

Strategy of the Telekom Slovenije Group for the 2021-2025 period (Summary)

Telekom Slovenije, d.d., (hereinafter: Telekom Slovenije) provides state-of-the-art ICT services and solutions to connect its users, ensuring their security and simplifying their lives. As the leading Slovenian provider of cutting-edge communication solutions, it is always focused on development, and the introduction of new technologies by providing its users with a state-of-the-art network, the latest services and an excellent user experience.

Through subsidiaries that operate as part of the Telekom Slovenije Group, its presence extends to Kosovo, Croatia, Bosnia and Herzegovina, Serbia, Montenegro and Northern Macedonia. Telekom Slovenije Group has the biggest, highest quality and most reliable telecommunications network in Slovenia and operates one of the most complex backbone networks in South-Eastern Europe.

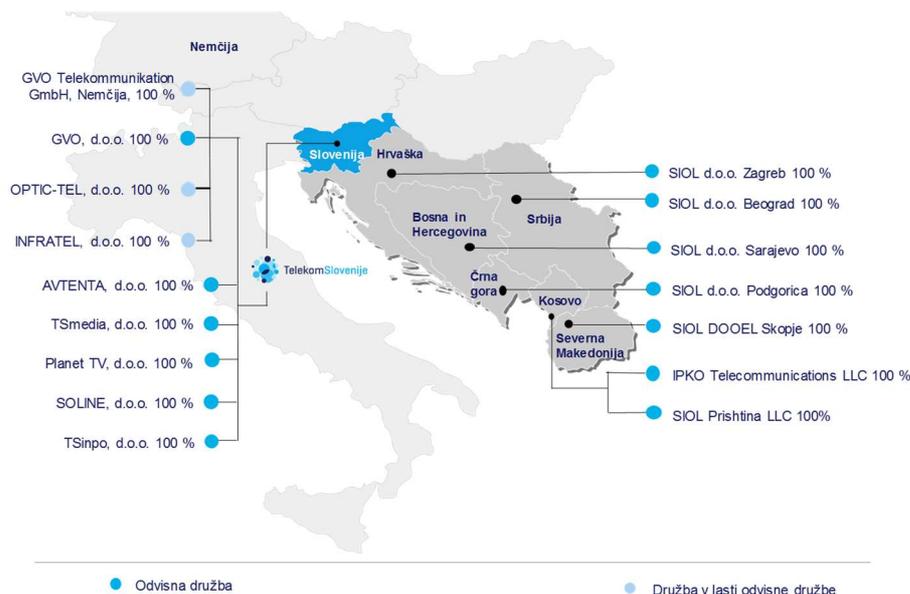
Activities of Telekom Slovenije Group (hereinafter: TSG) include:

- Fixed and mobile communications and ICT solutions
- Digital and multimedia content and services
- System integration and cloud computing services
- Development and implementation of enterprise content management solutions and tools for managing and monitoring operations
- Construction and maintenance of telecommunications networks
- Other services, such as financial services, e-care, insurance, electricity, and
- Conservation of natural and cultural heritage in the Sečovlje Salina Nature Park

Markets and organisation

Telekom Slovenije manages the operations of subsidiaries by defining their strategic policies and operational objectives and by monitoring the achievement of established objectives. TSG's operational strategy also includes uniform corporate governance within the TSG, as this optimises the operations of companies, improves the flow of information and creates synergies at the TSG level.

Status on 30 June 2020



Strategy of the Telekom Slovenije Group for the 2021–2025 period

The Strategy for the 2021–2025 period is the core corporate document defining TSG's future development and strategic policies through its mission, vision, values, objectives and strategy.

Telekom Slovenije Group implemented the set strategy in 2020 in accordance with the adopted strategic guidelines, and it updates its strategic business plan every year based on the conditions in the industry and the world.

Competition and the business environment

The markets in which the TSG operates are characterised by a high level of competition, as users can choose services from various operators. Users demand high quality at low prices, while at the same time markets are becoming increasingly saturated, and the ability to attract new users is constantly diminishing.

Continued decline in revenue from basic telecommunication services is generally expected in the Slovenian telecommunications market (including system integration and cloud services), which is developed and already in the phase of saturation. Telekom Slovenije has maintained a high market share across all segments in which it operates. Alternative operators have been growing their market shares primarily through aggressive pricing policies that Telekom Slovenije cannot (and refuses to) follow due to the limitations imposed by the regulatory body and the principles of good management.

Telekom Slovenije provides cutting-edge services tailored to the needs of users (an excellent user experience, the best sales and after-sales care for users, the most advanced and reliable network, convergent plans, additional services beyond the core telecommunications activities, and a comprehensive range of ICT solutions and information and cyber security services). Investments in the expansion and upgrade of technologies, accelerated digitalisation, the further optimisation of processes and the empowerment of employees are required to adapt dynamically to the needs of users.

The superior quality of its services is and will continue to be TSG's competitive advantage in the future, while our development will continue to be based on high standards of social responsibility and sustainable development.

Mission, vision and values of the Telekom Slovenije Group

Vision

Digitalising a world of opportunities.

Mission

Adding simplicity and security to your lives.

Values

Simple. Inspiring. Caring. Safe. Disruptive.



Key strategic objectives for the 2021–2025 period

Leader in the user experience

The leading user experience will be based on the best fiber optic network and the most advanced 4G/5G network for B2C, business verticals and critical infrastructure, and will be created in line with the latest trends, needs and demands of our users. We are building a long-term strategic position of being the first choice of our users and business partners for carefree and secure digital living and business. This will be achieved through digitalisation, ensuring excellence, security, contactless operations and dynamic adaptations to the constantly changing habits of communication service users.

Digitalisation of operations

Telekom Slovenije Group will continue to accelerate its digitalization of business operations through optimization and automation of business processes in order to ensure efficient operations.

Growth of ICT services

Growth of ICT services for our users will be based on our existing state-of-the-art LTE/4G network, the development of the internet of things, smart infrastructure (smart cities, smart communities, industry 4.0, etc.), ensuring cyber security, artificial intelligence, and the opportunities ushered in by the fifth generation of mobile networks (5G). This will be the foundation for Telekom Slovenije to become the leading partner of the digital development of Slovenia. We will achieve the growth through organic growth and the consolidation of the Slovenian ICT market.

Retaining revenue levels from core activity in Slovenia

We will retain the market share and revenue from the telecommunication activities in Slovenia through digitalisation (including the development of e-commerce, e-identity and other digital services), by offering comprehensive services, developing a unique, customer-oriented user experience, and through continued digitalisation and constant development of networks and services.

Consolidation in individual markets

On the one hand, the telecommunications market is undergoing intense consolidation of the industry and mergers of operators, with a change in the portfolio of services, while new competition is entering the ICT services market, which will additionally affect the operators' business models. The consolidation activities will be focused on obtaining new competencies, and entering new markets and areas.

Optimal HR structure

Achieving the goals we set is only possible through carefully planned management of the reputation and employer brand, an optimum human resources structure, with an effective system of rewards, by helping our employees develop new know-how and competencies, and through proper organisation and classification of job positions. Telekom Slovenije Group will still have the optimal number of employees to address the needs of the work processes of individual Group companies.

Financial stability

Telekom Slovenije Group is executing activities that ensure effective management of liquidity and financial stability. We will ensure the optimum level of debt over the long term, maximizing the company's value.

Social responsibility

We actively identify and will continue to identify the opportunities where we can contribute to the development of the social and economic environment in which we operate through our expertise, financial and other resources. The principles of sustainable development are and therefore well be built into our operations, products, services and content, while we also responsibly manage the economic, social and environmental impacts of our operations.

Ljubljana, 7 July 2020