

m:tel

ANNUAL REPORT

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FOR THE BUSINESS YEAR 2021

m:tel

Mtel, a.d. Banja Luka

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mtelbih



mtelimateprijatelje



mtelbh



company/mtelbih



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ADDRESS

OF THE CEO

Dear Shareholders,

The Mtel's year 2021 was marked with changes. Important information is that all the changes that have happened carry a positive mark and bring the results that are, undoubtably, the very indicator of success.

It is my great pleasure to begin my first address to you with excellent news. The most important news for us all, the shareholders as well as the employees, and the social community, which deserves to be emphasized explaining in the simplest way the changes that have happened, is a record growth of the Mtel's shares, from September 2021 to the end of the year. At the same time, this is the highest growth in the Company's history and represents the capital market reaction to the changes in the Company, namely, the new management's reputation.

Shares have grown for enormous 43,4 percent, and the earning per share was KM 0,15 in 2021, which was 15,4 percent increase, relative to the year 2020. Expressed in money - on the last day of trading in 2021, the Mtel share was KM 1,42, and on the last day of trading in 2020, the share was KM 0,99, and this very increase has positively influenced the market capitalization, which was KM 211.295.015 higher, relative to the previous year.

It is clear that the image of the Company's management is one of the powerful factors influencing the entire business perception thus, also, its successfulness.

Surely, our success is based on the status Mtel has in the telecommunications world as a part of the Telekom Srbija Group, namely, the leadership in the segment of investments, not only in BiH, but in the region as well. In 2021, we have invested 52,3 percent more than in the previous year, and these investments were directed towards the 4G mobile network enhancement and development, with the aim of satisfying the regulatory obligations, but also to improve the service quality, user experience, and LTE signal coverage of the territory, population, and roads.

In 2021, Mtel also invested in the switching systems and services, improvement of the IPTV platform capacity and functionality, as well as into the continuation of the optical access network construction. In the IT domain, significant results were realized in the business customer communication improvement through digital channels, and in the digital services, new tariffs, and tariff options implementation. Therefore, we invest in the technological progress, in the contents - where we have no competition, particularly in the sports and national feature's contents and, most importantly - in the people! It is important to us to invest in the professionals, since that is the investment with which we can, and want to, provide a decent life to the young people in their country, and stop the leaving of the top-quality professionals, which highly overcomes the interest of the Company alone, but has a positive effect to the whole community.

Business result for 2021 show the growth in all business segments. We have enhanced the customer base thus the revenues as well - in the mobile telephony, TV services - m:SAT particularly, integrated and internet services. Therefore, Mtel finished the business year 2021 with the net profit of KM 74.301.918, which was 15,4 percent higher, relative to the net profit realized in 2020.

In regard with the Mtel Group, we have recorded significant results on that level as well. The realized profit was 29,4 percent higher, customer base enhanced for 8,1 percent, and the revenues have grown for 4,3 percent. It is very important to emphasize the capital investments of the Mtel Group in 2021, which were increased for 45 percent, relative to the previous year. This is the sign that Mtel continues to provide additional value also to the companies which, by acquisition, have become the members of the Mtel Group.

Crucial and traditional segment of the business operations, which identifies us in the public, is our care for the community. For years, we have been awarded for the corporate social responsibility, for our investments in the humanity, science, education, culture, sport... New management has added to this list a very important human concept - helping ordinary people, returnees, people in need, since that makes a specific sense of a Serbia's company presence on this territory.

We are going into the next year fully prepared for new business challenges that should bring even better results, which are expected from us. Better and more successful company, focused on enhancement of activities, and quality-connected customers with the Company, this is the aim upon which we shall persist. We are aware the hard and turbulent times are coming, as well as a challenging financial market and real limiting factors, we cannot influence as a company. Nevertheless, I firmly believe in the success based on the strong vision and determination, and I am also sure the Mtel Company, and the entire Mtel Group, welcomes the future ready and determined to make the best of it.

At the end, I would like to thank you for the trust you have been giving us for years, to the employees for another successful year, as well as to our customers, whose satisfaction is our *spiritus movens*.

Sincerely yours,



Jelena Trivan,
Ph.D, CEO

MTEL, AD BANJA LUKA

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BUSINESS INDICATORS

OVER **1,7 MILLION**
SATISFIED CUSTOMERS

NET PROFIT OVER
74 MILLION
CONVERTIBLE MARKS

TOTAL INCOME
447 MILLION
CONVERTIBLE MARKS

m:tel

2021

CAPITAL INVESTMENTS
OVER **175 MILLION**
CONVERTIBLE MARKS

7 AFFILIATES

2.085
FULL-TIME
EMPLOYEES



BUSINESS INDICATORS

BUSINESS INDICATORS MTEL, AD BANJA LUKA

	2018	2019	2020	2021	2021 vs. 2020
Total revenues (KM mil.)	431,88	432,41	428,62	446,99	4,3%
Total expenditures (KM mil.)	363,68	364,99	357,21	363,74	1,8%
EBITDA (KM mil.)	166,71	179,57	178,06	204,31	14,7%
EBITDA margin	38,78%	42,42%	42,30%	45,80%	
EBIT (KM mil.)	67,97	64,67	71,60	91,03	27,1%
EBIT margin	15,81%	15,28%	17,01%	20,41%	
Gross profit (KM mil.)	68,20	67,43	71,41	83,25	16,6%
Net profit (KM mil.)	61,02	61,03	64,38	74,30	15,4%
Operating assets/liabilities (KM mil.)	968,45	1.246,98	1.239,98	1.325,99	6,9%
Capital (KM mil.)	676,76	681,89	686,53	683,40	-0,5%
Earning per share (KM)	0,124	0,124	0,131	0,151	15,3%
Market capitalization (KM mil.)	407,85	466,81	486,47	697,76	43,4%
Number of employees	2.131	2.125	2.105	2.085	-1,0%



CORPORATE PROFILE

- BASIC DATA
- OWNERSHIP STRUCTURE
- MANAGEMENT BODIES

BASIC DATA

**Registered business name:**

„Telekomunikacije Republike Srpske“, a.d.
Banja Luka

Shortened business name:

„Mtel“, a.d. Banja Luka
„Telekom Srpske“, a.d. Banja Luka

**Seat:**

Banja Luka, Vuka Karadžića 2

**Industry:**

Information and communication

**Organizational form:**

Joint stock company

**Activities:**

Telecommunications, provision of telecommunication and related services, transmission of voice, data, text, audio and video contents, encompassing:

- Wire telecommunications,
- Wireless telecommunications,
- Satellite telecommunications
- Other telecommunication activities.

Along with the main activities, the Company also pursues other registered activities, with the aim of making business more efficient and rational.

**Ownership:**

65,01% - Telekom Srbija a.d. Beograd
34,99% - other shareholders

**Value of the registered capital:**

491.383.755 KM

**Company's shares:**

- **Type of share, SR mark:**

Common shares, TLKM-R-A

- **RS quotation:**

Banja Luka SE

- **Number of shares:**

491.383.755

- **Face value:**

KM 1

**Date of incorporation**

20/12/1996 registered as the Public State Enterprise for Telecommunications of the Republic of Srpska

**Ownership transformation**

12/12/2002 became the joint stock company

**Status changes:****until 1996**

Public State Enterprise for PTT Traffic of the Republic of Srpska, provision of the postal, telegraph and telephone services

**From 01/01/1997**

The Company was divided into two new enterprises - Telekom Srpske, Public State Enterprise and Srpske pošte, Public State Enterprise.

**2002**

Pursuant to the Law on Privatization in the Republic of Srpska and the Republic of Srpska Government's Decision:

- 20% of the government share in the Company was privatized through vouchers (10,5% to the privatization-investment funds, and 9,5% to physical persons).
- The remaining 80% share (government capital - 65%, Pension and Disability Insurance Fund - 10% and Restitution Fund - 5%) was privatized under the Special Privatization Program of the Republic of Srpska Government.

**12/12/2002**

Pursuant to the Basic Court Decision, it was registered the change of name into Telekomunikacije RS, a.d. Banja Luka, and the status change.

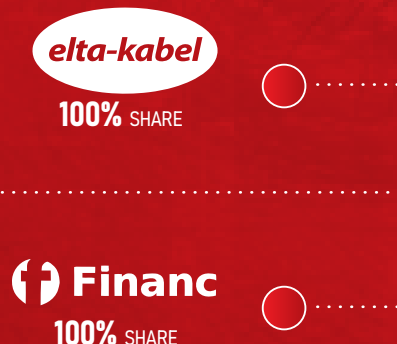
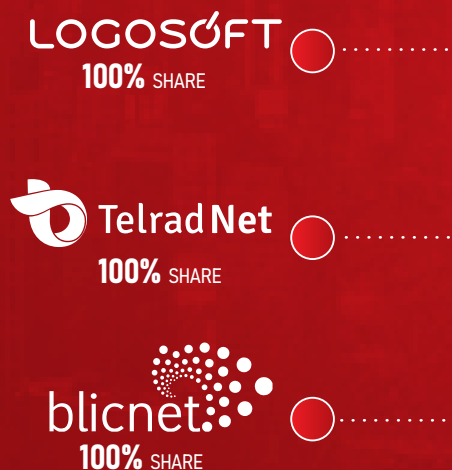
**28/06/2007**

Pursuant to the Decision of the Basic Court Banja Luka, it was registered the status change - ownership transformation through purchase of the entire government share by the Telekom Srbija, a.d. Beograd.

OWNERSHIP STRUCTURE

Having purchased the government capital in 2007, Telekom Srbija became the major owner of Mtel, with its capital share of 65,01%. As of 31 December 2021, the Mtel's ownership structure is as follows:

- Telekom Srbija, a.d. Beograd - 65,01%,
- Pension Reserves Fund, a.d. Banja Luka - 8,82%,
- Republic of Srpska Restitution Fund, a.d. Banja Luka - 5,03%,
- DUIF Kristal invest a.d. - OAIF Future fond - 2,11%,
- Other shareholders - 19,03%.



As of 31 December 2021, Mtel has a capital share in seven companies, as follows:

Five subsidiaries, with 100% share:

- Logosoft, d.o.o. Sarajevo,
- Telrad Net, d.o.o. Bijeljina,
- Blicnet, d.o.o. Banja Luka,
- Elta-Kabel, d.o.o. Dobo, and
- Financ, d.o.o. Banja Luka.

Two affiliates with less than 50% ownership share:

- Društvo za telekomunikacije MTEL, d.o.o. Podgorica with 49% share (51% Telekom Srbija, a.d. Beograd),
- MTEL Global, d.o.o. Beograd with 41% share (59% Telekom Srbija, a.d. Beograd).



MANAGEMENT BODIES

Since Mtel is a shareholding company/joint stock company, its business operations are defined by the provisions of the Law on Commercial Companies. Pursuant to these provisions and the Mtel's Statute, the joint stock Company bodies are the following:

- Shareholders Assembly,
- Management Board,
- Auditing Board,
- Internal Auditing,
- CEO,
- Executive Board.

Shareholders Assembly

Shareholders Assembly involves all shareholders.

Management Board

The following: Vladimir Lučić, Chairman, and the members Danijela Maletić, Dejan Carević, Slavko Mitrović, Draško Marković, Nenad Tomović and Branko Malović, perform the Management Board functions.

Auditing Board

The following: Dragana Milenković, Chairperson, and the members Radenko Kotur and Miloš Grujić, perform the Auditing Board functions.

Internal Auditing

Internal Auditing is organized as a support function within Mtel. Until 31/12/2021, the Head of the Auditing was Mirjana Matanović Bundalo. The present Head of the Internal Auditing in the Company is Miroslav Vujić.

CEO

The Company CEO is Jelena Trivan, Ph.D.

Executive Board

The Mtel's Executive Board includes the CEO, Jelena Trivan, Ph.D., and the Executive Directors:

- Executive Director for Technics
Milan Aleksijević,
- Executive Director for Marketing and Sales
Milosav Parezanović,
- Executive Director for Finance
Dejan Jokić,
- Executive Director for Corporate Affairs
Nikola Tacić,
- Executive Director for Operations
Nikola Rudović.



Jelena Trivan, Ph.D., CEO

Jelena Trivan, Ph.D. was born in 1973. She graduated and received her Doctor's Degree from the Belgrade University School of Philology. Until 2000, she worked as a Literature Professor in the *Prva kragujevačka gimnazija* (First Grammar School Kragujevac). In the period of 2000-2006, she was a Deputy Minister in the Ministry for Human and Minority Rights. During her Deputy Minister's mandate, she was leading

Negotiating Team of the Serbia and Montenegro State Union for signing of the Agreement on National Minorities with the neighboring countries, and the Agreement on Readmission with the European Union member states.

She was a co-president of the inter-state commissions for the national minorities' protection, with Croatia, Hungary and Romania, and the team leader for drafting the National Minorities Act and National Minorities' National Councils Act.

Since 2004, she has represented Serbia in the Council of Europe Human Rights Committee. In this period, she has monitored the status of human rights in the Council of Europe member states.

She was the laureate of the 2011 The Man of the Year award.

In the period of 2007-2014, she was a national deputy in the Republic of Serbia National Assembly. At the time, she was chairing the Culture and Information Board. She was also a member of the European Integration Board, and the Interparliamentary Delegation between the European Parliament and the Republic of Serbia National Assembly.

In the Republic of Serbia National Assembly, she

chaired the Group of Friendship with the Netherlands. She has been the RTS Program Board member since 2013.

In 2017, she received the Serbia Chamber of Commerce Award - Manager of the Year, and the Serbia Chamber of Commerce and Belgrade Chamber of Commerce annual award of *Beogradski pobednik za 2018. godinu* (Belgrade Winner 2018) for the achieved results in the economy.

Since 27 January 2015 she has performed the duties of the Director of the *Javno preduzeće Službeni glasnik* (Official Gazette Public Enterprise).

She has been the Film Center of Serbia Management Board President since 2018.

The Company's Management Board has elected Ms Jelena Trivan, Ph.D. the General Manager (CEO) of the Mtel, a.d. Banja Luka, with the mandate commencing on 15 September 2021.

She speaks the English language.





Milan Aleksijević

EXECUTIVE DIRECTOR FOR TECHNICS

Milan Aleksijević was born in 1969 in Kragujevac. He graduated from the Belgrade University School of Electrical Engineering in 1996 and completed his MBA studies in 2013.

He began his career in the PE PTT Traffic Srbija in 1996. From 1997 he was employed in the Territorial Division for Telekom Srbija a.d. Beograd Network, having performed the duties of an associate, specialist,

head of department and executive and, from 2005 to 2008, he was the Independent Department for Planning and Engineering Head. He was appointed the Switching Subsystems Sector Director in 2008. From 2012 he was performing the duties of Acting Director of the Technical Preparations (Engineering) Function and, from 2013 to 2017, he was the Telekom Srbija Network and Service Planning Function Director.

He worked on several software systems development and implementation through internal development based on the IT/ICT technologies and telecommunications systems synergy. He was engaged in the telecommunication systems planning, development and implementation, working through projects on the new technologies introduction, firstly in switching systems and transport network and, later on, he was in charge of development of the entire telecommunications network and services in the fixed and mobile telephony in Telekom Srbija. He also led projects for development and implementation of the soft-switch technologies in the mobile network, VAS service platforms in the fixed and mobile network, introduction and implementation of 4G mobile radio network, ALL-IP fixed network transformation project through introduction of the optical infrastructure throughout Serbia, IPTV multimedia platforms and many others.

In the period of 2010-2016, he was leading the Expert Team of the Delegation for Beograd -Priština Dialogue negotiations in Brussels, and was an active negotiator in the telecommunications filed until the successful

finalization of the negotiations and obtaining of the licenses, which was followed by a successful incorporation of the mtsDOO Company in K&M.

In the period of 2017 - 2021, he was performing the duties of Assistant General Manager of the Telekom Srbija, a.d. Beograd having been in charge of the Telekom Srbija development strategy, strategic projects leadership, regulatory and legal framework of the Telekom Srbija business, security, as well as for the procurement strategy and policy. He was actively involved in the Telekom Srbija Group member companies' development, as well as for innovative projects based on the strategic initiatives on the Telekom Srbija level.

He was appointed the Mtel a.d. Banja Luka Executive Director for Technics on 10 March 2021.

He speaks the English language.





Milosav Parezanović

EXECUTIVE DIRECTOR FOR MARKETING AND SALES

Milosav Parezanović was born in 1972 in Čačak. He acquired his Manager of Economic and Industrial Management Diploma from the Faculty of Business and Industrial Management of the Union - Nikola Tesla University in Belgrade, and the Master Manager of Media and Public Relations Diploma from the Faculty of Organizational Sciences of the University of Belgrade.

Until 2000, he was performing the executive marketing and sales duties with several radio and TV stations in Belgrade. From 2000 to 2005, he headed the executive marketing activities of the RTV B92 Company.

In 2005, he commenced working for the German Company of Burda, having performed the marketing and advertising activities. After the Burda Company acquisition by the Gruner + Jahr Company, in the newly incorporated German-Dutch-Austrian Company - Adria Media Group in Belgrade, he was performing the duties of the Advertising Director for several printed media and accompanying digital platforms. For years, being the AMG Company Key Account, he was in charge of realization of the media campaigns for several major national and international companies, which operated in Serbia and the Region, among them Telekom Srbija as well.

He was engaged in the organization of numerous team buildings, seminars, conferences, and business events in Serbia and abroad. From 2014, he was the Director of the Advertising Division within the Adria Media Group and Kurir Info.

He was appointed the Mtel a.d. Banja Luka Company Executive Director for Marketing and Sales on 18 October 2021.

He speaks the English language.



Dejan Jokić

EXECUTIVE DIRECTOR FOR FINANCE

Dejan Jokić was born in 1969. He graduated from the South Bank University, London BA Business Studies in 1997.

He started his career with the Intereksport Beograd Company in 1998 and, from 1999 to 2002, he was the Sports Marketing Manager of the Delta sport Company. In 2002, he took the Project Leader position in the Auction Privatization Center, where

he participated in the organization and conducting of the public auctions, preparations and conducting of the small and medium enterprises privatization, as well as the communication and negotiations with the national institutions.

In 2004, he initiated and launched the activities for establishing of the Bankruptcy Procedures Center within the Republic of Serbia Agency for Privatization, which commenced the activities in 2005, when he was appointed the Director of the mentioned new Center and remained on this position until 2013.

In the period of 2013 - 2014, he performed the duties of the Director of the Non-performing Placements Collection Sector within the AIK Bank. He was a co-establisher of the Maxima consulting, Company for organizational and financial restructuring, established in 2014, where he performed the activities related to making the value assessments, and offering creditors and debtors services in the bankruptcy procedures, and organizational and financial restructuring.

In 2015, he was appointed the Director of the Financial - Accounting Operations Sector with the JP Službeni glasnik Republike Srbije (Official Gazette of the Republic of Serbia) and remained on this position until his appointment to the Mtel a.d. Banja Luka Executive Director for Finance position.

He was the USAID Brownfield Investment Project leading consultant, the Chairman of the Bankruptcy Trustee Licensing Agency examination board, the Export Insurance and Financing Agency Management Board member. Since 2018, he has been the JP Službeni glasnik Supervisory Board member and, since July 2021, the Direktna banka Beograd Management Board member.

He was appointed the Mtel a.d. Banja Luka Executive Director for Finance on 20/09/2021.

He speaks the English, Italian, and Russian language.



Nikola Tacić

EXECUTIVE DIRECTOR FOR CORPORATE AFFAIRS

Nikola Tacić was born in 1990 in Prokuplje. He graduated from the Niš University School of Law, after which he passed the Judicial Examination at the Belgrade University School of Law and became a member of the Bar Association of Serbia. He also acquired the mediator's status at the Mediation Academy in Belgrade.

During the studies, he has gained practical

experience having worked as a trainee - legal associate with the higher-rank courts of general authority, as well as with the reputable attorney at law's offices in Belgrade.

In his career as an attorney at law, he has specialized in resolution of disputes originating from civil, labor, administrative, and commercial law, including the legal representation before the judicial and administrative bodies of the Republic of Serbia and Montenegro, as well as in the international disputes. He has also provided his clients with the legal services in the corporate and contract law.

Prior to his appointment to the position of the Mtel, a.d. Banja Luka Executive Director for Corporate Affairs, on 18 October 2021, he was a partner in charge of the litigation department with the attorney at law office in Belgrade.

He speaks the English language.



Nikola Rudović

EXECUTIVE DIRECTOR FOR OPERATIONS

Nikola Rudović was born in 1978 in Bar. He graduated from the Belgrade University School of Law in 2003, and, in 2004 completed the PERIKLES - School for Social and Political Leadership by the *Centar za demokratiju* Fund, financed by the European Commission.

He passed the judicial examination in 2007. Since 2007, he has been the member of the Belgrade Bar

Association as an attorney specialized in corporate law.

In January 2013, he joined the Mtel team as the CEO's Advisor and, since December 2013, he has been performing the duties of the Strategy Function Director.

He was appointed the Mtel a.d. Banja Luka Executive Director for Operations on 25 April 2014.

He speaks the English language.



MISSION & VISION

The Mtel Company operates with corporate social responsibility, which is the fundamental value and the expression of the common belief and plays a significant role in the business life.

Guided by the corporate values, we gain the trust of our customers, business partners, shareholders, and the social community. We take trust as the very condition for a quality cooperation, which is the result of a years-long practice of investing in the business relations. Corporate values are the basis for understanding the common obligations and responsibilities, and for resolving legal and moral dilemmas.

In the corporate culture improvement context, the Company is determined to pursue business activities in line with the defined corporate values, which include:

The Mtel's Strategic plan for the 2018-2021 period defines the mission and vision:

MISSION

"Committed to the tradition that binds us, we offer our customers a unique digital experience, making their life better, easier and more joyful".



VISION

"A step ahead of the others, we want to be the customer's first choice in the digital world of services".

Commitment to Customers

The customer satisfaction is the starting point and the aim of our business. Therefore, we constantly focus on following the customers' needs, as well as their development.

Well-coordinated Team

We need to be professional and competent to address the market challenges and be the best in the industry in which we operate.

Corporate Responsibility

Always led by positive values, we pursue activities systematically and permanently building the tradition of quality relations towards the society and the environment in which we operate.

Orientation towards Changes

Following our vision, we adapt to the market changes, we are flexible and ready to take intelligent risk and responsibility to speed up the operations.

Constant Growth and Development

We adjust our priorities and aims to the contemporary trends and our customers' needs, carefully selecting our cooperators, and top-quality equipment manufacturers and suppliers.

Company Ambassadors

We clearly choose to develop team spirit, fostering mutual relations and friendly atmosphere where every employee plays a significant role, and may be relied upon at any time and place.

STRATEGY

In accordance with the Strategy Plan for 2018-2021, Mtel's main determination in the 2021 was identification and exploitation of novel resources for development and growth of revenues, i.e., orientation towards further development of mobile internet, as well as development in the segment of digital services, and improvement of the present market position and internal business aspects.

Mtel's strategic focus in 2021 was the customer migration to the optical infrastructure with the aim of providing high quality services, both existing and new ones, development of LoRa WAN network-based IoT services, in the context of further digital services improvement in the residential and business customer segment and achieving a continuous technical-technological development in line with the global technological trends in telecommunications industry.

In the customer segment, the activities have been continuously conducted in improvement of the communication with the customers through digital channels, and development of the social networks' strategy, being an important channel of communication with the customers.

In regard with the corporate social responsibility, protection of information and maintenance of a fair and efficient market competition, we have addressed the prevention of the informal

information spreading and undertook the activities to that regard, through information and education, as well as fighting the unfair competition.

In 2021, Mtel has continued the activities aimed at prevention of the Covid 19 spreading and consequences. Mtel has continued to support the systems under intense pressure due to the Covid 19 pandemic - health and education system primarily, but also its employees, as well as all other social categories that were in need. Along with the above, the pandemic has forced Mtel to issue a fuller information and faster decisions, focusing on automatization, assessment, and mitigation of risk in real time.

Upon the expiry of the Strategy Plan for 2018-2021, Mtel has developed a new Strategy Plan for the period 2022-2026.



STRATEGY PLAN

FOR THE PERIOD OF 2022-2026

In 2021, Mtel a.d. Banja Luka has developed a new Strategy Plan for the period of 2022-2026, for the purpose of defining the strategic determination, all with the aim of further improvement of the business result and retaining the leader's position on the telecommunications market, as well as development and growth.

The new Strategy Plan for 2022-2026 of Mtel a.d. Banja Luka, defines the new mission and vision:

MISSION: "On the grounds of a multi-decade experience, along with constant transformation and modernization of our business, we re-improve our customers' experience. We provide them with an impeccable connections and supreme digital experience, everywhere and in every moment, thus we become their first choice in the markets where we operate".



VISION: "Recognized global player in the digital world without borders"

Within the Mtel a.d. Banja Luka new Strategy Plan for 2022-2026, the strategic segments for further actions are identified and unified in the form of the Strategic House, which represents a strategic direction for the monitored timeframe.

The Strategic House is defined in the form of:

● Five strategic pillars

(increase of revenues and value per customer, superior customer experience, efficiency improvement and business operations sustainability, expansion of the activities at the new and existing markets in the telecommunications and multimedia segments, and development of the digital ecosystem through innovations and partnerships),

● Two strategic foundations

(technological and service infrastructure, and people and organizations).

The common layer for all strategic elements is digital transformation, which enables more efficient, modern, profitable, and sustainable business operations of the Company. The Corona virus pandemic increased the dependence on technology and accelerated the digital transformation process, having turned it into an imperative.

Along with the listed strategic aims, Mtel's activities have been directed towards the customer base development and increase of revenues in the segment of multimedia and integrated services, the customer base development and increase of revenues in the segment of mobile postpaid and mobile internet, further development in the segment of digital services, use of synergic effects on the Mtel Company and subsidiaries' level, and

improvement of the existing market position and internal business aspects.

In the broadband internet access segment, high internet speeds participation enhancement is planned in the whole customer base, with retaining the existing users and their migration to the bundle packages.

In regard with the further improvement of the services and development of the technological and services infrastructure, it is planned for improvement of the integrated services packages offer with the m:SAT service, and the mobile/fixed network services, as well as a higher market share of the m:SAT service, constant enrichment of the offer in the payTV segment, further improvement of the digital channels for communication with the customers in the marketing and sales, ICT, IoT and Cloud services improvement, technical and service infrastructure (IP/MPLS, VoLTE, 5G) development and improvement, and the standardized key processes improvement.

As a socially and ecologically responsible company, Mtel will direct all activities towards the benefit of the society in whole, with remarkably high awareness of the necessity to protect and preserve the environment.



STRATEGIC HOUSE

DIGITAL TRANSFORMATION FOR A MORE EFFICIENT, MODERN,
PROFITABLE AND SUSTAINABLE BUSINESS

AVERAGE
REVENUE PER
UNIT AND
ACCOUNT
(ARPU/ARPA)

USER
EXPERIENCE

SUSTAINABLE
AND EFFICIENT
BUSINESS
OPERATIONS

TELCO AND
MEDIA
OPERATIONS
ENHANCEMENT

DIGITAL
ECOSYSTEMS
THROUGH
INNOVATIONS
AND
PARTNERSHIPS

TECHNOLOGICAL AND SERVICE INFRASTRUCTURE

PEOPLE AND ORGANIZATION

STRATEGIC PILLARS

STRATEGIC FOUNDATIONS

ENVIRONMENT AND REGULATORY FRAMEWORK

- MACROECONOMIC ENVIRONMENT
- TELECOMMUNICATIONS MARKET IN
BOSNIA AND HERZEGOVINA
- REGULATORY FRAMEWORK



MACROECONOMIC ENVIRONMENT

According to the World Bank analyses published in January 2022, the global economy is gradually recovering from the consequences of the COVID-19 pandemic¹. The forecasts are that the global economy will grow by 4,1% in 2022, which still represents 5% decrease, compared to the pre-pandemic period².

Global prices of the energy sources have abruptly risen during the second half of 2021, particularly in the case of natural gas and coal. For 2022, the EU GDP is expected to grow 3,0%³ and 2,9% for 2022⁴.

The World Bank's forecasts are uncertain, since the Omicron virus has caused unfamiliar problems, despite a stable vaccination rate, in the developed countries at least. Short-term conditions for a global development are slightly weaker, since the global inflation will be higher than expected, namely the food and energy sources prices will increase, as well as other prices, since the difficulties and disturbances in the supply chain are expected. Global growth will slow down to 3,2% in 2023, again, since the macroeconomic support policies are still unstable.

In October 2021, the International Monetary Fund announced that the Bosnia and Herzegovina's GDP was expected to rise to 3,21% relative to the year 2020⁵. Along with that, in the latest International Monetary Fund (IMF) report, the expectations for BiH GDP in 2022 is to rise for 3,2%⁶ as the result of the Corona virus pandemic. The average inflation rate for 2022 is expected to be 8,1%⁷.

MACROECONOMIC INDICATORS BOSNIA AND HERZEGOVINA

	2018	2019	2020	2021
Gross domestic product (in KM mil.)	33.444	35.296	34.240	37.343*
Real GDP rate change	3,6%	2,7%	-3,2%	5,8%*
Average annual depreciation rate	1,4%	0,6%	1,1%	5,4%
Industrial production growth rate	1,6%	-5,5%	-6,2%	10,7%
Unemployment rate	18,4%	15,7%	15,9%	16,4%*
Average net salary (in KM)	906	951	988	1.007*
Public debt (in KM mil.)	11.107	11.211	12.193	12.675*
FX reserves (in KM mil.)	11,6	12,6	13,9	16,1
Direct foreign investments flow (in KM mil.)	952,5	698,2	678,2	1.049*
Direct foreign investments participation in GDP	2,8%	2,0%	2,0%	2,8%
% change of import	7,6%	-3,4%	-8,5%	34,8%
% change of export	6,0%	1,2%	-13,4%	26,5%
Export over import	61,7%	58,9%	62,3%	66,3%

* Data related to Q3 2021

Source of data:

- **Gross domestic product (in KM mil.):** Central Bank of BiH
- **Average annual depreciation rate** <https://bhas.gov.ba/Home/>
- **Industrial production growth rate** https://bhas.gov.ba/data/Publikacije/Saopštenja/2022/IND_01_2021_12_1_HR.pdf

- **Unemployment rate** https://bhas.gov.ba/data/Publikacije/Saopštenja/2021/LAB_00_2021_Q3_1_HR.pdf
- **Public debt (in KM mil.)** <https://www.mft.gov.ba/Content/OpenAttachment?id=9a660994-5fbc-403c-95fe-0a9ae2a3cb68&lang=bs>
- **FX reserves (in KM mil.)** <https://www.cbhb.ba/Home/GetTableAttachment?contentId=7b42e1eb-6797-4a64-9bc2-4fc08e9f7439&lang=sr>

¹ World Bank "Global Economic Prospects", January 2022 – pg. 19

² Ibidem – pg. 19

³ Ibidem – pg. 95

⁴ Ibidem – pg. 95

⁵ <https://zeenews.com/news/inf-slashes-bosnia-2021-economic-growth-forecast-to-28-757221>

⁶ <https://zeenews.com/news/inf-slashes-bosnia-2021-economic-growth-forecast-to-28-757221>

⁷ <https://tradingeconomics.com/bosnia-and-herzegovina/inflation-cpi>

TELECOMMUNICATIONS MARKET IN BOSNIA AND HERZEGOVINA

In the telecommunications industry, the Communications Regulatory Agency (hereinafter: the Agency) continued to conduct the activities for the regulatory framework harmonization with the applicable European regulatory framework and the best practices, with the emphasis on the market analyses procedures application, the accounting separation and cost accounting methodology implementation, and improvement of the capacities for the broadband internet access services quality check. In the course of 2020, the first two phases of the Project Analysis of the Electronic Communications Market according to the EU methodology were finalized within the planned timeframe, having included the activities in the data collecting, processing, draft analysis development, and their introduction into the public consultations. Due to the circumstances caused by the Covid 19 pandemic, the final Project activities, including the Agency's employees' meetings and trainings, were hardly feasible thus having postponed the Project finalization for the first half of 2021.

At the end of May, the Agency and the Mediacentar Sarajevo Foundation published the Guidelines for use of the media, information-communication technologies, and time the children spend in front of the screen. The Guidelines issue the recommendations, primarily to the parents, but also teachers, tutors,

pedagogues, psychologists, psychotherapists, and health professionals, on how to contribute to development of healthy media habits of children, with the aim of securing the children's rights and protecting children from potential risks and damages⁸.

Since 1 July, in the Western Balkans countries, the maximum price for roaming in the mobile telephony has been determined in application of the RLAH "Roam Like at Home" Rule. The operators have performed the alterations and amendments of their respective Pricelists, and created the Document entitled Conditions for Use of the Roaming Services in the Western Balkans Region. This Document precisely defines the conditions and prices for use of the roaming services in the Western Balkans Region, in line with the Rule on the application of fair use policy and on the methodology for assessing the sustainability of the abolition of retail roaming surcharges, and the Decision on the prices of roaming services in the public mobile communication networks in the Western Balkans Region⁹.

In April 2021, the Croatian Regulatory Authority for Network Industries submitted the request in which it was required the removal of the interference originating from the BIH territory, which was obstructing the introduction of 5G network on

⁸ Guidelines on use of the media, information-communication technologies and time children spend in front of a screen

⁹ Roaming Like At Home

specific frequency resources in Croatia. The Agency has informed the license holders' associations on the Croatian requirement, according to which BiH must act pursuant to the ratified international obligations and turn off 171 analogue TV transmitters, used by a total of 26 public and commercial TV stations in BiH. The process should have been realized successively from 1 July to 31 December 2021¹⁰. The Agency has emphasized that would not be any so-called media darkness, since everyone in BiH must obey the Regulator's Rule no. 79/2016, according to which the commercial TV stations, in the areas where they have had analogue terrestrial coverage, transfer to the so-called cable distribution.

In early October, the Agency received an official letter from the International Telecommunication Union (ITU) which confirmed the readiness of ITU to provide the necessary professional and technical support in the implementation of the project "Favorable environment for broadband mapping in Bosnia and Herzegovina". The letter of the Head of the ITU Office for Europe to the General Director of the Agency which contains the methodological approach to the project, initiated the process of cooperation between the ITU and the Agency on development of broadband internet in BiH. Slovenian Regulatory Agency AKOS will be a partner and technical support to the Agency in this Project that leads BiH to introduction of the 5G technology, which must be finalized by December 2023.

Mid December, the Agency announced the first Public Invitation for Proposals of Audiovisual Media Service (AVMs) Providers for access to the Open Multiplex D, in all nine digital regions for digital television signal coverage. The proposals for access to the open Multiplex D may be submitted by all providers of the AVM services, whom the Agency has issued the License for TV broadcasting which is performed via terrestrial radio diffusion and the License for TV broadcasting which is performed via other electronic communication networks¹¹.

The realized revenues from the telecommunication market in 2020 were KM 1,241 billion¹², which is 0,05% more than the revenues from the previous year. In terms of the GDP, BiH revenues from the telecommunication market in 2020 participated with 3,54%, without changes relative to the year 2019, however, they were lower than in the previous years.

In regard with the specific services share in the total revenues from the BiH telecommunication market in

2020, the largest share belongs to the mobile telephony, with KM 529 million, which represents 42,65% of the total revenues. The fixed telephony revenues recorded growth, relative to the previous year, which was KM 340 million. The Internet service recorded growth in 2019, but stagnated in 2020, and participated with only 13,87% in the revenues from the telecommunication services in BiH, in the amount of KM 172 million.¹³ The rest of the revenues were realized through provision of the other services that are not related to the telecommunications.

The total revenues the operator realized on the fixed telephony market (Revenues from retail - connection, subscription, and traffic, and traffic termination) in 2020 were KM 297¹⁴ million. The Revenues of the fixed telephony in 2020 recorded a change of +3,89% on the annual level. The total revenues, realized from the retail services in mobile telephony¹⁵ on the BiH market in 2020, are estimated to be KM 404 million. Relative to the year 2019, the revenues of the mobile operators and service providers (fees from connection, subscription, and traffic) are lower for 8,32%.

TELECOMMUNICATION SERVICES REVENUES (in KM mil.)

Total revenues

Mobile telephony revenues

Fixed telephony revenues

Internet services revenues

2017

2018

2019

2020

1.339

1.266

1.240

1.241

579

549

529

529

377

365

298

340

141

168

172

172

Data on telecommunication services revenues for 2021 are not officially available

Source 2020, 2019, 2018, 2017.¹⁶

¹⁰ Analog signal turning off

¹¹ Public invitation for submission of the AVM Providers' applications for access to the open Multiplex D

¹² Review of the BiH Telecommunications Market 2020, BiH Communications Regulatory Agency, www.rak.ba

¹³ Review of the BiH Telecommunications Market 2020, BiH Communications Regulatory Agency, www.rak.ba

¹⁴ Review of the BiH Telecommunications Market 2020, BiH Communications Regulatory Agency, www.rak.ba

¹⁵ Review of the BiH Telecommunications Market 2020, BiH Communications Regulatory Agency, www.rak.ba

¹⁶ Review of the BiH Telecommunications Market 2017, 2018 and 2019

FIXED TELEPHONY

In 2021, the public telephone services through the fixed telecommunication network in BiH, were provided by 17 operators, out of which 3 operators with the License for public fixed telephony operator of the (BH Telecom d.d. Sarajevo, Telekom Srpske a.d. Banja Luka and Hrvatske telekomunikacije d.d. Mostar), and 14 operators licensed for provision of public telephone services¹⁷.

The decreasing trend of the fixed telephony users' number is most visible at the significant market power operators, since they have the largest bases of these users and the replacement of the fixed services with the mobile has been going on for years. On the other hand, the decline in the fixed telephony users' number has been mitigated by the user migration to the integrated services that are provided by means of the fixed network.

At the end of the Q4 2021, the total number of the active fixed telephone lines of the dominant operators was 543.117¹⁸, with the decline rate of -3,01%, relative to the Q4 2020, and -0,99% relative to the previous quarter.

At the end of the Q4 2021, the total number of the new operators' own customers was 145.498¹⁹, with the change rate -0,45%, relative to the Q4 2020, and -0,04%, relative to the previous quarter.

At the end of the Q4 2021, the total number of the customers of new operators with CS indirect access was 227²⁰, with the change rate of -55,23%, relative to the Q4 2020, -6,20% relative to the previous quarter.

Number Portability Service for the fixed public telephone service users, has increased the competition in the fixed telephony market. The number of the ported telephone numbers in the fixed telephone network in BiH at the end of Q4 2021 was 100.033²¹ (+6,99% relative to Q4 2020, and 2,06% relative to Q3 2021).

The penetration rate in the Bosnia and Herzegovina fixed telephone network, at the end of the year 2020, was 20,02%²².

FIXED TELEPHONY

	2018	2019	2020	Q4 2021
Number of active telephone lines of SMP operators	599.642	582.868	559.986	543.117
Number of own subscribers of alternative operators	140.033	144.593	146.149	145.498
Number of ported fixed numbers	78.745	88.321	93.499	100.033

Source Q4 2021. ²³

Source 2020, 2019, 2018.²⁴

¹⁷ Holders of the License for public fixed telephony operator & Holders of the License for provision of the public fixed telephony services

¹⁸ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

¹⁹ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

²⁰ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

²¹ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

²² Review of the BiH Telecommunications Market 2020, BiH Communications Regulatory Agency, www.rnk.ba

²³ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

²⁴ Quarterly comparative data of the electronic communications market for 2018, 2019 and 2020

²⁵ Review of the BiH Telecommunications Market 2020, BiH Communications Regulatory Agency, www.rnk.ba

²⁶ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

²⁷ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

²⁸ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

²⁹ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

MOBILE TELEPHONY

Three licensed mobile operators provide services in Bosnia and Herzegovina: JP BH Telecom, d.d. Sarajevo, Telekomunikacije RS, a.d. Banja Luka and JP Hrvatske telekomunikacije, d.d. Mostar²⁵, with four providers of the services in the mobile communications: Logosoft d.o.o. Sarajevo, DASTO SEMTEL d.o.o. Bijeljina, NOVOTEL d.o.o. Sarajevo and haloo d.o.o. Sarajevo.²⁶

Along with the three dominant operators, other mobile service providers are allowed to provide the mobile services under the commercial contracts concluded with the holders of the GSM/UMTS/LTE licenses in Bosnia and Herzegovina.

In 2021, the number of mobile users has shown the rising trend. At the end of the Q4 2021 the number of users of the mobile services was 3.728.775²⁷ (+6,24% relative to the Q4 2020, and -2,21% relative to Q3 2021).

The prepaid user number is still few times higher than the postpaid users number in the mobile telephony. The participation of the postpaid users at the end of the Q4 2020 was 29,25%²⁸. In the Covid-19 pandemic in 2020, participation of the postpaid users was increasing both in BiH and in the region. In the Q4 2021, the participation of the postpaid users in the total number of users of the mobile telephony services has decreased to 26,53%²⁹, which was -2,73 pp or -9,32% relative to the Q4 2020, and +0,14 pp or +0,53% relative to the Q3 2021. The postpaid users' participation is still quite lower than the

surrounding countries and EU the average. According to the available 2020 data from the regulatory agencies of the countries in the region, the postpaid users' participation in Serbia was 61,40%, in Croatia 57,47%, and in Montenegro 57,89%.³²

The mobile telephony penetration rate in Bosnia and Herzegovina, at the end of 2020 was 99,39%³³. This is below the latest available values for 2020 in the surrounding countries (Montenegro 174,20%, Serbia 119,26%, Croatia 102,12%³⁴).

At the end of the Q4 2021 the penetration in the mobile telephony was 107,30%³⁵, and was 7,91 pp or 7,96% higher, relative to the Q4 2020, and -2,43 pp or -2,21%, relative to the Q3 2021.³⁶

Decreased SMS messages popularity is the consequence of increased use of messenger applications as *WhatsApp, Facebook Messenger, WeChat,*

*QQ, Telegram, Snapchat*³⁷. The international outgoing traffic fall is caused by unaffordable prices of the international calls, and use of applications as voice calls substitutes *Google Voice, Dingtone, WhatsApp, Viber, Skype* etc. Available for both Android and iOS.

Implementation of the number portability service in the mobile telephony commenced in 2013. The total number of ported mobile network numbers was 105.999³⁸ at the end of Q4 2021 (+16,81% relative to the Q4 2020, and +4,03% relative to the Q3 2021), or 2,84% of the mobile customers' base.

MOBILE TELEPHONY	2018	2019	2020	Q4 2021
Number of telephone services users in mobile telephony	3.461.058	3.755.521	3.509.674	3.728.775
Number of prepaid users	2.548.040	2.785.943	2.483.026	2.739.701
Number of postpaid users	913.018	969.578	1.026.648	989.074
Prepaid users share	73,62%	74,18%	70,75%	73,47%
Postpaid users share	26,38%	25,82%	29,25%	26,53%
Number of ported mobile numbers	65.025	77.640	90.744	105.999

Source Q4 2021. ³⁰

Source 2020, 2019, 2018. ³¹

³⁰ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

³¹ Quarterly comparative data of the electronic communications market for 2018, 2019 and 2020

³² Ratel, Hakom, Ekip

³³ Quarterly comparative data of the electronic communications market Q4 2020

³⁴ Ratel, Hakom, Ekip

³⁵ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

³⁶ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021, the

penetration rate for the period Q3 and Q4 2021, calculated on the basis of the published data of the BiH

Statistics Agency on the estimated number of citizens in 2020, pg. 4

³⁷ Most popular global mobile messenger apps as of October 2021

³⁸ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

³⁹ Annual Report of the BiH Communications Regulatory Agency for 2020, BiH Communications Regulatory Agency, www.rak.ba

⁴⁰ Holders of the License for provision of the Internet access services

⁴¹ Review of the BiH Telecommunications Market 2020, BiH Communications Regulatory Agency, www.rak.ba

⁴² Review of the BiH Telecommunications Market 2020, BiH Communications Regulatory Agency, www.rak.ba

INTERNET SERVICES

The Internet access services market was marked by the access speeds increase for all users, and telecommunications and ICT services integration (cloud, data centers, security).

The number of users of the License to perform the Internet access provider (ISP) activity at the end of 2020 was 60³⁹. Presently, 60 operators hold the License to perform the Internet access provider activity⁴⁰.

The penetration rate of the Internet users in BiH at the end of 2020 was 156,03%⁴¹, which represented a change of -8,38 pp relative to the previous year. The penetration rate decreased in 2020 relative to 2019 due to decrease in the mobile telephony users' number. The penetration rate of the Internet users in the BiH market is marked with continuous growth, with the broadband being the growth generator.

On the BiH market, there is still dial-up access (via analogue and ISDN modem) with 351 subscribers, broadband access in the fixed with 770.424 subscribers, and broadband access in the mobile network with 147.027 subscribers.⁴²

According to the CRA survey of the licensees for provision of the internet services in Bosnia and Herzegovina in 2020, the total number of the Internet subscribers⁴³ (without the mobile internet subscribers) as of 31/12/2020, was 770.775⁴⁴, which was 3,28% higher relative to 2019, when it was 746.271. The statistics show that in 2020 xDSL was the dominant type of the internet access, the subscribers of which made 53,43% of the total number of the internet subscribers in the fixed network in BiH. The second most numerous ones are the cable access subscribers with 33,47% participation in the total number of the internet subscribers in the fixed network in BiH.⁴⁵

The total number of the broadband internet access connections in the fixed network in BiH was 770.424⁴⁶ at the end of 2020 (annual growth rate of 3,29%), At the end of Q4 2021, this number increased to 797.893⁴⁷, which represented 3,57% growth, relative to the previous year, and 0,88% growth, relative to the previous quarter of 2021.

The dominant internet access type is xDSL but has a slower growth. At the end of 2020, the number of connections was 411.850⁴⁸, with the annual change rate of -0,50%. At the end of the Q4 2021, the number was 416.028⁴⁹, which was 1,01% higher relative to the previous year, and 0,07% higher, relative to the previous quarter in 2021.

The number of the cable Internet connections was 265.411⁵⁰ at the end of the Q4 2021, which was 2,86% higher, relative to the previous year, and 0,54% higher relative to the previous quarter in 2021.

The number of the FTTx connections was 58.604⁵¹ at the end of the Q4 2021, which was 30,10% higher relative to the previous year, and 6,21% higher, relative to previous quarter in 2021.

Number of fixed wireless connections was 55.658⁵² at the end of Q4 2021, which was +3,90% relative to the Q4 2020 and 2,40% relative to the Q3 2021. The penetration rate of the Internet users in the fixed network in BiH was 93,49%⁵³ at the end of 2020. At the end of Q4 2021 the penetration rate was 97,61%⁵⁴, +4,12 pp relative to the Q4 2020, and +0,47 pp relative to the Q3 2021.⁵⁵

In terms of the aims defined by the Policy of the BiH electronic communications sector for the period of 2017-2021, as well as the aims of the broadband internet access development from the European Union Strategy for the years 2020 and 2025, related to the high speeds (30 Mbit/s and 100 Mbit/s), prevalence, it is evident the growing number of connections at over 30 Mbit/s⁵⁶ speeds in BiH.

The broadband internet development, together with the telecommunications market liberalization, has influenced the service packages offers, which unite several telecommunications services: internet, fixed telephony, mobile telephony, and television. The number of the integrated services users has grown in 2020 for +4,19%. The cumulative growth rate for the 2018-2020 period was +6,10%.⁵⁷

NUMBER OF SUBSCRIBERS WITH MAIN BROADBAND CONNECTION TYPE	2018	2019	2020	Q4 2021
Number of subscribers via xDSL connection	404.795	413.902	411.850	416.028
Number of subscribers via cable modem	244.728	239.551	258.020	265.411
Number of subscribers via FWA connection	47.367	60.936	53.567	55.658
Number of subscribers via FTTx connection	17.511	30.231	45.046	58.604

Source Q4 2021. ⁵⁸

Source 2020, 2019, 2018. ⁵⁹

⁴³ Internet subscriber = Internet connection

⁴⁴ Annual Review of the Holders of the CRA Licenses for provision of the internet services in Bosnia and Herzegovina for 2020, BiH Communications Regulatory Agency, www.rak.ba

⁴⁵ Annual Review of the Holders of the CRA Licenses for provision of the internet services in Bosnia and Herzegovina for 2020, BiH Communications Regulatory Agency, www.rak.ba

⁴⁶ Ibidem

⁴⁷ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

⁴⁸ Quarterly comparative data of the electronic communications market Q4 2020

⁴⁹ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

⁵⁰ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

⁵¹ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

⁵² Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

⁵³ Quarterly comparative data of the electronic communications market Q4 2020; the penetration rate for the Q4 2020 calculated on the basis of the published data of the BiH Statistics Agency, FBiH Federal Statistics Institute, and

RS Republic Institute for Statistics, pg. 6

⁵⁴ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

⁵⁵ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021; the penetration rate for the period Q3 and Q4 2021, calculated on the basis of the published data of the BiH Statistics agency on the estimated number of citizens in mid-2020, pg. 8

⁵⁶ Annual Review of the Holders of the CRA Licenses for provision of the internet services in Bosnia and Herzegovina for 2020, BiH Communications Regulatory Agency, www.rak.ba

⁵⁷ Review of the BiH Telecommunications Market 2020, BiH Communications Regulatory Agency, www.rak.ba

⁵⁸ Quarterly comparative data of the electronic communications market 01/10/2021 – 31/12/2021

⁵⁹ Quarterly comparative data of the electronic communications market for 2018, 2019 and 2020

**MOBILE
INTERNET**

Number of subscribes to mobile internet via standard mobile broadband access

2018	2019	2020
1.789.989	1.544.760	1.608.820

Number of subscribes to mobile internet via dedicated mobile broadband access

50.819	15.643	14.903
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Source 2020, 2019, 2018.⁶⁰

MULTIMEDIA

In line with the issued licenses for distribution of the audio-visual media services and radio media services (hereinafter: License), and in accordance with the requirements of the License prescribed by the Rule 79/2016 on licenses for distribution of the audio-visual media services and radio media services, a total of 34 operators have the right provide the AVM service and radio media services.

In regard with the platforms used by the licensees for distribution of the audio-visual media services, eight or 22,2% operators provide the services via IPTV platform, 26 or 72,2% operators provide the services via CDS platform and two or 5,6% operators provide the services via DTH (direct-to-home) platform, within the authorizations under their licenses.⁶¹

The total number of subscribers of the media contents distribution service in 2020 was 858.360, and increased for 3,06%, relative to the previous year. The total penetration of the media contents distribution service and radio media services, namely, the coverage of the BiH households with the contents of the audio-visual media services and radio media services was 74,3%.⁶²

The IPTV subscribers' number was 361.545 in 2020 and increased for 7,16% relative to the previous year, which makes the IPTV the most used way for the media contents distribution. The number of the cable distribution system (CDS) subscribers was 350.397 and recorded a decrease of 3,25%, relative to the previous year, while the number of the DTH subscribers recorded the growth of 9,80%, represented by 146.418 subscribers.⁶³

In 2020, the participation of the IPTV subscribers was 42,12%, followed by the CDS with 40,82% and DTH with 17,06% participation.

In the course of 2019, Mtel has acquired 100% share in the companies of Blicnet d.o.o. Banja Luka, Telrad Net d.o.o. Bijeljina and Elta-Kabel d.o.o. Doboj respectively and, in March 2019, the m:SAT service was put into the commercial operation, which means the delivery of the TV programs via satellite (DTH). This way, Mtel has entered the cable and DTH market thus having become the only company that presently enables payTV service on all technologies for distribution of the audiovisual media services in BiH.

In 2019, Mtel commenced the installation of the m:SAT - satellite TV which enables the reception of TV and radio programs distributed to the users at any location in BiH via satellite. Given there are no technical limits for realization of this service and the TV signal delivery is not limited to the cable network or other technical preconditions, this service records a significant growth and, in 2020, Mtel has recorded 10.044 new m:SAT users.

So far, the Agency has issued 12 consents for provision of the Video on Demand - VoD service, amongst them, the consents were issued to 6 distributors.⁶⁴



⁶⁰ Telecommunication indicators in BiH for 2018, 2019 and 2020

⁶¹ Review of the market of the radio and television distribution services to the end users in 2020, BiH Communications Regulatory Agency, www.rak.ba

⁶² Review of the market of the radio and television distribution services to the end users in 2020, BiH Communications Regulatory Agency, www.rak.ba

⁶³ Review of the BiH Telecommunications Market 2020, BiH Communications Regulatory Agency, www.rak.ba

⁶⁴ Review of the market of the radio and television distribution services to the end users in 2020, BiH Communications Regulatory Agency, www.rak.ba

REGULATORY FRAMEWORK

Regulation of the Bosnia and Herzegovina telecommunications market falls within the competence of the Communications Regulatory Agency and based on the Communications Law (Official Gazette of BiH, No. 31/03, 75/06, 32/10 and 98/12), Electronic Communications Sector Policy, Policy Implementation Action Plan, and the by-laws.

The existing BiH regulatory framework is based on the EU regulatory framework, characterized by a constant telecommunications market monitoring and analysis, as well as by passing the required regulatory acts, with the aim of its permanent development, both in the sense of the services number increase and in terms of marketing and technical innovations.

The BiH telecommunications market was liberalized in the early 2006 and, at the end of 2021, in this market there were operating:

- 3 significant market power (SMP) operators; according to the Significant Market Power Operators List (Official Gazette of BiH, no. 73/12), Mtel a.d. Banja Luka, BH Telecom d.d. Sarajevo and HT d.o.o. Mostar have been declared the significant market power operators in the fixed and mobile telephony and leased lines market
- 14 License for Provision of the Public Fixed Telephony Services holders
- 72 License for Performing the Activities of the Operator of the Public Electronic Communication Networks

- 60 License for Performing the Internet Access Provider Activities holders
- 4 registered providers of the mobile telephony services.

Mtel pursues the activities in accordance with the valid licenses, granted by the Agency, as follows: License for Pursuing the Activities of the Internet Access Provider, since 15/03/2013, License for Distribution of Audiovisual Media Services and Media Radio Services, since 09/02/2017, License for the Public Fixed Telephony Operator, since 30/05/2017, License for Use of the Radiofrequency Spectrum for Provision of Services by Means of Mobile Access Systems, since 08/04/2019.

Within the telecommunication market liberalization process, and in accordance with the regulatory framework, the following Mtel's reference offers are in effect: Reference Interconnection Offer for the Mtel's Fixed Network, Reference Interconnection Offer for the Mtel's Mobile Network, Reference Interconnection Offer for Unbundled Local Loop Access, Reference Interconnection Offer for Leased Lines Wholesale.

The most important regulatory activities in the course of 2021:

- In February 2021, the Agency Council has initiated the public consultations on the drafts of the following documents:
- Draft Rule on the application of fair use policy and on the methodology for assessing the sustainability of the abolition of retail roaming surcharges,

- Draft Decision on the prices of roaming services in the public mobile communication networks in the Western Balkans Region,
- The Rule on the application of fair use policy and on the methodology for assessing the sustainability of the abolition of retail roaming surcharges prescribes the detailed rules, to secure a consistent application of the fair use policy the operators may apply to the use of regulated retail roaming services under the applicable domestic retail prices.
- The Decision on the prices of roaming services in the public mobile communication networks in the Western Balkans Region defines the maximum average wholesale price for roaming services in the public mobile communication networks in the Western Balkans Region from 01/07/2021 onwards, as well as the dynamics of the price reduction. Also, the Decision defines the maximum wholesale price for call termination in the mobile networks for the regulated roaming calls in the Western Balkans Region for the period of 01/07/2021 onwards.
- In March 2021, the Agency has initiated the public consultations on draft alterations and amendments of the Rule 77/2015 on provision of the audiovisual media services and Rule 76/2015 on provision of the radio services. The mentioned alterations and amendments enhance the responsibility of the holders of the Agency's licenses for TV and radio broadcasting for the contents broadcasted on the Internet sites under the license holders' logos,
- In May 2021, on its regular session, the Agency Council adopted the Decision on the prices of roaming services in the public mobile communication networks, and the Rule 93/2021 on the application of fair use policy and on the methodology for assessing the sustainability of the abolition of retail roaming surcharges,
- In May 2021, the Agency announced a Public Invitation for granting of the license for use of a radiofrequency spectrum for provision of the managing the electronic communication network in the digital terrestrial radio-diffusion service in Bosnia and Herzegovina - MULTIPLEX D,
- In June 2021, the Agency published the Report on the annual survey of the holders of the CRA licenses for provision of the internet services in Bosnia and Herzegovina for the year 2020,
- In the monitored period, having ended on 31/12/2020, there was a total of 60 internet providers. The results of the survey show 770.775 internet subscribers at the end of 2020 in Bosnia and Herzegovina, and the Agency estimates that, at the same period, there were 3.336.591 internet users, i.e., that the internet use rate in BiH was 94,49% in 2020,
- Since 1 July 2021, in the Western Balkans countries, the maximum price for roaming in the mobile telephony has been determined in application of the RLAH "Roam Like at Home" Rule. The maximum price for roaming in the mobile telephony has been determined in application of the RLAH "Roam Like at Home" Rule, defined by the Agreement on the prices of roaming services in the public mobile communication networks in the Western Balkans Region signed by the Western Balkans countries at the Digital Summit in April 2019 in Beograd, which entered into force on 1 July 2019,
- With application of the RLAH "Roam Like at Home" Rule, the users pay the services in accordance with the tariff package/option they have purchased from their domestic traffic operator i.e., they do not pay any surcharges when traveling within the Western Balkans Region. The traffic realized within the WB Region (calls, SMS messages, mobile internet) will be charged or deducted from the tariff package bonus in the same way as it would be if the users were at home. There will be no difference for the user if they use mobile telephone while travelling, or within in Bosnia and Herzegovina,
- In July 2021, the Agency announced that the analogue transmitters, used by the TV stations in BiH, would be successively turned off from 1 July to 31 December 2021.
- Also, the Agency has timely informed the holders of the license for distribution of audiovisual media services and radio media services that they

are obligated to act in line with the Article 9. par. (4) of the Rule 79/2016 on licenses for distribution of audiovisual media services and radio media services. Until the shift to the digital terrestrial radio diffusion, the licensees are obligated to distribute, on a non-commercial basis, the programs of those holders of the license for TV broadcasting over the terrestrial radio-diffusion, whose broadcasting zone is within the zone of the licensed telecommunication network, through which the distribution is performed, who would not be able to broadcast the program in line with the technical requirements of their license. The licensee is obligated to ensure, for TV broadcasting over the terrestrial radio-diffusion, the delivery of the signal to the nearest distribution center.

- This is the transition period until the digital terrestrial broadcasting is implemented in BiH, since when the first commercial Multiplex in BiH commences operation, holders of the license for TV broadcasting will be able, and may opt, to broadcast their signal over the digital terrestrial system,
- In October 2021, the Agency announced the commencement of the activities related to the broadband internet mapping as the start of the 5G network introduction project.
- The Agency announced that it has received an official letter from the International Telecommunication Union (ITU) which confirmed the readiness of ITU to provide the necessary professional and technical support in the implementation of the project "Favorable environment for broadband mapping in Bosnia and Herzegovina". This has initiated the process of cooperation between the ITU and the Agency on development of broadband internet in BiH. The Slovenian Regulatory Agency AKOS will be a partner and technical support to the Agency. The broadband internet mapping is an obligation prescribed to the EU member states as well, and this Project must be finalized by December 2023.

- The mapping encompasses all relevant information on the existing broadband infrastructure at one place, and BiH is still the only country in the region without the defined strategy for the broadband internet access development.
- In October 2021, the Agency Council adopted:
 - Alteration of the Rule 77/2015 on provision of the audiovisual media services related to the change in the validity period of the license for TV broadcasting over the terrestrial radio-diffusion, from the present 10 years to one-year period. This would enable the holders of the license for TV broadcasting over the terrestrial radio-diffusion to continue their operations, until the conditions are met for transfer from the analogue to digital terrestrial TV broadcasting. Along with this, alterations are also adopted in regard with the deadline to apply for renewal of the radio and TV broadcasting from the present three months to two months prior to the license expiry.
 - Decision on the rate and weights for calculation of the annual fee for the licenses in the telecommunications and broadcasting sectors for 2022, which did not change relative to the previous year. The rate for calculation of the annual fee for the licenses in the telecommunication industry is 0,60% of the total revenue of the licensee in 2021, while this rate is defined in the amount of 0,50% of the total revenue of the licensee for the broadcasting area. Monetary value of the point for 2022, for use of the numbers and/or codes in the telecommunications sector will be KM 0,50. This Decision shall apply from 1 January 2022.
 - The Rule 94/2021 on protection from the electromagnetic field emission in the frequency band of 9 kHz to 300 GHz, aimed at protection of the public health, prescribes the special conditions for broadcasting the signal of the telecommunication equipment within this band, with defined limit values, by which the population is protected from exposure to the electromagnetic fields' emission.

- In October 2021, the Agency has initiated the public consultations on the draft Rule on amendments of the Rule 66/2012 on performing the activities of the public electronic communications operators.
- The Rule on Amendment of the Rule 66/2012 proposes for prescription of the obligation for the operators, prior to putting into operation of the public electronic communications network, to submit to the Agency the permit for use of such network or parts of the network, given the fact that the existing Rule 66/2012 does not prescribe the manner in which the Agency may check the licensee's fulfillment of the license conditions related to adherence to the particular construction requirements, and permit for use for putting into operation of the public electronic communications network,
- In November 2021, according to the Decision on announcement of the Public Invitation for granting the license for use of the radio-frequency spectrum for provision of the electronic communications network management service in the terrestrial radio-diffusion in Bosnia and Herzegovina - Multiplex D, the Agency issued the prior Decision on granting of the License to the Dasto-Semtel d.o.o. Company from Bijeljina.
- In November 2021, the Agency announced that in 2022 it would commence the application of the Rule 94/2021 on protection from the electromagnetic emission within the frequency band of 9 kHz to 300 GHz, i.e., the supervision of the electromagnetic emission in the telecommunications intensity.
- In the oncoming period, the Agency will install the equipment for supervision of the electromagnetic emission at the locations that are considered potentially dangerous for the population's health, or the locations of a special public interest, where the people stay due to their permanent or temporary residence, job, education, medical treatment, shopping, sports activities, and alike,

- In December 2021, the Agency announced the first Public Invitation for the audiovisual media (AVM) services providers for submission of the applications for access to Open Multiplex D, in all nine digital regions for digital television signal coverage
- In December 2021, the Agency informed all license holders that they may continue their operations after 1 January 2022, notwithstanding the expiry date of their licenses, and regardless of whether they have received new licenses in the meantime.



CORPORATE SOCIAL RESPONSIBILITY

- AWARDS AND RECOGNITIONS
- HUMANITY
- EDUCATION
- CULTURE
- SPORT
- ECOLOGY
- EMPLOYEES

Year after year, and with close attention, the Mtel Company has been an example of raising the standard level in terms of investing in the corporate social responsibility in business, and its presence in the community in this way.

Once again, in 2021, Mtel was one of the most important pillars of the community in which it operates, through a series of donations, projects and activities aimed at improving the quality of people's lives, both through humanitarian actions and support offered in culture, education and sports.

As in the previous years, the community has recognized the efforts our Company put in affirmation of the positive values, which was evidenced by the awards and recognitions received in 2021.

TRAFFIC SAFETY "IF YOU LOVE ME, LEAVE YOUR PHONE WHILE DRIVING!"

This year, the Mtel Company called upon drivers to be responsible and leave the phone while driving.

Mtel's campaign entitled "If you love me, leave your phone while driving" has continued, with the aim of raising the drivers' awareness about importance of being conscientious while driving and about the consequences that even the slightest carelessness during the driving may cause.

Mtel has implemented a campaign in cooperation with the Republic of Srpska Ministry of Transport and Communications, i.e., the RS Agency for Traffic Safety, and the RS Auto-Moto Association, to encourage drivers to be more careful about their safety and the safety of their loved ones.

Since 2017, the RS Traffic Safety Agency has been monitoring the traffic indicator, which refers to the percentage of mobile phone use by drivers while driving. The results of the research show that 4.4 percent of drivers in the traffic flow on the RS roads use mobile phone while driving. Due to all stated above, during 2021, Mtel tried to remind the drivers with this action that nothing was more important than life, that no message or call might be a reason to endanger ourselves and others.

The "If you love me, leave your phone while driving" campaign was active in June, and drivers were reminded of this important message by billboards, as well as radio jingles and car magnets with the campaign message. The realization of this campaign was also supported by the media partners who joined Mtel in this action, thus having greatly contributed to spreading this important message.

STARTUP STORY

MTEL PLAYGROUND

Mtel Playground was launched in 2018 as a development platform with the aim of connecting people from the IT community, creative people, designers, academics, and business partners, as well as all those interested in technological entrepreneurship, to actively work on creating new knowledge, projects, and products in this field.

Mtel Playground program 2021, again in cooperation with ICT HUB from Belgrade, had its finale within the Demo Day, which was held online in mid-December 2021.

This year's topics of the Challenge were related to improving the quality of life by society digitalization in the sphere of resource saving, energy efficiency, transport and agriculture, and teams from all over BiH could have applied their ideas based on IoT solutions.

The Playground Challenge finalists were four teams that actively worked for several months with experienced mentors and IoT experts to bring their ideas to the final solutions. This resulted in the best ideas that were awarded: smart hive, i.e., remote control and supervision of the beehives. The runner up was the team with the solution for monitoring soil moisture, which included irrigation on need basis, and enabled optimization of the conditions for achieving better yields and water savings. The third prize winners designed the solution for generating electricity on the thermoelectric effect principles, i.e., generating energy by means of temperature difference between the sun energy or heating in the building, and cold air or water, and the fourth prize won the solution for prevention of the electric fires in the household.

The 2021 Playground was followed by online gatherings with popular meetups.



**IoT izazov
Demo dan**

AWARDS AND RECOGNITIONS

The Mtel Company considers its leadership in the BiH telecommunications industry *pari passe* with the development and realization of the employees' full potential, believing these two segments to be inseparable. That is why it is the very example of good corporate practice, and the holder of numerous awards for the employer of the year, but also for corporate social responsibility, as evidenced by the awards and recognitions received in 2021.

ACKNOWLEDGMENT

to Mtel for its contribution to strengthening media literacy among children in the Republic of Srpska, Republic of Srpska Ministry of Transport and Communications, 2021.

PLAQUE

for the responsible taxpayer in the telecommunications and IT sector, "Challenges and Future of Business" Conference, Banja Luka 2021.

CHARTER

"Kapetan Miša Anastasijević" Charter for the leader of corporate social responsibility, awarded to Jelena Trivan, Mtel's CEO by the Chamber of Commerce of Serbia and the Republic of Srpska, 2021.

ACKNOWLEDGMENT

to Mtel a.d. Banja Luka for donation of the packages for socially endangered returnees in Posavina Canton, Serbian Civil Association "Posavina" Odžak, 2021.

PLAQUE

for contribution to the development and affirmation of the School of Natural Sciences and Mathematics in Banja Luka, School of Natural Sciences and Mathematics, University of Banja Luka, 2021.

RECOGNITION

for support in the work and implementation of numerous activities of the Agency and other entities of the traffic safety system, the Republic of Srpska Ministry of Transport and Communications and the Republic of Srpska Traffic Safety Agency, 2021.

HUMANITY

YOU'RE NOT ALONE, YOU'VE GOT FRIENDS!

In December 2021, the Mtel Company launched the project with symbolic name "You're not alone, you've got friends", based on the CEO, Jelena Trivan's, decision and initiated an extensive humanitarian campaign to help the returnees in the Bosanski Petrovac, Drvar, Glamoč, Bosansko Grahovo municipalities, and all other municipalities of the BiH Federation, which needed assistance. Having visited all locations and collected information on the needs of this population, Mtel began with donating the most necessary items for the socially vulnerable categories in these municipalities.

As the first step, in accordance with the weather conditions and cold December, the Mtel Company donated firewood and packages with food and hygiene products to the socially endangered families in these municipalities, as well as to the returnees in the Odžak Municipality. As part of these activities, in December alone, over 450 food and hygiene products were donated, about 100 m³ of firewood, complete construction materials for one returnee's house, and a

chainsaw, as well as stove, bed, bedding, clothes, shoes, food, hygiene package, school supplies, and a packet of toys and sweets for a single father's son.

Also, the Center for Support to Returnees in Bosanski Petrovac received the donation of KM 5,000, needed for the Center functioning in the following year.

The aim of this action is to provide adequate assistance in the most necessary items for the survival and life of people in these municipalities, whether it is basic alimentary, firewood, donation of machines, roof repairs, or renovation of entire houses and schools, and even financial support, required for the functioning of important organizations, covering vulnerable categories in these municipalities. The campaign will continue in 2022.

DONATION TO THE CLINIC FOR CHILDREN'S DISEASES

The Mtel Company donated to the Children's Diseases Clinic of the University Clinical Center of the Republika Srpska, the funds needed for the purchase of the necessary equipment - 20 ultrasonic inhalers. The donation was handed over by Vladimir Lučić, General Manager of Telekom Srbija, to the UCC RS Children's Diseases Clinic Head, prim. dr Vladimir Mirošljević.

BLUE PHONE

The number of 0800 50305 the line for providing advice and support to children and youth in difficult and crisis situations, especially in cases of violence and exploitation. The Blue Phone is a part of the global network for help to the children, and in BiH, this service is realized by the *Nova generacija* Association, with Mtel as a partner, and this cooperation provided for free calls from all over Bosnia and Herzegovina, regardless of the network the children use to call this number.

In 2021, Mtel continued to support the Blue Phone, and, out of the received calls, the majority was related to the mental health, abuse and peer violence, peer relations, family relations, and sexual and reproductive health.

WITH LOVE TO BRAVE HEARTS!!!

The end of 2021 was marked with a great humanitarian action entitled "With love to brave hearts", held under the auspices of the Republic of Srpska President, Željka Cvijanović.

The aim of this year's twelfth humanitarian campaign - With love to brave hearts!!! was raising funds for purchase of the vehicles for intellectually challenged children. As every year, the Mtel Company donated funds for this action, and provided the humanitarian number - 1411, through which the funds were raised for this humanitarian purpose.

AUTISM SPEAKS WITH THE HEART

The second day of April is globally marked as the World Autism Day. On this occasion, *Udruženje građana Centar za edukaciju „Tvoja riječ“* (Citizens' Association) from Banja Luka organized humanitarian concert entitled "Autism speaks with the heart", which was broadcasted on the YouTube channel of the Center for specialist social services "*Za majku i dijete*".

The Mtel Company has been a friend of the *„Tvoja riječ“* Education Center and supported the activities in organization of the humanitarian concert, held every year on the World Autism Day. This time, wishing to help in raising the public awareness on the needs and abilities of the children with autism and their families, as well as on their potentials, Mtel supported marking of the World Autism Day, organized under the motto "From Early Intervention to Schooling and Employment".

ST NICHOLAS DAY'S TRADITION

In 2021, on the St. Nicholas Day, the Mtel representatives presented the gifts to the children from "Rada Vranješević" Home for Children and Youth without Parental Care, the children staying at the "Dr Miroslav Zotović" Institute of Physical Medicine in Banja Luka and "Sveta Evgenija - carica Milica" preschool institution in Trebinje.

Since the special protection measures for Corona virus were in effect, there were no visits to the children from the mentioned institutions, however, the gifts were given to every child in these institutions.

DONATION TO THE "BEOGRAD" KINDERGARTEN IN BRČKO

The "Beograd" kindergarten which operates within the Public Institution of the "Naša djeca" Kindergarten in Brčko, received a valuable computer equipment from Mtel, as well as overhead projector and the screen, and the relevant equipment for education of the children who attend this kindergarten.

The donation was presented by the Mtel Company CEO, Jelena Trivan, while visiting this kindergarten, the construction of which was supported by the Republic of Serbia Government donation of KM one million.

VOLUNTARY BLOOD DONORS' ACTIVE

Through the Voluntary blood donors' active, the employees promote humanity, which has been supported by Mtel for many years.

DONATIONS IN SERVICE OF HUMANITY

In 2021, Mtel donated funds to the Public Health Institute of the Republic of Srpska, which were needed for the purchase of ultra-low temperature freezers for storing vaccines. The Public Institution Center "*Zaštiti me*" Banja Luka received the funds for purchase of four computers, and the Public Institution Home for Children and Youth without Parental Care "Rada Vranješević" Banja Luka, received funds intended to support the work of this Institution.

Funds for the public kitchen needs were donated to the Association of Citizens "Mosaic of Friendship" Banja Luka, and the Association of Diabetic of Foča, received part of the funds intended for purchase of Quo-Lab A1C Test Kit for GH values measuring, for the members of this Association.



EDUCATION

FOURTH REGIONAL APP CHALLENGE

The members of the Telekom Srbija Group - Mtel BiH, Telekom Srbija and Mtel Crna Gora, organized the competition in development of mobile applications, both in their respective countries and, already traditional, "Regional App Challenge". This year, the best five teams of high school students from all three countries, the winners of national competitions, met online and presented their applications via video conference.

Despite the specific situation caused by the pandemic, the interest in the Mtel app competition, and the "Regional app challenge", is not decreasing. Students from a total of 93 schools from Serbia, BiH and Montenegro were entitled to participate in this year's cycle at the regional level.

According to the jury, the best applications of this year's competition were made by the high school students from Niš, Dobož and Podgorica. The jury declared the best regional applications - "Dreamscape", made by the "Svetozar Marković" Gymnasium students from Niš, "Leafy" by the Traffic and Electrical Engineering School

from Dobož, and "New View" by the "Vaso Aligrudić" Secondary Electrical Engineering School from Podgorica. The main prize for the winning teams was valuable IT equipment.

This year, the special award for innovation, entitled "Power of Innovation - Igor Osmokrović" went to the "Fiki Car" team for the application entitled "NDP", which was developed by Filip Obradović, Computer Grammar School student from Belgrade, who was awarded a prestigious mobile phone for his innovative ideas.

This year, the secondary school students from Bosnia and Herzegovina - Banja Luka, Dobož, Mostar, Modriča and Gradiška, acquired the right to participate in the competition by having developed the best applications on the national level.

In 2021, the fifth cycle of Mtel App competitions began on 1 October. The conditions for applying to the competition were the same as in the previous years, and this year again, a special attention will be paid to evaluating the applications with additional advantage - socially responsible purpose, or to those with the options for improvement of the mobile devices use.

THE SCHOLARSHIP GRANTS

In 2021, the Mtel Company awarded the 11th annual scholarship grants to the most successful students at the Schools of Electrical Engineering from BiH. 29 students from the Banja Luka, Istočno Sarajevo, and Tuzla Schools of Electrical Engineering applied for the scholarship as the 11th generation of *m:stipendisti*. The 15 selected students will be receiving KM 300 till the end of the first studies cycle, and they are also entitled to one-month internship in the Mtel Company.

More than 200 students have gone through the scholarship program over the past 10 years, and many of them are now part of Mtel as fully employed professionals from their field of studies.

During 2021, a new competition was opened for selection of the 12th generation of the *m:scholarship* recipients. This time, one more school is included in the Competition Rules, namely the School of Natural Sciences and Mathematics in Banja Luka, whose students are now entitled to apply.

Mtel continues to provide its scholarship recipients with access to state-of-the-art technologies, to speed up and facilitate their path from theory to the practical application of the acquired knowledge.

INTERNSHIP PROGRAM IN MTEL

As every year, in April 2021, the Mtel Company invited students from the Banja Luka, Istočno Sarajevo, and Tuzla School of Electrical Engineering, the School of Natural Sciences and Mathematics in Banja Luka, and the School of Technical Sciences in Novi Sad, to apply to the Mtel student internship program. With these Schools, Mtel has signed the agreements on cooperation that has proven to be very successful throughout the years. This program is a significant source and tool for recruiting the necessary quality engineering staff, but also a successful way to point out the fact that the Company is a very desirable employer.

In 2021, Mtel realized the internship for 25 students from the Banja Luka and Istočno Sarajevo Schools of Electrical Engineering, and the School of Natural Sciences and Mathematics in Banja Luka.

The students have at their disposal the mentors who, with their extensive knowledge, experience, and enthusiasm, want to help these young people in every segment of their professional path. Within this program, students have a unique opportunity to independently choose the field for practice throughout the school year, and to agree on the practice dynamics with their mentors, in accordance with their obligations at the school. During the internship, students work on the newest telecommunication systems and technologies and use the opportunity to gain invaluable work experience in a large and complex system, such as Mtel.

PRACTICAL TRAINING FOR THE SECONDARY SCHOOL STUDENTS

Mtel has been supporting STEM education for decades, and selflessly invests all available resources in the transfer of both theoretical and practical knowledge to young people who are eager to learn, gain new knowledge and interests. Long-term cooperation with the "Nikola Tesla" Secondary School of Electrical Engineering Banja Luka was reflected in a successful practical training program for the students. Sixty students of 3rd and 4th grade of this School, who are schooling for the telecommunications and computer technician profiles, will perform their practical training in Mtel.

In December 2021, the Mtel Company hosted the first group of 30 students from this School who successfully completed their practical training and got the opportunity to pass through a detailed program of theory and skills related to broadband internet access, power supply, telecommunication center protection and supervision, optical access network and optical transport network, air conditioning and mechanical energetics.

AGREEMENT ON BUSINESS-TECHNICAL COOPERATION WITH THE SCHOOL OF ELECTRICAL ENGINEERING IN BANJA LUKA

In June 2021, the Mtel Company signed the Agreement on business-technical cooperation with the School of Electrical Engineering in Banja Luka.

This was the opportunity for the educational and friendly gathering of the employees of the Mtel Company and students from the School of Electrical Engineering. They were introduced to the concept of Mtel's long-term support to their schooling and professional path, from the student internships and work with experienced mentors, to the employment opportunities and benefits of working for this Company. The students are introduced to a wide range of technologies applied in the Mtel Company, which represents an excellent place to start an engineering career.

The visitors also had the opportunity to learn about IoT technologies (Smart Home and Smart City solutions), visit the Mtel Data Center, and most importantly - the opportunity to share experience and information with Mtel engineers, and hear the stories of their journey from being a student to becoming a professional.

MEDIA LITERACY COMPETITION

In early 2021, within the campaign "Strengthening media literacy of the children in the Republic of Srpska", a joint activity of the RS Ministry of Education and Culture, the RS Ministry of Transport and Communications, the RS Republic Pedagogical Institute, and Mtel, as the partners, announced the literacy competition for the elementary schools in the Republic of Srpska. A total of 18

projects from 15 elementary schools arrived in the competition. The aim of the competition was to raise awareness among the school children about the role of the media, better understanding of media messages, and protecting children from negative contents, but also strengthening of the technical capacity of the schools.

In April, at the Administrative Center of the Republic of Srpska Government, the awards and letters of thanks were presented to the five most successful projects from this Competition. The schools from Pale, Vlasenica, Jošavka, Banja Luka, and Bijeljina were awarded.

Mtel provided the prizes - three computers and two tablets for the winners.

SAFETY OF CHILDREN ON THE INTERNET

In 2021, Mtel also supported the action for safe use of the Internet by children and youth, within the project "Safety of children on the Internet" of the Republic of Srpska Ministry of Scientific and Technological Development, Higher Education, and Information Society.

The Safer Internet Day was celebrated worldwide in 2021 under the slogan "Together for Better Internet", and by supporting the project of safe use of the Internet by children and youth, as well as investing in its own mechanisms for their protection with modern technologies, Mtel actively participates in building safer and more secure society.

Web site www.djecanainternetu.com is a part of this extensive project, and offers contents tailored to children, but also to parents and teachers. This site has also developed educational content for children and youth thus they can, in

one spot and with few clicks, obtain information on current events, challenges and dangers brought by the new digital age. Raising awareness about the children and youth's potential abuse by means of information and communication technologies remains one of the Mtel's missions and visions in the 21st century.

In this regard, Mtel offers all users a free functionality - Children's TV as part of its IPTV offer, and provides specially selected content suitable for children, the option of limiting the time the children may spend in front of TV screen, and a special PIN code for entering or exiting the Children's TV environment.

TOGETHER FOR A BETTER INTERNET

For years, upon the initiative of the International Solidarity Forum - EMMAUS, the Safer Internet Day (SID) is marked in the organization of the Center for Safe Internet in BiH and cooperation with the partners in the sphere of education, children protection, media policy and telecommunications industry, through series of appropriate events and activities.

Being guided by the previous year's success, the Center for Safe Internet in BiH realized the marking of the Safer Internet Day on 9 February 2021, through the competitions of the elementary and secondary school students, with the topic - safety on the Internet.

The Mtel Company also supported this activity this year and provided valuable prizes for the most successful competitors.

SPORTS EQUIPMENT FOR THE SCHOOLS

In 2021, Mtel continued to make valuable donations of the sports equipment to the elementary and secondary schools in Bosnia and Herzegovina. In the past five years, Mtel has been conducting an extensive campaign to equip the elementary and secondary schools and children's playgrounds throughout BiH with valuable sports equipment, having developed the affirmation of healthy growing up, fostering of the sports spirit, and other positive values.

In 2021, the Mtel's representatives donated the funds for equipping the school playground of the "Milan Rakić" Elementary School from Karanovac. The outdoor courts of this school were equipped with new basketball backboards and additional equipment, for the future basketball aces to acquire and improve their first knowledge of this noble sport.

Sports equipment was handed over to the students and teaching staff of the "Georgi Stojkov Rakovski" Elementary School in Banja Luka. Basketball boards with accompanying equipment, football, basketball, and handball balls, as well as the table and table tennis rackets were donated to this School.

DONATIONS AS SUPPORT TO THE LOCAL COMMUNITY

In 2021, Mtel continued to support associations and other entities, having supported their work to improve the community. To this end, the Association of "BH Journalists" - Journalists' Club Banja Luka, received the donation intended for organization of the 8th Annual Meeting of the Journalists Club Banja Luka, entitled "OFF the RECORD".

The funds have been donated to the Student Union of the School of Philosophy, University of Banja Luka, for organization of the student symposium entitled "100 years since the King Petar I Karađorđević's decease", and the Association of Citizens "Nova Banja Luka", for procurement of the books to be donated to the elementary and secondary schools.

Mtel donated the funds for procurement of the basketball backboards, nets and basket hoops to the Ribnik Municipality, and the Banja Luka Correctional Institution received the funds for procurement of the sports equipment.



CULTURE

THE REPUBLIC OF SRPSKA MUSEUM OF MODERN ARTS

Mtel has been supporting the Republic of Srpska Museum of Contemporary Art for years, as well as its activities and events. The year 2021 was marked by the Museum jubilee, the celebration of five decades of its existence was marked by the multimedia exhibition entitled "From a gallery to the museum".

Within this exhibition, it was also presented the work with inclusive groups, through a specialized exhibition for blind and visually impaired people entitled "Space, shape, touch", realized in 2015 with the aim of contributing to the integration of blind and visually impaired people in cultural life through specially designed programs and modern museology presentations.

In 2021, the Museum of Contemporary Art of the Republic of Srpska marked the International Day of Museums and dedicated it to the 130th anniversary of the construction of the old Austro-Hungarian Railway Station in Banja Luka, where the Museum is located.

The celebration of the International Day of Museums was joined with the European Night of Museums event, which the Republic of Srpska Museum of Contemporary Art regularly celebrates within the City of Banja Luka annual calendar of the cultural events.

The Mtel company is a proud friend of the Museum of Contemporary Art in Banja Luka this year as well.

THE "PETAR KOČIĆ" THEATER FEST

The Mtel Company, as the general sponsor of this Theater Fest and the entire theater season of the RS National Theater in Banja Luka, has continued the decades-long friendly support to this cultural institution.

The play "Who Killed Janice Joplin" by the Serbian National Theater from Novi Sad was declared the best play of the 13th Petar Kočić Theater Fest.

THE REPUBLIC OF SRPSKA CHILDREN'S THEATER

In 2021, the Mtel Company donated funds intended to support the work of this theater, by which continues the long-lasting friendship between the RS Children's Theater Banja in Luka and the Mtel Company.

DAYS OF VLADO S. MILOŠEVIĆ

This manifestation was held in June 2021 in Banja Luka.

The program encompassed scientific gatherings, exhibitions, workshops and multimedia presentations, along with the musical contents.

Mtel was once again a friend of this event, which enriched the *City on the Vrbas River* with the most beautiful notes and cultural events.

STORIES FROM THE NEIGHBORHOOD 5

For the fifth year, the Mondo Portal organized a competition for the best story entitled "Stories from Neighborhood 5". The best story was "David, son of Isaac" by Srdjan Sekulic from Vrbas. The Mtel company supported the realization of this competition this year as well, by participating in the selection of the best stories and, also, by awarding a tablet computer to the runner-up.

MTEL AND ĐURĐEVDANSKI FESTIVAL

This year's, the 27th *Đurđevdanski festival* (St. George's Day Festival) was held online, and all participants joined the television broadcast via internet platforms. Mtel also supported this year's Festival, which featured 23 performers from Russia, Bulgaria, Slovenia, Croatia, Serbia, Montenegro, and Bosnia and Herzegovina. More than five hundred compositions have been written for this children's festival in the previous years. The compositions and soloists are selected by professional jury.

The traditional audience award was voted for by sending Like to the Festival's Facebook page, and the performers of the song that had the most votes received tablets as the prize from Mtel.

CHILDREN'S FAIR

In 2021, Mtel also supported the Children's Fair, which offered two days of versatile contents for children and the whole family with many imaginative and creative surprises and competitions, as well as sports and gaming corners, and was a great fun event for children and their parents.

THE FESTIVAL OF SERBIAN FOLKLORE

The "Veselin Masleša" folk dances and songs ensemble organized the "Festival of Serbian Folklore 2021" on the summer stage of the Kastel Fortress. The event has shown the diversity of culture, history and traditions of these areas, and the event itself promoted a healthy lifestyle and growing up. About 500 participants, domestic and guest ensembles

from Serbia and the diaspora, performed in the versatile program. The "Festival of Serbian Folklore 2021" was also supported by the Mtel Company, a proven friend of culture.

INTERNATIONAL MUSIC FESTIVAL BANJA LUKA FEST

The first International Music Festival BANJA LUKA FEST was held in July 2021. The Mtel company was a friend of this spectacular event, which, during five festival nights, provided the audience with the opportunity to listen to Stefan Milenković & Camerata from Novi Sad, Zvonko Bogdan & RTV Grand Tamburitza Orchestra, Amir Medunjanin & Bojan Zulfikarpašić, accompanied by the Vojvodina Symphonic Orchestra, as well as Marisa, and Rade Šerbedžija & Zapadni kolodvor.

OK FEST

The Mtel Company is, traditionally, the OK Fest friend, and in 2021 it was a part of the festival, organized the points for enjoyment, and the phone charging stations, fitness story, gifts, games, and free internet.

During the three festival days, visitors had the opportunity to experience music and entertainment weekend with the performers, Van Gogh, Cold Beer, Bajaga I instruktori, Goran Bare & Majke, Darko Rundek, Brkovi, TBF, M.O.R.T., Zoster, Butch Cassidy, Kanda, Kodža i Nebojša, Love Hunters, Who See, Marčelo i napeti Quintet, Ritam Nereda, Atheist Rap, Mortal Kombat, and OK DJ set.

In addition to the Art Zone, which included film screenings this year, there were also entertainment and educational zones, "Agora Zone" with interesting panel discussions and mini conferences on ecology and environmental protection, anti-fascist heritage, youth tourism, youth mobility. Along with that, this year's program also included contents realized through the "Yoga zone".



SPORT

THE SUCCESSFUL PRACTICE OF SUPPORTING THE TRUE VALUES CONTINUES

In 2021, Mtel continued the practice of supporting sports thus, also, the true values it promotes. In addition to major agreements with the Football/Soccer Federation of BiH, the Football Federation of RS and the Football Federation of the BiH Federation, signed for the period of 2020 - 2023, Mtel renewed the previous agreements in 2021, but also supported new sports clubs, events, and prominent individuals.

Fostering the tradition of supporting the best clubs, the Mtel Company continued its cooperation with the Football Club "Borac" Banja Luka in 2021, by signing a new contract. Under the name "Borac", it operates through sports clubs, and new sponsorship agreements have been signed with the "Borac Mtel" Handball Club, which Mtel has been supporting for 20 years. Also, the "Borac" Basketball Club was supported, as well as the "Borac" Swimming Club and the "Borac" Women's Volleyball Club and the "Borac" Volleyball Club.

Mtel has confirmed its commitment to invest in sports with signing an official general sponsorship contract with the "Igokea" Basketball Club, for the period of three years.

The friendly support continued with the sponsorship of the RS Tennis Association, "Leotar" Basketball Club, "Rudar Prijedor" Football Club, Swimming Club "22. April" Swimming Club, "Olymp" Swimming Club, "Zvijezda" Judo Club, and "Tomislav" Croatian Football Club.

With its donations, Mtel supported the work of the Rookie Basketball Club Banja Luka, the BSK Banja Luka Football Club, the Staparski vitezovi Martial Arts Club from Razboj Lijevče, and the SPIN Youth Table Tennis Club Banja Luka.

Along with the sports clubs, Mtel has been supporting prominent individuals who have achieved, and continue achieving, splendid results in individual sports, namely Nemanja Majdov, two-time world judo champion from Istočno Sarajevo, who is also the Republic of Serbia national team member. In 2021, a long-term cooperation agreement was signed, having announced the Mtel's support to Nemanja Majdov towards the next Olympic Games.

Mtel has also welcomed Marko Maksimović, a young tennis player from Doboj, to its circle of friends, providing him with support for participating in the important tournaments that are crucial for his career. Having recognized the capacity and talent, Mtel decided to help this promising 15-year-old who started his path to success by winning all major world tennis tournaments, the last one the Masters in Monte Carlo. Marko Maksimovic is the best junior tennis player in Europe, and Republic of Srpska and BiH in his generation, and a member of the Bosnia and Herzegovina junior tennis team.

SPORTS EVENTS AND MANIFESTATIONS

As in the previous years, Mtel has supported the ICF World Kayak and Canoe Championships and continues the traditional friendship with KKK "Vrbas Mtel" club, supporting it, and standing behind the competition name "Mtel - Vrbas 2021". With the Mtel Company's help, Banja Luka was on the world tennis map in 2021 as well. As a friend of sport, Mtel was the ATP Challenger SRPSKA OPEN 2021 friend for the 19th time. During the Tournament, Mtel traditionally provides live broadcast of matches via Internet, and offers interesting contents for the youngest ones during the tournament, as well as the gifts for the luckiest one amongst the Challenger audience.

Mtel supported the 7th professional futures series tennis tournament Banjaluka Ladies Open 2021, held on the courts of the Teniski klub Banja Luka.

Continuation of the successful support to sports, was shown in the "Grand Challenge", International Swimming Meeting of Borac Telegrup, which was held in 2021 in Banja Luka.

As in the previous years, Mtel supported organization of the Banja Luka Open 2021 international swimming meeting, hosted by the Olymp Swimming Club Banja Luka. In 2021, the Banja Luka Half Marathon was held as part of the festival of sports and entertainment. The central event and the leader of this event was the "Mtel RMC Banja Luka Half Marathon", which attracted the most attention of the Race participants from all over the region. Mtel supported the organization of this sport and entertainment event, thus having contributed to development and affirmation of the sports culture and connecting of the people from all over the world.

International Judo Tournament "Banja Luka Open 2021", as well as the organizer of the event "Zvijezda" Judo Club from Banja Luka, have enjoyed the Mtel Company's support this year.

The traditional friendship with the Street Basket Tournament 3x3, was reconfirmed by Mtel in 2021. Within the Tournament, one day was dedicated to gathering and playing with the children with special needs, Down syndrom, and the "Rada Vranješević" Children's Home, as well as to introduction of the record holders, multiple champions of Regional League, and BiH Wheelchair Basketball Cup, namely the basketball club of KKI „Vrbas“ Banja Luka, and one day was dedicated to the the seniors' tournament entitled Quest Open Banjaluka 2021.

In 2021, the first and largest competition of Bosnia and Herzegovina in trail running was held on the trails connecting the Jahorina mountain with the Bjelašnica, Ravna planina, Romanija, and Trebević mountain respectively, under the name of Jahorina Ultra Trail. Mtel was the sponsor of this Competition, which was organized by the Jahorina Olympic Center.

ELECTION OF THE BEST ATHLETES

Traditionally, the Mtel Company provided support to the election of the best athletes, namely the election of the best athletes of the Republic of Srpska, organized by the daily newspaper "Glas Srpske", and the election of the best athletes of Bosnia and Herzegovina organized by "Nezavisne novine".



ECOLOGY

In accordance with maintaining responsible attitude towards the environment practice, the Mtel Company puts a special emphasis on adherence to the laws, as well as on specific activities in the field of environment and people protection.

In 2021, in regard with the environment and people protection, the greatest attention was put on the base stations operations and electromagnetic radiation, which were emitted from the antenna system, as well as to the cooperation with all national and state authorities in charge of monitoring and performance of the obligations related to the environment and people protection.

During the year 2021, there were developed 223 reports on systematic testing of electric field non-ionizing radiation level on the mobile telephony base stations, and 888 measurements of electromagnetic radiation at base stations throughout Bosnia and Herzegovina.

With the aim of obtaining permits for use of the base stations, 235 requests were sent to the Ministry of Health and Social Welfare pursuant to the applicable legal regulations, and 518 safety statements were sent to the Communications Regulatory Agency to obtain safety certificates for the base stations in BiH.

The Republic Administration for Inspection Affairs, Health, and Communal Inspection continuously monitored the operation of the mobile telephony base stations, and inspections were performed at three base station locations in the Republic of Srpska.

As in the previous years, in accordance with the contract on transfer of the obligations in the waste electrical and electronic equipment management and disposal in the FBiH, in 2021, Mtel regularly performed its obligations to the company which is the FBiH Environmental Protection Fund authorized system operator. The obligations of the authorized system operator, the *ZEOS eko-sistem* company is to collect and recycle the waste from electrical and electronic products that are placed on the BiH Federation market through Mtel points of sale or otherwise. By doing this, we directly contribute to the environment protection in the FBiH.

During 2021, Mtel submitted the report on the amount of packaging consumed in the H2 2020 and the H1 2021 to the company which is the packaging waste operator in RS. For the mentioned packaging waste placed in RS, this company was paid the fee, which was purposed for the environmental projects

funding. This contractual relationship is expected to provide better results in packaging waste collection and recycling in the RS, and thus the preservation of nature as well.

With the aim of protecting the environment, during 2021 Mtel has continuously conducted the internal and external campaign to save paper, i.e., to promote use of electronic invoices instead of paper ones. Also, activities related to the proper disposal of obsolete and broken electronic equipment, and damaged phones returned by the end users, were continued.

According to the City of Banja Luka Environment Inspectorate request, four measurements of the air conditioning systems noise production were performed.

During 2021, both regular and extraordinary spring and autumn rodent controls were carried out within the Company's facilities, to prevent and suppress the infectious diseases. Also, disinfections of the Company's premises were carried out throughout the year, for prevention of the corona virus spreading.



EMPLOYEES

Business operations in the COVID-19 circumstances have moved from the phase of adjustment, which was dominant in the previous year, to the acceptance of variability as the way of working and managing human resources in 2021.

The new circumstances are really challenging and stimulate regular considering of the new environment's effects on the Mtel's internal service provision and use of its services, knowledge, and skills to help employees and support them in doing the right thing as a better response to the oncoming times. The basic task is crystallized as the need to ensure the optimal level of the employees' competence and retention of the key people in the Company. Thus, on the financial side, we are talking about maintaining the investments in the employees' training and development, in the way that accelerates the new employees' training process and ensures the continuity of the required level of the employees' competence. Special attention was paid to motivation of the key employees and improvement of the leadership skills. To achieve the above, intensive work was done on creating the basis for improvement of the existing processes, as well as for identifying the necessary programs to be introduced.

Given the limitations related to the epidemiological situation, the employee training was focused on internal and online in-house training, for target groups of participants, and strengthening the electronic training base. Some activities were realized live when the epidemiological conditions allowed. About 3,150 employees underwent various types of training in the Company, out of which 338 participants in the in-house and technical training, and about 300 participants in the internal training of the *m:akademija*, not counting the mandatory training in the field of fire protection and work safety. This year's internal training program includes more

intensively the participants from the subsidiaries, about 400 of them. This year, a significant step forward was made through participation of the subsidiaries in the internal knowledge exchange, which also enriched the *m:akademija* program with new titles, which included the employees of the subsidiaries too.

In continual fostering of the coaching culture, team sessions were organized for technical and sales managers, aimed to help participants find the ways and tools to solve challenges in the changing times, related to the team management, to improve motivation, but also to consolidate teams. For empowering the company's leaders, the "Basic Leadership Skills" training was developed, which became the part of the Mtel manager development program, from basic to advanced management competencies.

COVID-19 circumstances have set a completely new dynamic in finding new staff, especially in the ICT sector. The Company's focus, in the field of human resources, is to strengthen activities in retaining the engineering staff and attracting (recruiting) the new staff.

Therefore, various activities were initiated in 2021, with the aim of strengthening the Company's strategic approach to the engineering staff. As the result of these efforts, we can see the most numerous ICT students' professional practice in the Company - 61 students, as well as 60 secondary vocational school students who have completed their practical training.



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SERVICES PORTFOLIO AND USERS

- SERVICES PORTFOLIO
- SERVICES USERS IN 2021
- CUSTOMER CARE

SERVICES PORTFOLIO

FIXED TELEPHONY

- Fixed telephony services
- Number portability
- IN services (Premium Rate, Televoting, Unique access number, Humanitarian, Free Phone)
- Fixed prepaid
- IP Centrex service
- Homenet, Officenet
- Homeline plus, Officeline plus

MOBILE TELEPHONY

- Mobile telephony services Total (Prepaid, Pretplata+, Group, Kombinuj, Kombinuj Biz, Kombinacija)
- Number portability
- Mobile internet (Dopuna NET, Pretplata NET)
- TOTAL DATA
- Tariff options
- International roaming services
- VAS SMS/MMS services
- Broadcast SMS services
- e-commerce service
- Mobile internet PRO

INTERNET AND DATA

- Direct internet access services
- Internet access (ADSL/VDSL/GPON)
- Other internet services (Hosting packages service, Mail hosting service, DDoS protection)
- Data services (leased lines, IP/MPLS VPN, E-link, Direct TV broadcasting)

INTEGRATED SERVICES

- Integrated services packages for residential users (2, 3 and 4 services)
- Biz integrated services packages

MULTIMEDIA SERVICES

- IPTV services
- m:SAT service
- BIZ Hotel TV service
- m:TV net service
- TV to GO service
- Deezer service
- NBA packages

ICT/IoT SERVICES

- Virtual Data Center
- Virtual Private Server
- Cloud Backup
- Disaster Recovery
- Cloud Security
- LoRaWAN connectivity
- LoRaWAN services
- System integration solutions
- Mtel WiFi service
- Kendo Project Manager
- Printing center
- TimeTracking
- BizBook
- Office 365
- Turnkey System integrator

OTHER SERVICES

- Terminal equipment sales
- m:bon service
- Advertising space leasing service

Mtel, a.d. Banja Luka offers the most contemporary and unique telecommunications and ICT services, in line with the market trends, marked by dynamic and intense competitive relations.

The Company's main service offer includes fixed and mobile telephony services, internet and data, integrated services, multimedia, ICT, and other services.

The Company's main service offer is the basis for creating a wide spectrum of services and tariff packages, out of which some new services record growing trend, and some of the services are redesigned to maintain the growth, while some services enter the decline phase, this being the consequence of the presently used technologies becoming obsolete and the new ones being introduced.

FIXED TELEPHONY

The fixed telephony services are classified in the category of services in the decline phase, due to which there is a decrease in this service user number, while, on the other hand, the same users are connecting to other, more contemporary, services.

In addition to the basic fixed telephony services, i.e., realization of the user traffic, the users have the opportunity to port their number from or to the Mtel network, to use prepaid fixed telephony services - a very attractive model for the users who want to keep the fixed telephony service, and the services such as Premium Rate, Televoting, Unique Access Number, Humanitarian number, Free Phone.

In the business users segment, with the fixed telephony being the basis of communication, the IP Centrex service distinguishes, as it allows for a free communication within a group of users who need not be in the same geographical location in order to form a group.

Since this is the service that is, on the one hand, in decline and, on the other hand, represents a very important segment in the business and communication of the elderly population, Mtel still continues to work on improving these services. With the aim of retaining the existing users of the fixed telephony services, in 2021 various promotional offers have been prepared to stimulate the users to re-contract the existing fixed telephony service or include it into the integrated service package.

MOBILE TELEPHONY

The mobile telephony services are attractive to all users, regardless of their age, as the emergence and continuous modernization of smartphones enables the users to not only use traditional mobile telephony services, such as traffic and SMS messaging, based on prepaid or postpaid tariff plan, but also a wide range of multimedia services and the possibility of free communication via Internet.

Mobile telephony services, offered by Mtel, are the prepaid and postpaid services, by which the users establish traffic and exchange SMS messages, 4G network data services (mobile internet), the possibility of use all the above services in roaming, as well as the fiscal tills services, SMS parking payment services, and the like.

The prepaid and postpaid mobile telephony services are constantly improved, which reflects in the tariff models redesign in line with the perceived users' needs and wishes. This redesign is performed in the context of service prices or bonuses granted to the prepaid and postpaid customers under particular tariff plan.

During 2021, the following improvements were made within the postpaid mobile telephony services.

- New tariff models, entitled Pretplata Start, Pretplata Plus, Pretplata Plus NET, Pretplata Top, Pretplata Max and Pretplata Premium were introduced for the residential users of mobile telephony. Higher bonuses for mobile internet were also introduced.
- Several promotional actions for various sales channels were realized for the tariff models Pretplata and Total Group users.
- In order to motivate mobile telephony users to use the mobile internet service in roaming, a new tariff option Net roaming Italy was introduced in the offer, as well as the improved tariff option Net roaming Slovenia, and the tariff option Net roaming T-Mobile, which enabled the use of the allocated mobile internet within the purchased tariff option, in addition to the T-Mobile network in Austria, Germany, Greece and Romania, also in the T-Mobile network in Poland and Hungary.
- Two new roaming internet tariff options "Western Balkans countries - 1 day" and "Western Balkans countries - 10 days" were introduced.
- Mobile internet bonuses were increased within the existing roaming internet tariff options.

- An offer was created for the users with a combined payment method for the *Kombinacije* tariff model with the monthly subscription of KM 15, under the contract with the minimum contract term of 24 months.
- Personalized offers were created for the prepaid users, consisting of the tariff options *Kupi minute* (buy minutes) and *Kupi internet* (buy internet), for the *Dopuna* service (top up) users who were Mtel customers for three and more months, and were defined per segmented group.
- For the *Dopuna* service users who have the XYnet tariff model a new tariff plan *XY plan-1 dan* was created.
- Since 1 July 2021, the Regional Roaming Agreement for the Western Balkans has been in force. The Western Balkans Region includes Bosnia and Herzegovina, Serbia, Montenegro, Northern Macedonia, and Albania. The mobile telephony users are allowed to use benefits, bonuses, and all advantages from their customer package, while in roaming, as if they were at home.

For all users of the mobile telephony, an eSIM card (profile) is introduced in the offer. eSIM is activated by the QR code. With the aim of promoting the 4G mobile network, the users were allowed to change the existing SIM card for the new 4G SIM, within the

promotional offer. In the oncoming period, it is expected the significant increase in the number of the eSIM users as the consequence of the increased number of telephones which accept the eSIM profile.

DCB service has been in the offer since 2018. In 2021, the Service was improved – the customer base, to which DCB services (*Wargaming* and *KlubZnanja*) were offered, was enhanced. Along with the users with prepaid and combined payment method, the DCB services are also available to the users with the postpaid payment method.

INTERNET AND DATA

It is impossible to imagine life today without the Internet. Therefore, this segment is a subject to permanent and fast development, related to the access technologies, data speed and tariff models. The internet and data services segment consists of the direct internet access services, NET services, leased lines and other internet services, related to the Web hosting, Mail hosting and DDoS protection.

The importance of the internet service has increased due to the Corona virus pandemic, as all educational and teaching activities were performed remotely/online, by using an internet platform. To enable wider

use of digital content in teaching activities and access the contents appropriate for primary and secondary schools, a special tariff model was introduced, having significantly increased the Internet access speed for this segment of users. Internet access speeds were also enhanced for the users who use this service within the bundle.

In 2021, new tariff models NET:S+, NET:M+ and NET:L+ were introduced thus having improved the offer in terms of enabling higher access speeds.

An intensive work was done in promotion of the optical-based Internet services to the business customers. Due to the market demand and the customers' needs, NetBiz MAX XS and NetBiz MAXM tariff models for internet access were introduced for the business users.

INTEGRATED SERVICES

Since their very introduction, the integrated services have been attractive to the users, since they unite several simultaneous services within one package. Due to the great interest of our customers, we have introduced different service combinations within the two, three or four services packages, while we

continue to introduce new packages in accordance with the customers' demands.

In order to enrich the integrated service packages offer, new service package TV+NET+TEL+MOB:S NET+ was introduced into the offer and is intended for the users who want more mobile internet within their mobile telephony service.

With the aim of enhancing the integrated services offer, in November 2021, there were introduced the integrated services package m:SAT service, the fixed telephony (CLL) service, mobile telephony and internet access service via mobile network, organized in the mSAT integrated services packages:

- mSAT+TEL integrated services package with the fixed telephony (CLL) and m:SAT service,
- m:SAT+NET integrated services package with the m:SAT service and Internet access via mobile network service,
- m:SAT+MOB integrated services package with the m:SAT service and mobile telephony service,
- m:SAT+NET+MOB integrated services package with the m:SAT service, Internet access via mobile network service and mobile telephony service.

MULTIMEDIA SERVICES

The Mtel's multimedia services offer consists of various TV services, which include television service via IPTV technology, m: SAT service, TV to GO service, and hotel solutions.

During 2021, the IPTV services offer was improved, both in the segment of the content delivered to the end users and the functionalities available to the users. Intense activities resulted in development of the application - tv:pay, by which the IPTV user would use the payment card to pay their Mtel telephone bills, as well as other telephone user's bills. Within the same module, the use of the payment card for top-up would also be enabled.

The improvement of the TV content includes the video stores available at the IPTV platform. The basic IPTV services package includes 10 new national and international channels. The offer also encompasses radio channels. Presently, 9 radio channels are available to the users.

The users of the IPTV video stores may watch exclusive film contents, only month after the cinema premiere.

In terms of the new video stores, we would like to emphasize inclusion of the Da Vinci Kids SVod, Balkan myusic SVoD i Apollon SVoD into the offer, as well as the possibility to enable the Apollon SVoD watching under a 12-month contract with more favorable monthly subscription fee.

We should also emphasize the realization of Ad-insertion module, which enables insertion of the video ads/commercials into the TV contents, specifically, into the nonlinear (nPVR and VOD contents) and linear TV contents during their reproduction on the STB devices (Pure IPTV).

Along with the insertion of the video ads into the contents, the system enables creation of Microsites, or independent multimedia micro web sites, available to the user by one click on specific button. Microsite is a smaller scope web site, the task of which is not the promotion of the value and offer of all company's services, but only one of their segments, products, or brands. The Microsite aim is to transfer, communicate, or present certain information, exclusively to its target users.

In the course of 2021, new services - Arena Cloud, Apollon, and Balkan Myusic, were introduced, to offer the users specific digital contents via application.

The Arena Cloud application enables online distribution of liveTV, radio channels, and video on demand contents (movies and series of various productions). The Arena Cloud application includes Arena sports channels and offers a Catch-up option that allows you to rewind the content 7 days backwards, as well as the ability to pause and rewind content. Access to the Arena Cloud content via the Arena Cloud application requires Internet access by a mobile network or Wi-Fi.

The Apollon service offer includes the purchase and use of Apollon packages that include the appropriate Apollon content (digital/multimedia), which is accessed through the Apollon application. The Apollon application allows online distribution of video on demand content (movies and series of various productions). Apollon gives users the ultimate enjoyment of watching more than 7,000 hours of film and series contents (8880 titles) classified into various categories (action, animated, documentary, drama, horror, comedy, music, family, regional content). This amount of selected quality content meets the needs of the users of all ages and Apollon SVoD has become synonymous to the home cinema for the Mtel users in less than a year from its appearance. The content within the Apollon SVoD is enhanced on daily basis.

The Balkan Myusic implies the purchase and use of Balkan Myusic packages, which include the appropriate

Balkan Myusic content, accessed through the Balkan Myusic application. The Balkan Myusic application allows online and offline listening to music contents (domestic, and music from the region). To access Balkan Myusic content via the Balkan Myusic application, internet access by a mobile network or Wi-Fi is required.

In 2021, the users were enabled to use the Biz Hotel TV service via m:SAT technology, intended to make the Hotel TV service available to larger number of users, especially in the areas with no fixed infrastructure. One of the m:SAT service improvements in 2021 was the implementation of two different lists of TV channels, whereby the users can choose one of the two lists according to their preferences. In 2021, 16 new channels were included into the m:SAT service offer.

ICT/IoT SERVICES

The term ICT services means a wide range of different services, intended to meet the business users needs. The ICT services are the latest solutions that involve user data storing in the Cloud, and the users may access the data via Internet, anytime and anywhere.

These services are tailored to every business-specific requirement and save time and money, as they do not require capital investment.

The Mtel's ICT services include:

- **Virtual Data Center**, the service that enables the use of the Cloud server service (VPS as a Service), network security services (Network as a Service), and disaster recovery services (Disaster Recovery). In 2021, the Conditions for Use of the VDC Service were amended, with the aim of the offer improvement and better definition of the server resources offered to the VDC service users.
- **Virtual Private Server (VPS)** allows users to rent and use virtual servers in the Mtel Data Center. The VPS service is created based on the processing power lease (number of virtual processors - vCPU), RAM, storage space (HDD) and the required bandwidth (port speed), with the choice of Linux OS or Windows server operating system. In 2021, the Conditions for Use of the VPS Service were amended, with the aim of the offer improvement and better definition of the server resources offered to the VPS service users.
- **PROTOS System service** is the web-based solution, realized by use of an appropriate software solution with specific functionalities, and the service encompasses

three modules: advanced planning and workhours records, Vehicle pool, and Faults and Works Reporting. Use of the PROTOS System service is enabled via web site/interface. Following the neighboring telecom operators' trends, and with the aim of enhancing the Mtel's service offer, as well as for the purpose of new customers acquisition, PROTOS System service was introduced into the offer on 15/03/2021.

- **Disaster Recovery** is the functionality that allows the user data storing in a georedundant Mtel Data Center in a backup geographic location, with the aim of protecting these data from an incident event.
- **Cloud Backup and Cloud Security** is the service that includes the provision of a managed Firewall solution, along with UTM services and reporting on all activities, with no initial investment for the system implementation. Using this service, the companies can focus on their primary business, without wasting resources and time on establishing their security policies.
- **LoRaWAN connectivity**, the service that allows for the connectivity of the appropriate users's low-power devices via LoRaWAN gateway (transceiver) and transmission of a small amount of data from user's sensors to the Mtel's server

platform (LoRaWAN network server) on which the data are collected and processed, as well as for sending the data to the user's application servers.

- **Lora WAN based services**, out of which we should mention the remote measuring of the water consumption, using LoraWan water-meter, remote environment parameters recording, smart lighting for supervision and control of the installed lamps with LoRa sensors.
- **IT system for remote recording of electrical energy consumption** is manifested in the following modules: web application for management, recording and supervision, mobile application for field activities, mobile application for the end consumers, LoraWan application server and integration services. With this solution, in the current year, Mtel will obtain the right to participate in the sales of the solution in the BIH market, and wider, on the Group level.
- **System integration solutions**, which include a professional IT consulting, technological solutions design, remote locations connecting, LAN and WAN networks design and construction, structural cabling of the construction objects, IT support and other necessary services.

- **Kendo Project Manager service** is the software that offers a full solution for managing projects, project activities, costs, as well as material and human resources under the project.
- **Printing center**, service that enables document printing and enveloping services.
- **TimeTracking**, the service realized by use of an appropriate software solution with specific functionalities, which enables the business user to monitor its employees' activities in the real time. The use of the Time Tracking service is enabled via mobile application (Android and iOS mobile applications) or via website/interface.
- **BizBook**, the service realized by using an appropriate software solution on the Mtel Cloud infrastructure, which includes a digital B2B tool for promotion of products and services.
- **Office 365** enables a quick and easy business materials creating and sharing, as well as holding online meetings with number of associates, all by means of any device with a guaranteed data security.
- **System integrator of the turnkey model solution** is the solution that, using the base telecommunication and the information technologies,

provides the end user with various products through sophisticated ICT solutions, according to the turnkey model. The end user's needs are manifested in the request for solutions, such as Wi-Fi networks, web-based information systems development, application services development, software solution development, network infrastructure solution development, and alike.

OTHER SERVICES SALE OF EQUIPMENT

Mtel continued to maintain its leader's position in the market in 2021 as well, in terms of the offer of the terminal equipment that is sold to the end users. A rich offer portfolio in this segment, along with the standard offer of the fixed telephones, encompasses:

- significant number of various mobile telephone models and brands, which provide the end user with an excellent choice and great pleasure with the quality of the purchased mobile telephone,
- versatile portfolio of the TV equipment offers, which retains the comparative advantage over the competition in the integrated services,
- constant offer of the laptops, particularly in demand during the Corona virus pandemic in 2021, due to the work from home,

- offer of the other equipment throughout the whole year - tablets, smart watches, drones, SONY PS5 consoles, GoPro cameras, scooters, air purifiers and humidifiers, treadmills, etc.

In regard with the terminal equipment offer, it is necessary to say that the Corona virus pandemic, particularly in 2021, had a significant negative influence on availability of the equipment and delivery terms, due to the lack of chips and other components, required for manufacturing of the mobile telephones and other equipment. Notwithstanding of the above, with smart management of the terminal equipment throughout 2021, m:tel managed to provide the appropriate quantities of equipment for all sales channels.

OTHER SERVICES M:BON SERVICE

M:bon service as a new payment method for purchase of goods and services, both with Mtel and with partners who conclude a sales contract with Mtel. The m:bon is a voucher with a unique code with which the user can make a payment.



SERVICES USERS IN 2021

Mtel's customer base includes almost 1,7 million users. Despite the pandemic caused by the Corona virus, and the market situation, it should be noted that the growth in the customer number was near 150 thousand in 2021, while the most significant growth was recorded in the mobile telephony services segment.

The number of mobile telephony users on 31/12/2021 is 1.392.979, out of which the prepaid users number is 961.154, while the postpaid users number is 431.825 (including the M2M users).

In 2021, the most significant increase was within the prepaid user base, which increased by 12,1%, this having been the result of permanent improvement of the prepaid offer and creation of attractive prepaid

packages and promotional offers. In addition to this, the pandemic situation has also improved, which directly influenced the total number of users. The prepaid users participate with 69,0% in the total number of the mobile telephony users.

Increase in the total number of the mobile telephony users was recorded in the postpaid customer base as well, which increased for 5,6%, with expected tendency of further growing in the oncoming period.

In regard with the residential postpaid users, their number increased for 5,8%. Within the *Pretplata* tariffs, several changes were introduced, which made those tariffs more attractive. Thus, new tariff models - Pretplata Start, Plus, Plus Net, Top, Max and Premium

were introduced, as well as the higher mobile internet bonuses within the Mtel network, as well as the mobile internet bonus which may be used in the Western Balkans networks.

In regard with the business postpaid users, their number increased for 7,2% although the Covid-19 pandemic had an apparent negative impact to the economy, particularly in the business users' domain, where some of the legal entities had to cease operations.

For the mobile telephony users for whom the subscription fee is in the foreground, and more important than the purchase of hardware, we created the offers with granted subscription discount for the users who sign for 24 months contract term. In addition to the service package with mobile phones at attractive prices for all segments of the *Pretplata* tariff

SERVICES USERS

Mobile telephony (mil.)

Fixed telephony (thou.)

Integrated services (thou.)

NET services (thou.)

2020

2021

2021 vs. 2020

1,27

1,39

10,0%

212,4

203,6

-4,1%

126,3

133,1

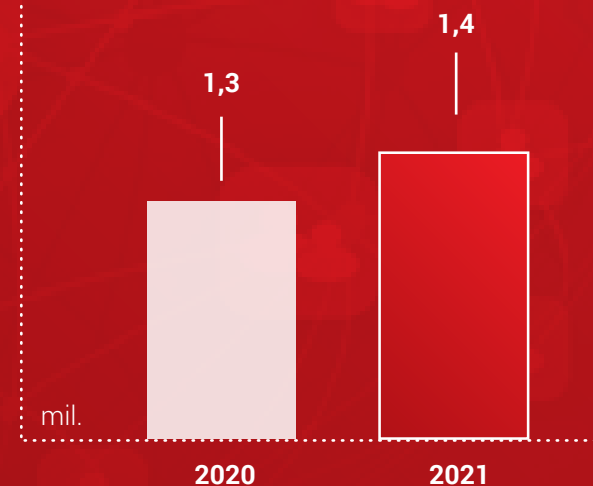
5,4%

164,2

175,6

7,0%

MOBILE TELEPHONY USERS



subscribers, with the possibility of payment in installments, the postpaid base growth was influenced by the offered monthly subscription discounts for certain *Pretplata* tariff models, under the contract signed for 12 or 24 months. Also, Mtel has offered the possibility of purchasing telephones without subsidy and without the contractual obligation.

The total mobile telephony traffic realized in 2021 amounts to 1.119 mil. minutes, which represents a decrease of 0,63%, relative to 2020.

The number of the fixed telephony users in 2021, as in the previous years, has a declining tendency due to the

increased customers' use of the OTT services, negative impact of emigration to other countries, and the negative impact of demographic aging as well. In the SMP operators, who have the largest customer bases, it is noticeable the switching from the fixed services to the mobile services. Mtel offers the fixed telephony services for the residential and business users, both as solo services, and within the multiple services package.

In 2021, the fixed telephony users number recorded 4,2% decline, relative to 2020, this having been the result of a decline in the residential users' number in the all residential users' segments.

The number of the residential fixed telephony users is 5,9% lower, relative to 2020. Within the residential users' segment, Mtel offers solo services (POTS, ISDN, CLL, Prepaid), as well as the fixed telephony service, bundled with another service.

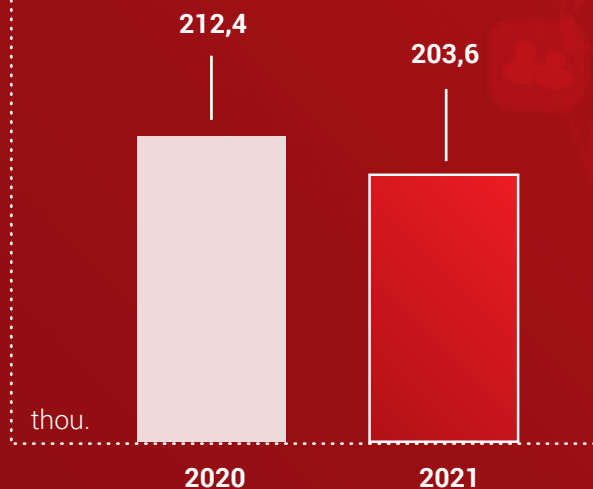
The number of the business users of the fixed telephony services increased by 3,1% relative to the previous year. The number of the solo service users within the IP Centrex service increased by 6,2%, due to the ISDN services users migration to IP technology services, as well as due to the functionalities and benefits offered within the IP Centrex service.

The total traffic within the fixed telephony services, realized in 2021, amounts to 354,8 million minutes, which is 12,6% lower, relative to 2020.

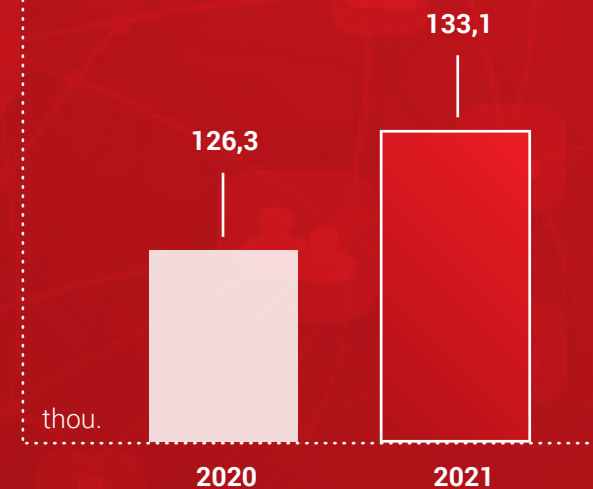
The total number of the integrated services users on 31/12/2021 is 133.101, which is 5,4% higher, relative to the previous year. The most significant share in the total number of the integrated services users belongs to the packages with two services, with 50,0% share. Mtel offers its users versatile service packages within which two, three or four services are offered, according to the users' demands and with the aim of rising the customer satisfaction and loyalty level.

Modernization of the access network allowed for offering higher quality services and multimedia contents (HDTV channels, streaming), IPTV service on multiple TVs, to high number of users, which contributed to retaining of the existing broadband services users and improvement of the service quality in the sense of the service reliability and higher access speeds availability.

FIXED TELEPHONY SERVICE



INTEGRATED SERVICES USERS



In 2021, the users have shown a special interest in the packages with TV service, as Mtel offers a very rich TV content, tailored to the interests of different user groups. Mtel provides the TV service within the packages for residential and business users, as well as a solo service for the business users.

The most significant user number growth was recorded in the segment of two packages services, especially in the TV+NET, Internet and TV service packages, within which the growth was 25,0%.

It should be noted that the more and more users are opting for packages without the fixed telephony services thus the plan is to introduce a three services package that will include the mobile telephony service. Satellite television - m:SAT has taken an important position in 2021. Promotional actions for the m:SAT service offer, with the monthly subscription and connection fee discounts, and engagement of significant resources in the direct and indirect sales, resulted in the growing number of this service users.

Since November 2021, the m:SAT integrated packages with the fixed telephony and mobile internet are offered, and the plan is to enhance these services portfolio. The integrated services packages have been enriched with new TV channels and video stores in 2021. TV packages are intended for the whole family's needs, and the offer includes exclusive informative programs,

film, music, sports, and children's channels. The TV contents are constantly improved, while 10 new TV and 9 radio channels have been added to the m:SAT offer in the course of 2021. Along with that, the users of the IPTV video store are enabled to watch exclusive film contents (films of *Toma* and *Južni Vetar 2 Ubrzanje*) just a month after their cinema premieres. Users' enjoyment in the TV contents is complete with the pause, rewind, record and watch back services.

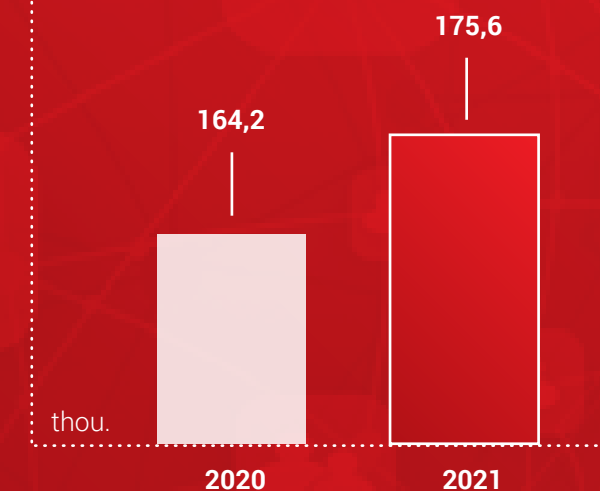
Total number of the NET users on 31/12/2021 is 175.639, having recorded the growth of 7,0%, relative to the previous year. This growth was realized both in the residential and business users' categories, within the solo NET service, as well as in the segment of the NET service in the package. In the total number of the NET users' structure, the most significant share belongs to the integrated services packages users, with 68,6% of the total NET users base. The users who do not have the service package participate with 31,4%.

Mtel offers internet access service via ADSL, VDSL i GPON/FTTH technology. In the internet services sphere, it is noticeable that the the Covid pandemic has influenced the increasing users' awareness of the need for the internet services.

In 2021, the activities in the access infrastructure improvement have continued, especially in terms of the optical infrastructure (GPON) that provides the Internet

access at extremely high speeds for a higher number of users, which is the imperative, especially in the business users' segment.

NET SERVICES USERS



CUSTOMER CARE

Customer care includes the activities aimed at the customer satisfaction increase through a complete "customer journey" experience, from submitting the request for service, through informing users about the installation of the service, and examining the customer satisfaction with the installation and service, with all after-sales activities, including the possibility of obtaining additional information, technical support or submitting complaints.

The contact center is available to users 24/7, and has developed into an extremely important segment in terms of providing information on all services offered to the residential and business users, technical support, but also as a sales channel.

Within the Contact Center, information and support to the users are provided through voice service, but also through answering the inquiries on the e-mail, Facebook inbox, Web Self Care, and m:go application. The average percentage of resolved calls is 92%, and the average time the user waits to the operator's response is 16 seconds.

At the end of 2020, the "24h" Project was launched, as the most important project at the Telekom Srbija Group level in 2021, having included weekly measurement of the user

satisfaction, with examining the customer satisfaction in terms of installation, installed service functioning, and troubleshooting.

The main goals of the "24h" project are:

- Improving the user experience, with the aim to always create a sense of care and security for the users,
- Ensuring a high percentage of the user's requirement realization,
- Setting the uniform standards (KPI) at the entire Telekom Group level and ensuring their implementation,
- Raising the level of quality of the most important activities for the user: sales requirements, installation, and troubleshooting.

The tasks within the "24h" project that needed to be realized are:

- Notify each user who submits a request about the realization period, within 24 hours,
- After the realization, examine each user's satisfaction with the service and work of the installer, within 24 hours,

- Troubleshooting, within 24 hours,
- Installation in the shortest possible time - average installation time - 5 days (in cases which do not require construction, the deadline is 72 hours).

The results of the "24 hours" project reflected in the installation period shortening for all service categories (the installation period is under 5 days), as well as in the interference removal period shortening.

In addition to measuring the user satisfaction, in the customer care context, special attention is paid to the processing and resolving the customer's complaints related to the terminal equipment. In the case of complaints, the users who hand over the device for service during the warranty period, receive a replacement device to be able to use the service without interruption, as long as their device is in service. All received user complaints are resolved within the legally prescribed deadline of 30 days.



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CAPITAL INVESTMENTS IN 2021

The total realized capital investments in 2021 amount to KM 175,3 million and encompass the procurements during the year that Mtel performed within the non-material investments, real estates and equipment, which include the activation of internal effects, costs of obtaining the contracts related to the assets which originate from the costs of realization or obtaining of the contracts (in accordance with the IFRS 15), rights to the TV contents distribution, property taken into the lease (in accordance with the IFRS 16).

The most significant investments in 2021 were aimed at the introduction of new services, as well as the reliability of the services Mtel provided to the customers in all segments. Accordingly, the most significant investments were made in the construction of wireless and cable network, transport network, switching systems and services, and improvement and enhancement of the capacities within the IPTV platform functionality.

Investments in the mobile network primarily aimed at expanding and developing the fourth generation LTE radio access network at the existing locations, as well as building new locations to meet the requirements of the Communications Regulatory Agency (RAK), and increase the service quality, user

experience and the LTE signal coverage. LTE (4G) services were launched at 280 locations. Mobile network optimization was performed, which includes physical optimization and parameter changes on certain network parts. Discovery platform was launched, which enables centralized evaluation and analysis of the network performance with the possibility of geographical positioning. Migration and optimization of 3G base stations from RNC2 and RNC5 controllers to the new RNC20 controller was completed. Additional extensions were made in mobile network capacity and coverage, additional base station sectors introduced, and the number of frequencies on the 3G / 4G network increased. The total of 58 macro base stations, 2 pico base stations and 14 pico repeaters were put into operation. At the end of 2021, there were 1635 base stations and 141 pico repeaters in total.

Within the wireless transport network, the need for higher capacities was conditioned by new mobile telephony generation (LTE), as well as the increased demands for internet traffic in the Covid 19 pandemic conditions. With introduction of the MPLS technology into the wireless transport network, the number of the network locations which rely on the systems with this technology increased, which opened new possibilities for optimization of the existing resources.

CAPITAL INVESTMENTS

TOTAL AT THE END OF 2021
OVER 50.000 FTTH USERS

TOTAL AT THE END OF 2021
108.418 VDSL USERS

PUT INTO OPERATION IN 2021
58 MACRO BASE STATIONS
2 PICO BASE STATIONS
14 PICO REPEATERS

TOTAL AT THE END OF 2021
141 PIC REPEATERS
1635 BASE STATIONS

IN 2021, ACCESS EQUIPMENT
ENHANCEMENT PERFORMED AT
62 LOCATIONS

PUT INTO OPERATION IN 2021
24 LoRaWAN GATEWAYS

In the mobile telephony switching systems, the construction of the Telco Cloud in the TKC Banja Luka was completed, as well as the virtualization and integration of the first Core element vUGW_BL into the network. The EPC FW capacity in the TKC Banja Luka and TKC Pale was expanded to 80 Gbit/s, and procurement for the construction of the Telco Cloud in the TKC Pale was completed. Also, the virtualization of the LRPN (Local Repository of Ported Numbers) system was completed, and the activities continued in terms of finding the best solution for improvement of the existing Unified - Online Charging System platform, which served for real-time billing of the mobile and fixed prepaid users' traffic.

A significant project in the field of intelligent platforms is the installation and construction of the Unified Recharging platform, i.e., the system for managing electronic and physical top up vouchers for the prepaid users, as well as the procurement and installation of the VPN platform. In terms of messaging service platforms, the Messaging Gateway platform was improved by implementation of new functionalities, out of which the most important ones being setting the limits on consumption, and the limits on the number of transactions at the partners and services level. At the beginning of 2021, the activities continued in the significant m:go platform improvement, which included the complete replacement of the then m:go system and development of the new m:go mobile application.

In 2021, the construction and expansion of the LoRaWAN network continued thus, during the year, 24 LoRaWAN Gateways were installed and put into operation at the locations within and around Banja Luka, Prijedor, Doboj and Gradiška, to provide the necessary network infrastructure for planned or assigned pilot projects and, also, the commercial use-case scenarios.

In the core fixed network, the users migrated to the georedundant IMS in the core fixed network, and a new georedundant NGN node was implemented in the transit and international traffic. The transport network

was modernized, its capacities enhanced and new directions in the DWDM plane realized. The optimization of the fixed backhaul transport plane was completed and QoS introduced, and the fixed network was completely IP based through all layers (All-IP network).

Also, software upgrade to the latest version of the application server for business users was performed, fixed and mobile telephony STP elements were integrated into the network, as well as central elements for the SS7 / SIGTRAN signaling management. In addition, the signaling and quality control system was expanded to include monitoring of the new interfaces (Radius and S1-U), and the eoMind application was enhanced with new protocol packages, and the Performance Management system capacity enhanced to the DWDM part of the Mtel network.

In 2021, investments in MSAN / ISAM / DSLAM / OLT access equipment continued, having mostly been related to the procurement and installation of the access equipment in GPON technology, as well as in VDSL2 technology with vectoring function. Also, activities were aimed to increase the number of subscribers who used broadband services with over 100Mbps bandwidth with GPON technology, and 30Mbps with VDSL technology, as well as to allow for migration of as many users in the urban areas as possible from the copper to the optical access network, while the

LTE NETWORK COVERAGE IN BIH 31/12/2021

89,8%
POPULATION

70,1%
ROADS

57,8%
TERRITORY

released access equipment would be relocated to the rural areas, and the shortening of the subscriber loop to 700m performed.

During 2021, most of the existing OTN/DWDM network optimization and modernization projects were completed, which encompassed protection of the existing 100G links of the ISP network, as well as the expansion of links for the needs of the IP/MPLS network. The transformation of links to the latest iROADM technology was completed, which created the conditions for the SDN network introduction, which would enable realization of the new generation of services.

A new regional OTN/DWDM ring was built **in the local transport network**, which enabled the protection of transport and access network equipment at the mentioned locations. Also, regular activities in the fixed Backhauling optimization continued, traffic/service protection at the trunk level was realized for another 6 IP/ MPLS aggregation points, optimization for 31 broadband devices was realized, upgrade and improvements continued in the Backhauling application, which greatly facilitated monitoring of the situation in the access network.

Within the investments in the Internet, in 2021, the new internal monitoring system was installed, and the previous functionality migrated to the mentioned

infrastructure. Comprehensive optimization and integration into a single LI system was also implemented.

As part of the IP/MPLS network expansion, 3 core routers were modernized in 2021 by replacement of the existing cards with the later generation cards, while in the IPTV, CDN and HeadEnd domains all software and hardware upgrades were performed to ensure reliable operation of the complete ecosystem. One of the key enhancements in 2021 certainly was the storage memory capacity enhancement by additional 192 GB. In the IPTV services sphere, along with the activities carried out on the Mtel's multimedia ecosystem, numerous activities were performed in development and optimization of the new unified Digital HeadEnd of the subsidiaries.

In 2021, within the information technologies, significant results were achieved in improvement of the communication with business users through digital channels, the Hybris B2B project, one of the best commerce platforms in the world, was completed, the Service and Commerce part were put into operation, as well as the B2B mobile application, while the Hybris B2C project entered its final stage. Integrations of the backend systems with digital sales channels were realized, and purchase of new services (Apollon, Arena Cloud, Balkan Music) enabled, functionality Especially for you, Favorite/Friend number, top offer, and top up

transfer were developed, as well as other options for the prepaid and postpaid users, and the Western Balkans project successfully implemented on the system.

Also, the package sale was quickly and successfully implemented through the new systems for the m:SAT services in combination with other mobile services, and new mobile tariffs, which proved the new system reduced time-to-market period. The project of mediation for the fixed telephony was implemented, which would be in production on the new systems, and the implementation of the mediation for mobile telephony has also begun.

In the IT infrastructure segment, the focus was on consolidation of the existing solutions, optimization, and upgrade within the existing resources. In the TKC in Banja Luka, complete internal access and distribution equipment of the Corporate Computer Network was replaced, thus all devices were connected to the Cisco DNA Center, and automatic OS upgrade, insertion into KorpNet Inventory and putting under supervision and security monitoring was performed as well. Also, as in the previous years, numerous activities were realized in implementation of the new solutions in the sphere of IT security.



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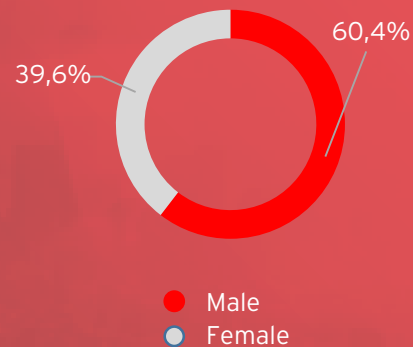
EMPLOYEES

The total number of Mtel employees as of 31/12/2021 is 2.085. In the employees' structure, the largest share belongs to the employees with secondary and higher education, which, jointly makes 94,5%.

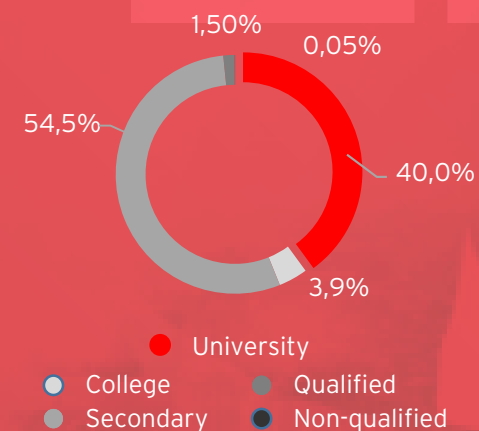
Out of the total number of employees, there are 60,4% males. The largest share of 37,7% in the total number of employees, belongs to the employees aged 41-50 while, in the total number of employees seen by the years of service, the largest share of 31,8% belongs to the employees aged 21-30.

31/12/2018	31/12/2019	31/12/2020	31/12/2021
2.131	2.125	2.105	2.085

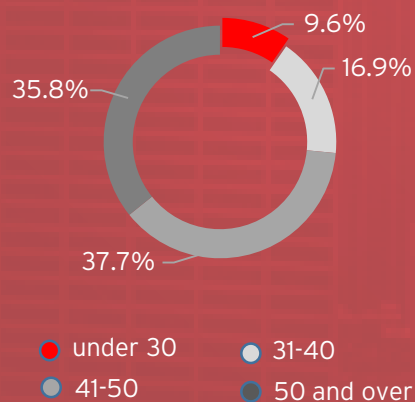
EMPLOYEES' GENDER
STRUCTURE 31/12/2021



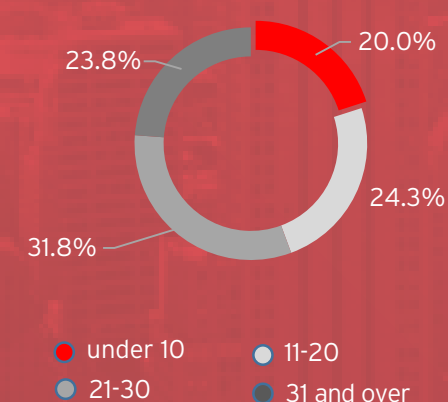
EMPLOYEES' QUALIFICATION
STRUCTURE 31/12/2021



EMPLOYEES' AGE
STRUCTURE 31/12/2021



EMPLOYEES' WORK
EXPERIENCE STRUCTURE 31/12/2021



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FINANCIAL RESULT IN 2021

- PROFIT AND LOSS STATEMENT AND
GENERAL RESULT REPORT
- FINANCIAL POSITION REPORT
- CASH FLOW REPORT
- INFORMATION PER SEGMENT

PROFIT AND LOSS

STATEMENT AND GENERAL RESULT REPORT

Mtel finished the business year 2021 with a pre-tax profit of KM 83,3 million, which was KM 11,8 million or 16,6% higher than the realization in 2020.

Compared to the last year's realization, the pre-tax profit is primarily the result of the revenues which were KM 18,4 million or 4,3% higher. The realized expenditures were KM 6,5 million or 1,8% higher, relative to the last year.

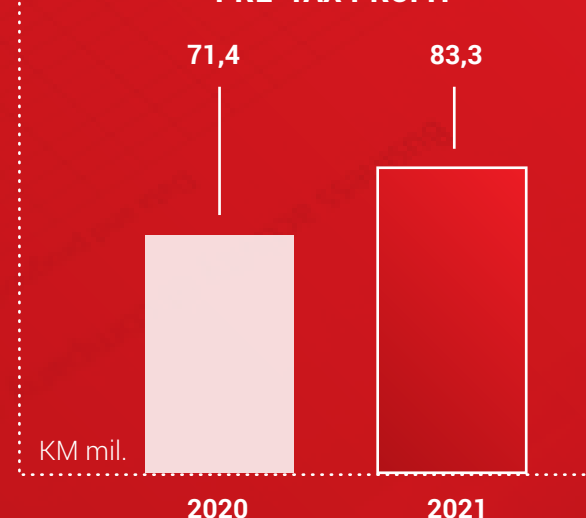
In 2021, the total revenues amounted to KM 447,0 million, which represented 4,3% growth, relative to 2020. The total revenues structure consists of the revenues from sales of goods and services, other business and financial revenues. In the overall revenues structure in 2021, the greatest share of 90,1% belongs to national sales, which recorded an increase of 3,1%, relative to 2020.

The mobile telephony revenues were realized in the amount of KM 191,3 million, which was 4,3% higher, relative to 2020, this having been the result of the customer base growth for over 126.000 users. In the total mobile telephony revenues, the subscription fee recorded the highest growth of 4,9%, relative to 2020, primarily due to the postpaid users' number growth of 5,4%.

PROFIT AND LOSS STATEMENT AND GENERAL RESULT REPORT (in KM mil.)

	2020	2021	2021 vs. 2020
Revenues from sales of goods and services	414,18	428,66	3,5%
Other business revenues	6,76	17,42	157,9%
Business expenditures	(346,47)	(349,77)	1,0%
Financial revenues	7,68	0,91	-88,1%
Financial assets impairment	(2,87)	(5,28)	84,3%
Financial expenditures	(7,87)	(8,68)	10,4%
Pre-tax profit	71,41	83,25	16,6%
Profit tax	(7,03)	(8,95)	27,4%
Net profit	64,38	74,30	15,4%
Total other result, minus taxes	(0,001)	(0,02)	
Total result for the period	64,38	74,28	15,4%

PRE-TAX PROFIT

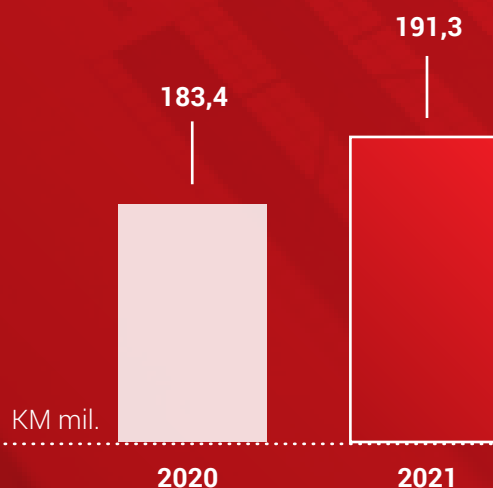


REVENUES FROM SALES OF GOODS AND SERVICES (in KM mil.)

	2020	2021	2021 vs. 2020
Revenues from fixed telephony	52,25	51,30	-1,8%
Revenues from mobile telephony	183,39	191,34	4,3%
Revenues from integrated services	80,90	84,58	4,5%
Revenues from internet	21,80	23,81	9,2%
Revenues from related services	38,92	36,83	-5,4%
Revenues from sales of goods	2,05	1,06	-48,4%
Revenues from ICT and other services	11,50	13,82	20,2%
Total revenues from national sales	390,82	402,74	3,1%
Revenues from international settlement	22,71	24,71	8,8%
Revenues from sales of licenses, ICT and other services	0,66	1,22	84,6%
Total revenues from international sales	23,37	25,92	10,9%
Total revenues from sales of goods and services	414,18	428,66	3,5%

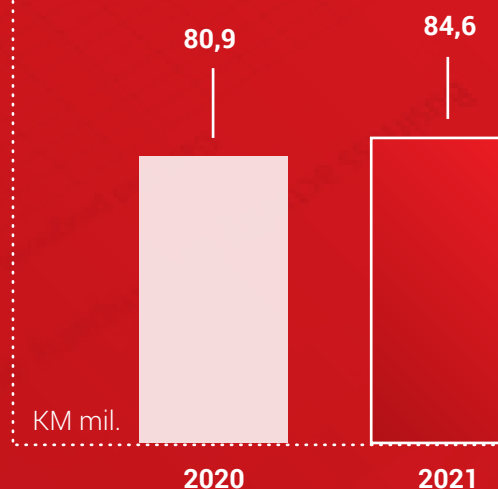
The total revenues in the integrated services segment were realized in the amount of KM 84,6 million, which was 4,5% higher, relative to 2020.

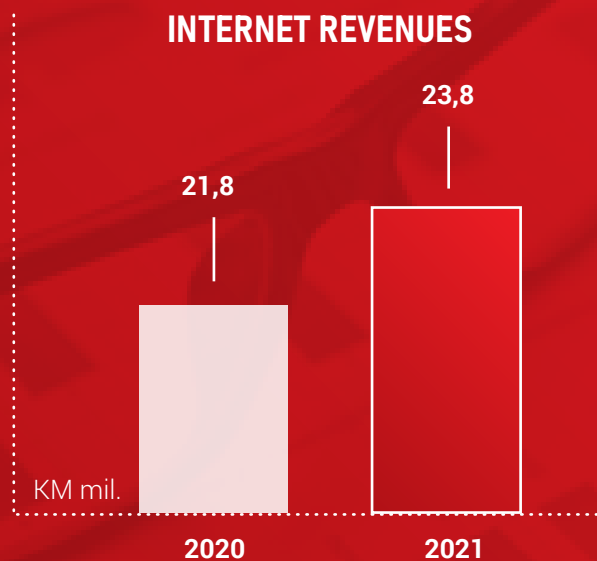
Growth in the integrated services revenues, in the amount of KM 3,7 million, was the result of the increased users' number by more than 6.800 in 2021. The integrated services are subject to constant improvement, where various benefits are offered to both new and the existing users, with the richest TV content offered in the package with the options of record, pause, rewind, and watch back. In the integrated services revenues structure, the revenues from the packages with three services take the most significant share, and are followed by revenues from the packages with two services.

MOBILE TELEPHONY REVENUES

The revenues from mobile telephony, along with the revenues from the subscription, also include the revenues from traffic, connections, and other revenues, out of which the most significant share of 55,9% belongs to revenues from traffic. The revenues from the prepaid traffic were 2,6% higher, relative to 2020.

Continuous activities in the postpaid segment, which include numerous promotional actions, amended offers, as well as significant acquisitions of the postpaid users, had positive effects on the difficult situation caused by the pandemic, and the revenues from the postpaid services (subscription and traffic) recorded 6,4% growth relative to 2020.

INTEGRATED SERVICE REVENUES



The revenues from the internet services amounted to KM 23,8 million in 2021, and recorded the growth of KM 2,0 million, relative to 2020. These revenues structure consists of the revenues from NET services, direct internet access service, and other revenues.

The Internet revenues growth in 2021, relative to 2020, was the consequence of the increase in the NET services revenues, as the result of the users' number increase of over 4.200, and introduction of the optical infrastructure that provided Internet access at extremely high speeds, having been the imperative in the contemporary conditions, especially in the business users segment.

The ICT and other services revenues amounted to KM 13,8 million in 2021, and recorded the growth of KM 2,3 million, relative to 2020, this having been the result of the response to the end users' needs and demands, primarily in following the trends and directions of the ICT solutions development. The ICT services palette is subject to permanent enhancement and additions to the services, recognized as very attractive by the business users.

In 2021, the revenues from related services were realized in the amount of KM 36,8 million, and were 5,4% lower, relative to 2020. These revenues include the revenues from sale of mobile and fixed devices, LCD TVs and 3G/4G equipment. Compared to 2020, these revenues were lower, due to the situation caused by the Corona virus, which influenced the production and delivery of certain mobile telephone brands.

The fixed telephony revenues in 2021 amounted to KM 51,3 million, which represented 1,8% decline, relative to 2020. The fixed telephony market is in the declining phase, both in the national and markets in the region. In line with the above, more and more users abandon the fixed telephony services, and switch to the mobile telephony and integrated services, as these provide more content tailored to the modern communication needs.

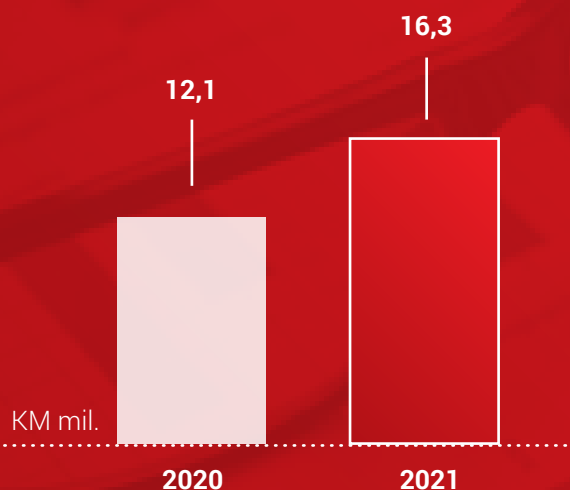
Other business revenues in 2021 were realized in the amount of KM 17,4 million and recorded KM 10,7 million increase, relative to the year 2020, due to the increased revenues from activation of the effects based on the costs of employees who worked on the network construction and major capital investment projects.

In 2021, the total expenditures amounted to KM 363,7 million, which was 1,8% higher, relative to 2020. The total expenditures structure consists of the operating expenditures, impairment of financial assets (short-time receivables) and financial expenditures. In the total expenditures structure, the largest share of 96,2% belongs to the operating expenditures, which recorded 1,0% growth in 2021, relative to 2020.

BUSINESS EXPENDITURES (in KM mil.)

	2020	2021	2021 vs. 2020
Costs of materials, goods and related services	59,88	54,89	-8,3%
Costs of employees	70,52	71,92	2,0%
Costs of depreciation	106,46	113,29	6,4%
Costs of production services	82,46	82,92	0,6%
Other operating costs	27,15	26,75	-1,5%
Total business expenditures	346,47	349,77	1,0%

MARKETING AND ADVERTISING COSTS



The **costs of materials, goods and related services** amount to KM 54,9 million in 2021, and were 8,3% lower, relative to 2020, due to the 9,0% lower material costs related to the mentioned services, as the result of delay in the mobile devices delivery caused by the Covid 19 pandemic. In the stated costs structure, the largest share of 80,3% belongs to the costs of materials for related services, and 11,3% to the electrical energy costs.

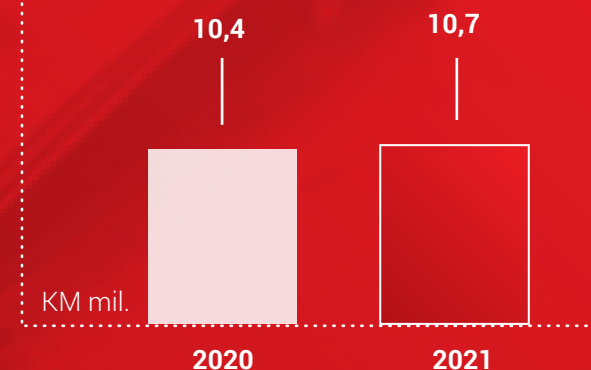
The **costs of employees** amounted to KM 71,9 million in 2021, and were 2,0% higher, relative to 2020, due to the 13,8% increase in the other personal income. This was the result of payment of the prize money to the employees, aimed at the increase of their motivation and satisfaction.

Depreciation costs in 2021 amounted to KM 113,3 million, and were 6,4% higher, relative to 2020.

The **production services costs** amounted to KM 82,9 million, and were 0,6% higher, relative to 2020, due to the higher advertising and promotional costs. Within the stated costs structure, the international settlement costs costs made 27,5%, maintenance costs made 23,2%, other production services made 22,4%, advertising and promotional costs made 19,7%, contents broadcasting fees participated with 6,4%, and land and business premises rental costs with 0,8%.

The **total advertising and promotional costs** amounted to KM 16,3 million, which was 34,9% higher, relative to 2020, as the result of the sponsorship of the respective RS and FBiH football associations since October 2020, with the aim of the Company image strengthening. The **international settlement costs** were KM 22,8 million in 2021, which was 11,9% higher, relative to 2020. The growth in this expenditure category was caused by the larger amount of the outgoing traffic, due to the application of the "Roam Like At Home" Rule. The roaming

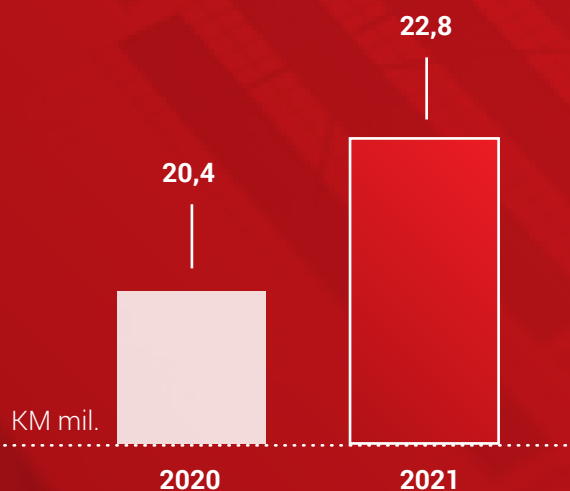
COMMUNICATIONS REGULATORY AGENCY FEES



services are charged under the domestic traffic prices since 1 July 2021, in line with the Regional Roaming Agreement for the Western Balkans. The **contents broadcasting fees** amounted to KM 5,3 million, which was 60,8% lower, relative to 2020, due to the exclusion of certain TV channels from the offer.

Other operating expenses amounted to KM 26,8 million, which was 1,5% lower, relative to 2020, due to lower costs of provisioning. The structure of these expenses includes the fees payable to the Communications Regulatory Agency, participating with 40,1%, other expenditures with 38,1%, indirect taxes non-depending on the business result with 15,0%, losses from writing off the real estate, equipment, and non-material investments with 5,0%, costs of provisioning with 1,7%, and deficits with 0,1 %.

INTERNATIONAL SETTLEMENT COSTS



FINANCIAL

POSITION REPORT

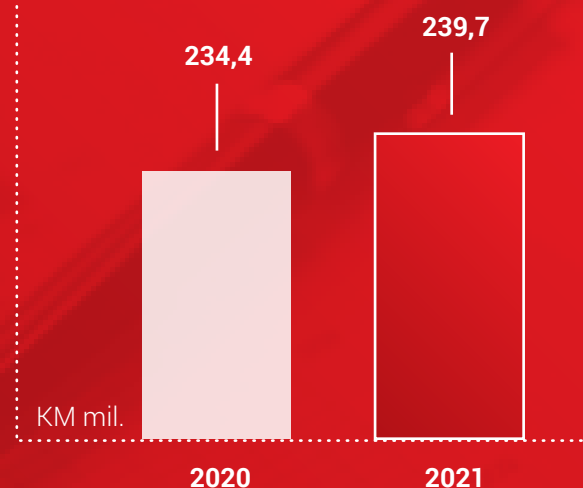
The value of the total assets and total liabilities of the Company, as of 31/12/2021, amounted to KM 1.326,0 million, and recorded 6,9% growth relative to 31/12/2020, primarily as the result of the increase in non-material investments and cash on the assets side, and increase of the long-term and short-term liabilities, related to the right to TV contents distribution, and the obligations towards the suppliers, on the liabilities side.

FINANCIAL POSITION REPORT (in KM mil.)	31/12/2020	31/12/2021	31/12/2021 vs. 31/12/2020
Fixed assets	1.105,67	1.191,15	7,7%
Working assets	134,31	134,84	0,4%
TOTAL ASSETS	1.239,98	1.325,99	6,9%
Capital	686,53	683,40	-0,5%
Long-term liabilities and provisioning	307,35	290,50	-5,5%
Short-term liabilities	246,10	352,09	43,1%
TOTAL LIABILITIES	1.239,98	1.325,99	6,9%

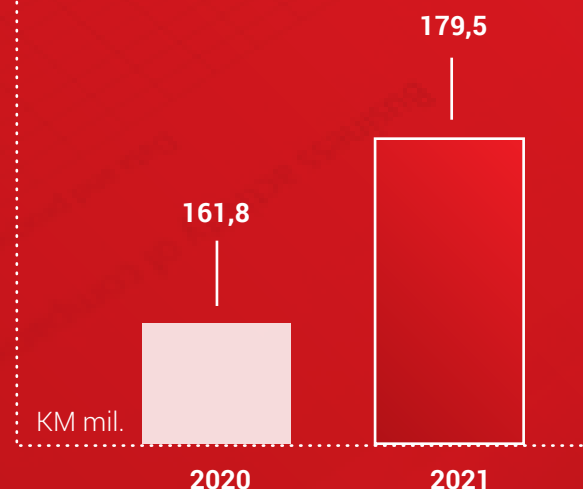
The non-material investments recorded 38,1% growth, relative to the previous year, due to the growth of other non-material investments, mostly related to the software and the right to TV contents distribution. Value of the real estate and equipment also recorded 4,9% increase relative to the previous year. During 2021, within the non-material investments, the real estate and equipment, Mtel has performed the activation of internal effects.

During 2021, Mtel performed the recapitalization of the affiliates of MTEL Global, d.o.o. Beograd and MTEL d.o.o. Podgorica, in the amount of KM 6,2 million and KM 11,5 million, respectively, which did not have any impact to the previously established ownership structure.

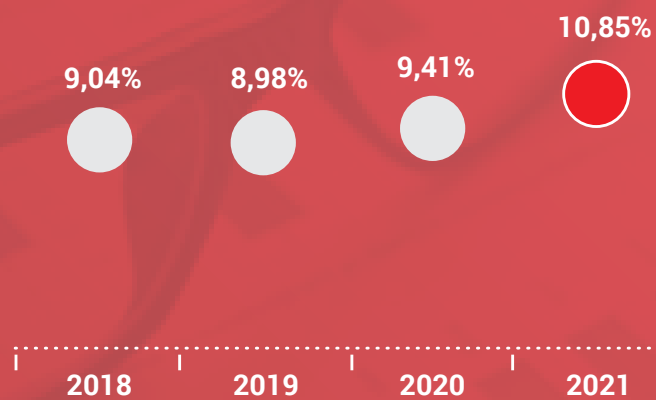
INVESTMENTS INTO SUBSIDIARIES



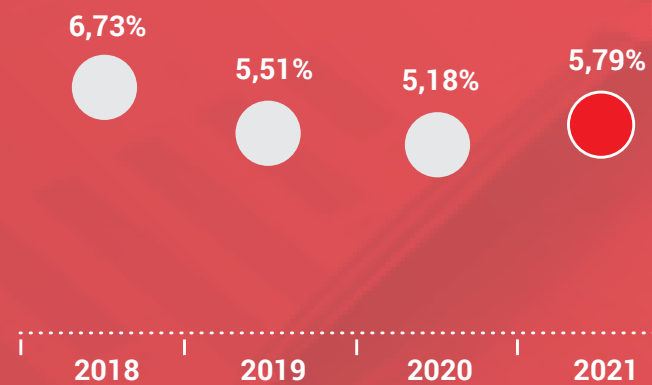
INVESTMENTS INTO AFFILIATES



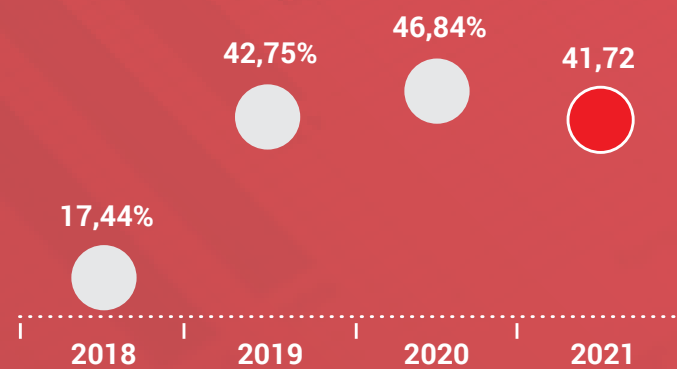
ROE - RETURN OF EQUITY



ROA - RETURN OF ASSETS



TOTAL DEBT TO CAPITAL RATIO



CASH FLOWS

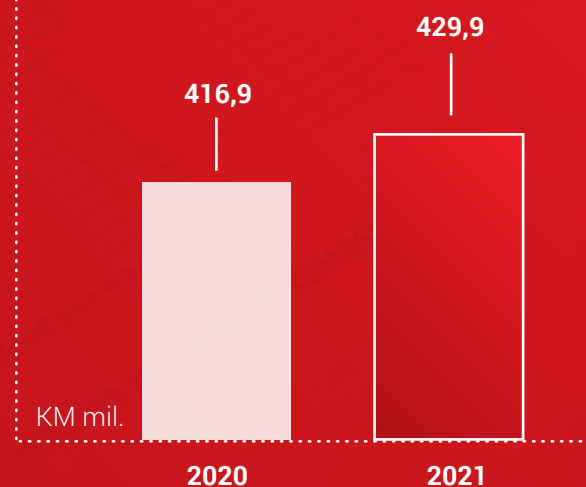
REPORT

The business year 2021 ended with a higher cash balance, relative to 2020, primarily as the result of 25,9% growth in the net cash flow from the business activities, the evident 3,1% growth in the inflow from sales, with the total outflow from the business activities having been reduced for 12,8%.

CASH FLOW REPORT (in KM mil.)

	2020	2021	2021 vs 2020
Net cash inflow from business activities	171,70	216,11	25,9%
Net cash outflow from the placement and investment activities	(112,76)	(64,02)	-43,2%
Net cash outflow from the financing activities	(95,37)	(140,99)	47,8%
Net cash and cash equivalents increase/decrease	(36,44)	11,10	-
Cash and cash equivalents at the beginning of the period	41,50	5,06	-87,8%
Cash and cash equivalents at the end of the period	5,06	16,16	219,5%

CASH INFLOWS FROM BUSINESS ACTIVITIES



INFORMATION PER SEGMENT

The reporting segments of Mtel, in accordance with the IFRS 8, are the fixed network and mobile network.

The segment revenues and results, for the period of one year, ending on 31/12/2021 and 31/12/2020, represent the revenues generated from the sales to the external customers, where the inter-segment revenues within the period have been eliminated.

The segments' profit represents the profit of each segment, with included allocation of all costs, on the basis of the revenues realized by each respective segment.

REVENUES AND RESULTS PER SEGMENT (in KM mil.)

	2020			2021		
	fixed network	mobile network	total	fixed network	mobile network	total
Revenues from sales of goods and services	161,16	253,03	414,18	171,15	257,51	428,66
Other business revenues	2,63	4,13	6,76	6,96	10,47	17,42
Internal inter-segment settlement	65,17	28,39	93,55	72,17	32,35	104,53
Business expenditures	(139,76)	(206,71)	(346,47)	(160,70)	(189,07)	(349,77)
Financial income	2,99	4,69	7,68	0,36	0,55	0,91
Financial assets impairment	(1,12)	(1,75)	(2,87)	(2,11)	(3,17)	(5,28)
Financial expenditures	(3,06)	(4,81)	(7,87)	(3,47)	(5,22)	(8,68)
Internal inter-segment settlement	(28,39)	(65,17)	(93,55)	(32,35)	(72,17)	(104,53)
Pre-tax profit	59,61	11,80	71,41	52,01	31,24	83,25
Profit tax	(2,73)	(4,29)	(7,03)	(5,55)	(3,40)	(8,95)
Net profit	56,88	7,50	64,38	46,46	27,84	74,30

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INFORMATION TO THE INVESTORS

The total turnover at the Banja Luka Stock Exchange amounted to KM 377,8 million in 2021, which represented 48,5% decline, relative to the regular turnover in 2020. The regular turnover at the Banja Luka Stock Exchange was KM 109,3 million and recorded 9,1% decrease, relative to the regular turnover in the previous year.

The regular turnover in shares, as well as the regular turnover in the bonds have grown for 18,8% and 5,1% respectively, relative to the last year, while the regular turnover in funds and treasury notes has been decreasing for 99,9% and 74,3% respectively.

The total turnover of the Mtel's shares in 2021 was KM 13,7 million, with 1.638 transactions, which was 11,2%, higher, relative to the last year's turnover, when the number of transactions was 1.440.

INFORMATION TO THE INVESTORS, TLKM-R-A

Price movement

	2018	2019	2020	2021
Lowest price (KM)	0,77	0,80	0,87	0,99
Highest price (KM)	1,06	0,95	1,15	1,42
Price as of 31/12 (KM)	0,83	0,95	0,99	1,42
Average price (KM)	0,95	0,87	0,99	1,13

Share transactions

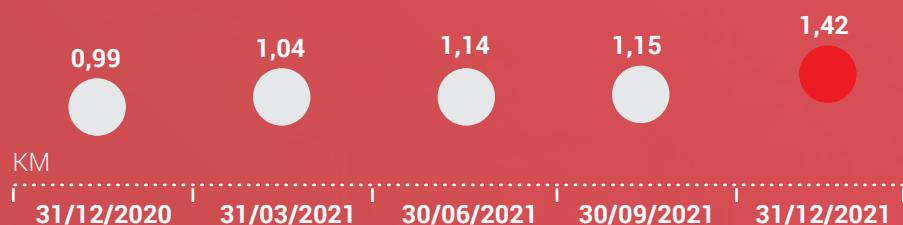
Number of transactions	853	1.130	1.440	1.638
Total turnover	3.379.475	7.910.257	12.316.129	13.693.542
Market capitalization	407.848.517	466.814.567	486.469.917	697.764.932

Main indicators TLKM-R-A

EPS (Earning per share)	0,124	0,124	0,131	0,151
ROIC	8,74%	7,60%	7,84%	9,50%

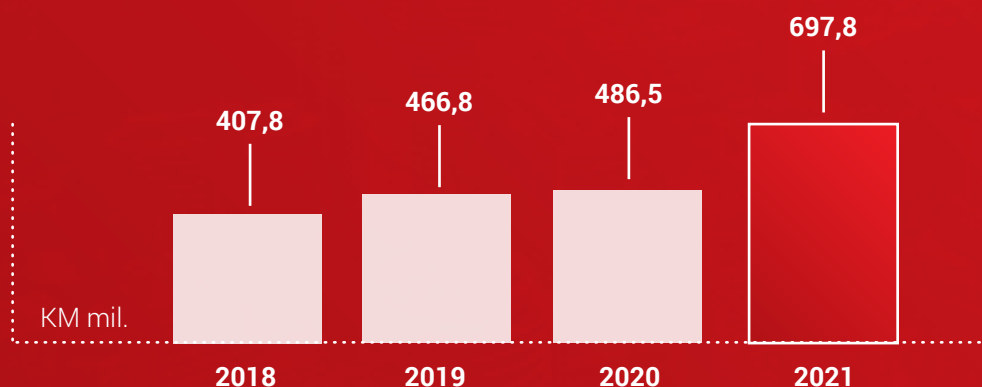
On the last trading day, the Mtel's share price was KM 1,42, having recorded an 43,4% increase, relative to the previous year. During 2021, the lowest Mtel's share price was KM 0,99, and a significant growth of the shares value was evident from September 2021 and continued to the end of the year.

SHARE PRICE FLUCTUATION PER QUARTER IN 2021



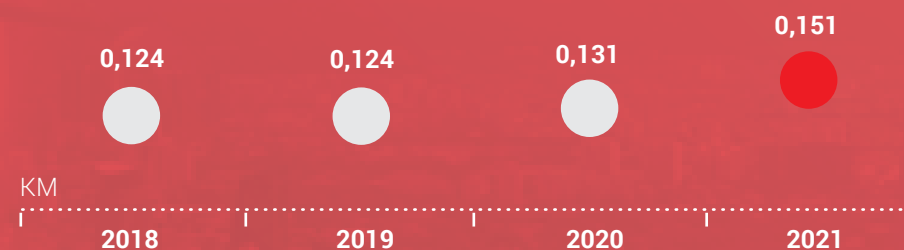
As of 31 December 2021, the market capitalization amounted to 697,8 million, which represented 43,4% growth, relative to the market capitalization from the previous year.

MARKET CAPITALIZATION



The earning per share was KM 0,151 in 2021, which represented 15,3% growth, relative to the previous year's earnings per share.

EARNING PER SHARE



In 2021, there were held two sessions of the Shareholders Assembly, namely the 43rd and the 44th session.

At the 43rd session the Shareholders Assembly, held on 21 June 2021, the decision was passed on payment of the dividend from the 2020 profit, in the amount of KM 48,21 million and on distribution of the dividend proportionally to all Company's shares, upon the principle: the same face value of KM 0,0981 to each share.

The 44th Mtel Shareholders Assembly was held on 9 December 2021, when the decision was passed on payment of the interim dividend from the profit realized in 2021, in the amount of KM 29,20 million. The interim dividend was distributed proportionally to all Company's shares upon the principle: the same face value of KM 0,0594 to each share.





RISK MANAGEMENT

- FINANCIAL RISKS
- ISO STANDARDS

FINANCIAL RISKS

In its business operations, Mtel is exposed, in various degrees, to certain financial risks such as market risk, liquidity risk and credit risk. Risk management in Mtel is directed towards minimizing potential negative impacts on the financial standing and business operations of Mtel, in the unpredictable situation at the financial markets. Risk management is defined in the Company's accounting policies.

In the year having ended on 31 December 2021, Mtel did not enter any transactions with derivative financial instruments (derivatives), such as interest rate swaps or forwards.

MARKET RISK

Market risk includes the risk of the foreign currency exchange rate fluctuation, risk of the interest rate change and risk of the capital prices changes respectively.

- Risk of the foreign currency exchange rate fluctuation - although Mtel performs part of its transactions in the foreign currency, the Management's opinion is that it is not exposed to any significant foreign currency exchange rate fluctuation risk in its business operations in the country and abroad, since the business transactions are performed mostly in the local currency, convertible mark (BAM), and in EUR, to which the convertible mark is related by the fixed exchange rate (1 EUR=1,95583 BAM).
- Risk of the interest rates change - Mtel is exposed to various risks, which, through the interest rates level changes, affect its financial position and cash flows. Given

that Mtel does not have any significant interest-bearing assets, the income is quite independent in terms of the market interest rates changes. The Mtel's risk of the interest rates change arises primarily from the long-term loans received from the suppliers. The changeable interest rate loans expose Mtel to the cash flow interest risk, while the fixed interest rate loans expose Mtel to the risk of changes in the interest rate fair value. During the year, having ended on 31 December 2021, most of the liabilities under the loans had variable interest rates, related to the EURIBOR. The liabilities under the changeable interest rate loans have mostly been in foreign currency (EUR)

- Risk of the capital value change - in the 2021 reporting period, Mtel has been exposed to certain risk of changes in the registered securities prices. These investments are purposed more for strategic purposes than for the daily trading purposes and are not subject of the active transactions.

LIQUIDITY RISK

Liquidity management is centralized on the Mtel's level. The responsibility for liquidity rests with the management, which has established specific procedures related to the short-term and long-term liquidity risk. Mtel manages its assets and liabilities in the manner that allows it to always fulfill its obligations.

Mtel has sufficient high-liquidity assets (cash and cash equivalents) at its disposal, as well as a continuous inflow of funds from the services realization, which enables it to service the obligations in due time. Mtel does not use financial derivatives.

For the risk management purposes, Mtel has adopted the financial policies that define dispersion within the decision-making levels in the procurement process for specific products/services. This dispersion is managed by establishing the limits to which the individual persons, or the bodies of Mtel, may decide on the specific procurement.

CREDIT RISK

Credit risk is related to the risk of the other party's nonperformance of its contractual obligations towards Mtel, which will result in the Mtel's financial loss. Mtel has adopted the policies for monitoring of the partner's credit standing, as well as for requesting certain warranties (collaterals) where possible, all with the aim of reducing the potential risk of financial losses, caused by nonperformance of the contractual obligations.

The credit risk arises in relation with the receivables from legal entities and physical persons, cash and cash equivalents, deposits with banks and financial institutions, as well as the commitments.

Mtel is exposed to the credit risk to the limited extent. The credit risk security was established by undertaking certain measures and activities on the Mtel's level.

Mtel does not have a significant credit risk concentration related to the receivables, since it has numerous mutually non-related customers with small amount of

respective debts. Along with the services suspension, the following collection mechanisms are used: debt re-programming, settlement with legal entities, legal actions, out of court settlements, etc.

Repayment of the credits, extended to the Mtel's employees, is secured by application of the administrative measure, namely deduction of the specific amount from the salary. The employees who leave the Company regulate the manner for the outstanding debt repayment when they are leaving Mtel.

With the aim of minimizing the credit risk, Mtel has developed and maintains the credit risk assessment, to categorize the exposure according to the level of risk of nonperformance of the obligations. The credit rating information is provided by the independent Rating Agencies and, in case they are not available, Mtel uses other publicly available financial information and the Company's own trading data to assess its major customers and other debtors. Mtel's exposure and all contractual parties' credit ratings are continuously monitored, and the total value of the realized transactions is shared among the authorized partners.



ISO STANDARDS

The Company is determined to perform digital transformation in all domains, and pursues business activities in the complex environment, in terms of competition, market, and new trends, global presence of the internet and mobile operations, and strives to the optimal management by using management systems, with the aim of achieving long-term satisfaction of all interested parties' expectations.

In late 2017, the Company established the Integrated management system (IMS), which unified the requirements of two internationally recognized standards - ISO 9001:2015 and ISO/IEC 27001:2013 for all business processes in the Company.

The Company Strategy outlines the fundamental principles of the Company management related to the integrated management system:

- Continual realization of the results,
- Improvement in the services and processes quality,
- Process Management,
- Achieving success based on employees' competencies and engagement,
- Developing stable and fair relations with partners and suppliers,
- Taking responsibility for a sustainable future.

The adopted Integrated Management System Policy represents the framework for establishing and reconsidering the IMS aims, including the information quality and security, according to which the Organization undertakes to periodically reconsider the IMS efficiency, for the purpose of securing the effective business processes and their continual improvement. In the early 2020, it was performed the certification audit of the Company, for all business processes in line with both of the above

mentioned standards. The result was extension of the certificate validity for the three-year period. External and internal audit of the Company is performed regularly on the annual basis, according to the implemented standards.

The IMS Policy defines the following principles:

- Fulfillment of the customers' requirements for high quality product and services to maintain a long-term customer satisfaction
- Developing competencies that motivate employees to actively participate in the improvement of all business aspects,
- Ensuring enjoyment of the rights and equal treatment to all shareholders,
- Compliance with laws, regulatory, and other regulations, to maintain a fair and efficient market competition,
- Developing the long-term and correct relations with partners and suppliers,
- Providing a continual technical and technological development in line with the global trends in the telecommunications industry,
- Corporate social responsibility in the business operations, with systematical and permanent fostering of the traditional quality relations towards the society and environment in which the Company operates,
- Protection of the Company's trade secrets, business partners and clients, as well as protection of their privacy,
- Permanent care for information integrity, availability, and confidentiality
- Security of information and the other assets to the risk-proportionate extent, through the effective application of the protective measures and procedures, in accordance with the financial justification and the Company's technological strategy.

ISO 9001:2015 QUALITY MANAGEMENT SYSTEM

The Quality Management System - QMS represents the manner in which the Company manages the quality of products, services and business operations (relations with all interested parties), as well as the quality of the organization itself (relations with the employees and resources, corporate culture).

Recognition of the risk and opportunities shows the consideration of a high importance of the risk-based thinking concept that is an inevitable principle and part of the system management standard, which allows for stable business operations and successful functioning.

The Quality Management System requires that the Company implements the key business processes management, which Mtel realizes by using the Business Process Management (BPM), with continual designing and monitoring of the business processes. Management of the key business processes in the Company enables a quality accommodation to the changes brought by modern business, with digital transformation in all areas, along with new rules, new methods, and new people. These changes lay the foundations for a new business culture and criteria for business success, and, with the business processes management improvement, improved competitiveness and a better market position is also achieved, through increased efficiency and effectiveness.

ISO/IEC 27001:2013 INFORMATION SECURITY MANAGEMENT SYSTEM

The importance of introduction of the Information Security Management System (ISMS) does not solely represent the business operations compliance with the legal and market requirements, but also the most important feature - improved customer relations and growing trust of the Mtel services users.

The ISM system, implemented in the Company, provides for an adequate customer information protection in all phases of their processing, since there is a clear definition of the tasks and responsibilities, related to the information security, that are allocated to all organizational levels and the employees.

The received certificate confirms that Mtel has reduced the information security risks to the lowest possible level, that a better control has been implemented over the information flows, as well as that the potential information security risks have been properly and timely addressed. All Mtel services users may rest assure that their exchanged information is processed in accordance with the internationally recognized practice.



STATEMENT

ON THE CORPORATE MANAGEMENT STANDARDS APPLICATION

The Mtel Company has its own Code of Conduct and Corporate Management, which more thoroughly stipulates the mechanisms for the Company bodies' functioning and protection of interests in mutual relations of the existing and potential shareholders, creditors, trustees, employees, service users, Management Board, Executive Board, General manager, Auditing Board, Internal Auditor, local community and the government agencies, being the holders of various interests in the Company.

The Company Code is established upon Law on Commercial Companies, Corporate Management Standards issued by the Republic of Srpska Securities Commission, as well as on the Corporate Management Standards adopted by the Organization for Economic Cooperation and Development (OECD). This ensures an efficient application of the corporate management standards and is related to the rights and equal treatment of the shareholders, role of the interested parties - holders of the interests in the Company management, releasing and publicity of the information, and role and responsibilities of the Boards.

The provisions of the Law on Commercial Companies, Corporate Management Standards, Statute and other Company acts are applied where the Code is silent.

The Code defines the professionalism principles and independence of the members of the Management Board, Auditing Board, and Executive Board, moral standards in their behavior, responsibility of these bodies' members, including the due diligence in considering the materials and the rules for their releasing, and the insight into possible conflicts of interests with the Company, remuneration policy, as well as other issues of importance for the corporate management.

The aim of the Company is to consistently apply the stipulated standards, as well as to maintain a responsible management and supervision of the business and managerial functions thus improving the competitive capacities of the Company, offering support to good functioning of the financial market, and creating a favorable environment for the investment activities.

Given the corporate management is the key element of the economic efficiency improvement and growth, as well as of the increased investors' trust, it represents an important segment of the Company's business operations, and Mtel will continue to monitor harmonization of the Company's organization and activities with principles contained in the Code.

Mtel's statement on the organization and activities harmonization with the Code of Conduct/ the corporate management standards, forms an integral part of this Report, and is published on the Company's Internet site, www.mtel.ba, under the Section *Investitori*, and the Stock Exchange Internet site: www.blberza.com.



..... CONSOLIDATED 2021 FINANCIAL REPORTS

- CONSOLIDATED PROFIT AND LOSS STATEMENT
AND THE GENERAL RESULT REPORT
- CONSOLIDATED FINANCIAL POSITION REPORT
- CONSOLIDATED CASH FLOWS REPORT
- INFORMATION PER SEGMENT

CONSOLIDATED

PROFIT AND LOSS STATEMENT AND THE GENERAL RESULT REPORT

Consolidated pre-tax profit amounts to KM 81,9 million in the business year 2021, which is KM 18,3 million or 28,8% higher, relative to the realized result in 2020.

CONSOLIDATED PROFIT AND LOSS STATEMENT AND GENERAL RESULT REPORT (in KM mil.)	2020	2021	2021 vs. 2020
Revenues from sales of goods and services	486,44	498,26	2,4%
Other business revenues	9,36	19,21	105,2%
Business expenditures	(421,80)	(424,30)	0,6%
Financial revenues	1,37	1,03	-25,3%
Financial assets impairment	(3,72)	(6,07)	63,0%
Financial expenditures	(8,20)	(8,99)	9,7%
Share in the affiliates' result	0,14	2,77	1914,7%
Pre-tax profit	63,59	81,89	28,8%
Profit tax	(7,03)	(8,71)	24,0%
Net profit	56,56	73,18	29,4%
Total other result, minus taxes	(0,001)	(0,02)	
Total result for the period	56,56	73,16	29,3%

In 2021, total revenues amount to KM 527,3 million, and are 4,3% higher relative to 2020. The total revenues' structure includes the revenues from sales of goods and services, other business revenues and financial revenues. In the total 2021 revenues' structure, the most significant share of 94,5% belonged to the revenues from sales of goods and services, which recorded the 2,4% increase, relative to 2020.

Other business revenues in 2021 were realized in the amount of KM 19,2 million and recorded KM 9,9 million increase, relative to the year 2020, due to the increased revenues from activation of the effects based on the costs of employees who worked on the network construction and major capital investment projects.

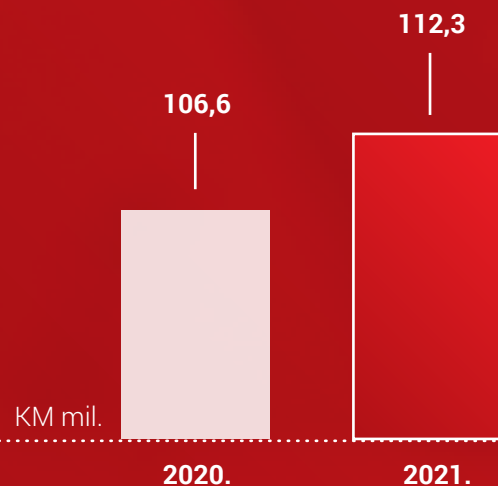
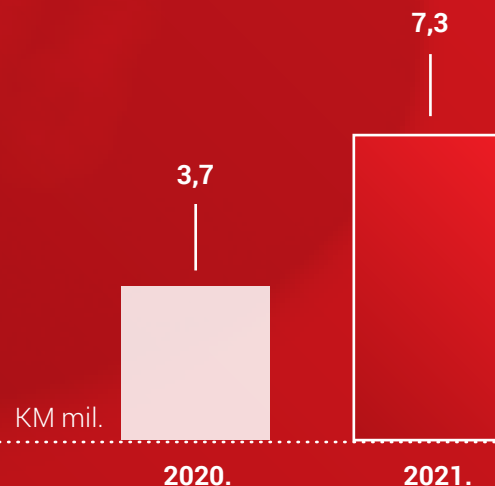
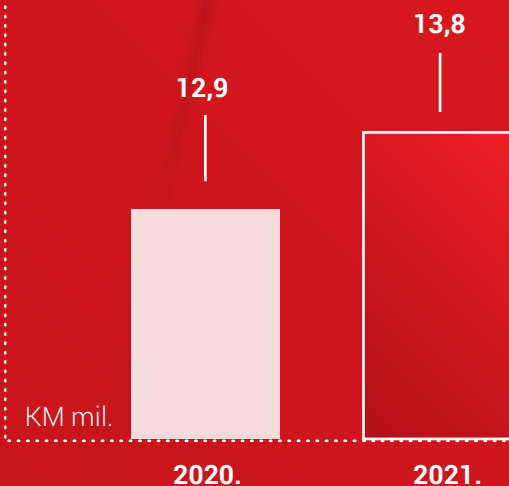
**CONSOLIDATED REVENUES FROM SALES
OF GOODS AND SERVICES (in KM mil.)**

	2020	2021	2021. vs. 2020
Revenues from fixed telephony	62,02	58,48	-5,7%
Revenues from mobile telephony	183,37	191,21	4,3%
Revenues from integrated services	106,63	112,33	5,4%
Revenues from internet	32,37	33,15	2,4%
Revenues from related services	39,12	37,33	-4,6%
Revenues from sales of goods	3,69	7,30	97,8%
Revenues from ICT and other services	12,85	13,75	7,0%
Total revenues from national sales	440,04	453,55	3,1%
Revenues from international settlement	35,45	37,06	4,5%
Revenues from sales of license, ICT and other services	10,94	7,65	-30,1%
Total revenues from international sales	46,39	44,71	-3,6%
Total revenues from sales of goods and services	486,44	498,26	2,4%

The mobile telephony revenues were 4,3% higher, relative to 2020, as the result of continual offer improvement, creation of attractive packages and promotional offers, with significant improvement of the Covid pandemic situation. The mobile telephony revenues include the subscription fee, revenues from traffic, connection, and other. The traffic revenues had the highest share of 56,0%.

The revenues in the integrated services segment were 5,4% higher relative to 2020, as the result of the increase in the number of users for over 13.600. In the integrated services structure, the highest share belongs to the three services packages, followed by the revenues from two services packages.

The revenues from sales of goods recorded KM 3,6 million increase in 2021, while the ICT and other services revenues and recorded the growth of 7,0% relative to 2020. The growth in these two categories was mostly related to the revenues from sales of goods and equipment to the business users, within the system integration solutions.

INTEGRATED SERVICES REVENUES

SALES OF GOODS REVENUES

ICT AND OTHER SERVICES REVENUES


In 2021, the total expenditures amounted to KM 445,4 million, which was 0,8% higher, relative to 2020. The total expenditures structure consists of the operating expenditures, impairment of financial assets, and financial expenditures. In the total 2021 expenditures structure, the largest share of 95,3% belongs to the operating expenditures, which recorded 0,6% growth, relative to 2020.

The costs of materials, goods and related services amounted to KM 66,6 million in 2021, and were 3,2% lower, relative to 2020, due to the 9,1% lower material costs related to the mentioned services, as the result of delay in the mobile devices delivery, caused by the Covid 19 pandemic. In the stated costs structure, the largest share of 66,3% belongs to the costs of materials for related services and the purchase value of the sold goods with 16,3%.

The costs of employees amounted to KM 86,9 million in 2021, and were 3,0% higher, relative to 2020, due to the 14,1% increase in the other personal income. The consolidated number of employees was 2.587 on 31/12/2021.

Depreciation costs amounted to KM 133,0 million in 2021, and were 4,6% higher, relative to 2020.

The production services costs amounted to KM 107,6 million, and were 2,8% higher, relative to 2020. Within the stated costs structure, the international settlement costs made 26,1%, other production services made 25,3%, maintenance costs made 19,2%, advertising and promotional costs made 15,7%, the contents broadcasting fees participated with 12,8%, and land and business premises rental costs with 0,9%. The contents broadcasting fees were 41,6% lower, relative to 2020, due to the exclusion of certain TV channels from the offer. The international settlement costs were 10,6% higher, relative to 2020, as the result of increase in the outgoing international traffic.

BUSINESS EXPENDITURES (in KM mil.)

	2020	2021	2021 vs. 2020
Costs of materials, goods and related services	68,84	66,63	-3,2%
Costs of employees	84,37	86,92	3,0%
Costs of depreciation	127,18	133,02	4,6%
Costs of production services	110,70	107,64	-2,8%
Other operating costs	30,71	30,10	-2,0%
Total business expenditures	421,80	424,30	0,6%

CONSOLIDATED

FINANCIAL POSITION REPORT

The value of the total assets, and liabilities, was KM 1.372,2 million on 31/12/2021, and recorded 6,1% growth, relative to 31/12/2020. On the assets side, the most important was the growth in the fixed assets, at the real estate and equipment positions, as well as in the non-material investments and goodwill, while, on the liabilities side, the most important was the growth in the long-term and short-term liabilities related to the right to TV contents broadcasting and liabilities towards the suppliers.

Non-material investments and goodwill record growth of 9,9% relative to the previous year, due to the growth of other non-material investments, which mostly relate to the software and capitalized rights to TV contents distribution. The value of real estate and equipment record 4,9% growth, relative to the previous year, with the highest increase at the respective civil engineering objects, plants, and equipment positions.

The total realized capital investments in 2021 amount to KM 189,1 million and encompass the procurements during the year that Mtel performed within the non-material investments, real estates and equipment, which include the activation of internal effects, costs of obtaining the contracts related to the assets which originate from the costs of realization or obtaining of the contracts (in accordance with the IFRS 15), rights to the TV contents distribution, property taken into the lease (in accordance with the IFRS 16).

Value of the share in the other legal entities increased for 11,3%, relative to the previous year, based on the recapitalization of the affiliates of MTEL Global, d.o.o. Beograd and MTEL d.o.o. Podgorica, which did not have any impact to the previously established ownership structure.

CONSOLIDATED FINANCIAL POSITION REPORT (in KM mil.)	31/12/2020	31/12/2021	31/12/2021 vs. 31/12/2020
Fixed assets	1.153,48	1.227,21	6,4%
Working assets	140,16	144,96	3,4%
TOTAL ASSETS	1.293,64	1.372,17	6,1%
Capital	682,90	678,67	-0,6%
Long-term liabilities and provisioning	335,13	314,38	-6,2%
Short-term liabilities	275,60	379,13	37,6%
TOTAL LIABILITIES	1.293,64	1.372,17	6,1%

CONSOLIDATED

CASH FLOWS REPORT

At the end of 2021, the cash balance was KM 19,7 million, which was KM 10,4 million or 112,2% higher than the final cash balance in the previous year. The higher cash balance was primarily the result of 22,3% increase in the net cash flow from the business activities, due to the evident increase of the inflow from sales of 0,9% and decrease in the total outflow from the business activities of 12,5%.

CONSOLIDATED CASH FLOW REPORT (in KM mil.)	2020	2021	2021 vs 2020
Net cash inflow from business activities	189,36	231,56	22,3%
Net cash outflow from the placement and investment activities	(124,43)	(74,69)	-40,0%
Net cash outflow from the financing activities	(103,60)	(146,46)	41,4%
Net cash and cash equivalents increase/decrease	(38,67)	10,40	-
Cash and cash equivalents at the beginning of the period	47,93	9,27	-80,7%
Cash and cash equivalents at the end of the period	9,27	19,67	112,2%

INFORMATION PER SEGMENT

The reporting segments on the consolidated level, in accordance with the IFRS 8, are the fixed network and mobile network.

The segment revenues and results, for the period of one year, ending on 31/12/2021 and 31/12/2020, represent the revenues generated from the sales to the external customers, where the inter-segment revenues within the period have been eliminated.

The segments' profit represents the profit of each segment, with included allocation of all costs, on the basis of the revenues realized by each respective segment.

REVENUES AND RESULTS PER SEGMENT (in KM mil.)

	2020			2021		
	fixed network	mobile network	total	fixed network	mobile network	total
Revenues from sales of goods and services	233,08	253,36	486,44	242,25	256,01	498,26
Other business revenues	4,97	4,39	9,36	9,77	9,43	19,21
Internal inter-segment settlement	65,17	28,39	93,55	72,17	32,35	104,53
Business expenditures	(234,92)	(186,87)	(421,80)	(242,24)	(182,06)	(424,30)
Financial income	0,76	0,61	1,37	0,57	0,46	1,03
Financial assets impairment	(2,22)	(1,50)	(3,72)	(3,27)	(2,79)	(6,07)
Financial expenditures	(4,10)	(4,10)	(8,20)	(4,52)	(4,47)	(8,99)
Internal inter-segment settlement	(28,39)	(65,17)	(93,55)	(32,35)	(72,17)	(104,53)
Share in the affiliates' result	0,07	0,07	0,14	1,35	1,42	2,77
Pre-tax profit	34,41	29,18	63,59	43,72	38,18	81,89
Profit tax	(3,37)	(3,66)	(7,03)	(4,62)	(4,09)	(8,71)
Net profit	31,04	25,52	56,56	39,10	34,08	73,18



SUBSIDIARIES

- LOGOSOFT, DOO SARAJEVO
- BLICNET, DOO BANJA LUKA
- TELRAD NET, DOO BIJELJINA
- ELTA-KABEL, DOO DOBOJ
- FINANC, DOO BANJA LUKA

LOGOSOFT,

DOO SARAJEVO

FIXED
TELEPHONYMOBILE
POSTPAIDINTERNET
AND DATA

ICT

INTEGRATED
SERVICES

MULTIMEDIA

OTHER
SERVICES

LOGOSOFT

Registered business name:

Logosoft, d.o.o. Sarajevo

Year of incorporation:

1995

Seat:

Grbavička 4, Novo Sarajevo

Organizational form:Limited liability
companywww.logosoft.ba

The Logosoft d.o.o. Sarajevo Company was founded in 1995 as a computer engineering company. In the past 26 years, the Logosoft's successful business operations have been marked by innovations in the field of various concepts and technologies, by which the Company was recognized as the leader in the market of contemporary, business information-communication solutions for clients of all profiles. Since its establishing, the Company has been enhancing its services portfolio, from the Internet access services provided over its own fiber infrastructure, to the fixed and mobile telephony services, IP television, network integration activities, software and business solutions, colocation, and cloud services in its own Data Center, as well as the IT education.

In 2017, the Logosoft Company enhanced its business activities outside the BiH market, and established the daughter company of *mts sistemi i integracije d.o.o. Beograd* in Serbia, which has realized important regional projects.

SERVICES PORTFOLIO

Logosoft services portfolio in 2021 included the services in the segment of fixed telephony, mobile telephony, internet and data, ICT service, integrated services, multimedia and other services.

Within the fixed telephony, the solo service is only provided for business users, while the fixed telephony service, in the package with another service, is offered to the residential users.

Logosoft provides the mobile telephony service based on the postpaid tariff models, as well as within the service package.

Within the internet and data service, there are various tariff models of the internet service for residential and business users.

In the internet and data service segment, Logosoft offers the location connection services - VPN, VPN link, Web&Mail hosting, and domain registration service.

In the ICT service segment, being one of the most important segments of the Logosoft's business activities, there are DATA center services (including Cloud service, colocation service), system integration service (such as Cloud solutions, Logosoft Pro WIFI, Logosoft Security 365, Implementation of Fortinet security solutions, consulting service and Microsoft Direct Routing - telephoning via Teams), sale of licenses (Microsoft 365, Office 365, SSL Certificates), various business solutions (Microsoft Dynamics 365 Business Central, Microsoft Dynamics 365 CRM), as well as YubiKey, the device for a safe password-free authentication.

The offer of the Logosoft integrated services in 2021 was directed towards the residential users, with the two-three- and four-service packages respectively.

In the segment of the Logosoft's multimedia services, the users are offered SUPER TV and SUPER WEB TV services. SUPER TV is Internet protocol television (IPTV) based on IP technology that offers high level of TV contents interactivity and personalization. SUPER WEB TV is a multiscreen service, which enables watching the favorite TV shows on all devices with the internet access. Along with the mentioned services, Logosoft offers other services, such as education and engineering-installation works.

MAIN BUSINESS CHARACTERISTICS IN 2021

Stable operations in the local market and the enhancement of the operations in the regional, and the European market as well, marked the Logosoft's business activities in 2021.

Partnering with the global cloud vendors, Microsoft and CISCO, and direct connections with the world's largest Tier 1 IP transit superproviders, enabled Logosoft to plan

and work on the joint implementation of cloud-based services and a high level of availability, reliability and scalability, as well as the continuity and quality of the provided services. Logosoft has enhanced its portfolio of partners with Yubico, Fortinet and Jabra manufacturers, by which it additionally enriched its security and communication solutions and services. During 2021, the Company positioned itself as a perfect partner in the field of contemporary security cloud-based technology and colocation services, and the trend of selling the colocation and cloud services from the Logosoft Data Center, continued throughout the year.

Logosoft has successfully realized projects which, among other, include the portfolio of new and unique services on the BiH market introduced last year. The service implemented for own needs - the Robocaller service - is automated calling and surveying via fixed telephony numbers, within the realization of one of the most important projects - 24 hours, a continuous project on the Group level within which the Company strengthens and monitors the realization of the main goal of its activities - customers' satisfaction. Also, within the offered innovative solutions, the service of Microsoft Direct Routing for banking sector was successfully implemented. This solution enables the

fixed telephony integration into Microsoft Teams and telephone traffic via the Teams.

The projects for the implementation of security solutions in the banking sector marked the year 2021, particularly in the segment of innovations and implementation of the customer solutions based on Microsoft technologies, where Logosoft was chosen the Microsoft partner for 2021.

Last year, Logosoft successfully implemented the solutions in the information security, continuity of business operations and network consolidation in the banking sector, and the Yubico solution in the public and private sector.

The most significant projects in system integration that marked the year 2021, are Logosoft Data Center Consolidation, by which the cloud service platform (IaaS) was significantly improved, Logosoft IPTV Headend and Logosoft corporate network.

Due to the continued impact of the Covid 19 pandemic in 2021, in the segment of the internet provider activities, there were recorded the largest quantities of traffic, ever since Logosoft

became the internet service provider. The customers' demands for higher internet speeds were successfully fulfilled, having been caused by their organization of work from home and online meetings.

The activities continued in improving the user experience of IPTV services and, accordingly, the strategy of distributing as many channels in HD resolution as possible was introduced. As the result, Logosoft retained its status as the only distributor in BiH with over 120 channels in HD resolution in its offer.

Along with the above, re-packaging of the TV channels was performed within the offer, by which the users benefited from higher number of TV contents under lower monthly subscription.

In 2021, Logosoft maintained three prestigious certificates, which confirmed its compliance with the requirements of the ISO (International Organisation for Standardization) standards - ISO/IEC 27001:2013 for the information security management system and ISO/IEC 20000-1:2018 for IT services management system and ISO 9001: 2015 for the quality management system. Also, in 2021, Logosoft introduced two more ISO certificates - ISO 22301: 2019 for business continuity management system and ISO/IEC 27701: 2019 for information privacy management system. With this, the Company has

re-confirmed the position of the regional leader in the information security, information privacy, services, quality, and business continuity management systems, respectively.

The Logosoft Company wishes to allocate a large part of its profits into **corporate social responsibility** aspect of the business thus, in 2021, it continued to provide support in the following areas:

- culture, where the Company supported Sarajevo Philharmonic, Chamber Theater 55, and Youth Theater,
- sport, where the most important donation was given to the *Klub specijalnih sportova „Drina“* - special sports club association, and to young, talented swimmer, Iman Avdić, to enable her to participate in the World Senior Swimming Championships,
- education, where the cooperation with the the Sarajevo Canton Association of Mathematicians has continued, financial donation to the IT technology Users Association of programmers and IT administrators in Bosnia and Herzegovina - *UMSZajednica u BiH*, as well as support to the event entitled Safer Internet Day organized by EMMAUS.

- health, through assistance to the Clinical center of the University in Sarajevo, but also with one-time donation for realization of the project of marking the European Organ Donation Day and expressing gratitude to the donors in the organization of the Donor Network in Bosnia and Herzegovina.

- the most vulnerable categories of society, through continual support to various humanitarian associations: Udruženje „Pomozi.ba“, „World Vision International“, Udruženje „Ruku na srce“, Udruženje oboljelih od dječije cerebralne paralize Kantona Sarajevo, Udruženje oboljelih od PTSP-a „Život“, Udruženje građana „Kultura sjećanja“, Udruženje građana radio klub „Sarajevo“, Udruženje građana „Ruke“.
- strengthening the project management development in BiH, and a more favorable business environment in Bosnia and Herzegovina, through support given to the work of PMI BiH Association and AmCham BiH.

In 2021, the Project entitled the Logosoft Factory of IT Professionals was successfully implemented with the aim of offering young people free education from various IT areas. As the result, Logosoft has employed the best participants in this education, and plans to continue this Project in 2022.



BLICNET,

DOO BANJA LUKA

The Blicnet, d.o.o. Banja Luka Company was founded on 1 May 1992, under the name of Aneks, d.o.o. Banja Luka. Since its establishing, the Company has passed through multiple changes in terms of organization, ownership structure and amendment of activities, as well as the acquisition of other commercial companies.

The Company is organized as a limited liability company for telecommunications, and is a licensed fixed and mobile telephony operator, internet service provider (ISP), network operator, and the cable TV and system integration services provider. The Company holds an important position in the Bosnia and Herzegovina market, and is recognized for provision of new, high quality services.

The main activities of Blicnet are focused on improvement of the ICT and telecommunications services quality, the existing services portfolio in the context of the CDS users' digitalization process, increasing Internet speed on the cable infrastructure, inclusion of new TV channels in the program scheme and development of the existing database.

FIXED
TELEPHONYINTERNET
AND DATA

ICT

INTEGRATED
SERVICES

MULTIMEDIA

OTHER
SERVICES
Registered business name:

Blicnet, d.o.o. Banja Luka

Year of incorporation:

1992

Seat:
Majke Jugovića 25,
Banja Luka
Organizational form:
Limited liability
company

www.blic.net

SERVICES PORTFOLIO

The Blicnet services portfolio in 2021 includes the services in the segment of fixed telephony, internet and data, ICT services, integrated services, multimedia, and other services.

Blicnet provides the fixed telephony services for residential and business users, as a solo service, but also within the multiservice package.

The internet access service is offered with various asymmetric speeds on several technologies (cable, optical, wireless).

The internet service is provided as a solo service, but also within the multiservice package, both for residential and business users. Along with the direct internet access (in symmetric and asymmetric packages), there are leased digital lines, optical fiber lease, Virtual Private Network - VPN, IPsec VPN, DDoS protection.

Blicnet offers a wide palette of the ICT services, including LAN and WAN computer network design, development and maintenance, Backup server and Disaster Recovery, structure cable system certification, and creation of relevant network documentation, technical support, control of access to residential buildings, business premises, worktime record keeping, Wi-Fi access solutions, software and applications development, implementation of IT solutions as support to realization of the technology based on the LoRaWAN standard, LIOP applications, as well as the consulting services.

Blicnet also provides the services of designing the security IT solutions (network firewalls, crypted VPN connections, network protection mechanisms against malicious actions from the Internet or within, safety protocols).

Integrated services portfolio includes two or three service packages for residential and business users, realized on various technologies (cable, optical, wireless). Multimedia services include the digital TV offer realized on various technologies.

Along with the abovementioned, Blicnet provides other services including the sales of the network equipment, licenses, and support services of the equipment manufacturers, Virtual Private Server-VPS, Server Housing, Web Hosting, and other services.

MAIN BUSINESS CHARACTERISTICS IN 2021

In 2021, Blicnet was recognized for realization of guaranteed capacity, high level technical support, and especially created portal for link monitoring and direct communication with the engineers.

During 2021, the Company implemented the following new services:

- Process of CDS service users' digitalization, process of the integrated packages with KDS service users' digitalization,
- Increase of internet bandwidth on the cable infrastructure,
- Safe Internet Option,

- Enhancement of the new OPTI packages availability by means of wireless technology (residential segment),
- New TV channels, available to the digital television users,
- Project entitled „Realizacija 24h“,
- Internet access (business segment),
- Television for business users.

A significant place in the Blicnet services portfolio for business users belongs to the system integrations and Smart City solutions, the promotion of which was intensively conducted in 2021. The Smart City concept was promoted in the cities and municipalities in the Republic of Srpska. The design, development and implementation of ICT business solutions is closely related to the parent company, with the aim of providing the end user with a complete solution. Blicnet is working intensively on defining the ICT solutions that will contribute to the digital transformation of business, since they are crucial for realization of the vision of future development of the Company.

In the part of investment projects, it is important to point out the following: project of analogue users' digitalization, introduction of common digital headend, replacement of DOCSIS2.0 CPE equipment, HFC network upgrade, wireless network upgrade, overhead network relocation into the underground network.

As the company with **corporate social responsibility**, Blicnet has conducted several actions during 2021, the most important ones being:

- Safer Internet Day - protection of children and young people in the online world,
- Donation to the Parents' House on the World Day of Children Suffering from Malignant Diseases,
- Support to the HO "Partner" activities,
- Sponsorship of the prizemoney fund for „Gradiško proljeće 2021“,
- Corporate social responsibility project "Blicnet - Priče za djecu" (Stories for Children) ,
- Support to the association of *Akademija fudbala Modriča*.

Sponsorship was provided for numerous manifestations, 38. *likovna kolonija „Srbac - Bardača“*, concert of the Lavinia group, „*Kotorvaroško ljeto 2021*“, Concert for All Generations, the „*Vukosavlje 2021*“ - indoor football and beach volleyball tournament, Blicnet participant in the *Run&More Banja Luka*, race, support provided to the work of the table tennis club *Stonoteniski klub "SPIN"*, support provided to the School of Political Sciences in technical organization of a scientific conference, and many other.



TELRAD NET,

DOO BIJELJINA

FIXED
TELEPHONYINTERNET
AND DATA

ICT

INTEGRATED
SERVICES

MULTIMEDIA

OTHER
SERVICES

Telrad Net, d.o.o. Bijeljina was established in 2010, after its separation from the Telrad d.o.o. Company. With establishing of the Telrad Net, a new cable television era began in the area where Telrad Net pursued the activities and provided its services. Telrad Net offers high quality services in the IP telephony, cable TV, cable internet, and high speed internet for large systems and business customers.

SERVICES PORTFOLIO

Telrad Net service offer in 2021 includes the services in the fixed telephony, internet and data, ICT services, integrated, multimedia, and other services.

Telrad provides the fixed telephony services for residential and business users as a solo service, but also within the multiservice package.

Within the internet service and data, the residential users are offered NET service with various speeds, on GPON and HFC technology, and the business NET users are offered

various speeds services on GPON, HFC and FTTH technology. The offer also includes the direct internet access service, optical fibre, cable canalization, and digital link lease, static IP address.

ICT services are provided to the business users through maintenance of the switch exchange, and the mail server. The integrated services portfolio includes packages with two and three services for residential and business users. Digital television services are provided to both residential and business users, either as a solo service, or in the service packages.

Other Telrad Net services include additional digital packages for both residential and business users (DTV Premium, DTV HD, DTV HBO, DTV HBO PREMIUM, DTV HBO GO, DTV CINEMAX, DTV ZADRUGA LIVE).

Registered business name:
Telrad Net, d.o.o. Bijeljina

Year of incorporation:
2010

Seat:
Hase 1, Bijeljina

Organizational form:
Limited liability
company

www.telrad.net

MAIN BUSINESS CHARACTERISTICS IN 2021

The year 2021 was marked by finalization of three significant projects:

- user digitalization project, which provided the basis for a tripled number of channels, compared to the analogue package,
- transfer to the DOCSIS 3.0 technology project, which provided for the internet speeds increase.
- core network modernization project, which provided for significant unburdening of the network, and the services improvement.

In 2021, the Company implemented the following new services:

- internet speeds increase in 2P standard and 3P standard packages,
- new service added for business users: PROFİ BİZ L, with 200/100 Mbps asymmetric internet speed, one FoC telephone connection and 500 minutes bonus for free calls in the fixed networks in BiH,
- basic digital cable TV package (DTV Standard) enriched with several national and international channels,
- basic digital cable TV package (DTV Standard) enriched with 16 radio channels (no radio channels in the previous offer),
- numerous actions were launched to offer discounts on subscription, both for the existing and new users, by which the existing users were enabled to enhance the service they use, as well as the high-quality cable TV contents (actions and discounts related to the users' digitalization),
- action offers were created to include 6 months of fast internet, along with the subscription discount.

During the years of Telrad Net's business operations, **responsibility towards the users and the local community** has become an integral part of Telrad Net's activities. Like a good neighbor, Telrad Net always supports humanitarian actions and local concerts, music festivals, theater performances, citizens' associations, sports clubs, kindergartens, and schools. Also, on our own initiative, environment protection actions were initiated, as well as visits to the health institutions. Telrad Net supports cultural and sports events and helps the professional development of young people. Cooperation and activities that started in previous years, continued during 2021 (cooperation with the School of Law, University of Istočno Sarajevo, and the School of Business Economics Bijeljina).

On 1 November, the Telrad Net's birthday, in the "Duško Radović" kindergarten in Ugljevik, children were given educational and didactic toys, while, for the New Year holidays, children's packages for the Telrad Net employees' children were distributed as another form of care for the employees.

Due to the Corona virus situation, Telrad Net, being a socially responsible company, donated financial resources to the voluntary blood donors' association of "Zdravlje" bank account. Also, we financially supported the association of people with special needs in Brod and Bijeljina. During 2021, Telrad Net responded to requests for payment of funds for medical treatment of our fellow citizens.

Being a company that supports all kinds of sports and raising environmental awareness, the following were supported through sponsorships in 2021: *Volleyball Club "Libero", UG "Zmajevac", PED "Majevica"*.

Many events have been sponsored, such as Centennial of the Technical High School "Mihajlo Pupin" Bijeljina, and the festivals of "Days of Comedy" and the *Protfest Festival* were supported, as well as the Employment Fair, BH Beer Fest in Bijeljina, and many other.



ELTA-KABEL,

DOO DOBOJ

Elta-Kabel d.o.o. Doboj was established in 2001, under the name of Elta-Kabel, d.o.o. Šekovići. From 2002, the Company continued operations under the name of Elta-Kabel, d.o.o. Doboj.

The main activity of the Company is provision of telecommunication services, such as digital cable television, internet and fixed telephony. Elta-Kabel provides its services by means of coaxial network, as well as by the most up to date optical infrastructure, providing its customers - business and residential users, with a more efficient, faster and quality services, namely, the use of the cutting edge technology in their homes.

SERVICES PORTFOLIO

Elta-Kabel's services offer in 2021 includes the services in the fixed telephony, internet and data, ICT, integrated services, multimedia, and other services.

In 2021, the fixed telephony services were provided via POTS service for the residential and business users, as well as within the service package.

FIXED
TELEPHONYINTERNET
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ICT

INTEGRATED
SERVICES

MULTIMEDIA

OTHER
SERVICES


Registered business name:

Elta-Kabel, d.o.o. Doboj

Year of incorporation:

2001

Seat:

Dobojske brigade bb, Doboj

Organizational form:

Limited liability
company

www.elta-kabel.com

Internet and data service includes the tariff models for residential and business users. Both residential and business users are offered net services with various speeds, on GPON and HFC technology. For business users, there are offered direct Internet access, digital link lease, optical fibre lease, as well as the Virtual Private Network.

Elta-Kabel offers the following ICT services: Kaspersky safe kids, technical support service, Wi-Fi access solutions, maintenance of LAN and WAN computer network, certification of the structure cable system, creation of relevant network documentation, control of access to the residential buildings.

Integrated services offer packages for residential and business users. The packages two or three services.

Other services include cable TV for residential and business users. Additional services are also offered

under the name of: DKT - Digital cable television (basic package), MMDS (wireless digital TV), Solo start (CCS package), Solo comfort (CCS package), Solo max (CCS package), Pink (additional TV package), HD (additional TV package), FILMSKI (additional TV package), Zadruga live (additional TV package), TV Osnovni BIZ 1 and Filmski BIZ (additional TV package).

MAIN BUSINESS CHARACTERISTICS IN 2021

The main business feature in 2021 was completion of the TV service users digitalization. The digitalization process provides the users with a richer, better and higher-quality program scheme, and gives Elta-Kabel the possibility to packet the TV services and create a wide range of offers for business and residential users.

Thanks to the continuous activities on the improvement of the user experience in terms of the TV service, the TV channels portfolio was enhanced.

During the year, promotional activities were carried out to preserve the market position, as well as the business consolidation, aimed at achieving better sales and financial results, and accordingly the focus was on signing and renewal of the contracts with the users of integrated services, television, internet, and telephony.

New services the Company implemented in 2021:

- The offer of digital cable television basic package was enriched with number of national and international channels and ,within the activities on transition to the new digital TV exchange, the users also received new TV channels.
- Numerous actions with subscription discounts were created for the existing and new users, which enabled existing the users to enhance the services they use, with the aim of implementing the strategic sales and marketing plan to integrate services into trio and duo packages, as well as an improved cable TV content (actions and discounts related to the user digitalization).

Being the company with **corporate social responsibility**, Elta-Kabel has carried out several activities in 2021 and, during the New Year's holidays, gave presents to the children from the Parental Home "Iskra" Banja Luka, as well as to the children without parental care in Dobož. The Company also provided support to the local football clubs in Dobož, Stanari and Zvornik, and the appropriate presents were traditionally given to the best Banja Luka elementary school students, within the event organized by *Aquana*, with the support of the City Administration.



FINANC,

DOO BANJA LUKA

**Registered business name:**

Financ, d.o.o. Banja Luka

Year of incorporation:

2002

Seat:

Dunavska 1c, Banja Luka

Organizational form:

Limited liability company

www.financ.ba

Financ, d.o.o. Banja Luka was founded in 2002 with its headquarters in Banja Luka. Since its establishment, the Company has been owned by physical persons and has performed the alterations and amendments to its core business. In February 2020, Mtel, a.d. Banja Luka became the 100% owner of Financ d.o.o.

The main activity of the Company is mediation in the sale of electronic top-ups and prepaid numbers, scratch vouchers, as well as the mediation in conclusion of the user contracts. In addition, the Company is engaged in providing processing services and has years of experience in conducting the intermediary sales of telecommunications services.

The Company's aim is a continuous development and enhancement of a quality and reliable distribution network on the Bosnia and Herzegovina territory, to satisfy the

needs of our business partners and their services users. Our distribution network uses contemporary terminals and program technologies, and their continuous development enables for improvement of the existing services, and enhancement of the processing services, as well as the improvement of the cooperation with our business partners.

Through cooperation with the Mtel Group telecom operators, the Company's activities are significantly focused on mediating in the sale of services from their portfolio, throughout Bosnia and Herzegovina. Respecting their needs, and being guided by the quality policy, through intensive field work and continuous training and education of our sales agents, we strive to set and improve the standards in the provision of services, so that the cooperation with our partners provides for satisfaction of both Parties.

SERVICES PORTFOLIO

Financ services portfolio includes:

- Mediation in the sale of electronic top-ups and prepaid numbers, and scratch vouchers
- Mediation in conclusion of the user contracts with potential users,
- Provision of the processing services.



CONTACTS

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