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**UNAUDITED
CONSOLIDATED
INTERIM REPORT
FOR THE HT GROUP**

JANUARY - JUNE 2021



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COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD

Commenting on the business results for H1 2021, Konstantinos Nempis, CEO of Hrvatski Telekom, stated: *Regardless of the still present challenging macroeconomic environment, Hrvatski Telekom ended the first half of 2021 on a positive note, as continued revenue growth translated into solid EBITDA AL growth, which enabled us to develop our business further.*

We remained true to maintaining strong, market leading investments. We expanded further our fixed network enabling over 387,000 households to enjoy the fiber giga speeds. We quadrupled the number of cities covered with 5G compared to 2020, almost doubling the population covered to 2 million. And we confirmed our leading network status. We continued supporting our customers, raising our service quality even further, helping them transform and become more resilient and agile, supporting their growing ambition.

The work we have done is clearly reflected in the best ever customer, and employee satisfactions in HT's history. And these are the foundations on which we will continue building.



H1 2021 HIGHLIGHTS

- Continued growth trend with strong commercial performance in H1 2021
- 3.4% Net Revenue growth accompanied with 3.2% growth EBITDA AL, that grew for the third consecutive quarter
- Continued investments into networks and infrastructure
- All-time high customer and employee satisfaction

Hrvatski Telekom closed the first half of 2021 on a positive note with a strong commercial performance, with revenue growth translating into solid EBITDA AL growth. Maintaining the strong investment plan ensures continuation of positive trends and solid commercial momentum.

In H1 2021, Hrvatski Telekom achieved solid growth with total consolidated net revenue, increasing by HRK 118 million or 3.4% in H1 2021 compared to H1 2020. The revenue increase was mainly driven by stronger mobile revenue (HRK 120 million or 7.8%), and fixed revenue (HRK 62 million or 3.9%), with partial offset coming from System solutions due to absence of one-time deal in 2020 and different seasonality of customized solutions deals (HRK -64 million or -16.6%).

EBITDA AL was also up HRK 41 million or 3.2% in H1 2021 as a result of an increase reported in both HT Group in Croatia (3.3%) and Crnogorski Telekom (1.5%). The EBITDA AL margin was 36.9%. Noteworthy development is that EBITDA AL continued growing for the third consecutive quarter supported by the positive commercial momentum.

Net Profit contracted as improved EBITDA and lower taxation were insufficient to offset the increase in depreciation on yearly level, which stems from high investments during previous years, with investments amounting to over HRK 9 billion just over the last five years. However, on the quarterly level, depreciation decreased. Despite the challenging business conditions, and with digitalization being one of the biggest levers for economic recovery and return to accelerated growth, Hrvatski Telekom in 2021. remained focused on network and ICT services investment plan bringing significant benefits to the Croatian economy and society.

Although the environment remains uncertain, we confirm our 2021 outlook (including Optima Telekom until end-June 2021). We expect a mid-single digit decrease in revenue, and a low-single digit increase in EBITDA AL compared to 2020. Our CAPEX expectations are at around HRK 1.6 billion, down from the 2020 total of HRK 1.8 billion. In terms of regional expansion, we continue monitoring and evaluating potential acquisition opportunities.

Investments into 5G and fiber network remain in focus

By market leading investments, Hrvatski Telekom continued to focus on building its fiber-optic infrastructure and we expanded further the fixed network with FTTH coverage reaching more than 387,000 households, which represents a notable 29% increase compared to the same period last year. Overall, our fiber-based access network (FTTx) was with the end of second quarter available to 552,000 households (21% YOY growth).



At the same time, we more than quadrupled the number of cities covered with 5G, with a total 76 cities and 11 municipality centers being covered, and we almost doubled the population covered, now at a full 2 million. In the meantime, we have launched the first 5G roaming services, creating new opportunities for business and tourism.

Future spectrum assignments

On 27 May 2021, Croatian Regulatory Authority for Network Industries (HAKOM) initiated the public auction procedure for assignment of licences for using radiofrequency spectrum in 700 MHz, 3,6 GHz and 26 GHz frequency bands. On 16 June 2021, a notification was received from HAKOM that HT fulfils all conditions for participation in the public auction procedure, thus qualifying for participation in the bidding in the public auction procedure.

The bidding procedure has commenced on 12 July, while the decision on selection of one or more bidders and on issuing of licences for using radiofrequency spectrum is expected by end of August 2021.

Spectrum award in 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, and 2600 MHz frequency bands has been announced for 2022. Currently valid licences in these frequency bands expire in Q4 2024.

All-time high customer and employee satisfaction

We consider customer centricity a key differentiator and as a result further improving customer experiences is one of our key objectives for 2021. In first part of the year Hrvatski Telekom continued making significant progress in optimizing our network, product experiences, further accelerating digital touchpoints and going beyond customer expectations. Delivering on all these points has led our metrics to the highest levels ever in HT's history.

Essential to this success are HTs employees, with their engagement and satisfaction also being at an all-time high.

Optima sale process

In July Hrvatski Telekom d.d. and Zagrebačka banka d.d. signed an agreement with Telemach Hrvatska d.o.o. company owned by United Group (United Group B.V., The Netherlands) on the sale and purchase of the shares of the company 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 of HRK 639 million (enterprise value) 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.



Dividend and SBB program provide attractive yield for investors

Our capital allocation strategy clearly demonstrates our strong focus on shareholder returns and our intention to return value to our shareholders. During H1 2021 HT paid dividend of HRK 8 or in the total amount of HRK 640.3 million. This amount represents a ratio of the dividend payment in relation to realized profit of 91.2%, which means that despite the challenges of the pandemic year, we further increased our high pay-out ratio.

The General Assembly of Hrvatski Telekom d.d. authorized the Management Board to buy back the Company's own shares for the period of 5 years, commencing a new Share Buyback Program from 29 April 2021 until 22 April 2026. The maximum volume of the new Share Buyback Program is HRK 600 million or 3 million shares for the entire duration of the Program, which is approximately 3.7% of the total number of shares. The Program will create added value to all shareholders of the Company in addition to dividends.

Since the introduction of new Program at the end of April 2021, we have purchased 136.144 shares (HRK 25.4 million) until 30 June 2021. Total number of shares purchased in H1 2021 (under old and new Program) is 341.787 (HRK 63.6 million).

In total, we have paid out HRK 703.9 million to our shareholders in H1 2021. This represents a total yield of 4.6% (based on last price in H1 2021), through a combination of dividends and share buybacks.



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SELECTED FINANCIAL DATA

HT Group

in HRK million

INCOME STATEMENT	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
Revenue	3.494	3.612	3,4%	1.759	1.822	3,5%
Exceptional items	62	51	-18,1%	10	10	-0,1%
EBITDA before exceptional items after leases	1.293	1.334	3,2%	673	689	2,4%
EBITDA before exceptional items	1.496	1.529	2,2%	775	787	1,5%
EBITDA after exceptional items	1.434	1.478	3,1%	765	777	1,5%
EBIT (Operating profit)	421	240	-43,0%	230	166	-27,5%
Net profit after non controlling interests	313	165	-47,4%	164	115	-30,0%
EBITDA margin before exceptional items after leases	37,0%	36,9%	-0,1 p.p.	38,3%	37,8%	-0,4 p.p.
EBITDA margin before exceptional items	42,8%	42,3%	-0,5 p.p.	44,1%	43,2%	-0,9 p.p.
EBITDA margin after exceptional items	41,0%	40,9%	-0,1 p.p.	43,5%	42,6%	-0,9 p.p.
EBIT margin	12,1%	6,7%	-5,4 p.p.	13,0%	9,1%	-3,9 p.p.
Net profit margin	9,0%	4,6%	-4,4 p.p.	9,3%	6,3%	-3,0 p.p.

BALANCE SHEET	At 31 Dec 2020	At 30 Jun 2021	% of change A21/A20	At 31 Dec 2020	At 30 Jun 2021	% of change A21/A20
Total non current assets	10.415	10.045	-3,5%	10.415	10.045	-3,5%
Total current assets	5.129	4.754	-7,3%	5.129	4.754	-7,3%
TOTAL ASSETS	15.544	14.800	-4,8%	15.544	14.800	-4,8%
Total issued capital and reserves	12.907	12.352	-4,3%	12.907	12.352	-4,3%
Total non current liabilities	825	800	-3,1%	825	800	-3,1%
Total current liabilities	1.812	1.648	-9,1%	1.812	1.648	-9,1%
TOTAL EQUITY AND LIABILITIES	15.544	14.800	-4,8%	15.544	14.800	-4,8%

CASH FLOW	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
Net cash flow from operating activities	1.032	1.107	7,3%	623	497	-20,2%
Net cash flow from investing activities	361	-465	-228,9%	643	-250	-138,9%
Net cash flow from financing activities	-482	-1.080	-124,2%	-215	-877	-308,8%
Cash and cash equivalents at the end of period	3.669	2.566	-30,1%	1.041	-635	-161,0%

HT Group Croatia

in HRK million

INCOME STATEMENT	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
Revenue	3.228	3.340	3,5%	1.627	1.682	3,4%
Mobile	1.396	1.511	8,3%	700	769	9,9%
Fixed voice	290	277	-4,3%	145	139	-3,9%
Broadband & TV & Data	758	799	5,5%	380	407	7,2%
Fixed wholesale	133	167	26,0%	65	85	31,6%
Other fixed	273	278	1,8%	137	147	7,7%
System solutions	378	307	-18,8%	200	134	-33,1%
Miscellaneous	1	0	-9,2%	0	0	-16,9%
Exceptional items ¹⁾	61	50	-18,1%	9	9	-0,7%
EBITDA before exceptional items after leases	1.196	1.236	3,30%	624	639	2,4%
EBITDA before exceptional items	1.384	1.416	2,3%	718	729	1,4%
EBITDA after exceptional items	1.323	1.366	3,2%	709	719	1,5%
EBIT (Operating profit)	410	225	-45,1%	223	158	-29,2%
Net profit after non controlling interests	308	173	-44,0%	161	126	-22,0%
EBITDA margin before exceptional items after leases	37,1%	37,0%	-0,1 p.p.	38,4%	38,0%	-0,4 p.p.
EBITDA margin before exceptional items	42,9%	42,4%	-0,5 p.p.	44,1%	43,3%	-0,8 p.p.
EBITDA margin after exceptional items	41,0%	40,9%	-0,1 p.p.	43,6%	42,8%	-0,8 p.p.
EBIT margin	12,7%	6,7%	-6,0 p.p.	13,7%	9,4%	-4,3 p.p.
Net profit margin	9,6%	5,2%	-4,4 p.p.	9,9%	7,5%	-2,4 p.p.

¹⁾ Mainly related to restructuring redundancy costs and legal cases



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Crnogorski Telekom standalone

in HRK million

INCOME STATEMENT	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
Revenue	269	275	2,2%	134	141	5,0%
Mobile	145	150	3,6%	72	77	7,0%
Fixed voice	26	23	-10,6%	13	11	-10,5%
Broadband & TV & Data	66	65	-2,0%	33	33	-2,5%
Fixed wholesale	7	6	-9,2%	3	3	-7,3%
Other fixed	16	14	-10,2%	8	7	-10,9%
System solutions	10	17	69,2%	5	10	107,0%
Exceptional items	1	1	-19,6%	1	1	7,6%
EBITDA before exceptional items after leases	97	98	1,5%	49	51	2,7%
EBITDA before exceptional items	112	113	0,8%	57	58	1,9%
EBITDA after exceptional items	111	112	1,1%	56	57	1,8%
EBIT (Operating profit)	10	14	38,8%	6	8	30,3%
Net profit after non controlling interests	6	10	80,6%	4	7	95,6%
EBITDA margin before exceptional items after leases	36,1%	35,8%	-0,2 p.p.	36,8%	36,0%	-0,8 p.p.
EBITDA margin before exceptional items	41,8%	41,3%	-0,5 p.p.	42,6%	41,3%	-1,3 p.p.
EBITDA margin after exceptional items	41,3%	40,9%	-0,4 p.p.	42,1%	40,8%	-1,3 p.p.
EBIT margin	3,9%	5,2%	1,4 p.p.	4,7%	5,8%	1,1 p.p.
Net profit margin	2,1%	3,7%	1,6 p.p.	2,6%	4,9%	2,3 p.p.

SELECTED OPERATIONAL DATA

HT Group Croatia

Key operational data	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
Mobile customers in 000						
Number of customers	2.232	2.273	1,8%	2.232	2.273	1,8%
- Prepaid	992	972	-2,0%	992	972	-2,0%
- Postpaid	1.240	1.301	4,9%	1.240	1.301	4,9%
Minutes of use (MOU) per average customer	280	279	-0,1%	288	281	-2,6%
Blended ARPU ⁴⁾ (monthly average for the period in HRK)	70	74	4,9%	71	75	6,7%
- Prepaid	38	39	1,8%	39	40	4,2%
- Postpaid	97	100	3,5%	96	102	5,3%
Blended non-voice ARPU ⁴⁾ (monthly average for the period in HRK)	44	52	17,4%	46	54	15,5%
SAC per gross add in HRK	137	156	13,9%	121	136	11,8%
Churn rate (%)	2	2	-0,1 p.p.	2	2	0,0 p.p.
Penetration (%) ¹⁾	127	131	4,7 p.p.	127	131	4,7 p.p.
Market share of customers (%) ¹⁾	44	44	-0,3 p.p.	44	44	-0,3 p.p.
Smartphone customers (%) ²⁾	71	73	1,6 p.p.	71	73	1,6 p.p.
Smartphones sold (%) ³⁾	89	89	0,8 p.p.	87	89	2,4 p.p.

¹⁾ Source: competitors' official reports for H1 2021

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



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Key operational data	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
Fixed mainlines in 000						
Fixed mainlines - retail ¹⁾	766	741	-3,3%	766	741	-3,3%
Fixed mainlines - wholesale (WLR - wholesale line rental)	41	35	-14,3%	41	35	-14,3%
ARPU voice per user ⁵⁾ (monthly average for the period in HRK) ²⁾	63	62	-0,9%	63	62	-0,6%
IP mainlines/customers in 000						
Broadband access lines - retail ³⁾	622	630	1,4%	622	630	1,4%
Broadband access lines - wholesale ⁴⁾	111	104	-6,0%	111	104	-6,0%
TV customers	483	533	10,3%	483	533	10,3%
Broadband retail ARPU (monthly average for the period in HRK)	107	109	1,7%	107	110	2,8%
TV ARPU ⁵⁾ (monthly average for the period in HRK)	86	85	-1,0%	86	86	-0,1%
Wholesale customers in 000						
ULL (Unbundled Local Loop)	98	87	-11,9%	98	87	-11,9%

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; Naked DSL

⁴⁾ Includes Naked Bitstream + Bitstream

⁵⁾ TV service subscribers are restated in Q2 2021. Numbers are retrospectively adjusted

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	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
Mobile customers in 000	353	375	6,0%	353	375	6,0%
- Prepaid	112	120	7,0%	112	120	7,0%
- Postpaid	242	255	5,6%	242	255	5,6%
Fixed mainlines - retail in 000	106	102	-3,9%	106	102	-3,9%
Broadband access lines - retail in 000	81	80	-1,6%	81	80	-1,6%
TV customers in 000 ¹⁾	69	72	4,9%	69	72	4,9%

¹⁾ Agency of telecommunication changed the reporting definition for TV customers, starting from June 2020: only active are customers included, suspended are excluded



I. Revenue

Total consolidated net revenue increased by HRK 118 million or 3.4% compared to H1 2020. Increase is driven by both, HT Group in Croatia (HRK 113 million or 3.5%) and Crnogorski Telekom (HRK 5 million or 1.9%). Revenue increase is driven by better mobile (HRK 120 million or 7.8%) and fixed revenue (HRK 62 million or 3.9%), partially offset by lower system solutions revenue (HRK 64 million or 16.6%).

Optima Telekom contribution to HT Group amounted to HRK 141 million and is above H1 2020 by HRK 12 million. Contribution consisted of HRK 218 million of third-party contribution (H1 2020: HRK 220 million) that was presented in fixed other revenue and HRK 77 million of inter-company relations presented in fixed wholesale revenue (H1 2020: HRK 90 million).

Contribution of subsidiaries in Group revenue for Iskon amounted HRK 209 million (H1 2020: HRK 175 million) and for Combis HRK 211 million (H1 2020: HRK 252 million).

Mobile revenue

Mobile revenue grew by HRK 120 million or 7.8%, up in HT Group in Croatia (HRK 115 million or 8.3%) and in Crnogorski Telekom (HRK 5 million or 3.6%). Growth in postpaid more than covered for contraction in prepaid and other mobile revenue.

HT Group Croatia

Total mobile customer base at 2,273 thousand customers is above H1 2020 (1.8%), with higher number of customers in postpaid segment (4.9%) and lower in prepaid segment (2.0%).

Crnogorski Telekom

Mobile revenue growth is supported by postpaid.

Fixed revenue

Fixed revenue increased by HRK 62 million or 3.9%, going up in HT Group in Croatia (HRK 68 million or 4.7%) and down in Crnogorski Telekom (HRK 7 million or 5.9%). Increase resulted from higher BB&TV&Data (HRK 40 million or 4.9%), wholesale (HRK 34 million or 24.6%) and other fixed revenue (HRK 3 million or 1.0%), which compensated for lower voice (HRK 15 million or 4.8%).

HT Group Croatia

Voice decline is driven by the market trend of fixed to mobile and IP substitution, regulation and enforced competition.

Broadband revenue increase is supported by 1.4% higher customer base at the level of 630 thousand. Broadband retail ARPU is higher by 1.7% reaching the level of HRK 109.

TV customer base at the level of 533 thousand shows an 10.3% increase, while TV ARPU at a level of HRK 85 is lower by 1.0%.



Wholesale prices for regulated services ULL, BSA, NBSA and FTTH were decreased as from April 1st, 2021 by decision of National Regulatory Agency (HAKOM). In 2021 successful sales of IP and data services continued despite competitive wholesale market of data and IP services.

Crnogorski Telekom

Lower Fixed revenue mostly driven by lower voice and other fixed revenues.

System Solutions

System solution revenue decreased by HRK 64 million or 16.6% driven by HT Group in Croatia (HRK 71 million or 18.8%), while Crnogorski Telekom reported higher revenue (HRK 7 million or 68.4%).

HT Group Croatia

The stable revenue growth in Q2 is in the area of standard ICT portfolio. Key drivers in standard portfolio are Infrastructure services (Data Center) and digitalization services like Office 365, ICT Equipment and Smart City portfolio. Custom Solutions are impacted by Covid-19 and therefore postponed by customers.

Crnogorski Telekom

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

II. Operating expenses

Total consolidated operating expenses increased by HRK 76 million or 3.6% compared to H1 2020, mostly driven by HT Group in Croatia (HRK 74 million or 3.8%). Increase is a result of higher material (HRK 80 million or 7.8%) and other expenses (HRK 11 million or 2.2%), partly offset by lower employee benefits expenses (HRK 10 million or 1.7%), lower write down of assets (HRK 2 million or 4.2%) and higher work performed by the Group (HRK 2 million or 6.3%).

Material expenses

Increase in material expenses is due to higher service expenses (HRK 85 million or 24.6%) coming from telco and content cost, while merchandise, material and energy expenses reported decrease (HRK 6 million or 0.9%). Increase in material expenses is mostly realized by HT Group in Croatia (HRK 75 million or 7.9%).

Employee benefits expenses

Total employee benefits expenses decrease is driven by HT Group in Croatia (HRK 8.5 million or 1,5%) caused by lower severance payments due to business reasons and due to cost of salary, which are offset by higher bonuses. Total number of FTEs amounts to 5,304 FTEs, which is decrease of 97 FTEs compared to H1 2020, coming both from HT Group in Croatia and CT mainly driven by hiring delay in 2021 and lower number of workforce in shops.



Depreciation and amortization

Growth in depreciation and amortization is mostly influenced by HT Group in Croatia (HRK 228 million or 25.0%). However, on the quarterly level, depreciation decreased.

III. Profitability

EBITDA before exceptional items after leases

EBITDA before exceptional items after leases increased by HRK 41 million or 3.2%, mostly driven by HT Group in Croatia (HRK 39 million or 3.3%), supported by stronger commercial momentum which offset higher operating expenses.

Net profit after non-controlling interests

Net profit after NCI decreased by HRK 148 million (47.4%), mostly driven by HT Group in Croatia (136 million or 44.0%), mainly caused by higher depreciation, which was partly offset by better EBITDA and lower taxation.

IV. Financial position

Balance sheet

In comparison to 2020 year-end, there is decrease in the total asset value of 4.8% or HRK 744 million mainly driven by lower cash as a result of dividend payments and lower intangible and tangible assets.

Total issued capital and reserves decreased 555 million (4.3%) compared to at 31 December 2020 mainly driven by dividend payments 643 million.

Total non-current liabilities decreased by HRK 25 million or 3.1% primarily due to lower non-current liabilities and lower lease liabilities and partially offset by higher provisions.

Total current liabilities decreased by HRK 164 million to HRK 1,648 million at 30 June 2021.

Cash flow

CF from operating activities increased by HRK 75 million (7.3%) mainly due to favourable working capital movement.

CF from investing activities decreased by HRK 825 million (228.9%) mainly due to matured bond in H1 2020 period, partially offset by lower purchase of non-current assets in H1 2021.

CF from financing activities decreased by HRK 598 million (124.2%) mainly due to dividend partially offset by lower repayment of loans and bonds.



V. Capital expenditure

in HRK million

CAPEX after leases - HT Group	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
CAPEX after leases	804	725	-9,8%	382	370	-2,9%
CAPEX after leases/ Revenue ratio	23,0%	20,1%	-2,9 p.p.	21,7%	20,3%	-1,3 p.p.
CAPEX after leases - HT Group in Croatia	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
CAPEX after leases	751	660	-12,1%	360	329	-8,7%
CAPEX after leases/ Revenue ratio	23,3%	19,8%	-3,5 p.p.	22,1%	19,5%	-2,6 p.p.
CAPEX after leases - Crnogorski Telekom	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
CAPEX after leases	53	65	22,4%	21	42	95,0%
CAPEX after leases/ Revenue ratio	20,0%	24,0%	4,0 p.p.	15,9%	29,5%	13,6 p.p.
IFRS16 CAPEX - HT Group	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
IFRS16 Capex - HT Group	203	174	-14,4%	95	72	-24,0%
IFRS16 Capex - HT Group in Croatia	202	146	-27,7%	94	69	-26,6%
IFRS16 Capex - Crnogorski Telekom	1	28	2193%	1	3	289,7%
Total CAPEX (Booked + IFRS16 Capex) - HT Group	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
Total CAPEX	1.008	899	-10,8%	477	443	-7,1%
Total CAPEX / Revenue ratio	28,8%	24,9%	-3,9 p.p.	27,1%	24,3%	-2,8 p.p.

Capex after leases realization is below H1 2020 by HRK 79 million (9.8%) as a result of decrease in HT Group in Croatia (HRK 91 million or 12.1%) mainly due to lower capex plan in 2021. CT increase (HRK 12 million or 22.4%) mainly due to dynamic of TV Content capitalization.

HT Group in Croatia

During Q2 2021, HT continued to expand coverage of 5G network based on technology of Dynamic Spectrum Sharing with 4G technology. In total 76 cities are covered together with 11 municipality centres. 5G covered area encompasses 2 million of population which is for 500 thousand more than in Q1 2021. Preparations for 5G on 3.5GHz spectrum are in the final phase and a pilot with commercial customers has been performed in the area of Novi Zagreb and Osijek.

Other activities in mobile access network have been focused on network parameters and functionality optimization to achieve the best possible key performance indicators. 4G network population coverage in Q2 2021 is at the high level of 89.4% indoors and 99.5% outdoors.

In 2021, a strong focus was placed on the implementation of next generation fixed access network (NGA) targeting optical network footprint increase. Within the Q2 2021 additional 15,754 households were covered by FTTH technology in the access network, covering in total (FTTH) 387 thousand households at the end of Q2 2021. In total, HT achieved coverage available for 64.4% households with technologies that enable speed >30 Mbps from which 30.4% with technologies that enable speed > 100 Mbps. Optical based access network (FTTx) is available for 552 thousand households.



HT GROUP 2021 OUTLOOK

	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 1.6 billion
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

RISK MANAGEMENT

Besides the business and regulatory developments detailed in this statement, and in the publicly available audited financial statements for 2020, there were no material changes to the Group's risk profile in the period under review except the COVID-19.

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

In the following situation, the development with COVID-19 in the short (<1Y) and mid-term (<3Y) represents a risk of partial revenue reduction and an increased risk of collection default in proportion to the impact on the overall Croatian economy, as well as on 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. On July 9th 2021 HT and Zagrebačka banka signed sale and purchase agreement of 54.31% shares of Optima Telekom d.d. with Telemach Hrvatska, owned by United Group. The closing of the transaction is subject to the regulatory approvals and other agreed contractual conditions and is expected by the end of 2021. In Q2 2021 TV service subscribers are restated. Numbers are retrospectively adjusted.

IFRS 16 Leases

The standard is applied from 1 January 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.



HT GROUP FINANCIAL STATEMENTS

Unaudited consolidated financial statements

Consolidated Income Statement

In HRK million	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
Mobile revenue	1.540	1.661	7,8%	772	846	9,6%
Fixed revenue	1.566	1.628	3,9%	783	832	6,3%
System solutions	388	323	-16,6%	205	143	-30,0%
Miscellaneous	1	0	-9,2%	0	0	-16,9%
Revenue	3.494	3.612	3,4%	1.759	1.822	3,5%
Other operating income	48	50	3,9%	21	19	-7,0%
Total operating revenue	3.542	3.662	3,4%	1.780	1.841	3,4%
Operating expenses	2.108	2.184	3,6%	1.015	1.064	4,9%
Material expenses	1.016	1.096	7,8%	510	530	3,9%
Employee benefits expenses	602	592	-1,7%	276	283	2,4%
Other expenses	481	491	2,2%	225	252	12,2%
Work performed by the Group and capitalised	-35	-37	-6,3%	-18	-22	-19,6%
Write down of assets	44	42	-4,2%	22	20	-5,5%
EBITDA	1.434	1.478	3,1%	785	777	1,5%
Depreciation and amortization	1.013	1.238	22,2%	536	610	13,9%
EBIT	421	240	-43,0%	230	166	-27,5%
Financial income	44	24	-45,0%	2	11	360,2%
Income/loss from investment in joint ventures	-7	-5	20,3%	-3	-2	29,9%
Financial expenses	80	62	-22,2%	28	34	21,4%
Profit before taxes	378	197	-48,0%	201	141	-29,6%
Taxation	74	38	-47,9%	38	26	-33,0%
Net profit	304	158	-48,0%	163	116	-28,8%
Non controlling interests	-9	-7	25,7%	-2	1	146,2%
Net profit after non controlling interests	313	165	-47,4%	164	115	-30,0%
Exceptional items ¹⁾	62	51	-18,1%	10	10	-0,1%
EBITDA before exceptional items	1.496	1.529	2,2%	775	787	1,5%
EBITDA before exceptional items after leases	1.293	1.334	3,2%	673	689	2,4%

¹⁾ Mainly related to restructuring redundancy costs and legal cases



Consolidated Balance Sheet

in HRK million	At 31 Dec 2020	At 30 Jun 2021	% of change A21/A20	At 31 Dec 2020	At 30 Jun 2021	% of change A21/A20
Intangible assets	2.178	1.930	-11,4%	2.178	1.930	-11,4%
Property, plant and equipment	6.516	6.419	-1,5%	6.516	6.419	-1,5%
Non-current financial assets	387	381	-1,4%	387	381	-1,4%
Receivables	331	321	-3,2%	331	321	-3,2%
Lessee use rights to leased assets (IFRS 16)	691	677	-2,1%	691	677	-2,1%
Contract assets (IFRS 15)	62	56	-10,0%	62	56	-10,0%
Contract costs (IFRS 15)	116	131	13,3%	116	131	13,3%
Deferred tax asset	134	131	-1,9%	134	131	-1,9%
Total non-current assets	10.415	10.045	-3,5%	10.415	10.045	-3,5%
Inventories	151	173	14,6%	151	173	14,6%
Assets held for sale	2	2	-0,6%	2	2	-0,6%
Receivables	1.574	1.589	1,0%	1.574	1.589	1,0%
Current financial assets	1	41	5347,7%	1	41	5347,7%
Contract assets (IFRS 15)	212	218	3,2%	212	218	3,2%
Contract costs (IFRS 15)	77	80	3,8%	77	80	3,8%
Cash and cash equivalents	3.003	2.566	-14,6%	3.003	2.566	-14,6%
Prepayments and accrued income	108	84	-22,5%	108	84	-22,5%
Total current assets	5.129	4.754	-7,3%	5.129	4.754	-7,3%
TOTAL ASSETS	15.544	14.800	-4,8%	15.544	14.800	-4,8%
Subscribed share capital	10.245	10.245	0,0%	10.245	10.245	0,0%
Reserves	604	670	11,1%	604	670	11,1%
Revaluation reserves	2	0	-106,1%	2	0	-106,1%
Treasury shares	-90	-154	-70,4%	-90	-154	-70,4%
Retained earnings	1.246	1.126	-9,6%	1.246	1.126	-9,6%
Net profit for the period	588	165	-72,0%	588	165	-72,0%
Non controlling interests	313	300	-4,2%	313	300	-4,2%
Total issued capital and reserves	12.907	12.352	-4,3%	12.907	12.352	-4,3%
Provisions	82	90	9,4%	82	90	9,4%
Non-current liabilities	210	191	-9,0%	210	191	-9,0%
Lessee lease liabilities to third partie due > 1 year (IFRS 16)	484	473	-2,2%	484	473	-2,2%
Contract liabilities (IFRS 15)	0	0	33,3%	0	0	33,3%
Deferred tax liability	48	45	-6,6%	48	45	-6,6%
Total non-current liabilities	825	800	-3,1%	825	800	-3,1%
Current liabilities	1.562	1.419	-9,1%	1.562	1.419	-9,1%
Contract liabilities (IFRS 15)	74	79	6,5%	74	79	6,5%
Lessee lease liabilities due <= 1 year (IFRS 16)	147	148	0,8%	147	148	0,8%
Deferred income	4	3	-29,3%	4	3	-29,3%
Provisions for redundancy	26	0	-100,2%	26	0	-100,2%
Total current liabilities	1.812	1.648	-9,1%	1.812	1.648	-9,1%
Total liabilities	2.637	2.448	-7,2%	2.637	2.448	-7,2%
TOTAL EQUITY AND LIABILITIES	15.544	14.800	-4,8%	15.544	14.800	-4,8%



Consolidated Cash Flow Statement

in HRK million	H1 2020	H1 2021	% of change A21/A20	Q2 2020	Q2 2021	% of change A21/A20
Profit before tax	378	197	-48,0%	201	141	-29,6%
Depreciation and amortization	1.013	1.238	22,2%	536	610	13,9%
Increase / decrease of current liabilities	-257	-279	-8,5%	-108	-176	-63,2%
Increase / decrease of current receivables	4	71	1846,7%	-4	-39	-927,3%
Increase / decrease of inventories	-2	-22	-934,3%	34	-10	-128,3%
Other cash flow increases / decreases	-103	-97	6,1%	-37	-31	16,8%
Net cash inflow/outflow from operating activities	1.032	1.107	7,3%	623	497	-20,2%
Proceeds from sale of non-current assets	86	6	-93,5%	3	4	58,9%
Proceeds from sale of non-current financial assets	1	1	4,3%	0	-7	-2787,5%
Interest received	5	2	-61,8%	1	1	-49,4%
Dividend received	0	0	-	0	0	-
Other cash inflows from investing activities	956	0	-100,0%	956	0	-100,0%
Total increase of cash flow from investing activities	1.048	8	-99,2%	961	-2	-100,2%
Purchase of non-current assets	-688	-430	37,4%	-318	-244	23,4%
Purchase of non-current financial assets	0	0	-	0	0	-
Other cash outflows from investing activities	0	-42	-	1	-5	-922,0%
Total decrease of cash flow from investing activities	-688	-473	31,3%	-317	-248	21,8%
Net cash inflow/outflow from investing activities	361	-465	-228,9%	643	-250	-138,9%
Total increase of cash flow from financing activities						
Repayment of loans and bonds	-58	-18	68,3%	-10	-11	-8,5%
Dividends paid	0	-643	-	0	-643	-
Repayment of lease	-192	-172	10,1%	-94	-96	-2,1%
Other cash outflows from financing activities	-232	-246	-6,3%	-111	-128	-15,1%
Total decrease in cash flow from financing activities	-482	-1.080	-124,2%	-215	-877	-308,8%
Net cash inflow/outflow from financing activities	-482	-1.080	-124,2%	-215	-877	-308,8%
Exchange gains/losses on cash and cash equivalents	-4	0	110,1%	-11	-4	61,8%
Cash and cash equivalents at the beginning of period	2.762	3.003	8,7%	2.628	3.201	21,8%
Net cash (outflow) / inflow	907	-437	-148,2%	1.041	-635	-161,0%
Cash and cash equivalents at the end of period	3.669	2.566	-30,1%	3.669	2.566	-30,1%



NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON 30 JUNE 2021

Basis of preparation

The condensed consolidated financial statements as of 30 June 2021 and for the six months then ended, 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 2020.

Dividend

On 23 April 2021, General Assembly of Hrvatski Telekom has brought the decision regarding the dividend payout. Under that decision, HRK 641,903,872.00 or HRK 8 per share were paid out to shareholders. Dividend was distributed from net profit in 2020.

Relations with the governing company and its affiliated companies

In the first six months of 2021 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 the first six months of 2021 there were no changes in transactions among related parties which were specified in the annual financial report for 2020 and which had a significant impact on the financial position and operations of the Group in the first six months of 2021.

Business relations transacted between HT d.d. and affiliated companies thereof (hereinafter referred to as: Group) in the first six months of 2021 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 the first six months of 2021 the Group generated total revenue from related companies to the amount of HRK 87 million (the first six months of 2020: HRK 83 million), while total costs amounted to HRK 86 million (the first six months of 2020: HRK 101 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 the first six months of 2021, the Company paid a total amount of HRK 0.4 million (the first six months of 2020: HRK 0.4 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 the first six months of 2021, the total compensation paid to key management personnel of the Group amounted to HRK 29 million (the first six months of 2020: HRK 27 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.

Event after the reporting period

Croatian Telecom (Reuters: HT.ZA; Bloomberg: HT CZ), and Zagrebačka banka d.d. signed on 9 July 2021, 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.



By signing an agreement on the sale and purchase of the shares of the company OT - Optima Telekom d.d., it was determined that the fair value is lower than the carrying amount, which in July resulted in impairment of goodwill and assets in Group in the net amount of HRK 50 million.

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.

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

Financial Statements of the company Hrvatski Telekom d.d., for the second quarter and first half of 2021, consolidated and non-consolidated, are not audited.

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 Q2 2021 and H1 2021 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, 29 July 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



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CONTACT DETAILS

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A conference call for analysts and investors will be held on Thursday, 29 July 2021 at 12:00 CET.

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 Q2 2021, 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).



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APPENDIX

HT GROUP FINANCIAL STATEMENTS – TFI POD

Unaudited consolidated financial statements

** The following statements are prepared according to TFI-POD requirements. Therefore, the structure of the statements is not entirely the same as our statements presented on the previous pages prepared according to IFRS methodology.*



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STATEMENT OF PROFIT OR LOSS
for the period 01.01.2021 to 30.06.2021

in HRK

Submitter: Hrvatski Telekom d.d.					
Item 1	ADP code 2	Same period of the previous year		Current period	
		Cumulative 3	Quarter 4	Cumulative 5	Quarter 6
I OPERATING INCOME (ADP 002 to 006)	001	3.542.342.004	1.780.048.631	3.662.118.368	1.840.970.134
1 Income from sales with undertakings within the group	002	82.943.971	43.840.944	86.629.224	48.029.509
2 Income from sales (outside group)	003	3.411.227.701	1.715.626.394	3.525.420.002	1.773.804.798
3 Income from the use of own products, goods and services	004	0	0	0	0
4 Other operating income with undertakings within the group	005	0	0	0	0
5 Other operating income (outside the group)	006	48.170.332	20.581.293	50.069.142	19.135.827
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	3.121.113.346	1.550.527.254	3.421.869.022	1.674.512.078
1 Changes in inventories of work in progress and finished goods	008	0	0	0	0
2 Material costs (ADP 010 to 012)	009	1.016.025.762	510.380.164	1.095.076.598	530.317.912
a) Costs of raw materials and consumables	010	72.197.523	35.628.916	71.743.842	36.276.494
b) Costs of goods sold	011	596.505.541	309.062.203	591.185.846	262.414.976
c) Other external costs	012	347.322.698	165.689.045	432.146.910	231.626.442
3 Staff costs (ADP 014 to 016)	013	532.488.932	263.720.872	535.180.921	271.576.796
a) Net salaries and wages	014	332.575.667	166.522.134	341.460.171	172.987.815
b) Tax and contributions from salary costs	015	137.008.088	64.750.168	127.315.740	64.440.060
c) Contributions on salaries	016	62.905.177	32.448.570	66.405.010	34.148.921
4 Depreciation	017	1.012.620.599	535.719.311	1.237.627.291	610.301.147
5 Other costs	018	457.274.841	213.345.642	458.243.681	230.776.019
6 Value adjustments (ADP 020+021)	019	44.091.913	21.549.625	42.252.318	20.485.825
a) fixed assets other than financial assets	020	0	0	0	0
b) current assets other than financial assets	021	44.091.913	21.549.625	42.252.318	20.485.825
7 Provisions (ADP 023 to 028)	022	58.611.299	5.811.640	53.488.213	11.054.379
a) Provisions for pensions, termination benefits and similar obligations	023	53.676.132	3.606.750	41.138.989	2.745.720
b) Provisions for tax liabilities	024	0	0	0	0
c) Provisions for ongoing legal cases	025	5.227.570	2.206.797	12.308.877	8.268.312
d) Provisions for renewal of natural resources	026	0	0	0	0
e) Provisions for warranty obligations	027	0	0	0	0
f) Other provisions	028	-292.403	-1.907	40.347	40.347
8 Other operating expenses	029	0	0	0	0
III FINANCIAL INCOME (ADP 031 to 040)	030	43.554.216	2.462.110	23.933.484	11.115.517
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of	032	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings	033	0	0	0	0
4 Other interest income from operations with undertakings within the group	034	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings	035	8.023	8.023	933.628	889.651
6 Income from other long-term financial investments and loans	036	1.843.398	741.254	1.508.012	791.761
7 Other interest income	037	1.792.189	891.806	960.495	451.170
8 Exchange rate differences and other financial income	038	36.587.583	-2.501.996	20.524.603	8.980.356
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	3.323.023	3.323.023	6.746	2.579
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	80.200.451	28.311.178	62.379.385	34.204.681
1 Interest expenses and similar expenses with undertakings within the group	042	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within	043	1.520.408	-159.995	33.022	-268.348
3 Interest expenses and similar expenses	044	44.697.535	23.142.352	41.005.217	21.033.802
4 Exchange rate differences and other expenses	045	32.238.488	4.141.638	20.481.475	13.062.719
5 Unrealised losses (expenses) from financial assets	046	0	0	0	0
6 Value adjustments of financial assets (net)	047	203.651	32.483	233.246	69.319
7 Other financial expenses	048	1.540.369	1.154.700	626.425	307.189
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING	049	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	6.541.756	2.681.471	5.217.035	1.880.017
IX TOTAL INCOME (ADP 001+030+049+050)	053	3.585.896.220	1.782.510.741	3.686.051.852	1.852.085.651
X TOTAL EXPENDITURE (ADP 007+041+051+052)	054	3.207.855.553	1.581.519.903	3.489.465.442	1.710.596.776
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	378.040.667	200.990.838	196.586.410	141.488.875
1 Pre-tax profit (ADP 053-054)	056	378.040.667	200.990.838	196.586.410	141.488.875
2 Pre-tax loss (ADP 054-053)	057	0	0	0	0
XII INCOME TAX	058	73.654.292	38.385.381	38.378.397	25.716.173
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	304.386.375	162.605.457	158.208.013	115.772.702
1 Profit for the period (ADP 055-059)	060	304.386.375	162.605.457	158.208.013	115.772.702
2 Loss for the period (ADP 059-055)	061	0	0	0	0



DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0	0	0
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 055-+062)	068	0	0	0	0
1 Pre-tax profit (ADP 068)	069	0	0	0	0
2 Pre-tax loss (ADP 068)	070	0	0	0	0
XVII INCOME TAX (ADP 058+065)	071	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	304.386.375	162.605.457	158.208.013	115.772.702
1 Attributable to owners of the parent	076	313.391.278	164.279.745	164.900.056	114.998.885
2 Attributable to minority (non-controlling) interest	077	-9.004.903	-1.674.288	-6.692.043	773.817
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	304.386.375	162.605.457	158.208.013	115.772.702
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX	079	18.357.724	-7.674.110	-6.374.707	-10.976.494
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	773.922	-47.927	9.353	-32.251
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through	082	773.922	-47.927	9.353	-32.251
3 Fair value changes of financial liabilities at fair value through statement of profit or loss,	083	0	0	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0	0	0
5 Other items that will not be reclassified	085	0	0	0	0
6 Income tax relating to items that will not be reclassified	086	0	0	0	0
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	17.583.802	-7.626.183	-6.384.060	-10.944.243
1 Exchange rate differences from translation of foreign operations	088	17.583.802	-7.626.183	-6.384.060	-10.944.243
2 Gains or losses from subsequent measurement of debt securities at fair value through	089	0	0	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating	092	0	0	0	0
6 Changes in fair value of the time value of option	093	0	0	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0	0	0
8 Other items that may be reclassified to profit or loss	095	0	0	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)	097	18.357.724	-7.674.110	-6.374.707	-10.976.494
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	322.744.099	154.931.347	151.833.306	104.796.208
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	322.744.099	154.931.347	151.833.306	104.796.208
1 Attributable to owners of the parent	100	331.749.002	156.605.635	158.525.349	104.022.391
2 Attributable to minority (non-controlling) interest	101	-9.004.903	-1.674.288	-6.692.043	773.817



LIFE IS FOR SHARING.

BALANCE SHEET
balance as at 30.06.2021

in HRK

Submitter: Hrvatski Telekom d.d.

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	10.414.925.593	10.045.496.417
I INTANGIBLE ASSETS (ADP 004 to 009)	003	2.868.984.593	2.606.387.375
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	1.701.276.418	1.819.333.956
3 Goodwill	006	433.587.634	432.764.181
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	43.122.906	26.647.974
6 Other intangible assets	009	690.997.635	327.641.264
II TANGIBLE ASSETS (ADP 011 to 019)	010	6.516.368.511	6.418.775.839
1 Land	011	61.042.362	60.795.099
2 Buildings	012	3.914.144.728	3.376.085.208
3 Plant and equipment	013	2.262.051.666	2.402.296.025
4 Tools, working inventory and transportation assets	014	44.937.088	6.078.396
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	481.083	486.313
7 Tangible assets in preparation	017	156.992.558	542.843.430
8 Other tangible assets	018	8.895.095	8.392.296
9 Investment property	019	67.823.931	21.799.072
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	386.778.294	381.330.692
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	4.227.744	4.018.004
8 Loans, deposits, etc. given	028	3.451.191	3.430.364
9 Other investments accounted for using the equity method	029	379.099.359	373.882.324
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	509.061.378	507.765.364
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	403.573.658	328.297.106
4 Other receivables	035	105.487.720	179.468.258
V DEFERRED TAX ASSETS	036	133.732.817	131.237.147
C) CURRENT ASSETS (ADP 038+046+053+063)	037	5.020.271.544	4.670.132.421
I INVENTORIES (ADP 039 to 045)	038	153.358.359	175.384.819
1 Raw materials and consumables	039	16.835.661	24.928.031
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	134.126.093	148.074.700
5 Advances for inventories	043	0	0
6 Fixed assets held for sale	044	2.396.605	2.382.088
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	1.863.308.143	1.891.359.790
1 Receivables from undertakings within the group	047	29.405.449	2.134.772
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	1.712.958.761	1.716.937.441
4 Receivables from employees and members of the undertaking	050	18.650.353	20.867.368
5 Receivables from government and other institutions	051	83.348.461	112.878.154
6 Other receivables	052	18.945.119	38.542.055
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	746.335	37.484.517
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	745.957	0
9 Other financial assets	062	378	37.484.517
IV CASH AT BANK AND IN HAND	063	3.002.858.707	2.565.903.295
D) PREPAID EXPENSES AND ACCRUED INCOME	064	108.448.968	84.087.033
E) TOTAL ASSETS (ADP 001+002+037+064)	065	15.543.646.105	14.799.715.871
OFF-BALANCE SHEET ITEMS	066	0	0



LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)	067	12.906.732.774	12.352.016.407
I INITIAL (SUBSCRIBED) CAPITAL	068	10.244.977.390	10.244.977.390
II CAPITAL RESERVES	069	0	0
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	513.290.388	516.408.088
1 Legal reserves	071	512.248.870	512.248.870
2 Reserves for treasury shares	072	90.388.852	154.008.636
3 Treasury shares and holdings (deductible item)	073	-90.388.852	-154.008.636
4 Statutory reserves	074	0	0
5 Other reserves	075	1.041.518	4.159.218
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	1.653.309	-100.109
1 Financial assets at fair value through other comprehensive income (i.e. available for	078	1.653.309	-100.109
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	1.245.604.907	1.125.972.872
1 Retained profit	084	1.245.604.907	1.125.972.872
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	588.194.012	164.900.056
1 Profit for the business year	087	588.194.012	164.900.056
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	313.012.768	299.858.110
B) PROVISIONS (ADP 091 to 096)	090	107.953.065	89.769.183
1 Provisions for pensions, termination benefits and similar obligations	091	32.409.793	14.920.672
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	43.752.524	44.388.556
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	31.790.748	30.459.955
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	742.645.725	709.735.933
1 Liabilities to undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	099	0	0
3 Liabilities to companies linked by virtue of participating interests	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities to banks and other financial institutions	103	122.510.440	112.875.917
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	0	0
9 Liabilities for securities	106	23.579.466	8.020.587
10 Other long-term liabilities	107	548.477.242	543.941.695
11 Deferred tax liability	108	48.078.577	44.897.734
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	1.782.282.286	1.632.770.821
1 Liabilities to undertakings within the group	110	136.700.325	107.602.549
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	0	0
3 Liabilities to companies linked by virtue of participating interests	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities to banks and other financial institutions	115	33.133.236	41.176.333
7 Liabilities for advance payments	116	5.598.513	4.871.737
8 Liabilities to suppliers	117	994.551.292	951.900.282
9 Liabilities for securities	118	23.283.625	22.736.774
10 Liabilities to employees	119	135.075.995	105.763.715
11 Taxes, contributions and similar liabilities	120	31.750.249	99.670.752
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	422.189.051	299.048.679
E) ACCRUALS AND DEFERRED INCOME	124	4.032.255	15.423.527
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	15.543.646.105	14.799.715.871
G) OFF-BALANCE SHEET ITEMS	126	0	0



STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2021. to 30.06.2021.

in HRK

Submitter: Hrvatski Telekom d.d.

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	378.040.667	196.586.410
2 Adjustments (ADP 003 to 010):	002	1.064.525.584	1.273.954.360
a) Depreciation	003	1.012.620.599	1.237.627.291
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-12.305.115	-1.065.873
c) Gains and losses from sale and unrealised gains and losses and value adjustment of	005	-4.962.770	-655.087
d) Interest and dividend income	006	-1.792.189	-960.495
e) Interest expenses	007	44.697.535	41.005.217
f) Provisions	008	28.592.501	-18.231.852
g) Exchange rate differences (unrealised)	009	12.714.698	14.298.885
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-15.039.675	1.936.274
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	1.442.566.251	1.470.540.770
3 Changes in the working capital (ADP 013 to 016)	012	-239.239.561	-237.491.271
a) Increase or decrease in short-term liabilities	013	-256.909.679	-278.748.162
b) Increase or decrease in short-term receivables	014	3.644.449	70.946.974
c) Increase or decrease in inventories	015	-2.139.263	-22.126.464
d) Other increase or decrease in working capital	016	16.164.932	-7.563.619
II Cash from operations (ADP 011+012)	017	1.203.326.690	1.233.049.499
4 Interest paid	018	-44.205.371	-24.761.891
5 Income tax paid	019	-126.995.015	-100.805.269
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	1.032.126.304	1.107.482.339
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	86.250.875	5.596.517
2 Cash receipts from sales of financial instruments	022	589.930	0
3 Interest received	023	5.091.232	1.946.574
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	956.443.135	689.872
III Total cash receipts from investment activities (ADP 021 to 026)	027	1.048.375.172	8.232.963
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-687.830.653	-430.455.736
2 Cash payments for the acquisition of financial instruments	029	0	-42.492.706
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-687.830.653	-472.948.442
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	360.544.519	-464.715.479
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	0	0
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt	040	-58.228.447	-18.475.723
2 Cash payments for dividends	041	-118.059	-643.096.141
3 Cash payments for finance lease	042	-191.526.340	-172.189.687
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed)	043	-60.177.726	-63.619.783
5 Other cash payments from financing activities	044	-171.648.628	-182.747.933
VI Total cash payments from financing activities (ADP 040 to 044)	045	-481.699.200	-1.080.129.267
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-481.699.200	-1.080.129.267
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	-4.011.436	406.994
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	906.960.187	-436.955.413
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	2.762.136.274	3.002.858.708
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	3.669.096.461	2.565.903.295

