

BUSINESS AND UNAUDITED FINANCIAL REVIEW JANUARY – SEPTEMBER 2021

INVESTOR PRESENTATION | 27 OCTOBER 2021



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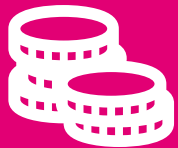
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On July 9th 2021 HT and Zagrebačka banka signed sale and purchase agreement of 54.31% shares of Optima Telekom d.d. with Telemach Hrvatska, owned by United Group. The closing of the transaction is subject to the regulatory approvals and other agreed contractual conditions and is expected by the end of 2021. Respectively, Optima Telekom is deconsolidated from financial reports as of July 2021

9M 2021 HIGHLIGHTS



BUSINESS DEVELOPMENT

Strengthened the leading market position across all areas of business

HRK 130 million invested for 5G spectrum in the Auction - a key enabler for the largest and fastest 5G network in Croatia with immediate launch of highest speeds in 12 cities

Confirmed network leadership winning Ookla for the 3rd consecutive year and umlaut for the 4th time - HT recognized as one of 10 fastest mobile networks in Europe

Continued investing in FTTH, reaching more than 435,000 households (+34% YoY)

FINANCIALS

Optima Telekom is deconsolidated from financial reports as of July 2021

Revenues growing despite Optima deconsolidation and structural shift of System solution revenue

In 9M 2021 EBITDA AL up 6.4%, marking the fourth consecutive quarter of growth. In Q3 EBITDA AL even grew 11.9%

Q3 net profit increased 2.5x compared to Q2

Upgraded outlook for the year end

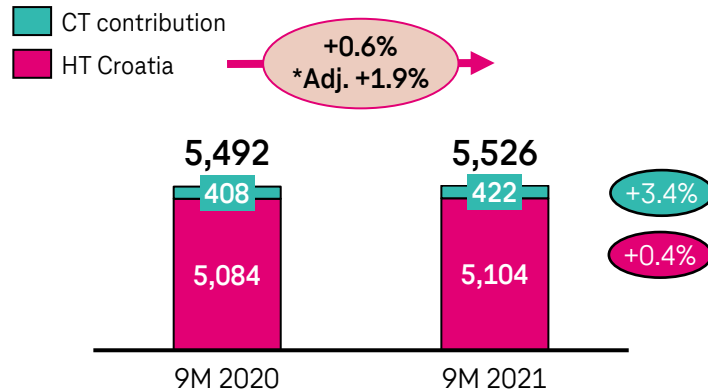
CAPITAL ALLOCATION

Returned HRK 728 million to our shareholders through a combination dividend and share buyback in 9M 2021

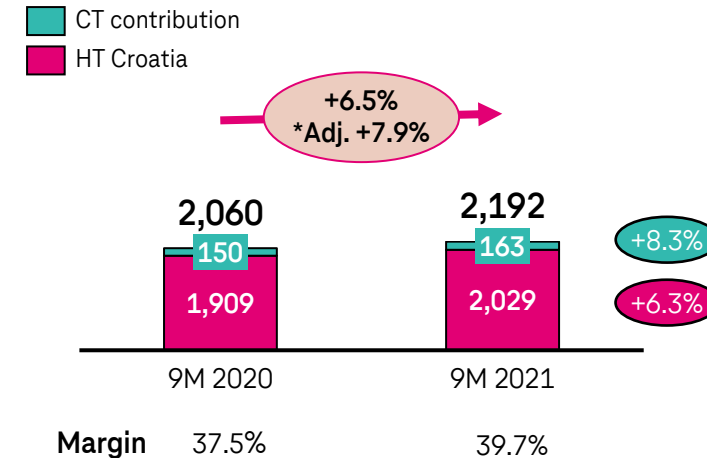
718,720 (0.9% of total shares) acquired shares through SBB program were cancelled, thereby the remaining shares' participation in the share capital is being increased

STRONG EBITDA MOMENTUM, GROWING FOR THE 4TH QUARTER IN A ROW

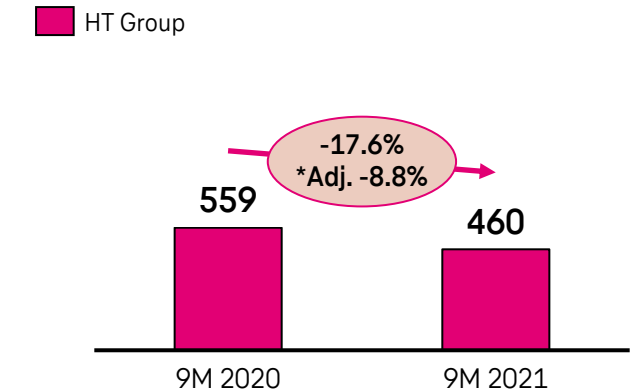
REVENUE (HRK m)



EBITDA AL¹ (HRK m)



NET PROFIT² (HRK m)



- Revenues growing despite deconsolidation of Optima and structural shift of System solution revenue. Excluding Optima contribution in Q3 2020 YoY growth is 1.9%.
- HT Croatia growth driven by core fixed business and strong mobile.
- CT growth driven by strong performance of mobile postpaid and System solution.

- Continued growth in EBITDA AL for the fourth consecutive quarter supported by positive commercial momentum and transformation measures.
- Excluding Optima's contribution in Q3 2020, adjusted EBITDA AL increase by 7.9% YoY.
- In Q3 EBITDA AL posted a strong 11.9% YoY growth.

- Net Profit contracted in 9M 2021, as improved EBITDA and lower taxation were insufficient to offset increase in depreciation, stemming from high investments in previous years.
- Excluding impairment of Optima in Q3, net profit decreased by 8.8%.
- Net Profit significantly increased QoQ as a result of better operating performance and slower growth in depreciation.



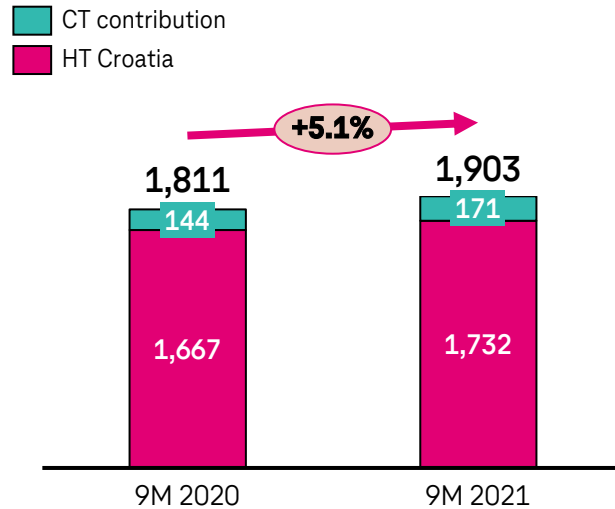
1. EBITDA before exceptional items after leases. Exceptional items mainly refer to restructuring and redundancy costs.

2. Net Profit after non-controlling interests.

* Revenue and EBITDA AL adjusted for Optima contribution in Q3 2020, while net profit was adjusted for Optima impairment of HRK 50 million in Q3 2021.

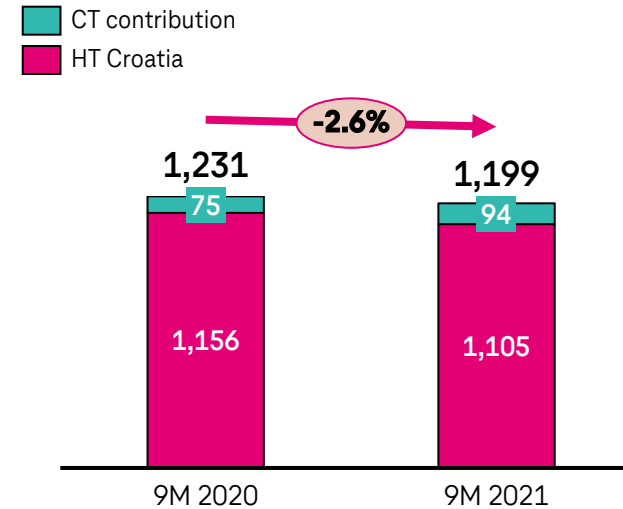
GROWING NET CASH FLOW FROM OPERATIONS SUPPORTING CONTINUED HIGH INVESTMENT LEVEL

NET CASH FLOW FROM OPERATIONS (HRK m)



- Cash flow from operating activities increased mainly due to strong operating business performance.

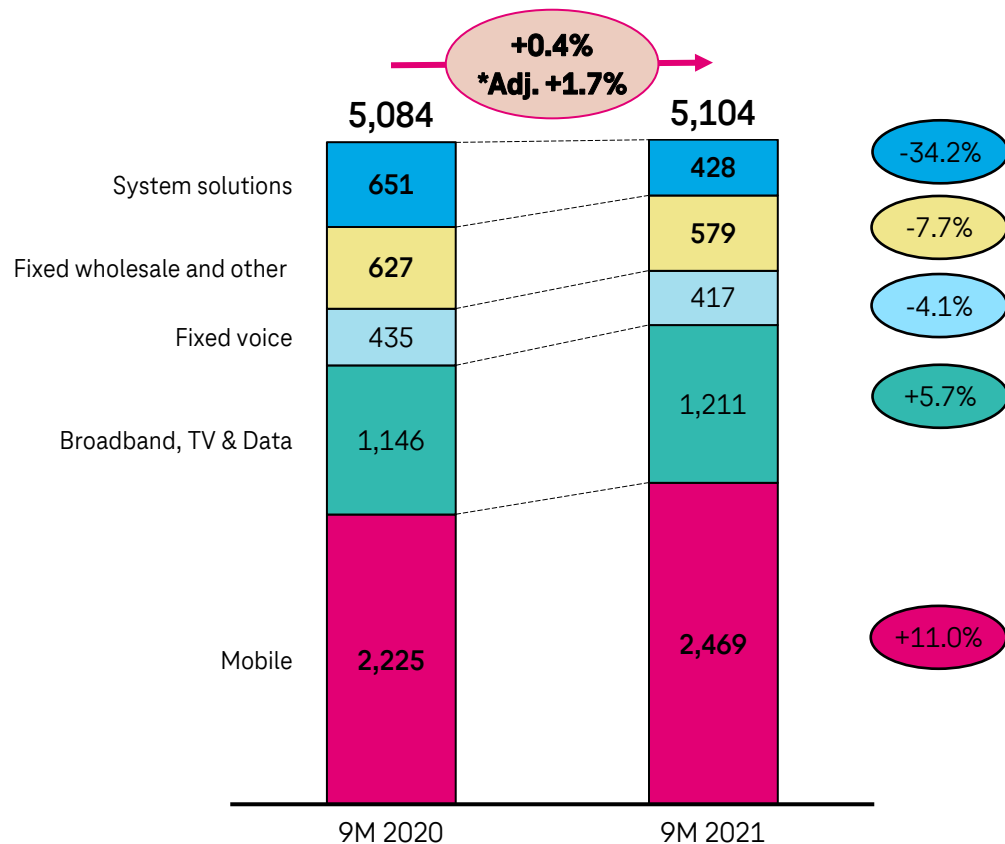
CAPEX AL - BOOKED¹ (HRK m)



- Lower CAPEX AL realisation mainly reflects lower overall CAPEX plan for 2021, excluding Spectrum.
- CT increase mainly due to TV content capitalisation.

REVENUE GROWTH BOOSTED BY VISITORS, CONTINUED COMMERCIAL MOMENTUM IN POSTPAID AND CORE FIXED BUSINESS GROWTH

REVENUE BREAKDOWN (HRK m)



- **Mobile revenue** growth supported by strong growth of Visitors revenue following successful tourist season, continued growth in Postpaid and higher Handset sales.
- **Fixed BB, TV & Data** posted solid growth figures. BB up reflecting customer base growth and higher demand for fiber, good momentum on TV continues, as well as higher demand for the premium data services.
- **Fixed voice revenue** contraction continued at a slower pace, following market trend of fixed to mobile and IP substitution.
- **Fixed wholesale and other revenue** down largely due to the deconsolidation of Optima Telekom. Excluding Optima contribution in Q3 2020 revenue increased by 4.1%.
- **System solutions revenue** was lower due to focus on high margin deals and different seasonality.

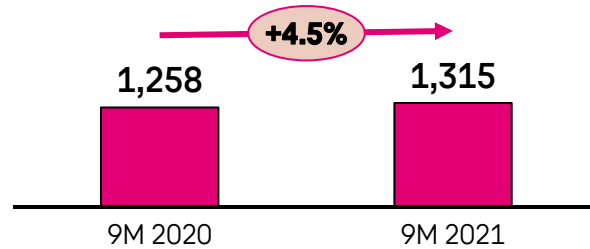


* Revenue adjusted for Optima contribution in Q3 2020.

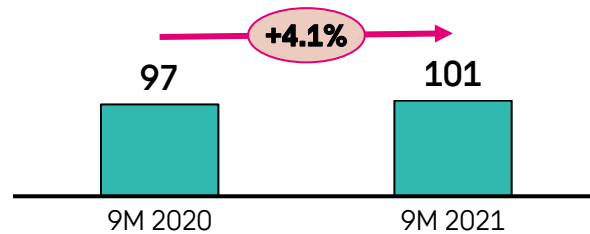
CONTINUED GROWTH OF MOBILE ARPU AND TOTAL CUSTOMER BASE

MOBILE POSTPAID

■ Mobile postpaid customers (000)



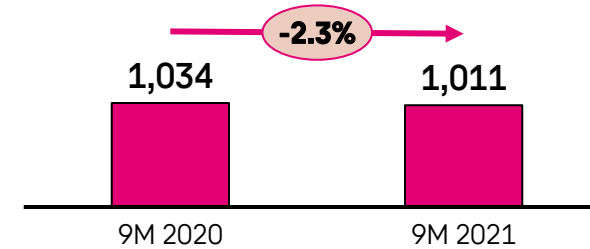
■ Mobile postpaid ARPU (HRK)



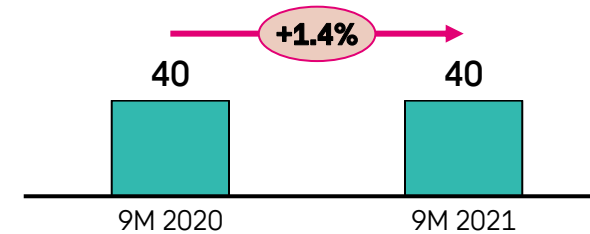
- Growth in postpaid customers supported by prepaid to postpaid migration.
- ARPU increase from customer migration to higher value tariffs (M4M Strategy).

MOBILE PREPAID

■ Mobile prepaid customers (000)



■ Mobile prepaid ARPU (HRK)

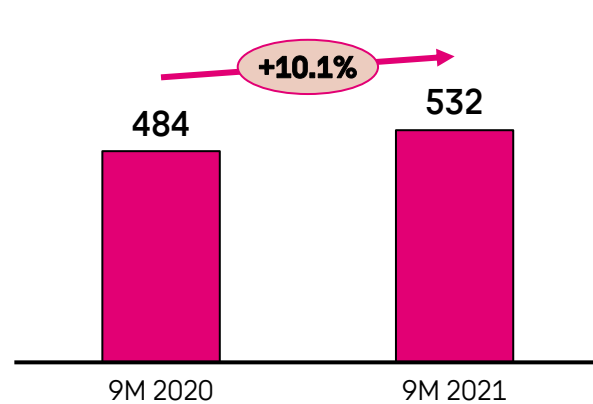


- Lower prepaid base mainly due to migration from prepaid to postpaid.

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

TV SERVICES

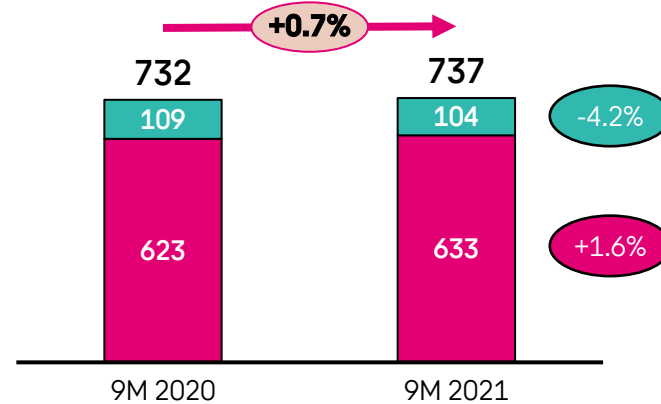
■ TV service subscribers (000)



- Increased TV customer base due to continuing good momentum and DVBT-2 switch until early 2021.

NUMBER OF BROADBAND SERVICES

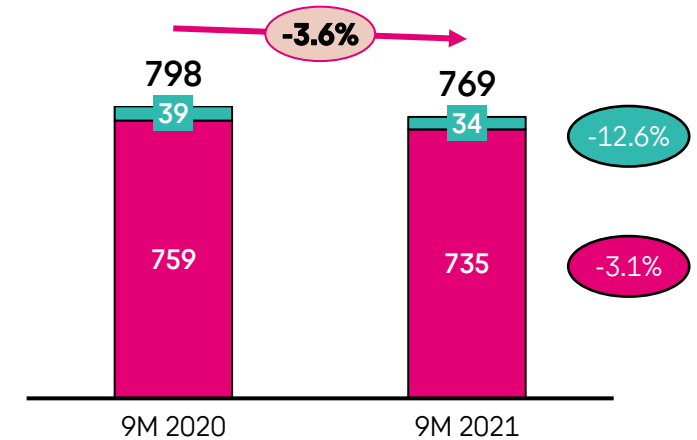
■ Wholesale
■ Retail



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

FIXED VOICE SERVICES

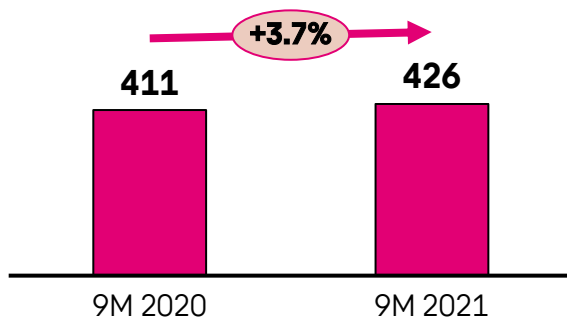
■ Wholesale
■ Retail



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

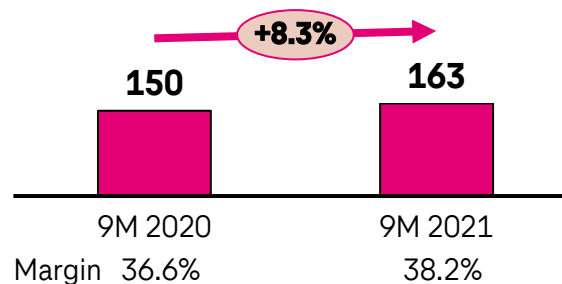
CT POSTED STRONG NUMBERS IN 9M 2021

REVENUE (HRK m)



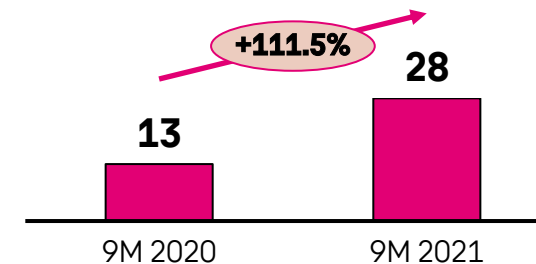
- Revenue increase driven by System solutions' one-time deals, mobile postpaid revenues and visitors, which compensated for lower voice and other fixed revenues.

EBITDA AL¹ (HRK m)



- EBITDA positively benefitted from mobile services development and better summer season.
- EBITDA AL margin improved to 38.2%.

NET PROFIT² (HRK m)



- Higher Net Profit is mainly driven by strong EBITDA development.


NEW GROUP 2021 OUTLOOK¹


	2020 Results	Previous Outlook ¹ 2021 vs. 2020	Revised Outlook ¹ 2021 vs. 2020
REVENUE	HRK 7,458 million	Mid single-digit decrease	Low single-digit decrease
EBITDA AL	HRK 2,738 million	Low single-digit increase	Mid single-digit increase
CAPEX AL	HRK 1,824 million	Around HRK 1.6 billion	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	HT is monitoring and evaluating potential M&A opportunities

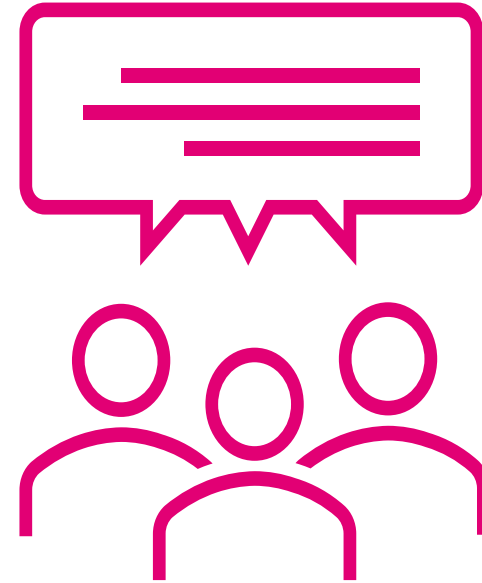


1. Including Optima Telekom until end-June 2021

Q&A

To ask a question, please raise your hand 
(right-hand corner of your screen)

Once your question is answered,
please lower your hand by clicking  again



APPENDIX

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in HRK million	3Q 2020	3Q 2021	% of change A21/A20	Q3 2020	Q3 2021	% of change A21/A20
Mobile revenue	2,447	2,707	10.6%	907	1,046	15.3%
Fixed revenue	2,376	2,368	-0.3%	811	741	-8.6%
System solutions	667	450	-32.6%	280	127	-54.7%
Miscellaneous	1	1	-5.7%	0	0	2.3%
Revenue	5,492	5,526	0.6%	1,998	1,914	-4.2%
Other operating income	76	77	1.3%	27	27	-3.3%
Total operating revenue	5,568	5,603	0.6%	2,025	1,941	-4.2%
Operating expenses	3,261	3,182	-2.4%	1,153	998	-13.4%
Material expenses	1,673	1,595	-4.7%	657	499	-24.0%
Employee benefits expenses	872	862	-1.2%	270	269	-0.1%
Other expenses	720	731	1.5%	239	240	0.1%
Work performed by the Group and capitalised	-64	-62	3.3%	-29	-25	14.6%
Write down of assets	60	57	-4.5%	16	15	-5.6%
EBITDA	2,306	2,420	4.9%	872	942	8.0%
Depreciation and amortization	1,563	1,819	16.4%	550	581	5.6%
EBIT	744	602	-19.1%	322	361	12.1%
Financial income	47	29	-38.2%	4	5	44.2%
Income/loss from investment in joint ventures	-6	0	97.7%	1	5	673.6%
Financial expenses	111	82	-25.9%	31	20	-35.3%
Profit before taxes	674	548	-18.6%	296	352	18.9%
Taxation	128	87	-31.8%	54	49	-10.1%
Net profit	546	461	-15.5%	241	303	25.4%
Non controlling interests	-13	1	105.0%	-4	7	294.0%
Net profit after non controlling interests	559	460	-17.6%	245	295	20.5%
Exceptional items ¹⁾	68	59	-13.9%	6	8	31.2%
EBITDA before exceptional items	2,374	2,479	4.4%	878	950	8.2%
EBITDA before exceptional items after leases	2,060	2,192	6.4%	767	858	11.9%

¹⁾ Mainly related to restructuring redundancy costs and legal cases

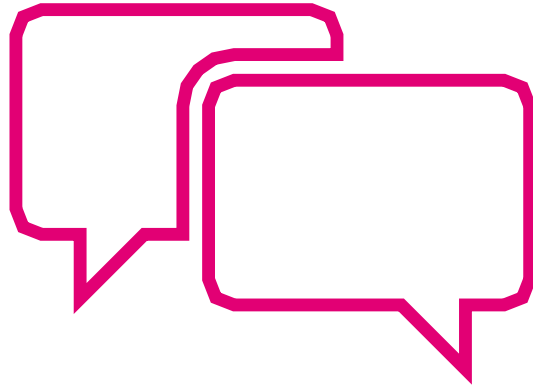
CONSOLIDATED BALANCE SHEET

in HRK million	At 31 Dec 2020	At 30 Sep 2021	% of change A21/A20	At 31 Dec 2020	At 30 Sep 2021	% of change A21/A20
Intangible assets	2,178	1,876	-13.9%	2,178	1,876	-13.9%
Property, plant and equipment	6,516	6,169	-5.3%	6,516	6,169	-5.3%
Non-current financial assets	387	383	-1.0%	387	383	-1.0%
Receivables	331	321	-3.1%	331	321	-3.1%
Lessee use rights to leased assets (IFRS 16)	691	612	-11.5%	691	612	-11.5%
Contract assets (IFRS 15)	62	50	-19.6%	62	50	-19.6%
Contract costs (IFRS 15)	116	130	12.5%	116	130	12.5%
Deferred tax asset	134	151	13.0%	134	151	13.0%
Total non-current assets	10,415	9,691	-6.9%	10,415	9,691	-6.9%
Inventories	151	211	39.6%	151	211	39.6%
Assets held for sale	2	0	-100.0%	2	0	-100.0%
Receivables	1,574	1,666	5.8%	1,574	1,666	5.8%
Current financial assets	1	239	-	1	239	31880.8%
Contract assets (IFRS 15)	212	222	4.8%	212	222	4.8%
Contract costs (IFRS 15)	77	72	-7.0%	77	72	-7.0%
Cash and cash equivalents	3,003	2,755	-8.3%	3,003	2,755	-8.3%
Prepayments and accrued income	108	66	-39.5%	108	66	-39.5%
Total current assets	5,129	5,230	2.0%	5,129	5,230	2.0%
TOTAL ASSETS	15,544	14,921	-4.0%	15,544	14,921	-4.0%
Subscribed share capital	10,245	10,245	0.0%	10,245	10,245	0.0%
Reserves	604	568	-5.9%	604	568	-5.9%
Revaluation reserves	2	0	-107.0%	2	0	-107.0%
Treasury shares	-90	-52	42.7%	-90	-52	42.7%
Retained earnings	1,246	1,111	-10.8%	1,246	1,111	-10.8%
Net profit for the period	588	460	-21.7%	588	460	-21.7%
Non controlling interests	313	246	-21.4%	313	246	-21.4%
Total issued capital and reserves	12,907	12,578	-2.5%	12,907	12,578	-2.5%
Provisions	82	91	11.4%	82	91	11.4%
Non-current liabilities	210	141	-33.1%	210	141	-33.1%
Lessee lease liabilities to third parties due > 1 year (IFRS 16)	484	444	-8.2%	484	444	-8.2%
Contract liabilities (IFRS 15)	0	0	33.3%	0	0	33.3%
Deferred tax liability	48	33	-30.5%	48	33	-30.5%
Total non-current liabilities	825	710	-13.9%	825	710	-13.9%
Current liabilities	1,562	1,353	-13.4%	1,562	1,353	-13.4%
Contract liabilities (IFRS 15)	74	125	68.9%	74	125	68.9%
Lessee lease liabilities due <= 1 year (IFRS 16)	147	147	0.1%	147	147	0.1%
Deferred income	4	9	112.0%	4	9	112.0%
Provisions for redundancy	26	0	-100.0%	26	0	-100.0%
Total current liabilities	1,812	1,633	-9.9%	1,812	1,633	-9.9%
Total liabilities	2,637	2,343	-11.1%	2,637	2,343	-11.1%
TOTAL EQUITY AND LIABILITIES	15,544	14,921	-4.0%	15,544	14,921	-4.0%

CONSOLIDATED CASH FLOW STATEMENT

in HRK million	3Q 2020	3Q 2021	% of change A21/A20	Q3 2020	Q3 2021	% of change A21/A20
Profit before tax	674	548	-18.6%	296	352	18.9%
Depreciation and amortization	1,563	1,819	16.4%	550	581	5.6%
Increase / decrease of current liabilities	-127	-233	-82.9%	129	46	-64.8%
Increase / decrease of current receivables	-55	-29	47.6%	-59	-100	-69.6%
Increase / decrease of inventories	-12	-61	-428.5%	-9	-39	-314.0%
Other cash flow increases / decreases	-232	-141	39.3%	-128	-44	66.0%
Net cash inflow/outflow from operating activities	1,811	1,903	5.1%	779	796	2.2%
Proceeds from sale of non-current assets	88	21	-76.5%	2	15	586.8%
Proceeds from sale of non-current financial assets	1	12	1164.6%	0	11	3102.1%
Interest received	6	5	-15.3%	1	3	222.6%
Dividend received	0	0	-	0	0	-
Other cash inflows from investing activities	959	0	-100.0%	2	0	-100.0%
Total increase of cash flow from investing activities	1,054	38	-96.4%	6	30	407.4%
Purchase of non-current assets	-1,125	-888	21.1%	-438	-458	-4.7%
Purchase of non-current financial assets	0	0	-	0	0	-
Other cash outflows from investing activities	0	-41	-	0	2	-
Total decrease of cash flow from investing activities	-1,125	-929	17.5%	-438	-456	-4.2%
Net cash inflow/outflow from investing activities	-71	-891	-1152.8%	-432	-426	1.2%
Total increase of cash flow from financing activities						
Repayment of loans and bonds	-57	-18	67.8%	1	0	-100.0%
Dividends paid	-643	-645	-0.3%	-643	-2	-
Repayment of lease	-281	-258	8.2%	-90	-86	4.1%
Other cash outflows from financing activities	-337	-332	1.3%	-105	-86	18.1%
Total decrease in cash flow from financing activities	-1,318	-1,254	4.9%	-836	-174	79.2%
Net cash inflow/outflow from financing activities	-1,318	-1,254	4.9%	-836	-174	79.2%
Exchange gains/losses on cash and cash equivalents	-10	-6	35.8%	-6	-7	-17.6%
Cash and cash equivalents at the beginning of period	2,762	3,003	8.7%	2,628	2,566	-2.4%
Net cash (outflow) / inflow	412	-248	-160.2%	-495	189	138.2%
Cash and cash equivalents at the end of period	3,174	2,755	-13.2%	2,133	2,755	29.1%

INVESTOR RELATIONS CONTACTS



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