with value chain workers about impacts

DT regularly reviews the working conditions at their suppliers’ production sites within its audit programs. Within DT’s due diligence processes, the communication with workers in the upstream value chain, i.e. in the supplier chain, is done in a centralised way via surveys. This enables the workers of DT’s suppliers to anonymously provide information about their respective organisations’ social and environmental conditions. Suppliers are selected based on defined criteria, such as new products, significant media reports, or information gathered from civil society organisations. Surveys are primarily used to gain an impression of the working conditions at a particular site and to initiate further actions as needed, such as specific on-site reviews (the so-called “social audits”) conducted by external auditors.

analysis is part of risk management and serves to identify human rights violations and environmental risks with the DT Group’s suppliers, which includes the suppliers of the Group.

As part of introducing the LkSG management system, a new role of an LkSG Officer, i.e. human rights commissioner, has been created. The LkSG Officer reports directly to DT’s CEO. Also, an LkSG Risk Board has been established. The Group experts participate in the work of working groups that form part of the LkSG governance processes of the DT Group.

The DT Group focuses its audits on high-risk or strategically important suppliers, which includes the suppliers of the Group. They regularly undergo audits and this is how risk transparency, i.e. the transparency of negative impacts on workers in the supply chain of the DT Group, is ensured. If the production sites are external, their operators – and thus indirect suppliers as well – are also checked by the previously described methods. Social audits are conducted within the sector initiative “Joint Alliance for CSR” (JAC), which comprises 31 globally active telecommunications companies, enabling the coverage of a more significant number of relevant suppliers in the supply chain. Among other aspects, suppliers’ labour and social standards are assessed.





ESRS S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

If audit processes show specific irregularities at suppliers relating to negative impacts on workers in the DT Group's value chain, including the workers of the Group's suppliers – such as secure employment, working time, adequate wage, social dialogue, the right to freedom of association and collective bargaining, work-life balance, health and safety, and forced and child labour at suppliers – the DT Group's centralised risk management process is launched. In the first step, the central procurement organisation of the DT Group verifies the plausibility of the suspected case as a part of an ad hoc risk analysis. In case there is reasonable ground to suspect, the case is forwarded to an expert committee. This committee comprises representatives from DT's Global Compliance and Reporting (GCR), Legal and Integrity departments, and it is coordinated by the Central Procurement organisation of the DT Group. If the expert committee decides to obtain a statement from the supplier concerned, it contacts the supplier without delay in the second step of the process. Where a violation is confirmed, the supplier will be required, if necessary with support from the Deutsche Telekom Group, to define mitigation or correction measures, and agree on the deadlines for their implementation with DT. If measures were insufficient, the expert committee escalates the case to the DT Group's LkSG Risk Board. If it is reasonable to assume that the supplier will not meet the requirements, the expert committee can recommend a temporary suspension of

business relations. If the violation is severe or its consequences cannot be alleviated, the termination of the business relationship may be considered a last resort.

In case of irregularities, and if there is no contract with indirect suppliers, direct suppliers of the DT Group, which includes the suppliers of the Group, that are in a business relationship with these particular indirect suppliers, are also contacted. In this way, DT aims to create a system for preventing, stopping or minimising human rights violations with all stakeholders, including indirect suppliers.

The suppliers of the DT Group, which includes the suppliers of the Group, must ensure efficient procedures and a safe environment for their employees so that they can raise concerns and get feedback in line with the relevant supplier guidelines.

The Group's suppliers must inform their employees about the possibility of using the publicly available DT Group's website to report irregularities – “Tell Me!” – and the chance to submit an anonymous report via the Ethics Line. Additional information on how to report irregularities is available under the section *“ESRS G1-3 – Prevention and detection of corruption and bribery”*.

In its supplier contracts and the Supplier Code of Conduct, the Group expressly refers to the DT's website, “Tell Me!” and provides a link to this channel. All contractual partners are, therefore, aware of the system for raising complaints and have

access to it. More information about the Group's channels for raising complaints is given under the sections *“ESRS S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns”* and *“ESRS G1-1 – Business conduct policies and corporate culture”*. The DT Group collects information on possible upstream complaints, i.e. complaints in the supplier chain, by audits described under the section *“ESRS S2-2 – Processes for engaging with value chain workers about impacts”* as part of the sector JAC initiative or via information published in the media.

ESRS S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action

As part of the risk management system in accordance with the German Act on Corporate Due Diligence in Supply Chains (LkSG), DT conducts centralised risk analysis for the DT Group member companies, which includes the Group, and for their direct suppliers. Also, when it becomes aware of a reasonable suspicion about irregularities via ad hoc risk analyses, DT conducts supplier audits as described under the section *“ESRS S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns”*.

In accordance with LkSG's, DT considers information from internal and external sources in its centralised risk analysis. This includes publicly available reports per country and industry, information from the existing governance processes of the DT Group member companies, and procedures for reporting

As described under the section *“ESRS G1-3 – Prevention and detection of corruption and bribery”*, all matters that are reported through portals for irregularities are recorded and resolved in accordance with the law and care is taken of protecting the individual who made the report. At the DT Group level, which includes the Group, in 2025 there were no reports about any serious human rights' violations (e.g. forced labour, human trafficking and child labour) that would be connected with the workers in the supply chain (2024: 0 reports).

complaints or audits. Information from internal and external human rights experts is also considered at the DT Group level. All obtained information is checked for plausibility and prioritised. This is how DT creates its annual risk matrix for the DT Group member companies, which includes the Group, as for their direct suppliers.

As stated earlier, selected high-risk, strategically important suppliers are, if necessary, additionally checked in all DT Group member companies. For this purpose, an external service provider platform is used at the level of the entire DT Group, enabling the assessment and monitoring of companies' environmental, social and governance practices worldwide.





In 2025, the DT Group (excluding T-Mobile US) centrally implemented fundamental preventive and corrective measures. The objective was to address risks and potential adverse impacts on workers in the supply chain identified and prioritised in previous periods and during the current reporting period as part of the regular LkSG risk analysis.

Irrespective of individual risks, in 2025 DT engaged, on behalf of the entire DT Group, with all priority direct suppliers of the DT Group member companies and communicated its expectations regarding the protection of human rights and the environment. This engagement serves to raise awareness and may prevent the materialisation of risks and human rights violations.

In addition, particular attention is focused on areas where the DT Group has strong leverage, such as the procurement of products for its own brands (e.g. T Phone and T Tablet), where there is a risk of sourcing raw materials from conflict-affected or high-risk regions. For example, since 2024 these products have been analysed on an annual basis with regard to the risk of using raw materials from conflict-affected areas and the share of raw materials sourced from certified smelters. These measures aim to prevent or mitigate adverse impacts on working conditions and other workers' rights at the raw material extraction stage and in the production facilities of direct suppliers.

Regardless of whether products are own-brand or third-party products, the DT Group's technical requirements for mobile devices stipulate that the use of conflict minerals must be avoided. Where this is not technically feasible, suppliers are required to ensure transparency of the mineral

supply chain by completing the Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative (RMI), an industry association for responsible mineral sourcing in global supply chains that brings together more than 400 companies from various sectors. In addition, suppliers are expected, upon request, to provide all documentation and evidence substantiating their due diligence measures.

As of the beginning of 2025, aspects relevant to the LkSG have also been incorporated into regular qualitative audits at production facilities. Identified violations of the LkSG are included in the auditors' report and, like quality deficiencies, are addressed through corrective measures. The objective is to strengthen suppliers' quality assurance systems and minimise risks to occupational health and safety.

Annual audits conducted under the JAC initiative also aim to contribute to mitigating and preventing adverse impacts on working conditions in suppliers' production facilities within the telecommunications industry. In doing so, suppliers at lower tiers of the supply chain that manufacture or deliver information and communications technology (ICT) hardware are also taken into account. As many suppliers covered by JAC audits manufacture in Asia, audits are predominantly carried out there.

During the reporting year, the focus on the development and implementation of concrete risk mitigation measures within the JAC working group continued, particularly with regard to working conditions at ICT suppliers' facilities. These measures include intensified cooperation with suppliers and increased transparency across the ICT supply chain.

By participating in networks and associations such as the UN Global Compact, the German business network for sustainable development econsense or the Global e-Sustainability Initiative (GeSI), the DT Group aims to contribute to the ICT industry's more effective long-term implementation of sustainability requirements in the supply chain at a global level. Within these initiatives, examples of good practice are shared and resources are jointly leveraged to improve the standards of working.

DT conducts a review of the effectiveness of mitigation and prevention measures once a year, or as required, as part of the risk analysis process in accordance with the LkSG. The review is carried out by assessing predefined indicators developed when defining the individual measures.

When selecting suppliers, significant importance is attached to ensuring that they are familiar with the sustainability requirements set out in the Supplier Code of Conduct. As part of the selection process, the risk status of selected suppliers is also assessed, including through the use of external data. An excessively high risk status may result in a supplier not being engaged or a contract not being concluded.

OBJECTIVES

ESRS S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

No measurable and outcome-oriented targets related to significant impacts identified in this

Since 2024, efforts have been made to increase the coverage of the Supplier Code of Conduct among high-risk suppliers with whom cooperation is maintained.

Information on potential violations of the human rights of the workers in the value chain are part of the DT's Annual Policy Statement on Potential High-Priority Human Rights and Environmental Risks. After having made the annual risk analysis in accordance with the German Act on Corporate Due Diligence in Supply Chains (LkSG), these information are published on the web pages of the DT Group within the "Annual Report on Due Diligence in Supply Value Chains". At the level of the DT Group, which includes the Group, in 2025 there were no such cases.

The measures undertaken in 2025 described in this section relate to multiple tiers of the value chain and were implemented centrally at the DT Group level. The identified potential negative impacts on workers in the value chain do not include the direct and indirect suppliers of the Group in the Republic of Croatia and Montenegro.

topical standard have been set on the DT Group level or on the Group level.





SOCIAL MATTERS

ESRS S4 – CONSUMERS AND END-USERS



Through network expansion, products and services, and digital inclusion programs, the Group contributes to economic development and digitalisation, equal access to the digital society and information, and to bridging the digital divide, as well as boosting freedom of expression and access to knowledge.

At the same time, the Group recognises challenges arising from digitalisation, such as risks to customer privacy and the protection of children online, and addresses them through continuous measures to strengthen information security, regulatory compliance and digital literacy.

Signatory of the industry
**Code of Conduct on
Children's Rights in the Digital
Environment**,
in partnership with UNICEF

“Tools for Modern Times”:
a national digital literacy program
covering 219 primary schools and
more than
6,000 children





STRATEGY

ESRS 2 SBM-3 S4 – Material impacts, risks and opportunities and their interaction with strategy and business model

The table shows the material impact of the Group’s business activities on consumers and end-users, which has been identified through a double materiality assessment. Since the material impacts connected with the topical standard “ESRS S4 – Consumers and end-users” are actual impacts, a time frame is not stated.

More detailed information on the interaction of the material impacts, risks and opportunities with the Group’s strategy and business model is given under the section *“ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model”*.

Material impacts and their interaction with strategy and business model

Value chain	Impact	Description
Impacts connected to information for customers and/or end-users		
Downstream ▼	Positive impact (actual) ⊕	Freedom of expression / Digital inclusion Network build-out enables a large number of people to express their opinions and have access to information
Personal safety of consumers and/or end-users		
Downstream ▼	Negative impact (actual) ⊖	Protection of children Risks to children online increase with greater access to the internet (NEW)
Social inclusion of consumers and/or end-users		
Downstream ▼	Positive impact (actual) ⊕	Access to products and services / Digital inclusion Continuous investments in network infrastructure
Downstream ▼	Negative impact (actual) ⊖	Access to products and services / Digital inclusion Network build-out, high-quality products and services, and digital inclusion programs enable participation in the digital society (CHANGE)

The following opportunities and risks related to consumers and end-users were identified by assessing double materiality.

Material risks and opportunities

Value chain	Risk/opportunity	Description
Risks and opportunities connected to information for customers and/or end-users		
Own operations and downstream ▼	Risk (short-term <1 year)	Privacy Financial and reputation consequences due to data leakage or theft and possible GDPR non-compliance
Own operations and downstream ▼	Risk (mid-term 2-5 years)	Access to (quality) information Investments are required to build-out network infrastructure and maintain a leading market position
Downstream ▼	Opportunity (mid-term (2- 5 years)	Access to (quality) information Deregulation of retail prices in urban areas (major cities) as of 2 December 2023 (relating to the internet and IPTV)

Consumers and end-users who may be affected by systemic material impacts of HT’s core business are people buying the products or using the services of the Group, and for whom the internet use may negatively impact their right to privacy, data protection, freedom of expression or non-discrimination.

The Group has not identified actual or potential material negative impacts affecting customers and/or end-users of products and services that are inherently harmful to people and/or increase

the risks of chronic diseases, customers and/or end-users of products and services that depend on accurate and accessible information related to a product or service, such as manuals and product labels to avoid potentially harmful use of that product or service, and customers and/or end-users who are especially sensitive concerning health or impacts on privacy or impacts of marketing and sales strategies, such as children or financially vulnerable people.





IMPACT, RISK AND OPPORTUNITY MANAGEMENT

ESRS S4-1 – Policies related to consumers and end-users

Impacts connected to information for customers and/or end-users (Freedom of expression; Access to (quality) information)

The strategic goal of the Group is to implement technology based on humanistic values and contribute to shaping a digital society that rests on fundamental democratic principles in which everyone can safely, competently and autonomously participate. Through its network build-out and its products and services offering, HT endeavours to ensure access to technology for everyone – its customers and community members who are not HT's customers. HT's ambition is to connect everyone with digitalisation opportunities, which indirectly enables a large number of people to express their opinion and access information, which has a positive impact on customers.

To enable this, the Group regularly reviews and updates its regulations, policies and other internal documents relating to digital inclusion, which define the choice and implementation of the programs and activities in this domain according to societal needs. Respect for human rights in customer relations and on the internet is regulated by the [Code of Human Rights](#), the [Code of Conduct](#), the [Guiding Principles](#) and the [Digital Ethics Guidelines on Artificial Intelligence](#). The Code of Human Rights is a comprehensive

document encompassing HT's principles and expectations concerning customers and society. By adopting the Code of Human Rights, HT has committed to protecting its customers' data and digital autonomy, freedom of expression and information, protection of children and youth and digital responsibility and inclusion. The Code of Human Rights is aligned with the United Nations Guiding Principles of Business and Human Rights and other relevant international mechanisms, as described under the section *“ESRS G-1 – Business conduct policies and corporate culture”*. The Code is available to all stakeholders on HT's web page.

Personal safety of consumers and/or end-users (Protection of children)

Through its Code of Human Rights, the Group commits to protecting children and young people in their use of digital media, taking into account relevant child protection criteria in the development of its products and services. As this is an issue that primarily arises in the online environment over which the Group has no direct control, on 28 September 2025, the Group, together with other telecommunications service providers in Croatia, became a signatory to the [Code of Conduct on Children's Rights in the Digital Environment](#), developed in partnership with UNICEF Croatia.

The Group is signatory of the Code of Conduct on Children's Rights in the Digital Environment

Through this initiative, the Group participates alongside leading telecommunications operators, acknowledging its responsibility to help shape a safe, inclusive and fair digital environment for children by advancing business practices in the best interests of children's rights. The Code covers key areas such as the safety and protection of children online, the protection of children's privacy and data security, ensuring access to safe digital services, preventing children's exposure to inappropriate content and manipulative advertising. It fosters cooperation with other stakeholders to create a safer digital environment for children in the Republic of Croatia. This cooperation, together with the continued engagement in the Advisory Board for Children's Rights of UNICEF Croatia, ensures continuous monitoring and implementation of standards in 2025.

Risk connected to information for customers and/or end-users (Privacy)

Financial and reputational consequences due to data leakage or theft and a possible non-compliance with GDPR represent a significant business risk concerning customer privacy. In its business operations and customer relations, the

Group applies high standards of security and personal data protection in accordance with the General Data Protection Regulation (GDPR) and the HT Customer Privacy Policy. At HT, data is collected exclusively from our customers, used upon collecting customers' consent and stored for the duration specified in the Guidelines on Storage Limitation of Personal Data Relating to Customers of Croatian Telecom and other relevant regulations on documentation storage. Data is processed exclusively for the purpose for which it was initially collected or for which customers have given their explicit consent. Following best practices and standards, data is destroyed after the expiry of the period for its storage or when the purpose for which it was initially collected ceases. HT explicitly prohibits the sale of data.

Social inclusion of consumers and/or end-users (Access to products and services)

The Group deals with the technical aspects of fibre optic network access, enabling affordable devices and services for everyone, regardless of their financial status or level of digital literacy. Through continuous network build-out and accelerated modernisation, HT significantly promotes the digitalisation of society and improves internet availability in areas where access was previously limited or services failed to meet modern standards. Expanding connectivity in rural regions creates opportunities for individuals and entrepreneurs, improving the standard of living by providing access to the internet and digital





services. This fosters the development of local economies by enabling small businesses to reach online markets and leverage tools to grow and promote their products and services.

Digital inclusion is one of the key focus areas of the [Group's Sustainability Strategy](#). It reflects the Group's belief in the power of digital technology to improve everyone's lives and be a catalyst for positive change. HT strives to create a more equal and connected world for everyone by

promoting inclusion and breaking down digital barriers. Three key factors support the goal of enabling equal access to digitalisation for all members of society – the availability of high-speed networks, the accessibility of services and devices and the development and promotion of digital competencies. They are incorporated in the [Code of Human Rights](#), the [Diversity, Equity and Inclusion \(DE&I\) Policy](#) and the [Group's Policy on Corporate Responsibility](#).

Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions and approaches", where the mechanisms for submitting petitions and complaints have been described. Analyses of customer satisfaction and complaints are taken into account when deciding about quality improvements, identifying

significant impacts, risks and opportunities and managing positive and negative impacts on individuals who buy products or use services of the Group. A report with the NPS results from the Voice of Our Customers (VoC) survey is sent to all Company levels on a weekly, monthly and quarterly basis. Additionally, the results and the main drivers of customer dissatisfaction identified for that period are analysed with the management.

ESRS S4-2 – Processes for engaging with consumers and end-users about impacts

In the digital era, in which communication and technology are an indispensable part of everyday life, customers expect, besides service quality and reliability, that their requests and issues be resolved quickly and in a quality manner via all customer channels and in all phases of their customer journey. To achieve this, HT invests significant resources and attention in continuously improving experience of customers buying products or using services of the Group. HT is investing in the most critical elements such as network speed and reliability and accessible and efficient customer support, as well as in delivering innovative services, intuitive online platforms and apps, and personalised solutions.

To successfully create an outstanding customer experience, it is essential to continuously listen to customer needs. HT keeps raising the awareness of all employee levels about the importance of customer feedback and customer experience. We propose measures for improving customer

experience based on customer feedback and analysis of their needs and issues.

When communicating with customers, HT adheres to the highest standards of responsible advertising as regulated by the HURA's (Croatian Associations of Communications Agencies) Code of Advertising and Market Communications. HT applies its Guiding Principles and the Code of Conduct in all its business operations. HT also adheres to the additional requirements of the acquired ISO certifications, such as ISO 9001:2015 for quality management and ISO 27001:2017 for information security management.

HT's Management Board is responsible for ensuring cooperation with customers and implementing the results of this cooperation in HT's business operations. This includes the TRI*M and NPS (Net Promoter Score) models of customer satisfaction surveys, along with analysis of customer complaints, which have been described in more detail under the section *"ESRS S4-4 –*

ESRS S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Customer experience is a regulated area, and HT adheres to the highest standards in its management. The Electronic Communications Act governs matters such as network access, service provision, electronic communications safety and customer privacy protection. Besides that, the Croatian Regulatory Authority for Network Industries (HAKOM) adopts its regulatory resolutions supplementing the Act and specifying the obligations of telecommunications operators, thereby ensuring the protection of customers' interests. Customers can submit a written petition (including via e-mail) to an operator regarding service provision, the quality of the services provided and the amount charged for the services provided. A complaint can also be filed in case of any violations of the provisions of the subscriber agreement, which must contain facts and evidence on which it is based. Petitions and complaints are settled in the first-degree procedure by a decision of the competent department. After a first-degree

decision has been made, customers can submit a second-degree complaint to a committee, which adopts a final decision at the level of the entire Group. Customers can initiate a third-degree complaint procedure with the Croatian Regulatory Authority for Network Industries (HAKOM) if they disagree with the committee's second-degree decision.

Concerning privacy, HT has established an advanced system that ensures respondents' rights so that customers are given a unique e-mail address to send their inquiries and complaints (osobni.podaci@t.ht.hr). The specific rights of respondents, as prescribed by the GDPR, can also be realised through other HT channels, such as the website www.hrvatskitelekom.hr and HT's points of sale. HT conducts an internal audit of complaints and grievances received via these channels. If necessary, they are forwarded to respective internal experts. As part of the audit of the report on customer data protection,





HT also assesses whether supervising bodies or respondents need to be informed and acts accordingly. If they have not done it alone, HT recommends that all customers file a report with competent authorities, with whom HT fully cooperates. If it is needed and possible, HT initiates corrective measures. To ensure that this

process is efficient, HT regularly tests its channels' availability and reviews customer feedback. The *“ESRS G1-1 – Business conduct policies and corporate culture”* section describes HT's mechanisms for protecting individuals against retaliation.

ESRS S4-4 – Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions and approaches

Impacts connected to information for consumers and/or end-users (Freedom of expression; Access to (quality) information)

To continuously manage its customer relations and improve its customer experience, HT regularly conducts customer experience and satisfaction surveys, as well as programs and projects aimed at improving the customer experience. Within its “Customer Centricity” program, HT surveys its customer experience. To fulfil the ambitions set by this program, HT has established the NPS (Net Promoter Score) model to monitor the process in its entirety – from collecting customer feedback to the specific measures resulting from feedback analysis. HT's NPS model is aligned with DT practices, which are also applied in other EU countries that are members of the DT Group. This model enables the sharing of good practices and effective solutions for improving customer experience across the entire DT Group. The results of this program are reported from the

highest company level (the Management Board) to the operational level (agents, salespeople and technicians). Short-term, midterm and long-term measures for improving customer experience are initiated based on the data collected within the program. The NPS results are collected through the “Voice of Our Customers” (VoC) survey, which comprises gathering customer feedback, analysing the results and launching appropriate measures. The survey encompasses various levels of customer satisfaction, from brand perception and specific product usage experiences to researching the experience with individual digital and non-digital touch points. Examples of measures directly addressing customer requirements are published on HT's web pages, within the “Sincerely.Together” platform.

Besides the “Voice of Our Customers” (VoC) survey, the Company measures customers satisfaction via the TRI*M index. The TRI*M index measures customer loyalty and compares it to the competition. The name itself – TRI*M

(Three*M) – refers to “measure, manage, monitor”, a methodology used by the DT Group. The index is a result of customer responses to the 4 main questions related to performance, recommendation, further usage and competitive advantage. The survey also encompasses questions related to network quality, products and prices, customer journey and touch points.

In 2025, all activities and measures relating to customer experience improvement have continued and have been continuously enhanced, depending on customer needs and market trends:

- Continuous research into customer experience, analysis of results, and reporting on customer experience outcomes across all parts of the Company
- Enhanced and automated analysis of customer perception – NPS (from the “Voice of Our Customers” survey) – as well as customer performance and profiles (from databases), with the aim of obtaining deeper and higher-quality insights into customer experience
- Ongoing training for all Group employees on the “Customer Centricity” and “Voice of Our Customers” (VoC) programs
- Continuous workshops focused on survey results, in-depth analyses, potential areas for improvement and measures to enhance the customer experience, and
- Regular updates on the “Customer Centricity” program activities via newsletters and articles on the IntraNet page.

The Company sets annual and quarterly goals about customer satisfaction.

Impacts connected to information for consumers and/or end-users (Privacy)

HT continuously undertakes technical and organisational measures following best practices and goes beyond legal obligations. HT's systems, processes and documentation are constantly revised to find and remove any potential non-compliances in a timely manner. HT regularly carries out system checks on HT infrastructure and a complete audit of its sales partners in accordance with GDPR requirements. HT conducts a continuous information security system management recertification (ISMS – ISO/IEC 27001:2017) and business continuity system ISO 22301 recertification. Many internal audits that do not explicitly concern personal data protection but are inextricably linked to it (cyber security, compliance, corporate security, risk assurance, etc.) are also performed.

Every system or project implemented at HT goes through the PSA (privacy and security assessment) process, during which the system is described and classified based on the sensitivity and amount of personal data. Each new project is also assessed and classified from a cyber security standpoint. After the initial entry, a list of compliance requirements is defined, namely the conditions that must be met for the system to be compliant. Some of these requirements relate to data anonymisation, deletion, storage deadlines, etc. A system/project can be released into production only after the above-described assessment requirements are met. The application of the PSA procedure ensures a “privacy by design” and “security by design” approach, meaning that all





relevant personal data protection and security requirements are embedded in HT's products and services.

To identify risks to user privacy, particularly when there is a potentially high risk to the rights and freedoms of individuals, HT conducts a Privacy Impact Assessment (PIA) and a Data Protection Impact Assessment (DPIA). Following the initial risk identification, measures are considered to eliminate or at least significantly mitigate the risk and the risks are documented in the appropriate records, which also list the measures for risk elimination or mitigation.

Personal safety of consumers and/or end-users (Protection of children)

HT consistently reaffirms its commitment to socially responsible action through initiatives aimed at creating a safer and healthier digital environment for children and young people. Given children's exposure to digital content and the growing risks such as hate speech, false information, social media addiction, online violence, and contact with strangers in virtual spaces, HT has recognised its responsibility not only in developing technology but also in creating a safe frameworks for its use.

In response to these challenges, the "Tools for Modern Times" program, launched in September 2023, has continued to develop and expand throughout 2024 and 2025. This program is the first structured, science-based training program in the Republic of Croatia dealing with the prevention of risky online behaviours among pupils in the upper grades of primary schools. It

is focused on developing social and emotional skills, strengthening personal responsibility and raising awareness of the risks of the digital world, with targeted involvement of pupils, parents and education professionals. This approach achieves a comprehensive and sustainable preventive impact.

From 2023 to date, the program has been implemented in 219 primary schools across the Republic of Croatia, through a total of 14 training programs and with 488 facilitators trained. The "Tools for Modern Times" program exceeded its planned scope and delivered tangible results: 100% occupancy of all training groups, with demand significantly exceeding available capacity. In total, during 2025, 60 new schools were trained through 4 training programs held in Varaždin, Opatija and two in Zagreb.

Program evaluation resulted in a high average score of 4.94 on a 5-point scale. Key outcomes included a reduction in risky online behaviours among children, increased responsibility and improved socio-emotional skills, as well as reduced excessive use of social media and video games among program participants.

In 2025, HT further strengthened its role as a responsible stakeholder in the protection of children in the digital environment by linking technological development with clear standards of safety and responsibility. The commitment to protecting children and young people is based on the recognition that digital media offer numerous opportunities for learning and development, but also entail growing risks such as hate speech, false information, online violence, addiction to digital content and contact with unknown persons in the

"Tools for Modern Times": a national digital literacy program covering 219 primary schools across the Republic of Croatia and more than 6,000 children

virtual space. In this context, HT recognises its responsibility not only as a provider of infrastructure and services, but also as an active partner in creating a safer, more inclusive and fairer digital environment for children. By becoming a signatory to the Code for the Protection and Promotion of Children's Rights in the Digital Environment, HT has committed to systematically strengthening child protection standards across all segments of its operations – from the design of products and services, through marketing activities, to customer support – with a particular focus on online child safety and protection, privacy and data security, the prevention of exposure to inappropriate content and manipulative advertising, and cooperation with institutions, schools and civil society organisations. In this way, the approach to protecting children in the digital world is elevated from the level of individual projects to that of a permanent, publicly assumed commitment and the systematic implementation of measures.

In 2025, HT launched the national "Bye-Bye Hate Speech" program, a socially responsible initiative aimed at raising awareness of the prevalence of hate speech among young people in the Republic of Croatia and its impacts on mental health. The program is specifically targeted at Generation Alpha and Generation Z, who are most exposed

to hate speech in the online environment and are often targeted because of their sexual orientation, physical appearance, or national and ethnic background.

The campaign is based on the results of research conducted by HT among young people aged 16 to 25, which showed that every second young person (52%) had personally experienced hate speech, while as many as 69% had witnessed hate speech directed at others. More than three quarters of respondents (77%) consider hate speech to be a serious social problem, and 81% believe that it endangers the mental health of young people, most commonly manifested through reduced self-confidence, increased anxiety, depressive symptoms and feelings of isolation. These findings confirm the need for systematic action against hate speech and provide an empirical basis for the program.

Through the message "Bye-Bye Hate Speech", HT encourages young people to take a clear stand against hate speech, report harmful content and support peers who are victims of abuse.

The "Bye-Bye Hate Speech" program is implemented through a combination of communication activities, digital content and educational formats on social media, in which young





people openly speak about their experiences with hate speech, discrimination and prejudice, as well as the importance of support and solidarity. The focus is on empowering young people to recognise hate speech, respond in a safe manner, and choose communication that builds, connects and respects diversity.

Through the “OwnYourWorld” (AwareNess) campaign, HT launched an initiative in 2025 to protect young people’s digital identities from “digital twins” – fake profiles and digital representations that threaten privacy and security. The objective is to empower young people to recognise and protect their digital footprint by educating them about the risks of profile cloning, identity theft and manipulation of their online presence.

The campaign emphasises the importance of conscious digital identity management through practical guidance, including reviewing privacy settings, identifying fake profiles, using data protection tools and deleting outdated digital traces.

HT continuously implements activities aimed at preventing adverse impacts arising from insufficient access to the benefits of digitalisation or inadequate control, with the objective of reducing the digital divide and creating a more equitable, connected and safer digital world for all. HT conducts its marketing campaigns on the basis of consents obtained from users. In the implementation of its campaigns, it takes into account the “Do Not Call” register which lists the numbers of customers who do not wish to be included in marketing activities. Children, i.e. minors, cannot enter into contracts with HT due to statutory restrictions. Nevertheless, children may appear as users of

services (prepaid, internet), which makes ensuring their safety essential. Through the Moj Telekom application, HT enables users to manage profiles, including the ability to control internet access by fully or temporarily restricting or disabling internet access for specific (children’s) devices, or limiting the websites that can be accessed directly through the application. This provides parents with a simple and intuitive way to monitor the use of internet access services for all users within the household. The effectiveness of this measure is monitored through indicators such as the number of activations of services – parental content control and internet usage scheduling.

Social inclusion of consumers and/or end-users (Access to products and services)

HT’s continuous expansion of fibre access infrastructure has been ongoing for over a decade, with a strong focus on the implementation of Fibre-To-The-Home (FTTH) topology. This is a long-term, sustainable and scalable solution that allows for future upgrades and multi-gigabit internet speeds in line with technological advancements and user needs. It is important to note that HT is deploying fibre access networks not only in major urban centres, but across the entire territory of the Republic of Croatia, ensuring equal conditions and infrastructure potential for balanced regional development.

In addition to expanding its fibre access network financed from its own funds, in the first quarter of 2025, HT completed the process of entering into Grant Agreements for all 7 projects (two of which

were signed in 2024) it had previously been awarded under the Public Call for the second wave of the broadband infrastructure development program, co-financed by the EU funds under the National Recovery and Resilience Plan. The projects in question cover 54 thousand customer units and are currently in the implementation phase of deploying very high capacity networks (VHCN), which will enable customers to access internet speeds of at least 100 Mbit/s, upgradeable to 1 Gbit/s.

Extending the network to rural areas improves the standard of living for local populations and connects

public institutions (e.g. healthcare facilities), enabling access to the internet and digital services. This fosters the development of local economies by enabling small businesses to reach online markets and leverage tools to grow and promote their products and services. 99% of the inhabited territory of the Republic of Croatia is covered by a mobile (at least 4G) network signal (2024: 99%), with indoor coverage being 90% (2024: 89%). 5G network population coverage in the Republic of Croatia amounts to 85% (2024: 69%).

Mobile network signal coverage (at least 4G): 99% of populated areas in the Republic of Croatia

Indoor coverage: 90%

5G network coverage in Croatia: 85% of the population

Digital inclusion

Investments in network expansion help bridge the digital divide between urban and rural areas, as well as between more affluent and less developed communities. The breakdown of the digital divide fosters social inclusion, enabling access to digital resources and tools, which are key for education, employment and participation in modern society. HT has been conducting and developing a series of programs and initiatives offering to people of all ages, from elementary school students to elderly,

the most up-to-date training, enabling them to acquire and develop the required digital skills and access to the necessary equipment. The mission of the Group is to ensure that everyone has the same opportunity and that everyone is included in the digital society, leaving no-one behind. HT carefully monitors societal needs and demands, designing various programs and activities to meet specific needs and contribute to digital inclusion.

HT’s social contribution to digital inclusion is tracked by internal objectives that are aligned with the DT’s internal indicators. These activities are aimed at





systematically increasing the number of individuals who have obtained access to educational programs for children, youth and the elderly based on HT's activities so that they can develop the necessary skills to be able to use digital tools and navigate the digital environment responsibly and safely.

19 programs at the Group level are implemented within the digital inclusion program, and they have different scopes and durations. In 2025, through an exclusive partnership with Perplexity AI, HT enabled citizens in the Republic of Croatia to access a Perplexity Pro licence free of charge (annual value of EUR 233), regardless of their telecommunications operator, via the Moj Telekom application under the Magenta Moments program. By doing so, HT made a state-of-the-art AI assistant accessible to everyone, and Perplexity Pro is now used by more than 2% of the population of the Republic of Croatia, representing an impressive uptake and rapid growth in the use of AI tools in everyday life, education and work. This initiative was supported through cooperation with 25 faculties and higher education institutions, fostering digital transformation and AI literacy at the national level.

Through the "My Connection" project, HT supports older people and all those who feel insecure in the digital world, helping them take confident and fear-free steps towards everyday use of technology. The objective is to dispel myths about technology, raise the level of digital literacy and empower users to independently use digital services that simplify daily life, with a particular focus on intergenerational connectivity and online safety. Through the printed and online "My Connection" magazine, the project provides practical advice, real-life stories and digital

tutorials tailored to users' needs, encouraging families to learn together and strengthen their digital skills in the digital age. Through the distribution of 20,000 printed copies of the "My Connection" magazine at 65 locations across Croatia, including all HT retail outlets, the initiative has contributed to the digital empowerment of thousands of citizens, particularly those just beginning to explore the possibilities of technology.

At the end of 2025, HT launched the national program of free training courses "You Can Do AI Too" ("AI ti to možeš"), aimed at demystifying artificial intelligence and raising AI literacy among all citizens of Croatia, regardless of prior knowledge or experience. The program consists of the quiz "Which AI Type Are You?" for personalised learning, 12 short informative and educational videos, and interactive webinars (e.g. "AI under the Magnifying Glass – Safety and Boundaries", "AI in Everyday Life"), with a value of EUR 700 per participant. Through practical examples, participants learn about the safe and effective use of AI tools in everyday life, work and creativity, and receive a digital certificate upon completion. The program is available in the Croatian language via a dedicated website, promoting inclusive digital transformation and a knowledge-based society. Through the "You Can Do AI Too" program, more than 120,000 people were trained, acquiring basic and/or advanced knowledge in the use of artificial intelligence.

OBJECTIVES

ESRS S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

HT has set a target concerning continuous network build-out enabling accessibility even in rural areas, which positively impacts consumers and end-users in crisis situations.

- By the end of 2025, achieve a 25% coverage of the total rural area of the Republic of Croatia with 5G network
- By the end of 2027, achieve a 50% coverage of the total rural area of the Republic of Croatia with 5G network

In 2025, the Group achieved a 50% 5G network coverage of the total rural area of the Republic of Croatia, thereby reaching its goal for 2027.

In addition, HT aims to ensure the coverage of areas that are not currently covered by an adequate level of 4G and/or 5G signal.

- By the end of 2026, HT plans to achieve a 95% population coverage with an appropriate 4G and/or 5G signal in each of the 20 defined areas.

In 2025, the Group achieved a 50% 5G network coverage of the total rural area of the Republic of Croatia, thereby reaching its goal for 2027

To date, the targeted coverage has been achieved in 14 defined areas, while coverage of the remaining 6 areas will be ensured once the conditions for the issuance of permits for the construction of electronic communications infrastructure are met.

The Group has not set any other measurable targets related to outcomes associated with the identified material impacts under this topical standard.





GOVERNANCE MATTERS

ESRS G1 – BUSINESS CONDUCT



Managing operations in an ethical, transparent and responsible manner constitutes the foundation of the Group's business approach and long-term sustainability.

A strong corporate culture, including zero tolerance for corruption and clearly defined rules of business conduct based on the United Nations Guiding Principles, represents a strategic opportunity to enhance the Group's attractiveness as an employer.

"The Croatian Sustainability Index - HRIO 2025": a national award for sustainable development

ZSE Awards:
"Stock of the Year" and
"Best Investor Relations"

Croatian Financial Services Supervisory Agency (HANFA)
Recognition: for Corporate Governance





ESRS 2 IRO-1 G1 Description of the processes to identify and assess material impacts, risks and opportunities

The following opportunities and risks related to business conduct were identified by assessing double materiality.

Material risks and opportunities

Value chain	Risk/opportunity	Description
Corporate culture		
Own operations	Opportunity (short-term <1 year)	Strong corporate culture increases the attractiveness of the Group as an employer
Corruption and bribery		
Upstream	Risk (short-term <1 year)	Prevention and detection including training Corruption and bribery in the supply chain.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

ESRS G1-1 – Business conduct policies and corporate culture

Business conduct

Rules of conduct in line with regulations, as well as the values and integrity of the Group, are defined by the Code of Conduct. The purpose of the Code of Conduct is to provide employees, managers and related parties of the Group with clear guidance on lawful behaviour and acting with integrity in all business situations, while offering business partners and suppliers a clear and transparent overview of the Group’s ethical, social and environmental commitments.

In addition to the Code of Conduct, which applies to all Group stakeholders, business conduct (including anti-corruption, ethical business practices and proper conduct) is governed by the Supplier Code of Conduct and a range of specialised policies:

- Policy on Avoiding Corruption and Other Conflicts of Interest,
- Benefits Policy,
- Event Policy,
- Group Policy on Engaging Consultants and Lobbyists,

- Group’s Policy on Competition,
- Policies, Controls and Procedures for Mitigating and Efficiently Managing the Risks of Money Laundering and Terrorist Financing,
- Supply Chain Management Policy,
- Guidelines for Prevention of Conflicts of Interest,
- Digital Ethics Guidelines on Artificial Intelligence,
- Regulations on the Procedure for Reporting Internal Irregularities and Appointing a Trustworthy Person and their Deputy at Croatian Telecom Inc.

As a company committed to ethical business practices, the Group maintains a zero-tolerance policy towards bribery or corruption in all business activities. The scope of application, forms of corrupt behaviour, measures, responsibilities and organisational duties related to corruption and other conflicts of interest prevention, applicable to all Group’s employees, including Management Board members, are defined by the Policy on Avoiding Corruption and Other Conflicts of Interest and the Guideline for Prevention of Conflicts of Interest. These documents are publicly available on HT’s website <https://www.t.ht.hr/en/investor-relations/company-politics>.

The Group expects suppliers across global supply chains to respect human rights, labour conditions, health and safety, and environmental standards. Suppliers are required to accept the Group’s Supplier Code of Conduct in order to ensure responsible business practices. Through the systematic development of a “Tone at the Top” culture in promoting ethical conduct, the Group establishes

a framework for preventing the materialisation of bribery and corruption risks within the supply chain.

Corporate culture

The Group sees organisational culture as a key factor in driving organisational success, employee engagement and development. Corporate culture directly influences employee motivation, satisfaction and productivity, while fostering a sense of belonging rooted in shared values and organisational culture. In today’s dynamic and competitive business environment, a stimulating workplace culture helps attract and retain talent, while also encouraging collaboration, innovation and ethical behaviour.

A strong corporate culture is also a strategic advantage in modern business and represents a significant business opportunity to increase the attractiveness of HT as an employer in a labour market marked by a strong competition. Therefore, strengthening the position of the Group as the most desirable employer is one of the strategic priorities.

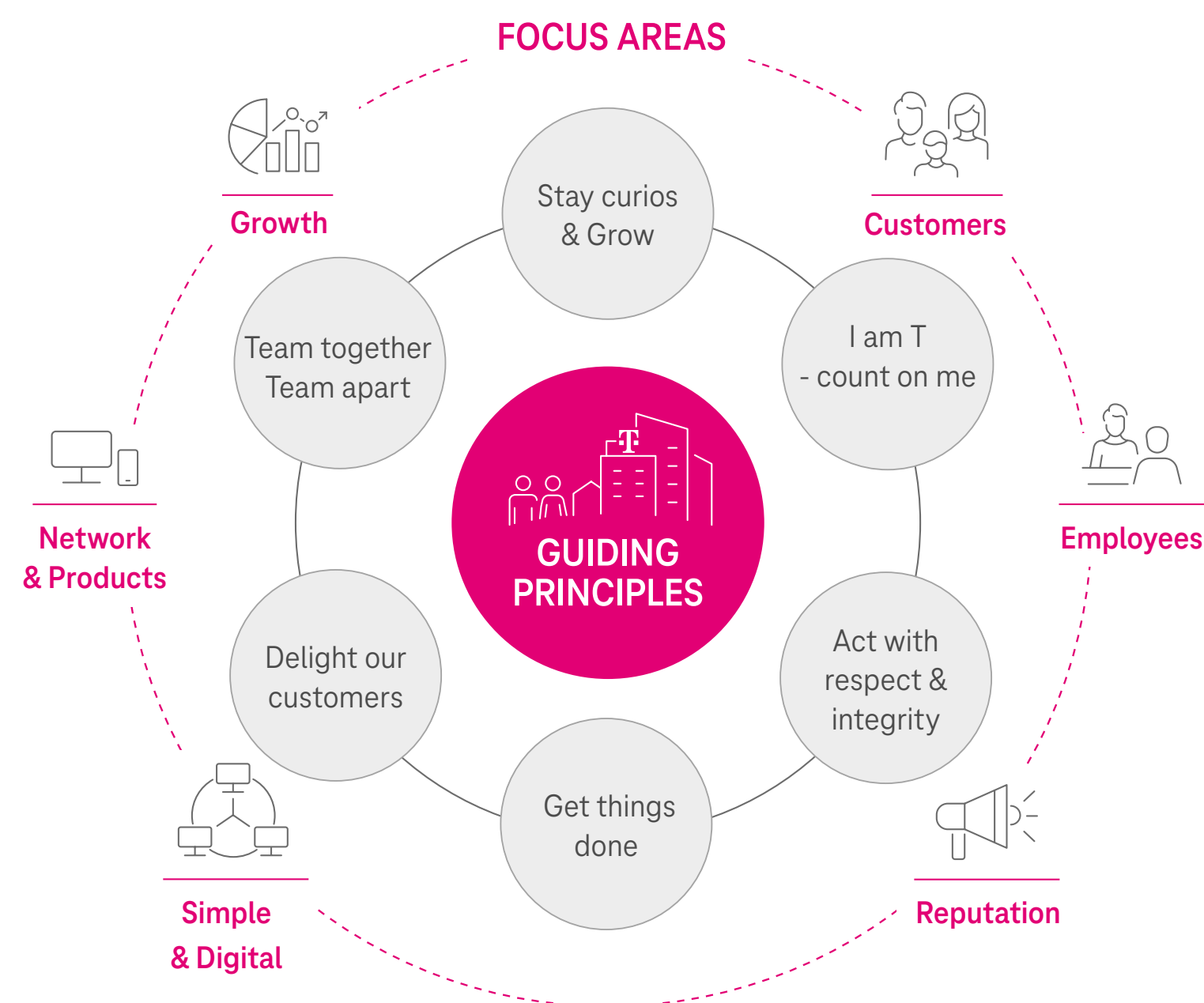
The corporate responsibility and corporate culture of the Group are determined by the values defined by the 6 Guiding Principles of the Group. All managers and employees are required to adhere to these principles in their everyday work. These principles also make part of assessing the work efficiency of the Group as a responsible and sustainable company and of evaluating employee performance.

By following the Guiding Principles and Social Charter principles, the Group aims to instil and facilitate the same sense of responsibility, which permeates all aspects of Group’s operations, in





Group's Guiding Principles



all companies of the Group and in its partners. To achieve this goal, the Group is guided by the rules defined in the Code of Conduct and the Supplier Code of Conduct of the Group. These documents set clear standards for business conduct. In addition to good business results, business conduct needs to be based on high ethical principles, respect for human rights and socially and ecologically responsible behaviour.

As described in more detail under the section “*ESRS S1-1 – Policies related to own workforce*”, the Group adopted several codes of conduct, policies and regulations whereby it undertakes to respect and build a culture of diversity, inclusion and equal opportunities and uphold international human rights documents.

HT carries out a range of activities aimed at encouraging and rewarding all employees for the desired behaviours described in the Guiding

Principles. For this reason, the Guiding Principles are embedded in all key systems and processes: they are used to assess performance, form the basis for developing training content in the area of interpersonal skills and recruitment, and serve as the foundation for rewarding employees through various initiatives that promote non-monetary recognition.

Support for the desired organisational culture is further reinforced through a dedicated annual event held each September – the “Living Culture Day” – which celebrates the Guiding Principles and all achievements they enable.

Corporate culture is part of corporate strategy. The Management Board is responsible for implementing the corporate strategy based on the previously described codes of conduct and policies regulating business conduct.

Employee surveys are regularly conducted to assess and further develop corporate culture. These surveys include questions about corporate culture and about how employees perceive it in their everyday work life.

In case of any suspicion of unlawful or unethical conduct at the Group, any employee, business partner, customer or shareholder can report a violation of the Code of Conduct or any other irregularity through channels established for reporting such conduct. The report can be made by sending mail to the Ethics Line, Radnička cesta 21, 10 000 Zagreb, by placing a phone call to 0800 9823, via telefax to +385 7 5802 472 or by sending an e-mail to the address eticka.linija@t.ht.hr or compliance@t.ht.hr. It can also be made in person to the Compliance Officer who is in charge

for the entire Group. HT’s anonymous IT reporting system SAD! (System for Anonymous Reporting) and DT’s BKMS (Business Keeper Monitoring System) allow for entirely anonymous reporting and subsequent communication via a special “mailbox”, ensuring the anonymity of the person making the report. For reports based on the Whistleblowers Protection Act, anyone can write to the e-mail address: povjerljiva.osoba@t.ht.hr. Complaints related to the protection of workers’ dignity against harassment and sexual harassment and complaints related to the protection against discrimination can be addressed to the persons authorised by the employer to receive and handle such complaints.

All Group employees must complete online compliance training, including training on anti-corruption, digital ethics and compliance basics. Managers must also complete online training on preventing corruption risks in cooperating with external consultants. Along with the Code of Conduct and other policies, all stakeholders of the Group, including our customers, business partners and suppliers, can access compliance and digital ethics training on HT’s web page <https://www.t.ht.hr/> at any time.

When conducting training about the fight against corruption, the Group follows a risk-based approach: the training’s frequency and contents depend on how much an employee is exposed to compliance risks, including corruption and bribery. For example, the e-learning module about compliance basics is intended for all Group employees. All new managers at the Group need to attend a mandatory workshop, i.e., in-person training on compliance topics. Besides that, Group’s Management Board members





are required to complete a mandatory workshop, i.e. training in person every three years. Additional e-learning modules, such as modules on human rights, are also available. HT also communicates the principles and goals of its corporate strategy and corporate culture through all internal communication channels, including the intranet, e-mail and at employee meetings.

ESRS G1-3 – Prevention and detection of corruption and bribery

All Group’s employees have access to the Guidance for Handling Potential Conflicts of Interests on the intranet, which provides information on managing situations of actual or potential conflicts of interest. Additionally, a voluntary self-assessment questionnaire is available to help employees recognise their potential conflicts of interest.

To ensure compliance at the highest levels, all Group’s managers are required to sign a Conflict-of-Interest Declaration. This Declaration is designed to identify and address any potential conflicts arising from their personal interests conflicting with professional responsibilities, and all managers are required to complete it annually.

The Group tries to avoid any risks that put the integrity of the Company into question or harm others. HT implemented a [Compliance Management System](#) (CMS), especially aimed at preventing corruption. The CMS aims to minimise the risks of systemic violations of legal or ethical standards that may lead to regulatory or criminal responsibility for the Company, Management Board

Measures for preventing corruption and bribery are mainly directed to those functions within the Group that are most exposed to the risk of corruption and bribery. Specific business areas within the Group, identified as having a higher compliance risk due to close relationships with customers, business partners and suppliers, regularly participate in additional in-person training workshops. Furthermore, all new managers receive compliance training when they assume their roles.

members or employees, or significantly harm the Company’s reputation. In 2025, independent auditors confirmed that HT’s CMS is fully aligned with the defined standards and effectively prevents and detects corruption-related risks. In particular, the following were highlighted: clearly defined processes and controls in procurement and sales, effective whistleblowing mechanisms (Tell me!), continuous employee training on integrity and responsible conduct, and the systematic development of a “Tone at the Top” culture in promoting ethical behaviour.

Through its portals for reporting irregularities described under the section *“ESRS G1-1 – Business conduct policies and corporate culture”*, the Group enables all employees and external stakeholders to anonymously report unlawful or unethical behaviour. All topics that are raised are recorded, the topics are handled in accordance with law and care is taken to protect the person who filed the complaint.

Through regular compliance training described under the section *“ESRS G1-1 – Business conduct policies and corporate culture”*, HT employees stay informed about special portals for reporting irregularities. The Group expects its suppliers to also adhere to applicable laws, comply with social, ethical and environmental standards and act sustainably, and the same should be required of its subcontractors. A dedicated e-learning for suppliers on acting lawfully and in compliance with HT’s values is available on HT’s web pages.

HT’s Management Board is responsible for compliance. The Compliance Section, headed by the Compliance Officer, is responsible for this segment of HT’s operations. HT’s Compliance Officer is in charge of the entire Group and its related parties. Some of the fundamental tasks of the Compliance Section include the following:

- Promoting a culture of compliance and integrity,
- Early detection of compliance risks; analysis and assessment of these risks,
- Early and sustainable integration of preventive measures into business processes to prevent compliance violations,
- Consistently react to any compliance breaches,
- Minimise the risk of liability for the Company,
- Be perceived as a reliable partner for customers and business partners.

The Group has a diversified supply chain that includes both domestic and international suppliers, making it extremely demanding to track all the risks that arise within this chain. We address this challenge through timely planning and a flexible

HT implemented a Compliance Management System (CMS), especially aimed at preventing corruption

approach to our suppliers. The Group regularly reviews the business practices and resilience of our suppliers to ensure, in joint collaboration, their compliance with the governance rules applied in the Group. Each year, we conduct a Compliance Risk Assessment (CRA), which is approved by the Management Board and forms the basis for developing the Compliance Programme activities for the following year. One of the risks among those assessed is the corruption risk. Before concluding contracts with suppliers, we use various risk control methods including compliance checks, creditworthiness checks, checks for any legal disputes between the supplier and any Group member and checks against relevant sanction and embargo lists. Additionally, suppliers fill in questionnaires related to sustainable business practices and data protection, and agree to adhering to the provisions of the Group Supplier Code of Conduct. Contracts with our suppliers also include an anti-corruption clause.

By the Procurement Regulations and internal instructions for conducting the procurement process, we ensure that procurement procedures are transparent and conducted in accordance with law and internal procedures.





GOVERNANCE MATTERS

ESRS G1 – BUSINESS CONDUCT

(continued)

The Supplier Code of Conduct is a mandatory part of the documentation in the procurement process, and its violation can lead to the termination of the business collaboration. Most existing Group's suppliers have signed a statement accepting the Supplier Code of Conduct, and all new contracts, in addition to the anti-corruption clause, include the obligation to adopt the Code before signing the contract. Besides requiring business partners to adhere to HT's values and business conduct rules, the Group also checks their business practices before establishing a business relationship with them to minimise potential risks. In this process, we conduct integrity checks, i.e., we check the DT Non-Compliant list (NCL) which contains information from the relevant sanctions and embargo lists, creditworthiness checks, legal disputes checks. For all potential new partners, we also verify their business sustainability via the respective Supplier Questionnaire, covering the topics such as compliance, data protection, physical and information safety and sustainability (ESG). The Procurement Department, with the support of the organisational units for Compliance, Legal Affairs and Customer Finance, is responsible for collecting data to ensure the continuous monitoring and enforcement of the rules of conduct set forth in the Code. Supplier information is entered into a shared tool (the so-called White List), ensuring that we have the results of all necessary checks of potential partners in one place, accessible to all interested organisational units, thus enhancing the transparency of partner verification procedure. The collected data on suppliers' creditworthiness is valid for one year, and information on integrity, NCL

and legal disputes is valid for two years after the check is conducted. If the contract is extended or modified after two years, a re-check of the supplier is required.

Every report received through HT's whistleblowing channels is thoroughly reviewed by qualified persons, with particular attention given to ensuring the confidentiality of the process and data secrecy, as well as the protection of whistleblowers and all individuals involved. Internal investigations are conducted to establish facts relating to potential breaches of laws, ethical standards, internal policies or regulatory requirements, applying the principles of prompt fact-finding, objectivity, independence of the process, protection of the organisation, protection of whistleblowers and respondents, appropriate sanctioning, prevention of recurrence of irregularities and continuous improvement of internal processes.

Investigations are conducted by qualified employees of the Group (from the Compliance Section and the Corporate Security Section, with the involvement of other organisational units as required). After the credibility of a report has been established and an investigation initiated, investigative actions such as the collection and analysis of material evidence, interviews and hearings of witnesses, the whistleblower (if not anonymous) and the reported person (with due respect for the right to defence and the opportunity to present their account) are undertaken to establish all relevant circumstances of the specific case. A final report is then prepared, including a description of the complaint, the methods applied,

the facts and evidence established, the conclusion (substantiated, partially substantiated or unfounded allegations) and the proposed measures to be undertaken. Depending on the findings, appropriate measures are taken in line with the circumstances of the case (corrective measures, disciplinary actions, reporting to competent authorities, etc.). The whistleblower is informed of the outcome to the extent permitted by law and is ensured protection against retaliation in accordance with applicable legislation.

As described under the section *“ESRS G1-1 – Business conduct policies and corporate culture”*, all employees are required to complete e-learning training in compliance, which includes topics such as anti-corruption, conflicts of interest, and the permissibility of giving and receiving benefits. In addition, certain categories of employees identified as particularly sensitive (Sales and Procurement), as well as all managers, are required to participate in regular classroom workshops on these topics. All of the above represents an important tool in raising employee awareness and preventing corruption risks.

The Compliance Officer, i.e. Compliance Section, are accountable to Member of the Management Board Member and Chief Corporate Affairs Officer (CCO).

The approach relating to corruption and bribery prevention training at the Group requires all employees, including members of the administration bodies of the Group companies, to complete the e-learning training on compliance basics. This training covers the following topics: the basics of compliance, the Code of Conduct, conflict

of interest and the fight against corruption. It also includes a self-assessment test on how to make decisions in difficult situations.

Besides that, members of administration bodies of the Group companies and some business areas within the Group, which have been assessed as more prone to the risk of compliance violation, complete regular in-person training for 30 to 60 minutes every three years. If an Group company defines other business functions as risky, they are also included in the training program.

Business areas for which it was evaluated that there is an increased risk of compliance violation are included in the training program fully (100%) to prevent corruption and bribery.

Group's Compliance Officer and DT's Compliance Officer for Europe conduct mandatory compliance training for HT's Management Board members every three years. The Group does not conduct compliance training for Supervisory Board members.

ESRS G1-4 – Incidents of corruption or bribery

In 2025, corruption or bribery incidents were not recorded, nor were there any convictions or fines due to any breach of the legislation on preventing corruption and bribery (2024: 0 corruption cases recorded).





CYBER SECURITY

Digital transformation poses significant challenges in the areas of cyber security, information security and data protection.

Through the implementation of security systems, the development of a security-aware culture of behaviour and the application of numerous security measures, the Group ensures a high level of security standards for customers, employees, services, products, assets and business activities.





STRATEGY

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The following risk related to cyber security was identified by assessing double materiality.

Material risks and opportunities

Value chain	Risk/opportunity	Description
Cyber security		
Own operations and downstream	Risk (mid-term 2-5 years)	The increase in cyber crime, ongoing digitalisation and the growing complexity of technological systems pose increasing challenges to data security and require increasing resources. (NEW)

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

ESRS 2 MDR-P – Policies adopted to manage material sustainability matters

Based on the security strategy and its six areas of action, the Group has established a Group-level security organisation as well as security structures across all organisational units. The Group’s approach to managing cyber risks is integrated into the risk management system and the associated processes. Overall responsibility for the Group Security Policy lies with the function of the President of the Management Board (CEO), the Corporate Security Section and the Technical functions – the Cyber Security Section.

By applying the Group Security Policy, a high level of security standards is ensured for customers, employees, services, products, assets and business activities. The Policy is based on the Information Security Management System (ISMS – ISO/IEC 27001:2022).

The Group Security Policy defines the fundamental requirements with regard to the following security dimensions: people, information, technology and products, buildings and infrastructure, assets and resources, and the assurance of business continuity. In addition, the Policy sets out the following ten security principles:

- Lawful conduct,
- Protection of personal data,
- Customer trust,

- Culture,
- Transparent and effectively implemented accountability,
- Protection and sharing (of security information),
- Frontrunner in security,
- Adequacy and cost efficiency,
- Delivery of value with security by design,
- International security standards.

The Policy is communicated to all employees and is also available in the Company’s policy repositories.

The requirements defined by the Policy are formally introduced and made binding by the management of the respective business units. Mandatory application, communication and the implementation status across organisational units are centrally monitored and reviewed.

The Policy includes a set of security controls that further elaborate the security requirements and define the corresponding levels of control.





ESRS 2 MDR-A – Actions and resources in relation to material sustainability matters

Alignment with the new legislative framework

With the aim of continuously strengthening security standards and ensuring compliance with the European Union regulatory framework, key regulations in the field of cyber security entered into force in 2024. The Cyber Security Act entered into force on 15 February, and the Cybersecurity Regulation on 30 November 2024.

In addition, the Act on the Implementation of Regulation (EU) 2022/2554 on Digital Operational Resilience for the Financial Sector (DORA) was introduced, setting new requirements for the security and resilience of digital systems. Although operational activities related to this legislative framework were mostly launched at the beginning of 2025, the preparation of those activities, including the revision of internal policies and procedures for the purpose of compliance within the Group, was carried out during 2024.

Business continuity systems and information security systems

The backbone of HT’s security, data and information protection mechanisms consists of business continuity management systems in accordance with the ISO 22301:2019 standard, which ensures uninterrupted business operations even in the event of adverse incidents, and information security management systems (ISMS – ISO/IEC 27001:2022), which include requirements for assessing and treating information security risks tailored to the organisational standards

under which HT has been operating since 2009. The business units responsible for security, within the framework of the ISO/IEC 27001:2022 information security management system, continuously monitor and assess the state of security within their areas of responsibility, both at the operational and strategic level. In 2024, the recertification of the Information Security Management System (ISMS) was carried out, thereby renewing the ISO/IEC 27001 certification for a new cycle. The audit confirmed the effectiveness of the existing system and the organisation’s readiness to face new security challenges.

Security and privacy protection across all products and systems

In 2024, the PSA (Privacy and Security Assessment) procedure was updated – a systematic process that ensures compliance with the highest technical and organisational requirements for security, data protection and privacy. The PSA procedure ensures high and consistent levels of security across all products and systems, as well as the application of appropriate technical and organisational measures as standardised components of the development process. Every system or project implemented within HT undergoes the PSA procedure, during which the system is described and classified based on the sensitivity and volume of personal data. The PSA ensures that all relevant systems meet the security and regulatory standards of the Group and receive approval from security and privacy experts before being released into production.

The application of the PSA procedure ensures a “privacy by design” and “security by design” approach, meaning that all relevant personal data protection and security requirements are embedded in HT’s products and services. The requirements of the PSA procedure are aligned with the latest industry standards and best practices and specifically define technical and organisational measures/controls depending on the type of data being processed and the technologies used for the implementation of a system or project. This additionally ensures a high level of data protection throughout all phases of business processes.

Employee training

For the effective application of high security standards and the protection of people, assets, and personal data, it is essential that all employees maintain a strong security awareness and adhere to the security standards that are a prerequisite for achieving this goal. With the aim of raising security awareness and familiarising employees with security policies and procedures, mandatory training sessions are conducted for all employees. Employees complete online training, and a brochure on the topics of cyber, information, and physical security is also available.

In addition to mandatory internal training, supplementary programs were implemented to further enhance security awareness. Educational materials are regularly published internally, including the “Cyber AwareNessi” program – educational workbooks and colouring books designed especially for the youngest audience. These materials cover a range of topics related to cyber security, physical

security and best practices and many of them are publicly available on the web <https://www.hrvatskitelekom.hr/sigurnost-i-zastita-podataka/savjeti-za-sigurnije-koristenje-interneta>.

We also conduct Security Parkour interactive training sessions on cyber threats, physical security, information classification, security policies and social engineering, providing employees with engaging and dynamic learning experiences. The topics covered by Security Parkour are the ones that individuals may encounter in everyday life.

The Group experts actively participate in working groups that introduce new standards, regulations and policies at the EU level, such as the Cyber Security Working Group of HUP, the “Information Security” and “CERT/SOC” working groups of the ETIS organisation, as well as other working groups in the field of cyber security and information security within the DT Group.

All measures for mitigating cyber risks described in this disclosure are implemented on an ongoing basis.

OBJECTIVES

ESRS 2 MDR-T – Tracking effectiveness of policies and actions through targets

The Group monitors the effectiveness of cyber security-related guidelines and measures through the security systems and infrastructure described in detail in this disclosure. The Group has not set any other measurable targets related to outcomes associated with the identified material impacts under this topical standard.





GOVERNANCE MATTERS

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

Through the 2030 Agenda for Sustainable Development, United Nations Member States defined 17 universal and locally applicable Sustainable Development Goals (SDGs), which reflect key areas for environmentally sustainable, carbon-neutral, resource-efficient, socially inclusive, and just global development.

The digital revolution has been recognised as one of six critical transformations needed to address the interconnected crises of climate change, overconsumption of resources, biodiversity loss, and rising inequality within and between countries.





GOVERNANCE MATTERS

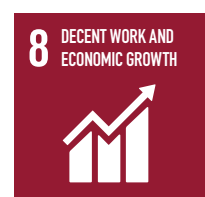
CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

(continued)

As a leading telecommunications provider, Group sees its opportunity to contribute to the SDGs in building high-quality, reliable infrastructure, expanding access to affordable and high-speed broadband internet, and implementing activities that foster digital inclusion, opportunity, and

safety for all. HT has identified its strongest impact on improving economic, social and environmental conditions by 2030 through further development of network infrastructure, and by fostering collaboration, innovation, and digital business development.

BUSINESS STRATEGY



Through digitalisation, we support economic development. Our products enable the growth of innovative business models, we provide excellent working conditions for our employees, and continuously strive to make our value chain more sustainable.



We invest in building stable, secure, and efficient network infrastructure, laying the foundations for economic growth, knowledge sharing, and participation in the digital society.



Our innovative solutions and network infrastructure support the transformation of cities into smart and liveable urban spaces.



We increase the share of innovative and sustainable products in our portfolio. Additionally, we reduce waste generation, repair and prepare devices for reuse, and recycle all generated waste.



We contribute to climate protection—internally through energy efficiency measures and the use of renewable energy, and externally through sustainable products and services.

SOCIAL RESPONSIBILITY



Our networks provide the foundation for economic and social participation and enable access to education, one of the key drivers of poverty reduction.



We promote health and well-being through various programs and measures for our employees.



We support digital literacy for all age groups through a variety of programs, and offer tailored professional development and training for our employees.



We promote equal opportunities and implement targeted measures to increase the share of women in leadership roles and STEM professions.



We are fully committed to using renewable electricity and energy-efficient technology.



We support our employees regardless of gender, age, sexual orientation, disability, ethnic origin, religious beliefs, or cultural background, and we actively work to raise the standard of living within our organisation, with our suppliers, and in society.



We operate ethically and lawfully. We strengthen our own information security, while our products and solutions offer data protection and privacy.



We collaborate with associations, institutions, and companies at national and international levels.





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INDEPENDENT LIMITED ASSURANCE REPORT

To the Shareholders of Hrvatski Telekom d.d.

We have conducted a limited assurance engagement on the Sustainability Report included in section Sustainability Report of the Annual Report of Hrvatski Telekom d.d. (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2025 and for the period from 1 January 2025 to 31 December 2025 (the “Sustainability Statement”).

Identification of Applicable Criteria

The Sustainability Statement was prepared by the Management Board of the Company in order to satisfy the requirements of article 32 and 36 of Accounting Act implementing 29(a) of the EU Directive 2013/34/EU, including:

- Compliance with the European Sustainability Reporting Standards introduced by Commission Delegated Regulation (EU) of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council (“ESRS”), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the “Process”) is in accordance with the description set out in note ESRS 2 IRO-1; and
- Compliance of the disclosures in subsection EU Taxonomy Report within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”).

Inherent Limitations in Preparing the Sustainability Statement

The criteria, nature of the Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

In reporting forward looking information in accordance with ESRS, management of the Company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, management of the Company interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

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The company was registered at Zagreb Commercial Court: MBS 030022053; paid-in initial capital: EUR 5,930.00; Company Directors: Katarina Kadunc, Goran Končar and Helena Schmidt, Bank: Privredna banka Zagreb d.d., Radnička cesta 50, 10 000 Zagreb, bank account no. 2340009–1110098294; SWIFT Code: PBZGHR2X IBAN: HR3823400091110098294.

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INDEPENDENT LIMITED ASSURANCE REPORT (continued)

Responsibility of the Management Board of the Company

Management of the Company is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in note ESRS 2 IRO-1 of the Sustainability Statement. This responsibility includes:

- Understanding the context in which the Group’s activities and business relationships take place and developing an understanding of its affected stakeholders;
- The identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group’s financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium, or long-term;
- The assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Making assumptions that are reasonable in the circumstances.

Management of the Company is further responsible for the preparation of the Sustainability Statement, in accordance with article 32 and 36 of Accounting Act implementing 29(a) of the EU Directive 2013/34/EU, including:

- Compliance with the ESRS;
- Preparing the disclosures in subsection EU Taxonomy Report within the environmental section of the Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”);
- Designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Group’s sustainability reporting process.

Practitioner’s Responsibility

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgment and maintain professional skepticism throughout the engagement.

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INDEPENDENT LIMITED ASSURANCE REPORT (continued)

Practitioner’s Responsibility (continued)

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group’s description of its Process, as disclosed in note ESRS 2 IRO-1.

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the entity’s control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our Independence and Quality Management

We complied with the applicable independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the “Code”). The Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We applied International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
 - o performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
 - o reviewing the Group’s internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in note ESRS 2 IRO-1.



INDEPENDENT LIMITED ASSURANCE REPORT (continued)

Summary of Work Performed (continued)

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group’s reporting processes relevant to the preparation of its Sustainability Statement by:
 - o performing inquiries to understand the Group’s control environment, processes and information systems relevant to the preparation of the sustainability statements;
- Evaluated whether material information identified by the Process to identify the information reported in the Sustainability Statement is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- Performed substantive assurance procedures on a sample basis on selected disclosures in the Sustainability Statement;
- Obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied; and
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with article 32 and 36 of Accounting Act implementing 29(a) of the EU Directive 2013/34/EU, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement is in accordance with the description set out in note ESRS 2 IRO-1; and
- Compliance of the disclosures in subsection EU Taxonomy Report within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”).


Katarina Kadunc

Director and Certified auditor

Deloitte d.o.o.



18 March 2026
Radnička cesta 80,
10 000 Zagreb,
Croatia

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CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 December 2025



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INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Hrvatski Telekom d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Hrvatski Telekom d.d. (the Company) and consolidated financial statements of the Hrvatski Telekom d.d. and its subsidiaries (the Group) which comprise the separate and the consolidated statement of financial position as at 31 December 2025, the separate and the consolidated statement of comprehensive income, and the separate and the consolidated statement of changes in equity and the separate and the consolidated statement of cash flows for the year then ended, and notes to the separate and the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Separate and the Consolidated Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Croatia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the separate and the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the separate and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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The company was registered at Zagreb Commercial Court: MBS 030022053; paid-in initial capital: EUR 5,930.00; Company Directors: Katarina Kadunc, Goran Končar and Helena Schmidt, Bank: Privredna banka Zagreb d.d., Radnička cesta 80, 10 000 Zagreb, bank account no. 2340009–1110098294; SWIFT Code: PBZGHR2X IBAN: HR3823400091110098294.

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INDEPENDENT AUDITOR’S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matter (continued)

Revenue recognition	
For accounting policies please refer to the Note 2.2.1 Significant accounting estimates - Revenue recognition and Note 2.3. (p) Revenue recognition as well as Note 4 Revenues from core business and segment information of the separate and the consolidated financial statements.	
Key audit matter	How we addressed Key audit matter
We consider revenue recognition as a key audit matter due to following: a) the accounting complexity; Revenue recognition is based on various significant assumptions (i.e. statistical data, manual adjustments, determination of standalone selling price, financing component assessment etc.). b) the complex structure of the Information technology (IT) systems; Due to the business model and its wide range of services, the accurate recognition of revenue in the separate and consolidated statement of comprehensive income, in compliance with the International Financial Reporting Standard “Revenue from contracts with customers” (IFRS 15), requires the coordinated interaction of a variety of complex IT systems, in which a high number of transactions are initiated, processed and invoiced in an automated manner. In view of the dynamic development of these complex services, the recognition of revenue, with the correlated IT systems, was of particular significance in the scope of our audit. As a result of the above factors as well as significance of revenues to the financial statements, the revenue recognition is considered as a key audit matter.	In order to assess risks of material misstatement, we first obtained an understanding of the process and the internal controls related to the recognition of revenue by taking into account the corporate environment and the applicable accounting standards. To the extent that identified controls were relevant to our audit of revenue accounts, we tested the controls for design and implementation. This testing of design and implementation covered both manual controls and automated controls in the IT systems used for the purposes of revenue recognition. In the IT systems that are important to the implementation of controls, we tested the general IT controls – particularly those that ensure authorized access, system operation and changes in relation to these systems. In this part we involved IT specialists. On the basis of the risks of material misstatement identified in the scope of audit procedures, we selected manual and automated controls as well as related general IT controls from the controls relevant to the audit, with respect to revenue recognition. Subsequently, these controls were tested for operating effectiveness to assess their effectiveness in the reporting year. In this process, too, we involved IT specialists. Apart from testing the operating effectiveness of controls, we performed the following procedures in response to identified risks of material misstatement; - By involving IFRS 15 specialists, we assessed for selected business models as to whether the accounting policies defined for these models, result in revenue recognition according to the requirements of IFRS 15. - We tested the reconciliation of transaction data recorded in the IT systems to the revenue reported in the general ledger for accuracy and completeness. This also included the examination of manual adjustment postings. - We used data analysis tools to generate evaluations of different revenue flows over time and analyzed deviations from expected trends. We examined the customer and contract data used in the analyses by comparing the related contracts with the corresponding data in the master data systems on a sample basis. - Furthermore, we assessed whether the disclosures in the financial statements appropriately reflect the requirements of IFRS 15, including the disaggregation of revenue, disclosure of contract assets and liabilities and performance obligations, and the significant judgements applied in applying the standard.

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INDEPENDENT AUDITOR’S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the separate and the consolidated financial statements and our auditor’s report.

Our opinion on the separate and the consolidated financial statements does not cover the other information.

In connection with our audit of the separate and the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. With respect to the Management Report, the Corporate Governance Report, which are included in the Annual Report, we have also performed the other procedures prescribed by the Accounting Act. These procedures include examination of whether the Management Report include required disclosures as set out in the Articles 22 and 24 of the Accounting Act and whether the Corporate Governance Report includes the information specified in the Articles 22 and 25 of the Accounting Act.

Based on the procedures performed during our audit, to the extent we are able to assess it, we report that:

- 1) Information included in the other information is, in all material respects, consistent with the attached separate and consolidated financial statements.
- 2) Management Report has been prepared, in all material respects, in accordance with the Articles 22 and 24 of the Accounting Act, excluding the requirements on sustainability reporting. In respect of the Sustainability Report, which is included as part of the other information and constitutes a separate part of the Management Report, we performed a limited assurance engagement, the results of which were presented in a separate limited assurance report with an unmodified conclusion.
- 3) Corporate Governance Report has been prepared, in all material aspects, in accordance with the Articles 22 and 25 of the Accounting Act,

Based on the knowledge and understanding of the Company and the Group and its environment, which we gained during our audit of the separate and the consolidated financial statements, we have not identified material misstatements in the other information.

Responsibilities of Management and Those Charged with Governance for the Separate and the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and the consolidated financial statements in accordance with IFRSs and for such internal control as Management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and the consolidated financial statements, Management is responsible for assessing the Company’s and the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s and the Group’s financial reporting process.



INDEPENDENT AUDITOR’S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Auditor’s Responsibilities for the Audit of the Separate and the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and the Group’s internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the separate and the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and the consolidated financial statements, including the disclosures, and whether the separate and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.





INDEPENDENT AUDITOR’S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Auditor’s Responsibilities for the Audit of the Separate and the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



INDEPENDENT AUDITOR’S REPORT (continued)

Report on Other Legal and Regulatory Requirements

Report based on the requirements of Delegated Regulation (EU) No. 2018/815 amending Directive No. 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards for the specification of the uniform electronic format for reporting (ESEF)

Auditor’s reasonable assurance report on the compliance of separate and consolidated financial statements (financial statements), prepared based on the provision of Article 462 (5) of the Capital Market Act by applying the requirements of the Delegated Regulation (EU) 2018/815 specifying for the issuers a single electronic reporting format (“ESEF Regulation”). We conducted a reasonable assurance engagement on whether the financial statements of the Company and the Group for the financial year ended 31 December 2025 prepared to be made public pursuant to Article 462 (5) of the Capital Market Act, contained in the electronic file Hrvatski Telekom_2025-12-31_eng.zip, have been prepared in all material aspects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the Management and Those Charged with Governance

Management is responsible for the preparation and content of the financial statements in line with the ESEF Regulation.

In addition, Management is responsible for maintaining the internal controls system that reasonably ensures the preparation of financial statements without material differences with the reporting requirements from the ESEF Regulation, whether due to fraud or error.

Furthermore, Company Management is responsible for the following:

- public reporting of financial statements presented in the Annual Report in valid XHTML format
- selection and use of XBRL markups in line with the requirements of the ESEF Regulation.

Those charged with governance are responsible for supervising the preparation of financial statements in ESEF format as part of the financial reporting process.

Auditor’s Responsibilities

It is our responsibility to carry out a reasonable assurance engagement and, based on the audit evidence obtained, give our conclusion on whether the financial statements have been prepared without material differences with the requirements from the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with the *International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000). This standard requires that we plan and perform the engagement to obtain reasonable assurance for providing a conclusion.

Quality management

We have conducted the engagement in compliance with independence and ethical requirements as provided by the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, as well as in compliance with the independence and the ethical requirements in Croatia. The code is based on the principles of integrity, objectivity, professional competence and due diligence, confidentiality, and professional conduct. We comply with the *International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* (ISQM 1) and accordingly maintain an overall management control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and statutory requirements.





INDEPENDENT AUDITOR’S REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

Report based on the requirements of Delegated Regulation (EU) No. 2018/815 amending Directive No. 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards for the specification of the uniform electronic format for reporting (ESEF) (continued)

Procedures performed

As part of the selected procedures, we have conducted the following activities:

- We have read the requirements of the ESEF Regulation;
- We have gained an understanding of internal controls of the Company and the Group, relevant for the application of the ESEF Regulation requirements;
- We have identified and assessed the risks of material differences with the ESEF Regulation due to fraud or error;
- We have devised and designed procedures for responding to estimated risks and obtaining reasonable assurance in order to give our conclusion.

Our procedures focused on assessing whether:

- Financial statements included in the separate and the consolidated report have been prepared in valid XHTML format;
- Data included in the separate and the consolidated financial statements required by the ESEF Regulation have been marked up and meet all of the following requirements:
 - XBRL has been used for markups.
 - Core taxonomy elements stipulated in the ESEF Regulation with the closest accounting meaning were used unless an extension taxonomy element was created in line with the Annex IV of the ESEF Regulation;
 - Markups comply with the common rules on markups in line with the ESEF Regulation.

We believe the evidence we obtained to be sufficient and appropriate to provide a basis for our conclusion.

Conclusion

We believe that, based on the procedures performed and evidence obtained, the financial statements of the Company and the Group presented in the ESEF format, contained in the aforementioned electronic file, and based on the provision of Article 462 (5) of the Capital Market Act, have been prepared to be published for public, in all material aspects in accordance with the requirements of articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2025.

In addition to this conclusion, as well as the audit opinion contained in this Independent Auditor's Report for the accompanying financial statements and Annual Report for the year ended 31 December 2025, we do not express any opinion on the information contained in these documents or other information contained in the above mentioned file.



INDEPENDENT AUDITOR’S REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

Other reporting obligations as required by Regulation (EU) No. 537/2014 of the European Parliament and the Council and the Audit Act

We were appointed as the statutory auditor of the Company and the Group by the shareholders on General Assembly held on 3 June 2025 to perform audit of accompanying separate and consolidated financial statements. Our total uninterrupted engagement has lasted 3 years and covers period from 1 January 2023 to 31 December 2025.

We confirm that:

- our audit opinion on the accompanying separate and consolidated financial statements is consistent with the additional report issued to the Audit Committee of the Company on 18 March 2026 in accordance with the Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council;
- no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided.

There are no services, in addition to the statutory audit, which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

The engagement partner on the audit resulting in this independent auditor’s report is Katarina Kadunc.

Katarina Kadunc

Director and Certified auditor



Deloitte d.o.o.

18 March 2026
Radnička cesta 80,
10 000 Zagreb,
Croatia

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RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Pursuant to the Croatian Accounting Act in force, the Management Board is responsible for ensuring that consolidated and separate financial statements are prepared for each financial year in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”) give a true and fair view of the financial position and results of Croatian Telecom Inc. and its subsidiaries (the “Group”) for the period ending 31 December 2025.

The Management Board has a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the consolidated and separate financial statements.

In preparing those consolidated and separate financial statements, the responsibilities of the Management Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable accounting standards are followed; and
- the consolidated and separate financial statements are prepared on the going concern basis.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the consolidated and separate financial position of the Group and the Company must also ensure that the consolidated and separate financial statements comply with the Croatian Accounting Act in force. The Management Board is also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

In accordance with the Accounting Act, the Management Board is obliged to prepare the Annual Report, which contains the Annual financial statements, the Management report, and Report on the application of the corporate governance code. Management report and Report on the application of the corporate governance code have been prepared in accordance with the requirements of Articles 22, 24, and 25 of the Accounting Act.

The accompanying consolidated and separate financial statements were approved for issuance by the Management Board on 18 March 2026.

Croatian Telecom Inc.
Radnička cesta 21
10000 Zagreb
Republic of Croatia

On behalf of the Group and the Company,

18 March 2026

Nataša Rapaic
President of the Management Board (CEO)

Matija Kovačević
Member of the Management Board and CFO

Ognjen Vukoslavović
Member of the Management Board and CTIO

Krešimir Madunović
Member of the Management Board and COO
Residential

Ivan Bartulović
Member of the Management Board and CHRO

Siniša Đuranović
Member of the Management Board and COO
Business

Marijana Bačić
Member of the Management Board and COO
Business



CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

EUR thousand	Notes	Group		Company	
		2025	2024	2025	2024
Revenue	4	1,141,669	1,101,579	982,642	957,315
Other operating income	5	9,953	12,589	9,648	11,838
Merchandise, material and energy expenses	6	(249,964)	(254,118)	(193,715)	(200,225)
Service expenses	7	(100,761)	(99,073)	(91,456)	(90,155)
Employee benefits expenses	9	(223,672)	(194,286)	(190,443)	(142,314)
Capitalized work performed by the Group and the Company	9	23,866	22,335	21,085	4,531
Depreciation and amortization	8	(277,977)	(272,032)	(250,392)	(242,135)
Impairment of non-current assets	8	(904)	(1,945)	(903)	(1,945)
Net impairment losses on trade receivables and contract assets	22	(6,163)	(4,302)	(5,770)	(3,214)
Other expenses	10	(132,774)	(131,155)	(120,635)	(127,452)
Operating profit	4	183,273	179,592	160,061	166,244
Finance income	11	5,720	9,831	4,280	6,808
Finance costs	12	(12,598)	(12,299)	(14,971)	(8,744)
Income from dividends – subsidiaries	18	-	-	18,098	-
Finance result		(6,878)	(2,468)	7,407	(1,936)
Share of profit of investments accounted for using the equity method	19	1,021	-	-	-
Profit before income tax		177,416	177,124	167,468	164,308
Income tax expense	13	(32,837)	(33,928)	(28,359)	(27,481)
Profit for the year		144,579	143,196	139,109	136,827
Items that may be subsequently reclassified to comprehensive income					
Result from effective cash flow hedging	34	1,308	(8,412)	1,308	(8,412)
Items that will not be subsequently reclassified to comprehensive income					
Changes in the fair value of equity instruments at fair value		(11)	8	(11)	8
Actuarial (loss) / gain		(55)	41	(55)	41
Other comprehensive income / (loss) for the year, net of tax		1,242	(8,363)	1,242	(8,363)
Total comprehensive income for the year, net of tax		145,821	134,833	140,351	128,464

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME (continued)

For the year ended 31 December 2025

EUR thousand	Notes	Group		Company	
		2025	2024	2025	2024
Profit attributable to:					
Equity holders of the Company		142,960	141,869	139,109	136,827
Non-controlling interest		1,619	1,327	-	-
		144,579	143,196	139,109	136,827
Total comprehensive income arisen from continuing operations attributable to:					
Equity holders of the Company		144,202	133,506	140,351	128,464
Non-controlling interest		1,619	1,327	-	-
		145,821	134,833	140,351	128,464
Earnings per share					
Basic and diluted, from continuing operations attributable to equity holders of the Company during the year	14	EUR 1.85	EUR 1.82	EUR 1.80	EUR 1.75

The accompanying accounting policies and notes are an integral part of these consolidated and separate financial statements.



CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

EUR thousand	Notes	Group		Company	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
ASSETS					
Non-current assets					
Intangible assets	15	386,178	394,878	317,382	321,407
Right-of-use assets	17	88,684	81,363	217,006	72,556
Property, plant and equipment	16	916,406	867,881	817,749	797,102
Investment property		429	521	430	521
Investments in subsidiaries	18	-	-	191,161	166,465
Investments accounted for using the equity method	19	32,582	31,561	-	-
Investments accounted for using the cost method	20	-	-	31,700	31,700
Financial assets at fair value through other comprehensive income		282	293	270	281
Trade and other receivables	22	54,288	46,852	48,154	38,587
Contract assets	23	11,199	10,185	10,718	9,816
Capitalized contract costs	23	43,490	34,585	43,291	34,203
Prepayments	24	8,485	17,168	8,478	16,433
Deferred tax asset	13	20,155	20,042	19,030	19,027
Total non-current assets		1,562,178	1,505,329	1,705,369	1,508,098
Current assets					
Inventories	21	49,281	44,483	37,567	33,020
Trade and other receivables	22	263,006	249,244	208,348	197,761
Contract assets	23	47,617	39,238	46,520	38,248
Capitalized contract costs	23	15,768	13,658	14,282	11,960
Receivables from subsidiaries	39	-	-	11,633	1,069
Prepayments	24	14,451	15,514	12,199	13,557
Loans receivable from subsidiaries	39	-	-	2,003	-
Cash and cash equivalents	25	173,065	229,658	105,092	169,146
Total current assets		563,188	591,795	437,644	464,761
TOTAL ASSETS		2,125,366	2,097,124	2,143,013	1,972,859

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2025

		Group	Company		
EUR thousand	Notes	31 December 2025	31 December 2024	31 December 2025	31 December 2024
EQUITY AND LIABILITIES					
Capital and reserves					
Issued share capital	31	1,340,772	1,359,742	1,340,772	1,359,742
Legal reserves	32	67,987	67,987	67,987	67,987
Capital reserves	33	18,970	-	18,970	-
Effects of foreign exchange		-	361	-	-
Other reserves		54	(9)	(3)	(76)
Cash flow hedge reserves	34	(7,276)	(8,584)	(7,276)	(8,584)
Reserve for treasury shares	35	5,749	28,579	5,749	28,579
Treasury shares		(5,024)	(29,653)	(5,749)	(28,579)
Retained earnings		210,873	225,416	180,004	201,455
Total equity attributable to equity holders of the parent		1,632,105	1,643,839	1,600,454	1,620,524
Non-controlling interest		29,966	32,739	-	-
Total capital and reserves		1,662,071	1,676,578	1,600,454	1,620,524
Non-current liabilities					
Provisions	29	15,469	14,023	11,147	13,490
Lease liabilities	17	61,701	55,408	189,480	49,782
Liabilities from other derivative financial instruments for cash flow hedges	34	7,276	8,584	7,276	8,584
Employee benefit obligations	28	3,302	3,417	2,469	2,663
Trade payables and other liabilities	26	22,075	23,589	21,295	22,566
Deferred tax liability	13	3,361	4,371	359	371
Total non-current liabilities		113,184	109,392	232,026	97,456
Current liabilities					
Trade payables and other liabilities	26	261,235	237,486	214,218	188,458
Contract liabilities	23	15,658	16,585	6,184	7,735
Employee benefit obligations	28	2,512	1,305	2,465	1,231
Accruals	30	30,590	19,920	27,397	14,151
Payables to subsidiaries	39	-	-	15,825	11,285
Lease liabilities	17	23,005	21,157	30,260	18,917
Income tax payable		5,114	2,596	2,026	980
Deferred income	27	11,997	12,105	12,158	12,122
Total current liabilities		350,111	311,154	310,533	254,879
Total liabilities		463,295	420,546	542,559	352,335
TOTAL EQUITY AND LIABILITIES		2,125,366	2,097,124	2,143,013	1,972,859

The accompanying accounting policies and notes are an integral part of these consolidated and separate financial statements.



CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

EUR thousand	Notes	2025	Group 2024	2025	Company 2024
Operating activities					
Profit before income tax		177,416	177,124	167,468	164,308
Depreciation and amortization	8	277,977	272,032	250,393	242,135
Impairment loss of PPE & Intangible assets	8	904	1,945	903	1,945
Interest income	11	(2,828)	(6,987)	(1,884)	(6,160)
Interest expense	12	9,765	8,946	12,470	7,587
Gain on disposal of assets		(1,853)	(4,177)	(1,839)	(4,269)
Other net financial (income) / loss	11,12	(101)	509	(18,091)	509
Share of net profit of joint venture		(1,021)	-	-	
Increase in inventories		(4,798)	(10,657)	(4,547)	(8,052)
Net impairment losses on trade receivables and contract assets	22	6,163	4,302	5,770	3,214
Increase in receivables and prepayments		(14,247)	(14,203)	(15,342)	(7,144)
Increase in contract assets/costs		(20,407)	(5,687)	(20,583)	(7,857)
Increase in payables and accruals		5,161	14,578	10,620	10,314
Increase / (decrease) in contract liabilities		(927)	4,500	(1,551)	1,089
Increase / (decrease) in provisions		1,172	580	(2,519)	321
Increase / (decrease) in employee benefit obligations		1,092	(485)	1,040	(709)
Increase in accruals	30	10,670	3,471	13,246	394
Other non-cash items		893	599	(507)	526
Cash generated from operations		445,031	446,390	395,047	398,151
Interest paid		(6,112)	(6,553)	(4,881)	(5,707)
Income tax paid		(31,429)	(38,813)	(27,021)	(36,631)
Net cash flows from operating activities		407,490	401,024	363,145	355,813
Investing activities					
Purchase of non-current assets		(215,939)	(207,815)	(194,631)	(186,447)
Proceeds from sale of non-current assets		2,122	5,250	2,280	6,124
Receipts from investments in financial assets		19	29,485	19	19,395
Other investment paid		(142)	-	(82)	-
Given loan to subsidiary		-	-	(17,000)	(37,300)
Loan repayment from subsidiary		-	-	15,000	40,300
Dividend received - subsidiaries		-	-	8,098	-
Interest received		2,816	7,588	1,886	5,375
Net cash flows used in investing activities		(211,124)	(165,492)	(184,430)	(152,553)
Financing activities					
Dividends paid	36	(125,479)	(119,210)	(125,479)	(119,210)
Dividend paid to non-controlling interest in subsidiaries		(1,059)	(1,214)	-	-
Repayment of radio frequency spectrum and content	42	(42,098)	(41,473)	(38,873)	(34,596)
Repayment of lease liability principal amounts	17	(49,787)	(47,198)	(44,156)	(42,716)
Acquisition of treasury shares		(34,536)	(29,857)	(34,261)	(28,434)
Net cash flows used in financing activities		(252,959)	(238,952)	(242,769)	(224,956)
Net decrease in cash and cash equivalents		(56,593)	(3,420)	(64,054)	(21,696)
Cash and cash equivalents as at 1 January		229,658	233,078	169,146	190,842
Cash and cash equivalents as at 31 December	25	173,065	229,658	105,092	169,146

The accompanying accounting policies and notes are an integral part of these consolidated and separate financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Group	Issued share capital	Legal reserves	Effects of foreign exchange	Other reserves	Capital reserves	Cash flow hedge reserves	Reserve for treasury share	Treasury shares	Retained earnings	Total equity attributable to equity holders of the parent	Non- controlling interest	Total equity
EUR thousand												
	(Note 31)	(Note 32)			(Note 33)	(Note 34)	(Note 35)	(Note 35)	(Note 36)			
Balance as at 1 January 2024	1,359,742	67,987	361	250	-	(172)	21,226	(22,170)	231,329	1,658,553	32,939	1,691,492
Profit for the year	-	-	-	-	-	-	-	-	141,869	141,869	1,327	143,196
Other comprehensive income for the year	-	-	-	8	-	(8,412)	-	-	41	(8,363)	-	(8,363)
Total comprehensive income for the year	-	-	-	8	-	(8,412)	-	-	141,910	133,506	1,327	134,833
Dividends (Note 36)	-	-	-	-	-	-	-	-	(119,210)	(119,210)	(1,214)	(120,424)
Reserve for treasury shares	-	-	-	-	-	-	27,633	-	(27,633)	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	(29,544)	-	(29,544)	(313)	(29,857)
Share based granted	-	-	-	-	-	-	-	801	-	801	-	801
Shares cancelled	-	-	-	-	-	-	(20,280)	21,260	(980)	-	-	-
Other changes	-	-	-	(267)	-	-	-	-	-	(267)	-	(267)
Balance as at 31 December 2024	1,359,742	67,987	361	(9)	-	(8,584)	28,579	(29,653)	225,416	1,643,839	32,739	1,676,578
Balance as at 1 January 2025	1,359,742	67,987	361	(9)	-	(8,584)	28,579	(29,653)	225,416	1,643,839	32,739	1,676,578
Profit for the year	-	-	-	-	-	-	-	-	142,960	142,960	1,619	144,579
Other comprehensive income for the year	-	-	-	(11)	-	1,308	-	-	(55)	1,242	-	1,242
Total comprehensive income for the year	-	-	-	(11)	-	1,308	-	-	142,905	144,202	1,619	145,821
Dividends (Note 36)	-	-	-	-	-	-	-	-	(125,479)	(125,479)	(1,059)	(126,538)
Reserve for treasury shares	-	-	-	-	-	-	33,508	-	(33,508)	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	(34,260)	(276)	(34,536)	276	(34,260)
Share based granted	-	-	-	-	-	-	-	753	-	753	-	753
Share capital reduction (Note 3)	(18,970)	-	-	-	18,970	-	-	-	-	-	-	-
Shares cancelled	-	-	-	-	-	-	(56,338)	57,442	(1,104)	-	-	-
Other changes	-	-	(361)	74	-	-	-	694	2,919	3,326	(3,609)	(283)
Balance as at 31 December 2025	1,340,772	67,987	-	54	18,970	(7,276)	5,749	(5,024)	210,873	1,632,105	29,966	1,662,071



SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Company	Issued share capital	Legal reserves	Other reserves	Capital reserves	Cash flow hedge reserves	Reserve for treasury shares	Treasury shares	Retained earnings	Total
EUR thousand	(Note 31)	(Note 32)		(Note 33)	(Note 34)	(Note 35)	(Note 35)	(Note 36)	
Balance as at 1 January 2024	1,359,742	67,987	186	-	(172)	21,226	(21,226)	243,127	1,670,870
Profit for the year	-	-	-	-	-	-	-	136,827	136,827
Other comprehensive income for the year	-	-	8	-	(8,412)	-	-	41	(8,363)
Total comprehensive income for the year	-	-	8	-	(8,412)	-	-	136,868	128,464
Dividends (Note 36)	-	-	-	-	-	-	-	(119,210)	(119,210)
Reserve for treasury shares	-	-	-	-	-	27,633	-	(27,633)	-
Acquisition of treasury shares	-	-	-	-	-	-	(28,434)	-	(28,434)
Shares cancelled	-	-	-	-	-	(20,280)	20,280	-	-
Share based granted	-	-	-	-	-	-	801	-	801
Effect of merger of subsidiary (Note 3)	-	-	-	-	-	-	-	(31,697)	(31,697)
Other changes	-	-	(270)	-	-	-	-	-	(270)
Balance as at 31 December 2024	1,359,742	67,987	(76)	-	(8,584)	28,579	(28,579)	201,455	1,620,524
Balance as at 1 January 2025	1,359,742	67,987	(76)	-	(8,584)	28,579	(28,579)	201,455	1,620,524
Profit for the year	-	-	-	-	-	-	-	139,109	139,109
Other comprehensive income for the year	-	-	(11)	-	1,308	-	-	(55)	1,242
Total comprehensive income for the year	-	-	(11)	-	1,308	-	-	139,054	140,351
Dividends (Note 36)	-	-	-	-	-	-	-	(125,479)	(125,479)
Reserve for treasury shares	-	-	-	-	-	33,508	-	(33,508)	-
Acquisition of treasury shares	-	-	-	-	-	-	(34,261)	-	(34,261)
Shares cancelled	-	-	-	-	-	(56,338)	56,338	-	-
Share based granted	-	-	-	-	-	-	753	-	753
Effect of merger of subsidiary (Note 3)	-	-	-	-	-	-	-	(1,518)	(1,518)
Share capital reduction (Note 3)	(18,970)	-	-	18,970	-	-	-	-	-
Other changes	-	-	84	-	-	-	-	-	84
Balance as at 31 December 2025	1,340,772	67,987	(3)	18,970	(7,276)	5,749	(5,749)	180,004	1,600,454

The accompanying accounting policies and notes are an integral part of these and separate financial statements.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. Corporate information

Croatian Telecom Inc. (“HT” or the “Company”) is a joint stock company whose majority shareholder is Deutsche Telekom Europe B.V. with a 54.6% holding. Deutsche Telekom Europe B.V. is 100% owned by Deutsche Telekom Europe Holding B.V. Deutsche Telekom Europe Holding B.V is 100% owned by Deutsche Telekom Europe Holding GmbH which is 100% owned by Deutsche Telekom AG (“DTAG”). Thus, Deutsche Telekom AG is the ultimate controlling parent.

The registered office address of the Company is Radnička cesta 21, Zagreb, Croatia.

The consolidated financial statements include the financial statements of:

Entity	Country of Business	Principal Activities	Ownership interest	
			31 December 2025	31 December 2024
Croatian Telecom Inc.	Parent company	Republic of Croatia	Provision of fixed and mobile telephony services, internet and data services	
Combis d.o.o. Zagreb	Subsidiary	Republic of Croatia	Provision of IT services	100%100%
Combis d.o.o. Sarajevo	Subsidiary of Combis d.o.o. Zagreb	Federation of Bosnia and Herzegovina	Provision of IT services	100%100%
Combis – IT usluge d.o.o. Belgrade	Subsidiary of Combis d.o.o. Zagreb	Republic of Serbia	Provision of IT services	100%100%
HT Towers d.o.o.	Subsidiary	Republic of Croatia	Other telecommunication activities	100%-
Crnogorski Telekom AD	Subsidiary	Republic of Montenegro	Provision of fixed and mobile telephony services, internet and data services	79.21%78.10%
HT holding d.o.o.	Subsidiary	Republic of Croatia	Founding and managing other companies	100%100%
HT servisi d.o.o.	Subsidiary	Republic of Croatia	Planning and construction of fixed and mobile networks	-100%
JP HT d.d. Mostar	Joint venture	Federation of Bosnia and Herzegovina	Provision of fixed and mobile telephony services, internet and data services	39.10%39.10%

The total number of employees of the Group as at 31 December 2025 was 5,747 (31 December 2024: 5,751) and the total number of employees of the Company as at 31 December 2025 was 4,836 (31 December 2024: 4,219).

The principal activities of the Group and the Company are described in Note 4.

The consolidated and separate financial statements for the financial year ended 31 December 2025 were authorized for issue in accordance with a resolution of the Management Board on 18 March 2026. These consolidated and separate financial statements are subject to approval of the Supervisory Board as required by the Croatian Company Act. Annual consolidated financial statements of Deutsche Telekom Group are disclosed on the web page of Deutsche Telekom in Investor Relations.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed by the EU. The consolidated and separate financial statements also comply with the Croatian Accounting Act on consolidated and separate financial statements, which refers to IFRS.

The consolidated and separate financial statements have been prepared under the historical cost convention, as modified by the revaluation financial assets at fair value through other comprehensive income, as disclosed in the accounting policies hereafter.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.1 Changes in accounting policies and disclosures

Amended IFRS accounting standard effective for the current year

In the current year, the Group and the Company has applied amendments to IFRS issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2025.

Standard	Title
Amendments to IAS 21	Lack of Exchangeability

Adoption of those amendments has not had any material impact on the disclosures or on the amounts reported in these consolidated and separate financial statements.

New and revised IFRS accounting standards adopted by the EU but not yet effective

At the date of authorisation of these consolidated and separate financial statements, the Group and the Company has not applied the following amendments to IFRS accounting standards that have been issued by IASB and adopted by EU but are not yet effective:

Standard	Title	Effective date
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity (IASB effective date: 1 January 2026)	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027

Adoption of IFRS 18 will have a significant presentation impact on the consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.1 Changes in accounting policies and disclosures (continued)

New and revised IFRS accounting standards in issue but not adopted by the EU

At present, IFRS accounting standards as adopted by the EU do not significantly differ from IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) except for the following new accounting standards and amendments to the existing accounting standards, which were not adopted by the EU as at 31st December 2025:

Accounting standard	Title	EU adoption status
IFRS 19 with further amendments	Subsidiaries without Public Accountability: Disclosures (IASB effective date: 1 January 2027)	Not yet adopted by EU
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency (IASB effective date: 1 January 2027)	Not yet adopted by EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 1 January 2016)	European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

The Group and the Company do not expect that the adoption of the accounting standards listed above will have a material impact on the consolidated and separate financial statements of the Group and the Company in future periods.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Group's and the Company's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: Financial Instruments: Recognition and Measurement would not significantly impact the consolidated and separate financial statements, if applied as at the balance sheet date.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.2 Significant accounting judgments, estimates and assumptions

2.2.1 Significant accounting estimates

The preparation of the Group’s and the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, during the reporting period or at the reporting date respectively. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Capitalized content rights

The rights to use electronic signals to broadcast sport events, TV programs, movies, music streams, etc. shall be capitalized as intangible assets if all the following conditions are met:

- there is no doubt whatsoever that the content will be delivered as agreed in the contract. That means that the probability that the signal will eventually not be delivered is remote. If the probability of non-delivery is higher than remote, such contract is accounted for as an executory contract where any prepayments are presented as other assets and amortized through expenses for services purchased
- the non-cancellable minimum term and the period over which revenues from customers are expected to be generated exceed one year. If the term is shorter, the contract is accounted for as an executory contract
- cost can be estimated reliably.

Contract values are calculated based on the price in the contract and the estimated number of users discounted for the duration of the contract. Used discount rate depends on the duration of the contract.

Provisions and contingencies

The Group and the Company and are exposed to several legal cases, regulatory proceedings and ownership dispute over distributive telecommunication infrastructure that may result in significant outflow of economic resources or derecognition of related assets. The Group and the Company use internal and external legal experts to assess the outcome of each case and makes judgments as to if and in what amount provisions need to be recorded in the financial statements as explained further in Notes 29 and 38. Changes in these judgments could have a significant impact on the financial statements of the Group and the Company.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.2. Significant accounting judgments, estimates and assumptions (continued)

2.2.1. Significant accounting estimates (continued)

Impairment of non-financial assets

The determination of impairment of assets involves the use of estimates that include, but are not limited to, the cause, timing, and amount of the impairment. Impairment is based on many factors, such as changes in current competitive conditions, expectations of growth in the industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of services, current replacement costs, prices paid in comparable transactions and other changes in circumstances that indicate an impairment exists. The recoverable amount and the fair values are typically determined using the discounted cash flow method which incorporates reasonable market participant assumptions.

The identification of impairment indicators, as well as the estimation of future cash flows and the determination of fair values for assets (or groups of assets) require management to make significant judgments concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values. Specifically, the estimation of cash flows underlying the fair values of the business considers the continued investment in network infrastructure required to generate future revenue growth through the offering of new data products and services, for which only limited historical information on customer demand is available. If the demand for those products and services does not materialize as expected, this would result in less revenue, less cash flow and potential impairment to write down these investments to their fair values, which could adversely affect future operating results.

The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the financial plan covering a mid-term period. The cash flows beyond the planning period are extrapolated using appropriate growth rates. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Further details including carrying values and effects on the result of the period are given in Notes 15 and 16.

Useful lives of assets

The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technological development and changes in broad economic or industry factors. The appropriateness of the estimated useful lives is reviewed annually, or whenever there is an indication of significant changes in the underlying assumptions. We believe that this is a critical accounting estimate since it involves assumptions about technological development in an innovative industry and is heavily dependent on the investment plans of the Group and the Company. Furthermore, due to the significant weight of depreciable assets in the Group’s and the Company’s total assets, the impact of significant changes in these assumptions could be material to the financial position and results of operations of the Group and the Company.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.2 Significant accounting judgments, estimates and assumptions (continued)

2.2.1 Significant accounting estimates (continued)

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates (Note 15). Management believes that no reasonably possible change in any of the key assumptions 2025 would cause the carrying value of the business and residential cash-generating units, and cash-generating unit Crnogorski Telekom, to materially exceed their recoverable amount.

Content contract liability

As explained in intangible asset accounting policy (Note 2.3. e) content costs are capitalized with related liability recognised. The determination of liability for variable content contracts requires judgement as it is based on estimated number of future customers and use of a discount rate.

Intangible assets with an indefinite life

In arriving at the conclusion that the acquired brand EVOtv has an indefinite life, the Group and the Company considered the fact that the brand represents a residential segment and relates to operators with proven and sustained demand for their products and services in a well-established market. The brand EVOtv has historically been supported through spending on consumer marketing and promotion. The Group and Company considered other factors such as the ability to continue to protect the legal rights that arise from the brands name indefinitely and the absence of any competitive factors that could limit the life of the brand name. The Group and the Company expect continued economic benefits from the acquired brand in the future. However, a strategic decision to withdraw marketing support from the brand or the weakening in the brand’s appeal through changes in customer preferences might result in an impairment charge in the future. Also, reasonable change in certain key assumptions (such as change of revenues by 2% and change in royalty relief rate by 0.1%) does not lead to impairment.

Expected credit loss (ECL) measurement

Model of Expected Loss (ECL) is implemented in accordance with IFRS 9 - Financial Instruments (“IFRS 9”). The measurement of expected loss is based on reasonable and supporting information that is available without additional expenses and effort and which include information on past events, current and foreseeable future conditions and circumstances.

When estimating the expected credit loss, historical probabilities of non-collection are usually used, complemented with forward looking parameters relevant to the credit risk.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.2. Significant accounting judgments, estimates and assumptions (continued)

2.2.1. Significant accounting estimates (continued)

Expected credit loss (ECL) measurement (continued)

Macroeconomic data are linked to historical customer behaviour, which is corrected under the following conditions:

- Unemployment rate – If changes in unemployment rate are more than 2% compared to the average of the last two years
- GDP – If GDP change rates are higher than 1% compared to the average of the last four years
- Average interest rates – If changes in average interest rates are greater than 2% compared to the average of the last four years.

The general approach of expected credit losses applies to loans, debt instruments measured at amortized cost and debt instruments measured at fair value through other comprehensive income. A simplified approach to expected credit losses is applied to customer and contract assets, resulting in the recognition of a loss allowance before the credit loss is incurred.

Besides above stated assets to which a simplified approach applies, subsequent measurement of all other assets in scope of ECL applies a general approach of expected credit loss consisting of three stages: Bucket 1, Bucket 2 and Bucket 3. The degree of application depends on the increase in credit risk by financial instrument after initial recognition, i.e. on the credit quality of the financial instrument:

Buckets for measurement of credit risk	Period of measurement of ECL	Increase of credit risk
Bucket 1 Performing	12-month expected credit losses	None or not significant
Bucket 2 Underperforming	Lifetime expected credit losses	Significant
Bucket 3 Non-performing	Lifetime expected credit losses	Significant + There is evidence that financial asset is impaired at the reporting date

A credit risk is the risk that a counterparty of a financial instrument creates financial losses for the other counterparty by not fulfilling the contractual obligation. Since the standard does not prescribe a definition of “significant increase in credit risk” an entity decides how to define it in the context of its specific types of instruments taking into account the availability of information and own historic data.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.2. Significant accounting judgments, estimates and assumptions (continued)

2.2.1. Significant accounting estimates (continued)

Expected credit loss (ECL) measurement (continued)

Basis for assessing an increase in credit risk is either the probability of default or an analysis of overdue receivables. Revision of applied simplified approach credit risk percentages is done once a year to measure credit risk and historical data in order to quantify expected credit loss.

Additionally, financial analyst analyses macroeconomic and external data – inflation rates, consumer credit interest rates, GDP per capita, unemployment and employment rates and consumer price index change. These data are put in correlation with historical Group and Company customer payment behaviour in order to see possible change of credit risk percentages applied.

The standard contains the rebuttable assumption that a “default event” has occurred when the financial asset is more than 90 days overdue. The assumption may also be supported by the following indicators:

- Counterparty repeatedly fails to meet payment obligations and the service is blocked (contract not yet terminated)
- Counterparty is over the credit limit with unpaid invoices and fails to pay despite repeated demands
- Country embargo/countries are in recession or payment restrictions by the relevant state bank.

In making these assumptions, estimates based on historical data and existing market conditions are used.

Simplified approach of expected credit loss measurement i.e measurement on collective basis is applied for trade receivables, due to large number of analytical data (customers) and homogeneous base of receivables. Trade receivables are divided into portfolios based on type of customer and tracked according to aging structure. Portfolios are created based on similarities of the customer behaviour as to historical data and future expectations. Portfolios are for example Mobile Residential Customers, Fixed Residential Customers, Mobile Business Customers, Fixed Business Customers. Aging clusters for example are Undue, Overdue 0-30 days, Overdue 31-60 days, Overdue 61-90 days, Overdue 91-180 days and Overdue over 180 days. Aging clusters are created based on the similarities in collection process steps.

If not collected earlier, receivables are claimed at Court within the statute of limitations.

Analysis receivables and respective value adjustment showed significant collection in first year from due date and subsequent two years through claims.

Trade receivables credit risk was recognized through ECL provision matrix. Risk assumptions include historical collection risk and dynamics adjusted for significant changes in macroeconomic indicators (GDP change, unemployment rate, inflation and credit default swap rate for long term receivables).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.2. Significant accounting judgments, estimates and assumptions (continued)

2.2.1. Significant accounting estimates (continued)

Revenue recognition

Following IFRS15 - Revenue from Contracts with Customers judgments are applied in portfolio approach in order to reflect contracts behaviour from contract inception over the contract duration period. The most relevant judgements include:

- value adjustment of contract asset due to early contract termination in range of 3%-10% (2024: 3%-10%) and penalty fee collection in range of 52%-88% (2024: 52%-88%), depending on portfolio / customer group
- value adjustment of contract asset due to non-payment (relation with IFRS 9) in range of 0.1%-3% (2024: 0.1%-3%), depending on portfolio / customer group
- handset budget is not used evenly during contract duration, which is mostly 24 months, so linear usage within 12 months after contract inception is approximation of the uneven usage for large and medium customer segment and non-linear 3 months usage after contract inception is approximation for very small enterprises (VSE customer segment)
- costs which are directly attributable to acquisition of a new contract are amortized over average customer retention period. Customer retention period is calculated per core services based on historical data.

Assets Classified as Held for Sale

Held for sale assets are non-current assets for which Group and Company have a concrete plan to dispose of the asset by sale. They are carried on balance sheet at the lower of carrying value or fair value less costs of sale and no depreciation is charged on them. In estimating the fair value of asset classified as held for sale, an income approach is applied based on discounted cash flows which is supplemented with market approach. Based on current initiated process and actions taken, assets classified as held for sale refers to assets for which it is in managements best belief that it will be sold within the next twelve months.

Estimation of lease term duration

The Group and the Company apply significant judgments and estimates in determining lease terms, taking into account the specific characteristics of the telecommunications industry, including the long-term nature of network infrastructure, the regulatory environment, technological developments, and the operational strategy for network management.

The lease term estimation represents a key input parameter in measuring lease liabilities and right-of-use assets, particularly for infrastructure locations that are strategically important for service continuity.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.2. Significant accounting judgments, estimates and assumptions (continued)

2.2.1. Significant accounting estimates (continued)

Estimation of lease term duration (continued)

For the cell site portfolio, the lease term is estimated as reasonably certain, considering the high costs of site relocation and the criticality of these locations for network coverage. Extension options are included in the estimated lease term only when there is reasonable certainty that the Group and the Company will exercise them, while termination options are not considered unless there is reasonable certainty of their exercise.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies

a) Operating profit

Operating profit is defined as the result before income taxes and finance items. Finance items comprise of interest revenue on cash balances in the bank, deposits, treasury bills, interest bearing financial assets at fair value through other comprehensive income, share of profit and loss from associate and joint venture, interest expense on borrowings, gains and losses on the sale of financial assets at fair value through other comprehensive income and foreign exchange gains and losses on all monetary assets and liabilities denominated in foreign currency.

b) Business Combinations and Goodwill

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquire is remeasured to fair value as at the acquisition date through the statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 in statement of comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interest in the acquiree over the fair value of identifiable net assets acquired. If this consideration is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

b) Business Combinations and Goodwill (continued)

Purchases of subsidiaries from parties under common control

Purchases of subsidiaries from parties under common control are accounted for using the predecessor values method. Under this method the consolidated and separate financial statements of the combined entity are presented as if the businesses had been combined from the beginning of the earliest period presented or, if later, the date when the combining entities were first brought under common control. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity’s carrying amounts.

The predecessor entity is considered to be the highest reporting entity in which the subsidiary’s IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity’s original acquisitions is also recorded in these consolidated and separate financial statements. Any difference between the carrying amount of net assets, including the predecessor entity’s goodwill, and the consideration for the acquisition is accounted for in these consolidated and separate financial statements as an adjustment to retained earnings.

Divison by separation with acquisition for parties under common control

The Company, in the case of a divison by separation with acquisition, transfers a portion of its assets, liabilities and related activities to another company (the “acquiring company”). Since both companies are under the common control of the same ultimate owner before and after the transaction, the divison is considered a transaction under common control. As IFRS standards do not prescribe a specific accounting treatment for transactions under common control, the Company applies an accounting policy based on the predecessor accounting method.

The Company applies the predecessor accounting method in accordance with the following principles:

- Recognition of assets and liabilities by the acquiring company

Assets, liabilities and related activities transferred through the divison are recognised at the carrying amounts that were reported in the financial statements of the transferring company immediately before the transaction was executed. Goodwill is not recognised, regardless of the amount of consideration. Differences between the carrying amount of the net assets transferred and the changes in equity (share capital, capital reserves, etc.) are recognised directly in equity of the acquiring company.

- Adjustments by the transferring company

The transferred assets and liabilities are derecognised on the date the demerger becomes effective. The difference between the net assets derecognised and the reduction of equity, or any other consideration, is recognised directly in equity, and not in profit or loss. Transaction costs (legal, audit, advisory) are recognised as an expense in the period in which they are incurred.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

b) Business Combinations and Goodwill (continued)

Divison by separation with acquisition for parties under common control (continued)

The transaction is recognised in the financial statements on the date the divison becomes legally effective, i.e. the date of registration of the divison in the court register. Comparative information is not restated retroactively, unless the Company elects to apply a retrospective presentation method.

The Company determines that common control exists when:

- the same ultimate owner or group of owners controls the entities involved before and after the transaction,
- the control is substantive, continuous and predominant, and not temporary or merely formal,
- the transaction does not result in a change of the ultimate controlling party.

When the above conditions are met, the transaction is not treated as a business combination under IFRS 3 (i.e., no fair value allocation is performed). As the transaction does not represent a business combination under IFRS 3, the following are not recognised: goodwill, gain from a bargain purchase, or fair value changes of assets or liabilities. All effects are recorded exclusively in equity, and not in the statement of profit or loss.

c) Investments in subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. At Company level, investments in subsidiaries are measured at cost less any impairment in value.

Mergers of subsidiaries under common control

Mergers of subsidiaries from parties under common control are accounted for using the pooling of interests method.

Under this method the assets and liabilities of predecessor entity transferred under common control are transferred at the predecessor entity’s carrying amounts.

Related goodwill inherent in the predecessor entity’s original acquisitions is also recorded in these financial statements. Any difference between the carrying amount of net assets, including the predecessor entity’s goodwill, and the liabilities is accounted for in these financial statements as an adjustment to retained earnings.

d) Investment in joint venture

The Group and Company have an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The Group recognizes its interest in the joint venture using equity method of accounting, while the Company recognizes it using cost method. The financial statements of the joint venture are prepared for the same reporting period as the parent company.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

d) Investment in joint venture (continued)

Adjustments are made where necessary to bring the accounting policies into line with those of the Group and Company. Adjustments are made in the Group’s and Company’s financial statements to eliminate the Group’s and Company’s share of unrealised gains and losses on transactions between the Group or Company and its jointly controlled entity.

Losses on transactions are recognized immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. Interest in the joint venture is derecognized at the date on which the Group or Company cease to have joint control over the joint venture.

When the Group’s and Company’s share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group and Company do not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture. Unrealized gains on transactions between the Group and Company and its joint venture are eliminated to the extent of the Group’s and Company’s interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

e) Intangible assets

Intangible assets are measured initially at cost.

After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over the best estimate of their useful life. The amortization method is reviewed annually at each financial year-end.

Amortization of the telecommunication licence commences when the licence is acquired and ready for use, with the amortization period being the term of the licence.

The Company and Group recognize costs of content as an intangible asset at the inception of the related contract. The Company and Group determined that the following conditions have to be met for capitalization of content provider contracts: contract duration must be longer than one year, cost must be determined or determinable, contracted rights must be continuous and costs under the contract are unavoidable. Assets recognized under these contracts will be amortized over the contract period. Content contracts which do not meet the criteria for capitalization are expensed and presented in ‘other expenses’ in the statement of comprehensive income.

Customer relationships and long-term customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

e) Intangible assets (continued)

Useful lives of intangible assets are as follows:

Licences and rights	
Radio frequency spectrum in 700 MHz/3600 MHz/ 26 GHz frequency bands	15 years
Radio frequency spectrum in 800 MHz/900 MHz/1800 MHz/2100 MHz /2600 MHz frequency bands	15 years
Radio frequency spectrum for digital television multiplexes	10 years
Radio frequency spectrum for satellite services	5 years
Software, content and other assets	1-8 years or as per contract duration
Customer relationship	6.5–10.5 years
Brand	Indefinite
HAKOM licence	Indefinite
Long-term customer contracts	1.5-7 years

Assets under construction are not amortised but are being reviewed for impairment annually.

Goodwill arises on the acquisition of subsidiaries. For impairment testing, goodwill acquired in a business combination is allocated to each of the Group’s cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than an operative segment before aggregation.

Goodwill, intangible assets with indefinite useful lives and intangible assets under construction are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment for goodwill is determined by assessing the recoverable amount, based on value in use calculations, of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill each year. Please see Note 15 for more details.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

f) Property, plant and equipment

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its 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, and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

In addition to directly attributable costs, the costs of internally constructed assets include proportionate indirect material and labour costs, as well as other expenses of an organizational unit that can be directly attributable to the acquisition of the asset or to bringing the asset to working condition. Subsequent expenditure on an asset that meets the recognition criteria to be recognized as an asset or an addition to an asset is capitalized, while maintenance and repairs are charged to expense when incurred.

After initial recognition as an asset, an item of property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation is computed on a straight-line basis.

Useful lives of newly acquired assets are as follows:

Buildings	6-50 years
Telecom plant and machinery	
Cables	10-20 years
Cable ducts and tubes	20-35 years
Other	2-15 years
Customer premises equipment (CPE)	7 years
Tools, vehicles, IT, office and other equipment	2-23 years

Land, works of art and assets under construction are not depreciated.

Useful lives, depreciation method and residual values are reviewed at each financial year-end, and if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate.

Construction-in-progress represents plant and properties under construction and is stated at cost. Depreciation of an asset begins when it is available for use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘Other expenses’ in the statement of comprehensive income.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

h) Inventories

Inventories are measured at the lower of cost and net realisable value, after provision for obsolete items. Net realisable value is the selling price in the ordinary course of business, less the costs necessary to make the sale. Cost is determined based on weighted average cost.

Material spare parts and stand-by equipment qualify as property, plant, and equipment if the requirements of IAS 16 - Property, Plant, and Equipment are met and the entity expects to use these assets during more than one period. Similarly, if the spare parts and stand-by equipment can only be used in association with property, plant, and equipment and their use is expected to be irregular, they are reported as property, plant, and equipment.

i) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Income-related grants (monetary grants that are not asset-related) are to be deducted from the related costs on a systematic basis over the periods that the related costs for which the grant is intended are recognised, in accordance with the IAS 20 - Accounting for government grants and disclosure of assistance policy choice exercised in the Company and the Group (net presentation). If it is not possible to determine the related costs or to reasonably allocate them, the grants is recognized as other operating income.

j) Investment property

Investment property, principally comprising of business premises and land, is held for long-term rental yields or appreciation and is not occupied by the Company or Group. Investment property is treated as a long-term investment unless it is intended to be sold in the next year and a buyer has been identified in which case it is classified as asset held for sale.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

j) Investment property (continued)

Investment property is carried at historical cost less accumulated depreciation and provision for impairment. Depreciation of buildings is calculated using the straight-line method to allocate their cost over their estimated useful lives of 6 to 50 years (2024: 10 to 50 years). The change in useful life had an immaterial effect on the consolidated and separate financial statements.

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with it will flow to the Company and Group and the cost can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income when incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated.

k) Assets Classified as Held for Sale

Held for sale assets are non-current assets for which a Company and Group have a concrete plan to dispose of the asset by sale. They are carried on balance sheet at the lower of carrying value or fair value and no depreciation is charged on them. Assets are classified as held for sale when the following conditions are met: management is committed to a plan to sell, the asset is available for immediate sale, an active program to locate a buyer is initiated, the sale is highly probable within 12 months of classification as held for sale (subject to limited exceptions), the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value, actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

In the event that all conditions for classification under IFRS 5 are no longer met, it is necessary to reclassify the assets held for sale back to non-current assets (investments accounted for using the equity method). On the date of reclassification, the assets must be measured at the lower of the carrying amount before classification under IFRS 5, and the fair value less costs to sell.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

l) Financial assets

All assets are classified and measured as described below:

Classification and measurement	Classification / measurement
Current assets	
Cash and cash equivalents (deposits, commercial papers)	Amortized cost
Trade and other receivables	Amortized cost
Other financial assets	Amortized cost
Given loans and other receivables	Amortized cost
Equity instruments	Fair value through Other Comprehensive Income without subsequent reclassification to Profit and Loss (FVOCI)
Debt instruments	Amortized cost
Cash flow hedge derivative	Fair value through Other Comprehensive Income with subsequent reclassification to the income statement
Non-current assets	
Trade and other receivables	Amortized cost
Other financial assets	Amortized cost
Given loans and other receivables	Amortized cost
Equity instruments	Fair value through Other Comprehensive Income without subsequent reclassification to Profit and Loss (FVOCI)

The business model reflects how the Company and the Group manage the debt financial assets in order to generate cash flows – whether the Company’s and Group’s objective is: (i) solely to collect the contractual cash flows from the assets (“hold to collect contractual cash flows”), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets (“hold to collect contractual cash flows and sell”) or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of “other” business model and measured at FVTPL.

Debt instruments

For the measurement of debt instruments, it is important which business model applies to each debt instrument. If the business model is only „held to collect“ contractual cashflows (principal + interest) without intention to sell, debt instruments are measured at amortized cost.

Receivables which are sold to Collecting Agency (as a way of collection) are considered to be in the ‘held to collect’ business model and are therefore measured at amortized cost (the SPPI test is satisfied).



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

l) Financial assets (continued)

Equity instruments

Held equity instruments include strategic investments. The valuation of equity instruments is measured these through Other comprehensive income without subsequent reclassification. The reason for this is that strategic investments do not focus on short-term profit maximization. Acquisition and sale of strategic investments are based on business policy considerations.

Cash flow hedge derivative

The Company and the Group use cash flow hedges to manage its exposure to variability in cash flows attributable to an electricity costs. The Company’s and the Group’s risk management strategy and hedge accounting policies align with the relevant accounting standards, including IFRS 9.

At the inception of the hedge, the Company and the Group formally designate and document the hedge relationship and the risk management objective and strategy for undertaking the hedge. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and the method for assessing the hedge effectiveness.

The hedged item is represented by the forecasted energy consumption of Company and Group for the period beginning from 1 October 2024 until 30 September 2034 while hedging instrument is represented by virtual Power Purchase Agreement (vPPA).

The Company and the Group assess, both prospectively and retrospectively, whether the hedge is expected to be, and has been, highly effective in achieving offsetting changes in cash flows attributable to the hedged risk. This assessment is performed at the inception of the hedge and on an ongoing basis (quarterly).

The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognized in Other Comprehensive Income (OCI) and accumulated in the cash flow hedge reserve in equity. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

The gain or loss relating to any ineffective portion of the hedging instrument is recognized immediately in profit or loss.

Hedge accounting is discontinued when:

- The hedging instrument expires or is sold, terminated, or exercised.
- The hedge no longer meets the criteria for hedge accounting.
- The forecast transaction is no longer expected to occur.

When hedge accounting is discontinued, any cumulative gain or loss on the hedging instrument previously recognized in equity remains in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the cumulative gain or loss is reclassified from equity to profit or loss.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

m) Foreign currencies

Transactions denominated in foreign currencies are translated into local currency (functional currency of each entity of the Group) at the middle exchange rates of the Croatian National Bank prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into local currency at the middle exchange rates of the Croatian National Bank prevailing at the statement of financial position date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the statement of comprehensive income within financial income or financial expense.

n) Taxation

The income tax charge is based on profit for the year and includes deferred taxes. Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes at the reporting date.

Deferred tax is determined using income tax rates that have been enacted or substantially enacted by the financial statement date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would arise from the source the Company and Group expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Company and Group are unable to control the reversal of the temporary difference for associates.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

n) Taxation (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit (or reversing deferred tax liabilities) will be available against which the temporary differences can be utilized. Deferred tax assets and liabilities are not discounted and are classified as non-current assets and liabilities in the statement of financial position. Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilised. Current and deferred taxes are charged or credited in other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period in other comprehensive income.

o) Employee benefit obligations

The Group and Company provide post-employment benefits and incentive plan payments (Note 28). These benefits include pension, jubilee benefit, LTI and Game Changer. The defined benefit obligation is calculated annually by independent actuary using a projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Past service costs are recognized in profit or loss immediately in the period in which they occur. Gains or losses on the curtailment or settlement of benefit plans are recognized when the curtailment or settlement occurs. The benefit obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the benefit obligation. Gains and losses resulting from changes in actuarial assumptions are recognized in other comprehensive income in the period in which they occur.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of comprehensive income.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

p) Revenue recognition

Revenue is income arising from the Group’s and Company’s ordinary activities.

Revenue is recognized for each distinct performance obligation in the contract in the amount of transaction price. Transaction price is the amount of consideration in a contract to which Group and Company expect to be entitled in exchange for transferring promised goods or services to a customer. For contracts that contain more than one performance obligation (multiple element arrangements), Group and Company allocate the transaction price to those performance obligations on a relative stand-alone selling price basis. The stand-alone selling price (SSP) is the price at which Group and Company would sell a promised good or service separately to a customer.

Revenue is recognized when performance obligations are satisfied by transferring control of a promised good or service to a customer. Control of good (e.g. sale of equipment) is transferred when goods are delivered to customer, the customer has full discretion over goods and there is no unfulfilled obligation that could affect the customer’s acceptance of the goods. Delivery occurs when goods have been shipped to the specific location, and the risks of obsolescence and loss have been transferred to customer. Control of good is usually transferred at point in time.

Control of services (e.g. sales of telecommunication services, maintenance services, sale of licences, etc) transfers over time or at a point in time, which affects when revenue is recorded. Revenue from providing services is recognized in the accounting period in which the services are rendered. In ICT solutions business, if service realization extend to more than one accounting period both, input method (based on cost incurred) and output method (based on units/work delivered) are used to measure progress towards completion.

Output method is used when time period between start of work and delivery of service is not too long and / or where work completed is regularly confirmed by both parties). Input method is mainly used in complex systems solution (e.g. in case of development of customer tailored made solution which lasts longer period of time), where revenue is recognized monthly based on cost incurred in order to reflect progress towards completion in periods where mutual confirmations are still not due.

For mass market, if services extend to more than one accounting period (e.g. postpaid flat tariffs), revenue is recognized in fixed amounts to which the Group and Company have the right to invoice.

In determining the transaction price, the Group and the Company adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group or Company with a significant benefit of financing the transfer of goods or services to the customer. The Group and Company make use of the option not to consider a significant financing component if the maximum period between delivery of a good or provision of a service and payment by the customer is one year or less. As well under the Group’s and Company’s policy, it is assumed that if the amount of the financing component exceeds 5% of a total contract’s transaction price, this will indicate that such financing component will be deemed significant. By contrast, if the amount is 5% or lower, an entity may conclude that the financing component is not considered significant. Based on these criteria the Group did not identify significant financing component in contracts with customers.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

p) Revenue recognition (continued)

The Group and the Company apply the IFRS 9 simplified approach, whereas to measure the expected credit losses clusters have been grouped based on customer credit risk characteristics and collection efficiency. The expected loss rates are based on the past data collected over a period of 36 months.

The Group and the Company use practical expedient not to disclose the outstanding transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) when the revenue is recognised over time in line with billed revenue.

The IFRS 15 Standard specifies the accounting for an individual contract with a customer. However, as a practical expedient, the Standard may be applied to a portfolio of contracts, if:

- the contracts aggregated to a portfolio possess similar characteristics, and
- applying the Standard to the portfolio does not result in a materially different result compared to accounting of single contracts.

In the Group and Company IFRS 15 revenue is applied to portfolios of contracts as well as to single contracts. The Standard is applied to portfolios of contracts for mass market products, while for special solutions it is applied on individual contracts level. Portfolios are defined within each relevant business area and are set up based on common adjustment requirements for the individual contracts.

IFRS 15 Standard has impact, on following business events:

Multiple element arrangements – in case of multiple-element arrangements (e.g. mobile contract plus handset) with subsidised products delivered in advance, the transaction price is allocated to the performance obligations in the contract by reference to their relative standalone selling prices. Standalone selling prices of hardware are determined using price list prices. Standalone selling price of service includes additional discount to customers for not buying devices at discounted prices (if such discounts are part of marketing offer). As a result, a larger portion of the total consideration is attributable to the component delivered in advance (mobile handset), requiring earlier recognition of revenue which results in higher revenue from the sale of goods and merchandise and lower revenue from provision of service (mobile communication service). This leads to the recognition of what is known as a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position. The contract asset is amortized over the remaining term of the contract. Contract liabilities are netted off against the contract assets on portfolio level.

Material rights which are granted to customers at contract inception with the option to be exercised at later point of time mainly relate to granted Handset Budgets – the total transaction price of the combined contract is allocated to the individual, separate performance obligations on a relative stand-alone selling price basis. A larger portion of the total remuneration is attributable to the material right (e.g. right to a future subsidy on a mobile phone). In the balance sheet, this leads to the recognition of a contract asset, which is amortized over the remaining term of the contract.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

p) Revenue recognition (continued)

Capitalized contract cost which consists of Cost to obtain a contract and Cost to fulfil a contract - Cost to obtain a contract mainly relate to expenses for sales commissions paid to indirect partners or own employees which are capitalized as Contract costs and amortised over the estimated customer retention period (depending on service) in case of contact acquisitions or over contract duration period (usually 24 months) in case of contract prolongations. Cost to fulfil a contract relate to cost of vouchers / benefits for third party products granted at contract inception. These costs are capitalized as Contract costs and amortised over contract duration period (usually 24 months).

One-time payments made in advance by the customer that do not fulfil definition of a separate performance obligation but represent a prepayment on future services are deferred and recognized in revenue over the (remaining) term of the contract and presented within contract liability.

Discounts or uneven transaction prices – When discounts on service fees are granted unevenly for specific months of a contract or monthly service fees are charged unevenly for specific months of a contract while monthly service is provided evenly to the customer, service revenue is recognized on a straight-line basis.

q) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, corporate commercial papers and short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and which are subject to an insignificant risk of change in value. Cash and cash equivalents are carried at amortised costs because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at fair value through profit and loss.

r) Provisions

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. When discounting is used, the increase in provision reflecting the passage of time is recognized as financial expense.

Provisions for termination benefits are recognized when the Company and the Group are demonstrably committed to a termination of employment contracts, that is when the Company and the Group have a detailed formal plan for the termination which is without realistic possibility of withdrawal. Provisions for termination benefits are computed based on amounts paid or expected to be paid in redundancy programs.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

r) Provisions (continued)

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognised as prepayment.

Asset retirement obligation (“ARO”) costs primarily arise in situations where the Group and the Company have a legal obligation to dismantle and remove assets on third party's properties, where said assets meet the definition of assets (it is likely that future economic benefits associated with the asset will flow into the Group and the Company and the costs of those assets can be reliably measured), and when the Group or the Company installs assets such as buildings for the accommodation of equipment, antenna poles, antenna supports and systems.

Depreciation period of ARO assets is determined based on an estimated time frame in which dismantling will take place. The period in which the ARO asset is discounted, the discount rate and the dismantling price is reconsidered every year and depending on the possible change in the mentioned parameters, an increase or decrease in the provision for the dismantling of the asset is booked.

The goal is that the amount at the end of the period of use of the asset, which constitutes the initial reservation increased by the accrued interest, during the discounting period, will be sufficient for the total cost of dismantling the asset. The Group and the Company reconsider these provisions every year.

s) Share-based payments

The cost of cash-settled and equity-settled transactions is measured initially at fair value at the grant date using a binomial model, further details of which are given in Note 44. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability for cash-settled and equity-settled transactions are recognised in equity. The liability is remeasured to fair value at each statement of financial position date up to and including the settlement date with changes in fair value recognized in the statement of comprehensive income.

t) Dividend distribution

Dividend distributions to the Company’s and Group’s shareholders are recognized as a liability in the Company’s and Group’s financial statements in the period in which the dividends are approved by the Company’s and the Group’s shareholders.

u) Earnings per share

Earnings per share are calculated by dividing the profit attributable to equity holders of the Company and the Group by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and the Group and held as treasury shares.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

v) Contributed equity

Ordinary shares are classified as equity. Shares held by the Company and the Group are disclosed as treasury shares and deducted from contributed equity.

w) Right-of-use assets

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group and the Company.

The right-of-use assets is presented separately in the statement of financial position.

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the Group and Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets’ useful lives. The amortisation periods for the right-of-use assets are as follows:

Buildings	1 - 31 years
Equipment	4 - 5 years
Land	0.5 - 30 years
Lease lines	2 - 25 years
Vehicles	0.5 - 10 years

Lease lines class refers to the lines on locations where the Group or the Company does not build its own network, but rents already built lines.

Short-term leases are leases with a lease term of 1 month or less, they are recognised on a straight-line basis as an expense in profit or loss.

The requirements of IFRS 16 also apply to leases of low-value assets.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3. Significant accounting policies (continued)

x) Lease liabilities

At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- amounts expected to be payable by the Group and the Company under residual value guarantees,
- the exercise price of a purchase option if the Group and the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

The lease payments are discounted using the discount rate implicit in the lease, if that rate can be readily determined through the lease agreement, or the Group's and the Company's incremental borrowing rate.

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term is a minimum non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

y) Finance lease

In classifying a sublease, the Company, as the intermediate lessor, classifies the sublease as a finance lease or an operating lease in the same manner as any other lease using the criteria as per IFRS 16.61 with reference to the right-of-use asset (not the underlying asset itself) arising from the head lease.

Where the Company is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable at amount equal to the net investment in the lease. At the commencement date measurement of the net investment in the lease comprises the following lease payments:

- fixed payments, less any lease incentives payable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- 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 that option.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3 Significant accounting policies (continued)

y) Finance lease (continued)

Finance lease receivables are initially recognized at commencement, using a discount rate implicit in the lease to measure net investment in the lease.

The difference between the gross receivable and the present value represents unearned finance income. This income is recognized over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable and reduce the amount of income recognized over the lease term. Finance income from leases is recorded within other operating income in profit or loss for the year.

The Company applies the IFRS 9 simplified approach, whereas to measure the expected credit losses clusters have been grouped based on customer credit risk characteristics and collection efficiency. The expected loss rates are based on the past data collected within a period of 36 months.

z) Subleases

When classifying a sublease, the Company, as an intermediate lessor, shall classify the sublease as a finance lease or an operating lease in the same way as it would classify any other lease, using the criteria in IFRS 16.61 onwards, with reference to the right-of-use asset arising from the head lease (not the underlying asset itself). That is, the intermediate lessor treats the right-of-use asset as the underlying asset in the sublease, not as a property, plant or equipment item leased out from the head lessor. The intermediate lessor has the right to use the underlying asset only for a limited period. If the sublease term covers the entire remaining term of the head lease, the intermediate lessor has effectively transferred that right to the sublessee, and the sublease is classified as a finance lease. Otherwise, the sublease is an operating lease.

aa) Capital reserves

Capital reserves include amounts arising from equity related transactions and do not represent the result of operations. The division of the company by separation with acquisition was recorded in accordance with the shareholders' resolution and the divison plan, whereby a portion of assets, liabilities, and equity positions was transferred to the acquiring company. The capital reserves arising from this process represent the difference between the transferred net assets and the corresponding portion of the share capital taken over from the company being divided. Capital reserves arising from the division will not be used to cover losses or be distributed to shareholders without prior decisions made in accordance with legal requirements and the Company's corporate documents.

Capital reserves arising from the division are recognized in the amount determined on the date of registration of the demerger in the court register. After initial recognition, no subsequent measurement is performed — the capital reserves remain presented at their nominal amount until any future decision of the shareholders and/or change in the capital structure.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2.3 Significant accounting policies (continued)

bb) Treasury shares

Treasury shares represent the Group’s and Company’s own shares that were repurchased from existing shareholders in accordance with the Companies Act. Treasury shares do not carry voting rights, dividend rights, or any other rights attributable to shareholders.

In accordance with IAS 32, treasury shares are not a financial asset but reduce the Company’s equity.

Treasury shares are initially measured at cost, which includes the purchase price and all directly attributable transaction costs (e.g., broker fees, transaction costs, non-recoverable taxes).

For the purposes of accounting for the value of acquired treasury shares, Group and Company applies the weighted average cost method.

After initial recognition, treasury shares are not measured at fair value, and no gains or losses are recognised in profit or loss in relation to them.

All subsequent transactions related to the sale or cancellation of treasury shares are recorded within equity, with no impact on profit or loss.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3 Changes in Group structure

HT Towers Ltd. division by separation with acquisition

On 29 August 2025, the statutory division of Hrvatski Telekom d.d. (“HT”) through division by separation with acquisition was registered in the court register. As a result, a part of HT’s economic activity related to mobile passive infrastructure, including the associated assets, liabilities and equity, was transferred to HT Towers Ltd., a newly registered company fully owned by HT.

The purpose of the transaction was to establish a specialised subsidiary dedicated to managing passive mobile infrastructure of the HT Group.

The carrying value of transferred assets and liabilities from HT to HT Towers as at the date of division were:

	in EUR thousand
Non-current assets	41,238
Current assets	45
Liabilities	15,873
Total net assets	25,410
Investment in HT Towers Ltd.	25,410
Total effect of division of the Company	
Share capital	(18,970)
Capital reserves	18,970

Since this transaction represents a business combination under common control, the Group continues to fully consolidate HT Towers Ltd. as a wholly owned subsidiary.

Accordingly, the transaction has no effect on the consolidated financial statements of the Group.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3 Changes in Group structure (continued)

HT Services Ltd. merger

On 1 January 2024, the technological unit Ericsson Nikola Tesla Servisi d.o.o. (ENTS) for construction and maintenance of the Croatian Telecom network, which was initially outsourced to ENTS in September 2014, became part of the HT Group. The now former technological unit of ENTS has been transferred together with the employees to HT Servces Ltd. (daughter company fully owned by Croatian Telecom which was established on 15 November 2023), based on the Agreement on the transfer of a part of the economic activity concluded with ENTS. Value of the acquisition transaction is EUR 327 thousand.

On 1 January 2025, Company merged its subsidiary HT Services Ltd. With the date of incorporation into the court register (2 January 2025), HT Services Ltd. ceased to operate as a separate business entity and the acquiring company, HT Inc., became the universal legal successor of the merged company, thus entering into all legal relationships of the merged company.

The carrying value of transferred assets and liabilities of HT Services Ltd. as at the date of merger were:

	in EUR thousand
Non-current assets	3,847
Current assets	3,236
	<i>of which relations with HT Inc.</i>
	2,187
Liabilities	7,884
	<i>of which relations with HT Inc.</i>
	387
Total net assets	(801)
Investment in HT Services Ltd.	(717)
Total effect of merger on retained earnings of the Company	(1,518)

Since this merger is considered a business combination under common control, there is no effect in the aspect of consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3 Changes in Group structure (continued)

Iskon Internet d.d. merger

On 1 January 2024, Company merged its subsidiary Iskon Internet d.d. With the date of incorporation into the court register (2 January 2024), Iskon Internet d.d. ceased to operate as a separate business entity and is no longer active in the court register, while the entire assets and all rights and obligations were transferred to the Company. After the merger, the products and services provided by Iskon will continue to be provided within the portfolio of the Company under Iskon's brand.

The carrying value of transferred assets and liabilities of Iskon Internet d.d. as at the date of merger were:

	in EUR thousand
Non-current assets	10,609
Current assets	30,418
Liabilities	36,465
Total net assets	4,562
Goodwill	10,090
Investment in Iskon Internet d.d.	(46,349)
Total effect of merger on retained earnings of the Company	(31,697)

Since this merger is considered as business combination under common control, there is no effect in the aspect of consolidated financial statements of the Group.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4 Revenues from core business and segment information

The business reporting format of the Group for purpose of segment reporting is determined to be Residential, Business, Other and Crnogorski Telekom as the Group's risks and rates of return are affected predominantly by differences in the market and customers. The segments are organised and managed separately according to the nature of the customers and markets that the services rendered, with each segment representing a strategic business unit that offers different products and services.

The Residential Segment includes marketing, sales and customer services, focused on providing mobile, fixed line telecommunications and TV distribution and services to residential customers.

The Business Segment includes marketing, sales and customer services, focused on providing mobile and fixed line telecommunications and systems integration services to corporate customers, small and medium-sized businesses and the public sector. The Business Segment is also responsible for the wholesale business in both fixed and mobile services.

The Other segment performs cross-segment management and support functions, and includes the Technology, Procurement, Accounting, Treasury, Legal and other central functions. The name of the segment was changed from previous name Network & support functions.

The Crnogorski Telekom segment includes the contribution of all Crnogorski Telekom's functions to Group financial results following the same reporting structure as used for other operating segments.

The Management Board, as the chief operating decision maker, monitors the operating results of business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on Revenue per segment (as calculated in the table below).

The Group's geographical disclosures are based on the geographical location of its customers.

Management of the Group does not monitor assets and liabilities by segments and therefore this information has not been disclosed. Fully owned subsidiaries Combis d.o.o. (that is owned through HT holding d.o.o.), Iskon Internet d.d. (until the merger with HT on 1 January 2024), HT Services d.o.o. (until the merger with HT on 1 January 2025) and HT Towers d.o.o. (from 1 September 2025) are consolidated within the respective operating segments to which they relate.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4 Revenues from core business and segment information (continued)

The following tables present revenue and results information regarding the Group's segments:

	Residential	Business	Other	Crnogorski Telekom consolidated	Total
EUR thousand					
Year ended 31 December 2025					
Mobile service revenue	264,519	126,547	-	42,355	433,421
Mobile non-service revenue	116,366	52,457	15,520	11,150	195,493
Fixed service revenue	240,905	87,338	-	28,074	356,317
Fixed non-service revenue	5,151	43,493	8,473	8,752	65,869
System solutions revenue	-	87,541	-	3,028	90,569
Net revenue	626,941	397,376	23,993	93,359	1,141,669
Other operating income	-	-	-	-	9,953
Operating expenses	-	-	-	-	(689,468)
Depreciation and amortization	-	-	-	-	(277,977)
Impairment of non-current assets	-	-	-	-	(904)
Operating profit	-	-	-	-	183,273
Finance income (cost) net	-	-	-	-	(5,857)
Profit before income tax	-	-	-	-	177,416

	Residential	Business	Other	Crnogorski Telekom consolidated	Total
EUR thousand					
Year ended 31 December 2024					
Mobile service revenue	251,851	120,671	-	40,630	413,152
Mobile non-service revenue	106,510	52,976	22,764	10,798	193,048
Fixed service revenue	236,463	83,678	-	26,544	346,685
Fixed non-service revenue	4,525	44,626	7,961	8,449	65,561
System solutions revenue	-	79,272	-	3,861	83,133
Net revenue	599,349	381,223	30,725	90,282	1,101,579
Other operating income	-	-	-	-	12,589
Operating expenses	-	-	-	-	(660,599)
Depreciation and amortization	-	-	-	-	(272,032)
Impairment of non-current assets	-	-	-	-	(1,945)
Operating profit	-	-	-	-	179,592
Finance income (cost) net	-	-	-	-	(2,468)
Profit before income tax	-	-	-	-	177,124



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4 Revenues from core business and segment information (continued)

Revenue by geographical area

	Group		Company	
EUR thousand	2025	2024	2025	2024
Republic of Croatia	970,801	928,861	914,625	882,979
Rest of the world	170,868	172,718	68,017	74,336
Total	1,141,669	1,101,579	982,642	957,315

The majority of the Group's and the Company's assets are located in Croatia.

None of the Group's and the Company's external customers represent a significant source of revenue.

Revenue by category

	Group		Company	
EUR thousand	2025	2024	2025	2024
Revenue from rendering of services	914,968	872,296	801,074	777,705
Revenue from sale of goods and merchandise	226,701	229,283	181,568	179,610
Total	1,141,669	1,101,579	982,642	957,315

	Group		Company	
EUR thousand	2025	2024	2025	2024
Revenue realized over time	915,966	878,799	768,675	744,118
Revenue realized at point in time	225,703	222,780	213,967	213,197
Total	1,141,669	1,101,579	982,642	957,315

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

5 Other operating income

	Group		Company	
EUR thousand	2025	2024	2025	2024
Liabilities write off	4,002	3,244	4,002	3,243
Gain from sale of property, plant and equipment	2,040	4,496	2,006	4,488
Income from penalties and damage compensations	1,785	1,948	1,785	1,948
Sale of waste	177	95	177	95
Other income	1,949	2,806	1,678	2,064
Total	9,953	12,589	9,648	11,838

Other income consists of various transactions such as refunds, sales of equipment to employees, subsequent discounts from suppliers, government grants, and income from lease cancellations.

6 Merchandise, material and energy expenses

	Group		Company	
EUR thousand	2025	2024	2025	2024
Cost of goods sold	216,431	218,469	162,127	167,290
Energy costs	26,313	28,604	24,523	26,733
Cost of raw material and supplies	6,029	5,806	5,215	4,507
Cost of services sold	1,191	1,239	1,850	1,695
Total	249,964	254,118	193,715	200,225



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

7 Service expenses

EUR thousand	Group		Company	
	2025	2024	2025	2024
Domestic interconnection	24,360	22,257	19,901	18,754
International interconnection	24,167	25,437	21,802	22,830
Copyright fees	19,607	19,997	18,256	18,587
Online services	4,195	4,410	3,412	3,576
Cleaning services	3,428	2,716	3,305	2,524
Bank and money transfer fees	2,114	1,902	1,893	1,777
Security services	2,085	2,191	1,969	2,085
Other services	20,805	20,163	20,918	20,022
Total	100,761	99,073	91,456	90,155

Other services consist of various services such as billing services, administration services, recruiting and human resource services, water cost and transportation services.

8 Depreciation, amortization and impairment of non-current assets

EUR thousand	Group		Company	
	2025	2024	2025	2024
Depreciation	119,431	119,198	108,293	108,892
Amortization	107,834	105,006	91,369	89,813
Amortization of Right-of-use assets	50,712	47,828	50,730	43,430
Total depreciation and amortization	277,977	272,032	250,392	242,135
Impairment loss of PPE & Intangible assets	904	1,945	903	1,945
Total impairment of non-current assets	904	1,945	903	1,945

Notes 15, 16 and 17 disclose further details on amortization and depreciation expense and impairment loss. The above note does not include the amortisation of capitalised contract acquisition costs in accordance with IFRS 15. The amortisation of capitalised contract acquisition costs – own employees is presented within Note 9, while the amortisation of capitalised contract acquisition costs – third parties is presented within Note 10.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

9 Employee benefits expenses

EUR thousand	Group		Company	
	2025	2024	2025	2024
Net salaries	127,990	115,662	106,848	85,747
Contributions and taxes from salaries	47,364	43,257	39,608	31,797
Contributions on salaries	22,550	21,034	19,830	15,934
Redundancy expenses	18,467	7,681	18,386	4,654
Amortisation of capitalized cost to obtain contract – own employees	571	627	571	627
Long-term employee benefits	241	489	110	112
Other employee related expenses	6,489	5,536	5,090	3,443
Total	223,672	194,286	190,443	142,314

A significant increase in costs in 2025 relates to the increase in salaries and redundancy expenses.

Other employee-related costs include mostly transportation costs to and from work, financial help for children of employees or students, and similar costs.

Capitalized work performed by the Group and the Company is calculated on a basis of hourly rate per employee or on market services prices, where applicable. Besides employee expenses, other expenses are included in calculation of hourly rate per employee, such as depreciation, service expenses and other operating expenses. Costs that are capitalized relate mainly to design, implementation and documentation of telecommunication infrastructure, Customer-premises equipment installation and development, implementation and integration of hardware and software solutions.

Capitalized work are realized in amount of EUR 23,866 thousand in Group (2024: EUR 22,335 thousand) and EUR 21,085 thousand in Company (2024: EUR 4,531 thousand).



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

10 Other expenses

	Group		Company	
EUR thousand	2025	2024	2025	2024
Maintenance services	29,035	28,952	24,143	35,160
Advertising	20,183	15,836	17,551	13,697
Licence cost	15,275	16,026	14,693	15,860
Amortisation of capitalized cost to obtain contract - external parties	14,182	11,518	13,601	11,043
Contract workers	9,522	10,142	8,907	8,692
Selling commissions	7,242	8,396	6,026	
Expenses from penalties and damage compensations	5,317	3,509	5,219	3,365
Postal expenses	5,052	5,347	5,028	5,312
Non-income taxes and contribution	4,985	4,916	3,967	4,255
Daily allowances and other costs of business trips	3,523	3,437	3,020	2,699
Net provisions for legal cases (Note 29)	3,076	7,222	2,958	7,575
Insurance	2,791	2,461	2,674	2,330
Expenses related to customers acquisition	2,722	646	2,722	646
Education and consulting	2,068	1,961	1,701	1,459
Short-term rental costs (Note 17)	1,163	3,396	2,339	2,778
Write down of inventories (Bilješka 21)	481	235	481	235
Loss on disposal of fixed assets	187	319	167	219
Other operating charges	5,970	6,836	5,438	4,639
Total	132,774	131,155	120,635	127,452

Other operating charges consist of various other expenses such as contract penalties, entertainment, legal, audit (Note 45) and medical expenses.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

11 Finance income

	Group		Company	
EUR thousand	2025	2024	2025	2024
Foreign exchange gains	2,892	2,844	2,396	648
Interest income	2,828	6,987	1,884	6,160
Total	5,720	9,831	4,280	6,808

12 Finance cost

	Group		Company	
EUR thousand	2025	2024	2025	2024
Interest expense from leases (Note 17)	5,317	5,325	9,062	4,571
Interest expense from other financial liabilities	4,448	3,621	3,408	3,016
Foreign exchange loss	2,934	2,786	2,494	503
Other financial (income)/ cost	(101)	567	7	654
Total	12,598	12,299	14,971	8,744

13 Income tax expense

a) Tax on profit

	Group		Company	
EUR thousand	2025	2024	2025	2024
Current tax expense	33,948	30,828	28,067	27,642
Deferred tax expense	(1,111)	3,100	292	(161)
Total	32,837	33,928	28,359	27,481



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

13 Income tax expense (continued)

b) Reconciliation of the taxation charge to the income tax rate

	Group		Company	
EUR thousand	2025	2024	2025	2024
Profit before tax	177,416	177,124	167,468	164,308
Income tax at 18% (domestic rate)	31,935	31,882	30,144	29,575
Tax effect of:				
Tax adjustment related to previous years	-	-	-	(3,506)
Expenses not deductible for tax purposes	825	1,818	744	1,000
Effect of different tax rates	236	241	-	-
Tax effects of tax loss for which no deferred income tax asset was recognised	(78)	(115)	-	-
Tax paid abroad	256	326	-	-
Dividend	-	-	(3,257)	
Other	(337)	(224)	728	412
Total	32,837	33,928	28,359	27,481
Effective tax rate	18.51%	19.15%	16.93%	16.73%

The Group and the Company utilized a tax incentive in previous periods in respect of reinvesting profit and increasing the share capital in the same amount. If subsequently the capital that was increased by reinvested profit is decreased, this may result in a future tax liability for the Group and the Company. The Group and the Company believe a future tax liability will not arise in this regard.

The Group operates in several tax jurisdictions. The applicable statutory tax rates range from 9% to 18%.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

13 Income tax expense (continued)

Group

Components and movements of deferred tax assets and liabilities are as follows:

Deferred tax assets recognized in:	31 December 2025	(charged) / credited in 2025	31 December 2024	(charged) / credited in 2024	tax effects of tax loss in 2024	31 December 2023
EUR thousand						
Statement of comprehensive income						
Non-tax deductible provisions	6,967	616	6,351	(29)	-	6,380
Property, plant and equipment write down	6,216	(207)	6,423	(195)	-	6,618
Accrued interest on legal cases	910	155	755	28	-	727
Losses	-	(265)	265	(3,357)	115	3,507
Accruals	5,772	(186)	5,958	555	-	5,403
Other	290	-	290	-	-	290
Deferred tax asset	20,155	113	20,042	(2,998)	115	22,925
Deferred tax liabilities recognized in:	31 December 2025	charged / (credited) in 2025	31 December 2024	charged / (credited) in 2024	tax effects of tax loss in 2024	31 December 2023
EUR thousand						
Statement of comprehensive income						
Property, plant, equipment and intangible assets	3,002	(998)	4,000	217	-	3,783
Other comprehensive income						
Actuarial gains and losses	359	(12)	371	9	-	362
Deferred tax liability	3,361	(1,010)	4,371	226	-	4,145



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

13 Income tax expense (continued)

Components and movements of deferred tax assets and liabilities are as follows:

Company

Deferred tax assets recognized in:	31 December 2025	(charged) / credited in 2025	Merger in 2025	31 December 2024	(charged) / credited in 2024	Merger in 2024	31 December 2023
EUR thousand							
<i>Statement of comprehensive income</i>							
Losses	-	(265)	265	-	(3,507)	3,507	-
Losses written off	-	-	-	-	3,507	(3,507)	-
Non-tax-deductible provisions	5,968	353	13	5,602	(226)	32	5,796
Property, plant and equipment write down	6,216	(207)	-	6,423	(196)	373	6,246
Accrued interest on legal cases	909	154	-	755	28	-	727
Accruals	5,647	(327)	17	5,957	555	-	5,402
Other	290	-	-	290	-	-	290
	19,030	(292)	295	19,027	161	405	18,461
Deferred tax asset	19,030	(292)	295	19,027	161	405	18,461

Deferred tax liabilities recognized in:	31 December 2025	charged / (credited) in 2025	Merger in 2025	31 December 2024	charged / (credited) in 2024	Merger in 2024	31 December 2023
EUR thousand							
<i>Other comprehensive income</i>							
Actuarial gains and losses	359	(12)	-	371	9	-	362
Deferred tax liability	359	(12)	-	371	9	-	362

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

13 Income tax expense (continued)

Deferred tax assets have been recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets have not been discounted. Out of total deferred tax assets, current portion amounts to EUR 11,037 thousand for Group (31 December 2024: EUR 10,941 thousand) and EUR 10,715 thousand for Company (31 December 2024: EUR 10,718 thousand).

Deferred tax asset arises on the property, plant and equipment impairment, on provision of impairment of receivables and inventories (materials, merchandise), and related to accruals and provisions and other temporary differences.

There are no formal procedures in the Republic of Croatia to agree the final level of tax charge upon submission of the declaration for corporate tax. However, such tax settlements may be subject to review by the relevant tax authorities during the limitation period of six years. The limitation period of six years starts with the year that follows the year of submission of tax declarations, i.e. 2027 for the 2025 tax liability.

In 2015, the tax authorities started conducting a supervision review of HT's corporate tax and VAT returns for the year ended 2014. A lawsuit was filed in the Administrative Court in Zagreb against the second instance and first instance resolutions of the tax authorities related to tax supervision from 2014. The Decision of the Administrative Court for the lawsuit in question was adopted as of 23 September 2022. On 21 October 2022 an appeal was filed to the Administrative Court in Zagreb against the adopted decision. On 2 January 2024 the Higher Administrative Court in Zagreb issued a final binding Decision, which stipulates that HT was illegally charged for certain tax obligations, and the Tax Administration is ordered to return the illegally acquired funds from HT within 60 days, including default interest from day of payment. With this Decision of the Higher Administrative Court in Zagreb, the lawsuit proceedings have finished.

On reporting date, the Group has available EUR 13,350 thousand of tax loss, of which EUR 13,350 thousand has not been recognized as a deferred tax asset because it is not expected to be used in future periods. These losses relate to subsidiaries of the Group.

Losses expire in:	EUR thousand
2026	-
2027	13,350
2028	-
2029	-
2030	-
	13,350

Global Minimum Taxation

Regulations according to the OECD Pillar-2 Model Rules which shall ensure a minimum level of taxation for multinational Groups were implemented into domestic law in Croatia by the Law on Minimum Global Profit Tax (Official Gazette 155/2023, 22.12.2023) effective as of December 31st, 2023.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

13 Income tax expense (continued)

Hrvatski Telekom Group being part of Deutsche Telekom Group is in scope of these regulations which came into effect for the current reporting period. Other countries in which HT Group operates have either implemented such regulations or are in the process of implementation. Therefore, also foreign affiliates of HT Group had to consider respective domestic legislation on global minimum taxes in the reporting period for the first time.

As of December 31th 2025, no provision for global minimum taxes has been recorded in the HT Group consolidated financial statements. The IASB published a temporarily exemption from deferred tax accounting related to global minimum taxes in May 2023. This exemption as defined in IAS 12.4A is applied, hence no deferred taxes are recorded with respect to global minimum taxes and no respective notes are given.

14 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are equal to basic earnings per share since there are no dilutive potential ordinary shares or share options.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Group		Company	
	2025	2024	2025	2024
Profit for the year attributable to ordinary equity holders of the Company (in EUR thousand)	142,960	141,869	139,109	136,827
Weighted average number of ordinary shares for basic earnings per share	77,386,081	78,016,858	77,386,081	78,016,858
Earnings per share (in EUR)	1.85	1.82	1.80	1.75

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

15 Intangible assets

Group	Licences	Software	Goodwill	Other assets	Assets under construction	Total
EUR thousand						
As at 1 January 2024						
Cost	189,400	519,802	60,935	116,847	162,694	1,049,678
Accumulated amortization and impairment losses	(127,803)	(432,450)	(14,848)	(88,796)	-	(663,897)
Net book value	61,597	87,352	46,087	28,051	162,694	385,781
Year ended 31 December 2024						
Opening net book value	61,597	87,352	46,087	28,051	162,694	385,781
Additions	17,772	16,881	-	32,658	46,690	114,001
HT Services consolidation	-	3	-	-	-	3
Transfers	132,750	35,343	-	2,613	(170,706)	-
Amortization charge	(13,391)	(52,952)	-	(38,663)	-	(105,006)
Disposal	(36)	-	-	-	-	(36)
Other	-	17	-	-	118	135
Net book value	198,692	86,644	46,087	24,659	38,796	394,878
As at 31 December 2024						
Cost	337,885	541,392	46,087	119,814	38,796	1,083,974
Accumulated amortization and impairment losses	(139,193)	(454,748)	-	(95,155)	-	(689,096)
Net book value	198,692	86,644	46,087	24,659	38,796	394,878
Year ended 31 December 2025						
Opening net book value	198,692	86,644	46,087	24,659	38,796	394,878
Additions	1,132	17,358	-	36,306	44,321	99,117
Transfers	(1,213)	35,825	-	6,623	(41,235)	-
HT servisi merger	-	17	-	-	-	17
Amortization charge	(16,592)	(50,046)	-	(41,196)	-	(107,834)
Net book value	182,019	89,798	46,087	26,392	41,882	386,178
As at 31 December 2025						
Cost	257,660	273,523	46,087	136,641	41,882	755,793
Accumulated amortization and impairment losses	(75,641)	(183,725)	-	(110,249)	-	(369,615)
Net book value	182,019	89,798	46,087	26,392	41,882	386,178



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

15 Intangible assets (continued)

Company	Licences	Software	Goodwill	Other assets	Assets under construction	Total
EUR thousand						
As at 1 January 2024						
Cost	126,055	458,409	6,567	74,739	162,839	828,609
Accumulated amortization and impairment losses	(92,323)	(389,792)	-	(53,441)	-	(535,556)
	_____	_____	_____	_____	_____	_____
Net book value	33,732	68,617	6,567	21,298	162,839	293,053
	_____	_____	_____	_____	_____	_____
Year ended 31 December 2024						
Opening net book value	33,732	68,617	6,567	21,298	162,839	293,053
Additions	17,670	13,024	-	28,417	39,583	98,694
Transfers	137,427	29,497	-	-	(166,924)	-
Iskon Internet d.d. merger	548	7,103	10,182	1,640	-	19,473
Amortization charge	(10,936)	(44,307)	-	(34,570)	-	(89,813)
	_____	_____	_____	_____	_____	_____
Net book value	178,441	73,934	16,749	16,785	35,498	321,407
	_____	_____	_____	_____	_____	_____
As at 31 December 2024						
Cost	275,637	478,737	16,749	77,753	35,498	884,374
Accumulated amortization and impairment losses	(97,196)	(404,803)	-	(60,968)	-	(562,967)
	_____	_____	_____	_____	_____	_____
Net book value	178,441	73,934	16,749	16,785	35,498	321,407
	_____	_____	_____	_____	_____	_____
Year ended 31 December 2025						
Opening net book value	178,441	73,934	16,749	16,785	35,498	321,407
Additions	790	12,603	-	34,463	39,471	87,327
Transfers	128	31,999	-	6,482	(38,609)	-
HT services merger	-	17	-	-	-	17
Amortization charge	(13,785)	(40,248)	-	(37,336)	-	(91,369)
	_____	_____	_____	_____	_____	_____
Net book value	165,574	78,305	16,749	20,394	36,360	317,382
	_____	_____	_____	_____	_____	_____
As at 31 December 2025						
Cost	196,918	206,476	16,749	117,459	36,360	573,962
Accumulated amortization and impairment losses	(31,344)	(128,171)	-	(97,065)	-	(256,580)
	_____	_____	_____	_____	_____	_____
Net book value	165,574	78,305	16,749	20,394	36,360	317,382
	_____	_____	_____	_____	_____	_____

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

15 Intangible assets (continued)

The intangible assets of the Group as at 31 December 2025 include twenty-three licences for Group (31 December 2024: twenty licences) and twelve licences for the Company for use of the radio frequency spectrum (31 December 2024: nine licences) (Notes 2.3. e) and 43 b).

Other assets mainly consist of brand name in the amount of EUR 1,381 thousand (31 December 2024: EUR 1,381 thousand), customer relationships in the amount of EUR 235 thousand (31 December 2024: EUR 492 thousand) and capitalized content contracts in the amount of EUR 19,771 thousand for Group and EUR 17,367 thousand for Company (31 December 2024: Group EUR 16,468 thousand, Company EUR 13,443 thousand).

The remaining amount relates to other assets in the amount of EUR 1,410 thousand for the Company (31 December 2024: EUR 1,469 thousand), or EUR 5,005 for the Group (31 December 2024: EUR 6,318 thousand).

Assets under construction primarily relate to software.

Intangible assets with indefinite useful life consist of brand name related to EVOtv with carrying value as at 31 December 2025 in the amount of EUR 1,381 thousand (31 December 2024: EUR 1,381 thousand) which is classified in Other assets and HAKOM licence related to EVOtv services with carrying value as at 31 December 2025 in the amount of EUR 5,332 thousand (31 December 2024: EUR 5,332 thousand) which is classified in Licences.

Impairment testing of goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to operating segment. An operating segment-level summary of the goodwill allocation is presented below:

	Group		Company	
	31 December 2025 EUR thousand	31 December 2024 EUR thousand	31 December 2025 EUR thousand	31 December 2024 EUR thousand
Residential	13,963	13,963	13,963	13,963
Business	14,087	14,087	2,786	2,786
Crnogorski Telekom	18,037	18,037	-	-
	_____	_____	_____	_____
Total	46,087	46,087	16,749	16,749
	_____	_____	_____	_____



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

15 Intangible assets (continued)

Impairment testing of goodwill (continued)

Residential segment of the Company’s goodwill relates to the goodwill arising from the merger of the subsidiaries HT Produkcija d.o.o. in the amount of EUR 6,502 thousand (31.12.2024: EUR 6,502 thousand) and KDS d.o.o. in the amount of EUR 65 thousand (31.12.2024: EUR 65 thousand), as well as a portion of the goodwill arising from the merger of the subsidiary Iskon Internet d.d. in the amount of EUR 7,396 thousand (31.12.2024: EUR 7,369 thousand). The business segment of the Company’s goodwill relates to the remaining portion of the goodwill arising from the merger of the subsidiary Iskon Internet d.d. in the amount of EUR 2,786 thousand (31.12.2024: EUR 2,786 thousand). Impairment test of the stated goodwill is included in the Group’s impairment test within the Residential and Business segments (note below).

The key assumptions used for value in use calculations are as follows:

	Crnogorski Telekom		Residential		Business	
	31	31	31	31	31	31
	December	December	December	December	December	December
	2025	2024	2025	2024	2025	2024
Growth rate	1.00%	1.0%	1.00%	1.0%	1.00%	1.0%
Discount rate (pre-tax)	8.35%	10.23%	6.18%	8.08%	6.18%	8.08%
Sales growth rate	1.2%	0.7%	2.1%	2.0%	2.0%	2.3%
Budgeted EBITDA margin	42.7%	45.3%	52.3%	55.3%	41.1%	42.5%
Average annual capital expenditure (EUR thousand)	23,340	23,601	169,442	156,175	83,386	79,346

The recoverable amount of a CGU is determined based on value in use calculations. The key assumptions reflect experience and expectations of market development, particularly the development of revenue, market share, customer acquisition and retention cost, capital expenditures and growth rate. The growth rate does not exceed the long-term average growth rate for the industry in which the CGU operates. The weighted average growth rate is used to extrapolate cash flows beyond the budgeted period and pre-tax discount rate is applied to the cash flow projections. The costs of central functions (Management and Administration) have been allocated between the segments for the purpose of impairment testing based on internal secondary cost allocation, using defined planed internal products. The measurements of CGU are founded on projections for a ten-year projection period that are based on financial plans that have been approved by management and are used for internal purposes. The planning horizon selected reflects the assumptions for short- to medium-term market developments and is selected to achieve a steady state in the business outlook that is necessary for calculating the perpetual annuity. This steady state can only be established based on this planning horizon, in particular due to the sometimes-long investment cycles in the telecommunications industry and the investments planned and expected in the long run to acquire.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

15 Intangible assets (continued)

Impairment testing of goodwill (continued)

Crnogorski Telekom CGU

The recoverable amount of the Crnogorski Telekom CGU as of 31 December 2025 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the management covering a five-year period. Parameters beyond the five-year period are extrapolated using a 1.2% sales growth rate (2024: 0.7%) and 1% compound annual growth rate (2024: 1%). The pre-tax discount rate applied to cash flow projections is 8.35% (2024: 10.23%). Forementioned growth rates are based on compound annual growth rates in telecommunications industry and average rates derived from actual results in previous years. The management has also taken into consideration the negative impact and uncertainties caused by war in Ukraine, strong inflationary pressures and negative impact on available income of the consumers and economic activities as well as the overall economic situation in Crna Gora. As a result of this analysis, management has not recognised an impairment charge in the current year.

Residential CGU

The recoverable amount of the Residential CGU as of 31 December 2025 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the management covering a five-year period. Parameters beyond the five-year period are extrapolated using a 2.1% sales growth rate (2024: 2.0%) and 1% compound annual growth rate (2024: 1%). The pre-tax discount rate applied to cash flow projections is 6.18% (2024: 8.08%). Forementioned growth rates are based on compound annual growth rates in telecommunications industry and average rates derived from actual results in previous years. The management has also taken into consideration the negative impact and uncertainties caused by war in Ukraine, strong inflationary pressures and negative impact on available income of the consumers. As a result of this analysis, management has not recognised an impairment charge in the current year.

Business CGU

The recoverable amount of the Business CGU as of 31 December 2025 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the management covering a five-year period. Parameters beyond the five-year period are extrapolated using a 2.0% sales growth rate (2024: 2,3%) and 1% compound annual growth rate (2024: 1%). The pre-tax discount rate applied to cash flow projections is 6.18% (2024: 8.08%). Forementioned growth rates are based on compound annual growth rates in telecommunications industry and average rates derived from actual results in previous years. The management has also taken into consideration the negative impact and uncertainties caused by war in Ukraine, strong inflationary pressures and negative impact on economic activities, as well as positive impacts of Croatia entering the euro zone and Schengen zone. As a result of this analysis, management has not recognised an impairment charge in the current year.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

15 Intangible assets (continued)

Impairment testing of brand

HT Production has registered the trademark “EVOtv” as intellectual property rights. After the merger of HT Production with HT d.d. in 2022, the trademark “EVOtv” became intellectual property rights of HT. EVOtv is included in Residential CGU segment for the purpose of impairment testing. After the merger of Iskon Internet with HT d.d., services provided by Iskon are provided within the Company's portfolio under the Iskon brand. For the purposes of testing goodwill for impairment, the Iskon brand is included in the Residential segment. Brand is an indefinite – lived asset, and it is tested for impairment annually using the Relief from Royalty method. The brand value represents the net present value of the projected brand earnings, discounted using the pre-tax discount rate on projected cash flows. The net present value calculation comprises both the explicit five and a half year projections and the terminal period, as this reflects the brand’s ability to create revenues in perpetuity. The growth rate of projected cash flows and the discount rate used is the same as the key assumptions utilised in the impairment testing of goodwill (reflected above). First licence is granted to HT Production on 26 October 2011. Licence is renewed every ten years and there is no risk assigned to the renewal of HAKOM licence; accordingly, HAKOM licence is an indefinite-lived intangible asset.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

16 Property, plant and equipment

Group	Land and buildings	Telecom plant and machinery	Tools, vehicles, IT and office equipment	Assets under construction	Total
EUR thousand					
As at 1 January 2024					
Cost	337,410	2,001,510	140,948	150,888	2,630,756
Accumulated depreciation and impairment losses	(254,335)	(1,426,511)	(107,049)	-	(1,787,895)
Net book value	83,075	574,999	33,899	150,888	842,861
Year ended 31 December 2024					
Opening net book value	83,075	574,999	33,899	150,888	842,861
Additions	1,534	45,303	8,181	91,052	146,070
Transfers	4,816	65,621	855	(71,292)	-
HT Services consolidation	-	-	810	111	921
Disposals	(683)	(39)	(356)	(285)	(1,363)
Other	-	127	-	376	503
Depreciation charge	(9,331)	(97,623)	(12,212)	-	(119,166)
Impairment loss	(1,082)	(863)	-	-	(1,945)
Net book value	78,329	587,525	31,177	170,850	867,881
As at 31 December 2024					
Cost	342,273	2,066,875	146,380	170,850	2,726,378
Accumulated depreciation and impairment losses	(263,944)	(1,479,350)	(115,203)	-	(1,858,497)
Net book value	78,329	587,525	31,177	170,850	867,881
Year ended 31 December 2025					
Opening net book value	78,329	587,525	31,177	170,850	867,881
Additions	1,449	56,641	9,480	101,743	169,313
Transfers	11,160	84,746	2,301	(98,207)	-
Other	126	-	16	-	142
Disposals	(125)	(267)	(91)	(95)	(578)
Depreciation charge	(9,767)	(97,375)	(12,289)	-	(119,431)
Impairment loss	-	(921)	-	-	(921)
Net book value	81,172	630,349	30,594	174,291	916,406
As at 31 December 2025					
Cost	356,122	2,156,972	149,631	174,291	2,837,016
Accumulated depreciation and impairment losses	(274,950)	(1,526,623)	(119,037)	-	(1,920,610)
Net book value	81,172	630,349	30,594	174,291	916,406



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

16 Property, plant and equipment (continued)

Company	Land and buildings	Telecom plant and machinery	Tools, vehicles, IT and office equipment	Assets under construction	Total
EUR thousand					
As at 1 January 2024					
Cost	304,385	1,796,195	122,139	141,625	2,364,344
Accumulated depreciation and impairment losses	(237,795)	(1,268,028)	(98,262)	-	(1,604,085)
Net book value	66,590	528,167	23,877	141,625	760,259
Year ended 31 December 2024					
Opening net book value	66,590	528,167	23,877	141,625	760,259
Additions	410	37,341	7,033	91,566	136,350
Transfers	4,676	64,738	2,220	(71,634)	-
Iskon Internet d.d. merger	84	11,053	424	802	12,363
Disposals	(683)	(1)	(96)	(285)	(1,065)
Depreciation charge	(8,256)	(90,501)	(10,103)	-	(108,860)
Impairment loss	(1,082)	(863)	-	-	(1,945)
Net book value	61,739	549,934	23,355	162,074	797,102
As at 31 December 2024					
Cost	308,320	1,899,632	127,646	162,074	2,497,672
Accumulated depreciation and impairment losses	(246,581)	(1,349,698)	(104,291)	-	(1,700,570)
Net book value	61,739	549,934	23,355	162,074	797,102
Year ended 31 December 2025					
Opening net book value	61,739	549,934	23,355	162,074	797,102
Additions	587	52,137	8,458	96,645	157,827
HT Services merger	-	-	1,199	-	1,199
Transfers	11,147	82,701	1,482	(95,330)	-
Disposals	(121)	(10)	(76)	(95)	(302)
HT Towers division	(21,222)	-	-	(7,659)	(28,881)
Depreciation charge	(7,455)	(90,430)	(10,408)	-	(108,293)
Impairment loss	-	(903)	-	-	(903)
Net book value	44,675	593,429	24,010	155,635	817,749
As at 31 December 2025					
Cost	211,192	1,989,586	132,436	155,635	2,488,849
Accumulated depreciation and impairment losses	(166,517)	(1,396,157)	(108,426)	-	(1,671,100)
Net book value	44,675	593,429	24,010	155,635	817,749

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

16 Property, plant and equipment (continued)

Beginning in 2001, the Group has performed additional procedures which have provided support for the existence of legal title to land and buildings transferred from HPT s.p.o. under the Separation Act of 10 July 1998. The Group is still in the process of formally registering this legal title.

The Group does not have any material property, plant and equipment held for disposal.

Assets under construction

Assets under construction of the Company mainly relates to construction of mobile network devices and equipment of EUR 16,972 thousand (31 December 2024: EUR 29,638 thousand), and construction of core, transmission and IP network of EUR 101,263 thousand (31 December 2024: EUR 104,299 thousand). The remaining amount relates to other assets in the amount of EUR 37,400 thousand (31 December 2024: EUR 28,137 thousand).

Assets under construction of the Group mainly relates to construction of mobile network devices and equipment of EUR 18,642 thousand (31 December 2024: EUR 30,532 thousand), and construction of core, transmission and IP network of EUR 103,238 thousand (31 December 2024: EUR 111,315 thousand). The remaining amount relates to other assets in the amount of EUR 52,410 thousand (31 December 2024: EUR 29,002 thousand).

Impairment loss

In 2025, the Group recognized an impairment loss on property, plant and equipment of EUR 904 thousand (31 December 2024: EUR 1,945 thousand), the Company EUR 903 thousand (31 December 2024: EUR 1,945 thousand) relating to change of equipment due to transfer to newer technology. The recoverable amount of that equipment is its estimated fair value less costs of disposal, which is based on the best information available to reflect the amount that the Group could obtain, at the statement of financial position date, from the disposal of the asset in an arm’s length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

Disposal of property, plant and equipment

The disposal of the property, plant and equipment primarily relates to the disposal of land and building, telecom switches and devices, old tools, IT, office equipment and vehicles in the gross amount of EUR 60,500 thousand (31 December 2024: EUR 48,274 thousand) for the Group and the gross amount of EUR 51,913 thousand (31 December 2024: EUR 36,209 thousand) for the Company.

The gain from the sale is EUR 2,040 thousand (31 December 2024: EUR 4,496 thousand) for the Group and EUR 2,006 thousand (31 December 2024: EUR 4,488 thousand) for the Company, the loss on the disposal is EUR 187 thousand (31 December 2024: EUR 319 thousand) for the Group and EUR 167 thousand (31 December 2024: EUR 219 thousand) for the Company.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

16 Property, plant and equipment (continued)

Ownership over ducts

Although assets (including the ducts as a part of the infrastructure) were transferred from the legal predecessor of the Company, HPT Public Company, by virtue of the Law on Separation of Croatian Post and Telecommunication and contributed by the Republic of Croatia to the share capital at the foundation of the Company on 1 January 1999, according to other Croatian legislation, which is also known as Distributive Telecommunication Infrastructure (DTI, TI or ducts), does not have all the necessary documents (building, use permits etc.) which may be relevant to the issue of proving the ownership towards third parties. Some claims of ownership over these assets by the local authorities (the City of Zagreb) may have a material effect on the financial statements in the case that HT will not be able to prove its ownership rights for such ducts. However, HT management believes the likelihood of occurrence of such circumstances is remote. Therefore, no adjustments were made to these financial statements in respect of this matter.

The net book value of all the Group's and Company's ducts as at 31 December 2025 is EUR 77,251 thousand (31 December 2024: EUR 78,316 thousand).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

17 Right-of-use assets and lease liabilities

The Group and the Company leases various cell sites (land, space in cell towers or rooftop surface areas), network infrastructure, and buildings used for administrative or technical purposes and vehicles. Rental contracts are typically made for fixed periods of 6 months to 31 years. Renewals of the lease agreements are treated as increase of the right-of-use assets (additions) and changes in the duration or fees in the agreements are classified as terminations or modifications (an early termination or change in initially defined fee in the agreement).

Group

<i>EUR thousand</i>	Land	Buildings	Equipment	Other	Total
As at 1 January 2024					
Cost	108,128	52,747	10,017	15,219	186,111
Accumulated depreciation and impairment losses	(80,992)	(19,785)	(5,538)	(7,450)	(113,765)
Net book value	27,136	32,962	4,479	7,769	72,346
Year ended 31 December 2024					
Opening net book value	27,136	32,962	4,479	7,769	72,346
Additions	37,565	8,518	2,419	10,577	59,079
Terminations / modifications	448	(983)	(1,306)	(393)	(2,234)
Depreciation charge	(33,007)	(6,644)	(2,324)	(5,853)	(47,828)
Net book value	32,142	33,853	3,268	12,100	81,363
As at 31 December 2024					
Cost	132,490	57,251	6,953	22,648	219,342
Accumulated depreciation and impairment losses	(100,348)	(23,398)	(3,685)	(10,548)	(137,979)
Net book value	32,142	33,853	3,268	12,100	81,363
Year ended 31 December 2025					
Opening net book value	32,142	33,853	3,268	12,100	81,363
Additions	41,605	5,946	3,712	7,855	59,118
Terminations / modifications	(700)	(283)	-	(102)	(1,085)
Depreciation charge	(34,661)	(7,057)	(2,727)	(6,267)	(50,712)
Net book value	38,386	32,459	4,253	13,586	88,684
As at 31 December 2025					
Cost	171,408	62,335	10,564	24,430	268,737
Accumulated depreciation and impairment losses	(133,022)	(29,876)	(6,311)	(10,844)	(180,053)
Net book value	38,386	32,459	4,253	13,586	88,684



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

17 Right-of-use assets and lease liabilities (continued)

The Group recognised lease liabilities as follows:

<i>EUR thousand</i>	31 December 2025	31 December 2024
Short-term lease liabilities	23,005	21,157
Long-term lease liabilities	61,701	55,408
Total lease liabilities	84,706	76,565

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

17 Right-of-use assets and lease liabilities (continued)

Company					
<i>EUR thousand</i>					
As at 1 January 2024	Land	Buildings	Equipment	Other	Total
Cost	93,072	46,091	5,191	13,862	158,216
Accumulated depreciation and impairment losses	(69,755)	(15,245)	(3,071)	(6,530)	(94,601)
Net book value	23,317	30,846	2,120	7,332	63,615
Year ended 31 December 2024					
Opening net book value	23,317	30,846	2,120	7,332	63,615
Additions	36,384	5,471	1,048	10,388	53,291
Iskon Internet d.d. merger	-	329	161	-	490
Terminations / modifications	(374)	(643)	(292)	(101)	(1,410)
Depreciation charge	(31,705)	(5,338)	(541)	(5,846)	(43,430)
Net book value	27,622	30,665	2,496	11,773	72,556
As at 31 December 2024					
Cost	115,152	50,173	4,074	22,291	191,690
Accumulated depreciation and impairment losses	(87,530)	(19,508)	(1,578)	(10,518)	(119,134)
Net book value	27,622	30,665	2,496	11,773	72,556
Year ended 31 December 2025					
Opening net book value	27,622	30,665	2,496	11,773	72,556
Additions	181,866	4,984	13,695	7,439	207,984
HTS d.o.o. merger	-	2,051	-	-	2,051
HT Towers division	(12,177)	(39)	-	-	(12,216)
Terminations / modifications	(2,242)	(295)	-	(102)	(2,639)
Depreciation charge	(36,887)	(6,348)	(1,300)	(6,195)	(50,730)
Net book value	158,182	31,018	14,891	12,915	217,006
As at 31 December 2025					
Cost	259,255	57,078	17,768	23,658	357,759
Accumulated depreciation and impairment losses	(101,073)	(26,060)	(2,877)	(10,743)	(140,753)
Net book value	158,182	31,018	14,891	12,915	217,006

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

17 Right-of-use assets and lease liabilities (continued)

The Company recognized lease liabilities as follows:

<i>EUR thousand</i>	31 December 2025	31 December 2024
Short-term lease liabilities	30,260	18,917
Long-term lease liabilities	189,480	49,782
Total lease liabilities	219,740	68,699

The obligation is reduced according to discounted payments. Interest is higher at the beginning of the lease and lower at the end of the contract term. Payments can be monthly, one-time, annual, or quarterly, which also affects the relationship between liabilities and assets on a specific date.

The movement of lease liabilities is disclosed in Note 42.

Interest expense included in finance costs of 2025 was EUR 5,317 thousand (2024: EUR 5,325 thousand) for the Group and EUR 9,062 thousand (2024: EUR 4,571 thousand) for the Company.

Total cash outflow for leases in 2025 for the Group was EUR 49,787 thousand plus interest expense EUR 5,317 thousand (2024: EUR 47,198 thousand plus interest expense EUR 5,325 thousand).

Total cash outflow for leases in 2025 for the Company was EUR 44,156 thousand plus interest expense EUR 9,062 thousand (2024: EUR 42,716 thousand plus interest expense EUR 4,571 thousand).

Expenses relating to short-term leases in 2025 was EUR 1,163 thousand (2024: EUR 3,396 thousand) for the Group and EUR 2,339 thousand (2024: 2,778 thousand) for the Company (Note 10).

The increases in assets and liabilities presented in the Company primarily relate to the lease agreement between Hrvatski Telekom d.d. and HT Towers d.o.o. (Note 39), recognized over a initially period of 8 years.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

18 Investments in subsidiaries

As at 1 January 2024	EUR thousand 212,100
Iskon Internet d.d. merger	(46,351)
HT Services Ltd	716
Year ended 31 December 2024	166,465
As at 1 January 2025	166,465
HT Services Ltd merger	(716)
HT Towers Ltd division	25,412
Year ended 31 December 2025	191,161

Hrvatski Telekom d.d. is the sole owner of HT holding d.o.o., in which it holds an investment amounting to EUR 165,749 thousand (31 December 2024: EUR 165,749 thousand).

Company HT holding d.o.o. acts as special purpose vehicle entity which holds following investments:

<i>Company</i>	<i>Country of Business</i>	<i>Principal Activities</i>	<i>Ownership interest</i>	
			31. December 2025	31. December 2024
Combis d.o.o.	Republic of Croatia	Provision of IT services	100%	100%
Crnogorski Telekom AD	Republic of Montenegro	Provision of fixed and mobile telephony services, internet and data services	79.21%	78.10%

In 2025, the Company declared dividends of EUR 18,098 thousand from its subsidiary HT Holding, of which EUR 10,000 thousand remain unpaid as of the balance sheet date.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

19 Investments accounted for using the equity method

Reclassification of the investment from assets held for sale to investments accounted for using the equity method

a) Nature and reasons for the reclassification

In 2024, the Group classified its investment in JP HT d.d. Mostar as an asset held for sale in accordance with the requirements of IFRS 5. During the current reporting period, the conditions for classification under IFRS 5 were no longer met. Specifically, Management concluded that the sale had been prolonged due to certain events and circumstances beyond the Company’s control. Accordingly, the investment was retrospectively reclassified from assets held for sale back to an investment accounted for using the equity method, in accordance with IAS 28. As at 31 December 2025, the investment in JP HT d.d. Mostar is retrospectively classified within the Group as an investment accounted for using the equity method.

b) Effect on the financial statements

On the date of reclassification, the asset was measured at the lower of:

- its carrying amount before classification under IFRS 5, and
- its fair value less costs to sell.

Group	EUR thousand
Joint venture JP HT d.d. Mostar:	
Carrying amount before reclassification	31,561
Effect of retrospective application of the equity method	1,021
Carrying amount after reclassification	32,582

The reclassified carrying amount for the Group amounts to EUR 32,582 thousand. During the period, the Group recognized EUR 1,021 thousand as its share of profit in joint venture, and it did not receive any dividend from JP HT d.d. Mostar.

Investment in joint venture:

The Group has an ownership interest of 39.1% in its joint venture JP HT d.d. Mostar which is incorporated in the Federation of Bosnia and Herzegovina. The principal activity of this company is provision of telecommunication services.

All decisions made by the Management Board and all decisions made by the Supervisory Board must be approved by both majority shareholders. Therefore, the investment is classified as a jointly controlled entity. The rest of the company is mainly owned by the Federation of Bosnia and Herzegovina (50.10%).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

19 Investments accounted for using the equity method (continued)

The net book value of investments accounted for using the equity method comprises of:

Group	2025	2024	2023
EUR thousand			
<i>Joint venture JP HT d.d. Mostar:</i>			
As at 1 January	31,561	31,561	31,561
Share of profit	1,021	-	-
As at 31 December	32,582	31,561	31,561

Summarised financial information for investments accounted for using the equity method is as follows:

<i>Summarised statement of financial position:</i>	31 December 2025	31 December 2024	1 January 2024
	EUR thousand Estimated	EUR thousand Actual	EUR thousand Actual
<i>Joint venture JP HT d.d. Mostar:</i>			
Current			
Cash and cash equivalents	11,836	17,720	14,952
Other current assets	56,428	47,009	49,392
Total current assets	68,264	64,729	64,344
Financial liabilities	83	93	88
Other current liabilities	33,053	32,258	31,438
Total current liabilities	33,136	32,351	31,526
Non-current			
Non-current assets	158,154	151,335	147,019
Financial liabilities	495	650	701
Other liabilities	19,672	10,894	8,001
Total non-current liabilities	20,167	11,544	8,702
Net assets	173,115	172,169	171,135

Estimated net book value of JP HT d.d. Mostar as at 31 December 2025 is EUR 173,115 thousand (financial information for 2025 represents estimations as JP HT d.d. Mostar did not issue its financial statements up to the date of issuing these consolidated and separate financial statements), while the actual net carrying amount as at 31 December 2024 amounted to EUR 172,169 thousand.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

19 Investments accounted for using the equity method (continued)

Summarised statement of comprehensive income:	2025 EUR thousand Estimated	2024 EUR thousand Actual	2023 EUR thousand Actual
Joint venture JP HT d.d. Mostar:			
Revenue	<u>112,739</u>	<u>108,334</u>	<u>106,615</u>
Expenses	(81,417)	(79,180)	(78,579)
Depreciation and amortisation	(29,591)	(27,522)	(26,975)
Interest income	630	446	287
Interest expense	<u>(1,360)</u>	<u>(910)</u>	<u>(786)</u>
Pre-tax (loss)/profit	1,002	1,169	561
Income tax expense	<u>(56)</u>	<u>(135)</u>	<u>(27)</u>
Net income	<u>946</u>	<u>1,034</u>	<u>534</u>
Dividends received	-	-	-
Reconciliation of summarised financial information	31 December 2025 EUR thousand Estimated	31 December 2024 EUR thousand Actual	1 January 2024 EUR thousand Actual
Joint venture JP HT d.d. Mostar			
Opening net assets 1 January	172,169	171,135	170,601
Profit for the period	946	1,034	534
Foreign currency translation	<u>-</u>	<u>-</u>	<u>-</u>
Closing net assets	<u>173,115</u>	<u>172,169</u>	<u>171,135</u>
Interest in joint venture 39.10%	67,688	67,318	66,914
Foreign currency translation	(378)	(1,029)	(625)
Impairment	<u>(34,728)</u>	<u>(34,728)</u>	<u>(34,728)</u>
Carrying value	<u>32,582</u>	<u>31,561</u>	<u>31,561</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

20 Investments accounted for using the cost method

Reclassification of the investment from assets held for sale to investments accounted for using the cost method

a) Nature and reasons for the reclassification

In 2024, the Company classified its investment in JP HT d.d. Mostar as an asset held for sale in accordance with the requirements of IFRS 5. During the current reporting period, the conditions for classification under IFRS 5 were no longer met. Specifically, Management concluded that the sale had been prolonged due to certain events and circumstances beyond the Company’s control on the side of the potential buyer. Accordingly, the investment was retrospectively reclassified from assets held for sale back to an investment accounted for using the equity method, in accordance with IAS 27. As at 31 December 2025, the investment in JP HT d.d. Mostar is retrospectively classified within the Group as an investment accounted for using the cost method.

b) Effect on the financial statements

On the date of reclassification, the asset was measured at the lower of:

- its carrying amount before classification under IFRS 5, and
- its fair value less costs to sell.

Company	EUR thousand
Joint venture JP HT d.d. Mostar:	
Carrying amount before reclassification	31,700
Effect of retrospective application of the cost method	-
Carrying amount after reclassification	<u>31,700</u>

The reclassified carrying amount for the Company amounts to EUR 31,700 thousand and the Company did not receive any dividend from JP HT d.d. Mostar.

Investment in joint venture:

The Group has an ownership interest of 39.1% in its joint venture JP HT d.d. Mostar which is incorporated in the Federation of Bosnia and Herzegovina. The principal activity of this company is provision of telecommunication services.

All decisions made by the Management Board and all decisions made by the Supervisory Board must be approved by both majority shareholders. Therefore, the investment is classified as a jointly controlled entity. The rest of the company is mainly owned by the Federation of Bosnia and Herzegovina (50.10%).



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

20 Investments accounted for using the cost method (continued)

The net book value of investments accounted for using the cost method comprises:

Company	31 December	31 December	1 January
EUR thousand	2025	2024	2024
<i>Joint venture:</i>			
JP HT d.d. Mostar	31,700	31,700	31,700
Total	31,700	31,700	31,700

21 Inventories

	Group		Company	
EUR thousand	31 December	31 December	31 December	31 December
	2025	2024	2025	2024
Inventories and spare parts	10,021	10,373	9,991	10,348
Merchandise	39,260	34,110	27,576	22,672
Total	49,281	44,483	37,567	33,020

In 2025, an expense of EUR 481 thousand for the Group and the Company was recognized due to the inventory write-down (2024: EUR 235 thousand) in accordance with the lower of cost or net realizable value principle (Note 10).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

22 Trade and other receivables

	Group		Company	
EUR thousand	31 December	31 December	31 December	31 December
	2025	2024	2025	2024
Trade receivables	47,211	39,985	43,491	35,837
Loans to employees	6,562	6,177	3,215	2,326
Finance lease receivables	-	-	999	-
Other receivables	515	690	449	424
Non-current financial instruments	54,288	46,852	48,154	38,587
Trade receivables	253,898	237,640	201,468	189,306
Loans to employees	4,562	2,543	2,526	2,245
Other receivables	4,546	9,061	3,915	6,210
Finance lease receivables	-	-	439	-
Current trade and other receivables	263,006	249,244	208,348	197,761
Total	317,294	296,096	256,502	236,348



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

22 Trade and other receivables (continued)

During the reporting period there were no significant changes in the gross carrying amount of financial instruments, so there were no significant impacts on the loss allowance.

The aging analysis of current trade receivables and current and non-current contract assets as of 31 December 2025 is as follows:

Group	Total	Current	31-60 days	61-90 days	91-180 days	>180 days
EUR thousand						
31 December 2025						
Expected credit loss rate		1.69%	6.76%	10.43%	18.21%	74.84%
Gross carrying amount - trade receivables	359,062	240,571	6,956	3,510	7,893	100,131
Loss allowance	(105,164)	(4,906)	(466)	(209)	(1,425)	(98,158)
Net amount – trade receivables	253,898	235,665	6,490	3,301	6,468	1,973
Gross carrying amount - contract assets	62,239	3,464	3,809	4,024	12,238	38,704
Loss allowance	(3,423)	(82)	(125)	(159)	(674)	(2,383)
Net amount – contract assets	58,816	3,382	3,684	3,865	11,564	36,321

The aging analysis of current trade receivables and current and non-current contract assets as of 31 December 2024 was as follows:

Group	Total	Current	31-60 days	61-90 days	91-180 days	>180 days
EUR thousand						
31 December 2024						
Expected credit loss rate		2.08%	7.49%	11.16%	22.15%	76.00%
Gross carrying amount - trade receivables	346,294	232,101	6,278	2,619	3,119	102,177
Loss allowance	(108,654)	(6,345)	(522)	(248)	(1,524)	(100,015)
Net amount – trade receivables	237,640	225,756	5,756	2,371	1,595	2,162
Gross carrying amount - contract assets	52,818	2,410	2,810	3,068	9,977	34,553
Loss allowance	(3,395)	(924)	(38)	(56)	(262)	(2,115)
Net amount – contract assets	49,423	1,486	2,772	3,012	9,715	32,438

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

22 Trade and other receivables (continued)

The aging analysis of current trade receivables and current and non-current contract assets is as of 31 December 2025 is as follows:

Company	Total	Current	31-60 days	61-90 days	91-180 days	>180 days
EUR thousand						
31 December 2025						
Expected loss rate		0.54%	2.20%	2.20%	12.55%	78.61%
Gross carrying amount - trade receivables	278,600	192,990	5,792	3,052	5,398	71,369
Loss allowance	(77,132)	(4,473)	(388)	(140)	(1,238)	(70,893)
Net amount – trade receivables	201,468	188,517	5,404	2,912	4,160	476
Gross carrying amount - contract assets	60,606	3,373	3,709	3,919	11,916	37,689
Loss allowance	(3,368)	(63)	(95)	(121)	(513)	(2,576)
Net amount – contract assets	57,238	3,310	3,614	3,798	11,403	35,113

The aging analysis of current trade receivables and current and non-current contract assets as of 31 December 2024 was as follows:

	Total	Current	31-60 days	61-90 days	91-180 days	>180 days
EUR thousand						
31 December 2024						
Expected loss rate		1.45%	4.15%	4.15%	24.13%	82.05%
Gross carrying amount - trade receivables	269,916	187,624	4,960	1,905	2,553	72,874
Loss allowance	(80,610)	(5,906)	(446)	(169)	(1,367)	(72,722)
Net amount – trade receivables	189,306	181,718	4,514	1,736	1,186	152
Gross carrying amount - contract assets	51,408	2,345	2,735	2,986	9,711	33,631
Loss allowance	(3,344)	(909)	(38)	(55)	(258)	(2,084)
Net amount – contract assets	48,064	1,436	2,697	2,931	9,453	31,547



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

22 Trade and other receivables (continued)

The following table explains the changes in the credit loss allowance for trade receivables under simplified ECL model between the beginning and the end of the annual period:

	Group		Company	
	Contract assets	Trade receivables	Contract assets	Trade receivables
EUR thousand				
As at 1 January 2025	3,395	108,654	3,344	80,610
Credit loss allowance in current period	983	6,820	979	6,428
Financial assets derecognised during the period	-	(1,640)	-	(1,637)
Total credit loss allowance charge in profit and loss for the period	983	5,180	979	4,791
Write-offs	(955)	(8,670)	(955)	(8,269)
As at 31 December 2025	3,423	105,164	3,368	77,132

	Group		Company	
	Contract assets	Trade receivables	Contract assets	Trade receivables
EUR thousand				
As at 1 January 2024	2,945	112,721	2,893	80,181
Iskon Internet d.d. merger	-	-	-	5,322
Credit loss allowance in current period	716	4,580	716	3,489
Financial assets derecognised during the period	-	(994)	-	(991)
Total credit loss allowance charge in profit and loss for the period	716	3,586	716	2,498
Write-offs	(266)	(7,653)	(265)	(7,391)
As at 31 December 2024	3,395	108,654	3,344	80,610

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

23 Assets and liabilities arising from contracts with customers, and contract costs

The Group and the Company have recognized following assets and liabilities related to contracts with customers:

	Group		Company	
	31 December 2024	31 December 2024	31 December 2025	31 December 2024
EUR thousand				
Current contract asset resulting from Equipment and service sales	49,960	41,627	48,807	40,586
Value adjustment	(2,343)	(2,389)	(2,287)	(2,338)
Total current contract asset	47,617	39,238	46,520	38,248
Non-current contract asset resulting from Equipment and service sales	12,279	11,190	11,798	10,821
Value adjustment	(1,080)	(1,005)	(1,080)	(1,005)
Total non-current contract asset	11,199	10,185	10,718	9,816
Current capitalized contract cost resulting from Cost to obtain a contract	13,429	11,811	12,938	11,378
Cost to fulfil a contract	2,339	1,847	1,344	582
Total current capitalized contract cost	15,768	13,658	14,282	11,960
Non-current capitalized contract cost resulting from Cost to obtain a contract	43,490	34,583	43,291	34,201
Cost to fulfil a contract	-	2	-	2
Total non-current capitalized contract cost	43,490	34,585	43,291	34,203
Current contract liabilities	15,658	16,585	6,184	7,735
Total current contract liabilities	15,658	16,585	6,184	7,735

Increase of contract asset for Group and Company compared to previous year is primarily result of promotional activities in fixed network where customers obtained significant service discounts in first part of the contract duration period.

Increase of contract cost for Group and Company compared to previous year is result of fees paid to indirect partners for contract acquisitions.

At 31 December 2025 the Group recognised EUR 9,941 thousand (31 December 2024: EUR 8,411 thousand) of revenue that was included in the contract liability balance at the beginning of the period.

At 31 December 2025 the Company recognized EUR 7,055 thousand of revenue that was included in the contract liability balance at the beginning of the period (2024: EUR 5,981 thousand).



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

23 Assets and liabilities arising from contracts with customers, and contract costs (continued)

The Group and the Company have recognized following revenue adjustments from contracts with customers, which was not in line with billed revenue, per following categories:

	Group		Company	
EUR thousand	2025	2024	2025	2024
Sale of goods	29,766	26,284	29,545	26,162
Sale of services	(19,895)	(17,071)	(19,780)	(16,989)
Total Residential Customers	9,871	9,213	9,765	9,173
Sale of goods	22,894	21,360	21,464	20,140
Sale of services	(23,141)	(22,476)	(21,819)	(21,242)
Total Business Customers	(247)	(1,116)	(355)	(1,102)

Through our accounts and reporting we distinguish the following:

- Revenues invoiced to customers from our billing systems; and
- IFRS 15 timing revenue adjustments on top of billed / invoiced revenue.

This table above relates to the second and adjustments here mainly relate to sold subsidized / discounted HW / granted budgets for sale of goods in current year and reduction of service revenue from current and previous years.

The following table presents information on unsatisfied performance obligations resulting from long-term contracts with customers.

	Group		Company	
EUR thousand	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Aggregate amount of the transaction price allocated to long term contracts with customers that are unsatisfied	276,407	233,383	255,245	215,603

For the Group, Management expects that 79% (EUR 218,569 thousand) of the transaction price allocated to unsatisfied contracts as at 31 December 2025 will be recognized as revenue during the next reporting period (31 December 2024: 76%, EUR 177,371 thousand). The remaining 21% (EUR 57,838 thousand) will be recognized in the next 1.5 years (31 December 2024: 24%, EUR 56,012 thousand).

For the Company, Management expects that 79% (EUR 202,877 thousand) of the transaction price allocated to unsatisfied contracts as at 31 December 2025 will be recognized as revenue during the next reporting period (31 December 2024: 76%, EUR 163,858 thousand). The remaining 21% (EUR 52,368 thousand) will be recognized in the next 1.5 years (31 December 2024: 24%, EUR 51,745 thousand).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

24 Prepayments

Non-current prepayments	Group		Company	
EUR thousand	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Advances towards third parties	8,485	17,168	8,478	16,433
Total	8,485	17,168	8,478	16,433

Non-current prepayments in the amount of EUR 8,485 thousand for the Group (31 December 2024: EUR 17,168 thousand) and EUR 8,478 thousand for the Company (31 December 2024: EUR 16,433 thousand) consist of advances for sports content rights secured by bank guarantees.

Current prepayments	Group		Company	
EUR thousand	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Advances towards third parties	12,886	12,666	10,634	10,709
Prepaid liabilities for concession fees towards regulator	1,565	2,848	1,565	2,848
Total	14,451	15,514	12,199	13,557



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

25 Cash and cash equivalents

a) Cash and cash equivalents

Cash and cash equivalents comprise the following amounts:

EUR thousand	Group		Company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Cash on hand and balances with banks	35,303	30,031	18,092	13,813
Commercial papers (i)	-	114,718	-	114,718
Time deposits with maturity less than 3 months (ii)	137,493	84,657	87,000	40,615
Allocated funds at the clearing house	269	252	-	-
Total	173,065	229,658	105,092	169,146

- (i) There were no investments in commercial papers at the end of 2025. In 2024, refers to four (4) commercial papers of the issuer Deutsche Telekom, with maturity under 3 months and with average interest rate of 2.95%.
- (ii) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. At the Group level, in 2025 interest rates on deposits ranged from 1.55% to 2.60% (2024: 2.55% to 3.85%).

Cash and cash equivalents were also assessed regarding ECL with immaterial effects.

b) Currency breakdown of cash and cash equivalents and time deposits:

EUR thousand	Group		Company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
EUR	169,954	225,466	103,936	167,711
GBP	470	283	462	281
USD	822	1,315	694	1,154
BAM	1,715	2,410	-	-
RSD	104	184	-	-
Total	173,065	229,658	105,092	169,146

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

26 Trade payables and other liabilities

EUR thousand	Group		Company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Licence for radio frequency spectrum	20,842	23,013	20,842	21,990
Content contracts	839	174	63	174
Other	394	402	390	402
Non-current	22,075	23,589	21,295	22,566
Trade payables	210,424	192,287	172,021	152,098
Content contracts	15,723	22,785	14,230	20,620
VAT and other taxes payable	13,255	2,263	10,995	344
Payroll and payroll taxes	14,701	12,767	12,207	10,190
Other	7,132	7,384	4,765	5,206
Current	261,235	237,486	214,218	188,458
Total	283,310	261,075	235,513	211,024

The most significant changes of Trade payables and other liabilities compared to 2024, refer to the increase in trade payables and content liabilities.

27 Deferred income

Deferred income of the Group and the Company in the amount of EUR 11,997 thousand for the Group (31 December 2024: EUR 12,105 thousand) and EUR 12,158 thousand for the Company (31 December 2024: EUR 12,122 thousand) relates to other non-core income for which the recognition criteria defined in the IFRS Conceptual Framework for Financial Reporting have not yet been met.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

28 Employee benefit obligations

In addition to retirement and jubilee benefits, employee benefits include compensations for the employees regarding Incentive plans such as LTI (Long Term Incentive) and Game Changer described in Note 44. Other short-term liabilities to employees are disclosed and described in Note 30.

The movement in the liability recognized in the statement of financial position was as follows:

EUR thousand	Group		Company	
	2025	2024	2025	2024
As at 1 January	4,722	5,207	3,894	4,603
Incentive plan changes	2,589	2,710	2,473	2,476
Incentive plan paid	(1,498)	(2,433)	(1,423)	(2,433)
Incentive plan transfer to other liabilities	24	(709)	(23)	(765)
Service costs	109	186	105	106
Interest cost	5	5	5	5
Benefit paid	(204)	(102)	(164)	(47)
Transfer of benefits	-	(91)	-	-
Actuarial losses/(gains)	67	(51)	67	(51)
As at 31 December	5,814	4,722	4,934	3,894
Retirement	538	513	260	247
Jubilee awards	156	192	-	-
Incentive plans	5,120	4,017	4,674	3,647
Total	5,814	4,722	4,934	3,894
Retirement	538	513	260	247
Jubilee awards – non-current	114	123	-	-
Incentive plans– non-current	2,650	2,781	2,209	2,416
Non-current	3,302	3,417	2,469	2,663
Jubilee awards – current	42	69	-	-
Incentive plans – current	2,470	1,236	2,465	1,231
Current	2,512	1,305	2,465	1,231
Total	5,814	4,722	4,934	3,894

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

28 Employee benefit obligations (continued)

The principal actuarial assumptions used to determine retirement benefit obligations as at 31 December were as follows:

	Group		Company	
	2025	2024	2025	2024
Discount rate (annually) in %	3.0	3.0	3.0	3.0

29 Provisions

Group	Legal claims	Assets retirement obligation	Total
EUR thousand			
As at 1 January 2024	8,610	5,149	13,759
Additions (Note 10)	12,154	-	12,154
Utilisation	(7,249)	-	(7,249)
Reversals (Note 10)	(4,932)	(18)	(4,950)
Interest costs	-	309	309
As at 1 January 2025	8,583	5,440	14,023
Additions (Note 10)	3,201	-	3,201
Utilisation	(1,887)	-	(1,887)
Reversals (Note 10)	(125)	(17)	(142)
Interest costs	-	274	274
As at 31 December 2025	9,772	5,697	15,469



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

29 Provisions (continued)

Company	Legal claims	Assets retirement obligation	Total
EUR thousand			
As at 1 January 2024	8,228	4,682	12,910
Additions (Note 10)	12,142	-	12,142
Utilisation	(7,237)	-	(7,237)
Reversals (Note 10)	(4,567)	(18)	(4,585)
Interest costs	-	260	260
As at 1 January 2025	8,566	4,924	13,490
Additions (Note 10)	3,083	-	3,083
Utilisation	(1,846)	-	(1,846)
HT Towers division	-	(3,614)	(3,614)
Reversals (Note 10)	(125)	(17)	(142)
Interest costs	-	176	176
As at 31 December 2025	9,678	1,469	11,147

Legal claims

As at 31 December 2025, the Group has provided estimated amounts for several legal actions and claims that management has assessed as probable to result in outflow of resources of the Group.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

30 Accruals

Group	Variable salary	Redundancy	Unused vacation	Total
EUR thousand				
As at 1 January 2024	10,549	4,545	1,355	16,449
Additions	22,650	6,440	668	29,758
Utilisation	(17,023)	(9,027)	-	(26,050)
Reversal	(134)	-	(103)	(237)
As at 1 January 2025	16,042	1,958	1,920	19,920
Additions	25,626	18,393	273	44,292
Utilisation	(20,993)	(11,208)	-	(32,201)
Reversal	(1,384)	-	-	(1,384)
Other changes	(37)	-	-	(37)
As at 31 December 2025	19,254	9,143	2,193	30,590
Company	Variable salary	Redundancy	Unused vacation	Total
EUR thousand				
As at 1 January 2024	8,587	4,497	673	13,757
Iskon merger	379	-	29	408
Additions	18,094	4,654	250	22,998
Utilisation	(8,905)	(8,131)	-	(17,036)
Reversal	(134)	-	-	(134)
Other changes	(5,842)	-	-	(5,842)
As at 1 January 2025	12,179	1,020	952	14,151
HT servisi merger	1,712	940	555	3,207
Additions	22,638	18,386	195	41,219
Utilisation	(18,595)	(11,201)	-	(29,796)
Reversal	(1,384)	-	-	(1,384)
As at 31 December 2025	16,550	9,145	1,702	27,397

Redundancy

Redundancy expenses and accruals include the amount of gross severance payments and other related costs for employees whose employment contracts are terminated during 2025.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

31 Issued share capital

As of 31 December 2025, the share capital of the Group and of the Company totalled EUR 1,340,772 thousand (31 December 2024: EUR 1,359,742 thousand). Change in share capital is explained in Note 3. The share capital is divided into 76,550,000 no par value registered shares (31 December 2024: 78,000,000).

32 Legal reserves

Legal reserves represent reserves prescribed by the Company Act in the amount of 5% of the net profit for the year, until these reserves amount to 5% of the issued share capital. These reserves are not distributable. There were no changes in the amount of legal reserves during 2025. As at 31 December 2025 legal reserves for the Group and the Company amount to EUR 67,987 thousand (31 December 2024: EUR 67,987 thousand).

33 Capital reserves

Capital reserves include the effects of owner-related transactions that are recognized directly in the Company’s equity. Capital reserves were created through the division by separation with acquisition of HT Towers d.o.o. (Note 3). As at 31 December 2025 capital reserves for the Group and the Company amount to EUR 18,970 thousand (31 December 2024: 0 EUR).

34 Cash flow hedge

The Company applies hedge accounting to hedged items in the statement of financial position and future cash flows, thus reducing statement of comprehensive income volatility. The hedged item is represented by the forecasted energy consumption of HT for the period beginning from 1 October 2024 until 30 September 2034.

To hedge against variability in electricity prices, Croatian Telekom concluded on 25th May 2023 a cash flow hedge transaction in the form of a virtual Power Purchase Agreement (vPPA).

vPPA is concluded for future energy consumption for the period beginning from 1st October 2024 until 30th September 2034 and is expected to cover part of Group’s and Company’s energy consumption.

As of December 31, 2025, the fair value of the liability is EUR 7,276 thousand (31 December 2024: EUR 8,584 thousand). Any future increase or decrease in fair value will be reported in the position of capital and long-term financial assets or liabilities, depending on the amount of the instrument's valuation.

Result from effective cash flow hedging for Group and Company for the year 2025 is EUR 1,308 thousand (2024: EUR (8,412) thousand).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

34 Cash flow hedge (continued)

Overview of FV Sensitivities of the Hedging Instrument

Valuation date 31.12.2025	Base Case	Price of electricity	
		Price +10 %	Price -10%
Fair Value (thousand EUR)	(7,276)	(3,938)	(10,615)

Valuation date 31.12.2024	Base Case	Price of electricity	
		Price +10 %	Price -10%
Fair Value (thousand EUR)	(8,584)	(4,954)	(12,221)

35 Treasury shares

During 2017, the Company started a Share Buyback Program that lasted until 20 April 2021, under which a total of 1,853,528 shares were bought.

On 28 April 2021, Management Board launched a new Treasury Share Buyback Program which will last until 22 April 2026. A total of 3,720,090 shares have been purchased under the new Program so far. In 2025, a total of 802,196 shares were bought while 1,450,000 shares were cancelled in the same year. The purpose of both programs is the withdrawal of shares without a nominal value, which does not result in a reduction of the share capital.

The Company holds 145,875 own shares as at 31 December 2024 (31 December 2024: 812,363).

In 2025 Crnogorski Telekom has also carried out purchase of own shares. Total of 154,652 shares were bought in 2025 while 650,577 shares were cancelled in the same year.

Reserve for purchased own shares of Company amounts to EUR 5,749 thousand as of 31 December 2025 (31 December 2024: EUR 28,579 thousand) and is not distributable. Crnogorski Telekom does not create reserve for purchased own shares.

36 Retained earnings

In 2025, General Assembly of the Company has brought the decision regarding the dividend pay-out. Under that decision, EUR 125,479 thousand (2024: EUR 119,210 thousand) or EUR 1.64 per share were paid out to shareholders (2024: EUR 1.53). In 2025 dividend was distributed from net profit in 2024. The amount of retained earnings as at 31 December 2025 is EUR 210,873 thousand for the Group (31 December 2024: EUR 225,416 thousand) and EUR 180,004 thousand for the Company (31 December 2024: EUR 201,455 thousand).



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

37 Commitments

The Group and the Company were committed under contractual agreements to capital expenditure as follows:

EUR thousand	Group		Company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Intangible assets	51,606	56,293	47,957	54,012
Property, plant and equipment	196,386	200,310	195,328	199,003
Total	247,992	256,603	243,285	253,015

Future payments regarding short-term leases are EUR 1,163 thousand (31 December 2024: EUR 3,396 thousand) for the Group and EUR 2,339 thousand (31 December 2024: EUR 2,778 thousand) for the Company (Note 10).

Off-balance sheet bank guarantees amount to EUR 11,397 thousand (31 December 2024: EUR 10,146 thousand) for the Company and EUR 19,334 thousand (31 December 2024: EUR 13,085 thousand) for the Group at 31 December 2025.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

38 Contingencies

At the time of preparation of these consolidated and separate financial statements, there are outstanding claims against the Group and the Company. In the opinion of the management, the settlement of these cases will not have a material adverse effect on the financial position of the Group, except for certain claims for which a provision was established (Note 29).

The Group vigorously defends all of its legal claims and potential claims, including regulatory matters and employee lawsuits.

Ownership claim of Distributive Telecommunication Infrastructure (DTI) by the City of Zagreb

In September 2008, the Group received a lawsuit filed by the Zagreb Holding Ltd. branch Zagreb Digital City (“ZHZDG”) against the Group. ZHZDG is claiming the ownership of the City of Zagreb over DTI on the area of the City of Zagreb and demanding a payment of fee for usage of DTI system in the range of up to EUR 51,762 thousand plus interest.

This lawsuit is based on a claim that HT is using DTI owned by the City of Zagreb without any remuneration.

In December 2012, the Group received the partial interlocutory judgement and partial judgement by which it was determined that HT is obliged to pay to ZHZDG the fee for usage of the DTI system, and that until the legal validity of this partial interlocutory judgment, litigation will be stopped regarding the amount of the claim. Furthermore, the claim was rejected in the part concerning the establishment of the ownership of the City of Zagreb over DTI and other communal infrastructure for laying telecommunication installations on the area of the City of Zagreb for the purpose of communication-information systems and services. A decision on costs was left for a later judgment. The Group appealed against this judgment.

In August 2015 the second instance County Court of Varaždin accepted HT’s remedy and returned the case back to the first instance court proceeding.

As to avoid statute of limitation, the plaintiff has raised its claim in June 2016, 2017 and 2018, for the additional amount of EUR 11,945 thousand each year respectively. Therefore, the claim now amounts altogether EUR 87,597 thousand, plus interest.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

38 Contingencies (continued)

Subscriber lawsuits

7 residential subscribers initiated in 2003 against Republic of Croatia as first defendant and HT as second defendant a dispute, in which the Municipal Civil Court in Zagreb passed in a retrial in 2021 first-instance decision by which: (i) the contractual provisions of the Concession Agreement for the Provision of Public Voice Services in the Fixed Network concluded between Republic of Croatia and HT in 1999, as amended in 2001 (Concession Agreement), has been determined as void in the part concerning monthly access charge and 1 minute billing interval; and (ii) ordered a payment in the amount of EUR 122 per claimant plus interest.

In 2022 the County Court of Zagreb confirmed the first instance judgement by which HT was finally obliged to such payment. HT filed a proposal to submit revision which proposal was dismissed by the Supreme Court of the Republic of Croatia in 2025. HT submitted constitutional claim before the Constitutional Court of the Republic of Croatia which procedure is still on going.

Apart from the 7 mentioned plaintiffs in the above described procedure, there are 5 more plaintiffs who initiated litigation against Republic of Croatia as first defendant and HT as second defendant with the same claim. These procedures are pending.

There is a possibility of additional claims that could be initiated against HT on the same factual and legal ground.

Pending regulatory misdemeanour proceedings

In January 2025 HT received from the Municipal Misdemeanour Court in Zagreb a first-instance judgment acquitting HT of the accusation of committing a regulatory misdemeanour. It follows from the judgment that this misdemeanour procedure was initiated by Croatian Regulatory Authority for Network Industries (HAKOM), which submitted to the Court in 2024 an indictment proposal against HT in connection with possible breach of regulatory obligation. Given that the Court, during the examination of the indictment, determined that the offense as charged was not a misdemenaur, it immediately, without previously delivering the indictment itself to HT, issued a judgment acquitting HT. Against this first-instance judgment HAKOM submitted an appeal, which will be decided by the High Misdemeanour Court.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

39 Balances and transactions with related parties

The transactions disclosed below primarily relate to transactions with the companies owned by DTAG. The Group enters into transactions in the normal course of business on an arm’s length basis. These transactions included the sending and receiving of international traffic to/from these companies during 2025 and 2024.

The main transactions with related parties during 2025 and 2024 were as follows:

EUR thousand Related party:	2025 Revenue	2024	Group		2025 Revenue	2024	Company	
			2025	2024			2025	2024
			Expense				Expense	
<i>Ultimate parent</i>								
Deutsche Telekom	1,324	1,057	10,037	7,600	1,280	1,050	9,278	6,860
<i>Joint venture</i>								
JP HT d.d. Mostar	2,888	2,812	189	281	704	707	189	281
<i>Subsidiaries of ultimate parent</i>								
Telekom Deutschland	20,212	19,246	17,564	18,024	10,769	11,690	8,732	10,281
Deutsche Telekom IT GmbH	163	203	5,033	3,720	163	2,427	5,033	3,720
DT Europe Holding	339	-	2,198	1,966	339	1,140	2,049	1,805
T-Mobile Austria	2,564	2,439	1,763	1,745	2,542	1,505	1,757	1,739
Deutsche Telekom Services Europe SE	-	983	1,642	1,186	-	895	1,542	1,182
Deutsche Telekom Cloud Services d.o.o	865	-	-	-	808	-	-	-
T-Systems International	265	239	1,163	744	265	1,421	1,156	642
Magyar Telekom	1,530	1,584	571	505	1,482	2,029	532	482
T-Mobile Polska	973	856	490	463	970	836	490	454
Hellenic Telecommunications Organization	189	103	357	152	132	-	357	148
T-Mobile Czech Republic	1,544	1,426	263	216	1,536	226	262	216
Deutsche Telekom Geschäftskunden GmbH	30	-	228	-	30	203	228	252
Deutsche Telekom (UK) Limited	2,430	2,032	176	108	2,430	29	174	108
T-Mobile USA, Inc.	574	-	57	-	477	-	1	-
Slovak Telekom, a.s.	1,443	1,349	133	123	1,313	99	133	123
Others	709	853	330	414	244	180	163	141
	—	—	—	—	—	—	—	—
Total	38,042	35,182	42,194	37,247	25,484	24,437	32,076	28,434
	—	—	—	—	—	—	—	—

The transactions with DTAG disclosed above primarily relate to Licence Agreement and Frame agreement which covers all mutual needs for services provided by the companies in DT group in telecom industry. The transactions with JP HT d.d. Mostar relate to international settlement of telecommunications services.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

39 Balances and transactions with related parties (continued)

The statement of financial position includes the following balances resulting from transactions with related parties:

EUR thousand	Group			
	2025	2024	2025	2024
	Receivables		Payables	
<i>Related party:</i>				
<i>Ultimate parent</i>				
Deutsche Telekom	-	-	4,735	4,028
<i>Joint venture</i>				
JP HT d.d. Mostar	1,236	533	-	-
<i>Subsidiaries of ultimate parent</i>				
Deutsche Telekom IT GmbH	-	-	3,208	2,677
Deutsche Telekom Cloud Services	119	958	-	-
Deutsche Telekom Europe Holding	-	-	2,055	-
Makedonski Telekom	491	601	-	-
Magyar Telekom.	-	-	-	276
Telekom Deutschland	205	297	4,648	3,856
T-Systems International	-	-	395	1,015
Deutsche Telekom Business Solutions GmbH	-	-	-	725
Deutsche Telekom UK Limited	-	-	1,179	1,134
Deutsche Telekom Services Europe SE	-	-	224	283
Hellenic Telecommunications Organization S.A. (OTE)	-	-	358	270
Deutsche Telekom Digital Labs Private Limited	-	-	448	231
T-Mobile Austria GmbH	-	-	133	223
Slovak Telecom	87	105	-	-
Cosmote	-	37	-	-
Congstar GmbH	27	-	-	-
Others	69	33	599	341
Total	2,234	2,564	17,982	15,059

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

39 Balances and transactions with related parties (continued)

Company	Company			
	2025	2024	2025	2024
EUR thousand	Receivables		Payables	
<i>Related party:</i>				
<i>Ultimate parent</i>				
Deutsche Telekom	-	-	4,384	3,336
<i>Joint venture</i>				
JP HT d.d. Mostar	62	86	-	-
<i>Subsidiaries of ultimate parent</i>				
Telekom Deutschland	41	-	4,575	3,856
Deutsche Telekom IT GmbH	-	-	3,208	2,677
Makedonski Telekom	44	55	-	-
Deutsche Telekom Cloud Services	75	651	224	-
T-Mobile Polska	-	-	-	82
Magyar Telekom Telecommunications Plc	-	-	-	121
Deutsche Telekom UK Limited	-	-	1,175	1,131
Slovak Telecom	46	23	-	-
T-Systems International	-	-	395	568
Deutsche Telekom Europe Holding GmbH	-	-	1,888	562
Deutsche Telekom Services Europe SE	-	-	-	269
Hellenic Telecommunications Organization S.A. (OTE)	-	-	358	249
Deutsche Telekom Digital Labs Private Limited	-	-	448	231
T-Mobile Austria GmbH	-	-	133	223
Congstar GmbH	27	-	-	-
Others	52	22	237	225
Total	347	837	17,025	13,530

At the year end the Group and the Company do not hold the investment in commercial paper of ultimate parent (31 December 2024: EUR 114,718 thousand) (Note 25).

The Federal Republic of Germany is both a direct and an indirect shareholder and holds 27.8 % of the share capital of DTAG. Due to the average attendance at the shareholders’ meetings, the Federal Republic of Germany represents a solid majority at the shareholders’ meetings of DTAG, although it only has a minority shareholding, making DTAG a dependant company of the Federal Republic of Germany. Therefore, the Federal Republic of Germany and the companies controlled by the Federal Republic of Germany or companies over which the Federal Republic of Germany can exercise a significant influence are classified as related parties of DTAG, and consequently of the Group as well.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

39 Balances and transactions with related parties (continued)

The Group did not execute as part of its normal business activities any transactions that were individually material in the 2025 or 2024 financial year with companies controlled by the Federal Republic of Germany or companies over which the Federal Republic of Germany can exercise a significant influence.

In 2025, the Company granted short term loans to Combis d.o.o. in amount of EUR 14,000 thousand and HT Towers Ltd in amount of EUR 3,000 thousand (during 2024: EUR 26,500 thousand to Combis d.o.o. and EUR 10,800 thousand to HT Services Ltd). As at 31 December 2025, Combis loan is fully repaid, while HT Towers loan is partially repaid and the Company’s receivable for loans granted to HT Towers amounts to EUR 2,003 thousand (31 December 2024: EUR 0).

Interest rate for given loans to Combis is 4.8% and to HT Towers Ltd. is 3.26%.

The Company had the following transactions and balances during 2025 with subsidiary HT Towers Ltd. (during 2024: 0 EUR thousand):

	EUR thousand
Right-of-use assets	148,008
Finance lease receivables	1,438
Lease liabilities	(153,855)
Other comprehensive income impact	4,409

The Company had the following transactions and balances with its subsidiaries:

	Revenues	Capital expenditures	Expenses	Receivables	Payables
<i>Subsidiaries:</i>	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
2025 / 31 December 2025	24,183	20,931	14,004	11,633	15,825
2024 / 31 December 2024	9,337	35,059	14,956	1,069	11,285

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

39 Balances and transactions with related parties (continued)

Compensation of the members Supervisory Board

The chairman of the Supervisory Board receives remuneration in the amount of 1.5 times of the average net salary of the employees of the Company paid in the preceding month. To the deputy chairman, the amount of 1.25 of the average net salary of the employees of the Company in the preceding month is paid, while any other member receives the amount of one average net salary of the employees of the Company paid in the preceding month. To a member of the Supervisory Board, who is at the same time the Chairman of the Audit Committee of the Supervisory Board, in the amount of 1.5 of the average monthly net salary of the employees of the Company paid in the preceding month.

A member of the Supervisory Board, who is also a member of one board or committee of the Supervisory Board, receives a remuneration in the amount of 1.25 of the average monthly net salary of the Company's employees paid in the previous month. A member of the Supervisory Board who is simultaneously a member of two or more committees of the Supervisory Board receives a remuneration in the amount of 1.5 of the average net salary of the Company's employees paid in the previous month.

DTAG representatives do not receive any remuneration for the membership in the Supervisory Board due to a respective policy of DTAG. In 2025, the Group paid a total amount of EUR 146 thousand (2024: EUR 137 thousand) to the members of its Supervisory Board and the Company paid a total amount of EUR 122 thousand (2024: EUR 114 thousand) to the members of its Supervisory Board. No loans were granted to members of the Supervisory Board nor do they participate in the share-based compensation program.

Compensation to key management personnel

In 2025, the total compensation paid to key management personnel of the Group amounted to EUR 7,680 thousand (2024: EUR 8,007 thousand) and to key management personnel of the Company amounted to EUR 5,803 thousand (2024: EUR 6,275 thousand). Key management personnel include members of the Management Boards of the Company and its subsidiaries and the Company’s directors of Sector, who are employed by the Group.

Compensation paid to key management personnel includes:

	Group		Company	
EUR thousand	2025	2024	2025	2024
Short-term benefits	7,680	8,007	5,803	6,275
Total	7,680	8,007	5,803	6,275

In 2025, the total cost of pension contribution of the Group is EUR 812 thousand (2024: EUR 910 thousand) and of the Company is EUR 582 thousand (2024: EUR 590 thousand). Long-term receivables from key management personnel are detailed in Note 44. Total cost of compensation to the members of Management Board of the Company and its subsidiaries for the year 2025 amounted to EUR 2,327 thousand (2024: EUR 2,722 thousand) and to the members of Management Board of the Company for the year 2025 amounted to EUR 1,860 thousand (2024: EUR 2,237 thousand).



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

40 Financial risk management objectives and policies

The Group and the Company are exposed to international service-based markets. As a result, the Group and Company can be affected by changes in foreign exchange rates. The Group and Company also extend credit terms to its customers and are exposed to a risk of default. The significant risks, together with the methods used to manage these risks, are described below. The Group or Company do not use derivative instruments either to manage risk or for speculative purposes in terms of managing foreign exchange risk and credit/collection risk. The group or Company only use derivatives to hedge electricity price. At this moment, this is the only case of using derivative instruments, implemented through the executed vPPA agreement. Its purpose is strictly to hedge price risk and is in no way used for any speculative purposes.

a) Credit risk

The Group or Company have no significant concentration of credit risk with any single counter party or group of counterparties with similar characteristics. The Group and Company’s procedures are in force to ensure on a permanent basis that sales are made to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit.

The Group or Company do not guarantee for obligations of other parties.

The Group and Company consider that its maximum exposure is reflected by the value of debtors’ net of provisions for impairment recognized at the statement of financial position date. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed (Note 22). Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. If receivables are uncollectible, and all legal procedures have been completed and the final amount of loss is known, the receivables are written off directly. If in the next period the amount of the credit loss is reduced, and the decrease can be directly related to an event that occurred after the write-off, previously recognized loss is discharged through profit or loss.

To account for expected credit losses, macroeconomic and external data is analysed – inflation rates, consumer credit interest rates, GDP per capita, unemployment and employment rates and consumer price index change. These data are put in correlation with historical HT customer payment behaviour in order to see possible change of credit risk percentages applied.

The standard IFRS 9 contains the rebuttable assumption that a “default event” has occurred when the financial asset is more than 90 days overdue. The assumption may also be supported by the following indicators:

- Counterparty repeatedly fails to meet payment obligations, and the service is blocked (contract not yet terminated)
- Counterparty is over the credit limit with unpaid invoices and fails to pay despite repeated demands
- Country embargo/countries are in recession or payment restrictions by the relevant state bank.

In making these assumptions, estimates based on historical data and existing market conditions are used.

Detailed Expected credit loss (ECL) measurement and approach is explained in Note 2.2.1.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

40 Financial risk management objectives and policies (continued)

a) Credit risk (continued)

Additionally, the Group and Company are exposed to risk through cash deposits in the banks, as well as bonds and commercial papers. As at 31 December 2025, the Group had business transactions with thirty-one bank (2024: twenty-nine banks) while Company had business with eight banks (2024: eight banks). The Group held cash and deposits in two banks almost exclusively.

For one domestic bank with foreign ownership, the Group received guarantee for deposits placed from parent bank which has a minimum rating of BBB+ and acceptable Credit Default Swap level (“CDS”). The management of this risk is focused on dealing with the most reputable banks in foreign and domestic ownership in the domestic and foreign markets and on contacts with the banks on a daily basis.

The Group and Company apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The contract assets relate the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group and Company have identified the GDP and the unemployment rate in the country in which it sells its goods and services to be the most relevant factors, and accordingly adjust the historical loss rates based on expected changes in these factors.

Deposited amounts in banks are money on current account and deposits under 3 months which are collected at maturity. That is why it is classified as hold to collect according to IFRS 9 and according to that measurement is classified as financial assets at amortized cost. Credit risk is measured using the general approach. Impairment losses are recognized on the basis of individual impairment. Group and Company use the daily CDS-level which covers insurance for a period of five years as a parameter for risk measurement. A CDS with an insurance of five years has the highest market liquidity and was therefore chosen as a reference. The CDS-level reacts immediately if a default risk increases. For the risk measure of banks and partners which don’t provide adequate bank guarantee with acceptable CDS level or don’t have their own adequate rating, Group and the Company took the CDS indicator of Croatia, which on 31 December 2025 amounted to 0.53% (31 December 2024: 0.83%).

Credit risk amount calculated using the formula: deposit amount * number of days * 0.53% / 365. For a vista deposits the Group and Company use 2 days.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

40 Financial risk management objectives and policies (continued)

a) Credit risk (continued)

The exposure of non-current financial assets can be assessed by historical information about counterparty default rates:

	Group		Company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Trade receivables for merchandise sold	47,211	39,985	43,491	35,837
Loans to employees	6,562	6,177	3,215	2,326
Financial lease receivables	-	-	999	-
Other receivables	515	690	449	424
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	54,288	46,852	48,154	38,586
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Trade receivables from subsidiaries and other current receivables are neither past due nor impaired.

The credit quality of all other financial assets (Note 41) implies that the total carrying amount as at the balance sheet date is considered.

The exposure of current financial assets can be assessed by historical information about counterparty default rates:

	Group		Company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Trade receivables	253,898	237,640	201,468	189,306
Loans to employees	4,562	2,543	2,526	2,245
Other receivables	4,256	9,061	3,915	6,210
Loans receivable from subsidiaries (Note 39)	-	-	2,003	-
Financial lease receivables	-	-	439	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	262,716	249,244	210,351	197,761
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

40 Financial risk management objectives and policies (continued)

b) Liquidity risk

The Group and Company’s policy is to maintain sufficient cash and cash equivalents or to have available funding through an adequate amount of committed credit facilities to meet its commitments for the foreseeable future. Any excess cash is invested mostly in short-term financial assets that are valued at fair value through other comprehensive income.

The amounts of financial liabilities disclosed in the tables are the contractual undiscounted cash flows. The amounts of financial liabilities disclosed in the tables are the discounted cash flows (book values).

Group – Financial liabilities

31 December 2025	Less than 3 months	3-12 months	1-5 years	>5 years	Total	Book value
EUR thousand						
Trade and other payables	210,424	-	-	-	210,424	210,424
Licence for radio frequency spectrum	-	-	12,733	17,060	29,793	20,842
Capitalized content rights	7,807	8,409	1,618	424	18,258	16,562
Other liabilities	34,981	-	390	4	35,375	35,375
Lease liabilities	6,343	20,498	52,701	18,973	98,515	84,706

31 December 2024	Less than 3 months	3-12 months	1-5 years	>5 years	Total	Book value
EUR thousand						
Trade and other payables	190,923	-	-	-	190,923	190,923
Licence for radio frequency spectrum	-	2,934	14,673	17,606	35,213	24,084
Capitalized content rights	11,363	11,665	3,318	635	26,981	22,960
Other liabilities	22,946	-	-	-	22,946	22,946
Lease liabilities	7,599	15,590	40,180	22,481	85,850	76,565



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

40 Financial risk management objectives and policies (continued)

b) Liquidity risk (continued)

Group – Financial assets

31 December 2025	Less than 3 months	3-12 months	1-5 years	>5 years	Total
EUR thousand					
Financial assets at fair value through other comprehensive income	-	-	282	-	282
Trade receivables (Note 22)	245,456	8,442	47,211		301,109
31 December 2024	Less than 3 months	3-12 months	1-5 years	>5 years	Total
EUR thousand					
Financial assets at fair value through other comprehensive income	-	-	293	-	293
Trade receivables (Note 22)	233,884	3,757	39,985	-	277,626

Company – Financial liabilities

31 December 2025	Less than 3 months	3-12 months	1-5 years	>5 years	Total	Book value
EUR thousand						
Trade and other payables	172,021	-	-	-	172,021	172,021
Licence for radio frequency spectrum	-	-	12,733	17,060	29,793	20,842
Capitalized content rights	7,477	7,418	63	-	14,958	14,293
Other liabilities	27,967	-	390	-	28,357	28,357
Lease liabilities	12,736	33,235	145,710	103,468	295,149	219,740
31 December 2024	Less than 3 months	3-12 months	1-5 years	>5 years	Total	Book value
EUR thousand						
Trade and other payables	152,582	-	-	-	152,582	152,582
Licence for radio frequency spectrum	-	2,809	14,049	16,859	33,717	23,061
Capitalized content rights	10,905	10,290	1,421		22,616	20,795
Other liabilities	16,062	-	-	-	16,062	16,062
Lease liabilities	7,347	14,924	38,283	21,835	82,389	68,699

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

40 Financial risk management objectives and policies (continued)

b) Liquidity risk (continued)

Company – Financial assets

31 December 2025	Less than 3 months	3-12 months	1-5 years	>5 years	Total
EUR thousand					
Financial assets at fair value through other comprehensive income	-	-	270	-	270
Trade receivables (Note 22)	196,833	4,635	43,491	-	244,959
Loans receivable from subsidiaries (Note 39)	-	2,003	-	-	2,003
Finance lease receivables	104	335	817	182	1,438

31 December 2024	Less than 3 months	3-12 months	1-5 years	>5 years	Total
EUR thousand					
Financial assets at fair value through other comprehensive income	-	-	281	-	281
Trade receivables (Note 22)	187,968	1,338	35,837	-	225,143

c) Other price risk

As part of the presentation of market risks, IFRS 7 Financial Instruments: Disclosures also requires disclosures on how hypothetical changes in risk variables affect the price of financial instruments. Important risk variables are stock exchange prices or indexes. We use a derivative to hedge electricity price (Note 34), not for speculative gains. In the process, we monitor the effectiveness of the hedges on a regular basis.

d) Interest rate risk

The Group's and Company's exposure to the risk of changes in market interest rates relates primarily to the Group's and Company's financial assets at fair value through other comprehensive income and amortized cost, cash, cash equivalents, time deposits and bank borrowings.

The Group or Company are not exposed to variable interest rates.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

40 Financial risk management objectives and policies (continued)

e) Foreign currency risk

There is no significant exposure to any other currencies; therefore, the currency risk is low.

f) Fair value estimation

The fair value of securities included in financial assets at fair value through other comprehensive income is estimated by reference to their quoted market price at the statement of financial position date (Note 41). The Group's and Company's principal financial instruments not carried at fair value are trade receivables, other receivables, non-current receivables, loans receivables, trade and other payables. The historical cost carrying amounts of receivables and payables, including provisions, which are all subject to normal trade credit terms, approximate their fair values.

g) Capital management

The primary objective of the Group's and Company's capital management is to ensure business support and maximise shareholder value. The capital structure of the Group comprises of issued share capital, reserves and retained earnings and totals EUR 1,632,105 thousand as at 31 December 2025 (31 December 2024: EUR 1,643,839 thousand).

The capital structure of the Company comprises of issued share capital, reserves and retained earnings and totals EUR 1,600,454 thousand as at 31 December 2025 (31 December 2024: EUR 1,620,524 thousand).

The Group and Company manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024 (Notes 31 and 35).

For details about debt structure, please see note 42.

The Group and the Company continuously monitor both capital and net debt as relevant components. Management considers that the amount of capital and the structure of net debt are adequate.

In accordance with the Law on electronic money (Official Gazette No. 64/18, Article 41; 114/22; 136/24), the Company as electronic money institution and payment institution is obliged to report regulatory capital in its annual audited financial statements. These disclosures are not required by IFRS and the law does not require the disclosure of comparative information from previous year.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

40 Financial risk management objectives and policies (continued)

g) Capital management (continued)

Regulatory capital for electronic money institutions (unaudited)

REGULATORY CAPITAL FOR ELECTRONIC MONEY INSTITUTIONS - FORM IEN-RK

Electronic money institution: HRVATSKI TELEKOM d.d.

Personal identification number (OIB): 81793146560

Date: 31 December 2025

IEN-RK: Section A - Calculation of Regulatory Capital

EUR		
No.	Item	Amount
1.	REGULATORY CAPITAL	1,119,184,250
2.	EQUITY TIER 1 CAPITAL	1,119,184,250
3.	COMMON EQUITY TIER 1 CAPITAL	1,119,184,250
4.	Capital instruments	1,340,772,262
5.	Share premium	0
6.	(-) Direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 Capital	-5,748,798
7.	Retained earnings or (-) carry back losses	40,894,971
8.	Losses for the current fiscal year	0
9.	Accumulated other comprehensive income	8,846
10.	Other reserves	79,668,693
11.	(+) / (-) Adjustments to the Common Equity Tier 1 from prudential filters	0
12.	Intangible assets	-317,381,678
13.	(-) Deferred tax assets that rely on future profitability and not arise from temporary differences	0
14.	(-) Pension fund assets under management	0
15.	(-) Reciprocal cross holdings in Common Equity Tier 1	0
16.	(-) Deduction from Common Equity Tier 1 items that exceed Additional Tier 1	0
17.	(-) Holdings of Common Equity Tier 1 instruments where an institution does not have a significant investment in a financial sector entity	0



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

40 Financial risk management objectives and policies (continued)

g) Capital management (continued)

Regulatory capital for electronic money institutions (unaudited) (continued)

REGULATORY CAPITAL FOR ELECTRONIC MONEY INSTITUTIONS - FORM IEN-RK

Electronic money institution: HRVATSKI TELEKOM d.d.
Personal identification number (OIB): 81793146560
Date: 31 December 2025

IEN-RK: Section A - Calculation of Regulatory Capital

EUR		
No.	Item	Amount
18.	(-) Deferred tax assets that rely on future profitability and arise from temporary differences	-19,030,046
19.	(-) Holdings of Common Equity Tier 1 instruments where an institution has a significant investment in a financial sector entity	0
20.	(-) Deduction over threshold (17.65%)	0
21.	(-) Deduction from Common Equity Tier 1 items - other	0
22.	ADDITIONAL TIER 1 CAPITAL	0
23.	Capital instruments	0
24.	Share premium	0
25.	(-) Direct, indirect and synthetic holdings by the institution of Additional Tier 1 Capital	0
26.	(-) Reciprocal cross holdings in Additional Tier 1	0
27.	(-) Holdings of Additional Tier 1 instruments where an institution does not have a significant investment in a financial sector entity	0
28.	(-) Holdings of Additional Tier 1 instruments where an institution has a significant investment in a financial sector entity	0
29.	(-) Deduction from Additional Tier 1 items that exceed Tier 2 Capital	0
30.	Deduction from Additional Tier 1 items that exceed Additional Tier 1 (deducted from Common Equity Tier 1)	0
31.	(-) Deduction from Additional Tier 1 items - other	0
32.	TIER 2 CAPITAL	0
33.	Capital instruments	0
34.	Share premium	0
35.	(-) Direct, indirect and synthetic holdings by the institution of Tier 2 Capital	0
36.	(-) Reciprocal cross holdings in Tier 2	0
37.	(-) Holdings of Tier 2 instruments where an institution does not have a significant investment in a financial sector entity	0
38.	(-) Holdings of Tier 2 instruments where an institution has a significant investment in a financial sector entity	0
39.	Deduction from Tier 2 Capital items that exceed Tier 2 Capital (deducted from Additional Tier 1)	0
40.	(-) Deduction from Tier 2 items - other	0
41.	Notes	0
42.	Profit for the year	139,108,924

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

40 Financial risk management objectives and policies (continued)

g) Capital management (continued)

Regulatory capital for electronic money institutions (unaudited) (continued)

REGULATORY CAPITAL FOR ELECTRONIC MONEY INSTITUTIONS - FORM IEN-RK

Electronic money institution: HRVATSKI TELEKOM d.d.
Personal identification number (OIB): 81793146560
Date: 31 December 2025

IEN- RK: Section B – Capital available to calculate the amount of regulatory capital

		EUR		EUR
Number	Item	Total amount	Capital available to calculate the amount of regulatory capital	Excess
		1	2	3
1.	Common Equity Tier 1 Capital	1,119,184,250	1,119,184,250	
2.	Additional Tier 1 Capital	0	0	0
3.	Equity Tier 1 Capital	1,119,184,250	1,119,184,250	
4.	Tier 1 Capital	0	0	0
5.	Regulatory Capital		1,119,184,250	

Minimum required regulatory capital and requirements coverage (unaudited)

MINIMUM REQUIRED REGULATORY CAPITAL FOR ELECTRONIC MONEY INSTITUTIONS - FORM IEN-MRK

Electronic money institution: HRVATSKI TELEKOM d.d.
Personal identification number (OIB): 81793146560
Date: 31 December 2025

IEN-MRK: Section A - Minimum required regulatory capital for electronic money institutions

EUR		
Number	Calculation	Amount
1.	Average unused electronic money	0,00
2.	Minimum required regulatory capital for electronic money institutions	0,00



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

40 Financial risk management objectives and policies (continued)

g) Capital management (continued)

Regulatory capital for payment institutions (unaudited)

REGULATORY CAPITAL FOR PAYMENT INSTITUTIONS - FORM IPP-MRK

Electronic money institution: HRVATSKI TELEKOM d.d.

Personal identification number (OIB): 81793146560

Date: 31 December 2025

IPP-MRK: Section A - Minimum required regulatory capital for payment institutions

EUR		
Number	Item	Amount
1.	Total amount of payment transactions in the previous year	25,453,950
2.	Payment volume	2,121,162
3.	Total amount (4., 5., 6., 7., 8.)	84,846
4.	4% of payment volume up to the amount of EUR 5 million	84,846
5.	2.5% of payment volume over the amount of EUR 5 million and up to the amount of EUR 10 million	0
6.	1% of payment volume over the amount of EUR 10 million and up to the amount of EUR 100 million	0
7.	0.5% of payment volume over the amount of EUR 100 million and up to the amount of EUR 250 million	0
8.	0.25% of payment volume over the amount of EUR 250 million	0
9.	Factor k	1
10.	Minimum required regulatory capital for payment institutions	84,846

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

40 Financial risk management objectives and policies (continued)

h) Offsetting

The following financial assets and financial liabilities are subject to offsetting:

Group	Trade receivables		Trade payables	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
EUR thousand				
Gross recognised amounts	40,993	39,712	54,050	49,636
Offsetting amount	(9,695)	(7,142)	(9,695)	(7,142)
Total	31,297	32,570	44,355	42,494

Company	Trade receivables		Trade payables	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
EUR thousand				
Gross recognized amounts	5,035	7,762	21,155	19,281
Offsetting amount	(2,551)	(3,497)	(2,551)	(3,497)
Total	2,484	4,265	18,604	15,784

The offsetting is applied in particular to receivables and payables with related parties and with mobile and fixed network operators.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

41 Financial instruments

Recurring fair value measurement

The level in fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

Group	31 December 2025			31 December 2024		
EUR thousand	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value through other comprehensive income, non-current	78	-	204	89	-	204
Cash flow hedge derivative	-	-	(7,276)	-	-	(8,584)

Company	31 December 2025			31 December 2024		
EUR thousand	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value through other comprehensive income, non-current	66	-	204	77	-	204
Cash flow hedge derivative	-	-	(7,276)	-	-	(8,584)



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

42 Net debt reconciliation

Group	Cash/bank overdraft	Liquid investments	Other fin. liabilities (spectrum and content) within 1 y	Other fin. liabilities (spectrum and content) after 1 y	Lease liabilities	Total
EUR thousand						
Net debt as at 31 December 2023	233,078	10,000	(28,321)	(8,891)	(66,968)	138,898
Cash flow	(3,420)	(10,000)	41,473	-	47,198	75,251
Reclassification of current portion	-	-	(41,470)	41,470	-	-
Additions - increase in related asset (intangible assets and ROA)	-	-	-	(55,156)	(59,079)	(114,235)
Termination/modification of lease contracts	-	-	-	-	2,234	2,234
Other non-financial movements	-	-	148	(610)	50	(412)
Net debt as at 31 December 2024	229,658	-	(28,170)	(23,187)	(76,565)	101,736
Cash flow	(56,593)	-	42,098	-	49,787	35,292
Reclassification of current portion	-	-	(37,555)	37,555	-	-
Additions - increase in related asset (intangible assets and ROA)	-	-	-	(35,654)	(59,118)	(94,772)
Termination/modification of lease contracts	-	-	-	-	1,085	1,085
Other non-financial movements	-	-	7,904	(395)	105	7,614
Net debt as at 31 December 2025	173,065	-	(15,723)	(21,681)	(84,706)	50,955

Liquid investments were consisted of bank deposits and financial assets at fair value through other comprehensive income.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

42 Net debt reconciliation (continued)

Company	Cash/bank overdraft	Other fin. liabilities (spectrum and content) within 1 year	Other fin. liabilities (spectrum and content) after 1 year	Lease liabilities	Total
EUR thousand					
Net debt as at 31 December 2023	190,842	(15,506)	(6,912)	(58,720)	109,704
Cash flow	(21,696)	34,596	-	42,716	55,616
Reclassification of current portion	-	(35,805)	35,805	-	-
Additions	-	-	(50,915)	(53,290)	(104,205)
Merge of Iskon	-	(1,730)	(142)	(490)	(2,362)
Termination/modification of lease contracts	-	-	-	1,411	1,411
Other non-financial movements	-	(1,104)	-	(326)	(1,430)
Net debt as at 31 December 2024	169,146	(19,549)	(22,164)	(68,699)	58,734
Cash flow	(64,054)	38,873	-	44,156	18,975
Reclassification of current portion	-	(34,901)	34,901	-	-
Additions	-	-	(33,642)	(207,984)	(241,626)
Merge of HT Servisi d.o.o.	-	-	-	(2,051)	(2,051)
HT Towers d.o.o. division	-	-	-	12,216	12,216
Termination/modification of lease contracts	-	-	-	2,639	2,639
Other non-financial movements	-	1,347	-	(17)	1,330
Net debt as at 31 December 2025	105,092	(14,230)	(20,905)	(219,740)	(149,783)

The most significant impact on net debt in 2025 arose from the division of HT Towers d.o.o.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

43 Authorization for Services and Applicable Fees

The Company is party to the following Authorization for Services, none of which are within the scope of IFRIC 12:

a) Service authorization for the performance of electronic communications services

Pursuant to Article 24 of the Law on Electronic Communications (Official Gazette No. 76/2022 and 14/2024) the Company is entitled to provide the following electronic communication services based on the general authorisation which was last updated in May 2022 (in compliance with the Law on electronic Communications that was in force at that time, Official Gazette No. 90/11, 133/12, 80/13, 71/14, 72/17):

- Internet access service in the fixed electronic communications network,
- Internet access service in the mobile electronic communications network,
- Number based interpersonal communications service in the fixed electronic communications network (including nomadic services),
- Number based interpersonal communications service in the mobile electronic communications network,
- Data transmission service,
- Lease lines service,
- Terrestrial TV broadcasting,
- Transport of telephone traffic among operators service (transit),
- M2M services,
- Other - premium rate and free phone services,
- Other - voice over internet protocol service (VoIP),
- Other - granting access and shared use of electronic communications infrastructure and associated facilities, and
- Other.

On 16 March 2023 the Croatian Regulatory Authority for Network Industries (HAKOM) issued to the Company special authorization to perform account reconciliation of accounts for the provision of electronic communications services in maritime for a period of 10 years, which is valid till 22 February 2033.

In accordance with HAKOM's decision of 17 October 2024, the Company was designated as the Universal services provider in the Republic of Croatia for a period of three (3) years starting from 1 December 2024 with the obligation to provide following universal services during the mentioned period:

1. Access to an affordable broadband internet service and voice communications service of adequate quality, provided over the operator's own infrastructure, in accordance with the ordinance on Universal Services in Electronic Communications,
2. Installation of public payphones in or near public places, and
3. An offer of affordable tariff options or packages tailored to socially disadvantaged consumers throughout Croatia, provided over the operator's own infrastructure, and encompassing the services specified in point 1.2.a) of this decision.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

43 Authorization for Services and Applicable Fees (continued)

a) Service authorization for the performance of electronic communications services (continued)

In addition to HT, A1 and Telemach have also been designated as USO operators for the first time, but only in specific geographical areas. A1 has been assigned 19 areas, while Telemach has been assigned 5 areas.

b) Authorization for usage of radio frequency spectrum

HAKOM issued to the Company the following licences for use of the radio frequency spectrum for public mobile electronic communications networks:

- licences for the use of radio frequency spectrum in 700 MHz, 3600 MHz and 26 GHz frequency bands with the validity from 12 August 2021 until 11 August 2036 and
- licenses for the use of radio frequency spectrum in the 800 MHz, 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz frequency bands with the validity from 19 October 2024 until 19 October 2039.

HAKOM also issued to the Company licences for the use of radio frequency spectrum for satellite services (DTH services) with the validity from 12 August 2020 until 11 August 2025. The Company requested prolongation of these licences, after which HAKOM issued new licences valid from 12 August 2025 until 11 August 2030.

In March 2020 HAKOM approved the transfer of a licence for the use of radio frequency spectrum for the provision of the service of management of electronic communications networks for digital television multiplexes MUX C and MUX E from the companies HT Produkcija d.o.o., Odašiljači i veze d.o.o. and HP-Hrvatska pošta d.d. to the companies HT Produkcija d.o.o., Odašiljači i veze d.o.o. and Hrvatski Telekom d.d. By the decision of HAKOM from August 2020 the duration of the said licence was extended until 31 December 2030.

c) Fees for providing electronic communications services

Pursuant to the Law on Electronic Communications, the Company is obliged to pay the fees for the use of addresses and numbers, radio frequency spectrum and for the performance of other tasks of HAKOM pursuant to the ordinances of HAKOM and Ministry of the sea, transport and infrastructure. The said regulations prescribe the calculation and the amount of fees. These fees are paid for the current year or one year in advance (in case of fees for usage of radio frequency spectrum).

In 2025, the Company paid the following fees:

- the fees for the use of addresses, numbers and radio frequency spectrum pursuant to the ordinance passed by the Ministry of the sea, transport and infrastructure (in favour of State budget, Official Gazette No. 151/2022 and 37/2023),
- the fees for use of addresses, numbers, radio frequency spectrum and for the performance of other tasks of HAKOM, pursuant to the ordinance passed by HAKOM (in favour of HAKOM's budget, Official Gazette No. 151/2024).



43 Authorization for Services and Applicable Fees (continued)

d) *Audiovisual and electronic media services*

Pursuant to the Law on Audiovisual Activities (Official Gazette No. 61/18, 114/22/ 123/24), the Company is obliged to pay the fee in the amount of 2% of the total annual gross income generated from the performing of audiovisual activities on demand and 0.5% of the total annual gross income generated by media service providers who have permission for satellite, internet, cable transmission and other permitted forms of audiovisual program transmission for the purpose of the implementation of the National Programme.

Also, the Company (as the operator of public communication network) is obliged to pay a fee in the amount of 0.8% of the total annual gross income generated in previous calendar year by performing transmission and/or retransmission of audiovisual programmes and their parts through public communication network, including internet and cable distribution for the purpose of the implementation of the National Programme for the promotion of audiovisual creativity.

Pursuant to the Law on Electronic Media (Official Gazette No. 111/21, 114/22), the Company is obliged to pay the fee of 0.5% of the annual gross revenues realized from the provisioning of audiovisual media services on demand and the electronic publication services.

e) *Electronic communications infrastructure and associated facilities (ECI)*

The Company, as the infrastructure operator, is obligated to pay fees to the owners and managers of the property on which the ECI of the Company is laid either under a right of way or under a right of servitude.

Pursuant to Electronic Communications Act, the right of way fee is paid to owners and managers of the property (Republic of Croatia, local and regional municipalities, other legal and natural persons) on which ECI of the Company is laid. The unit RoW fees are defined in the amount prescribed by the HAKOM's Ordinance on Right of Way Certificate and Payment of Fees for Right of Way (further: Ordinance on RoW) in the range of 0.4 – 1.33 EUR/m2/y depending on the property type.

In accordance with the Roads Act, the fee for servitude on a public road is paid to the managers of public roads. The unit fees are defined by the Government's Decision on the amount of fee for the establishment of servitude and construction rights on a public road in the amount of 0.63 EUR/m2/y for ECI laid on highways and 0.32 EUR/m2/y for ECI laid on all other public roads.

If the property rights are not resolved on the basis of the RoW, the Company pays the fee for the right of servitude to other owners and managers in the agreed amount.

The Company also pays a concession fee for cables laid on maritime property under the Maritime Property and Seaports Act, a fee for forest land to Hrvatske šume for the installation of antenna poles under the Forest Act, a fee for installing street cabinets in accordance with individual decisions of local municipalities, utility fees to local municipalities for business buildings pursuant to the Communal Economy Act, water fee to Hrvatske vode and local municipalities for constructed ECI pursuant to the Water Management Financing Act and administrative fees for obtaining approvals and permits for construction and legalization of ECI.

44 Share-based and non-share-based payment transactions

Long-term incentive plans (LTI) are cash-based plans and were introduced in 2021, 2022, 2023 and 2024 at Group level.

LTI 2021 ended on 31 December 2024 and the Supervisory Board has determined final target achievement and awarded amount which was paid to plan participants in July 2025.

The LTI (Long term incentive) plan initiated in 2025, covers the period from 1 January 2025 to 31 December 2028.

EU Game Changer Incentive Program is cash-based plan that was introduced in 2022 for members of the Management Board and wildcards i.e. executives below the MB. EU Game Changer covers the period from 1 January 2022 to 31 December 2025 with annual payment instalments. Actual payments are determined by the participant group, the number of years of consecutive overperformance and the average “Key Performance Indicator” target achievement for the respective plan year.

Movements on cash-based incentive plans are presented in Note 28.

Share Matching Plan (SMP) is equity-based plan, for the award of bonus shares to managers, is active in 2024. The term of the 2025 SMP covers the period from 1 July 2025 to 30 June 2029. Share Matching Plan is obligatory for the President of the Management Board and voluntary for Management Board members. Share Matching Plan (SMP) is a long-term remuneration instrument which is mandatory to the Company`s

President of the Management Board and voluntary for Management Board members. SMP 2021 covered the period from 1 July 2021 to 30 June 2025 and relates to the non-cash benefit arising from the inflow of the matching shares, with the corresponding personal investment in Deutsche Telekom AG shares having been made in 2021. The proportion of the number of additional shares thus granted depends on the individual's management level: CEO: 1:1, other Management Board members: 1:2.

Total number of Deutsche Telekom AG shares granted in 2025 as a part of the Share Matching Plan (SMP) 2021 is shown in the following table:

Share Matching Plan (SMP)	Full entitlement for the entire SMP 2021 duration			The part of the entitlement relating to HT
	Matching DT AG shares (pieces)	Non-cash benefit per share (EUR)	Non-cash benefit (EUR)	Non-cash benefit (EUR)
2021	5,181	33.83	175,273	175,273
2021	301	30.85	9,286	9,286



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

44 Share-based and non-share-based payment transactions (continued)

All gains and expenses resulting from changes of the related provisions for all LTI, Game Changer and SMP plans recognized for employee services received during the year are shown in the following table:

	Group		Company	
EUR thousand	2025	2024	2025	2024
Expenses	2,713	2,845	2,583	2,600
Total	2,713	2,845	2,583	2,600

The expenses for all LTI plans, Game Changer and SMP for members of Management Board of the Company and its subsidiaries for the year 2025 amounted to EUR 1,380 thousand (2024: EUR 1,845 thousand) and for members of Management Board of the Company for the year 2025 amounted to EUR 1,249 thousand (2024: EUR 1,601 thousand).

45 Auditor’s fees

The auditors of the Group’s financial statements have rendered services of EUR 622 thousand in 2025 (2024: EUR 671 thousand) and of the Company’s financial statements have rendered services of EUR 480 thousand in 2025 (2024: EUR 522 thousand). Services rendered in 2025 and 2024 relate to audits and reviews of the financial statements (including the Sustainability Report), Reports on related party transactions and Remuneration report.

46 Subsequent events

After the reporting date and until the approval date of these financial statements there were no events that would significantly influence the financial statements of the Group and the Company for 2025, which should, consequently, be disclosed. Management has considered the potential effects of the ongoing geopolitical tensions involving Iran and the wider Middle East. However, given the rapidly evolving circumstances and the associated uncertainty, it is currently not possible to reliably estimate the potential impact on certain assumptions, estimates and carrying amounts of assets and liabilities.





GLOSSARY





GLOSSARY

Adj. EBITDA AL	EBITDA after lease adjusted for one-time items
CapEx	Capital expenditure
CapEx AL	Capital expenditure after lease
CO ₂ e	CO ₂ equivalent
CSRD	Corporate Sustainability Reporting Directive
CT	Crnogorski Telekom
DE&I	Diversity, Equity and Inclusion
DT Europe	Deutsche Telekom Europe
DT Group	Deutsche Telekom Group
DTAG	Deutsche Telekom AG
EBIT	Earnings before Interest and Taxes
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
ENTS	Technology unit Ericsson Nikola Tesla Servisi d.o.o.
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
EWC	European Works Council
FTTH	Fiber to the Home, optical network
GDPR	General Data Protection Regulation
GHG	Greenhouse Gases
HAKOM	Croatian Regulatory Authority for Network Industries

HANFA	Croatian Financial Services Supervisory Agency
HT or Company	Croatian Telecom Inc.
Group	Croatian Telecom Inc. and its subsidiary companies
Group in Croatia	Croatian Telecom Inc. and its subsidiary companies, not incl. Crnogorski Telekom
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
IRO	Impacts, Risks and Opportunities
ISO	International Organization for Standardization
KPI	Key Performance Indicator
LkSG	(de. Lieferkettensorgfaltspflichtengesetz), German Law on Due Diligence in Chain Demand
NPS	Net promoter score, user satisfaction indicator
OECD	The Organisation for Economic Co-operation and Development
OpEx	Operating expenditure
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goal
TRI*M	Measure, Manage, Monitor, methodology for measuring customer satisfaction
UN	United Nations
vPPA	Virtual Power Purchase Agreement
ZSE	Zagreb Stock Exchange
vPPA	Virtual Power Purchase Agreement
ZSE	Zagreb Stock Exchange





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