

The background of the slide features a blurred image of a desk. In the upper center, there are three pens: a green one, a blue one, and a yellow one. Below them, a white notebook is partially visible. The overall lighting is warm, with soft bokeh light spots in shades of pink and purple.

BUSINESS AND UNAUDITED FINANCIAL REVIEW JANUARY – DECEMBER 2021

INVESTOR PRESENTATION | 24 FEBRUARY 2022



LIFE IS FOR SHARING.

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These materials include non-IFRS measures, such as EBITDA. The Company believes that such measures serve as additional indicators of the Group's operating performance. However such measures are not replacements for measures defined by and required under IFRS. In addition, some key performance indicators utilised by the Company may be calculated differently by other companies operating in the sector. Therefore, the non-IFRS measures and key performance indicators used in these materials may not be directly comparable to those of the Group's competitors

On July 9th 2021 HT and Zagrebačka banka signed sale and purchase agreement of 54.31% shares of Optima Telekom with Telemach Hrvatska, owned by United Group. Respectively, Optima Telekom is deconsolidated from financial reports as of July 2021. On 21 January 2022 HT and Zagrebačka banka signed the Share Transfer Agreement, whereby they transferred their shares in Optima Telekom to Telemach Hrvatska.

FY 2021 HIGHLIGHTS



BUSINESS DEVELOPMENT

Strengthened network leadership, winning network awards across fixed and mobile.

Record high 100,000 annual fiber rollout accompanied with 30% YoY total FTTH coverage growth.

Quadrupled 5G coverage covering over 2 million people; met the preconditions for 5G network leadership in the future.

Maintained strong employee satisfaction and improved the customer experience reaching new historical highs; the most loved telco brand in Croatia.

FINANCIALS

Revenues¹ growing 1.1% despite structural shift of System solution revenue

EBITDA AL¹ up 7.9% in 2021 YoY. In Q4 EBITDA AL grew 1.9% marking the fifth consecutive quarter of growth.

FY net profit increased by 4.5% in 2021 YoY. Q4 net profit more than 5x higher compared to Q4 2020.

CAPITAL ALLOCATION

Returned HRK 742 million (5% yield²) to our shareholders through a combination of dividends and share buyback in 2021.

Executed the highest SBB in corporate history in 2021, continuing strongly in 2022.

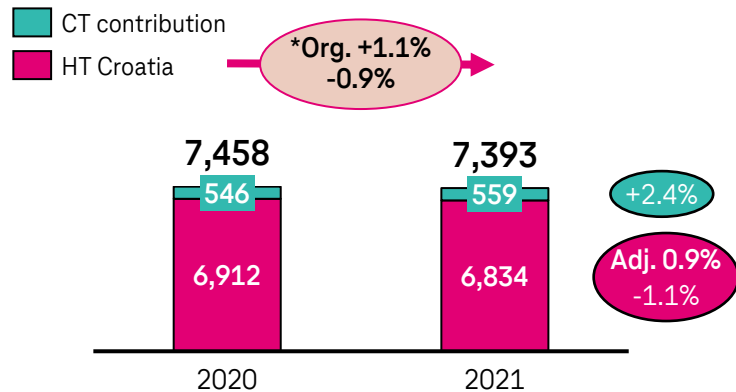
Awarded “Share of the year” by the ZSE for the 2nd year in row.

¹ Organic, adjusted for Optima contribution in H2 2020

² Based on the last price in 2021

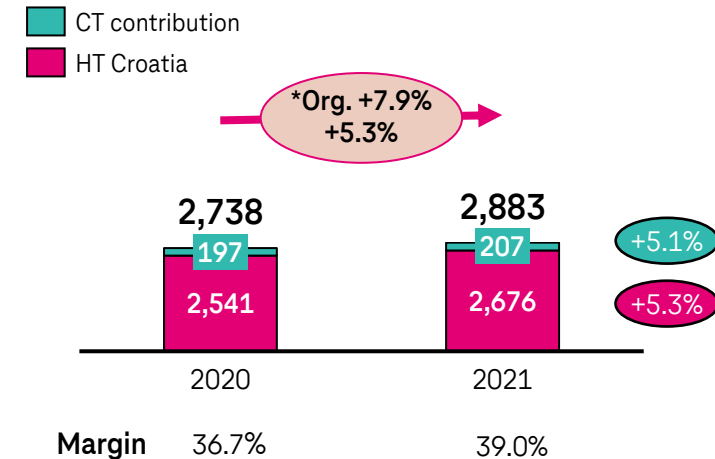
STRONG EBITDA MOMENTUM, GROWING FOR THE 5TH QUARTER IN A ROW

REVENUE (HRK m)



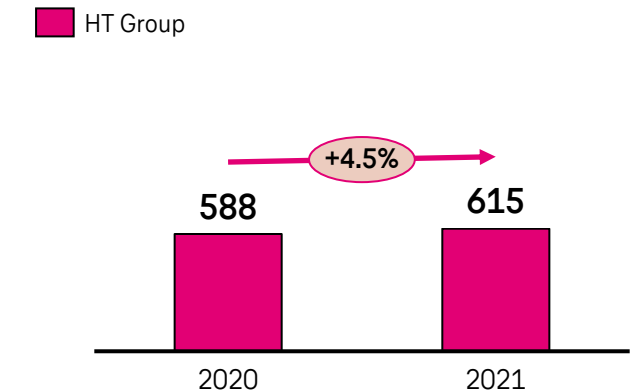
- Organic revenues increased by 1.1% YoY, driven by strong mobile and core fixed business.
- In Croatia, revenue (adj.) up by 0.9% despite System Solution revenue contraction as we focus on more profitable deals.
- CT growth is driven by a strong performance of postpaid and System Solutions.

EBITDA AL¹ (HRK m)



- Continued growth in EBITDA AL for the 5th consecutive quarter supported by positive commercial momentum and transformation measures.
- Organic EBITDA AL increased by 7.9% YoY, while including Optima contribution EBITDA AL increased by 5.3% YoY.

NET PROFIT² (HRK m)



- Net Profit increased 4.5% YoY due to higher EBITDA, positive net financial result, and lower taxation, compensating for higher depreciation and lower NCI.
- In Q4, Net Profit significantly increased as a result of lower depreciation which has levelled down after peak in Q4 2020.



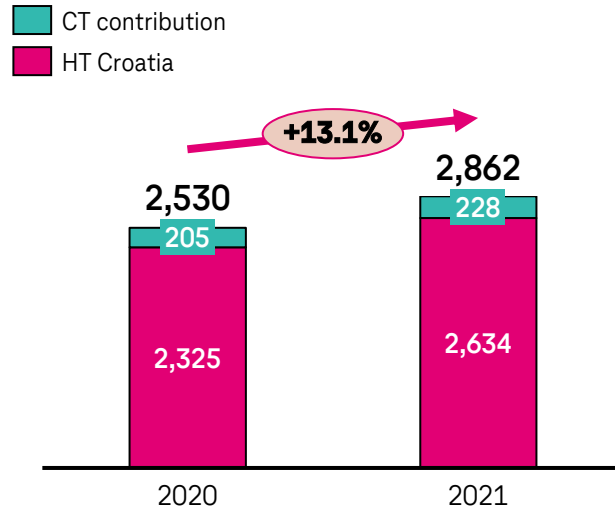
1. EBITDA before exceptional items after leases. Exceptional items mainly refer to restructuring and redundancy costs.

2. Net Profit after non-controlling interests.

* Organic Revenue and EBITDA AL adjusted for Optima contribution in H2 2020

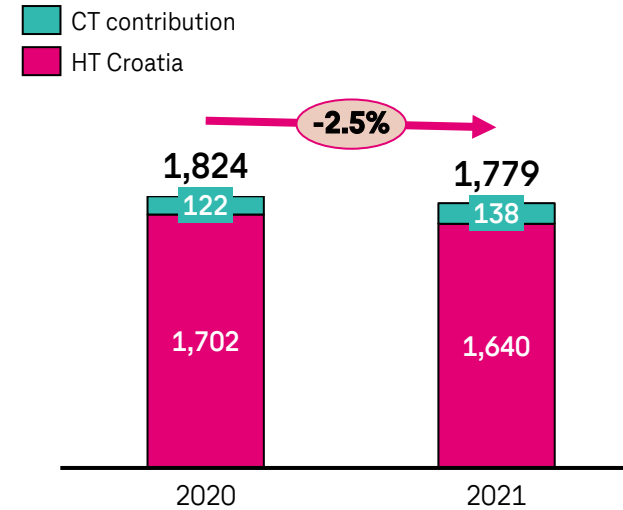
GROWING NET CASH FLOW FROM OPERATIONS WHILE SLIGHTLY REDUCING CAPEX AL

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 AND EBITDA AL IN LINE WITH THE REVISED OUTLOOK. CAPEX SLIGHTLY ABOVE AS WE ACCELERATED FIBER INVESTMENTS

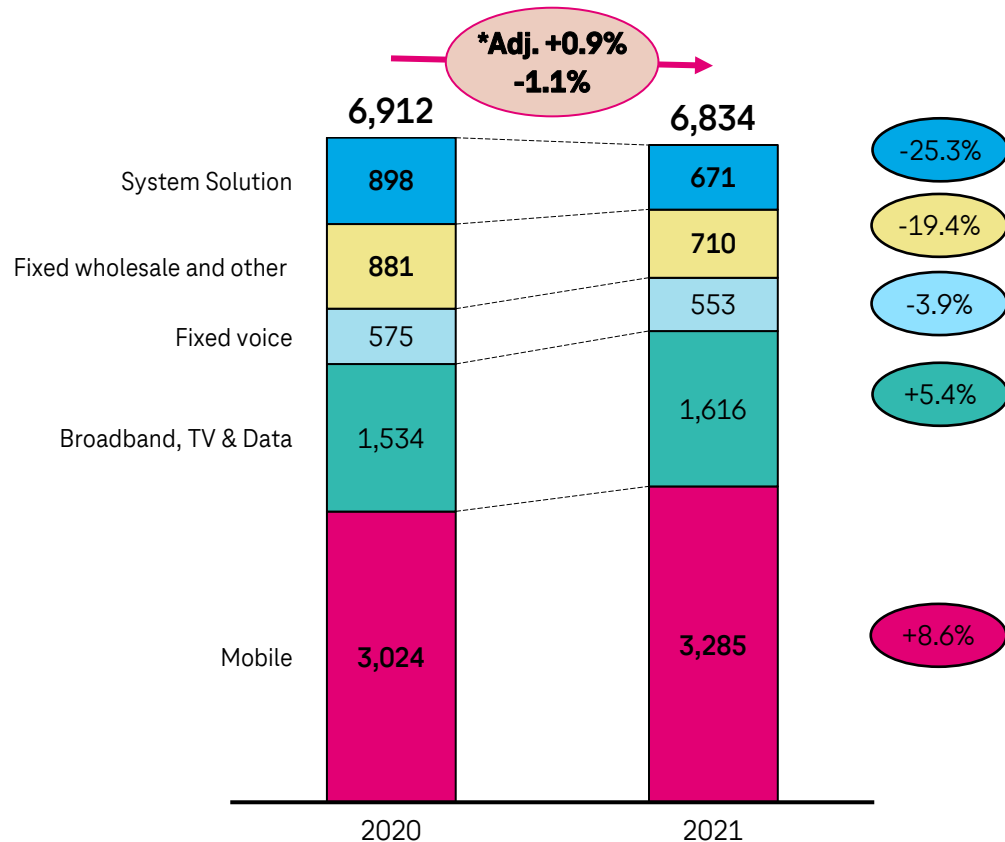
	Previous Outlook ¹ 2021	Revised Outlook ¹ 2021	2021 Results
REVENUE	Mid single-digit decrease	Low single-digit decrease	HRK 7,393 million (-0.9%)
EBITDA AL	Low single-digit increase	Mid single-digit increase	HRK 2,883 million (+5.3%)
CAPEX AL	Around HRK 1.6 billion	Around HRK 1.6 billion	HRK 1,779 million (-2.5% ²)
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
2. Compared to year end 2020.

REVENUE GROWTH BOOSTED BY STRONG COMMERCIAL MOMENTUM IN MOBILE AND CORE FIXED BUSINESS

REVENUE BREAKDOWN (HRK m)

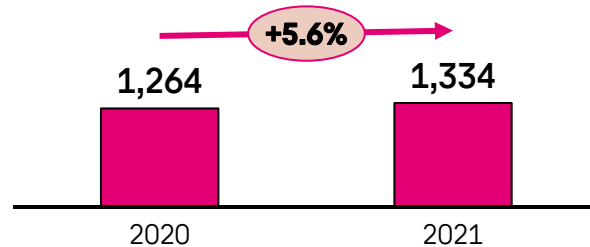


- **Mobile revenue** growth supported by continued growth in Postpaid capitalizing on More-4-More portfolio, strong growth of Visitors revenue following successful tourist season and higher Handset sales.
- **Fixed BB, TV & Data** increased by 5.4%. An increase in BB reflects customer base growth and higher demand for fiber, continued good momentum on TV, 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 H2 2020, revenue decreased by 3.1%.
- **System Solutions revenue** contracted due to a focus on high margin deals and absence of one-off deal from 2020., while EBITDA in absolute terms increased.

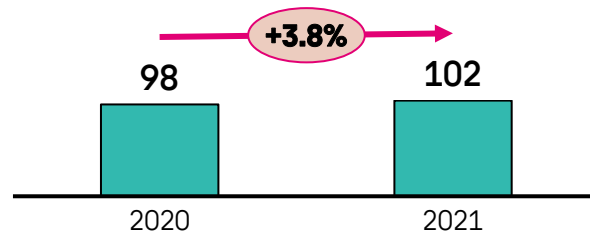
CONTINUED GROWTH OF MOBILE ARPU AND POSTPAID CUSTOMER BASE

MOBILE POSTPAID

■ Mobile postpaid customers (000)



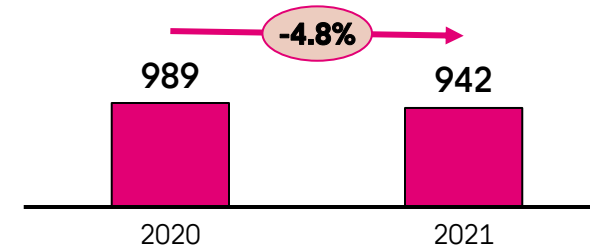
■ Mobile postpaid ARPU (HRK)



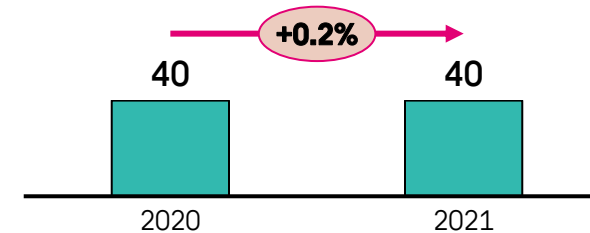
- Growth in postpaid customers supported by prepaid to postpaid migration.
- ARPU increase from customer migration to higher value tariffs.

MOBILE PREPAID

■ Mobile prepaid customers (000)



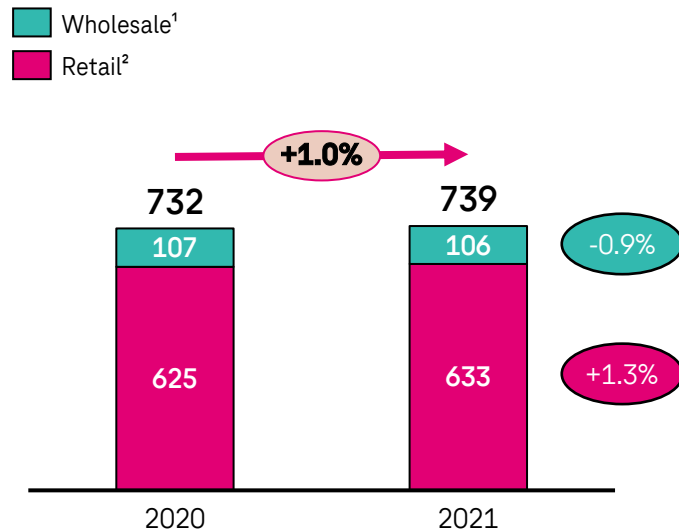
■ Mobile prepaid ARPU (HRK)



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

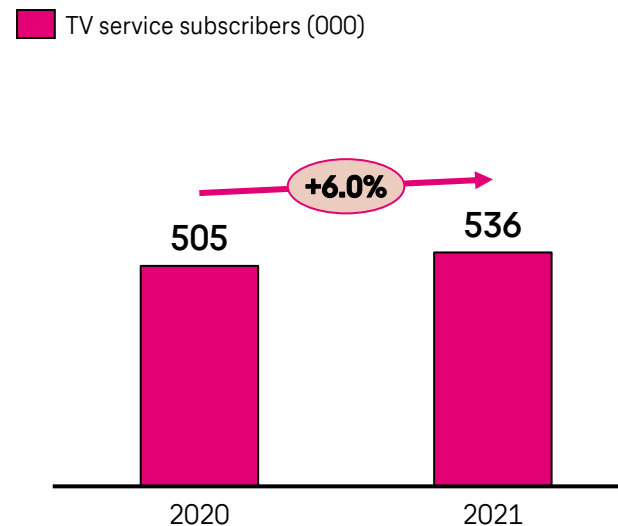
FIXED BROADBAND AND TV BASE CONTINUED TO GROW, WHILE RETAIL VOICE LINES CONTRACTION CONTINUES TO SLOW DOWN

NUMBER OF BROADBAND SERVICES



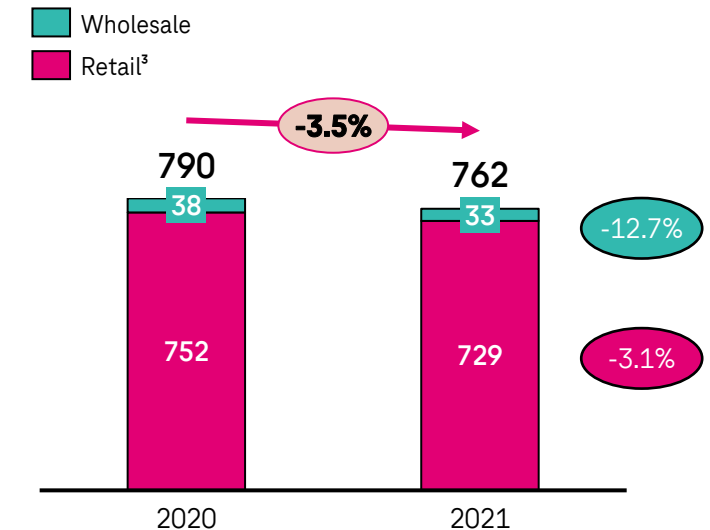
- Higher broadband retail lines & ARPU due to improved quality of our BB infrastructure and strong investments in fiber technology.

TV SERVICES



- TV customer base growing capitalizing on DVB-T2 switch and the best sport content offers.

FIXED VOICE SERVICES



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



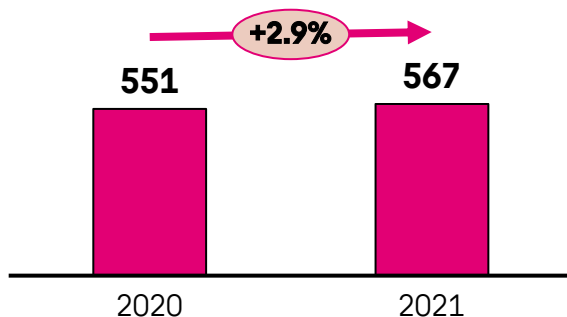
¹ Includes Naked Bitstream + Bitstream

² Includes ADSL, VDSL, FTTH i Naked DSL

³ Includes PSTN, FGSM, old PSTN Voice customers migrated to IP platform and Smart packages for business; payphones excluded

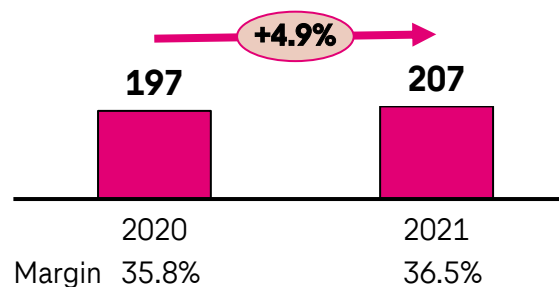
CT RESULTS ALSO SUPPORTED BY STRONG COMMERCIAL MOMENTUM

REVENUE (HRK m)



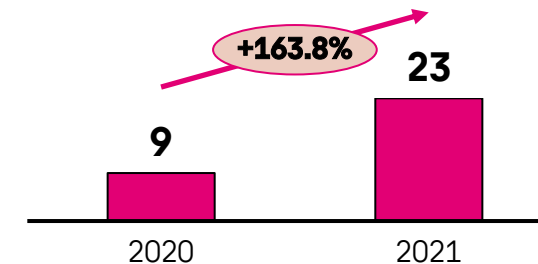
- Revenue increase driven by Postpaid, System Solutions and Visitors, which compensated for lower Voice and Other fixed revenues

EBITDA AL¹ (HRK m)



- EBITDA positively benefitted from mobile services development and better summer season.
- EBITDA AL margin improved to 36.5%.

NET PROFIT² (HRK m)



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



1. EBITDA before exceptional items after leases
2. Net profit after non controlling interests


GROUP 2022 OUTLOOK


	2021¹ Results	Outlook 2022 vs. 2021
REVENUE	HRK 7,3 billion	Stable level
EBITDA AL	HRK 2,8 billion	Mid single-digit increase
CAPEX AL²	HRK 1,7 billion	Mid single-digit decrease
REGIONAL EXPANSION	HT is monitoring and evaluating potential M&A opportunities	HT is monitoring and evaluating potential M&A opportunities



1. Optima Telekom excluded from 2021 results
2. Excluding Spectrum2021

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	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
Mobile revenue	3,325	3,602	8.3%	877	895	2.0%
Fixed revenue	3,214	3,093	-3.8%	837	725	-13.4%
System solutions	918	697	-24.1%	251	247	-1.5%
Miscellaneous	1	1	-4.3%	0	0	0.1%
Revenue	7,458	7,393	-0.9%	1,966	1,867	-5.0%
Other operating income	94	94	-0.7%	19	17	-9.0%
Total operating revenue	7,552	7,487	-0.9%	1,984	1,884	-5.0%
Operating expenses	4,510	4,345	-3.7%	1,249	1,162	-6.9%
Material expenses	2,375	2,233	-5.9%	701	639	-8.9%
Employee benefits expenses	1,208	1,154	-4.5%	336	293	-12.9%
Other expenses	941	965	2.6%	221	234	6.2%
Work performed by the Group and capitalised	-93	-79	15.0%	-29	-17	41.5%
Write down of assets	80	71	-11.3%	20	13	-32.2%
EBITDA	3,042	3,142	3.3%	736	722	-1.8%
Depreciation and amortization	2,235	2,329	4.2%	672	511	-24.0%
EBIT	807	813	0.8%	63	211	234.8%
Financial income	47	32	-32.6%	0	3	3090.9%
Income/loss from investment in joint ventures	-1	0	114.4%	5	0	-93.6%
Financial expenses	139	101	-27.3%	28	19	-32.8%
Profit before taxes	714	744	4.2%	40	195	388.3%
Taxation	140	129	-7.7%	12	42	249.1%
Net profit	574	614	7.1%	28	153	448.2%
Non controlling interests	-14	0	96.7%	-2	-1	32.4%
Net profit after non controlling interests	588	615	4.5%	30	155	421.3%
Exceptional items ¹⁾	99	112	13.5%	31	53	74.7%
EBITDA before exceptional items	3,140	3,254	3.6%	766	775	1.2%
EBITDA before exceptional items after leases	2,738	2,883	5.3%	678	691	1.9%

¹⁾ Mainly related to restructuring redundancy costs and legal cases

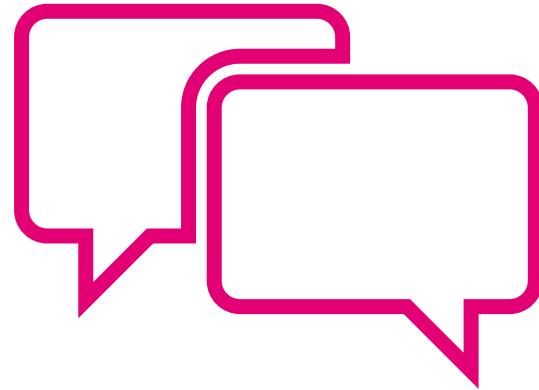
CONSOLIDATED BALANCE SHEET

in HRK million	At 31 Dec 2020	At 31 Dec 2021	% of change A21/A20
Intangible assets	2,178	1,897	-12.9%
Property, plant and equipment	6,516	6,300	-3.3%
Non-current financial assets	387	388	0.3%
Receivables	331	293	-11.4%
Lessee use rights to leased assets (IFRS 16)	691	644	-6.8%
Contract assets (IFRS 15)	62	52	-16.6%
Contract costs (IFRS 15)	116	137	18.5%
Deferred tax asset	134	140	5.0%
Total non-current assets	10,415	9,852	-5.4%
Inventories	151	190	25.7%
Assets held for sale	2	0	-100.0%
Receivables	1,574	1,496	-5.0%
Current financial assets	1	239	-
Contract assets (IFRS 15)	212	234	10.6%
Contract costs (IFRS 15)	77	73	-5.7%
Cash and cash equivalents	3,003	2,871	-4.4%
Prepayments and accrued income	108	93	-13.8%
Total current assets	5,129	5,197	1.3%
TOTAL ASSETS	15,544	15,049	-3.2%
Subscribed share capital	10,245	10,245	0.0%
Reserves	604	581	-3.8%
Revaluation reserves	2	0	-106.7%
Treasury shares	-90	-64	28.9%
Retained earnings	1,246	1,101	-11.6%
Net profit for the period	588	615	4.5%
Non controlling interests	313	246	-21.5%
Total issued capital and reserves	12,907	12,723	-1.4%
Provisions	82	127	54.8%
Non-current liabilities	210	131	-37.8%
Lessee lease liabilities to third partie due > 1 year (IFRS 16)	484	446	-7.9%
Contract liabilities (IFRS 15)	0	0	33.3%
Deferred tax liability	48	34	-30.2%
Total non-current liabilities	825	738	-10.6%
Current liabilities	1,562	1,304	-16.5%
Contract liabilities (IFRS 15)	74	91	23.5%
Lessee lease liabilities due <= 1 year (IFRS 16)	147	159	8.7%
Accrued expenses and deferred income	4	9	123.2%
Provisions for redundancy	26	24	-5.9%
Total current liabilities	1,812	1,588	-12.4%
Total liabilities	2,637	2,326	-11.8%
TOTAL EQUITY AND LIABILITIES	15,544	15,049	-3.2%

CONSOLIDATED CASH FLOW STATEMENT

in HRK million	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
Profit before tax	714	744	4.2%	40	195	389.2%
Depreciation and amortization	2,235	2,329	4.2%	672	511	-24.0%
Increase / decrease of current liabilities	-158	-158	0.1%	-30	76	349.3%
Increase / decrease of current receivables	17	122	627.5%	72	151	109.9%
Increase / decrease of inventories	-10	-40	-298.1%	2	21	1298.6%
Other cash flow increases / decreases	-268	-136	49.3%	-36	5	113.3%
Net cash inflow/outflow from operating activities	2,530	2,862	13.1%	720	959	33.2%
Proceeds from sale of non-current assets	72	17	-76.0%	-17	-4	78.5%
Proceeds from sale of non-current financial assets	1	14	835.7%	1	2	220.4%
Interest received	7	5	-24.1%	1	0	-94.5%
Dividend received	0	0	-	0	0	-
Other cash inflows from investing activities	958	0	-100.0%	-1	0	100.0%
Total increase of cash flow from investing activities	1,038	36	-96.5%	-16	-2	87.9%
Purchase of non-current assets	-1,781	-1,543	13.4%	-656	-654	0.2%
Purchase of non-current financial assets	0	0	-	0	0	-
Other cash outflows from investing activities	0	-40	-	0	0	-
Total decrease of cash flow from investing activities	-1,781	-1,583	11.1%	-656	-654	0.2%
Net cash inflow/outflow from investing activities	-743	-1,547	-108.3%	-672	-656	2.3%
Total increase of cash flow from financing activities						
Repayment of loans and bonds	-64	-18	71.1%	-7	0	100.0%
Dividends paid	-646	-645	0.2%	-3	0	-
Repayment of lease	-371	-350	5.5%	-90	-92	-2.9%
Other cash outflows from financing activities	-457	-426	6.7%	-121	-94	21.9%
Total decrease in cash flow from financing activities	-1,538	-1,440	6.4%	-220	-186	15.3%
Net cash inflow/outflow from financing activities	-1,538	-1,440	6.4%	-220	-186	15.3%
Exchange gains/losses on cash and cash equivalents	-9	-6	28.4%	1	0	-129.8%
Cash and cash equivalents at the beginning of period	2,762	3,003	8.7%	3,174	2,755	-13.2%
Net cash (outflow) / inflow	241	-132	-154.7%	-171	116	167.9%
Cash and cash equivalents at the end of period	3,003	2,871	-4.4%	3,003	2,871	-4.4%

INVESTOR RELATIONS CONTACTS



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Bloomberg: HT CZ