

INDEPENDENT AUDITOR'S REPORT WITH EXPRESSION OF LIMITED ASSURANCE ON THE REMUNERATION REPORT FOR THE YEAR 2023

To the Management Board and Supervisory Board of Hrvatski Telekom d.d.

Scope

Pursuant to the requirements of Article 272.r, paragraph 3 of the Companies Act and the contract concluded with Hrvatski Telekom d.d. ("the Company"), we have performed an engagement to express a limited assurance on the attached Remuneration Report for the year 2023 ("the Report") prepared by the Company's Management Board and Supervisory Board.

Our engagement with limited assurance relates to the subject matter of whether the Report contains information in accordance with Article 272.r, paragraphs 1 and 2 of the Companies Act.

Applicable Criteria

The applicable criteria for determining individuals to be included in the Report and requirements related to the disclosure of their receipts are contained in the requirements of Article 272.r, paragraphs 1 and 2 of the Companies Act.

Responsibilities of the Management Board and the Supervisory Board

Management Board and Supervisory Board are responsible for:

- preparing the Report for the year 2023 in accordance with the disclosure requirements outlined in Article 272.r, paragraphs 1 and 2, of the Companies Act,
- determining the individuals to be included in the Report in accordance with Article 272.r, paragraph 1, of the Companies Act,
- selecting and applying appropriate receipt policies, as well as making reasonable judgments and assessments regarding the data disclosed in the Report,
- measuring receipts for the year ended December 31, 2023, in accordance with the requirements of Article 272.r, paragraphs 1 and 2, of the Companies Act, and
- publishing the Report on the Company's website in accordance with the requirements of Article 272.r, paragraph 4, of the Companies Act.

The Management Board of the Company is responsible for designing, implementing, and maintaining a system of internal controls that reasonably ensures that the aforementioned data does not contain material errors, whether due to fraud or error. Additionally, the Management Board and the Supervisory Board of the Company are responsible for ensuring the completeness and accuracy of the documentation provided to us.

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 WITH EXPRESSION OF LIMITED ASSURANCE ON THE REMUNERATION REPORT FOR THE YEAR 2023 (CONTINUED)

Auditor's Responsibility

Our responsibility is to issue a report on the Report in accordance with the requirements of Article 272.r of the Companies Act. We have performed an engagement to express a limited assurance 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 comply with ethical standards and plan and perform the engagement to obtain sufficient appropriate evidence to provide a basis for our conclusion as to whether the Report contains the information required by relevant legal requirements.

Our Independence and 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) ('Code') issued by the International Ethics Standards Board for Accountants. 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.

Summary of the work performed

As part of our engagement, we have planned and performed the following procedures:

- inquiries to the Management Board, the Supervisory Board, and other individuals within the Company to gain an understanding of receipt policies and the process of compiling the Report;
- we received a list of all members of the Management Board and the Supervisory Board of the Company during 2023 and verified whether their receipts were disclosed in the Report;
- we reconciled the receipt data presented in the Report with the Company's accounting records (general ledger and subledgers) for the year ended December 31, 2023.;
- we reviewed, based on a sample, the relevant documentation of the Company (contracts and payments) related to the receipt data presented in the Report; and
- we verified whether the Report contains all the data required by the provisions of Article 272.r, paragraphs 1 and 2, of the Companies Act.

The nature and scope of our procedures were determined based on risk assessment and our professional judgment to express a conclusion with limited assurance.

The scope of the engagement to express a conclusion with limited assurance is significantly smaller than the scope of the engagement to express a conclusion with limited assurance regarding risk assessment procedures, including understanding internal control and procedures performed in response to assessed risks.

We believe that the evidence we obtained is sufficient and appropriate and forms a reasonable basis for expressing our conclusion with limited assurance.

INDEPENDENT AUDITOR'S REPORT WITH EXPRESSION OF LIMITED ASSURANCE ON THE REMUNERATION REPORT FOR THE YEAR 2023 (CONTINUED)

Conclusion with an expression of limited assurance

Based on the procedures performed and evidence obtained, nothing has come to our attention that would cause us to believe that the Report for the year 2023 prepared by Hrvatski Telekom d.d. does not contain information, in all material respects, in accordance with Article 272.r, paragraphs 1 and 2 of the Companies Act.

Limitations

Our report is intended solely for the Management and the Supervisory Board of the Company for the purpose of reporting to the Company's Assembly on the Report prepared by the Company for the year ended December 31, 2023, in accordance with Article 272.r of the Companies Act. We permit the publication of this report on the Company's website in accordance with Article 272.r, paragraph 4, of the Companies Act. Our report does not constitute, nor is it intended to represent, legal advice on compliance with Article 272.r, paragraph 4, of the Companies Act.

In case of additional information or data provided to us, or in the event of misleading oral or written statements or explanations, our findings, interpretations, or conclusions in our Report of Independent Auditor with Limited Assurance may be incomplete or may result in the need for additional procedures that are not included in the scope of this engagement.

To the fullest extent permitted by law, we do not accept any responsibility and do not agree to any obligations to any other party, except to the Management and the Supervisory Board of the Company, regarding our work or this Report of Independent Auditor with Limited Assurance or the conclusions we have reached.

The Management and the Supervisory Board of the Company are responsible for publishing the Report on the Company's website as well as for the accuracy of the data contained therein. The scope of our work does not include a review of the aforementioned, and we do not accept any responsibility for any changes or amendments that may be made to the Report based on the Report of Independent Auditor with Limited Assurance or for any discrepancies between the report we issued and the data displayed on the Company's website.

Katarina Kadunc

Director and certified auditor

Deloitte d.o.o.

For signatures, please refer to the original Croatian auditor's report, which prevails.

19 March 2024
Radnička cesta 80,
10 000 Zagreb,
Republic of Croatia



Pursuant to Article 272r of the Companies Act and pursuant to Code of Corporate Governance of the Zagreb Stock Exchange Inc. and Croatian Financial Services Supervisory Agency (HANFA), the Supervisory Board and Management Board of Croatian Telecom Inc., Zagreb, Radnička cesta 21, (hereinafter referred to as “HT” or “the Company”), submit to the General Assembly this

REPORT on remuneration to the Members of the Supervisory Board and Management Board in the business year 2023

The remuneration and evaluation of the work performed by the Management Board of HT, focusing on the Company’s sustainable development and growth, have been conducted in accordance with the Global Compensation Guideline for Executives adopted by Supervisory Board on 27 February 2018 and approved in the latest valid Remuneration Policy for Members of the Management Board adopted by the General Assembly held on 10 May 2023.

The remuneration of the Supervisory Board Members has been determined in accordance with the latest valid Decision on remuneration of members of the Supervisory Board as of 20 July 2020.

The Remuneration Policy for Members of the Management Board and the Decision on remuneration of members of the Supervisory Board are published on the Company's website.

REMUNERATION OF THE SUPERVISORY BOARD

The Supervisory Board consists of nine members, eight members are elected by the General Assembly and one is appointed by the Workers’ Council as a representative of the Company's employees. Out of eight members elected by the General Assembly, two members are independent.

Supervisory Board Members serving 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 during 2023:

Jonathan Richard Talbot	Chairman	Until 30 October 2023 (chairman of the Related Parties Transactions Committee and chairman of the Compensation and Nomination Committee)
Elvira Gonzalez Sevilla	Chairwoman	Member from 10 May 2023 Chairwoman as of 31 October 2023 (chairwoman of the Compensation and Nomination Committee)
Ivica Mišetić, Ph. D.	Deputy Chairman	Deputy Chairman from 8 May 2008(member of the Compensation and Nomination Committee from 20 July 2020)
Vesna Mamić	Member, workers’ representative	From 1 January 2016

Dolly Predovic Ph.D.	Member	From 29 April 2014 (member of the Audit Committee and the Related Parties Transactions Committee from 20 July 2020)
Marc Stehle	Member	From 16 December 2015 (President of the Audit Committee)
Eirini Nikolaidi	Member	From 25 April 2016 (member of the Audit Committee from 20 July 2020)
Jonathan Abrahamson	Member	From 25 April 2022
Gordan Gledec Ph.D.	Member	From 20 July 2020 (member of the Related Parties Transactions Committee)

Members of the Supervisory Board are entitled to a monthly remuneration for their work during their entire term of office. 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, therefore it is not influenced by the Company's operating results in a given past or future period.

The remuneration of individual Supervisory Board members paid in 2023 is as follows:

The period of 2023 in which the remuneration was paid

			From	To	Gross 1 (in EUR)
Vesna	Mamić	Member	1 January	31 December	21.941
Dolly	Predovic	Member	1 January	31 December	31.431
Ivica	Mišetić	Deputy Chairman	1 January	31 December	32.912
Gordan	Gledec	Member	1 January	31 December	21.941
Total					108.225

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

The Company deems the remuneration paid as appropriate for engagement in the tasks they perform in the Supervisory Board and the committees thereof, as well as that the remuneration paid corresponds to the status and business operations of the Company.

The Company has not granted any advances or loans to the current or former Supervisory Board Members, nor were there any other financial obligations to the benefit of this group of people entered into.

The Company and its affiliates have not given any gifts or benefits of significant value to the Members of the Supervisory Board.

REMUNERATION OF THE MANAGEMENT BOARD

The Management Board consists of five to seven members, and in line with the relevant Supervisory Board Decision on the division of competence among Management Board Members, the current composition of the Management Board includes seven positions.

Management Board Members serving during 2023:

Konstantinos Nempis	President of the Management Board
Nataša Rapačić	Member of the Management Board and Chief Operating Officer (COO Residential)
Ivan Bartulović	Member of the Management Board and Chief Human Resources Officer (CHRO)
Matija Kovačević	Member of the Management Board and CFO
Marijana Bačić	Member of the Management Board and Chief Business Officer (COO Business)
Boris Drilo	Member of the Management Board and Chief Technical and Information Officer (CTIO)
Siniša Đuranović	Management Board Member and Chief Corporate Affairs Officer (CCO)

The Management Board members' remuneration consists of a fixed annual remuneration and a performance-related variable component that depends on performance (Short-Term Incentive – STI) and other fringe benefits, Spot bonus, Long-Term Incentives (LTI, Game Changer) and Share Matching Plan (SMP and Company's Shares Award plan - PDD), which can be awarded on top of the annual target salary.

Annual target salary, performance-related variable components and other remuneration elements are determined by an individual contract of each MB Member, subject to the approval by the Supervisory Board, based on the proposal of the Compensation and Nomination Committee.

Short-Term Incentive (STI) rewards the achievement of collective targets of the Company over an annual period. Collective target achievement is split between financial and non-financial targets and for the year 2022 were set, as follows:

- 1) Financial Targets (40% of total target set)
 - Total Service Revenue
 - EBITDA AL Booked
 - oFCF AL Booked
- 2) Strategic Targets (40% of total target set)
 - External indirect costs after adjusted leases
 - Customer experience

- Digital Transformation
 - Employee Satisfaction
- 3) ESG (20% of total target set)
- Reduction in CO2 emission
 - Reduction of energy consumption

The Supervisory Board, after the evaluation had been performed, passed the decision on the target achievements of the collective targets set for 2022, which amounts to 115,1% and according to which the payment of STI was made in 2023.

During 2023 the following accruals were made for the Short-Term Incentive (STI) for 2023:

Gross 1 (in EUR)

Management Board member	Accruals for the Short-Term Incentive (STI) for 2023.
Konstantinos Nempis	220.000
Nataša Rapačić	97.500
Ivan Bartulović	66.000
Matija Kovačević	73.500
Marijana Bačić	66.000
Boris Drilo	84.000
Siniša Đuranović	66.000

Long-Term Incentive (LTI) 2019 is a cash-based four-year program that covered the period from 1 January 2019 to 31 December 2022, and it was linked to the performance of four indicators of the Deutsche Telekom Group: ROCE (Return on Capital Employed), Adjusted EPS (Earnings per Share), Customer satisfaction and Employee satisfaction.

The right to participate in the Long-Term Incentive (LTI) plan is granted only if the goals of the Short-Term Incentive (STI) plan, which are exclusively related to HT (Hrvatski Telekom), are achieved at a minimum of 100%.

LTI 2019 ended on 31 December 2022, and the Supervisory Board determined the final target achievement of 182,2%.

Long-Term Incentive (LTI) 2019 paid to eligible Management Board Members in 2023 is shown in the following table:

Gross 1 (in EUR)

Management Board Member	Long-Term Incentive (LTI) 2019-2022
Konstantinos Nempis	307.323
Nataša Rapaic	158.432
Daniel Darius Denis Daub*	86.332
Boris Drilo	114.718
Ivan Bartulović	107.384
Saša Kramar*	22.249

**Saša Kramar, Member of the Management Board and COO Business until 1 January 2020, was paid a pro-rated amount of LTI 2019 that corresponds to the period of duration of his participation in LTI 2019 in accordance with the Agreement on termination of the contract on rights and obligations of the Member of the Management Board*

** Daniel Darius Denis Daub, Member of the Management Board and CFO until 2 August 2022, was paid a pro-rated amount of LTI 2019 that corresponds to the period of duration of his participation in LTI 2019 in accordance with the Agreement on termination of the contract on rights and obligations of the Member of the Management Board*

During 2023 the following accruals were made for the Long-Term Incentive (LTI):

Gross 1 (in EUR)

Management Board member	Accruals for the Long-Term Incentive (LTI) 2020/2021/2022/2023
Konstantinos Nempis	510.496
Nataša Rapać	241.494
Ivan Bartulović	151.303
Boris Drilo	195.026
Marijana Bačić*	22.801
Matija Kovačević*	22.801
Siniša Đuranović*	21.259

* In the function of Management Board Member for LTI 2023

Fringe benefits (company car usage, accommodation, education or training costs, payment into a pension fund, children's tuition, life and accident insurance, relocation costs, other non-monetary benefits and services and other in line with the contract, depending on the individual situation of the Management Board Member) paid to Management Board Members in 2023 are shown in the following table:

Gross 1 (in EUR)

Management Board Member	Fringe benefits
Konstantinos Nempis	164.238
Nataša Rapać	5.267
Ivan Bartulović	7.082
Marijana Bačić	8.739
Matija Kovačević	8.391
Boris Drilo	7.271
Siniša Đuranović	8.461
Daniel Darius Denis Daub*	72.908

*Daniel Darius Denis Daub was paid based on the right from the contract

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 2019 covered the period from 1 July 2019 to 30 June 2023 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 2019. 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 2023 as a part of the Share Matching Plan (SMP) 2019 is shown in the following table:

Management Board member	Share Matching Plan (SMP)	Full entitlement for the entire SMP 2019 duration			The part of the entitlement relating to HT*
		Matching DT AG shares (pieces)	Non-cash benefit per share	Non-cash benefit	Non-cash benefit
			(in EUR)	(in EUR)	(in EUR)
Konstantinos Nempis	2019	3.893	19,198	74.738	74.738

During 2023 accruals were made for the following Share Matching Plans (SMP) 2020, 2021, 2022, 2023:
Gross 1 (in EUR)

Management Board member	Accruals for the Share Matching Plan (SMP) 2020/2021/2022/2023
Konstantinos Nempis	81.942
Nataša Rapačić	10.952
Boris Drilo	1.033
Matija Kovačević*	1.758
Ivan Bartulović	567
Marijana Bačić*	545
Siniša Đuranović*	1.686

*For Matija Kovačević, Marijana Bačić and Siniša Đuranović accrual obligation for the Share Matching Plan (SMP) applies in accordance with the term of appointment

Company's Shares Award Plan (PDD) is 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. PDD participants are entitled to a bonus shares according to the ratio 7 awarded shares : 1 bonus share, and all shares must be retained for an uninterrupted period of one year (lock-up period).

Management Board Member	Company's Share Award Plan (PDD)	Full entitlement for the entire PDD 2023 duration		
		Matching HT shares (pieces)	Non-cash benefit per share	Non-cash benefit, capital income tax and supertax
			(in EUR)	(in EUR)
Konstantinos Nempis	2023	1.716	25,20	56.601
Nataša Rapaic	2023	779	25,20	25.695
Ivan Bartulović	2023	522	25,20	17.218
Boris Drilo	2023	312	25,20	10.291
Marijana Bačić*	2023	195	25,20	6.432
Matija Kovačević*	2023	352	25,20	11.610
Siniša Đuranović*	2023	504	25,20	15.876

*Marijana Bačić, Matija Kovačević and Siniša Đuranović choose HT shares in 2023. based on their previous function

EU Game Changer : “EU Game Changer” was introduced in 2022 based on the decision of the Supervisory Board, approved by the General Assembly in 2023, with the goal to motivate top managers to improve customer orientation and increase the company's profitability. It is an additional benefit that can be awarded as a reward component if the level of achievement of goals according to performance parameters in the area of customer satisfaction and increased profitability is exceeded.

During 2023 payments to Management Board members for EU Game Changer for the year 2022 are shown in the following table:

Gross 1 (in EUR)

Management Board Member	EU Game Changer
Konstantinos Nempis	57.500
Nataša Rapačić	46.000
Ivan Bartulović	46.000
Daniel Darius Denis Daub	29.076
Boris Drilo	46.000
Marijana Bačić**	-
Matija Kovačević**	-
Siniša Đuranović**	-

* Marijana Bačić, Matija Kovačević and Siniša Đuranović participated based on their previous function, and they were compensated according to their previous function

During 2023 accruals were made for the EU Game Changer as follows:

Gross 1 (in EUR)

Management Board member	Accruals for EU Game Changer
Konstantinos Nempis	141.340
Nataša Rapaić	84.804
Ivan Bartulović	84.804
Boris Drilo	84.804
Marijana Bačić	84.804
Matija Kovačević	84.804
Siniša Đuranović	84.804

The total fixed and variable remuneration paid to Management Board Members in 2023 is shown in detail in the following table:

Bruto 1 (u eur)	Fix remuneration		Short-Term Incentive (STI)				Total	
		%	STI - Paid out in cash	%	PDD 2023**	%		%
Konstantinos Nempis	330.178	56%	198.035	34%	56.601	10%	584.814	100%
Nataša Rapačić	227.692	66%	89.778	26%	25.695	8%	343.165	100%
Ivan Bartulović	154.083	67%	60.103	26%	17.218	7%	231.404	100%
Daniel Darius Denis Daub*	-	-%	49.888	100%			49.888	100%
Matija Kovačević*	167.153	82%	25.322	12%	11.610	6%	204.085	100%
Marijana Bačić*	152.250	85%	19.736	11%	6.432	4%	178.418	100%
Boris Drilo	194.875	68%	80.800	28%	10.291	4%	285.966	100%
Siniša Đuranović*	148.773	89%	3.724	2%	15.876	9%	168.373	100%

* Variable remuneration, STI achieved for the year 2022 is paid in pro-rated amount in accordance with the term of appointment, while for PDD is taken from the total STI

**It refers to the payment of STI achievement from 2022.

The following tables show an average remuneration paid to all employees in Gross 1 amount, which includes a fixed and variable part of the salary, other remuneration components, remuneration in kind and other material rights arising from employment status, divided by the average number of employees equivalent to full time employment (FTE). The same methodology is applied to calculate the average remuneration paid to Management Board Members and Supervisory Board Members.

Average remuneration per employee	2023.	2022.	2021.	2020.	2019.
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Bruto 1 (u eur)

Annual remuneration	26.414	24.849	24.439	24.325	23.241
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Croatian Telecom Inc.	2023.	2022.	2021.	2020.	2019.
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Gross 1 (in eur)

Revenue	868.393.024	814.987.863	781.523.025	751.691.046	782.196.566
Net profit	125.161.197	92.218.462	88.410.668	93.410.333	95.170.808

Average remuneration paid to:	2023.	2022.	2021.	2020.	2019.
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Gross 1 (in HRK)

Supervisory Board Members	27.056	26.368	25.216	23.860	22.955
Management Board Members*	420.761	421.575	426.401	425.765	418.255

No Management Board Member received benefits or corresponding commitments from a third party for his or her activity as Management Board Member during the past financial year.

There were no requests to Management Board Members to repay to the Company any received remuneration.

The Company has not granted any advances or loans to current or former Management Board Members, nor were any other financial obligations to the benefit of this group of people entered into.

No additional remuneration was paid for Members who are Members of the Supervisory Boards and similar positions/functions in companies in which the Company directly or indirectly holds shares, as well as duties in associations to which the Company belongs pursuant to its scope of activities.

According to the latest amendments to the Companies Act from November 2023, the Supervisory Board determined the maximum amount of remuneration for Management Board members in the amount of 1.500.000 euros for the year 2024.

This Report has been submitted pursuant to Article 247a of the Companies Act for the General Assembly to be held in Zagreb, 8.5.2024.

Zagreb, 19.3.2024.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the bottom.

Elvira Gonzalez Sevilla,
Chairwoman of the Supervisory Board

A handwritten signature in blue ink, featuring a vertical stroke with a loop at the top and a horizontal stroke at the bottom.

Konstantinos Nempis,
President of the Management Board (CEO)