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

JANUARY - DECEMBER 2021



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Leading as a **DIGITAL TELCO**

COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD

Commenting on the business results for 2021, Konstantinos Nempis, CEO of Hrvatski Telekom, stated: „2021 was a very successful year for Hrvatski Telekom with solid revenue growth across residential and business segments, impressive recovery in visitors’ revenues, resulting in strong EBITDA growth and improving net profit while keeping our investments at high levels.

At the beginning of 2021 we aimed for profitable growth, strengthening our network leadership across fixed and mobile, further improving the customer experience, boosting employee engagement and employer attractiveness while leading the Croatian economy and society on its digitization journey and we successfully delivered across all fronts despite the still challenging macro environment. These remarkable achievements reflect our commitment and dedication to growing our business while supporting our customers.

Looking into 2022, we are building on our solid foundations aiming to grow our company further, accelerating the digital transformation, investing in the integrated gigabit networks, further improving customer experience and employees engagement, creating even more value for our customers and shareholders while leading the digitization of the Croatian society.”



FY 2021 HIGHLIGHTS

- One of the fastest growing years, leading market position across all areas of business reflecting strong commercial momentum
- Organic EBITDA AL up 7.9%, marking fifth consecutive quarter of growth; with 4.5% net profit and 1.1% organic revenue growth
- Strengthened network leadership through record high 100,000 HH annual fiber rollout, accompanied with 30% YoY total FTTH coverage growth, and quadrupled 5G coverage

Hrvatski Telekom's strong business performance is represented in profit, revenue and EBITDA AL growth, capitalizing on fixed, mobile and ICT businesses growth across residential and business segments, with market leading investments contributing to continuation of positive trends and solid commercial momentum.

In 2021, HT Group organic revenue* increased by 1.1% YoY, driven by strong mobile and core fixed business despite the shift in System Solutions revenue due to a focus on high margin deals.

Organic EBITDA AL* increased by 7.9% YoY, with the fifth consecutive quarter of EBITDA AL growth demonstrating continuation of strong positive commercial momentum and positive impact of transformation measures.

Net profit amounted to HRK 615 million which represents a 4.5% YoY growth, with significant growth evident on a quarterly level as well, supported also by lower depreciation. Investments amounted to over HRK 9 billion over the last five years with HT again investing more than the rest of the market combined.

Despite a volatile environment, we delivered on our financial performance targets, while investing even more than planned in 2021.

Investments into fiber and 5G remained in focus throughout 2021

Hrvatski Telekom continued to focus on building its fiber-optic infrastructure across Croatia, and we expanded further the fixed network with a record annual 100,000 households and businesses FTTH rollout with total FTTH coverage growing by a notable 30% YoY, with two thirds of the newly built fiber connections in Croatia built by HT.

5G rollout activities intensified during 2021 and resulted in Hrvatski Telekom 5G network strengthening its leadership status, being the biggest and the fastest in Croatia. We quadrupled the number of cities covered with 5G compared to 2020, almost doubling the population covered, to over 2 million. Following the conclusion of the 5G spectrum auction, HT secured the biggest share of available spectrum meeting the preconditions for remaining the leading 5G network for years to come.

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



We also continued to set industry standards by launching the first ever 5G roaming services in 13 countries, while at the same time becoming the first in Croatia to demonstrate 5G network on 26 GHz frequencies.

Winning network awards across fixed and mobile

For the third consecutive year Hrvatski Telekom was named the best mobile network and received Ookla Speedtest Awards, as well as umlaut's 'Best in Test' award for the fourth time. These awards are testimony of Hrvatski Telekom having both the best mobile network in Croatia, as well as the fastest one with the biggest coverage. Furthermore, we were recognized as one of the 10 fastest mobile networks in Europe.

Hrvatski Telekom also received umlaut 'Best in Test' award for the best fixed network, with this analysis based on over 760,000 samples collected from all fixed service providers in Croatia.

This confirmation of HT being the leading network in Croatia is a combination of our investments in networks and our customer-focus, leading our customer experience to the highest levels ever in HT's history.

Optima sale process finished

In July 2021, 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) for the sale and purchase of the shares of the company Optima Telekom d.d.

Following the signing of the Share Purchase Agreement, Telemach received all necessary regulatory approvals, and since all other conditions for the closing had been met, Hrvatski Telekom and Zagrebačka banka signed the Share Transfer Agreement on 21 January 2022, whereby they transferred their shares in Optima to Telemach.

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 2021, HT paid a total of HRK 640.3 million in dividends or HRK 8 per share. This amount represents a ratio of the dividend payment in relation to realized profit of 91.2%.

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 Programme from 29 April 2021 until 22 April 2026. The maximum volume of the new Share Buyback Programme is HRK 600 million or 3 million shares for the entire duration of the Programme, which is approximately 3.7% of the total number of shares. The Programme will create added value to all Company's shareholders in addition to dividends.

Since the introduction of new Programme at the end of April 2021, HT purchased 326,838 shares until 31 December 2021. Total number of shares purchased in 2021, under the previous and the new Programme, is 532,281 (HRK 99.7 million).



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In total, through a combination of dividends and share buybacks we in 2021 paid out HRK 742 million to our shareholders. This represents a total yield of 5.0% (based on last closing price in 2021).

In July 2021, the Management Board withdrew 718,720 acquired Company shares without nominal value, purchased within the Share Buyback Programme valid until 20 April 2021. Thereby, the total number of shares decreased from 80,766,229 to 80,047,509 without nominal value, while the remaining share participation in the share capital is being increased.

Outlook 2022

Our strategy has been proven to be successful and we intend to accelerate its implementation even further, aiming to build on the achievements and strong performance of 2021. In 2022, we are aiming for stable revenues, a mid-single digit increase in EBITDA AL, and a mid-single digit decrease in CAPEX AL compared to 2021. Our regional expansion outlook remains the same as we continue to monitor and evaluate potential M&A activities.



SELECTED FINANCIAL DATA

HT Group

in HRK million

INCOME STATEMENT	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
Revenue	7,458	7,393	-0.9%	1,966	1,867	-5.0%
Exceptional items	99	112	13.5%	31	53	74.7%
EBITDA before exceptional items after leases	2,738	2,883	5.3%	678	691	1.9%
EBITDA before exceptional items	3,140	3,254	3.6%	766	775	1.2%
EBITDA after exceptional items	3,042	3,142	3.3%	736	722	-1.8%
EBIT (Operating profit)	807	813	0.8%	63	211	234.8%
Net profit after non controlling interests	588	615	4.5%	30	155	421.3%
EBITDA margin before exceptional items after leases	36.7%	39.0%	2.3 p.p.	34.5%	37.0%	2.5 p.p.
EBITDA margin before exceptional items	42.1%	44.0%	1.9 p.p.	39.0%	41.5%	2.5 p.p.
EBITDA margin after exceptional items	40.8%	42.5%	1.7 p.p.	37.4%	38.7%	1.2 p.p.
EBIT margin	10.8%	11.0%	0.2 p.p.	3.2%	11.3%	8.1 p.p.
Net profit margin	7.9%	8.3%	0.4 p.p.	1.5%	8.3%	6.8 p.p.

BALANCE SHEET	At 31 Dec 2020	At 31 Dec 2021	% of change A21/A20
Total non current assets	10,415	9,852	-5.4%
Total current assets	5,129	5,197	1.3%
TOTAL ASSETS	15,544	15,049	-3.2%
Total issued capital and reserves	12,907	12,723	-1.4%
Total non current liabilities	825	738	-10.6%
Total current liabilities	1,812	1,588	-12.4%
TOTAL EQUITY AND LIABILITIES	15,544	15,049	-3.2%

CASH FLOW	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
Net cash flow from operating activities	2,530	2,862	13.1%	720	959	33.2%
Net cash flow from investing activities	-743	-1,547	-	-672	-656	2.3%
Net cash flow from financing activities	-1,538	-1,440	6.4%	-220	-186	15.3%
Cash and cash equivalents at the end of period	3,003	2,871	-4.4%	-171	116	167.9%

HT Group Croatia

in HRK million

INCOME STATEMENT	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
Revenue	6,912	6,834	-1.1%	1,828	1,730	-5.4%
Mobile	3,024	3,285	8.6%	799	816	2.2%
Fixed voice	575	553	-3.9%	141	136	-3.5%
Broadband & TV & Data	1,534	1,616	5.4%	388	405	4.4%
Fixed wholesale and other revenues	881	709	-19.5%	254	130	-48.6%
System solutions	898	671	-25.3%	247	243	-1.9%
Exceptional items ¹⁾	93	110	18.2%	28	53	91.4%
EBITDA before exceptional items after leases	2,541	2,676	5.34%	631	647	2.5%
EBITDA before exceptional items	2,914	3,019	3.6%	713	725	1.7%
EBITDA after exceptional items	2,821	2,909	3.1%	686	672	-2.0%
EBIT (Operating profit)	809	778	-3.8%	88	213	143.3%
Net profit after non controlling interests	611	612	0.2%	53	158	198.3%
EBITDA margin before exceptional items after leases	36.8%	39.2%	2.4 p.p.	34.5%	37.4%	2.9 p.p.
EBITDA margin before exceptional items	42.2%	44.2%	2.0 p.p.	39.0%	41.9%	2.9 p.p.
EBITDA margin after exceptional items	40.8%	42.6%	1.8 p.p.	37.5%	38.9%	1.4 p.p.
EBIT margin	11.7%	11.4%	-0.3 p.p.	4.8%	12.3%	7.5 p.p.
Net profit margin	8.8%	9.0%	0.1 p.p.	2.9%	9.1%	6.2 p.p.

¹⁾ Mainly related to restructuring redundancy costs and legal cases



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Crnogorski Telekom standalone

in HRK million

INCOME STATEMENT	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
Revenue	551	567	2.9%	140	140	0.7%
Mobile	301	317	5.4%	78	79	0.6%
Fixed voice	50	45	-9.8%	12	11	-7.7%
Broadband & TV & Data	131	132	0.6%	32	33	2.1%
Fixed wholesale and other fixed revenues	47	44	-7.6%	13	12	-7.7%
System solutions	21	29	36.2%	4	6	40.9%
Exceptional items	5	2	-70.6%	3	1	-82.4%
EBITDA before exceptional items after leases	197	207	4.9%	47	44	-6.0%
EBITDA before exceptional items	226	235	3.9%	53	50	-4.8%
EBITDA after exceptional items	221	234	5.6%	50	50	-0.3%
EBIT (Operating profit)	16	33	105.6%	-5	-2	51.1%
Net profit after non controlling interests	9	23	163.8%	-5	-5	-13.2%
EBITDA margin before exceptional items after leases	35.8%	36.5%	0.7 p.p.	33.5%	31.2%	-2.2 p.p.
EBITDA margin before exceptional items	41.1%	41.5%	0.4 p.p.	37.9%	35.8%	-2.1 p.p.
EBITDA margin after exceptional items	40.1%	41.2%	1.1 p.p.	35.8%	35.5%	-0.3 p.p.
EBIT margin	2.9%	5.8%	2.9 p.p.	-3.4%	-1.7%	1.8 p.p.
Net profit margin	1.6%	4.1%	2.5 p.p.	-3.3%	-3.7%	-0.4 p.p.



SELECTED OPERATIONAL DATA

HT Group Croatia

Key operational data	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
Mobile customers in 000						
Number of customers	2,253	2,276	1.0%	2,253	2,276	1.0%
- Prepaid	989	942	-4.8%	989	942	-4.8%
- Postpaid	1,264	1,334	5.6%	1,264	1,334	5.6%
Blended ARPU ⁴⁾ (monthly average for the period in HRK)	72	75	4.6%	73	75	3.1%
- Prepaid	40	40	0.2%	39	38	-3.6%
- Postpaid	98	102	3.8%	99	102	2.9%
Blended non-voice ARPU ⁴⁾ (monthly average for the period in HRK)	47	54	12.9%	50	54	8.4%
SAC per gross add in HRK	135	153	13.3%	178	217	22.0%
Churn rate (%)	2	2	0.1 p.p.	3	3	0.3 p.p.
Penetration (%) ¹⁾	130	134	4.7 p.p.	130	134	4.7 p.p.
Market share of customers (%) ¹⁾	44	44	-0.1 p.p.	44	44	-0.1 p.p.
Smartphone customers (%) ²⁾	72	72	0.1 p.p.	72	72	0.1 p.p.
Smartphones sold (%) ³⁾	90	89	-1.0 p.p.	90	88	-1.5 p.p.

¹⁾ Source: internal estimation of the competitors customers for 4Q 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 and has been amended to make the figure comparable to the current period

Key operational data	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
Fixed mainlines in 000						
Fixed mainlines - retail ¹⁾	752	729	-3.1%	752	729	-3.1%
Fixed mainlines - wholesale (WLR - wholesale line rental)	38	33	-12.7%	38	33	-12.7%
ARPU voice per user ⁵⁾ (monthly average for the period in HRK) ²⁾	63	62	-0.6%	62	62	-0.3%
IP mainlines/customers in 000						
Broadband access lines - retail ³⁾	625	633	1.3%	625	633	1.3%
Broadband access lines - wholesale ⁴⁾	107	106	-0.9%	107	106	-0.9%
TV customers	505	536	6.0%	505	536	6.0%
Broadband retail ARPU (monthly average for the period in HRK)	108	109	1.2%	108	108	-0.1%
TV ARPU ⁵⁾ (monthly average for the period in HRK)	86	86	-0.3%	86	87	0.8%
Wholesale customers in 000						
ULL (Unbundled Local Loop)	94	80	-14.1%	94	80	-14.1%

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 i 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	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
Mobile customers in 000						
- Prepaid	117	115	-1.4%	117	115	-1.4%
- Postpaid	246	263	6.9%	246	263	6.9%
Fixed mainlines - retail in 000						
	103	102	-1.5%	103	102	-1.5%
Broadband access lines - retail in 000						
	80	81	1.6%	80	81	1.6%
TV customers in 000¹⁾						
	71	74	4.8%	71	74	4.8%

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 decreased by HRK 64 million or 0.9% compared to 2020. Decrease is driven by HT Group in Croatia (HRK 78 million or 1.1%), while Crnogorski Telekom reported increase (HRK 14 million or 2.5%). Revenue decrease is driven by lower system solutions revenue (HRK 221 million or 24.1%) and fixed revenue (HRK 121 million or 3.8%), partially offset by better mobile (HRK 277 million or 8.3%).

Excluding Optima Telekom contribution in H2 2020, net revenue would be higher by 1.1%.

Mobile revenue

Mobile revenue grew by HRK 277 million or 8.3%, up in HT Group in Croatia (HRK 261 million or 8.6%) and in Crnogorski Telekom (HRK 16 million or 5.4%). Growth in postpaid and visitors more than covered for contraction in prepaid.

HT Group Croatia

Total mobile customer base at 2,276 thousand customers is above 2020 (1.0%), with higher number of customers in postpaid segment (5.6%) and lower in prepaid segment (4.8%).

Crnogorski Telekom

Mobile revenue growth is supported by postpaid and visitors.

Fixed revenue

Fixed revenue decreased by HRK 121 million or 3.8%, contracting in both, HT Group in Croatia (HRK 112 million or 3.7%) and in Crnogorski Telekom (HRK 9 million or 3.9%). Decrease is a result of missing Optima Telekom contribution in H2 2021.

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 1.3% higher customer base at the level of 633 thousand. Broadband retail ARPU is higher by 1.2% reaching the level of HRK 109.

TV customer base at the level of 536 thousand shows an 6.0% increase, while TV ARPU at a level of HRK 86 is lower by 0.3%.

Wholesale prices for regulated services ULL, BSA, NBSA and FTTH were decreased as from 1 April 2021 by decision of National Regulatory Agency (HAKOM). Also, from 1 July 2021 regulated fixed termination rate (FTR) was decreased because of EU Commission Delegated Act. 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 revenue.



System Solutions

System solution revenue decreased by HRK 221 million or 24.1% driven by HT Group in Croatia (HRK 227 million or 25.3%), while Crnogorski Telekom reported higher revenue (HRK 6 million or 30.9%).

HT Group Croatia

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.

Crnogorski Telekom

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

II. Operating expenses

Total consolidated operating expenses decreased by HRK 165 million or 3.7% compared to 2020, mostly driven by HT Group in Croatia (HRK 163 million or 3.9%). Decrease is mostly due to lower material (HRK 141 million or 5.9%), employee benefits expenses (HRK 54 million or 4.5%) and write down of assets (HRK 9 million or 11.3%), partly offset by higher other cost (HRK 24 million or 2.6%) and lower work performed by the Group (HRK 14 million or 15.0%).

Material expenses

Decrease is a result of lower merchandise, material and energy cost (HRK 194 million or 12.1%), which was partly offset by higher service expenses (HRK 53 million or 6.8%). Lower merchandise, material and energy cost is mainly related to system solution merchandise cost following the revenue trend, while increase in service expenses is mostly driven by content cost.

Employee benefits expenses

Total employee benefits expenses decrease is mainly driven by HT Group in Croatia (HRK 48 million or 4.3%). Total number of FTEs amounts to 4,922 FTEs, which is decrease of 532 FTEs compared to 2020, coming from Optima deconsolidation (330 FTEs).

Depreciation and amortization

Growth in depreciation and amortization is mostly influenced by HT Group in Croatia (HRK 119 million or 5.9%). However, on the quarterly level, depreciation decreased.

III. Profitability

EBITDA before exceptional items after leases

EBITDA before exceptional items after leases increased by HRK 145 million or 5.3%, mostly driven by HT Group in Croatia (HRK 136 million or 5.3%), supported by stronger commercial momentum and transformation measures. Excluding Optima Telekom contribution in H2 2020, EBITDA before exceptional items after leases increase would amount to HRK 210 million or 7.9%.



Net profit after non-controlling interests

Net profit after NCI increased by HRK 27 million (4.5%). Increase is a result of better EBITDA, positive net financial result and lower taxation, which compensated for higher depreciation and lower NCI. Negative Optima Telekom contribution in H2 2020 was insignificant (HRK 2 million).

IV. Financial position

Balance sheet

In comparison to 2020 year-end, there is decrease in the total asset value of 3% or HRK 495 million mainly driven by lower intangible and tangible assets (due to Optima deconsolidation), lower cash (mainly for dividend payments), partially offset by higher financial assets (due to Optima deconsolidation) and higher inventory.

Total issued capital and reserves decreased 184 million (1%) compared to 31 December 2020 mainly driven by dividend payments 645 million and Optima deconsolidation.

Total non-current liabilities decreased by HRK 87 million (11%) primarily due to lower non-current liabilities position and lower lease liabilities partially offset by higher provisions.

Total current liabilities decreased by HRK 224 million to HRK 1,588 million as at 31 December 2021 primarily due to lower current liabilities position (including Optima deconsolidation).

Cash flow

CF from operating activities increased by 332 HRK million (13%) mainly due to higher EBITDA contribution and lower income tax paid.

CF from investing activities decreased by HRK 804 million mainly due to bond maturity compared to 4Q2020 period partially offset by lower purchase of non-current assets.

CF from financing activities increased by HRK 98 million (6%) mainly due to lower of loans, bonds and lease repayment.



V. Capital expenditure (excluding Spectrum)

in HRK million

CAPEX after leases - HT Group	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
CAPEX after leases	1.824	1.779	-2,5%	594	580	-2,3%
CAPEX after leases/ Revenue ratio	24,4%	24,0%	-0,4 p.p.	30,2%	31,0%	0,8 p.p.
CAPEX after leases - HT Group in Croatia	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
CAPEX after leases	1.702	1.640	-3,6%	546	535	-2,0%
CAPEX after leases/ Revenue ratio	24,6%	24,0%	-0,6 p.p.	29,9%	30,9%	1,1 p.p.
CAPEX after leases - Crnogorski Telekom	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
CAPEX after leases	122	138	13,1%	48	45	-6,6%
CAPEX after leases/ Revenue ratio	22,2%	24,4%	2,2 p.p.	34,3%	31,8%	-2,5 p.p.
IFRS16 CAPEX - HT Group	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
IFRS16 Capex - HT Group	397	338	-15,1%	98	106	7,9%
IFRS16 Capex - HT Group in Croatia	391	308	-21,4%	96	105	9,7%
IFRS16 Capex - Crnogorski Telekom	6	30	394%	2	1	-64%
Total CAPEX (Booked + IFRS16 Capex) - HT Group	2020	2021	% of change A21/A20	Q4 2020	Q4 2021	% of change A21/A20
Total CAPEX	2.168	2.042	-5,8%	663	669	0,9%
Total CAPEX / Revenue ratio	29,6%	28,1%	-1,5 p.p.	33,6%	35,5%	1,9 p.p.

Capex after leases w/o Spectrum realization below 2020 by HRK 46 million (2.5%) as a result of decrease in HT Group in Croatia (HRK 62 million or 3.6%) due to lower CAPEX plan for 2021. CT increase (HRK 16 million or 13.1%) mainly due to volume of TV content capitalization.

HT GROUP 2022 OUTLOOK

	2021 results without Optima Telekom	Outlook 2022 vs 2021
REVENUE	HRK 7,3 billion	Stable level
EBITDA AL	HRK 2,8 billion	Mid-single digit increase
CAPEX AL ¹	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. Excluding Spectrum



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.

Despite the fact the challenges related to Covid-19 continued throughout the entire Y2021, HT has managed to stabilise its business in line with the New Normal, including continued Smart Work model, ensured necessary sanitary material and disinfection to all offices and T-Shops, but also continued its investments in digital infrastructure development.

Hrvatski Telekom continues to actively monitor the situation with the COVID-19 virus and correlated risk aspects on operational activities. Eventhough Covid-19 related financial impact is integrated in the regular business dealing, certain uncertainties still remain, tied to externalities such as potential supply chain delays, and the overall economic activity and population standard on the distribution and usage of telecommunication services.

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 regards 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 Telekom 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 9 July 2021 HT and Zagrebačka banka signed sale and purchase agreement of 54.31% shares of Optima Telekom with Telemach Hrvatska, owned by United Group. Since Telemach Hrvatska received all necessary regulatory approvals and since all other conditions for the closing have been met, on 21 January 2022 HT and Zagrebačka banka signed the Share Transfer Agreement, whereby they transferred their shares in Optima Telekom to Telemach Hrvatska. Respectively, Optima Telekom is deconsolidated from financial reports as of July 2021.

In February 2019, HT d.d. concluded a Purchase transaction with the company HP-Hrvatska pošta d.d. on acquisition of 100% stake in the company HT Produkcija d.o.o., provider of EvoTV service. HT Produkcija d.o.o. is consolidated in HT Group financial results starting with March 2019. Operational highlights that relate to achievement of the main financial and non-financial key



performance indicators on the following pages are presented with consolidation impact of EvoTV. In 2021 treatment of the second set top box (STB) in EvoTV is changed. Namely, it is not treated as additional customer any more. Numbers are retrospectively adjusted.

In September 2021, Agreement on transfer of share held by HT holding d.o.o. in Kabelsko distributivni sustav d.o.o. (KDS) was concluded, between HT holding d.o.o. as the transferor company and HT as the transferee company. HT and KDS concluded on 29 September 2021 the Agreement on merger of KDS into HT. On 1 December 2021 the merger has been entered into the Court Register of the Commercial Court in Zagreb, by which the merged company KDS ceased to exist and the acquiring company, HT, became the universal legal successor of the merged company.

IFRS 16 Leases

The standard is applied from January 1st, 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.

- 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

Starting from 2020, all M2M customers, respective revenue and KPIs will be reported in prepaid.



HT GROUP FINANCIAL STATEMENTS

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%



NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON 31 DECEMBER 2021

Basis of preparation

The condensed consolidated financial statements as of 31 December 2021 and for the year 2021 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 April 23 2021, General Assembly of Hrvatski Telekom has brought the decision regarding the dividend payout in amount of HRK 8 per share. Dividend in amount of HRK 640,302,800 was distributed from net profit in 2020.

Under the decision, HT Holding paid a dividend to Hrvatski Telekom in total amount of HRK 80,018,663. The dividend was distributed from retained earnings and from capital reserves.

Relations with the governing company and its affiliated companies

In 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 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 2021.

Business relations transacted between HT d.d. and affiliated companies thereof (hereinafter referred to as: Group) in 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 2021 the Group generated total revenue from related companies to the amount of HRK 258 million (2020: HRK 226 million), while total costs amounted to HRK 262 million (2020: HRK 229 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 at 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 2021, the Group paid a total amount of HRK 0.9 million (2020: HRK 0.9 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 2021, the total compensation paid to key management personnel of the Group amounted to HRK 48 million (2020: HRK 49 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.



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

Financial Statements of the company Hrvatski Telekom d.d., for the fourth quarter and full year 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 Q4 2021 and FY 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, 24 February 2022



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, while as of 1 July 2021 deconsolidated from the Group’s financial statements.

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



LIFE IS FOR SHARING.

CONTACT DETAILS

Hrvatski Telekom Investor Relations

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A conference call for analysts and investors will be held on Thursday, 24 February 2022 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 FY 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.*

Annex 1

ISSUER'S GENERAL DATA

Reporting period:

01.01.21

to

31.12.21

Year:

2021

Quarter:

4.

Quarterly financial statements

Registration number (MB):

1414887

Issuer's home Member

State code:

HR

Entity's registration
number (MBS):

80266256

Personal identification
number (OIB):

81793146560

LEI:

097900BFHJ0000029454

Institution
code:

273

Name of the issuer: Hrvatski Telekom d.d.

Postcode and town:

10000

Zagreb

Street and house number: Radnička cesta 21

E-mail address: consolidation@t.ht.hr

Web address: www.t.ht.hr

Number of employees
(end of the reporting

5137

Consolidated report:

KD

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Iskon Internet d.d.

Radnička cesta 21, Zagreb

0629529

KDS d.o.o.

Vukovarska 5, Čakovec

1117645

COMBIS d.o.o.

Radnička cesta 21, Zagreb

3609103

OT-OPTIMA TELEKOM d.d.

Bani 75a, Zagreb

0820431

Crnogorski Telekom A.D.

Moskovska 29, Podgorica

02289377

HT Holding

Radnička cesta 21, Zagreb

04659511

HT produkcija

Ulica grada Vukovara 23, Zagreb

02753227

Bookkeeping firm:

No

(Yes/No)

(name of the bookkeeping firm)

Contact person:

(only name and surname of the contact person)

Telephone:

E-mail address: consolidation@t.ht.hr

Audit firm:

Ernst&Young d.o.o.

(name of the audit firm)

Certified auditor:

Domagoj Kutleša

(name and surname)

BALANCE SHEET
balance as at 31.12.2021

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	9.852.188.885
I INTANGIBLE ASSETS (ADP 004 to 009)	003	2.868.984.593	2.541.395.480
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	1.701.276.418	1.267.259.902
3 Goodwill	006	433.587.634	346.931.231
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	43.122.906	283.299.000
6 Other intangible assets	009	690.997.635	643.905.347
II TANGIBLE ASSETS (ADP 011 to 019)	010	6.516.368.511	6.299.841.557
1 Land	011	61.042.362	59.661.048
2 Buildings	012	3.914.144.728	3.512.646.336
3 Plant and equipment	013	2.262.051.666	1.663.499.811
4 Tools, working inventory and transportation assets	014	44.937.088	6.298.105
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	481.083	2.095.643
7 Tangible assets in preparation	017	156.992.558	1.034.129.021
8 Other tangible assets	018	8.895.095	9.100.320
9 Investment property	019	67.823.931	12.411.273
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	386.778.294	388.116.043
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	8.851.343
8 Loans, deposits, etc. given	028	3.451.191	0
9 Other investments accounted for using the equity method	029	379.099.359	379.264.700
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	509.061.378	482.433.896
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	410.563.261
4 Other receivables	035	105.487.720	71.870.635
V DEFERRED TAX ASSETS	036	133.732.817	140.401.909
C) CURRENT ASSETS (ADP 038+046+053+063)	037	5.020.271.544	5.103.128.734
I INVENTORIES (ADP 039 to 045)	038	153.358.359	189.692.435
1 Raw materials and consumables	039	16.835.661	24.311.840
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	134.126.093	165.380.595
5 Advances for inventories	043	0	0
6 Fixed assets held for sale	044	2.396.605	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	1.863.308.143	1.802.749.770
1 Receivables from undertakings within the group	047	29.405.449	5.370.927
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	1.712.958.761	1.733.189.431
4 Receivables from employees and members of the undertaking	050	18.650.353	16.410.960
5 Receivables from government and other institutions	051	83.348.461	17.108.807
6 Other receivables	052	18.945.119	30.669.645
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	746.335	239.483.164
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	201.000.000
9 Other financial assets	062	378	38.483.164
IV CASH AT BANK AND IN HAND	063	3.002.858.707	2.871.203.365
D) PREPAID EXPENSES AND ACCRUED INCOME	064	108.448.968	93.437.664
E) TOTAL ASSETS (ADP 001+002+037+064)	065	15.543.646.105	15.048.755.283
OFF-BALANCE SHEET ITEMS	066	0	0

LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	12.906.732.774	12.722.875.376
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	516.395.582
1 Legal reserves	071	512.248.870	512.248.870
2 Reserves for treasury shares	072	90.388.852	64.247.411
3 Treasury shares and holdings (deductible item)	073	-90.388.852	-64.247.411
4 Statutory reserves	074	0	0
5 Other reserves	075	1.041.518	4.146.712
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	1.653.309	-109.945
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	1.653.309	-109.945
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	1.100.985.287
1 Retained profit	084	1.245.604.907	1.100.985.287
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	588.194.012	614.920.335
1 Profit for the business year	087	588.194.012	614.920.335
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	313.012.768	245.706.727
B) PROVISIONS (ADP 091 to 096)	090	107.953.065	126.974.388
1 Provisions for pensions, termination benefits and similar obligations	091	32.409.793	14.784.866
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	43.752.524	78.208.427
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	33.981.095
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	742.645.725	610.530.141
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	0
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	0	0
9 Liabilities for securities	106	23.579.466	0
10 Other long-term liabilities	107	548.477.242	576.992.155
11 Deferred tax liability	108	48.078.577	33.537.986
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	1.782.282.286	1.579.376.338
1 Liabilities to undertakings within the group	110	136.700.325	0
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	0
7 Liabilities for advance payments	116	5.598.513	0
8 Liabilities to suppliers	117	994.551.292	945.412.622
9 Liabilities for securities	118	23.283.625	0
10 Liabilities to employees	119	135.075.995	164.746.542
11 Taxes, contributions and similar liabilities	120	31.750.249	29.504.575
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	439.712.599
E) ACCRUALS AND DEFERRED INCOME	124	4.032.255	8.999.040
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	15.543.646.105	15.048.755.283
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2021 to 31.12.2021

in HRK

Submitter: Hrvatski Telekom d.d.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	7.551.980.165	1.984.297.828	7.487.023.998	1.884.229.825
1 Income from sales with undertakings within the group	002	225.871.930	67.192.846	258.312.818	56.215.297
2 Income from sales (outside group)	003	7.231.672.729	1.898.337.595	7.134.975.554	1.810.934.413
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	94.435.506	18.767.387	93.735.626	17.080.115
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	6.745.235.459	1.921.312.376	6.674.202.588	1.673.094.049
1 Changes in inventories of work in progress and finished goods	008	0	0	0	0
2 Material costs (ADP 010 to 012)	009	2.374.292.252	701.362.125	2.231.499.045	638.002.848
a) Costs of raw materials and consumables	010	147.070.353	38.277.988	147.481.285	38.760.575
b) Costs of goods sold	011	1.458.416.201	448.141.567	1.264.480.969	420.017.936
c) Other external costs	012	768.805.698	214.942.570	819.536.791	179.224.337
3 Staff costs (ADP 014 to 016)	013	1.082.858.582	286.311.710	1.036.736.499	241.628.135
a) Net salaries and wages	014	685.966.787	185.959.486	658.898.116	151.221.790
b) Tax and contributions from salary costs	015	269.579.835	69.266.880	248.038.636	59.432.750
c) Contributions on salaries	016	127.311.960	31.085.344	129.799.747	30.973.595
4 Depreciation	017	2.192.464.223	629.897.723	2.266.421.571	497.771.724
5 Other costs	018	872.348.527	206.276.159	870.819.424	194.386.765
6 Value adjustments (ADP 020+021)	019	122.173.127	62.173.169	133.630.326	26.411.531
a) fixed assets other than financial assets	020	42.585.776	42.585.776	63.071.029	13.117.642
b) current assets other than financial assets	021	79.587.351	19.587.393	70.559.297	13.293.889
7 Provisions (ADP 023 to 028)	022	101.098.748	35.291.490	135.095.723	74.893.046
a) Provisions for pensions, termination benefits and similar obligations	023	86.148.963	30.953.292	71.857.954	26.171.085
b) Provisions for tax liabilities	024	0	0	0	0
c) Provisions for ongoing legal cases	025	12.221.098	737.190	53.521.087	39.045.526
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	2.728.687	3.601.008	9.716.682	9.676.435
8 Other operating expenses	029	0	0	0	0
III FINANCIAL INCOME (ADP 031 to 040)	030	47.090.165	-86.969	31.756.907	2.597.770
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 participating interests	032	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0	-7.211	-7.211
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 within the group	035	181.019	12.105	1.016.382	-14.071
6 Income from other long-term financial investments and loans	036	3.203.029	646.175	5.583.955	2.040.913
7 Other interest income	037	2.853.139	505.780	2.012.684	516.846
8 Exchange rate differences and other financial income	038	37.480.840	-1.300.144	23.126.621	51.816
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	3.372.138	49.115	24.476	9.477
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	138.802.997	27.681.431	100.960.734	18.589.236
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 the group	043	964.642	-407.029	45.240	10.658
3 Interest expenses and similar expenses	044	91.722.142	23.054.328	70.746.270	17.390.906
4 Exchange rate differences and other expenses	045	43.393.678	4.610.961	25.099.203	-2.796.673
5 Unrealised losses (expenses) from financial assets	046	0	0	0	0
6 Value adjustments of financial assets (net)	047	465.360	135.723	2.321.964	1.998.222
7 Other financial expenses	048	2.257.175	287.448	2.748.057	1.986.123
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0	165.341	165.341
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	1.152.072	-4.732.810	0	-135.713
IX TOTAL INCOME (ADP 001+030+049 +050)	053	7.599.070.330	1.984.210.859	7.518.946.246	1.886.992.936
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	6.885.190.528	1.944.260.997	6.775.163.322	1.691.547.572
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	713.879.802	39.949.862	743.782.924	195.445.364
1 Pre-tax profit (ADP 053-054)	056	713.879.802	39.949.862	743.782.924	195.445.364
2 Pre-tax loss (ADP 054-053)	057	0	0	0	0
XII INCOME TAX	058	140.129.114	12.030.970	129.340.372	41.995.026
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	573.750.688	27.918.892	614.442.552	153.450.338
1 Profit for the period (ADP 055-059)	060	573.750.688	27.918.892	614.442.552	153.450.338
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	573.750.688	27.918.892	614.442.552	153.450.338
1 Attributable to owners of the parent	076	588.194.012	29.577.251	614.920.335	154.570.844
2 Attributable to minority (non-controlling) interest	077	-14.443.324	-1.658.359	-477.783	-1.120.506
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	573.750.688	27.918.892	614.442.552	153.450.338
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	14.556.642	-1.502.218	-2.599.052	3.132.503
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	-532.690	-1.220.737	159.068	165.888
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 other comprehensive income	082	-676.645	-1.364.692	-484	6.336
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	143.955	143.955	159.552	159.552
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	15.089.332	-281.481	-2.758.120	2.966.615
1 Exchange rate differences from translation of foreign operations	088	15.089.332	-281.481	-2.758.120	2.966.615
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	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 interests	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	14.556.642	-1.502.218	-2.599.052	3.132.503
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	588.307.330	26.416.674	611.843.500	156.582.841
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	588.307.330	26.416.674	611.843.500	156.582.841
1 Attributable to owners of the parent	100	599.667.757	24.992.136	612.321.283	157.703.347
2 Attributable to minority (non-controlling) interest	101	-11.360.427	1.424.538	-477.783	-1.120.506

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2021. to 31.12.2021.

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	713.879.802	743.782.924
2 Adjustments (ADP 003 to 010):	002	2.310.978.765	2.426.436.839
a) Depreciation	003	2.192.464.223	2.266.421.571
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	25.459.392	24.603.375
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	-3.852.632	-531.199
d) Interest and dividend income	006	-2.853.139	-2.012.684
e) Interest expenses	007	91.722.142	70.746.270
f) Provisions	008	4.986.456	40.734.049
g) Exchange rate differences (unrealised)	009	20.850.449	19.432.475
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-17.798.126	7.042.982
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	3.024.858.567	3.170.219.763
3 Changes in the working capital (ADP 013 to 016)	012	-187.128.609	-52.851.942
a) Increase or decrease in short-term liabilities	013	-157.742.681	-157.606.592
b) Increase or decrease in short-term receivables	014	16.810.596	122.294.300
c) Increase or decrease in inventories	015	-10.081.414	-40.131.494
d) Other increase or decrease in working capital	016	-36.115.110	22.591.844
II Cash from operations (ADP 011+012)	017	2.837.729.958	3.117.367.821
4 Interest paid	018	-83.244.786	-77.670.424
5 Income tax paid	019	-224.093.318	-177.593.846
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	2.530.391.854	2.862.103.551
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	71.774.161	17.236.003
2 Cash receipts from sales of financial instruments	022	0	13.543.296
3 Interest received	023	6.851.681	5.197.395
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	959.557.696	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	1.038.183.538	35.976.694
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-1.780.916.985	-1.542.691.084
2 Cash payments for the acquisition of financial instruments	029	0	-37.620.915
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	-2.863.105
IV Total cash payments from investment activities (ADP 028 to 032)	033	-1.780.916.985	-1.583.175.104
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-742.733.447	-1.547.198.410
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 financial instruments	040	-63.858.067	-18.475.723
2 Cash payments for dividends	041	-646.333.561	-645.077.668

3 Cash payments for finance lease	042	-370.785.012	-350.333.631
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	-90.388.852	-99.664.299
5 Other cash payments from financing activities	044	-366.684.928	-326.649.928
VI Total cash payments from financing activities (ADP 040 to 044)	045	-1.538.050.420	-1.440.201.249
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-1.538.050.420	-1.440.201.249
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	-8.885.554	-6.359.234
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	240.722.433	-131.655.342
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	2.762.136.274	3.002.858.707
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	3.002.858.707	2.871.203.365

NOTES TO FINANCIAL STATEMENTS - TFI
(drawn up for quarterly reporting periods)

Name of the issuer: _____

Personal identification number (OIB): _____

Reporting period: _____

Notes to financial statements for quarterly periods include:

- a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year; information is provided regarding these events and relevant information published in the last annual financial statement is updated (Items 15 to 15C IAS 34 - Interim financial reporting)
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (Item 16.A (a) IAS 34 - Interim financial reporting)
- d) a description of the financial performance in the case of the issuer whose business is seasonal (Items 37 and 38 IAS 34 - Interim financial reporting)
- e) other comments prescribed by IAS 34 - Interim financial reporting
- f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:
 1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration
 2. adopted accounting policies (only an indication of whether there has been a change from the previous period)
 3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately
 4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence
 5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security
 6. average number of employees during the financial year
 7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries
 8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year
 9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted, the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking
 10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital
 11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer
 12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability
 13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member
 14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13
 15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available
 16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking
 17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet