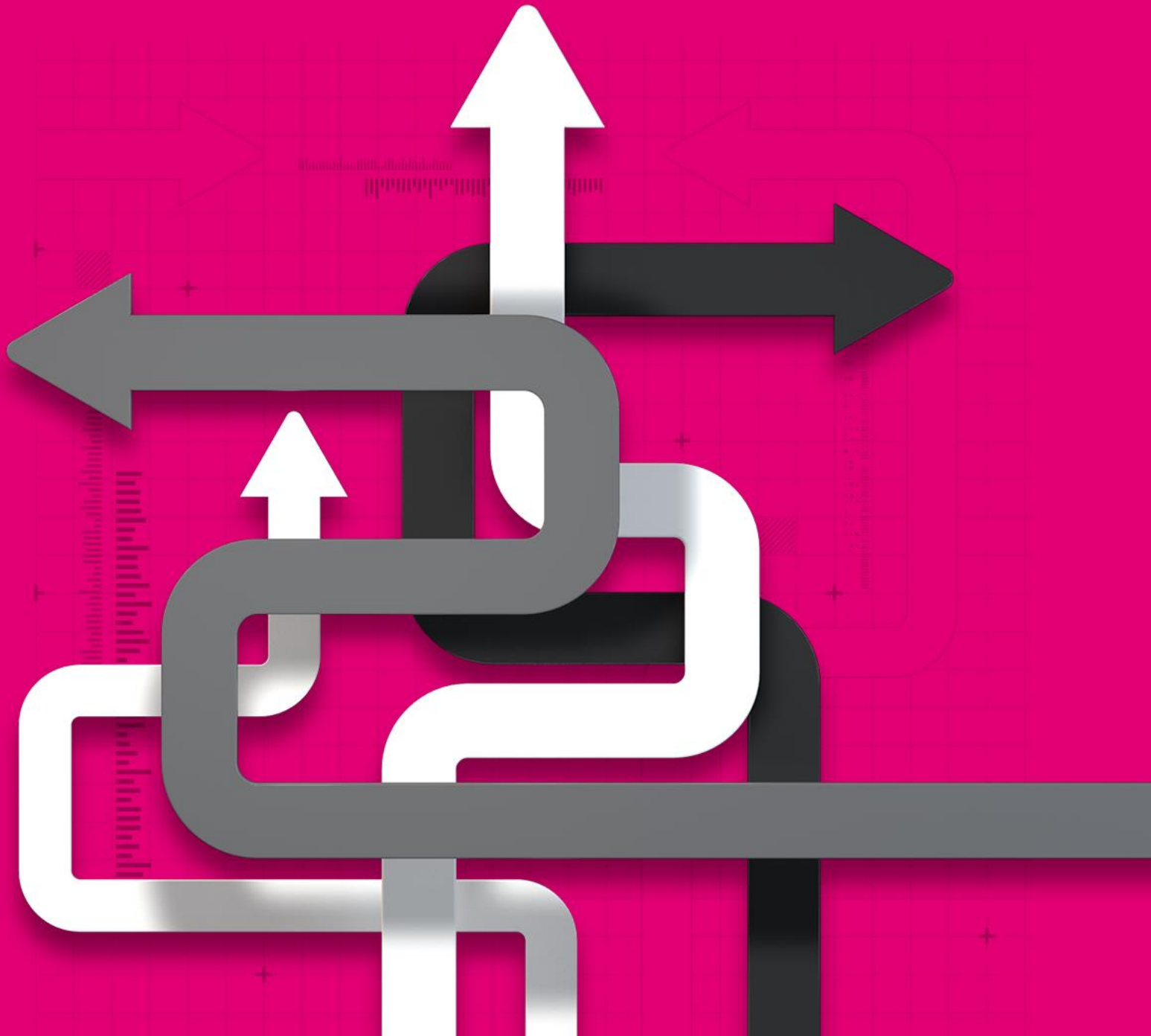



Hrvatski Telekom H1 2023 Results

27 July 2023





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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 utilized 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

Based on the Merger Agreement concluded on 15 March 2022 between the company Croatian Telecom Inc. (hereinafter: HT Inc. or the acquiring company) and the company HT Produkcija LLC (hereinafter: HTP LLC or the merged company), and pursuant to the Assembly decision of the merged company on approval of the merger, on 1 June 2022 the merger has been entered into the Court Register of the Commercial Court in Zagreb. By entry of the merger into the Court Register, the merged company HTP LLC ceased to exist. The acquiring company, HT Inc., became the universal legal successor of the merged company, thus entering into all legal relationships of the merged company.

Disclaimer

BUSINESS DEVELOPMENT

STRENGTHENED NETWORK LEADERSHIP



- Continuation of strong commercial performance
- Won the largest mobile spectrum share and Ookla awards for the Best & the Fastest mobile network, for the 5th year in a row
- Growing the largest FTTH network in Croatia
- Reached the highest ever customers' satisfaction, maintained record high employee satisfaction
- Initiated transfer of technology unit from ENT
- Signed the first corporate vPPA contract in Croatia

FINANCIALS

ON TRACK vs. 2023 OUTLOOK

- Revenue up 6.2% on the back of strong mobile and fixed business
- Adjusted EBITDA AL up by 1.8% despite inflationary pressure
- Total investment including spectrum at EUR 233.1m (+126.4% YoY)
- Net Profit at EUR 53.3m (+33.3% YoY), approaching pre-covid years

CAPITAL ALLOCATION

EUR 92M

- EUR 92m (4.6%¹ yield) returned to shareholders through a combination of dividends and Share Buyback
- In H1 acquired 216k shares by SBB program

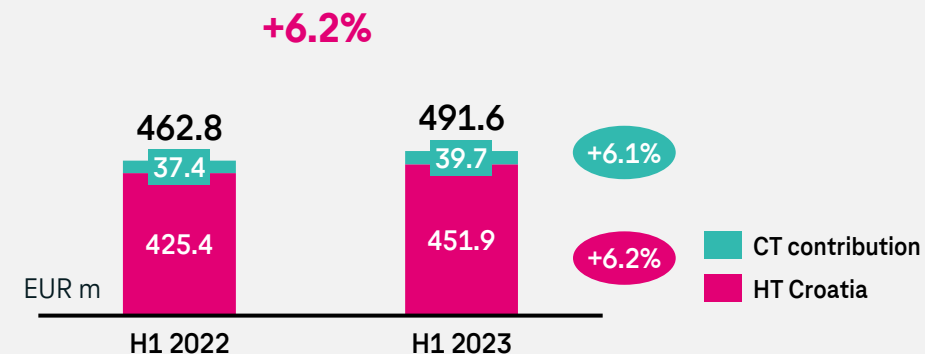
**H1 2023
Highlights**

1. Based on the last price in Q2 2023

Top-line growth offset inflationary pressures

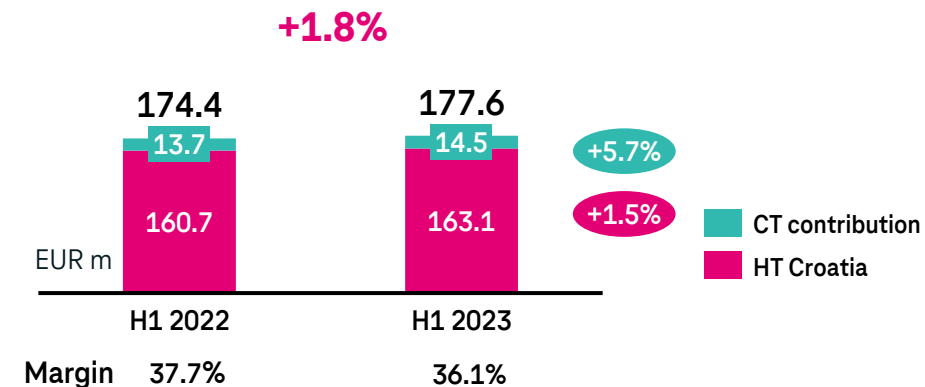
REVENUE

Continued growth momentum in fixed and mobile service revenue, both in Croatia and Montenegro.



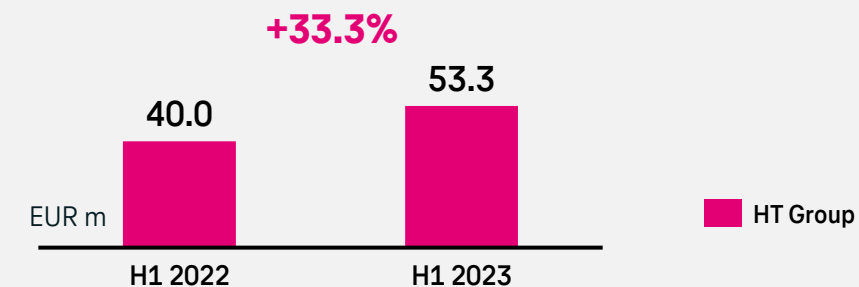
EBITDA AL¹

Adj. EBITDA AL supported by strong commercial performance, offsetting 6.7% increase in operating expenses. Double digit YoY inflationary pressure partly mitigated by continuing operating model transformation and efficiency initiatives.



NET PROFIT²

Net profit approaching the pre-covid level, mainly supported by non-operational drivers and Montenegro



1. EBITDA after leases adjusted for exceptional items (mainly restructuring and redundancy costs)

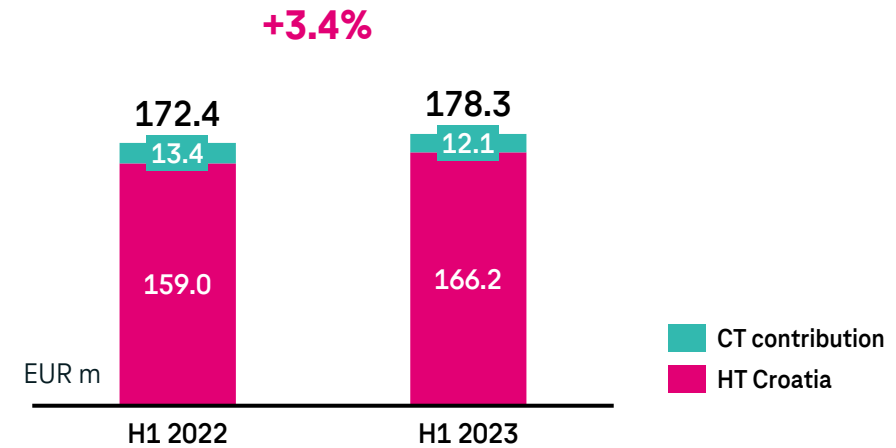
2. Net Profit after non-controlling interests

* CT H1 2022 translated from HRK to EUR using conversion exchange rate of €1 = HRK 7.53450

Growing net cash flow from operations, CAPEX AL lower due to different seasonality

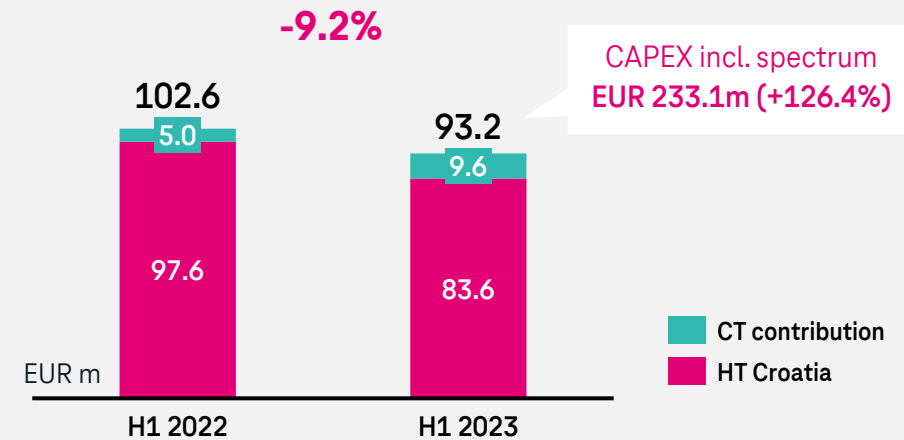
NET CASH FLOW FROM OPERATIONS

Cash flow from operating activities increased due to better operating performance.



CAPEX AL BOOKED¹

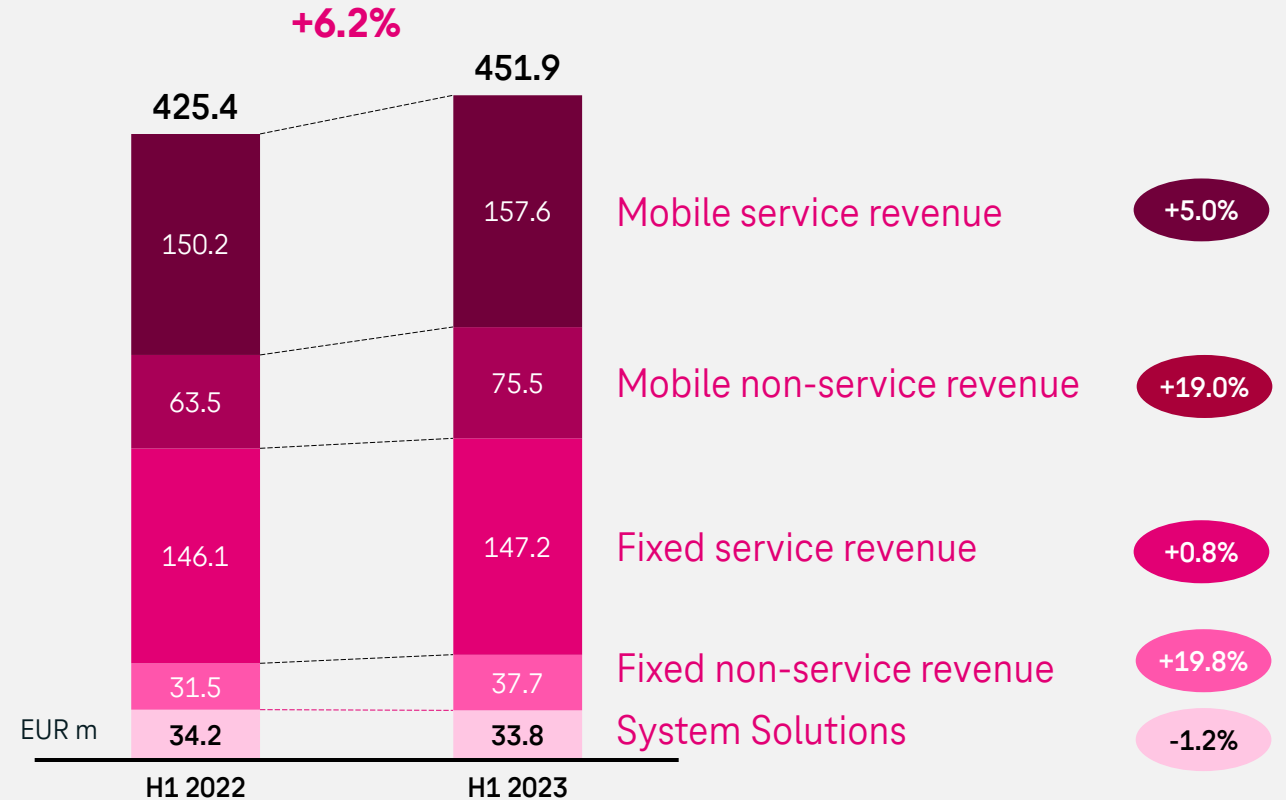
Lower CAPEX AL in Croatia mainly due to seasonality of projects. Increase in CT from dynamic of TV content capitalization.



1. Excluding Spectrum
* CT H1 2022 translated from HRK to EUR using conversion exchange rate of €1 = HRK 7.53450

REVENUE BREAKDOWN

HT CROATIA



Revenue continued growth on the back of strong performance in mobile

Mobile service revenue predominantly driven by strong postpaid growth, capitalizing on pre-to-postpaid migration.

Mobile non-service revenue growth driven by increased market dynamics which boosted handset sales.

Fixed service revenue up, with BB, data & TV compensating for contraction in Voice.

Fixed non-service revenue increased as a result of transit traffic.

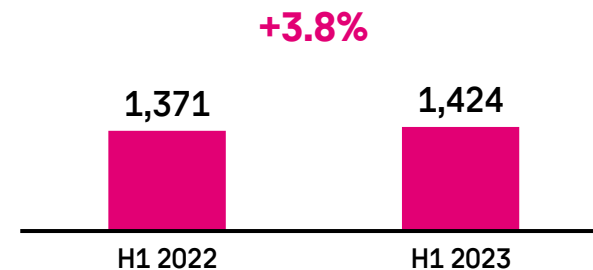
System Solutions revenue development driven by different phasing of projects, with margin contribution increased.

MOBILE POSTPAID

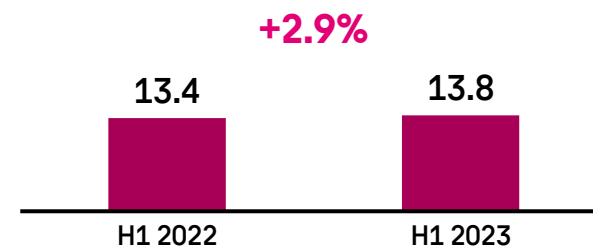
Growth in postpaid customers supported by prepaid-to-postpaid migration.

ARPU reflects an increase from customer migration to higher value tariffs.

POSTPAID
CUSTOMERS (.000)



POSTPAID ARPU
(EUR)

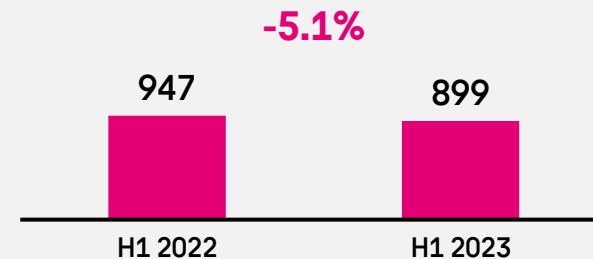


MOBILE PREPAID

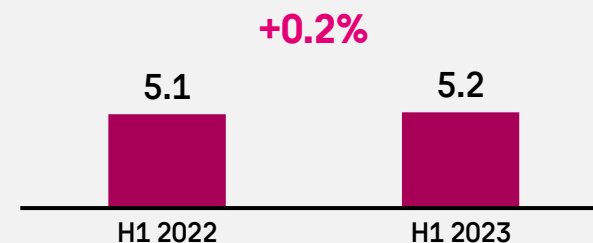
Lower prepaid base due to migration from prepaid-to-postpaid.

ARPU stable despite migration of high value-added customers to postpaid.

PREPAID
CUSTOMERS (.000)



PREPAID ARPU
(EUR)

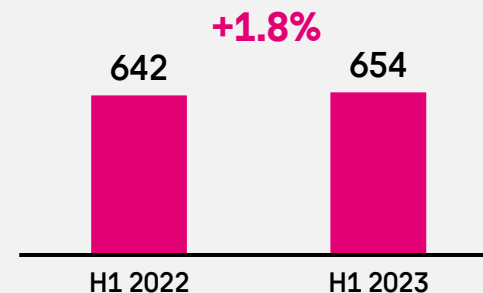


Stable
customer base
and growing
ARPU

BROADBAND¹

Broadband retail lines increased due to improved BB infrastructure, strong investments in fiber and the best sports content.

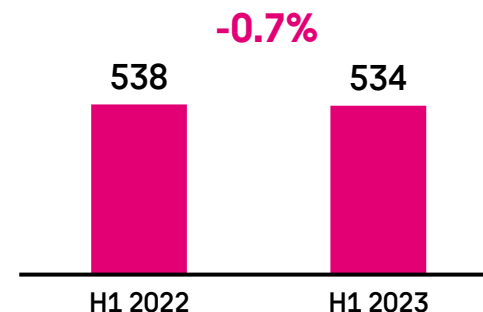
RETAIL BROADBAND
ACCESS LINES (.000)



TV

Customer base impacted by expiration of DVBT2 contracts acquired 2Y ago during Q1, returning to growth in Q2.

TV
CUSTOMERS (.000)

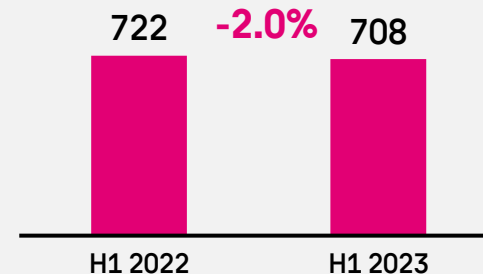


The growth of fixed broadband lines continues, contraction in other categories experienced a notable decrease on a quarterly basis.

FIXED VOICE²

The fixed voice lines continue to contract at a decelerated rate. Broadly stable in Q2.

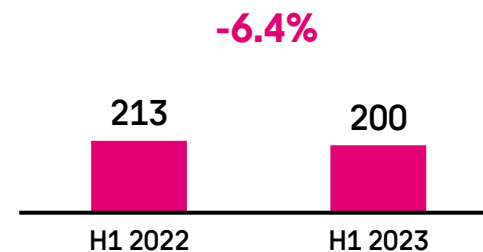
RETAIL FIXED VOICE
MAINLINES (.000)



WHOLESALE³

Wholesale base lower as operators migrate to own infrastructure and decline of voice-only wholesale lines. Stable on quarterly basis.

WHOLESALE
CUSTOMERS (.000)



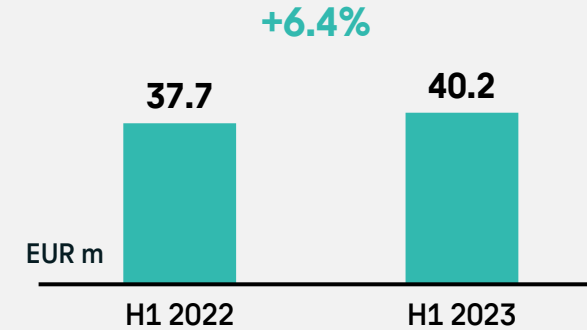
1. Includes ADSL, VDSL, FTTH and Naked DSL

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

3. Includes Naked Bitstream, Bitstream, ULL, FA and WLR wholesale rental

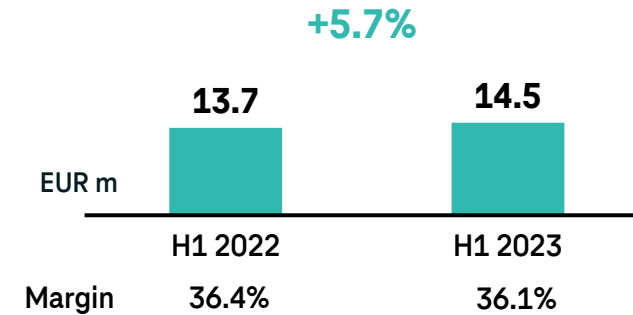
REVENUE

Strong commercial momentum led to YoY increase across nearly all revenue categories.



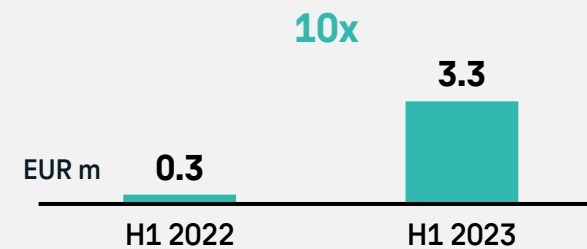
EBITDA AL¹

EBITDA AL growth reflects positive service revenues development.



NET PROFIT²

Net Profit growth supported by higher EBITDA and one-time effect of deferred tax liability in 2022.



Strong performance on the back of positive commercial momentum

1. EBITDA after leases adjusted for exceptional items

2. Net profit after non controlling interests

* CT H1 2022 translated from HRK to EUR using conversion exchange rate of €1 = HRK 7.53450



Maintained Group 2023 Outlook

	2022 RESULTS	OUTLOOK 2023 vs. 2022
REVENUE	EUR 984 million	Low single-digit increase
ADJ. EBITDA AL	EUR 378 million	Low single-digit increase
CAPEX AL¹	EUR 231 million	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. Excluding Spectrum



Q&A



To ask a question, please raise your hand 

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



UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

in EUR million	H1 2022	H1 2023	% of change A23/A22	Q2 2022	Q2 2023	% of change A23/A22
Mobile service revenues	167	175	5,2%	87	93	6,2%
Mobile non-service revenues	68	81	18,5%	32	38	20,0%
Fixed service revenues	158	160	1,1%	80	81	1,3%
Fixed non-service revenues	34	40	18,0%	18	20	13,6%
System solutions	36	35	-1,2%	19	18	-3,3%
Revenue	463	492	6,2%	236	250	6,2%
Other operating income	7	2	-70,9%	4	1	-73,7%
Total operating revenue	470	494	5,1%	240	251	4,9%
Operating expenses	277	296	6,7%	142	149	5,3%
Material expenses	137	153	12,2%	69	74	6,7%
Employee benefits expenses	74	79	6,3%	36	40	10,3%
Other expenses	67	63	-6,4%	37	33	-8,8%
Work performed by the Group and capitalised	-4	-4	-19,8%	-2	-2	-7,1%
Net impairment losses on trade receivables and contract assets	4	6	60,3%	2	4	148,1%
Depreciation and amortization	136	131	-3,8%	72	69	-4,3%
EBIT	56	67	18,6%	26	33	28,7%
Financial income	1	4	163,2%	0	2	1184,3%
Income/loss from investment in joint ventures	0	0	100,0%	0	0	-100,0%
Financial expenses	4	4	-14,8%	1	2	24,1%
Profit before taxes	53	67	25,3%	24	33	35,8%
Taxation	13	13	-3,5%	8	6	-15,6%
Net profit	40	54	34,9%	17	27	59,4%
Non controlling interests	0	-1	-631,3%	0	0	-503,9%
Net profit after non controlling interests	40	53	33,3%	17	26	56,3%
Adjusted EBITDA AL ¹⁾	174	178	1,8%	88	90	2,7%
Exceptional items ²⁾	5	3	-44,7%	2	0	-87,1%
EBITDA AL	170	175	3,1%	86	90	4,4%

¹⁾ Mainly adjusted for restructuring redundancy costs and legal cases

²⁾ Mainly related to restructuring redundancy costs and legal cases

* CT H1 2022 translated from HRK to EUR using conversion exchange rate of €1 = HRK 7.53450

Consolidated balance sheet statement

in EUR million	At 31 Dec 2022	At 30 Jun 2023	% of change A23/A22
Intangible assets	257	386	50,2%
Property, plant and equipment	839	833	-0,7%
Non-current financial assets	1	1	-20,3%
Receivables	35	33	-4,4%
Prepayments and accrued income	25	28	13,7%
Lessee use rights to leased assets (IFRS 16)	74	72	-2,4%
Contract assets (IFRS 15)	7	7	-0,3%
Contract costs (IFRS 15)	22	26	17,9%
Deferred tax asset	18	20	9,2%
Total non-current assets	1.277	1.406	10,1%
Inventories	35	40	13,4%
Assets held for sale	32	32	0,0%
Receivables	200	219	9,4%
Current financial assets	14	20	47,6%
Contract assets (IFRS 15)	29	29	-1,0%
Contract costs (IFRS 15)	10	10	2,3%
Cash and cash equivalents	373	207	-44,6%
Prepayments and accrued income	21	16	-25,3%
Total current assets	713	571	-19,9%
TOTAL ASSETS	1.991	1.977	-0,7%

in EUR million	At 31 Dec 2022	At 30 Jun 2023	% of change A23/A22
Subscribed share capital	1.360	1.359	0,0%
Reserves	69	69	0,2%
Revaluation reserves	0	0	388,4%
Treasury shares	-1	-6	-631,5%
Retained earnings	120	121	1,2%
Net profit for the period	87	53	-38,7%
Non controlling interests	33	32	-0,4%
Total issued capital and reserves	1.667	1.629	-2,3%
Provisions	19	16	-17,2%
Non-current liabilities	17	13	-19,3%
Lessee lease liabilities to third partie due > 1 year (IFRS 16)	50	48	-3,5%
Contract liabilities (IFRS 15)	0	0	-
Deferred tax liability	4	4	-5,5%
Total non-current liabilities	90	82	-9,4%
Current liabilities	198	237	19,6%
Contract liabilities (IFRS 15)	10	9	-10,6%
Lessee lease liabilities due <= 1 year (IFRS 16)	20	18	-10,8%
Accrued expenses and deferred income	1	1	0,0%
Provisions for redundancy	4	1	-84,9%
Total current liabilities	233	266	13,9%
Total liabilities	324	348	7,4%
TOTAL EQUITY AND LIABILITIES	1.991	1.977	-0,7%

Consolidated cash flow statement

in EUR million	H1 2022	H1 2023	% of change A23/A22	Q2 2022	Q2 2023	% of change A23/A22
Profit before tax	53	67	25,3%	24	33	35,8%
Depreciation and amortization	136	131	-3,8%	72	69	-4,3%
Increase / decrease of current liabilities	5	32	490,2%	13	18	38,5%
Increase / decrease of current receivables	-13	-18	-45,8%	-18	-23	-32,7%
Increase / decrease of inventories	-5	-5	4,8%	-1	2	360,0%
Other cash flow increases / decreases	-5	-28	-476,8%	-3	-16	-432,1%
Net cash inflow/outflow from operating activities	172	178	3,4%	89	84	-5,4%
Proceeds from sale of non-current assets	1	0	-82,2%	0	0	-45,1%
Proceeds from sale of non-current financial assets	0	0	28,9%	0	0	-1458,6%
Interest received	1	3	331,5%	0	2	986,0%
Dividend received	0	0	-	0	0	-
Other cash inflows from investing activities	27	4	-	0	0	-
Total increase of cash flow from investing activities	28	7	-75,7%	0	2	534,9%
Purchase of non-current assets	-66	-209	-218,1%	-36	-163	-354,8%
Purchase of non-current financial assets	0	0	-	0	0	-
Other cash outflows from investing activities	-5	-10	-101,4%	0	2	-
Total decrease of cash flow from investing activities	-71	-219	-210,5%	-36	-162	-353,7%
Net cash inflow/outflow from investing activities	-42	-212	-402,0%	-35	-160	-352,3%
Total increase of cash flow from financing activities	0	0	-	0	0	-
Repayment of loans and bonds	0	0	-	0	0	-
Dividends paid	-84	-86	-3,3%	-84	-86	-3,3%
Repayment of lease	-22	-23	-5,2%	-12	-13	-4,2%
Other cash outflows from financing activities	-48	-23	52,4%	-15	-13	13,7%
Total decrease in cash flow from financing activities	-154	-132	13,9%	-111	-112	-1,1%
Net cash inflow/outflow from financing activities	-154	-132	13,9%	-111	-112	-1,1%
Exchange gains/losses on cash and cash equivalents	0	0	-100,0%	0	0	100,0%
Cash and cash equivalents at the beginning of period	381	373	-2,0%	0	0	-
Net cash (outflow) / inflow	-24	-167	-606,6%	-58	-188	-223,8%
Cash and cash equivalents at the end of period	357	207	-42,1%	-58	-188	-223,8%

* CT H1 2022 translated from HRK to EUR using conversion exchange rate of €1 = HRK 7.53450



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