



LIFE IS FOR SHARING.

**UNAUDITED INTERIM REPORT
FOR THE HT GROUP**
JANUARY - DECEMBER 2020



LIFE IS FOR SHARING.

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COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD

Commenting on the business results for FY 2020, Konstantinos Nempis, CEO of Hrvatski Telekom, stated: *2020 was by all means a demanding year with the consequences of the COVID-19 felt across the industries. At the same time it made it clear just how vital the digital infrastructure and digitalization are for all aspects of our lives, businesses, local communities and the society as a whole.*

In a challenging environment, faced with the situation like we had never faced before, it was of the utmost importance to stay connected - personally and professionally. Here our continuous investments in infrastructure, in our networks and our service quality played an essential role in enabling us to adapt to the unprecedented conditions, to confirm our leadership status and to ensure the best experience for our customers.

As the biggest private investor in digitalization in Croatia, Hrvatski Telekom during 2020 remained focused on supporting the economy, businesses and society to find ways to overcome, digitalize and move forward. We continued strongly investing in the infrastructure, we had a record year in terms of fiber-optics roll-out across Croatia, we signed a Partnership Agreement with local governments for bringing broadband network to rural areas, and we launched the first commercial 5G network in Croatia covering 17 cities and over 1.2 million people. These are only a few of the achievements from the last year which are all key levers for Croatia's digitalization, development and economic recovery and as such the foundation for moving forward.

Although the Croatian economy and society is still facing a challenging environment, we in Hrvatski Telekom strongly believe, that it can and will emerge out of this situation as more innovative and above everything more digitally empowered and we will continue doing everything in our power to support the country's development by connecting everyone with the opportunities of digitization.



HIGHLIGHTS OF 2020

- EBITDA AL returned to growth in Q4, as challenging business environment and COVID-19 impacted results on a full year basis
- Strong investments continue: The first in Croatia to launch commercial 5G network, record fiber-optics roll-out, among 10 fastest mobile networks in the world
- The best ever customer satisfaction driven by consistently high employee satisfaction

Business-wise 2020 was a very challenging year due to COVID-19 implications on the economic activity. Still it was also a year of great milestone achievements for Hrvatski Telekom that remained committed to supporting the economy, business and the society. In terms of finances, with the exception of visitor revenues that were hit by lower tourism contributions, we managed to close the year on a positive note with a set of solid financial results with our investments remaining strong during the whole year.

As a direct result, total consolidated net revenue decreased by HRK 247 million or 3.2% in 2020 compared to 2019, which is better than the initial outlook. The revenue decrease was caused by lower realization in mobile revenue (HRK 139 million or 4.0%), fixed revenue (HRK 130 million or 3.9%) and miscellaneous revenue (HRK 16 million or 93.9%) but was partially offset by higher System Solutions (HRK 38 million or 4.3%) revenue hence continuing with the positive trends from Q3. When looking at quarterly development, after Q3 2020 stabilization in revenues, and this despite ongoing pressures in visitor numbers, in Q4 2020 revenue decreased slightly due to lower ICT revenues.

EBITDA AL decreased by HRK 170 million or 5.9% in 2020 due to decreases at both HT Group in Croatia (HRK 152 million or 5.6%) and Crnogorski Telekom (HRK 18 million or 8.6%), mainly resulting from the COVID-19 effects, and missing positive one-timer from 2019. The EBITDA AL margin was 36.7%. Noteworthy development is that after six quarters of decline EBITDA AL in Q4 2020 showed growth of 1.2% compared to the same period the previous year.

Net profit after non-controlling interests decreased by HRK 151 million or 20.5%. Total CAPEX amounted to HRK 1,824 million or 7.3% higher than initial outlook, driven by investments that are not only supporting the economy to get back to growth, but are also essential for company's future success.

In regard to the outlook, despite a volatile environment, we delivered better than expected top-line results in 2020. Due to different business mix and slower decline in revenues, the extended lockdown in Q4 and earthquakes in Croatia, we posted a lower EBITDA AL margin compared to our outlook for 2020. Our CAPEX AL was higher due to a slightly different dynamic in the timing of projects in Q4 2020. We continue to monitor and evaluate potential acquisition to create value for our shareholders.



The first in Croatia to launch commercial 5G network

Despite the challenging environment Hrvatski Telekom continued strongly investing in the infrastructure, we accelerated the fiber-optic roll-out across Croatia to a record level never reached before, and we launched the first commercial 5G network, which are the two key levers for Croatia's digitalization.

By launching the commercial 5G network on 29 October, Hrvatski Telekom opened a new chapter in the development of the digital society and economy, preparing Croatia for the digital transformation based on the Industry 4.0, and put the country alongside numerous European and world markets that are already taking advantage of the opportunities provided by 5G technology. The introduction of 5G, with which we are at the moment covering 17 cities across Croatia and over 1.2 million of the country's population, represents an important milestone for the country and the foundation of the future technological, economic and social development as its broad application will enable a number of innovations and the development of smart industries, modern cities, and the society of the future.

Record high >75,000 new homes covered with fiber

In 2020, a strong focus has been placed on building the fiber-optic infrastructure and implementation of the next generation fixed access network (NGA), targeting an increase in the fiber-optic network footprint which represents the future of the fixed network and the primary prerequisite for the country's digitalization. In 2020 Hrvatski Telekom covered additional 39,000 households with FTTH in the access network, covering more than 75,000 new HH. Overall, our fiber-based access network (FTTx) is now available to 520,000 households (11% YOY growth), with investments in fiber growing by over 50% in 2020 in comparison to the previous year.

Hrvatski Telekom also continues to deliver on its promise of connecting everyone with the opportunities of digitalization and has received 13 grant agreements within the remit to construct next-generation networks (NGN)/next generation access networks (NGA) in NGA "white areas" with a total value of HRK 820.5 million, of which HRK 323.2 million were grants. The implementation of these 13 projects, financed from the European Structural and Investment Funds, will enable the construction of the NGA network and fast and ultra-fast broadband access to network infrastructure for an additional 149,000 private, business and public users from remote, sparsely populated, and less developed areas of Croatia.

Leading network status confirmed, recognized as one of 10 fastest mobile networks in the world

The substantial investments in network modernization that Hrvatski Telekom made over the past years, resulted in improvements in both the fixed and mobile network and in the delivery of the best network experience in the market, garnering independent awards both from Ookla and umlaut (former P3) and confirming Hrvatski Telekom's leading network status in Croatia. The progress has been recognized also on international level with the analysis of millions of



user-run tests across each network showing that Hrvatski Telekom's mobile network is one of ten fastest in the world.

The best ever customer satisfaction driven by consistently high employee satisfaction

As a result of network, product and service improvements, further reductions in complaints and technical faults our customers enjoyed the best ever experience which was reflected in the highest ever satisfaction. These improvements were visible in both residential and business segments and accompanied with strong digital channel growth as evident in the Moj Telekom app penetration reaching over 500,000 users, meaning 50% of the customer base.

The focus on employee satisfaction and engagement translated into a number of different activities as well as the introduction of the new SmartWork operating model, and in 2020 resulted with the best ever employee satisfaction results in the history of Hrvatski Telekom, and this continues to be the driver of constantly improving customer satisfaction.

Positive developments in reduction of fees for radiofrequency spectrum, RoW fees still too high

Hrvatski Telekom welcomed the decisions by the Ministry of Sea, Transport and Infrastructure for a significant reduction in the radio frequency spectrum fees, which provides an additional incentive for further investments in the mobile networks, especially in regard to the 5G developments and the upcoming 3.6 Ghz spectrum auction in 2021.

However, Hrvatski Telekom still pays very high right of way fees, which present an obstacle to further investing in fiber-optic networks and which are the main prerequisite for the country's digitalization vis-a-vis the European front runners.

As evidenced by its substantial investments, Hrvatski Telekom remains focused on supporting the country's economy, noting that already significant investments would have an even bigger effect in a more investment-friendly environment that would enable additional acceleration of growth fostering fiber-optic infrastructure deployment across Croatia.

Future spectrum assignments

Following the public consultation on the future assignment of frequency bands, which was held in the period between 24 June and 15 July 2020, HAKOM announced its plan to: conduct a public auction of the spectrum in 700 MHz, 3.6 GHz and 26 GHz frequency bands in the first half of 2021 and award the spectrum in 800 MHz, 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz frequency bands during 2022.

Strong focus on shareholder returns

During 2020 Hrvatski Telekom acquired at the Zagreb Stock Exchange a further 528,245 Company shares, as part of its ongoing Share Buyback program. For the acquisition of Company shares in 2020, Hrvatski Telekom paid out an equivalent value of HRK 90.4 million.



In July, the General Assembly confirmed the joint proposal of the Management Board and the Supervisory Board for the distribution of net profit for 2019. The amount of HRK 646 million represents a ratio of the dividend payment in relation to the realized profit of the Company of 90.2%.

Overall, in 2020 Hrvatski Telekom returned HRK 737 million to its shareholders through a combination of dividend and share buybacks, which represents a total yield of 5.0% based on the last price in 2020.

In Q4 Hrvatski Telekom transitioned its shares to the Prime Market of the Zagreb Stock Exchange (ZSE) from the Official Market. Being listed on ZSE's Prime Market is the latest confirmation of the highest level of corporate governance by which Hrvatski Telekom operates.

At the end of the year Hrvatski Telekom received the 'Share of the Year' award by public vote, and the 'Top Turnover Share' award, which are clear confirmations that the financial community and the public recognize the value Hrvatski Telekom creates for its shareholders.

2021 Outlook

Although the environment remains uncertain, we expect to deliver on our 2021 outlook (including Optima Telekom until end-June 2021). We expect revenue to be mid-single digit lower. For the EBITDA AL, we expect low single digit increase compared to 2020. Our CAPEX expectations are at around HRK 1.6 billion, down from the 2020 total of HRK 1.82 billion. In terms of regional expansion, we reiterate that we continue to monitor and evaluate potential acquisition opportunities.



SELECTED FINANCIAL DATA

HT Group

in HRK million

INCOME STATEMENT	2019	2020	% of change A20/A19	Q4 2019	Q4 2020	% of change A20/A19
Revenue	7.704	7.458	-3,2%	1.992	1.966	-1,3%
Exceptional items	115	99	-14,4%	26	31	16,7%
EBITDA before exceptional items after leases	2.908	2.738	-5,9%	670	678	1,2%
EBITDA before exceptional items	3.274	3.140	-4,1%	803	766	-4,6%
EBITDA after exceptional items	3.159	3.042	-3,7%	776	736	-5,3%
EBIT (Operating profit)	1.012	807	-20,3%	100	63	-37,1%
Net profit after non controlling interests	740	588	-20,5%	63	30	-52,8%
EBITDA margin before exceptional items after leases	37,7%	36,7%	-1,0 p.p.	33,6%	34,5%	0,9 p.p.
EBITDA margin before exceptional items	42,5%	42,1%	-0,4 p.p.	40,3%	39,0%	-1,3 p.p.
EBITDA margin after exceptional items	41,0%	40,8%	-0,2 p.p.	39,0%	37,4%	-1,6 p.p.
EBIT margin	13,1%	10,8%	-2,3 p.p.	5,0%	3,2%	-1,8 p.p.
Net profit margin	9,6%	7,9%	-1,7 p.p.	3,2%	1,5%	-1,6 p.p.

BALANCE SHEET	At 31 Dec 2019	At 31 Dec 2020	% of change A20/A19	At 31 Dec 2019	At 31 Dec 2020	% of change A20/A19
Total non current assets	10.447	10.415	-0,3%	10.447	10.415	-0,3%
Total current assets	5.880	5.129	-12,8%	5.880	5.129	-12,8%
TOTAL ASSETS	16.327	15.544	-4,8%	16.327	15.544	-4,8%
Total issued capital and reserves	13.054	12.907	-1,1%	13.054	12.907	-1,1%
Total non current liabilities	839	825	-1,7%	839	825	-1,7%
Total current liabilities	2.434	1.812	-25,6%	2.434	1.812	-25,6%
TOTAL EQUITY AND LIABILITIES	16.327	15.544	-4,8%	16.327	15.544	-4,8%

CASH FLOW	2019	2020	% of change A20/A19	Q4 2019	Q4 2020	% of change A20/A19
Net cash flow from operating activities	2.573	2.530	-1,7%	908	720	-20,8%
Net cash flow from investing activities	-1.325	-743	44,0%	-522	-672	-28,6%
Net cash flow from financing activities	-1.625	-1.538	5,3%	-220	-220	0,0%
Cash and cash equivalents at the end of period	2.762	3.003	8,7%	165	-171	-203,5%

HT Group Croatia

in HRK million

INCOME STATEMENT	2019	2020	% of change A20/A19	Q4 2019	Q4 2020	% of change A20/A19
Revenue	7.119	6.912	-2,9%	1.847	1.828	-1,0%
Mobile	3.152	3.024	-4,1%	763	799	4,7%
Fixed voice	648	575	-11,1%	148	141	-4,9%
Broadband & TV	1.323	1.377	4,0%	341	348	1,9%
Fixed wholesale	312	300	-3,7%	77	82	6,7%
Other fixed	824	737	-10,6%	207	212	2,4%
System solutions	844	898	6,4%	306	247	-19,4%
Miscellaneous	17	1	-93,9%	5	0	-95,0%
Exceptional items ¹⁾	108	93	-13,8%	22	28	27,3%
EBITDA before exceptional items after leases	2.692	2.541	-5,6%	619	631	2,0%
EBITDA before exceptional items	3.028	2.914	-3,8%	744	713	-4,2%
EBITDA after exceptional items	2.920	2.821	-3,4%	723	686	-5,1%
EBIT (Operating profit)	966	809	-16,3%	94	88	-6,9%
Net profit after non controlling interests	741	611	-17,5%	62	53	-14,0%
EBITDA margin before exceptional items after leases	37,8%	36,8%	-1,1 p.p.	33,5%	34,5%	1,0 p.p.
EBITDA margin before exceptional items	42,5%	42,2%	-0,4 p.p.	40,3%	39,0%	-1,3 p.p.
EBITDA margin after exceptional items	41,0%	40,8%	-0,2 p.p.	39,1%	37,5%	-1,6 p.p.
EBIT margin	13,6%	11,7%	-1,9 p.p.	5,1%	4,8%	-0,3 p.p.
Net profit margin	10,4%	8,8%	-1,6 p.p.	3,3%	2,9%	-0,4 p.p.

¹⁾ Mainly related to restructuring redundancy costs and legal cases



Crnogorski Telekom standalone

INCOME STATEMENT	2019	2020	% of change A20/A19	Q4 2019	Q4 2020	% of change A20/A19
Revenue	594	551	-7,3%	148	140	-5,8%
Mobile	312	301	-3,6%	78	78	0,1%
Fixed voice	59	50	-14,6%	14	12	-11,8%
Broadband & TV	116	118	1,8%	29	29	0,3%
Fixed wholesale	17	13	-22,5%	4	3	-16,5%
Other fixed	52	47	-9,4%	14	13	-7,3%
System solutions	38	21	-44,3%	10	4	-56,5%
Exceptional items	7	5	-24,0%	4	3	-34,7%
EBITDA before exceptional items after leases	215	197	-8,6%	51	47	-9,1%
EBITDA before exceptional items	246	226	-8,1%	58	53	-9,4%
EBITDA after exceptional items	239	221	-7,7%	54	50	-7,3%
EBIT (Operating profit)	44	16	-63,5%	6	-5	-183,0%
Net profit after non controlling interests	32	9	-72,6%	1	-5	-519,5%
EBITDA margin before exceptional items after leases	36,3%	35,8%	-0,5 p.p.	34,7%	33,5%	-1,2 p.p.
EBITDA margin before exceptional items	41,5%	41,1%	-0,4 p.p.	39,4%	37,9%	-1,5 p.p.
EBITDA margin after exceptional items	40,3%	40,1%	-0,2 p.p.	36,4%	35,8%	-0,6 p.p.
EBIT margin	7,3%	2,9%	-4,4 p.p.	3,9%	-3,4%	-7,3 p.p.
Net profit margin	5,4%	1,6%	-3,8 p.p.	0,7%	-3,3%	-4,1 p.p.

SELECTED OPERATIONAL DATA

HT Group Croatia

Key operational data	2019 reported	2019 adjusted	2020	% of change A20/A19 adjusted	Q4 2019 reported	Q4 2019 adjusted	Q4 2020	% of change A20/A19 adjusted
Mobile customers in 000								
Number of customers	2.274	2.274	2.253	-0,9%	2.274	2.274	2.253	-0,9%
- Prepaid	896	1.049	989	-5,7%	896	1.049	989	-5,7%
- Postpaid	1.377	1.224	1.264	3,2%	1.377	1.224	1.264	3,2%
Minutes of use (MOU) per average customer	232	232	281	21,2%	231	231	298	28,7%
Blended ARPU ¹⁾	70	70	72	3,1%	70	70	73	3,9%
(monthly average for the period in HRK)								
- Prepaid	45	40	40	-1,2%	44	39	39	0,9%
- Postpaid	87	96	98	1,9%	87	97	99	1,9%
Blended non-voice ARPU ¹⁾	41	41	47	14,5%	43	43	50	16,9%
(monthly average for the period in HRK)								
SAC per gross add in HRK	133	133	135	1,8%	153	154	178	15,7%
Churn rate (%)	2	2	2	-0,3 p.p.	3	3	3	-0,6 p.p.
Penetration (%) ¹⁾	126	126	130	3,9 p.p.	126	126	130	3,9 p.p.
Market share of customers (%) ¹⁾	45	45	44	-1,3 p.p.	45	45	44	-1,3 p.p.
Smartphone customers (%) ²⁾	70	70	72	2,1 p.p.	70	70	72	2,1 p.p.
Smartphones sold (%) ³⁾	91	91	90	-1,7 p.p.	91	91	90	-1,2 p.p.

¹⁾ Source: competitors' official reports for 4Q 2020

²⁾ Number of customers using a smartphone handsets in total number of mobile customers

³⁾ Number of smartphones sold in total number of handsets sold (postpaid only)

⁴⁾ ARPU includes IFRS 15 effects

Note: According to DT Group definition of M2M (machine to machine), starting from 2020, all M2M customers, respective revenues and KPIs will be reported in prepaid. For the purpose of like-for-like comparison, 2019 data is restated accordingly



HT Group Croatia

Key operational data	2019	2020	% of change A20/A19	Q4 2019	Q4 2020	% of change A20/A19
Fixed mainlines in 000						
Fixed mainlines - retail ¹⁾	782	752	-3,8%	782	752	-3,8%
Fixed mainlines - wholesale (WLR - wholesale line rental)	45	38	-15,3%	45	38	-15,3%
ARPU voice per user ²⁾ (monthly average for the period in HRK) ²⁾	68	63	-7,4%	63	62	-1,0%
IP mainlines/customers in 000						
Broadband access lines - retail ³⁾	621	625	0,7%	621	625	0,7%
Broadband access lines - wholesale ⁴⁾	115	106	-8,5%	115	106	-8,5%
TV customers	491	516	5,2%	491	516	5,2%
Broadband retail ARPU ⁵⁾ (monthly average for the period in HRK)	104	108	3,1%	107	108	0,9%
TV ARPU ⁵⁾ (monthly average for the period in HRK)	85	85	-0,7%	84	84	0,1%
Wholesale customers in 000						
ULL (Unbundled Local Loop)	103	94	-8,9%	103	94	-8,9%

¹⁾ Includes PSTN, FGSM, old PSTN Voice customers migrated to IP platform and Smart packages for business; payphones excluded

²⁾ Payphones excluded

³⁾ Includes ADSL, VDSL, FTTH i Naked DSL

⁴⁾ Includes Naked Bitstream + Bitstream

⁵⁾ ARPU includes IFRS 15 effects

Note: Optima Telekom's non financial KPIs not integrated into Group results due to limited access to Optima Telekom's information as a result of "Chinese wall" introduced by regulator

Crnogorski Telekom standalone

Key operational data	2019	2020	% of change A20/A19	Q4 2019	Q4 2020	% of change A20/A19
Mobile customers in 000	375	362	-3,3%	375	362	-3,3%
- Prepaid	134	117	-12,8%	134	117	-12,8%
- Postpaid	241	246	1,9%	241	246	1,9%
Fixed mainlines - retail in 000	109	103	-4,9%	109	103	-4,9%
Broadband access lines - retail in 000	82	80	-2,3%	82	80	-2,3%
TV customers in 000	71	71	-0,3%	71	71	-0,3%



I. Revenue

Total consolidated net revenue decreased by HRK 247 million or 3.2% in 2020 compared to 2019. Revenue decrease is driven by both HT Group in Croatia (HRK 207 million or 2.9%) and Crnogorski Telekom (HRK 40 million or 6.8%).

On HT Group level revenue decrease is caused by lower realization in mobile (HRK 139 million or 4.0%), fixed (HRK 130 million or 3.9%) and miscellaneous revenue (HRK 16 million or 93.9%), partially offset by higher system solutions revenue (HRK 38 million or 4.3%).

Optima Telekom contribution to HT Group amounted to HRK 271 million in 2020 and was below 2019 by HRK 49 million. Contribution consisted of HRK 443 million of Optima Telekom third party contribution (2019: HRK 516 million) that was presented in the whole amount under fixed other revenue and HRK 172 million of inter-company relations that decreased mainly fixed wholesale revenue (HRK 195 million).

Contribution of subsidiaries in Group revenue is for Iskon amounted HRK 384 million (2019: HRK 387 million) and for Combis HRK 661 million (2019: HRK 587 million).

Mobile revenue

Mobile revenue fell by HRK 139 million or 4.0%, down in HT Group in Croatia (HRK 128 million or 4.1%) and in Crnogorski Telekom (HRK 11 million or 3.6%). The fall in visitors, handset, and prepaid was partly compensated by growth in postpaid revenue.

HT Group Croatia

Mobile revenue decrease is mainly driven by lower visitors pressed down by Covid-19, lower handset sales caused by COVID-19, and lower prepaid also impacted by COVID-19 situation. Strong postpaid, supported by higher ARPU and customer base, just partly compensated the fall.

Total mobile customer base at 2,253 thousand customers in 2020 is lower (-0.9%), with higher postpaid segment (3,2%) and lower prepaid segment (5,7%) performance compared to 2019 restated for M2M customers (fully reported in prepaid).

Crnogorski Telekom

Decrease in mobile revenues is a result of lower prepaid, visitors, and postpaid. Decrease in postpaid is mostly related to roaming revenue, while lower prepaid is due to absence of summer season.



Fixed revenue

Fixed revenue decreased by HRK 130 million or 3.9%, coming from both HT Group in Croatia (HRK 118 million or 3.8%) and Crnogorski Telekom (HRK 12 million or 5.3%).

The decrease mainly resulted from lower other fixed revenue, voice and wholesale revenue, while broadband and TV realized increase.

HT Group Croatia

Voice decline is driven by the market trend of fixed to mobile and IP substitution, regulation and enforced competition. Earthquake on 29 December affected fixed services in Sisačko-Moslavačka region and our customers in region are granted write-off of bills for fixed services in December and offered temporary disconnection of services in next 3 months.

Broadband revenue increase is supported by 0.7% higher customer base at the level of 625 thousand. Broadband retail ARPU is higher by 3.1% at the level of HRK 108 due to focus on less aggressive offers in the market.

TV revenue growth supported by higher Evo TV contribution (consolidation started in March 2019). TV customer base at the level of 516 thousand shows an 5.2% increase, while TV ARPU at a level of HRK 85 is by 0.7% lower.

Wholesale decrease is driven by prices adjustment. As of 1 January 2020, by decision of National Regulatory Agency (HAKOM) prices for all regulated wholesale services were decreased due to change in value of WACC (weighted average cost of capital).

Other fixed revenue decrease is mainly driven by Optima Telekom mainly due to cancelation of bilateral telco relationships with Telekom Slovenia and Orion (EBITDA neutral).

Crnogorski Telekom

Fixed revenue decreased mostly due to fall in voice revenue and other fixed revenue, while BB and TV revenue slightly increased.

System Solutions

System solution revenue rose by HRK 38 million or 4.3% driven by HT Group in Croatia (HRK 54 million or 6.4%), while Crnogorski Telekom reported lower revenue (HRK 16 million or 44.1%). Combis strongly contributed to the rise with HRK 74 million.



HT Group Croatia

Despite the COVID-19 situation and re-introduction of light-lockdown in November, System solutions revenue is showing a stable growth in almost all portfolio segments. Key revenue drivers are coming from Infrastructure services, Smart City and digitalization services.

Crnogorski Telekom

The decrease in system solution revenues is mainly driven by one-time deals.

Miscellaneous revenue

Decrease in miscellaneous revenue is driven by contribution of E Tours in 2019 (sale transaction closed on 31 December 2019).

Other operating income

Other operating income fell by HRK 87 million or 47.9% in 2020 compared to 2019. The fall comes from HT Group in Croatia (HRK 88 million or 49.7%) due to effect of Evo TV transaction and E tours sale in 2019.

II. Operating expenses

Total consolidated operating expenses fell by HRK 216 million or 4.6% in 2020 compared to 2019, driven by HT Group in Croatia (HRK 196 million or 4.5%) and Crnogorski Telekom (HRK 20 million or 5.7%).

Decrease is a result of lower other expenses (HRK 207 million or 18.0%) and material expenses (HRK 89 million or 3.6%), offset by lower amount of work performed by the Group and capitalized (HRK 40 million or 30.2%), higher employee benefits expenses (HRK 37 million or 3.2%) and write down of assets (HRK 1 million or 1.8%).

Material expenses

Decrease in material expenses comes from by HT Group in Croatia (HRK 72 million or 3.1%) and Crnogorski Telekom (HRK 17 million or 10.7%). Decrease is recorded in service (HRK 86 million or 10.1%) and merchandise, material and energy expenses (HRK 2 million or 0.2%).

Employee benefits expenses



Total employee benefits expenses increase is driven by HT Group in Croatia (HRK 40 million or 3.7%) as a result of additional award paid to employees in recognition of special engagement during COVID-19 pandemic and HT Inc higher severance payments due to business reasons.

Other expenses

Other expenses decrease is realized by HT Group in Croatia (HRK 201 million or 19.2%) coming from lower maintenance (HRK 48 million), licenses (HRK 37 million), advertising (HRK 32 million), provisions (HRK 24 million) and external employment (HRK 22 million).

Write down of assets

The assets write down increase is driven by Crnogorski Telekom (HRK 4 million or 43.9%), while HT Group in Croatia reported decrease (HRK 2 million or 3.0%).

Depreciation and amortization

Growth in depreciation and amortization is mostly influenced by HT Group in Croatia (HRK 58 million or 3.0%) and CT (HRK 29 million or 15.2%).

III. Profitability

EBITDA before exceptional items after leases

EBITDA before exceptional items after leases decreased by HRK 170 million or 5.9% to HRK 2,738 million in 2020 driven by HT Group in Croatia (HRK 152 million or 5.6%) and Crnogorski Telekom (HRK 18 million or 8.6%).

HT Group in Croatia EBITDA before exceptional items after leases decrease is mainly due to Evo TV transaction in Q1 2019 and Covid-19 impact. Crnogorski Telekom EBITDA before exceptional items after leases decrease is influenced by lower net revenue, partly covered by lower operating expenses (before exceptional items).

Net profit after non-controlling interests

Net profit after non-controlling interests decreased by HRK 151 million or 20.5% to HRK 588 million in 2020. Decrease in HT Group in Croatia amounted to HRK 129 million or 17.5%, while Crnogorski Telekom decreased by HRK 22 million.



In HT Group in Croatia decrease is caused by fall in EBITDA and higher depreciation. On the other hand, positive contribution came from lower taxation and higher non-controlling interest.

Crnogorski Telekom decrease in net profit is mostly driven by lower EBITDA and higher depreciation.

IV. Financial position

Balance sheet

In comparison to 2019 year-end, there is decrease in the total asset value of 5% or HRK 784 million mainly driven by lower cash (excluded effect of maturity of DT bond), lower intangible assets and sale of HfS asset.

Total issued capital and reserves decreased from HRK 13,054 million at 31 December 2019 to HRK 12,907 million at 31 December 2020 mainly driven by dividend pay-out in amount of HRK 646 million and purchase of own share in amount of HRK 90 million that is offset with realized net profit for 2020 in the amount of HRK 588 million.

Total non-current liabilities decreased by HRK 14 million or 2% primarily due to lower financial liabilities offset by higher lease liabilities and higher deferred tax liability.

Total current liabilities decreased by HRK 622 million to HRK 1,812 million at 31 December 2020 mainly driven by lower volume of trade payables.

Cash flow

CF from operating activities decreased by 43 HRK million (1,7 %) mainly due to unfavourable working capital movement partially offset by lower income tax paid.

CF from investing activities increased by HRK 583 million (44,0%) mainly due to inflows from matured bond partially offset by higher payments for non-current assets.

CF from financing activities increased by HRK 86 million (5,3%) mainly due to lower dividend payments partially offset by higher repayments (lease repayments and content contracts).



V. Capital expenditure

in HRK million

CAPEX after leases - HT Group	2019	2020	% of change A20/A19	Q4 2019	Q4 2020	% of change A20/A19
CAPEX after leases	1,900	1,824	-4.0%	814	594	-27.1%
CAPEX after leases/ Revenue ratio	24.7%	24.5%	-0.2 p.p.	40.9%	30.2%	-10.7 p.p.
CAPEX after leases - HT Group in Croatia	2019	2020	% of change A20/A19	Q4 2019	Q4 2020	% of change A20/A19
CAPEX after leases	1,782	1,702	-4.5%	781	546	-30.1%
CAPEX after leases/ Revenue ratio	25.0%	24.6%	-0.4 p.p.	42.3%	29.9%	-12.4 p.p.
CAPEX after leases - Crnogorski Telekom	2019	2020	% of change A20/A19	Q4 2019	Q4 2020	% of change A20/A19
CAPEX after leases	119	122	3.3%	33	48	44.8%
CAPEX after leases/ Revenue ratio	19.9%	22.2%	2.3 p.p.	22.3%	34.3%	12.0 p.p.
IFRS16 CAPEX - HT Group	12M 2019	12M 2020	% of change A20/A19	Q4 2019	Q4 2020	% of change A20/A19
IFRS16 Capex - HT Group	428	397	-7.2%	103	98	-4.3%
IFRS16 Capex - HT Group in Croatia	411	391	-4.8%	93	96	3.5%
IFRS16 Capex - Crnogorski Telekom	17	6	-65%	10	2	-77%
Total CAPEX (Booked + IFRS16 Capex) - HT Group	12M 2019	12M 2020	% of change A20/A19	Q4 2019	Q4 2020	% of change A20/A19
Total CAPEX	2,328	2,222	-4.6%	917	692	-24.5%
Total CAPEX / Revenue ratio	30.2%	29.8%	-0.4 p.p.	46.0%	35.2%	-10.8 p.p.

Capex after leases realization is below 2019 by HRK 76 million or 4.0%, down in HT Group in Croatia (HRK 80 million or 4.5%), and up in CT (HRK 3 million or 3.3%).

HT Group in Croatia

In 2020, a strong focus was placed to the implementation of next generation fixed access network (NGA) targeting optical network footprint increase. During Q4 implementation activities were partially conducted under COVID-19 pandemic effect, but despite the obstacles targets for 2020 were achieved.

In total, HT achieved coverage available for 62.7% households with technologies that enable speed >30 Mbps from which 28.5% with technologies that enable speed > 100 Mbps. Optical based access network (FTTx) is available for 520 thousand households.

Hrvatski Telekom, as the first operator in Croatia launched commercial 5G network, which is the foundation of the future economy and society technological development. By the end of 2020, the coverage was expanded to 17 cities and a total population coverage of 1.2 million inhabitants has been achieved.

In December 2020, in cooperation of HT and the Faculty of Electrical Engineering and Computing, the first 5G campus network in Croatia was put into operation. Core and radio network resources are reserved exclusively for the campus network, and a test frequency band at 3.5GHz with bandwidth of 100MHz is used. The campus network enables students, the scientific and business community research activities on 5G solutions, and cooperation has begun with FER on two projects (5G Gaming and Real-time monitoring and analysis of traffic flows on public roads using drones).



HT GROUP 2021 OUTLOOK

	2020 Results	Outlook 2021* vs 2020
REVENUE	HRK 7,458 million	Mid-single digit decrease
EBITDA AL	Margin of 36.7%	Low single digit increase
CAPEX AL	HRK 1,824 million	Around HRK 1,600 million
REGIONAL EXPANSION	HT is monitoring and evaluating potential M&A opportunities	HT is monitoring and evaluating potential M&A opportunities

* Including Optima Telekom until end-June 2021

HT INC. FINANCIAL HIGHLIGHTS

Revenue

Revenue decreased by HRK 230 million or 3.9% to HRK 5,664 million in 2020 compared to 2019. Decrease was driven by lower mobile revenue (HRK 128 million or 4.0%) mainly influenced by negative IFRS15 impact and drop in visitors affected by Covid-19 situation, and lower fixed revenue (HRK 83 million or 3.4%) mostly as a result of declining voice and wholesale.

EBITDA before exceptional items after leases

EBITDA before exceptional items after leases decreased by HRK 151 million or 6.2% to HRK 2,303 million in 2020, because of lower revenue realization, lower other operating income (HRK 71 million or 44.8%) and negative IFRS16 effects (HRK 45 million or 15.6%), partially offset by lower operating expenses excluding exceptional items (HRK 194 million or 5.9%).

Net profit after non-controlling interests

Net profit after non-controlling interests decreased by HRK 13 million or 1.8% to HRK 704 million in 2020 due to lower EBITDA (HRK 87 million or 3.3%) and higher depreciation and amortization (HRK 44 million or 2.6%), partly offset by positive effect of net financial result (HRK 96 million or 140.5%) and lower taxation (HRK 22 million or 13.7%).



RISK MANAGEMENT

Besides the business and regulatory developments detailed in this statement, and in audited financial statements for 2019 made public, there were no material changes to the Group's risk profile in the period under review except COVID-19.

Hrvatski Telekom actively monitors the situation with the COVID-19 virus and correlated risk aspects.

Based on restrictive measures introduced on the level of Republic of Croatia (RoC), which have reflected on closure of direct sales and customer support channels, Hrvatski Telekom has in a very short term adjusted and redirected its business to on-line channels wherever possible, keeping field work network maintenance services whilst respecting the recommended safety measures of customers as well as employees of HT.

In the following situation, the development with COVID-19 in the short (<1Y) and mid-term (<3Y) there is a risk of partial revenue reduction and increase of collection default risk commensurate the impacts on the overall Croatian economy as well as the economic status of citizens of RoC.

CHANGES IN REPORTING

In 2014 Croatian Competition Agency has conditionally allowed the concentration of HT with Optima Telekom based on the proposal of financial and operational restructuring of Optima Telekom within the pre-bankruptcy settlement procedure. Croatian Competition Agency has determined a set of measures defining the rules of conduct for HT with regard to management and control over Optima Telekom, among which is the implementation of so called "Chinese wall" between Optima Telekom and HT employees involved in Optima Telekom's business, in relation to all sensitive business information, with the exception of reporting of financial data necessary for consolidation. Respectively, only financial statements are consolidated while, due to limited access to Optima Telekom's information, non-financial KPIs are not consolidated in the Group results. In June 2017, AZTN passed the decision by which the duration of temporary management rights of Optima for HT is prolonged for an additional three-year period, that is, until 10 July 2021. On 31 January HT initiated sale process for the shares of Optima Telekom. Submission of offers finished on 18 March 2020. Sale process is ongoing.

In February 2019, HT d.d. concluded a Purchase transaction with the company HP-Hrvatska pošta d.d. on acquisition of 100% stake in the company HT Produkcija d.o.o., provider of Evo TV service. HT Produkcija d.o.o. is consolidated in HT Group financial results starting with March 2019. Operational highlights that relate to achievement of the main financial and non-



financial key performance indicators on the following pages are presented with consolidation impact of EvoTV.

Within the strategy of restructuring non-core parts of HT's business operations, in November 2019 a Contract was concluded with Uniline d.o.o. on transfer and sale of the share held by HT holding d.o.o. in the company E-tours d.o.o. The transaction closed on 31 December 2019.

IFRS 16 Leases

The standard is applied from January 1st, 2019. IFRS 16 has a material effect on the Company's financial statements, particularly on total assets, the results of operations, cash generated from operations, and the presentation of the financial position. The regulations affect the Company as a lessee especially in relation to leases of cell sites (land, space in cell towers or rooftop surface areas), network infrastructure and buildings used for administrative or technical purposes.

"AL" or "After Leases" steering KPIs introduced to ensure comparability:

- EBITDA AL - increase in EBITDA due to elimination of operating lease expenses offset by adding back lease cost now booked in newly created depreciation and interest expense back to EBITDA
- Capex AL - increase in Capex due to capitalization of leases formerly booked as expense offset by AL principle back to pre-IFRS 16 level (remains unchanged)

M2M

According to DT Group definition of M2M (machine to machine), starting from 2020, all M2M customers, respective revenues and KPIs will be reported in prepaid. For the purpose of like-for-like comparison, 2019 data in this report is restated accordingly.



HT GROUP FINANCIAL STATEMENTS

Consolidated Income Statement

in HRK million	2019	2020	% of change A20/A19	Q4 2019	Q4 2020	% of change A20/A19
Mobile revenue	3.464	3.325	-4,0%	841	877	4,3%
Fixed revenue	3.344	3.214	-3,9%	830	837	0,9%
System solutions	880	918	4,3%	316	251	-20,6%
Miscellaneous	17	1	-93,9%	5	0	-95,0%
Revenue	7.704	7.458	-3,2%	1.992	1.966	-1,3%
Other operating income	181	94	-47,9%	61	19	-69,0%
Total operating revenue	7.885	7.552	-4,2%	2.052	1.984	-3,3%
Operating expenses	4.726	4.510	-4,6%	1.276	1.249	-2,1%
Material expenses	2.463	2.375	-3,6%	707	701	-0,8%
Employee benefits expenses	1.171	1.208	3,2%	281	336	19,4%
Other expenses	1.148	941	-18,0%	328	221	-32,8%
Work performed by the Group and capitalised	-133	-93	30,2%	-57	-29	49,7%
Write down of assets	78	80	1,8%	16	20	21,1%
EBITDA	3.159	3.042	-3,7%	776	736	-5,3%
Depreciation and amortization	2.147	2.235	4,1%	676	672	-0,5%
EBIT	1.012	807	-20,3%	100	63	-37,1%
Financial income	22	47	116,1%	5	0	-101,6%
Income/loss from investment in joint ventures	0	-1	-544,2%	3	5	42,4%
Financial expenses	134	139	3,9%	40	28	-31,2%
Profit before taxes	900	714	-20,7%	69	40	-41,8%
Taxation	161	140	-13,2%	5	12	159,6%
Net profit	739	574	-22,3%	64	28	-56,3%
Non controlling interests	-1	-14	-1813,9%	1	-2	-231,9%
Net profit after non controlling interests	740	588	-20,5%	63	30	-52,8%
Exceptional items ¹⁾	115	99	-14,4%	26	31	16,7%
EBITDA before exceptional items	3.274	3.140	-4,1%	803	766	-4,6%
EBITDA before exceptional items after leases	2.908	2.738	-5,9%	670	678	1,2%

¹⁾ Mainly related to restructuring redundancy costs and legal cases



Consolidated Balance Sheet

in HRK million	At 31 Dec 2019	At 31 Dec 2020	% of change A20/A19	At 31 Dec 2019	At 31 Dec 2020	% of change A20/A19
Intangible assets	2.335	2.178	-6,7%	2.335	2.178	-6,7%
Property, plant and equipment	6.390	6.516	2,0%	6.390	6.516	2,0%
Non-current financial assets	388	387	-0,4%	388	387	-0,4%
Receivables	347	331	-4,7%	347	331	-4,7%
Lessee use rights to leased assets (IFRS 16)	709	691	-2,6%	709	691	-2,6%
Contract assets (IFRS 15)	51	62	21,9%	51	62	21,9%
Contract costs (IFRS 15)	98	116	18,7%	98	116	18,7%
Deferred tax asset	129	134	3,9%	129	134	3,9%
Total non-current assets	10.447	10.415	-0,3%	10.447	10.415	-0,3%
Inventories	158	151	-4,7%	158	151	-4,7%
Assets held for sale	68	2	-96,5%	68	2	-96,5%
Receivables	1.520	1.574	3,6%	1.520	1.574	3,6%
Current financial assets	928	1	-99,9%	928	1	-99,9%
Contract assets (IFRS 15)	231	212	-8,2%	231	212	-8,2%
Contract costs (IFRS 15)	71	77	9,0%	71	77	9,0%
Cash and cash equivalents	2.762	3.003	8,7%	2.762	3.003	8,7%
Prepayments and accrued income	142	108	-23,4%	142	108	-23,4%
Total current assets	5.880	5.129	-12,8%	5.880	5.129	-12,8%
TOTAL ASSETS	16.327	15.544	-4,8%	16.327	15.544	-4,8%
Subscribed share capital	10.245	10.245	0,0%	10.245	10.245	0,0%
Reserves	565	604	6,9%	565	604	6,9%
Revaluation reserves	-10	2	116,0%	-10	2	116,0%
Treasury shares	-73	-90	-24,2%	-73	-90	-24,2%
Retained earnings	1.260	1.246	-1,2%	1.260	1.246	-1,2%
Net profit for the period	740	588	-20,5%	740	588	-20,5%
Non controlling interests	328	313	-4,5%	328	313	-4,5%
Total issued capital and reserves	13.054	12.907	-1,1%	13.054	12.907	-1,1%
Provisions	86	82	-4,2%	86	82	-4,2%
Non-current liabilities	246	210	-14,4%	246	210	-14,4%
Lessee lease liabilities to third partie due > 1 year (IFRS 16)	465	484	4,0%	465	484	4,0%
Contract liabilities (IFRS 15)	0	0	-37,9%	0	0	-37,9%
Deferred tax liability	42	48	13,6%	42	48	13,6%
Total non-current liabilities	839	825	-1,7%	839	825	-1,7%
Current liabilities	2.161	1.562	-27,7%	2.161	1.562	-27,7%
Contract liabilities (IFRS 15)	85	74	-13,0%	85	74	-13,0%
Lessee lease liabilities due <= 1 year (IFRS 16)	183	147	-20,1%	183	147	-20,1%
Deferred income	5	4	-22,7%	5	4	-22,7%
Provisions for redundancy	0	26	10258,4%	0	26	10258,4%
Total current liabilities	2.434	1.812	-25,6%	2.434	1.812	-25,6%
Total liabilities	3.273	2.637	-19,4%	3.273	2.637	-19,4%
TOTAL EQUITY AND LIABILITIES	16.327	15.544	-4,8%	16.327	15.544	-4,8%



Consolidated Cash Flow Statement

in HRK million	2019	2020	% of change A20/A19	Q4 2019	Q4 2020	% of change A20/A19
Profit before tax	900	714	-20,7%	69	40	-41,9%
Depreciation and amortization	2.147	2.235	4,1%	676	672	-0,5%
Increase / decrease of current liabilities	-104	-158	-52,3%	84	-30	-136,3%
Increase / decrease of current receivables	51	17	-66,8%	130	72	-44,6%
Increase / decrease of inventories	-36	-10	71,6%	-8	2	119,8%
Other cash flow increases / decreases	-386	-268	30,7%	-43	-36	15,5%
Net cash inflow/outflow from operating activities	2.573	2.530	-1,7%	908	720	-20,8%
Proceeds from sale of non-current assets	40	72	78,6%	-47	-17	64,4%
Proceeds from sale of non-current financial assets	0	1	-	-11	1	104,7%
Interest received	9	7	-23,4%	0	1	187,1%
Dividend received	0	0	-	0	0	-
Other cash inflows from investing activities	111	958	765,5%	0	-1	-401,3%
Total increase of cash flow from investing activities	160	1.038	549,6%	-57	-16	71,9%
Purchase of non-current assets	-1.460	-1.781	-22,0%	-553	-656	-18,6%
Purchase of non-current financial assets	0	0	-	113	0	-100,0%
Other cash outflows from investing activities	-25	0	100,0%	-25	0	100,0%
Total decrease of cash flow from investing activities	-1.485	-1.781	-19,9%	-465	-656	-40,9%
Net cash inflow/outflow from investing activities	-1.325	-743	44,0%	-522	-672	-28,6%
Total increase of cash flow from financing activities						
Repayment of loans and bonds	-66	-64	3,3%	-24	-7	72,1%
Dividends paid	-818	-646	21,0%	-1	-3	-297,0%
Repayment of lease	-345	-371	-7,6%	-96	-90	6,3%
Other cash outflows from financing activities	-395	-457	-15,6%	-100	-121	-20,5%
Total decrease in cash flow from financing activities	-1.625	-1.538	5,3%	-220	-220	0,0%
Net cash inflow/outflow from financing activities	-1.625	-1.538	5,3%	-220	-220	0,0%
Exchange gains/losses on cash and cash equivalents	2	-9	-562,8%	-1	1	155,4%
Cash and cash equivalents at the beginning of period	3.137	2.762	-11,9%	0	0	-100,0%
Net cash (outflow) / inflow	-377	241	163,9%	163	-171	-205,1%
Cash and cash equivalents at the end of period	2.762	3.003	8,7%	165	-171	-203,5%



NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON 31 DECEMBER 2020

Basis of preparation

The condensed consolidated financial statements as of 31 December 2020 and for the year 2020, have been prepared using accounting policies consistent with International Financial Reporting Standards.

Significant Accounting Policies

The consolidated financial statements have been prepared under the historical cost convention, except for investments available-for-sale stated at fair value.

The same accounting policies, presentation and methods of computation are followed in these condensed consolidated financial statements as were applied in the preparation of HT's consolidated financial statements for the year ended 31 December 2019.

Dividend

On 20 July 2020, the General Assembly of Hrvatski Telekom passed the decision regarding the dividend payout. Under that decision, HRK 646,129,832.00 or HRK 8.00 per share were paid out to shareholders. The dividend was distributed from net profit in 2019.

Under the decision issued on 21 December 2020, HT Holding paid a dividend to Hrvatski Telekom in total amount of HRK 86,353,309.31. The dividend was distributed from retained earnings and from capital reserves.

Relations with the governing company and its affiliated companies

In 2020 there were no transactions among related parties with a significant impact on the financial position and operations of the Group in the given period.

In 2020 there were no changes in transactions among related parties which were specified in the annual financial report for 2019 and which had a significant impact on the financial position and operations of the Group in 2020.

Business relations transacted between HT d.d. and affiliated companies thereof (hereinafter referred to as: Group) in 2020 and the governing company and affiliated companies thereof can be classified as follows:

Transactions with related companies



Transactions with related companies primarily related to the transactions with the companies owned by Deutsche Telekom AG (hereinafter referred to as: DTAG). The Group enters into transactions in the regular course of business on an arm's length basis. These transactions included the sending and receiving of international traffic to/from these companies and other intercompany services between related companies.

In 2020 the Group generated total revenue from related companies to the amount of HRK 226 million (2019: HRK 272 million), while total costs amounted to HRK 229 million (2019: HRK 248 million).

The bond issued by Deutsche Telekom International Finance B. V. matured on 3 April 2020, in the full amount of EUR 125 million.

Compensation of the 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, remuneration is the amount of 1.25 times of the average net salary of the employees of the Company paid 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, remuneration is the amount of 1.5 times of the average monthly 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 a Member of one board or committee of the Supervisory Board, remuneration is the amount of 1.25 times of the average monthly net salary of the employees of the Company paid in the preceding month. To a member of the Supervisory Board, who is in the same time a Member of two or more committees of the Supervisory Board, remuneration is the amount of 1.5 times of the average monthly net salary of the employees of the Company paid in the preceding month. DT AG representatives do not receive any remuneration for the membership in the Supervisory Board due to a respective policy of DT AG.

In 2020, the Company paid a total amount of HRK 0.9 million (2019: HRK 0.8 million) to the Members of its Supervisory Board. No loans were granted to the Members of the Supervisory Board.

Compensation to key management personnel

In 2020, the total compensation paid to key management personnel of the Group amounted to HRK 49 million (2019: HRK 59 million). Compensation paid to key management personnel relates to short-term employee benefits. 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.



STATEMENT OF THE MANAGEMENT BOARD OF HRVATSKI TELEKOM D.D.

To the best of our knowledge, unaudited financial statements of the company Hrvatski Telekom d.d. (hereinafter: "Company") and unaudited consolidated financial statements of the Company and affiliated companies thereof (hereinafter: "Group"), which are prepared in accordance with International Financial Reporting Standards (IFRS), give a true and fair view of assets and obligations, profit and loss, financial position, and operations of both the Company and the Group.

The Management report for the full year 2020 contains a true presentation of development and results of operations and position of the Group, with description of significant risks and uncertainties for the Group as a whole.

Mr. Konstantinos Nempis, President of the Management Board (CEO)

Mr. Daniel Daub, Member of the Management Board and Chief Financial Officer

Mr. Ivan Bartulović, Member of the Management Board and Chief Human Resources Officer

Ms. Nataša Rapaić, Member of the Management Board and Chief Operating Officer Residential

Mr. Boris Drilo, Member of the Management Board and Chief Technical and Chief Information Officer

Zagreb, 24 February 2021



PRESENTATION OF INFORMATION

Unless the context otherwise requires, references in this publication to “HT Group” or “the Group” or “HT” are to the Company Hrvatski Telekom d.d., together with its subsidiaries.

References to “Iskon” are to the Company’s fully owned subsidiary, Iskon Internet d.d.

References to “Combis” are to the Company’s wholly-owned subsidiary, Combis d.o.o.

References to “KDS” are to the Company’s wholly-owned subsidiary, KDS d.o.o.

References to “E-tours” are to the Company’s wholly-owned subsidiary, which was sold in 2019

References to “Optima” are to Optima Telekom, the company fully consolidated into the Group’s financial statements as of 1 July 2014.

References to “Crnogorski” or “CT” are to Crnogorski Telekom, the company fully consolidated into the Group’s financial statements as of 1 January 2017.

References to “H1” are to H1 Telekom, the company fully consolidated into Optima’s and Group’s financial statements as of 1 July 2017.

References in this publication to “Agency” are to the Croatian Regulatory Authority for Network Industries (HAKOM).

DISCLAIMER

This release contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Additional information concerning important factors that could cause actual results to differ materially is available in the Group's reports which may be found at www.t.ht.hr



CONTACT DETAILS

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Instinctif Partners

Kay Larsen / Adrian Duffield +44 207 457 2020

A conference call for analysts and investors will be held on Wednesday, 24 February 2021 at 11:00 UK time / 12:00 CET.

The conference call dial in details are as follows:

International dial in	+ 44 (0) 203 0095710
UK local dial in	0844 493 38 57
Croatia local dial in	01 777 67 69
Austria, Vienna	01 928 40 70
Estonia, Tallinn	668 24 54
Germany, Frankfurt	069 222 249 10
Hungary, Budapest	061 808 81 01
Slovenia, Ljubljana	01 600 93 38

Conference ID **7890536**

A replay of the call will be available until Wednesday, 3 March 2021 using the following details:

International dial in	+ 44 (0) 333 300 9785
Conference ID	7890536

Croatian Telecom Inc.

Radnička cesta 21, HR - Zagreb
Member State: Republic of Croatia
Listing: Zagreb Stock Exchange, Prime Market
Ordinary share: HT (ISIN: HRHT00RA0005)
LEI: 097900BFHJ0000029454

Full unaudited results for HT Group and HT d.d., other prescribed documentation as well as a presentation covering results for the FY 2020, can be downloaded from the HT web site. (www.t.ht.hr/en/investor-relations/) and are fully available in the Official Register of Prescribed Information (SRPI).