

BUSINESS AND UNAUDITED FINANCIAL REVIEW JANUARY – MARCH 2021

INVESTOR PRESENTATION | 29 APRIL 2021



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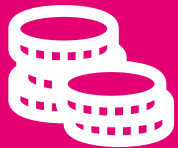
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Q1 2021 HIGHLIGHTS



BUSINESS DEVELOPMENT

Strong commercial momentum continued in Q1 2021.

HT expanding 5G network, reaching coverage of 1.5m of Croatian population.

Continued investment in the FTTH, reaching a total coverage of 372k HH in Q1 2021 (29% growth YoY).

TV growth continues, capitalizing on the DVBT-2 switch.

FINANCIALS

Top line growing, despite the continuation of the pandemic.

EBITDA AL continued to grow for the second consecutive quarter.

CAPITAL ALLOCATION

HRK 8.00 dividend confirmed, representing a pay-out ratio of 91.2% and yield of 4.3%¹.

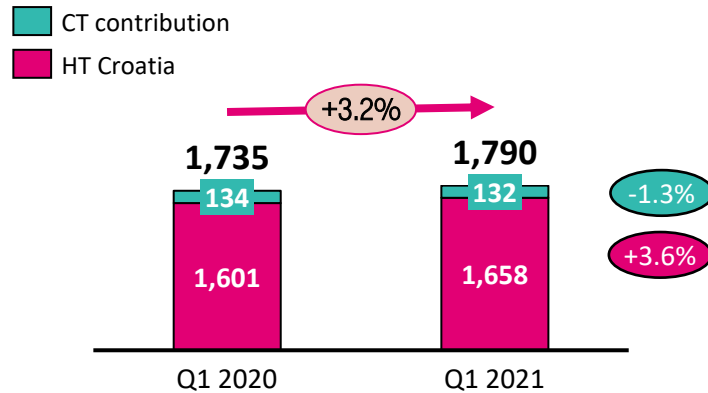
HT returned HRK 35.3m (0.24% of total shares) through SBB in the reporting quarter.

New 5-year SBB Programme announced with max. volume of 3,000,000 shares or HRK 600m.

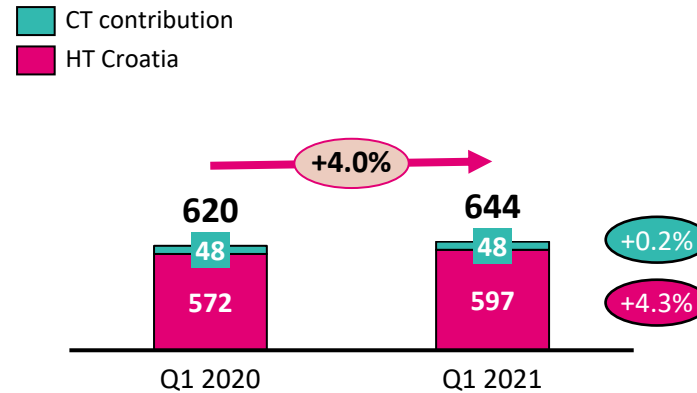
HANFA award for the best corporate governance.

AFTER TURNAROUND IN Q4 2020, EBITDA GROWTH MOMENTUM CONTINUED IN Q1 2021

REVENUE (HRK m)

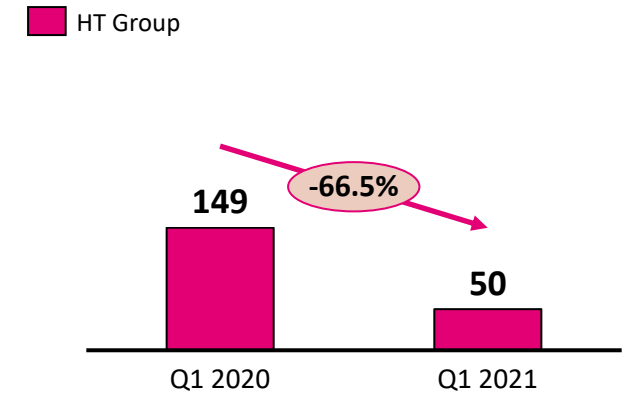


EBITDA AL¹ (HRK m)



Margin 35.7% 36.0%

NET PROFIT² (HRK m)



- Solid growth despite extension of the pandemic, which only partially affected Q1 2020.
- Growth in HT Croatia supported by strong postpaid and handset revenues, as core fixed business is turning around.
- CT lower due to a decline in fixed voice and wholesale revenues.

- Continued growth in EBITDA AL for the second consecutive quarter supported by the positive commercial momentum and transformation measures.

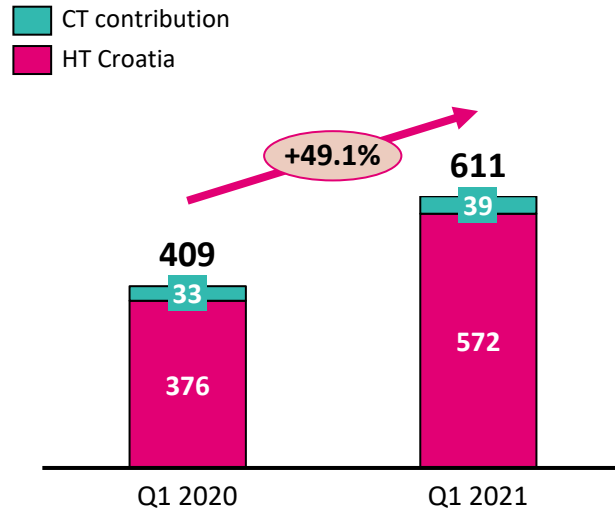
- Net Profit contracted, as improved EBITDA and lower taxation were insufficient to offset increase in depreciation, stemming from high investments in previous years.



1. EBITDA before exceptional items after leases. Exceptional items mainly refer to restructuring and redundancy costs.
2. Net profit after non controlling interests.

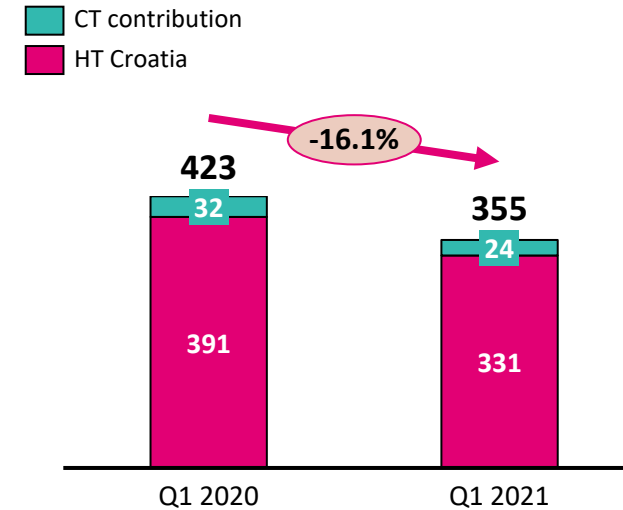
STRONG GROWTH OF NET CASH FROM OPERATIONS IN Q1 2021 SUPPORTING CONTINUED HIGH INVESTMENT LEVEL

NET CASH FLOW FROM OPERATIONS (HRK m)



- Cash flow from operating activities increased mainly due to favorable working capital development.

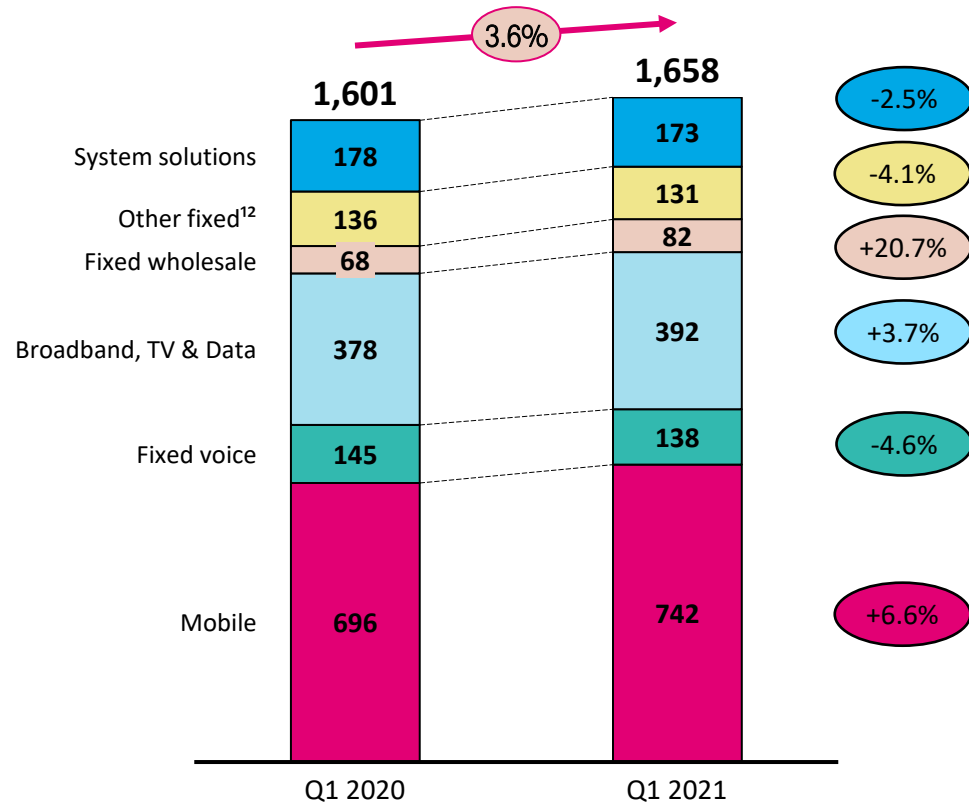
CAPEX AL - BOOKED (HRK m)



- Lower CAPEX AL realization mainly reflects lower overall CAPEX plan for 2021.

REVENUE GROWING AS POSTPAID MOMENTUM CONTINUED, CORE FIXED BUSINESS RETURNS TO GROWTH

REVENUE BREAKDOWN (HRK m)



1 Other non telco services.

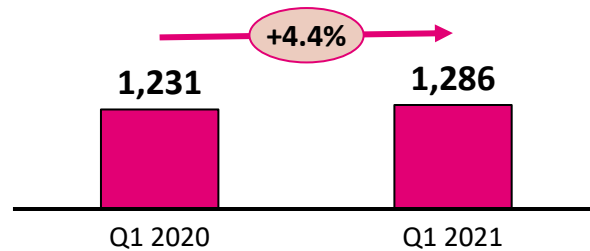
2 Optima Telekom revenue included.

- **Mobile revenue** growing, supported by solid commercial momentum, especially on the postpaid side and higher handset sales.
- **Fixed voice revenue** contraction continued at a slower pace, following market trend of fixed to mobile and IP substitution.
- **Fixed BB, TV & Data** growth fully offsetting contraction of the fixed voice revenues. BB customer base continues to grow with increasing demand for FTTH, good momentum on TV capitalizing the DVBT-2 switch, as well as higher demand for the premium data services.
- **Fixed wholesale revenue** increased as a result of higher transit traffic.
- **Other fixed revenue contracted** primarily due to lower Optima contribution.
- **System solutions revenue** – different timing of projects.

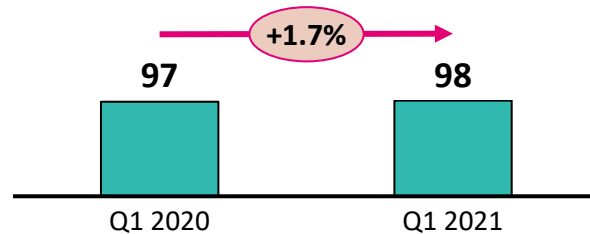
CONTINUED GROWTH OF MOBILE POSTPAID ARPU AND CUSTOMER BASE IN Q1 2021

MOBILE POSTPAID

■ Mobile postpaid customers (000)



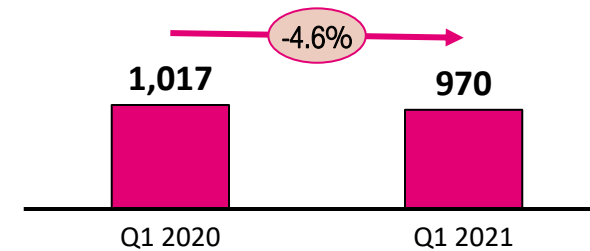
■ Mobile postpaid ARPU (HRK)



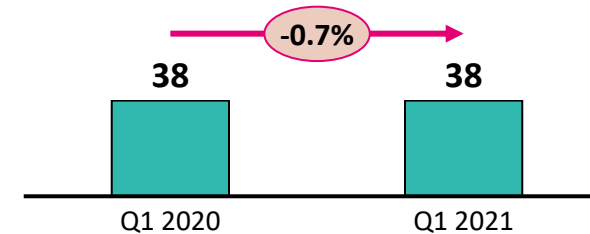
- Growth in postpaid customers supported by prepaid to postpaid migration and ARPU increase from higher value proposition.

MOBILE PREPAID

■ Mobile prepaid customers (000)



■ Mobile prepaid ARPU (HRK)

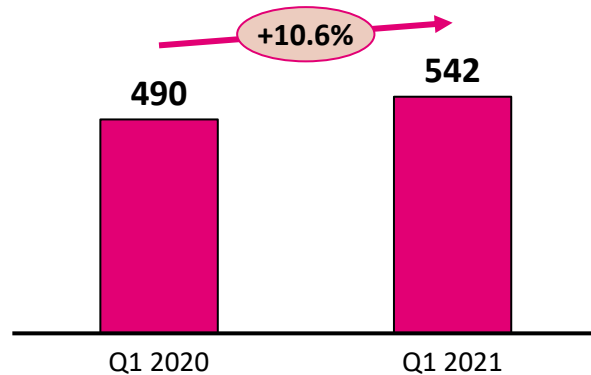


- Lower prepaid mainly due to the migration from prepaid to postpaid and COVID-19 effect.

TV BASE AND FIXED BROADBAND CONTINUED TO GROW, WHILE RETAIL VOICE LINES CONTRACTION SLOWS DOWN

TV SERVICES

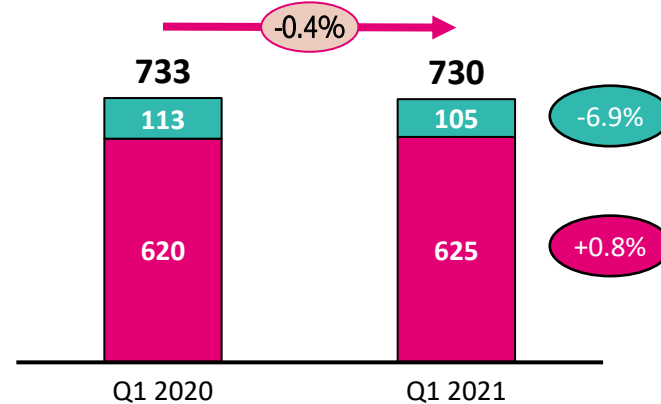
■ TV service subscribers (000)



- Increased TV customer base due to continuing good momentum on DVBT-2 switch in Q1 2021.

NUMBER OF BROADBAND SERVICES

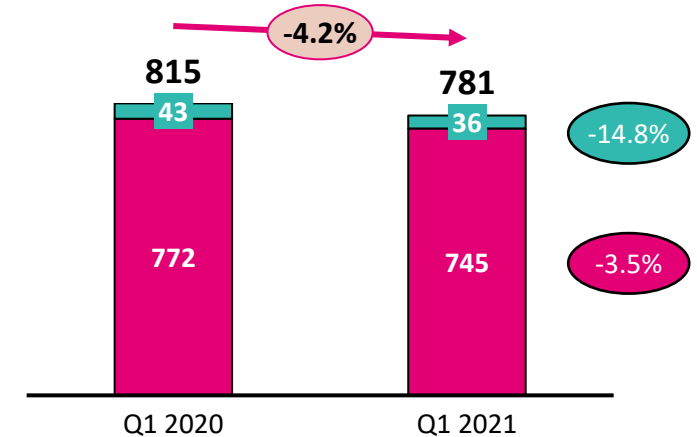
■ Wholesale
■ Retail



- Broadband retail lines & ARPU higher due to improved quality of our BB infrastructure and strong investments in fiber technology.

FIXED VOICE SERVICES

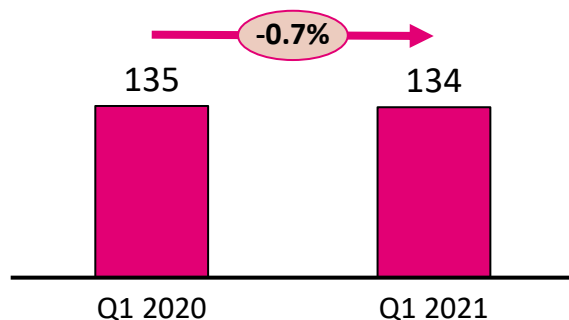
■ Wholesale
■ Retail



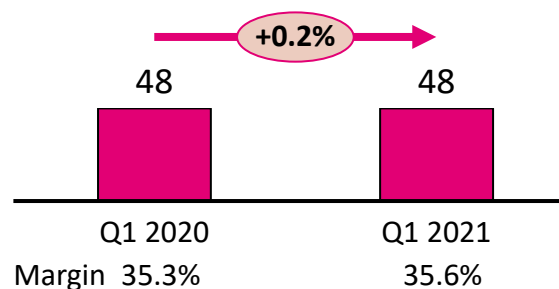
- Ongoing contraction of fixed lines due to market trend of fixed to mobile and IP substitution, but at a slower pace.

CRNOGORSKI TELEKOM REVENUE AND EBITDA AL BROADLY IN LINE WITH 2020 RESULTS DESPITE EXTENDED PANDEMIC

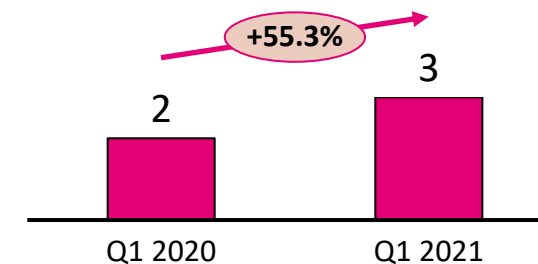
REVENUE (HRK m)



EBITDA AL¹ (HRK m)



NET PROFIT² (HRK m)



- Revenue decrease mostly driven by fixed voice and wholesale business.
- Increased revenue in System solutions mainly driven by one-off deals.

- EBITDA AL in line with the same period last year despite additional pressures from COVID-19.

- Net Profit increased due to slight growth in EBITDA and lower depreciation.

1. EBITDA before exceptional items after leases

2. Net profit after non controlling interests

GROUP 2021 OUTLOOK¹ CONFIRMED

	2020 Results	Outlook 2021 vs. 2020
REVENUE	HRK 7,458 million	Mid single-digit decrease
EBITDA AL	HRK 2,738 million	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



APPENDIX

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in HRK million	Q1 2020	Q1 2021	% of change A21/A20
Mobile revenue	769	815	6.0%
Fixed revenue	783	795	1.5%
System solutions	183	180	-1.6%
Miscellaneous	0	0	0.0%
Revenue	1,735	1,790	3.2%
Other operating income	28	31	12.1%
Total operating revenue	1,762	1,821	3.3%
Operating expenses	1,094	1,120	2.4%
Material expenses	506	565	11.8%
Employee benefits expenses	326	309	-5.2%
Other expenses	256	239	-6.6%
Work performed by the Group and capitalised	-17	-16	7.8%
Write down of assets	22	22	-2.9%
EBITDA	669	701	4.9%
Depreciation and amortization	477	627	31.5%
EBIT	192	74	-61.5%
Financial income	41	13	-69.3%
Income/loss from investment in joint ventures	-4	-3	13.6%
Financial expenses	52	28	-46.0%
Profit before taxes	177	55	-68.9%
Taxation	35	13	-64.1%
Net profit	142	42	-70.1%
Non controlling interests	-7	-7	-1.8%
Net profit after non controlling interests	149	50	-66.5%
Exceptional items ¹⁾	52	41	-21.6%
EBITDA before exceptional items	721	742	3.0%
EBITDA before exceptional items after leases	620	644	4.0%

¹⁾ Mainly related to restructuring redundancy costs and legal cases

CONSOLIDATED BALANCE SHEET

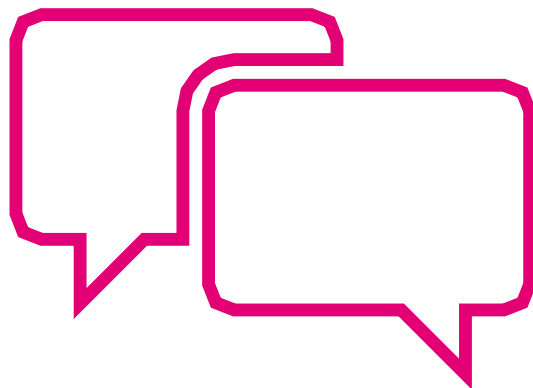
in HRK million	At 31 Dec 2020	At 31 Mar 2021	% of change A21/A20
Intangible assets	2,178	2,055	-5.7%
Property, plant and equipment	6,516	6,458	-0.9%
Non-current financial assets	387	383	-0.9%
Receivables	331	329	-0.8%
Lessee use rights to leased assets (IFRS 16)	691	702	1.5%
Contract assets (IFRS 15)	62	59	-4.2%
Contract costs (IFRS 15)	116	125	8.1%
Deferred tax asset	134	139	3.7%
Total non-current assets	10,415	10,249	-1.6%
Inventories	151	163	8.3%
Assets held for sale	2	2	0.4%
Receivables	1,574	1,509	-4.1%
Current financial assets	1	38	5035.6%
Contract assets (IFRS 15)	212	216	2.0%
Contract costs (IFRS 15)	77	79	2.3%
Cash and cash equivalents	3,003	3,201	6.6%
Prepayments and accrued income	108	98	-9.3%
Total current assets	5,129	5,308	3.5%
TOTAL ASSETS	15,544	15,557	0.1%

in HRK million	At 31 Dec 2020	At 31 Mar 2021	% of change A21/A20
Subscribed share capital	10,245	10,245	0.0%
Reserves	604	603	-0.2%
Revaluation reserves	2	1	-33.6%
Treasury shares	-90	-126	-39.0%
Retained earnings	1,246	1,840	47.7%
Net profit for the period	588	50	-91.5%
Non controlling interests	313	307	-2.0%
Total issued capital and reserves	12,907	12,919	0.1%
Provisions	82	84	2.9%
Non-current liabilities	210	196	-7.0%
Lessee lease liabilities to third partie due > 1 year (IFRS 16)	484	499	3.1%
Contract liabilities (IFRS 15)	0	0	33.3%
Deferred tax liability	48	48	-1.1%
Total non-current liabilities	825	827	0.3%
Current liabilities	1,562	1,553	-0.6%
Contract liabilities (IFRS 15)	74	86	16.5%
Lessee lease liabilities due <= 1 year (IFRS 16)	147	153	4.7%
Deferred income	4	3	-29.9%
Provisions for redundancy	26	16	-39.8%
Total current liabilities	1,812	1,811	-0.1%
Total liabilities	2,637	2,638	0.0%
TOTAL EQUITY AND LIABILITIES	15,544	15,557	0.1%

CONSOLIDATED CASH FLOW STATEMENT

in HRK million	Q1 2020	Q1 2021	% of change A21/A20
Profit before tax	177	55	-68.9%
Depreciation and amortization	477	627	31.5%
Increase / decrease of current liabilities	-149	-103	30.9%
Increase / decrease of current receivables	7	110	1378.7%
Increase / decrease of inventories	-37	-12	66.1%
Other cash flow increases / decreases	-66	-66	0.1%
Net cash inflow/outflow from operating activities	409	611	49.1%
Proceeds from sale of non-current assets	83	1	-98.6%
Proceeds from sale of non-current financial assets	0	8	2392.5%
Interest received	4	1	-66.2%
Dividend received	0	0	-
Other cash inflows from investing activities	0	0	-
Total increase of cash flow from investing activities	88	10	-88.2%
Purchase of non-current assets	-370	-187	49.5%
Purchase of non-current financial assets	0	0	-
Other cash outflows from investing activities	-1	-38	-6683.4%
Total decrease of cash flow from investing activities	-370	-225	39.3%
Net cash inflow/outflow from investing activities	-283	-214	24.2%
Total increase of cash flow from financing activities			
Repayment of loans and bonds	-48	-7	84.5%
Dividends paid	0	0	16.6%
Repayment of lease	-98	-77	21.8%
Other cash outflows from financing activities	-121	-119	1.8%
Total decrease in cash flow from financing activities	-267	-203	24.0%
Net cash inflow/outflow from financing activities	-267	-203	24.0%
Exchange gains/losses on cash and cash equivalents	7	5	-33.3%
Cash and cash equivalents at the beginning of period	2,762	3,003	8.7%
Net cash (outflow) / inflow	-134	198	248.0%
Cash and cash equivalents at the end of period	2,628	3,201	21.8%

INVESTOR RELATIONS CONTACTS



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Zagreb Stock Exchange Share trading symbol: HT

Reuters: HT.ZA

Bloomberg: HT CZ