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Croatian Telecom

Zagreb – 9 July 2021

Croatian Telecom Inc.

Radnička cesta 21, HR – Zagreb

Ordinary share: HT (ISIN: HRHT00RA0005)

LEI: 097900BFHJ0000029454

Listing: Zagreb Stock Exchange, Prime Market

Member State: Republic of Croatia

Sale and purchase agreement for OT-Optima Telekom signed

Croatian Telecom (Reuters: HT.ZA; Bloomberg: HT CZ), and Zagrebačka banka d.d. signed today an agreement with the company Telemach Hrvatska d.o.o. owned by United Group (United Group B.V., The Netherlands) on the sale and purchase of the shares of the company OT-Optima Telekom d.d.

The subject of the transaction is sale of total of 54.31% shares of Optima Telekom out of which 36.90% are owned by Zagrebačka banka, while 17.41% are owned by HT holding d.o.o., a company in 100% ownership of Croatian Telecom.

The closing of the transaction is subject to the regulatory approvals and other agreed contractual conditions and is expected by the end of 2021. Sale and share purchase agreement determines the value for 100% shares of Optima Telekom (enterprise value) on a debt free, cash free basis and amounts to HRK 639 million which represents 5 times 2020 EBITDA before one-time items after leases. Total expected proceeds for Croatian Telecom is yet to be determined based on predefined contractual parameters, however the share price as agreed in the agreement will be lower than the three month volume weighted average from the regulated market that would be implemented by the buyer in the mandatory takeover bid (volume weighted average of Optima Telekom share price in the regulated market within 8 April and 8 July 2021 period).

Croatian Telecom acquired its shareholding in Optima Telekom by debt to equity swap within the pre-bankruptcy settlement procedure and acquired management rights based on the agreement with Zagrebačka banka, the largest Optima Telekom shareholder.

In 2014, based on the Management Agreement signed between Croatian Telecom and Zagrebačka banka, the Croatian Competition Agency (AZTN) gave its conditional approval to the concentration of Croatian Telecom and Optima Telekom for a limited period of four years. In June 2017, the duration of the conditionally approved concentration was prolonged to Croatian Telecom until 10 July 2021.

Irrespective of the closing of the transaction of the sale of Optima Telekom's shares, the concentration of Croatian Telecom and Optima Telekom ceases as of 10 July 2021, by which date management of Croatian Telecom over Optima Telekom ceases as well.

The process of the sale of the shares of Optima Telekom started on 31 January 2020 by publication of a public invitation for submission of bids and subsequent selection of the investment bank Credit Suisse (Deutschland) Aktiengesellschaft with its headquarters in Frankfurt am Main, which was engaged jointly by Croatian Telecom and Zagrebačka banka to manage the sales process.



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About Croatian Telecom

Croatian Telecom (HT) is the leading provider of telecommunication services in Croatia, serving 0.7 million fixed lines, 2.3 million mobile customers and 0.7 million broadband connections through its Residential and Business divisions.