

Telekom Srbija

Consolidated annual business report of Telekom Srbija for 2021



tu gde ste vi

Telekom Srbija a.d Beograd

Table of Contents



Introductory address	3		
01 We have been with you for 25 years	5	06 Employee as a partner	50
Telekom Srbija as an initiator	7		
Corporate culture	7	07 Financial results	53
Telekom Srbija Group	8	Consolidated statements of Telekom Srbija Group	54
		Financial statements of the Parent Company	55
02 Corporate governance	11	08 Risk management	57
Report on corporate governance	12	Telekom Srbija	60
Corporate code of conduct	18	Mtel Banja Luka	61
Significant status changes in 2021	19	Mtel Crna Gora	61
Significant events after the end of business year	20	Other members	61
03 Strategy	21	09 Responsible business as permanent commitment	63
04 Customer in focus	26	Goal 1 - No poverty	66
Telekom Srbija Group market	27	Goal 3 - Good health	67
Number and structure of customers	31	Goal 4 - Quality education	68
Fixed telephony	31	Goal 5 - Gender equality	71
Mobile telephony	32	Goal 8 - Decent work and economic growth	71
Internet and ICT/IoT	34	Goal 9 - Industry, innovation and infrastructure	74
Multimedia	37	Goal 11 - Sustainable cities and communities	75
Services beyond telecommunications framework	39	Goal 12 - Responsible consumption and production	77
Customer care	40	Goal 15 - Life on Earth	79
05 Investing in the future	42	Goal 16 - Peace, justice and strong institutions	80
Telekom Srbija	44	Goal 17 - To goals through partnership	81
Impact on suppliers and construction operations in Serbia	46	Other activities of Telekom Srbija Group	82
Mtel Banja Luka	47		
Mtel Podgorica	47		
Other members	48		

Introductory address



Despite the fact that in 2021, the pandemic caused by the Covid-19 virus affected the world in ways that no one could have predicted, we are proud to point out that we managed to achieve enviable business results, so we have every right to say that we are leaders in the region.

We are pleased to present to you the Annual Business Report of the Telekom Srbija Group for 2021, one of the most challenging and dynamic years in the current decade. Together, we have managed to meet all the challenges and lay the foundations for a modern, future-oriented company, with a focus on building a better society based on communications and digital technologies. As a result, at the end of 2021, for the first time, Telekom Srbija has the largest number of customers ever in almost all the segments of service provision, as well as the highest revenues as compared to the telecommunications operators in the region.

We do not intend to stop at what has been achieved, but we are planning further expansion and development, with the ultimate goal of positioning ourselves among the most valuable companies in this part of Europe in the not-so-distant future. A new strategic cycle for the 2022-2026 period has been launched, through which we will further strengthen our position as a customer-oriented, socially responsible, highly efficient and profitable company. Since I have no doubt that in the next 10 years, we will experience expansion that you



Vladimir Lučić ■ CEO

can hardly imagine now, I take this opportunity to remind you what we have achieved together in the past year.

In 2021, the operating revenues, at the consolidated level amounted to over 150 billion dinars and the operating profit before amortization, interest and taxes (EBITDA) amounted to 55 billion dinars, which is a record amount that we have achieved so far in business, in the unfavourable conditions in the global crisis caused by the pandemic and continuous pressure of competition.

The upward trend in revenue growth in the territories of Serbia, B&H and Montenegro continued in 2021 as well, with a constant increase in the total number of customers at the Group level, more precisely: 5% in Internet and 11% in Multimedia. In the segment of mobile telephony, the number of prepaid customers went up by 8%, and the number of postpaid customers increase by 3%.

The amount of the investments made during 2021 was 78.1 billion dinars and they were primarily directed to the investments in the multimedia content, digital development and continuous improvement of the mobile network. The research studies made by RATEL and the well-known German company "Net Check" confirmed the fact that Telekom Srbija, according to almost all

comparative measurements, has been the best mobile network in Serbia for the third year in a row. At the same time, we have brought optics to one million households in Serbia, which is one of our strongest strategic pillars for the further development of the company.

Significant partnerships have also been provided. By cooperating with Vodafone, we receive expertise in the field of business and cost optimization, logistics, digital transformation of business processes, products and services, and the agreement with the European Investment Bank provides us with further construction of 4G and set up of the 5G network, which will strengthen our leading position the following period by all the parameters for the mobile network quality. At the same time, we continue to build and improve the optical network and IoT networks (LoRa and NB-IoT), by investing in the quality of the existing, and creation of new services and providing the superior content and user experience.

The English Premier League is finally coming to the Arena Sport channels, thus completing a high-quality offer of the sports program (Champions League, Spanish, Italian and French football leagues, as well as the NBA and ABA basketball leagues, etc.).

As of this year, a quality news channel "Euronews" is on our multimedia platforms and soon, Bloomberg Adria, the world's leading business news service, will become part of our regional offer. In this context, it was extremely important to step into the production of content, especially serial and film programs, where the constant improvement of production in terms of quality and quantity, in cooperation with the eminent world's distributors is already yielding significant results (Brazil's largest streaming platform Globoplay purchased the rights to broadcast the feature series "Civil Servant" and that is just the beginning). In this way, we will successfully promote our production around the world, with the desire to become an integral part of the television offer in many countries.

All the cable companies we acquired have become part of the same system. Regardless of the technology, it is imperative that we continue to provide customers with a superior service and the best user experience.

Telekom Srbija will focus on continuing the development of digital services, as well as on potential acquisitions in the countries of the former Yugoslavia (we expanded our business in North Macedonia, currently only with satellite television services, but we have the highest ambitions in that country as we have wherever we are present) and, as a MVNO and pay TV provider in Europe, America and Australia (where there is our Diaspora). In 2021, Telekom Srbija implemented a reorganization and modernization of operations with careful cost optimization, a clearer focus on customer needs and further development of digital services and content.

TS Ventures was launched - a dedicated fund for financing start-up projects, the largest in Serbia, in which 25 million euros will be invested in the next five years. I would also like to emphasize that we are a high-tech oriented company, aware of its impact on the social and living environment, in which the environmental protection, responsible business and company management are recognized as strategic goals and are integrated into all our business activities. towards sustainable and efficient use of resources.

Besides, our company is systematically working to further develop the corporate environment that is safe and motivating for our employees and attractive to new talents.

Finally, I would like to express my special gratitude to all our customers, partners and owners for the great trust that has been placed in us. At the same time, I would like to thank the members of the Supervisory Board and all the employees of the Telekom Srbija Group, whose dedicated work, optimism and readiness for challenges helped us achieve all these impressive results and success that our shareholders and we can be proud of.

With great respect,

Vladimir Lučić
Chief Executive Officer



G O D I N A

The background of the entire image is a red-tinted photograph of a crowd of people at night. They are looking up and pointing towards a large, bright firework exploding in the sky. The firework has many long, thin trails radiating outwards. The crowd is silhouetted against the bright light of the firework.

**We have been with you
for 25 years**

Results:

12,280

Employees

10

Members



Markets of

**EUROPE,
AMERICA
AND AUSTRALIA**

11 million

Customers

Telekom Srbija as an initiator

MISSION

With the synergy of experience and new knowledge, we are transforming our company and improving the satisfaction of our customers. We offer them seamless connectivity and a superior digital experience anywhere and anytime, making us their first choice in the markets where we operate.

VISION

Reliable global partner in the digital world without limits.

VALUES

CUSTOMERS	All our activities begin and end with a customer.
TEAM	Agile teams are the key to success in the digital age.
RESPONSIBILITY	We take the responsibility for the results of our work.
CHANGES	We change ourselves and our business environment.
RESULT	We are focused on the result and we achieve it together.

Corporate culture

In the conditions of dynamic development of technologies and strong competition in the telecommunications market, we want not only to strengthen the leading position in all market segments, but also to dictate trends and be pioneers in innovation. To achieve that, it is necessary to continuously acquire new knowledge and skills and to quickly adapt to changes. Likewise, what we believe in and how we behave in our daily work and in our relationships with others largely determines the extent to which corporate culture supports the future development of the company. That is why it is important for us to promote positive behaviour in the Company that will encourage employees to be innovative, to be the promoters of our services whenever an opportunity arises and to give their best in the performance of tasks.

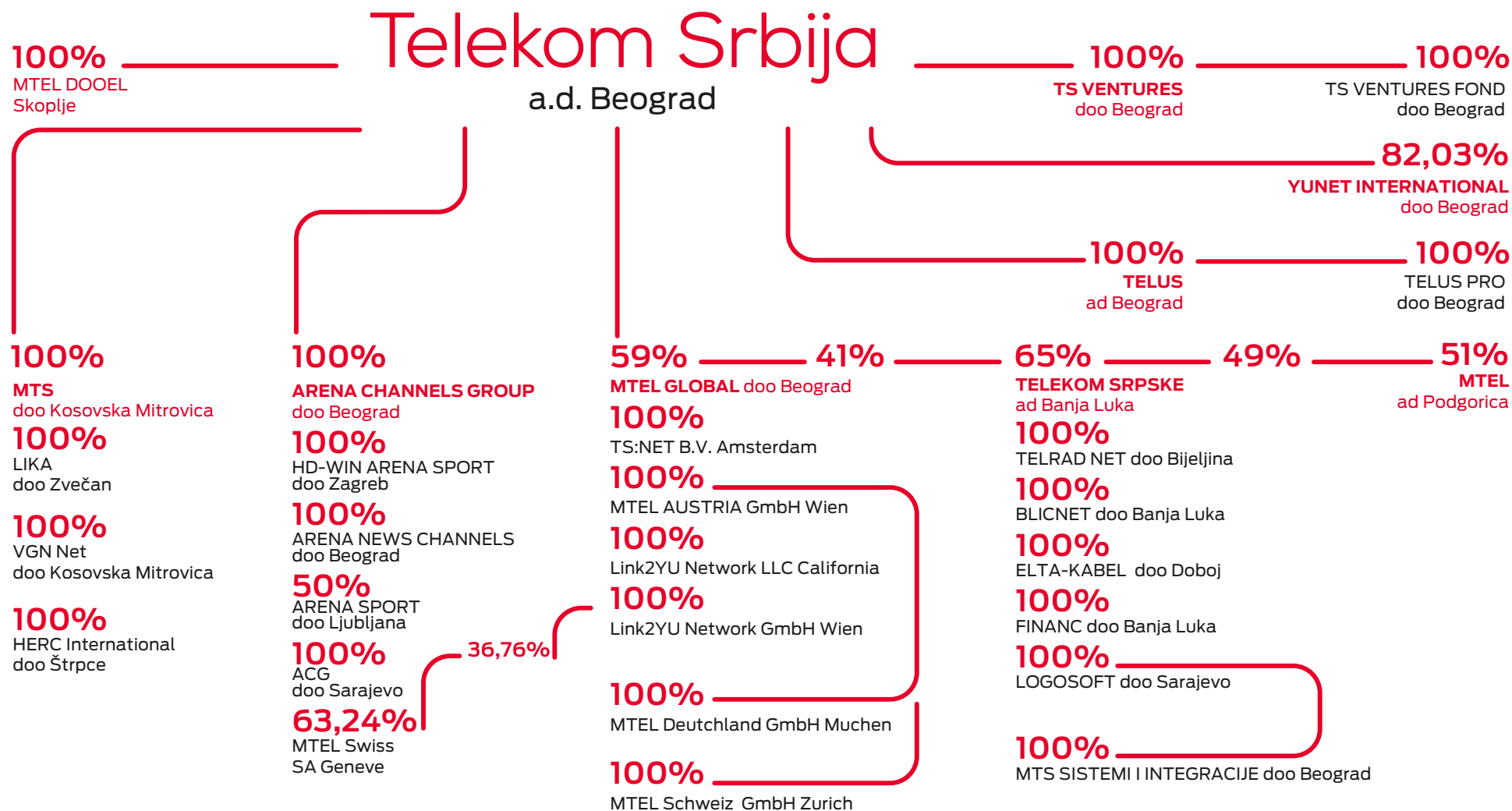
In order to keep track of the progress in developing the corporate culture, every year we conduct a Questionnaire to assess the corporate culture by measuring different dimensions of culture. The results of the corporate culture analysis in 2021 showed a growth in almost all dimensions. Engagement, as the dimension showing the degree of employee engagement, their personal initiative, motivation and work responsibility, as well as the extent to which employees feel motivated to fulfil their tasks and supported by the managers, is growing year by year. This means that the employees clearly recognize their role in the company, the opportunities for advancement and believe in the company's efforts to achieve its goals. Within teams, the employees feel good and productive, which shows that mutual trust is nurtured in the team and that managers support them in everything they do. And, most importantly, the employees are proud to work in Telekom Srbija.

The development of culture is significantly influenced by the existence of Communities as a virtual place where employees can communicate with their peers, share information and knowledge, and exchange experience and ideas.

The following bylaws are in force that direct employees how to promote the corporate values inside and outside the Company:

- Code of Corporate Conduct
- Corporate Dress Code
- Standards of Business Communication

Telekom Srbija Group



Telekom Srbija a.d. Beograd **mts.rs**

Telekom Srbija is one of the leading telecommunications operators in the territory of Serbia in all business segments. It was set up on 23 May 1997 in the process of the structural and ownership transformation of the PTT system of Serbia, as a single-member joint stock company. From June that same year, it was owned by three shareholders: JP PTT saobraćaja „Srbija“ (present-day JP „Pošta Srbije“), Telecom Italia (through its branch office STET International Netherland N.V) and OTE Greece. In 1998, it began to provide mobile services. In 2006, we introduced 3G technology and the provision of ADSL Internet services.

As early as in 2007, Telekom Srbija became the leader in the sphere of telecommunications and began to expand to the markets of Bosnia-Herzegovina and Montenegro. This is how Telekom Srbija Group was set up. In the following years, it successfully kept abreast of market demands and also recognized the importance of introducing fresh services, creating the potential for entering new markets. Apart from the basic telecommunications services, at present it is substantially focused on the development and provision of multimedia, financial and digital products and services, as well as projects of exceptional importance for all people in the diaspora. Telekom Srbija has no branches.

The ownership structure of Telekom Srbija is detailed on the website of the Central Securities Depository and Clearing Registry. Telekom Srbija has ownership in the following subsidiaries:

Telekom Srpske a.d. Banja Luka **mtel.ba**

One of the three national telecom operators in Bosnia-Herzegovina, Mtel Banja Luka offers unique communications solutions integrated under the corporate brand of m:tel. The following subsidiaries are majority-owned by it:

- MTEL d.o.o. Podgorica (49% ownership)
- MTEL Global d.o.o. Beograd (41% ownership)
- Logosoft d.o.o. Sarajevo, 100% owned by Mts Sistemi i integracije, Beograd (100% učešća)
- Elta Kabel d.o.o. Doboj (100% stake)
- Telrad NET d.o.o. Bijeljina (100% stake)
- Blicnet d.o.o. Banja Luka (100% stake)
- Financ d.o.o. Banja Luka (100% stake)

mtel d.o.o. Podgorica **mtel.me**

In April 2007, mtel Podgorica obtained a third-operator licence in the territory of Montenegro. Its ownership structure is as follows: 51% Telekom Srbija, 49% Mtel Banja Luka.

After obtaining the licence for the operation of the mobile network, a state-of-the-art mobile network was built within a period of only 77 days, a period unrecorded so far.

ARENA CHANNELS GROUP d.o.o. Beograd **tvarenasport.com**

Arena Channels Group is a company dealing with cable telecommunications via the Arena Sport TV channel and is the holder of the broadcasting rights for sports channels in the territory of the Republic of Serbia, Bosnia-Herzegovina, Montenegro, North Macedonia and Croatia.

Arena Channels Group broadcasts the signal of Euronews Serbia, which is a branded affiliation of Euronews and which broadcasts local, regional, national and international news on TV and digital platforms produced by its own team of journalists and correspondents. Euronews Serbia is an information channel dedicated to objective, impartial and accurate journalism, which the Euronews family and its media promote wherever they are present.

The following subsidiaries are majority-owned by Arena Channels Group:

- MTEL Swiss SA Geneve (63.24% stake)
- HD WIN Arena sport d.o.o. Zagreb (100% stake)
- Arena news channels d.o.o. Beograd (100% stake)
- Arena sport d.o.o. Ljubljana (50% stake)
- ACG d.o.o. Sarajevo (100% stake)

Mtel Global d.o.o. Beograd **mtel.global**

Mtel Global was created by integrating the companies which belong to Telekom Srbija Group. The idea of joint operations in the world market arose from the mutual goal – to establish inextricable ties with our people abroad, making it possible for them to foster the tradition and culture of their country of origin. The company rallies more than 100,000 our customers in the territories of the EU, Switzerland, USA and Canada.

The following subsidiaries are in the 100% ownership of Mtel Global d.o.o.:

- Mtel Austria, Vienna, with 100% ownership in MTEL Schweiz GmbH, Zurich and MTEL Deutschland GmbH Minchen.
- TS:NET Amsterdam
- Link2Yu Network, Vienna, with 36.76% in MTEL Swiss SA Geneve
- link2Yu LLC California, USA

YUNET INTERNATIONAL d.o.o. Beograd **yunet.rs**

In 1994, Yunet became the first commercial Internet Service Provider which, keeping abreast of the market trends, transformed itself into a Managed Service Provider in 2017. Its strategic commitment is a full engineering of advanced ICT systems and their implementation per all stages of the life cycle, from the drafting of the strategy to implementation, introduction and maintenance. Over 50,000 satisfied customers testify to quality, seriousness, professionalism and commitment.

Telus a.d. Beograd **telus.rs**

Telus provides the following services: security services for the facilities and property and hygiene maintenance in the business premises and facilities. Telus is operating primarily with the Parent Company, but it endeavours to affirm itself on the market to a larger extent.

Telus has the 100% ownership of subsidiary Telus Pro d.o.o. Beograd.

mts d.o.o. **mtsdo.com**

mts d.o.o. was incorporated in October 2015. It holds a full licence for fixed telecommunications and a temporary authorization for mobile telecommunications. Telekom Srbija is the founder with a 100 % share.

mts d.o.o. has the 100% ownership in the following companies:

- Lika d.o.o. Zvečan;
- VGN Net d.o.o. Kosovska Mitrovica, and
- HERC Internacional d.o.o. Štrpce.

MTEL DOOEL Skoplje **mtel.mk**

MTEL DOOEL Skoplje is a business company incorporated in July 2021 by Telekom Srbija with the seat in Skoplje, the Republic of North Macedonia. The core activity of MTEL DOOEL Skoplje is cable telecommunications. Telekom Srbija is the sole founder and owner of 100% stake in the share capital of that company.

TS VENTURES d.o.o. Beograd **tsv.fund**

Company engaged in management of alternative investments funds TS Ventures d.o.o. was founded in August 2021. Telekom Srbija is the sole founder and owner of the 100% stake in the share capital of that company.

TS Ventures d.o.o. manages the investments of the alternative venture capital fund in the Republic of Serbia and enables to Telekom Srbija a.d. Beograd, as the founder and investor, access to innovative solutions for the purpose of enriching the service portfolio and strengthening its market position. Said company offers to the Startup Community of the Republic of Serbia an opportunity for implementing technological ideas in order to boost the national economy.

It has the 100% ownership over TS VENTURES FOND d.o.o. Beograd.



**Corporate
governance**

Report on the corporate governance for 2021

Statement on the application of the Corporate Governance Code

In keeping with Article 368 of the Company Law (Official Gazette of RS Nos. 36/11, 99/11, 83/14 – other law, 5/15, 44/18, 95/18, 91/19 and 109/21) and Article 35 of the Accounting Law (Official Gazette of RS Nos. 73/19 and 44/21), Telekom Srbija a.d. Beograd (hereinafter: Telekom Srbija a.d. Beograd or Company) states that it has applied the Corporate Governance Code of Telekom Srbija a.d. Beograd.

Corporate governance rules that the Company is subject to

In order to improve the institutional and legal framework of corporate governance, Telekom Srbija a.d. Beograd has adopted and applied the Code of Corporate Governance (hereinafter: Code) that is available on the Company web page: <https://mts.rs/O-Telekomu/Investitori-i-akcionari#tab=tab-five>, which regulates the shareholders' rights, the duties and responsibilities of the corporate bodies of the Company and its members, the remunerations for work and rewards paid to the members of the Company corporate bodies, public communication, disclosure of information and transparency and improvement of the corporate system and the business ethics.

The Code is based on the generally accepted principles of corporate governance established by OECD and it contains the principles of corporate practice and organization of structure that the holders of corporate governance in the Company, the members of the Company corporate bodies and all the employees should comply with.

The Code supplements the rules contained in the Company Law (hereinafter: Law), Decision on the organization of Telecommunications Company Telekom Srbija a.d. for harmonization with the Company Law – Memorandum of Incorporation and Articles of Association of Telekom Srbija a.d. Beograd.

The Company's Supervisory Board is in charge of applying and interpreting the Code, ensuring compliance with the Code and harmonization of the behaviour and activity of the Company and its corporate bodies with the principles and norms established by this Code, and amending the contents of the Code following the current trends and best practice of corporate governance.

The Company is also a member of the Global Compact in Serbia, a local association of the United Nations and a signatory to the Declaration on Combating Corruption. As a member of this association, the Company is committed to harmonizing its business with the ten universal principles in the field of human rights, labour, environmental protection and the fight against corruption promoted by UN acts.

A special segment in the implementation of the corporate governance system is determined by the fact that through large strategic acquisition investments Telekom Srbija a.d. Belgrade has acquired ownership in a large number of companies operating both in the territory of the Republic of Serbia, and abroad. Today, the group owned by Telekom Srbija a.d., in addition to the parent company, also includes the following directly related legal entities: Telekom Srpske a.d. Banja Luka, mtel d.o.o. Podgorica, Telus a.d. Belgrade, ARENA CHANNELS GROUP d.o.o. Belgrade, Mtel Global d.o.o. Belgrade, mts d.o.o., YUNET INTERNATIONAL d.o.o. Belgrade, MTEL DOOEL Skopje and Company for Managing Alternative Investment Funds TS VENTURES d.o.o. Beograd.

A number of these subsidiaries have their own subsidiaries which, in addition to the territory of the countries of the region, also operate in the territories of the EU member states and the USA.

The implementation of a complex system of exercising ownership and governance rights in the mentioned companies is carried out through the harmonization of corporate practice in all the mentioned companies with the corporate practice of Telekom Srbija a.d. in all domains of corporate management, and by supervision, which is carried out in this regard through the bodies of Telekom Srbija a.d. and organizational units that provide them with professional support, as well as through appointment of representatives of Telekom Srbija a.d. Belgrade to the bodies of these companies. Of course, all these activities are carried out taking into account the specificities of the legal order and corporate standards in the domicile countries in which these companies have their registered seat.

In addition to the above, the Company is also committed to the promotion of socially responsible behaviour and business.

Information on takeover bids

During 2021, neither Telekom Srbija a.d. Belgrade, nor its subsidiaries submitted a bid for takeover of another company in accordance with the applicable regulations governing takeovers of joint stock companies, and no bid was sent for taking over the shares of Telekom Srbija a.d. Belgrade and / or a subsidiary.

Principles of work of the Company's corporate bodies

Pursuant to the Corporate Governance Code, in performing its activities, the corporate bodies of the Company cooperate to the largest possible extent, particularly in terms of exchange of information on the issues dealt with by a body which are relevant for the work and decision-making of another body, the regular communication and reporting. The Company develops mechanisms and cherishes the culture of cooperation among the corporate bodies in performing control over the Company's operations and in the domain of planning, creating and implementing the Company's strategies.

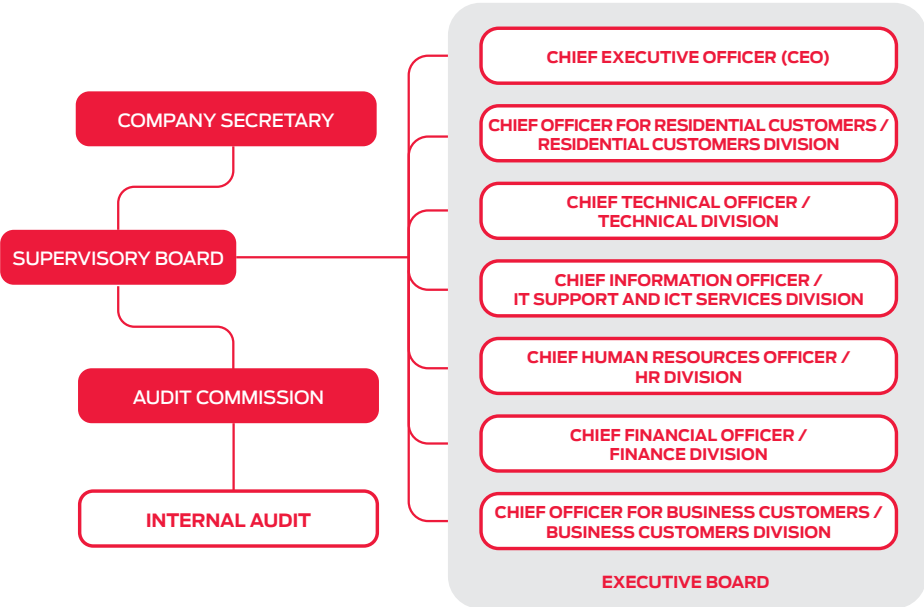
Description of diversity policy

The Company strives to implement the principles of diversity policy in practice with regard to membership in the corporate bodies of the Society, taking into account all aspects of diversity: gender, age, education and expertise and experience. In that sense, it is planned to draft and approve a formal act that will define - the diversity policy at the level of the Company, which will regulate in detail the subject area, set the goals and the manner of implementation of the Policy. In this way, further improvement in this area would be provided, which is the goal that the Company will aim at in the coming period.

Composition and work of the governance bodies and their boards

The current corporate structure of the Company, pursuant to the applicable regulations and internal bylaws corresponds to the corporate structure of a joint stock company and the management is organized on a two-tier system, where the bodies are the General Meeting, the Supervisory Board and the Executive Board. Additionally, the system of corporate governance also includes some special committees and organizational units that provide professional support to the implementation and improvement of the corporate system as a whole (Auditing Commission of the Supervisory Board, Internal Audit and Secretariat).

Structure of corporate bodies



General Meeting

The General Meeting comprises of all shareholders of the Company. The share capital is divided into one billion ordinary shares without nominal value. All the Company's shares are ordinary shares that belong to a single class of shares, where each of the shares bears one vote.

The Rules of Procedure of the General Meeting (available on the Company web page) envisage the method of work and decision-making by the General Meeting, as well as the method of election, authorization and remuneration for work of the General Meeting Chair, in compliance with the Law and the Company's Articles of Association.

General Meeting sessions

The regular session of the General Meeting is held once a year, in no later than six months from the expiry of the business year, and the extraordinary session of the General Meeting is held as needed and, in the cases prescribed by the Law or the Articles of Association.

The invitation for the General Meeting session contains all the elements set forth by the Law and other regulations and is published on the Company web page, the web page of the Business Entities Register, the web page of the Central Registry, Depository and Securities Clearing and, finally, in one high-circulation daily that is distributed in the entire territory of the Republic of Serbia, no later than thirty days and no earlier than sixty days before the date of the regular session of the General Meeting, and no later than twenty one days and no earlier than thirty days before the date of each extraordinary session of the General Meeting, and is published continuously during that time until the date of the relevant session of the General Meeting.

For the General Meeting session, all documents and information required by the Law and the Articles of Association of the Company are made available to the shareholders. The materials for the General Meeting are made available to shareholders simultaneously with the invitation for the General Meeting on the Company's website, so that shareholders can download them in full.

The Company shareholder, who has the right to participate in the work of the General Meeting in accordance with the Memorandum of Incorporation, the Articles of Association and the Rules of Procedure of the General Meeting or his proxy, may file a reasoned objection to the invitation for the General Meeting if he considers that it does not contain all the statutory documents, until the moment of voting on that particular item of the GM agenda.

Right to participate in the work of the General Meeting

The list of shareholders with the right to participate in the work of the GM session is established on the basis of the abstract from the Central Shareholders Register on the Shareholders Day, as set forth in the manner envisaged by the Law and the Articles of Association.

The right to personally participate in the work of the General Meeting is granted to the shareholder who owns at least 0.1% of the total number of shares of the Company, and/or the proxy who represents at least 0.1% of the total number of shares of the Company of the appropriate class. The shareholders who individually own less than 0.1% of the total number of shares in the Company of the appropriate class have the right to participate in the work of the General Meeting through a joint proxy or to vote in absentia in accordance with the Law and the Company's Articles of Association.

The Rules of Procedure of the General Meeting

The Rules of Procedure of the General Meeting regulate, among other things, the procedure for exercising the right to ask questions and receive answers related to the agenda item of the GM session, as well as the issues related to the Company

that the shareholders/proxies have the right to submit to, or present, in accordance with the Law, to the members of the Supervisory Board or Chief Officers from whose area of competence the relevant question falls in.

The Company is guided by the principle of egalitarian and equal treatment of shareholders and takes all measures in this regard, including effective legal protection of the rights of the minority shareholders.

Information and communication with shareholders

In order to timely, truthfully and completely inform about the issues that are of special importance for the Company operation, and having in mind the large number of shareholders, the Company uses its website - <https://mts.rs/O-Telekomu/Investitori-i-akcionari-in> in the process of communicating with the shareholders and investors.

The invitation for the GM session and the adopted decisions and other documents are published after the GM session and are available on the said web page of the Company.

The communication with the public is based on the principles of truthfulness, accuracy, completeness of data, timeliness, equal availability, confidence building and economy, so that the shareholders, the interested investors, the buyers and suppliers, the government agencies and the general public could be acquainted with the facts and events of importance for the Company's business in an objective manner.

The Company timely prepares and discloses all the material facts concerning the exercise of the Company shareholder's rights.

Supervisory Board

The Supervisory Board consists of seven members, one of whom is an independent member in terms of the Company Law currently in place.

The members of the Supervisory Board are appointed by the General Meeting in keeping with the current ownership structure and the nominations given by the Republic of Serbia as the majority shareholder. The Supervisory Board elects the chair of the Supervisory Board from among their members by a majority vote of the total number of SB members, at the proposal of the SB members nominated by the controlling shareholder of the Company.

The members of the Supervisory Board as at the date of expiry of the period covered by this report are: Dr Milan Božić, Supervisory Board Chair, Ninoslav Prodanović, Pavle Milić, Miroslav Joksimović, Dr Đorđe Mazinjanin, Marina Zdravković and Dejan Latinović.

The term of office of the Supervisory Board members lasts for 4 (four) years.

Pursuant to the applicable Law and the Articles of Association, the Supervisory Board establishes, inter alia, the business strategy and business goals of the Company, supervises the implementation of such goals and work of the chief officers, analyses quarterly statements on the operation, revenues and financial standing of the Company, and other reports submitted by the Executive Board.

The Supervisory Board's report on the company operations and conducted supervision over the work of the Executive Board is submitted to the Company shareholders at a regular session of the General Meeting.

The Supervisory Board adopts its rules of procedure to specify in detail the method of work and decision-making so that they could be in compliance with the Law and the Articles of Association. The Rules of Procedure contain the rules and procedures of work, including the deadlines and the method of delivery of material for a session to the SB members, the voting procedures, the method of preparation and the contents of the minutes from the session, the method of reporting to the SB members on the issues relevant for the performance of their functions, the manner of getting new SB members informed about their rights and obligations, and other issues of relevance for the efficient and quality work of the Supervisory Board.

The policy and the amount of remuneration for work to the SB members are established by the decisions of the General Meeting.

Supervisory Board Commissions. The Supervisory Board established the Auditing Commission and it may also establish more commissions in keeping with the Law, the terms of which regarding the election, membership, terms of office, recall, remunerations, method of work and all other relevant issues are regulated by a decision of the Supervisory Board.

Beside the commissions envisaged by the Law, the Supervisory Board may set up other permanent or ad hoc commissions, which will deal with the issues relevant for the work of the Supervisory Board.

The Supervisory Board Commissions shall regularly report to the Supervisory Board in accordance with the decision on the setup of such a commission.

The Supervisory Board shall designate the persons to such commissions who have the appropriate professional and personal characteristics and are experts in the relevant fields. When selecting the members of the commission, the SB shall ensure that they are able to dedicate to the work in the commission to the necessary extent apart from their other tasks.

The Supervisory Board established the Auditing Commission by a special decision and determined therein the conditions for selection, membership, terms of office and other relevant issues. The Auditing Commission has five members, one of whom is the president. The members of the Auditing Commission are appointed by the Supervisory Board with a two-year term of office (twice shorter than the term of office of the Supervisory Board), provided that the majority members of the Auditing Commission are elected from among the members of the Company Supervisory Board (one member of the auditing commission must be the independent member of the Supervisory Board with the relevant expertise and work experience in the field of finance and accounting, which is a legal obligation), and other members of the Commission may be the employees in the Company or other natural persons.

The Auditing Commission is responsible for its work to the Supervisory Board and submits reports on its activities in line with the applicable regulations, once a year, and every time when the SB requires so. The Auditing Commission submits proposals to the SB for appointment and recall of the persons managing the activities of internal audit and supervises the work of internal audit.

The Auditing Commission performs the activities falling in its area of competence, as a rule, at the sessions held on a regular basis, which does not exclude the option of working and decision-making outside the sessions.

Executive Board

The Executive Board comprises seven members – chief officers appointed by the Supervisory Board. One of the chief officers, authorized for representation is appointed CEO by the Supervisory Board.

The CEO is the legal representative of the Company and he coordinates the activities of the chief officers and organizes the Company's business activities. Besides CEO Vladimir Lučić, members of the Executive Board include: Đorđe Marović, chief technical officer, Nikola Matović, chief officer for IT support and ICT services, Katarina Subotić, chief sales officer, Marija Spasić, chief finance officer, Gordana Trhulj, chief corporate affairs officer and Draško Marković, chief human resources officer.

The term of office of the Executive Board spans 4 (four) years.

Pursuant to the Law and the Company's Articles of Association, the Executive Board, among other things, manages the Company's affairs and determines the Company's internal organization, is responsible for the accuracy of the Company's financial statements and business books, prepares General Meeting sessions and an agenda for General Meeting sessions to the Supervisory Board, and performs other tasks and makes decisions in accordance with the Law, the Articles of

Association, the decisions of the General Meeting and the Supervisory Board.

Powers and duties, the manner of operation of the Executive Board and related procedural issues were regulated by the Executive Board on the basis of the Rules of Procedure of the Executive Board, and in all respects in accordance with the Articles of Association.

Company Secretary

The Company has its Secretary who is appointed by the Supervisory Board.

In addition to the competencies established by law regarding the preparation of meetings and keeping minutes of meetings of the corporate governance bodies, the Company Secretary is also responsible for communication between the Company and its shareholders and providing access to by-laws and documents in accordance with the Law, organizing coordination of corporate legal practice of the corporate governance bodies and its subsidiaries, and the coordination of other activities in the corporate-legal business segment of importance to the Company and its subsidiaries.

The Company Secretary also organizes the activities of the organizational unit of the Company, set up to support the activities falling within the scope of the Secretary (Secretariat).

Internal Audit

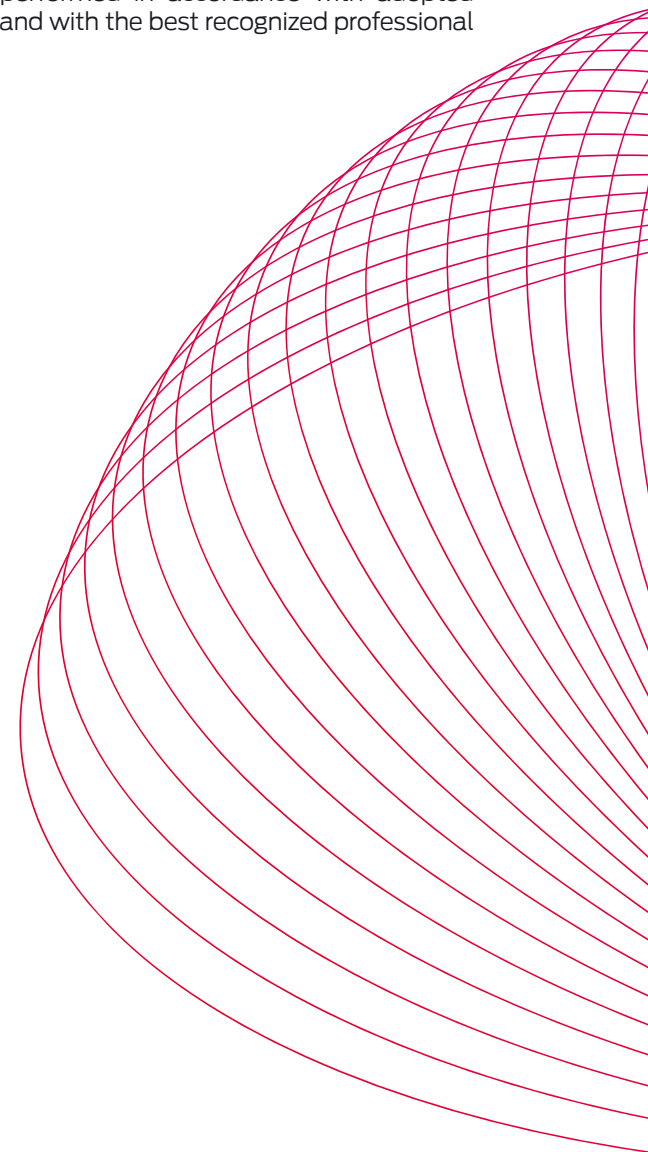
Internal audit is answerable to the Supervisory Board of the Company, which in accordance with the Company Act has established an Audit Committee and the Committee is regularly reported to on an annual basis. The detailed manner and procedure of operational performance of internal audit is determined by internal instructions and procedures issued by the Director of Internal Audit.

The task of Internal Audit is to perform the following in accordance with the definition of internal audit, needs and requirements of the Company:

- audit of the efficiency and effectiveness of the internal control system in all business functions of the Company (including the Electronic Money and Payment Services Department)
- audit of defined procedures, authorizations and by-laws of the Company and their application
- audit of the implementation of the laws by the Company;
- audit of the managing activities and conduct of the business policy;
- audit of compliance of the relevant data, reported and stated by the functions of the Company, with the actual balance
- an advisory function in the spheres where audit is performed.

Based on the authorizations of Internal Audit, the responsible persons of the audit client and other employees are obliged to provide the Company's internal auditors with access to documents and business books and to provide them with access to all working premises, tools, persons, information and all necessary explanations in order to establish the facts.

At Telekom Srbija, internal audit is performed in accordance with adopted domestic and international standards and with the best recognized professional practice in the field of internal audit.



Internal control system of Telekom Srbija

Telekom Srbija has adopted a number of by-laws regulating the system of internal controls, and if necessary, will adopt new acts that will further regulate business processes in the Electronic Money and Payment Services Service, acting in accordance with regulations in the field of payment services.

The internal control system of Telekom Srbija a.d. is a system of policies, procedures and activities that establishes, maintains and regularly updates organizational units, each within its competence, which, by managing risks, provides reasonable assurance that the business goals of Telekom Srbija a.d. will be achieved in a proper, economical, efficient and effective way, through:

- operating in accordance with regulations, by-laws and contracts;
- completeness, reality and integrity of financial and business reports;
- sound financial management;
- protection of funds and data (information).

The system of internal controls in Telekom Srbija a.d. contains five interconnected components:

1. control environment,
2. risk management,
3. control activities (controls),
4. information and communication,
5. system monitoring and evaluation

The control environment has a decisive influence on decision-making and execution of activities, and significantly creates and influences the functioning and efficiency of the overall system of internal controls of Telekom Srbija a.d.

Including top management in internal control issues is crucial to achieving its effectiveness, setting the tone for determining whether the control environment contributes to the effective functioning of internal control. Apart from the management, all employees have a significant role in ensuring the existence and functioning of internal control, through the mission and vision of Telekom Srbija a.d. which they follow daily.

Efficient system of internal controls in Telekom Srbija a.d. requires the identification and continuous evaluation and assessment of material risks that may impede the achievement of planned objectives.

Risks can be present in almost all aspects of the Company's operations, and the management of Telekom Srbija a.d. continuously assesses and manages risks, with the task of providing reasonable assurance that the planned objectives will be achieved. Details of the risks are provided in a separate chapter of this report.

Control activities are policies and procedures established by the management of Telekom Srbija a.d. in writing, which help him to implement measures and take appropriate action to reduce possible risks that may arise and jeopardize the intended objectives in connection with the implementation of the adopted Business Plan, but also planned activities, tasks and programs.

Through the activities so far and the results achieved as one of the most profitable companies in the Serbian economy, the management has confirmed its active role in implementing measures and actions if not to eliminate the identified risks, then predict methods to reduce them.

For a successful system of internal controls, it is essential to establish an adequate information system and effective communication at all hierarchical levels between different OU of Telekom Srbija a.d.

The accounting system is a basic prerequisite for the efficient functioning of the accounting information system. It consists of employees, all planned procedures, technical devices and established records for the creation of accounting information, as well as the transfer of information to decision makers, service users and the general public.

Monitoring and evaluation of the system implies a continuous process of monitoring financial management and control of its adequacy, functionality, as well as appropriate design, in order to improve its efficiency.

Monitoring and reporting on the performance of the program provides the most important feedback (quantitative and qualitative) on which activities are carried out in accordance with the set objectives and financial plan, and which are not. Performance information is reviewed by corporate governance bodies. Representatives of all organizational units participate in monitoring and reporting on performance, with each defining the frequency, manner, deadlines and the like. The Rules of Procedure of the Executive Board define the frequency and deadlines for consideration and indicate possible deviations in the implementation of programs, program activities or projects in relation to the business and strategic plan.

Effective monitoring and evaluation of the system ensures the impact of already achieved effects on future decisions on priority areas of funding. Monitoring and evaluation of the system is performed in several ways: ongoing insight, self-assessment and internal audit.

Corporate Code of Conduct

Telekom Srbija has adopted the Code of Corporate Conduct, covering, inter alia, the segments of conflict of interest, combating and preventing corruption and bribery, money laundering and the issues of competition.

The employees in the Company invest maximum efforts and promote the compliance with the duty to avoid conflict of interest in the performance of tasks where the Company is involved and, in conducting all activities, they are obliged to act exclusively in the Company's interest. Membership in various organizations may not affect the quality of work, nor can it be in conflict with the Company's interests.

Combating and preventing corruption and bribery

Telekom Srbija prohibits corruption and bribery in its operations and it remains committed to undertaking measures to prevent corruption and bribery. Anti-Corruption Law imposes the obligation upon the authorities of the Republic of Serbia and legal entities where the Republic of Serbia is the founder or a member to endorse an integrity plan. The integrity plan is the result of self-appraisal of the company's exposure to risks related to the occurrence and growth of corruption and other irregularities. The purpose of the integrity plan is the establishment of mechanisms that will ensure efficient and effective operations of the company by strengthening responsibility, simplifying complex procedures, increasing transparency when making decisions, controlling discretionary authorities, reinforcing ethics, eliminating non-efficient practices and inapplicable regulation, introduction of efficient system of supervision and control.

Money laundering

Telekom Srbija takes all necessary activities in its activities to prevent money laundering as a criminal act which implies hiding the source of money related to criminal activity and/or transferring the proceeds from illegal activities to the funds presented as having legitimate source. The Company operates with distinguished business partners that conduct business in line with applicable regulations, using the funds that originate from legal sources. The employees in the Company should take maximum caution, in case they discover irregularities in payments and suspicious conduct of customers and other entities, and to report such actions to the organizational unit or the person in charge.

The issue of competition

The Company is aware of the importance of protecting the competition for the development of market and protection of interest and rights or consumers/users of our services, and it is fully committed in its operations to observing the anti-trust regulations that ensures a lawful, fair and ethical market contest. Telekom Srbija is clearly committed to act in accordance with the anti-trust and free market principles and rules. We compete with quality and unique service offering and we build professional relations with our competitors in good faith.

Personal data protection

The company has endorsed the Rules on Personal Data Protection which defines basic principles and rules of conduct in processing and protection of personal data given the probability of emergence of risks and the level of risk regarding the rights and freedoms of individuals.

Mtel Banja Luka has its own Code of Conduct and Corporate Governance. The provisions of the Companies Act, the Corporate Governance Standards, the Articles of Association and other by-laws of the Company are directly applicable to everything not regulated by the Code. Mtel's statement on compliance with the organization and activities with the code of conduct and corporate governance standards was published on the company's website in the section "Investors" (www.Mtel.ba) and the website of the Stock Exchange (<http://www.blberza.com>).

Subsidiaries within the Mtel Group: Logosoft, Telrad Net, Blicnet, Elta-Kabel and Finance, also comply with the highest standards of corporate governance, which are a prerequisite for quality and long-term relationships with customers, partners and various stakeholders.

At Arena Channels Group, Mtel Global, TS Ventures d.o.o. Belgrade and mts d.o.o. management is organized as one-tier, which means that the corporate bodies of the company are: the general meeting and general manager. In other companies of the Telekom Srbija Group, the management is organized as two-tier.

Significant status changes in 2021

During 2021 and after its completion, on February 1, 2022 conclusive, Telekom Srbija a.d. Beograd has founded two new companies MTEL DOOEL Skopje and TS VENTURES d.o.o. Belgrade, while several new companies were set up within the Telekom Srbija Group, i.e. ownership in the capital of another legal entity was acquired.

	Telekom Srbija's share in the capital	2020	2021	Share
Telekom Srpske a.d. Banja Luka	65%	56.933.380	56.933.380	61,61%
Arena Channels Group d.o.o. Beograd	100%	7.220.255	18.998.750	20,56%
Mtel d.o.o. Podgorica	51%	6.798.471	7.518.129	8,14%
MTEL Global d.o.o. Beograd	59%	4.837.981	5.073.142	5,49%
mts d.o.o. Kosovska Mitrovica	100%	2.477.477	3.288.783	3,56%
Yunet International d.o.o. Beograd	82%	491.387	491.387	0,53%
Mtel d.o.o.e.l. Skoplje	100%	-	58.781	0,06%
TS Ventures d.o.o. Beograd	100%	-	31.911	0,03%
Telus a.d. Beograd	100%	9.030	9.030	0,01%
Moja Supernova d.o.o. Beograd	100%	43.922.609		
mts banka a.d. Beograd	100%	2.847.788		
mts AntenaTV d.o.o. Beograd	50%	1.234		
		125.539.612	92.403.293	100,00%
Minus: provision for the share in the capital		-1.508.047	-174.522	
		124.031.565	92.228.771	

Telekom Srbija Group continued with status changes in order to further optimize operations and strategic positioning in the market through:

- Merger of Moja Supernova d.o.o. Belgrade and the companies mts Antena TV, whereby the companies transferred their entire property, rights and obligations to "Telekom Srbija" a.d. Beograd and were wound up without conducting the liquidation procedure, while "Telekom Srbija" a.d. Beograd continued to operate under the same business name and with the same registered activity and registered office as their universal legal successor.

Structure of Telekom Srbija's investments in its subsidiaries as at 31 Dec. 2021

- Merger of mts banka a.d. Belgrade to Poštanska Štedionica a.d. Beograd on the basis of which "Telekom Srbija" a.d. Belgrade acquired a 10.08% stake in the share capital of Banka Poštanska Štedionica a.d. Beograd. After the eleventh issue of ordinary shares of Banka Poštanska štedionica a.d. Beograd, participation of Telekom Srbija a.d. Belgrade in the capital of the said bank accounts for 9.52%.
- mts d.o.o. acquired the ownership right over 100% of the stake in Herc International d.o.o. Štrpce.
- Mtel Austria GmbH, Vienna set up two new business companies - MTEL Schweiz GmbH, Zurich and MTEL Deutschland GmbH Munich;

Significant events after the end of the business year

In January and February 2022, the Parent Company increased the capital of the following subsidiaries: "Arena Channels Group" in the amount of RSD 6,408,374 thousand, "Mtel" d.o.o.e.l. in the amount of RSD 47,034 thousand and "TS Ventures" in the amount of RSD 5,879 thousand.

The fee for licenses for the use of radio frequencies in the bands of 900 MHz, 1800 MHz, 2 GHz and 2.6 GHz with the expansion of frequency blocks for the territory of Montenegro was paid in January 2022 by the subsidiary Mtel in the amount of EUR 5,911,000

In January 2022, new subsidiaries of Arena Channels Group d.o.o. Sarajevo were set up and "TS Ventures Fond" d.o.o. Beograd is 100% owned by the Group.

At the beginning of March 2022, there was increased instability in the world financial and commodity markets due to the escalation of the conflict in Ukraine, which was accompanied by the imposition of sanctions against certain Russian companies and individuals. Until the date of issuing the consolidated financial statements for 2021, there was no significant impact of the Russian-Ukrainian conflict on the business of the Telekom Srbija Group. However, future effects cannot be predicted with reasonable certainty.

The management of the Telekom Srbija Group carefully monitors and assesses the potential impact of the new situation and takes all necessary measures to ensure the stability of the Telekom Srbija Group's operations. Having in mind the main activities of the Telekom Srbija Group and its primary markets, the management does not expect any negative effects on operations in the coming period.

In March 2022, the Parent Company signed a Credit Facility Agreement with banks in the total amount of EUR 673.7 million to refinance part of the existing debt and finance general corporate needs.



A reliable global partner
in the digital world
without boundaries

Strategy

During 2021, the Telekom Srbija Group adopted a new strategy for the period between 2022 and 2026.

With the new strategy, Telekom Srbija Group wants to respond in a timely manner to current business challenges and to optimally direct its resources towards further strengthening its market position, expanding its business, raising efficiency and creating greater competitiveness. The new strategy of the Telekom Srbija Group is based on the belief that it is necessary to continue the process of digitalization and the use of new technologies in all market segments, as well as to further improve and optimize internal business processes. At the heart of the new strategy is the user and his needs in order to create a superior user experience.

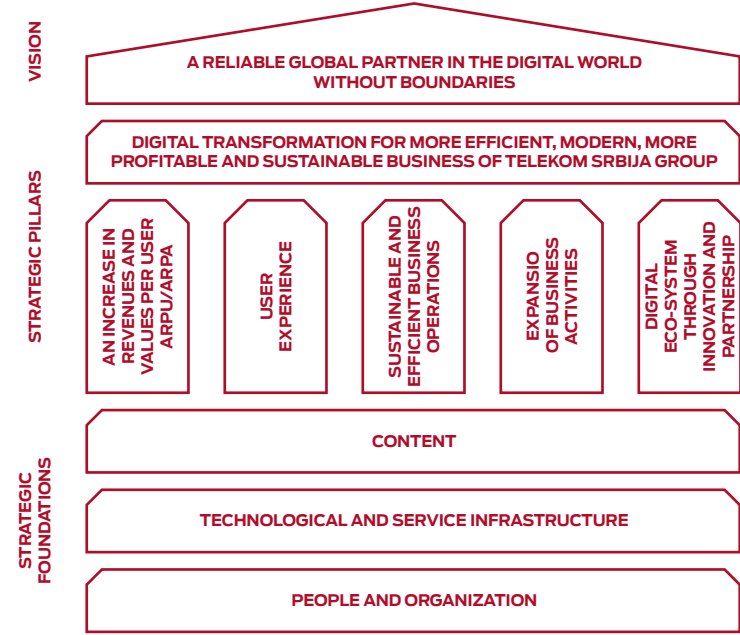
The new Strategic Business Plan of the Telekom Srbija Group defines and adopts a new vision Reliable global partner in the digital world without borders, which clearly indicates the desire to strengthen its position in all markets, but also to offer new services in line with development trends technology and business models, further positions itself in the digital world.

The mission of the Telekom Srbija Group is to transform and improve the satisfaction of its customers with a combination of experience and new knowledge. It will ensure this through seamless connectivity and a superior digital experience anywhere and anytime, making it the first choice of users in the markets where it operates.

Following the defined vision, the new Strategic Business Plan identifies areas of strategic importance within which business activities will be directed in the next five-year period. The areas thus identified are classified by the new strategic framework, presented in the form of a strategic house, divided into five strategic pillars related to the market, users and revenues and three layers of foundations that form the basis of future growth and development.

The five strategic pillars include:

- An increase in revenues and values per user ARPU/ARPA,
- User experience,
- Sustainable and efficient business operations,
- Expansion of business activities,
- Digital eco-system through innovation and partnership.



The three layers of the foundations include:

- Content,
- Technological and service infrastructure,
- People and organization.

The Digital Transformation is recognized as a layer that permeates all strategic pillars, which should enable more efficient, modern, more profitable and sustainable business. For each of these pillars/foundations, a set of strategic initiatives has been defined that define frameworks and guidelines for desired actions, projects and programs that need to be implemented in order to achieve the set ambitions.

Following the so defined strategic initiatives, the Telekom Srbija Group will maintain its dominant position in the segment of basic telecommunications services in Serbia, B-H and Montenegro with very little risk of endangering the customer base by competition and strengthen its position as a leader in multimedia content production and distribution.

A great focus will be on improving the user experience in all segments, as a basis for maintaining the existing customer base and attracting new users, especially towards digital and multimedia services, where growth is expected.

Arena Sport sports channels are the holders of exclusive rights for the most

important sports content in the territories of the former Yugoslavia, and Telekom Srbija will continue to strengthen its production capacities through series production, but also new formats such as films and documentaries.

Special emphasis will be laid on the development of digital services and ecosystems, which will be achieved through the application of technological and business innovations and through the development of a network of business partners. By launching a dedicated fund for financing startup companies, the Telekom Srbija Group is actively involved in investing in digital technologies and business models that will expand Telekom Srbija's existing portfolio of services, but also create a basis for new revenues in the global market.

In the coming years, Telekom Srbija Group will maintain its dominant position in the field of network infrastructure, providing modern infrastructure solutions that will enable intelligent connectivity for a superior user experience, innovative digital services and modern business models, while respecting current green economy trends.

Companies from the Telekom Srbija Group, as socially responsible companies aimed at achieving sustainable development goals, take measures to protect the environment by adopting environmentally friendly technologies and methods, while working to improve the efficiency and sustainability of business.

Prerequisite for successful implementation of strategy and business, in general, are employees with their specific knowledge and skills. Telekom Srbija Group will continue to work on increasing the engagement and motivation of employees and attracting talent. Agile principles and ways of working and synergy of knowledge will be promoted through cooperation and connecting employees.

The implementation of the planned strategic initiatives activates a strategy that will strengthen the growing trend of performances and significantly increase the values of key business performance indicators in the 2022-2026 period, both for individual companies and at the level of Telekom Srbija Group.

Development of digital services

The Group's strategy focuses on the importance of digitalisation and the use of new technologies as and when they are available to respond to the changing needs of consumers and to provide a superior experience to subscribers. It is expected that the development of the digital ecosystem with services intended for residential users and households will include new services such as smart home, insurance, games, financial services, various digital content and applications in the field of entertainment and learning and will cover all

segments of residential users of all ages. For business users and the public sector, services will be based on IoT solutions, partner services, industry-critical remote production management systems, private networks, service platforms and SaaS (software as a service) applications, e-health services, cyber security and smart cities.

Thanks to the strategic initiative of the Telekom Srbija Group, IoT solutions have provided new opportunities to offer add-on services for business and residential customers. The IoT segment consists of a range of Internet service applications and business solutions, including Smart City, Smart Home, Smart Agriculture, Smart Meters and Smart Health technologies.

An IoT platform was set up in Serbia in 2018 and 20 pilot projects are underway, which are in the final phase or awaiting their full commercial implementation. The IoT platform with the LoRa WAN Gateway network was set up by Republika Srpska in B-H according to a similar model as the IoT platform in Serbia, and is already showing successful results.

Telekom Srbija Group will also further develop digital ecosystems related to various payment models and methods. Also, Telekom Srbija Group plans to develop new integrated financial services in cooperation with Poštanska štedionica, Pošta i Dunav osiguranje and other strategic partners.

A member of the Group, Mtel Digitalna Fabrika of Montenegro is a significant incubator in the development of all digital services through the participation of startups. Telekom Srbija has also established venture capital funds, the Alternative Investment Fund Management Company TS Ventures d.o.o. Belgrade and the Fund for Alternative Investments TS VENTURES FOND doo Belgrade, for investing at an early stage in technological startups.

The final goal of strategic cooperation is to connect all services in one place, through a single system or application to offer all members of the household a better user experience.

Further acquisitions in Serbia and potential expansion to other territories

Telekom Srbija Group aims to optimise, through merger and acquisition, its business operations and strategic positioning in the markets it operates. The Group's acquisition strategy consists of expanding the business volume in a value-increasing way, improving the content offer, expanding the business in the field of fixed broadband Internet and mobile telephony and using its own experience and successful acquisition history to continue business integration and generate added value by increasing the volume and product offers. In the period between 2018 and 2020, the Group strategically positioned itself by acquiring over 20 largest cable operators and strengthening its market position in the Balkan countries. In 2021, the Group completed several mergers, including the merger of Moja Supernova, the merger of mts banka with Poštanska Štedionica, where TS acquired a 10.08% stake in the share capital of Poštanska štedionica. The Group has also set up the Trade and Services Company MTEL DOOEL Skopje ("MTEL Skopje"), a newly-formed telecommunications operator in North Macedonia with plans to offer mobile telephony services in addition to the mSAT service it offered in 2021 as a mobile virtual operator - MVNO.

Telekom Srbija has concluded an agreement with JP Pošta Srbije on acquiring the cable infrastructure and receivables from the subscribers of the cable and Internet provider Pošta NET, as well as other agreements with smaller cable providers. Merger of mts Antena TV d.o.o. Beograd-Novigrad ended after Telekom Serbia had acquired a 100 percent stake.

As a result, Telekom Srbija Group substantially improved its business profile in terms of scope, geographic exposure and product diversification.

Increasing the penetration of services into core markets by merging products and services and increasing sales of products that add value for existing customers

Telekom Srbija Group intends to continue to focus on seeking opportunities for customer growth in relatively under-penetrated markets while continuing to shift its focus in marketing and customer interactions from individual services to bundled services. The Group intends to continue to promote bundled services by further using its high-quality network and using next-generation digital television services, attractive local content and high-speed high-bandwidth Internet services and, where applicable, mobile telephony services.

Telekom Srbija Group plans to offer multiple additional products and to encourage long-term contracts by offering better prices and subsidies for certain products. Increasing the number of services available to subscribers

in their packages maximizes the potential amount of revenue per user, and Telekom Srbija Group benefits from subscribers who have packages with more services because it allows them to simplify the delivery of services

The Telekom Srbija Group also aims to leverage its superior high-speed broadband capabilities to increase revenue. In particular, the Telekom Srbija Group intends to continue to migrate its existing high-speed broadband subscribers to higher speeds, which will further support the growth of broadband per capita revenue and reduce the outflow rates of residential subscribers.

Increase in revenues from multimedia content

Telekom Srbija Group has sufficiently strengthened its position as a leader in the production and distribution of multimedia content in the region, so that it has begun distribution outside the region and the diaspora. In September 2021, the Brazilian platform "Globoplay" bought the exclusive rights to broadcast the crime series "Civil Servant", and further sales activities of its own content continue in other parts of the world.

It is planned to strengthen the leading position in the field of content through the grouping of sports content and intensively increase the number of multimedia subscribers through its own production and production of content and its sale outside the region and the diaspora. In the coming period, the Group plans to expand its sources of revenue from its own content through various sales channels

In the coming period, the Group plans to expand its sources of revenue from its own content through various sales channels:

- by selling Arena and other channels to the cable operators in the former Yugoslav territories;
- by selling OTT Arena Cloud applications in the Balkan countries, designed for all subscribers who want Arena and other channels to be easily accessible on their mobile devices
- by selling content (series, documentaries) to other TV stations and global platforms; and
- by selling marketing space on own channels of the Group.

The final goal is to achieve global recognizability of Telekom Srbija Group as a medial business leader.

Expansion on the international plane by increasing the services to the Serbian diaspora

Telekom Srbija Group focuses on expanding its presence as an MVNO operator and payTV provider in Europe, the United States and Australia to serve Serbs living abroad. The great strength of the services that the Group offers to the diaspora lies in the possibility of connecting young people from the diaspora with the older generation in the homeland. The estimated number of members of the diaspora from the former Yugoslavia is close to 4 million, of which over 2.5 million are in Austria, Germany and Switzerland:

- Austria: 456 thousand inhabitants,
- Germany: 1.47 million inhabitants, and
- Switzerland: 585 thousand inhabitants.

The rest of the world is home to some 1.5 million people who are direct emigrants from the former Yugoslavia. In addition, the number of descendants of emigrants from the former Yugoslavia is estimated at over 10 million.

The group plans to develop digital services and produce diaspora-specific content and multimedia services. Such content and services will be offered on the Group's own OTT platforms, which is a key difference from the main global OTT competitors.

Consolidation of the Group's operations in order to generate higher revenues per customer and optimize costs

Telekom Srbija Group merged Moja Supernova in June 2021 and intends to merge the purchased cable operators in Republika Srpska with Mtel Banja Luka in order to further consolidate the Group's operations. This consolidation brings the opportunity to achieve higher revenue per user and a synergy of costs in human resources, rental and maintenance fees. The increased number of consolidated entity subscribers will reduce the cost per user paid for content, and the number of fixed-term subscribers is expected to grow as a result of offering service packages to acquired cable and mobile subscribers.

Greater cost optimization, disciplined capital investment and centralized management of the Group

The Group plans to optimize its costs and increase the efficiency of its business processes by auditing its cost structure and centralizing procurement procedures, service development, technical and IT development and marketing concept development across the Group. The markets in which the Group members operate are characterized by socio-economic similarities. This provides opportunities to reduce costs, improve and accelerate development, and implement similar solutions

to overcome challenges. For example, there is potential for savings in procurement processes because joint procurement of larger quantities of goods increases bargaining power, lowers the purchase price, changes established purchasing habits and consolidates network equipment in all members of the Group.

Telekom Srbija established a strategic partnership with Vodafone in June 2021. Vodafone is a global telecommunications operator operating in 21 countries and has partners in 49 countries. The focus of joint projects will be on the areas of digital transformation and joint procurement, through which centralized procurement processes are established at the level of the Telekom Srbija Group. Through this cooperation, Telecom is expected to significantly improve all digital channels of communication with customers, develop new products, services and business models according to the world's best practices, but also increase the efficiency of its internal work processes. Synergies can also be achieved in infrastructure sharing virtualization of network functions ("NFV"), cloud computing and shared data centers, service development, human resources, marketing, sales and customer care.

Investments in information and technical capacities will be mostly guided by the principles of disciplined capital investments based on user requirements, in order to provide the best user experience with optimal return on investment. The largest investments are expected in the field of further development of fixed optical and mobile infrastructure, especially for the expected introduction of 5G technology in Serbia in Q4 2022-2026. Currently, the Group is focused on access network development through the All-IP Transformation project to provide users with broadband access up to 1Gb/s, expansion and improvement of radio access networks, introduction of 100Gb/s links in the transport network, virtualization of core network elements and media investment, consolidation and co-production of media content.

Digital services need to build bridges and reduce the digital divide and poverty and help build a fairer society. Therefore, Telekom Srbija wants to create a digital ecosystem that drives all segments of life and society: private and business life, education, health, entertainment, culture, sports and recreation, business and which is available to users whenever and wherever they need. Such a goal requires investment in further development of the company's digital capacities, which include the ability to integrate digital technologies such as social media, data and analytics, the Internet of Things, 5G, AR/VR, blockchain, and all other technologies into the organization's business processes in the following domains:

- customer experience promotion (Customer Experience Management, digital care),
- Improving business efficiency and effectiveness (automation of network and service functions, smart investment planning, intelligent investment and financial flow management processes, improving business process efficiency through RPA/ AI, etc.) and
- development of new products, services and business models especially based on digital platforms and through the establishment of digital ecosystems.



Customer in focus

Telekom Srbija Group Market

According to the World Bank analysis, published in January 2022, the world economy is slowly recovering from the collapse caused by the Covid-19 pandemic. However, the forecast has significantly changed due to the war in Ukraine. The estimated growth rate of the Western Balkans is projected to decline in 2022, and the effects of the war in Ukraine spill over into this sub-region mainly through the raw material channel, according to the April update of the World Bank's Economic Report on Europe and Central Asia.

For the Western Balkans region, the EBRD forecasts the economic growth of 3.2% in 2022, i.e. about 0.9 percentage points lower than the previous forecast. For the year 2022, the EBRD has lowered the economic growth forecast for Montenegro to 3.7%, for Croatia to 3.2% and for Serbia to 3.3%.

Starting from 1 July, in the Western Balkans, the maximum price for roaming charges in mobile telephony has been used in accordance with the "Roam Like at Home" rule. This led to a significant increase in traffic in all categories, especially in the segment of mobile internet, which increased more than 3 times compared to the same period last year.

Service	Q3 2021 / Q3 2020
Outgoing calls	0,72
Incoming calls	0,72
SMS sent	1,29
Mobile internet	3,05



Serbia

The segment of media content distribution has faced the biggest struggle in the telecommunications market.

Companies are still investing in optical infrastructure, although to a lesser extent, but now the network is spreading in rural areas as well. All operators have realized that the Internet speed and network stability are equally important, so the battle is fought primarily over users still using older technologies, and the main activity in the field is “swap” transition of customer base from older technologies (ADSL, WIFI) to more stable optical or HFC networks. By launching the 5G network, this struggle will become even greater, because a great deal of users will have a frequency band on their mobile devices that will meet all household needs.

Add-on services are in high demand, especially in the premium segment. These users want freedom of choice and services to be available on multiple devices. This requires further infrastructure improvements, as high-speed Internet connections have become essential for high-volume digital content.

Telecommunications customers in Serbia

(in mill.)	2020	2021	growth
Fixed telephony	2,40	2,37	-1,25%
Mobile telephony	8,26	8,50	2,95%
Internet (Fixed access)	1,72	1,81	5,23%
Media content	2,12	2,15	1,42%

Telekom Srbija still has the largest share in all segments. A1 and Globatel increased their share in mobile telephony, while Telenor's share fell slightly. In the Internet and media content market, Telekom Srbija achieved a share of 56% and 50%, respectively.

BiH

The European Bank for Reconstruction and Development (EBRD) expects Bosnia and Herzegovina's economy to grow by 2.3% in 2022, revising earlier projections by 0.7%. BiH's economic growth is expected to increase to 3% in 2023.

In the telecommunications market, there is still a decline in the number of fixed telephony customers, whereas other services are constantly growing, especially in the mobile telephony segment. In the segment of mobile telephony, the

number of prepaid customers is still many times higher than the number of postpaid customers. The dominant type of internet access is xDSL, with slow growth.

The highest growth in the number of customers is recorded in the FTTx service, with an annual growth of 30% in 2021.

Telecommunications customers in BiH

(in '000)	2020	2021	growth
Fixed telephony	566,42	548,52	-3,16%
Mobile telephony	3,472,99	3,812,99	9,79%
Internet	751,25	790,92	5,28%
Media content	832,90	885,62	6,33%

<https://bif.rs/2021/12/ukrupnjavanje-na-trzistu-telekomunikacija-gledacemo-jos-zustriju-utakmicu/>

Montenegro

PPF Telecom Group has sold a 100 percent stake in Telenor Montenegro to the Hungarian company 4iG Nyrt. In the coming period this will lead to a new distribution of power among operators.

Korisnici telekomunikacija u Crnoj Gori

(in '000)	2020	2021	growth
Fixed telephony	191,77	189,52	-1,17%
Mobile telephony	1.080,09	1.120,07	3,70%
Internet	184,04	188,17	2,25%
Media content	240,11	243,93	1,59%

In the telecommunications market, there is still a decline in the number of fixed telephony customers, while other services are constantly growing.

At the end of 2021, in the mobile telephony segment, mtel Podgorica has the largest individual share of 34% in the number of customers.

North Macedonia

As of the last quarter of 2021, the Macedonian telecommunications market is a new market for the Telekom Srbija Group, and this is a reason for a more detailed review.

In the fixed telephony segment, the total number of customers is growing. The reason for this is a significant increase in the number of customers using wireless technologies, VOIP and mobile telecommunications network.

The number of ported numbers has slightly increased. At the end of the third quarter of 2021, the total number of ported numbers was 187,571, which is 1% growth compared to the previous year.

In 2021, the number of mobile telephony customers increased significantly compared to previous years. At the end of the year, the population coverage was 98.14%. 88% refers to residential customers with equal number of postpaid and prepaid customers.

The number of ported numbers records a steady growth. At the end of the third quarter of 2021, the total number of ported numbers was 356,451, which is 11% growth compared to the previous year.

The media content services are provided by 40 providers. In the structure of media content users, 50% of users have cable television.

Telecommunications customers in North Macedonia

(in '000)	2020	2021	growth
Fixed telephony	408,62	422,97	3,51%
Mobile telephony	1.833,69	2.030,39	10,73%
Media content	417,08	423,92	1,64%

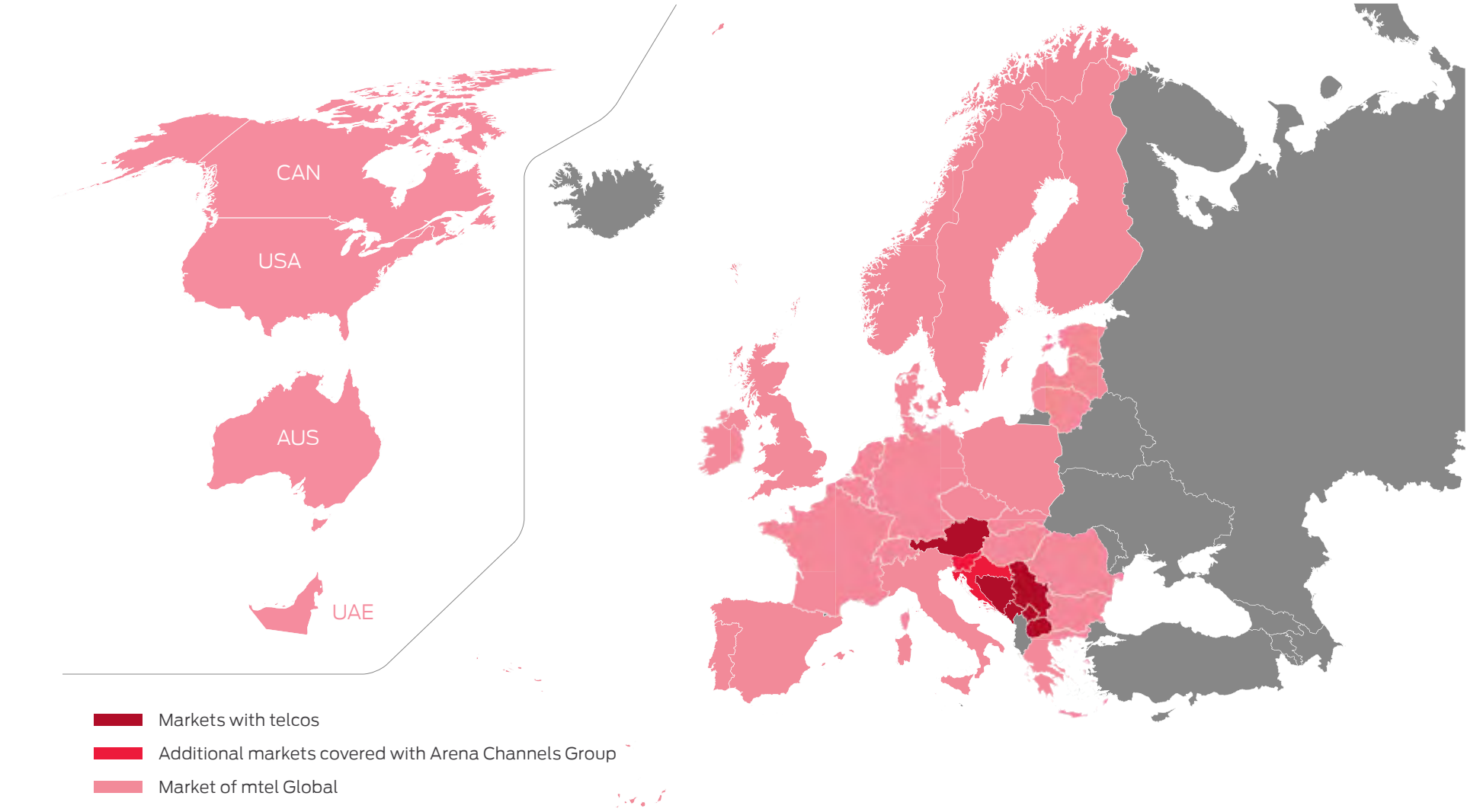
Internet services are provided by 82 providers. The mobile Internet recorded the greatest increase in the number of users. At the same time, it is the most common type of service used by about 58% of Internet users.

No. of subscribers of key internet services (in '000)	2020	2021	growth
Internet - mobile network	1.348,66	1.568,81	16,32%
Internet - broadband	462,75	490,08	5,91%
Internet -M2M	226,56	235,88	4,11%
Internet - fibre optics	78,77	103,16	30,96%
Other customers	325,46	318,11	-2,26%
	2.442,20	2.716,04	11,21%

In addition to the regional market in the field of telecommunications services, Telekom Srbija Group has found its customers all over the world in the diaspora.

Thanks to the television and telephone services, MTEL Global has over 100,000 of our customers in the territories of the EU, Switzerland, the USA, Canada, the United Kingdom, Norway, the United Arab Emirates and Australia.

Today Telekom Srbija Group provides fixed telephony, mobile telephony, internet, ICT services, multimedia content, integrated and other services in the market of the Republic of Serbia, the region, and also in the markets of Europe and America.



Number and Structure of Customers

TOTAL NUMBER OF CUSTOMERS

	2020	2021	Growth	structure
Telekom Srbija + Moja Supernova	7.671.910	7.870.484	3%	72,8%
Mtel Banja Luka	2.004.409	2.158.112	8%	20,0%
mtel Podgorica	588.598	596.405	1%	5,5%
mts d.o.o.	60.715	67.715	12%	0,6%
Mtel Global	90.567	121.629	34%	1,1%
mtel DOOEL	0	1.273	-	0,0%
Total	10.416.199	10.815.618	4%	100,0%

The customers of Telekom Srbija Grupe are allowed to integrate services and create their own service packages according to their requirements. Telekom Srbija offers integrated services within BizPaket and BizDuo packages for business customers and BOX2, BOX3 and BOX4 for residential customers.

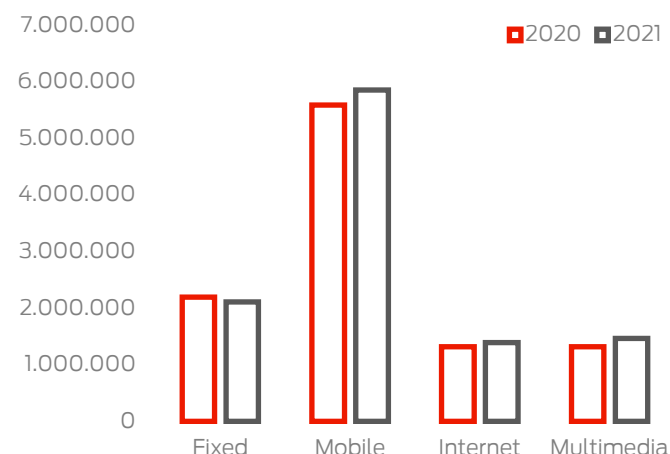
Mtel BiH offers BizPaket and m:TVnet, while mtel Podgorica offers to its customers m:box packages.

Mtel DOOEL started its commercial operation in the territory of the Republic of North Macedonia on 15 November 2021, and by the end of 2021 it achieved significant results regarding the sale of its service to customers. MTEL's operations were improved in the shortest possible time regarding the development of application support for sales processes, an accounting system was established and the necessary customer equipment was procured.

MTEL DOOEL ended 2021 with 1,273 customers of the m:SAT service, which is 42% higher than the initially projected number of customers, with a total revenue of 350 thousand RSD, which is in line with the projected amounts.

The strategic partnership between Telekom Srbija and Vodafone enabled Telekom to apply the knowledge and experience that Vodafone experts have acquired and upgraded over the years in the global market. This business relationship enables Telekom Srbija to take advantage of Vodafone's leading position in the digitalization of consumer products, business solutions, service offerings and business processes. This partnership also supports the procurement of technology and devices, thus optimizing costs and investments and creating new value.

Number of customers



Fixed Telephony

In fixed telephony, Telekom Srbija Group offers a range of services for business and residential customers in Serbia, Montenegro, Bosnia-Herzegovina. Voice traffic, number portability, IN services, fixed business line, Business Trunking, BizFon, BizinoCall, cost-saving services are just a part of an extensive offer in fixed telephony.

Fixed telephony services are classified in the category of services with a declining trend, as a result of which there is a decrease in the number of customers from year to year. At the same time, it is a very important segment in business communication and the communication of the elderly population and Telekom Srbija Group continuously improves these services.

The offer of IN services (FPH and UAN) has been improved with call recording services, Smart office and Smart routing services. Smart office and Smart routing are add-on services belonging to IN services (FPH and UAN) that allow users to easily manage the contact center and independently configure add-on services through online access.

The Group's fixed telephony services are used by 2.1 million customers. In the parent company Telekom Srbija and its subsidiaries Mtel Banja Luka and mts d.o.o. the number of fixed telephony customers was lower at the end of 2021 than the number of customers at the end of 2020, while in the subsidiary mtel Podgorica it was higher.

Total number of fixed telephony customers

	2020	2021	Growth	structure
Telekom Srbija+ Moja Supernova	1.851.916	1.779.823	-4%	84%
Mtel Banja Luka	254.696	244.261	-4%	12%
mtel Podgorica	69.386	69.861	1%	3%
mts d.o.o.	15.488	15.380	-1%	1%
Total	2.191.486	2.109.325	-4%	100%

At the end of 2021, the Group has 1.8 million residential customers and about 300,000 business customers.



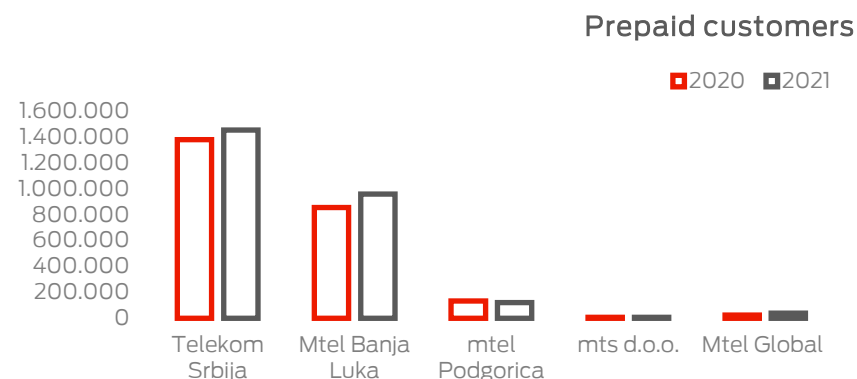
Mobile Telephony

Within mobile telephony, Telekom Srbija Group provides a wide range of services in the regional and international market.

The total number of mobile telephony subscribers on the Gorup level at the end of 2021 equals 5.9 million. The overall structure of customers is dominated by the customers of Telekom Srbija with some 68% and Mtel Banja Luka with 24%.

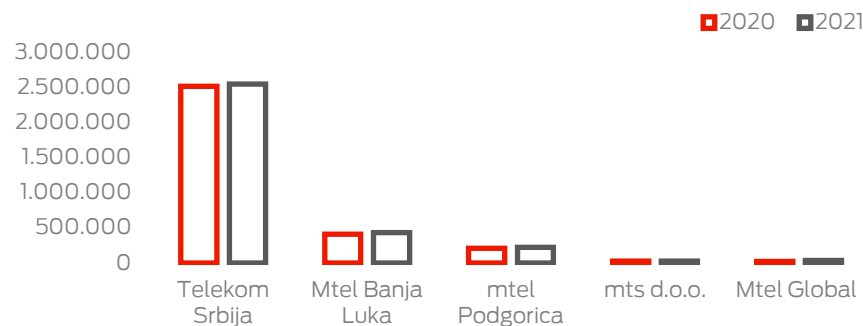
Total number of mobile telephony customers

	2020	2021	Growth	structure
Telekom Srbija	3.898.690	4.006.331	3%	68%
Mtel Banja Luka	1.267.473	1.394.381	10%	24%
mtel Podgorica	344.433	343.149	0%	6%
mts d.o.o.	31.295	33.377	7%	1%
Mtel Global	45.697	74.784	64%	1%
Total	5.587.588	5.852.022	5%	100%



At the end of 2021, the number of prepaid customers equalled 2.6 million, accounting for 44% of the total number of customers, while the number of postpaid customers equalled 3.3 million, accounting for 56% in the total number of customers. All Group members recorded an increase in the number of prepaid and postpaid customers compared to the last year, except in the subsidiary mtel Podgorica with a decrease in the number of prepaid customers by 9%, compared to 2020.

Postpaid customers



What is new in 2021

Telekom Srbija

The Senior tariff is offered to customers aged 65+, and new roaming add-ons for postpaid customers have also been introduced. In accordance with the WB6 agreement, the additional traffic fee (outgoing calls, SMS and data traffic) was canceled so that customers are allowed to use their tariff profile and/or add-on in roaming like at home.

The following tariff profiles have been introduced: Moj prepaid and Sve cool, as well as Turist SIM and Super Turist SIM. New postpaid tariffs are offered: Omorika 6, Cost control and Mega NET mobile internet

Mobilni Net 10/30

New packages have been introduced: Mobilni Net 10 with 10GB and Mobilni Net 30 with 30GB included in the fee. The Mobilni Net 500 package includes 1 GB roaming data in the countries where the Libero roaming add-on is used.

A one-time add-on with 50GB has been created: Mobilni Net Plus 50, which can be used until the end of the calendar month in which it was purchased.

Activation of LTE and VoLTE

Activation of LTE on mobile lines with postpaid FUP tariffs for business customers. Activation of VoLTE in Standard tariffs.

Introduction of new roaming add-ons

New voice roaming add-ons Libero pričaj

New SMS roaming add-ons Libero SMS

New DATA roaming add-on - Libero roming 1GB for a period of 10 days with 1GB included in the add-on.

New free add-ons for postpaid business tariffs have been created as a bonus for some tariffs with the purchase of selected mobile phone models.

- 5 GB one-off roaming add-on for the countries where Libero roaming data add-on is used, for a period of one year, for Business Libero Ultra, with the purchase of a mobile phone
- 3 GB to be used in national traffic per month, for a period of one year, for Business Standard 1, Business Standard 2 and Business Standard 3, with the purchase of a mobile phone.

Fiscalization

At the beginning of the last quarter of the year, a new eFiscal service was introduced, in accordance with the Law on Fiscalization. Electronic fiscalization is a new way of electronic recording of the transactions of goods and services through the state-of-the-art electronic fiscal devices.

In order to harmonize the roaming prices with the provisions of the roaming agreement signed with the Western Balkans countries, on 1 July 2021 roaming charges were changed for business customers of the mts mobile network - Business Tariffs, Bitnet and Mobilni Net.

Mtel Banja Luka

The mobile telephony services include prepaid and postpaid services, enabling customers to set up calls, exchange SMS messages, transmit data (mobile internet) via 4G network, use all these services in roaming, as well as cash register services, parking payment services via SMS messages and the like.

Prepaid and postpaid mobile telephony services have been continuously improved, which is reflected in the redesign of tariff models in accordance with the customers' needs and wishes. This redesign relates to service prices or bonuses granted to prepaid and postpaid customers within a particular tariff plan. During 2021, the following improvements were made:

Postpaid service

The following tariff models have been introduced for residential mobile telephony customers: Pretplata /subscription/ Start, Pretplata Plus, Pretplata Plus NET, Pretplata Top, Pretplata Max and Pretplata Premium. Higher bonuses for mobile internet have also been introduced.

For the customers of the Pretplata and Total Group tariff models, several promotional campaigns were conducted for different sales channels.

In order to motivate the mobile telephony customers to use the mobile internet service while in roaming, a new tariff option Net Roaming Italy was included in the offer, as well as the improved tariff option Net Roaming Slovenia and a tariff option Net Roaming T-Mobile, which enabled the mobile internet included in the purchased tariff option to be used in the T-Mobile network in Poland and Hungary, in addition to the T-Mobile network in Austria, Germany, Greece and Romania.

Two new roaming internet tariff options “Countries of the Western Balkans -1 day” and “Countries of the Western Balkans -10 days” have been introduced. The mobile internet bonus within the existing roaming internet tariff options has been increased.

An offer was created for customers with a combined method of payment for the tariff model Kombinacije /combinations/ at the monthly subscription fee of 15 KM, with the conclusion of a contract for a minimum period of 24 months.

Prepaid service

Personalized offers, which include the tariff options “Buy minutes” and “Buy internet” for the “Top-up” service users, have been created for prepaid customers, who have been Mtel customers for three or more months, and are defined by segmented groups.

A new tariff plan “XY plan - 1 day” has been created for the “Top-up” service users of the XYnet tariff model.

On 1 July 2021, the implementation of the agreement on the abolition of roaming charges for the Western Balkans region, which includes Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia and Albania, began. Mobile telephony customers, while roaming in the Western Balkans region, are allowed to use all the benefits and bonuses, which are included in the user package on the “roam like at home” principle.

An eSIM card (profile) has been introduced for all mobile telephony customers. eSIM is activated via a QR code. In order to promote the 4G mobile network, customers were granted promotional offers to replace the SIM card with a 4G SIM card. It is expected that the number of eSIM users will increase significantly with the increase in the number of mobile phones that accept the eSIM profile.

In 2021, the DCB service was improved - the customer base to which the DCB service (Wargaming and KlubZnanja) is offered has been expanded. In addition to the customers with prepaid and combined payment methods, DCB services are also available to postpaid customers.

mtel Podgorica

In the mobile telephony segment, mtel Podgorica has continued to promote a new group of packages for postpaid tariff packages - Urban NEO, characterized by unlimited minutes to all networks in Montenegro as well as Internet resources, and the introduction of new Neo Z tariffs for young people, i.e. “generation Z” (with a monthly subscription fee of EUR 17.90, unlimited minutes to all networks in Montenegro as well as 10GB of internet per month). Customers get 30GB for storage on m:DISK, 100GB per month for Move TV. Also, they have the option of choosing 2 internet add-ons free of charge out of the 3 add-ons offered (YT, TikTok or DM (FB, Instagram, Viber, etc.)). For the additional promotion, a campaign has been introduced for all new users of the Neo Z postpaid package who sign a 24-month contract in the promotional period to receive an additional 100GB per month until the end of the contractual obligation. In September, new Youtube and TikTok add-ons were introduced for postpaid packages. They are activated via the USSD menu and SMS. Following the market trends, Mtel has introduced a new, digital m-disk service, which allows users to rent and manage the protected online memory space on mtel servers, where they can safely store photos, videos, music and other content from their mobile devices or computers.

Mtel Global

It is important to mention the Mtel Global mobile telephony services that are available in Austria and are primarily intended for users who live and work in Austria, but came from Serbia, Bosnia and Herzegovina or Montenegro, and also for all those who frequently communicate with these countries or often visit them, privately or on business.

Users from Austria can make unlimited calls in all fixed and mobile networks of the Telekom Srbija Group, and during their stay in Serbia, Bosnia and Herzegovina or Montenegro, calls and internet are free of roaming costs, so they do not have to change their MTEL card - but use it as if they are in Austria.

Also, thanks to the cooperation with Telekom Austria, users are provided with the same network quality and signal coverage that Telekom Austria provides to its customers.

Internet and ICT/IoT

The importance of Internet services has increased during the COVID-19 pandemic, since all education and teaching activities took place according to the “distance learning” system, using the Internet platform.

The ICT/IoT service is the subject of continuous and accelerated development in

terms of access technologies, data transfer speeds and tariff models. This segment relates to Web hosting, Mail hosting and DDoS protection.

Total number of internet users

	2020	2021	Growth	structure
Telekom Srbija + Moja Supernova	988.300	1.042.179	5%	75,0%
Mtel Banja Luka	245.808	258.004	5%	18,6%
mtel Podgorica	77.590	81.511	5%	5,9%
mts d.o.o.	6.608	8.150	23%	0,6%
Total	1.318.306	1.389.844	5%	100,0%

Note:
The YUNET's ADSL users are part of the internet wholesale of the parent company Telekom Srbija, as a result of which they are not shown separately in the table.

The number of Internet users significantly increased in the parent company compared to 2020 because of the integration of the subsidiary Moja Supernova in June 2021.

At the end of 2021, the total number of Internet users on the Group level (retail and wholesale) was almost 1.4 million, which is higher by 5% than the previous year. This number includes ADSL and cable internet users of the parent company, Mtel Banja Luka and mts doo, as well as the users of mtel Podgorica which, in addition to cable internet users, also has internet users using wimax technology.

What is new in 2021

Telekom Srbija

WiFi extenders, which are included in the offer, are a practical solution to increase availability of WiFi signal for residential customers. The user must possess a Huawei Q2 ONT modem (for Internet and IPTV) or Nokia G-240W-C ONT modem (Internet only) as a prerequisite for purchase.

BizDuo with ICT services

For better positioning on the market and increasing competitiveness within the business customer segment, BizDuo packages have been introduced with the possibility of activating and using one or more ICT services from the Telekom Srbija ePacket offer, for customers who conclude an agreement on using the BizDuo package for an indefinite period with a minimum validity period of 24 months. Within the BizDuo package, it is possible to activate BizWeb Hosting, National Domain Registration, MS 365 Business Basic and F-Secure.

Biz Package with an HONOR 3 WiFi extender

In order to increase competitiveness within the business customer segment, new and existing business customers are allowed to purchase an HONOR 3 WiFi router extender under favorable conditions, depending on the size of the selected Biz Package. The device is sold with Biz Packages through optics. WiFi extenders, which are included in the offer, are a practical solution to increase availability of WiFi signal for business customers.

ICT/IoT

In 2021, several new business ICT-related solutions/services were introduced (Financial Management and Control, Vehicle Tracking - Modernized Service, eFaktura /einvoice/, ISO application - mts IMSA, ePaket, Kadrovska.rs, Kaspersky Endpoint Security Cloud, Open Stack, F-Secure Internet Security), while in the IoT domain, the activities to establish the B2B digital ecosystems, develop and implement the business solutions based on IoT platform LoRa LPWAN technology were carried out (cooperation with a partner in measuring gas consumption has been established).

FMC – Financial management and control

The service is designed for all corporate beneficiaries of public funds, enabling them to develop or revise the Financial Management and Control Project, implement and manage it easily using MFC software solution, recommended by the competent institution. The software solution enables users to create necessary reports and fill in a GFMC form, which is filled in by all public funds beneficiaries every year.

Vehicle tracking

For better positioning in the market and increasing competitiveness within the business customer segment, a new business solution/service for vehicle tracking has been introduced in cooperation with a partner. The service has been improved in terms of functionalities and business models in accordance with market requirements and it enables users to track and monitor vehicles in the country and abroad. The service is provided through the Packages of basic and add-on services with the conclusion of a contract for a minimum period of 24 months.

eInvoice

The business solution, developed and implemented in cooperation with a partner, based on the Banqup platform, allows users to create, send, receive and file invoices via PC, smartphone or tablet, and it fully meets the requirements and standards for issuing electronic invoices under the Law on

Electronic Invoicing. A test period is provided to users until the end of June 2022, after which commercial packages will be launched.

ISO application - mts IMSA

The service enables the distribution of management system documents, management of all system processes according to ISO standards (goal and risk management, internal audits, supplier tracking, complaint management, etc.), which provides users with a clearer view and update of business documentation and system processes and an opportunity to improve business. The service includes the following standards: ISO 9001, ISO 14001, ISO 27001, ISO 45001. Depending on the size of the organization (number of employees), users choose one of the offered packages with the conclusion of a contract with a minimum period of 12 months.

ePackage

For better positioning in the market and increasing competitiveness within the SOHO and SME segment of business customers, an ePackage has been introduced for users who conclude a contract on the ePackage use for an indefinite period of time with a minimum validity period of 24 months. Within the ePackage, it is possible to activate BizWebHosting, National Domain Registration, MS 365 Business Basic and F-Secure Internet Security. By purchasing the ePackage, users receive a free month of the PANTHEON Web Light program intended for conducting business in micro and small enterprises.

Kadrovski.rs

Kadrovski.rs is a unique solution for personnel administration, i.e. a web application that facilitates and speeds up the process of drafting and administering personnel documents, and which enables employers and accountants to prepare the necessary reports and keep mandatory records and thus operate in accordance with the law. The service is provided through corporate and bookkeeping packages with the conclusion of a contract with a minimum period of 24 months.

Kaspersky Endpoint Security Cloud

The service provides advanced multi-layer protection that detects suspicious and malicious behavior, blocks threats, and prevents the spread of viruses from one device to another in the network. The centralized portal provides easy administration, management and protection of the complete corporate IT infrastructure, including the virtual environment.

OpenStack

Open Stack is an open source platform that allows users to manage and create a large virtual infrastructure so that they can access the resources they need and whenever they need them. Benefits are available depending on the contract term, as well as various options: a contractual obligation for a period of 1,2,3 or 5 years.

F-Secure Internet Security

With F-Secure Internet Security, one of the most advanced antivirus protection solutions, users can prevent malicious programs from stealing their business data, damaging computers, and using it for illegal purposes. F-Secure Internet Security is software that is easy to install and use and offers complete protection of your computer, identity and online presence as a whole. The service is available to the users using ePackages and BizDuo packages.

Mtel Banja Luka

In order to enable greater use of digital content in teaching activities and access to appropriate content for primary and secondary schools, a special tariff model has been offered, with significantly increased Internet access speed for this segment of users. Internet access speeds have also been increased for the users using the service as part of bundled services.

In 2021, new tariff models **NET:S+**, **NET:M+** and **NET:L+** were included in the offer, which improved the offer in terms of enabling higher access speeds. Intensive work has been done to popularize the use of optics for business customers. Taking into account market needs and customer requirements, tariff models for Internet access for business customers have been introduced - **NetBiz MAX XS and NetBiz MAXM**.

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

mtel Podgorica

The Mtel digital factory in Montenegro offers the creators of good IT ideas perfect conditions for establishing and developing their own firms, in order to start projects as soon as possible and develop a successful business. It offers:

- Coworking space
- Startup academy
- Investments

In 2021, there was a significant increase in the number of digitally oriented users within the MTEL database, so the use of the Self Care application MOJ MTEL /my mtel/ increased as much as 125.8%. It is the only telecommunications operator that has opened the first HUB in Montenegro, MTEL Digital Factory, in support of the digital transformation of Montenegrin society. Over 150 young entrepreneurs had training in entrepreneurship mentored by world experts, and over 1000 freelancers from all over the world developed their ideas there.

YUNET

In the previous year, IoT PoC solutions for agriculture were implemented for the company Zobnatica. The IoT interface was configured, sensors were procured and configured, and installed on the user's farm.

The development of the IoT PoC solutions for pig farms for the company "ISV" has started. The solution includes air quality monitoring, as well as measuring its composition. Also, the solution should include the management and control of food consumption on farms.

The FMC solution was introduced as a new service with the partner company Regular. Financial management and control (FMC) is a comprehensive management system of the organization in which all activities are defined by procedures, processes and areas of activity of the organization the managers are responsible for and where each activity for employees is defined step by step. A risk register and a checklist of responsibilities arising from the project are kept by the software. A partnership agreement has been signed with Telekom for this solution, so that this solution can be offered to all customers of the TS group in the territory of the Republic of Serbia.

In 2021, YUNET renewed the certificate "Excellent - Small & Medium Enterprises", which, based on the credit report and regular monitoring of operations, is awarded by the credit rating company Coface. This certificate has been confirmed by the Serbian Chamber of Commerce. The certificate is enclosed herewith.



Multimedia services

Through its parent company and subsidiaries, the Telekom Srbija Group provides multimedia services in the whole region and the countries of Europe and America. These services include: mts TVGO, mts hotel TV, mts bizTV, msatTV, Antena plus, Klik sport, Arena Cloud and advanced multimedia platform IRIS TV.

Total number of multimedia customers

	2020	2021	Growth	structure
Telekom Srbija+ Moja Supernova	933.004	1.042.151	12%	71%
Mtel Banja Luka	236.432	261.466	11%	18%
mtel Podgorica	97.189	101.884	5%	7%
mts d.o.o.	7.324	10.808	48%	1%
Mtel Global	44.870	46.845	4%	3%
mtel DOOEL	0	1.273		0%
Total	1.318.819	1.464.427	11%	100%

Since 2021, mtel Global (OTT) customers have been included in the multimedia services. The integration of the company Moja Supernova was carried out in 2021, where the customers migrated to the Telekom Srbija system. For the purpose of comparability, the data for 2020 have been also amended compared to last year's report.

m:sat customers of the parent company and its subsidiaries Mtel Banja Luka, mtel Podgorica, mts doo and MTEL DOOEL, as well as OTT users of the subsidiary mtel Global are included in the total number for 2021. The customers of the Group's multimedia services include IPTV users of Telekom Srbija, Mtel Banja Luka and mts doo, the users of the cable TV of the parent company and its subsidiaries Mtel Banja Luka, mtel Podgorica and mts doo.

What is new in 2021

Telekom Srbija

A new service Balkan myusic has been offered, i.e. an application that plays local music, as well as music from the region, and is available on mobile devices, tablets and computers. A video-on-demand package APOLLON is available within the Video Club of the Iris TV service with a large selection of films and series. The new iris GO application allows users to watch available TV channels, content from the Video Club, as well as add-on services Pause and Catch-Up TV.

Residential customers, who are engaged in tourism and hospitality industry, can offer their guests TV content with a new service m:SAT TV Tourism. In addition to digital and HD channels, this service includes exclusive TV and radio content, available in three Start, Plus and Max packages.

A new Box 4 PLAVI LITE package with a new postpaid tariff is included in the Box package offer. mts AntenaTV, through which the Antena PLUS service is provided, has become part of Telekom Srbija offer. New convergent Box packages with Antena Plus services and mobile internet are included in the offer.

During 2021, Supernova customers migrated to a new user interface with improved options:

- My TV – favourite content in one place
- Quick search – channels, content and TV shows
- Advanced settings – setting reminders, age categories for parental control

Supernova BIZ TV, the service inherited through the acquisition of Supernova, has further improved the offer of Telekom Srbija and it provides a system for broadcasting TV program via coaxial or optical cable.

A digital store of Telekom Srbija – Digimarket, is available to customers to find and buy various digital content and applications.

Mtel Banja Luka

During 2021, Mtel continued to improve its offer within the IPTV service both in terms of content delivered to end users and in terms of functionality available to users. Intensive work has been done on the development of the application - tv:pay, through which IPTV users will be able to pay their Mtel bills with a payment card, as well as bills on behalf of other users.

The content improvement includes video libraries available on the IPTV platform. The basic package includes 10 new domestic and foreign channels. The offer of IPTV services also includes radio channels.

The users of the IPTV video library are also allowed to watch exclusive film content only a month after the cinema premiere.

In terms of new video libraries, Da Vinci Kids SVoD, Balkan myusic SVoD and Apollon SVoD are included in the offer, as well as the possibility of watching Apollon SVoD with a contractual obligation of 12 months with a cheaper monthly subscription fee.

It is also necessary to point out the implementation of the Ad-insertion module, which enables the insertion of video ads into TV content in non-linear (nPVR and VOD content) and linear TV content during their playback on STB devices (Pure IPTV).

In addition to inserting video ads into the content, the system also allows the

creation of microsites or independent multimedia micro websites that users can access by clicking on a certain button. The purpose of the microsite is to transmit, communicate or present certain information exclusively to the users for whom it is intended.

The offer includes new services, such as Arena Cloud, Apollon and Balkan Myusic, which offer users certain digital content through the application.

In 2021, users were able to use the Biz Hotel TV service via m:SAT technology, in order to make Hotel TV services available to a large number of users, especially in areas where there is no fixed infrastructure. One of the improvements to the m:SAT service in 2021 was the implementation of two different lists of TV channels, whereby the user can choose one of two lists according to his preferences. In 2021, 16 new channels were included in the m:SAT service offer.

The offer includes a new package of integrated services TV+NET+TEL+MOB:S NET+, which is intended for users who want more mobile internet within the mobile telephony service.

The offer includes packages of integrated m:SAT services, fixed telephony (CLL), mobile telephony and Internet access services via mobile network, which are organized in the form of m:SAT packages of integrated services.

mtel Podgorica

During 2021, after gaining a significant market share, the company continuously worked on the satisfaction of customers with premium products (BOX packages), so the activities to retain existing customers in the cable segment have begun, with the possibility of upgrading to a larger package. This improved the existing portfolio of Box packages, starting from only one package in the offer of all 4 services (Box all 4 packages) to 3 packages with improved offer, especially in the mobile component. With the aim of promoting the packages that integrate all four telecommunications services, a new campaign was introduced for all new users of BOX 4.1, BOX 4.2 and BOX 4.3 packages. The users of BOX 4.1 receive an additional 50GB per month on the mobile number within the package, while users of BOX 4.2 and BOX 4.3 receive an additional 200GB per month.

New Holiday cable packages have been introduced in the offer, which include inactivity services at a price of 0 euros with the payment of service activation in the amount of 20 euros and proportional calculation of subscription fee for the days of service use.

Mtel Global

There are over 270 entertainment, news, sports, film, children's and other favorite channels from the ex-Yu region in the MTEL TV packages. There are also some of the most popular programs, for which only MTEL has the exclusive right to broadcast. In addition to rich TV content, special attention is paid to the selection of the best local series.

MTEL TV service is available in the EU, Switzerland, USA, Canada, the United Kingdom, Norway, the United Arab Emirates and Australia.

MTEL TV usluga je dostupna u EU, Švajcarskoj, SAD, Kanadi, Ujedinjenom kraljevstvu, Norveškoj, Ujedinjenim Arapskim Emiratima i Australiji.

Services beyond telecommunications

Arena Channels Group

In 2021, the impressive increase in the total number of customers was almost 1 million, i.e. 39%, achieved by conquering the new Slovenian market, as well as by expanding into the existing markets in the region.

Geographical representation of ArenaSport users including the Group members

	2020	2021	Growth	structure
Srbija	950.000	1.100.000	16%	33%
Bosna i Hercegovina	825.000	890.000	8%	27%
Makedonija	135.000	285.000	111%	9%
Hrvatska	400.000	615.000	53,8%	19%
Crna Gora	80.000	115.000	43,8%	3%
Slovenija	0	315.000	-	9%
Total	2.390.000	3.320.000	39%	100%

The first information channel under the Euronews franchise, announced in 2019 when the contract with Euronews from Lyon was signed, was launched in May 2021. This is a channel that produces and broadcasts a 24/7 informative program on global events and it is currently available only to customers in the territory of Serbia.

In the autumn of 2021, 8 more sports channels were established, namely Arena Fight, Arena 1X2, Arena Sport 6, Arena Sport 7, Arena Sport 8, as well as Arena 1 Premium, Arena 2 Premium and Arena 3 Premium. Premium channels are reserved for new and old (extended) elite sports content, such as Spanish La Liga, UEFA, Serie A, etc.

Arena Cloud Application

Arena Cloud application is intended for customers who are natural persons located in the Ex-Yu territory. The application had a six-month promotional period until June 2021.

It operates on the principle of purchasing TV content (owned by the Arena Group) and the channels can be viewed on mobile phones of the customers who paid the monthly subscription. Transactions are carried out without a contractual obligation, so customers may use the content flexibly. At the end of 2021, there were approximately 11,000 users of the Arena Cloud application.

Telus

Their largest users of services are primarily Telekom Srbija, the Government of the Republic of Serbia, the Presidency of the Republic, the Ministry of Finance, the Pension and Disability Fund of the Republic of Serbia, DDOR osiguranje, Poštanska štedionica, Apoteka Užice, Arriva. Telus Pro service users: Tax Administration branches, the City of Pančevo, EPS Technical Center Kraljevo, Apotekarska ustanova Kraljevo.

TS Ventures Fund

The TS Ventures Fund is the first Corporate Ventures Capital fund in this part of Europe. Its primary goal is to support and invest in technological and business solutions, which being innovative in the market can lead to rapid and major transformations.

Decisions will be made by an independent commission comprising an internal team, as well as external independent members with proven worldwide experience related to investments in various startups.

One of the priorities of the Fund will be connection with other investment funds, both in the region and beyond, in order to contribute to the development of the startup community through exchange of experiences, knowledge and ideas, thus promoting the domestic economy.

„It is very simple – we want to encourage young people, creators of various ideas that have the potential to improve and transform existing business solutions and to support them to develop quickly.“

Davor Sakač,
CEO of TS Ventures

Customer Care

Telekom Srbija

The focus of the Telekom Srbija Group is on satisfied customers as one of the key elements of the company's success. Consequently, customer satisfaction is continuously measured in the sales divisions, using various methods.

Net Promoter Score (NPS) is a basic metric used in Customer Experience. NPS measures customer loyalty of a given company. Customer experience metrics are based on one simple question: How likely are you to recommend a company to friends or colleagues? Based on the answers, customers are classified into one of 3 groups: detractors (those who are not satisfied), passives (satisfied but not so much to be promoters) and promoters (loyal, enthusiastic customers)

Results of the Telekom Srbija business customer satisfaction analysis

Monitoring customer satisfaction level	2020	2021	%growth
Customer satisfaction survey results	3,54	4,77	34,75%
Net Promoter Score (NPS)	36,70%	37,00%	0,82%
Total number of complaints annually	10.221	8.303	-18,77%
% of complaints versus the total number of invoices	0,44%	0,37%	-16,51%
Rate of successfully resolved complaints	8.197	6.486	-20,87%
Number of calls to contact centres	1.595.979	1.446.538	-9,36%
Total number of processed e-mails	338.942	293.859	-13,30%

In 2021, Telekom Srbija achieved particular success in the customer satisfaction segment, with the average score of 4.77, significantly higher than the one for 2020. The total number of complaints was drastically reduced, as well as the percentage of complaints compared to the total number of invoices.

Results of the Telekom Srbija residential customer satisfaction analysis

Monitoring customer satisfaction level	2020	2021	% growth
Net Promoter Score (NPS)	38,66%	37,00%	-4,29%
Customer relations - internet	3,40	3,82	12,35%
Call centre help - internet	4,36	4,02	-7,80%
Customer relations - fixed telephony	4,46	4,53	1,57%
Professionalism of the customer care section - fixed telephony	4,60	4,68	1,74%
Customer relations - mobile telephony	4,06	4,02	-0,99%
Customer relations - mts TV	3,36	4,13	22,92%
Call centre help - mts TV	3,68	4,16	13,04%
The quality of fixed telephony bill items	4,30	4,35	1,16%
Call centre help - mobile telephony	3,92	4,14	5,61%

In 2021, Telekom Srbija retained high ratings in all categories of the residential customer care.

The results of the questionnaire answered by close to 1 million customers advocate constant customer care. Although the number of received calls rose by about 9%, the number of accommodated received calls rose by as much as 16.54%.

Questionnaire results (rated 1-5)	2020	2021
Total number of customers on the annual basis	778.779	927.666
Resolved complaints - success rate	99,16	98,93
The number of calls made in the contact centre	3.900.745	4.262.355
The number of accommodated calls in the contract centre	3.016.106	3.515.002

In addition to the services that Telekom Srbija provides for its customers, it also offers the Contact Center services. During 2021, the total number of calls for information and technical support increased, while the number of calls for medical reasons decreased.

Number of calls made to skill (number)	2020	2021
0800 123 123 – information and complaints	278.336	294.614
0800 123 123 – technical support and ticketing	144.623	156.886
0800 010 010 – technical support and ticketing	18.853	16.404
Ministry of Health	1.140.689	978.634

Mtel Banja Luka

Customer care includes activities aimed at increasing customer satisfaction, from the moment a service request is submitted, through informing customers about the service installation, checking the satisfaction with the installation and the service, including all after-sales activities comprising the option to report an interference, provision of additional information, technical support or submission of complaints.

The contact centre is available to customers 24/7, and it has grown into an extremely important segment when it comes to providing information on all services offered to residential and business customers, technical support, as well as being a sales channel. There are 92% resolved calls, and the average customer's waiting time for an operator is 16 seconds.

The "24h" project was launched at the end of 2020 and represents the most important project on the Telekom Srbija Group level in 2021. It involves weekly customer satisfaction measurement, checking the satisfaction with the installation, operation of the installed service and troubleshooting.

An exceptionally high level of 97.34% resolved complaints in 2021, with an increase of about 8% compared to the previous year, indicates a high degree of the system quality, respect of customers' warranty periods and excellent cooperation with authorized services.

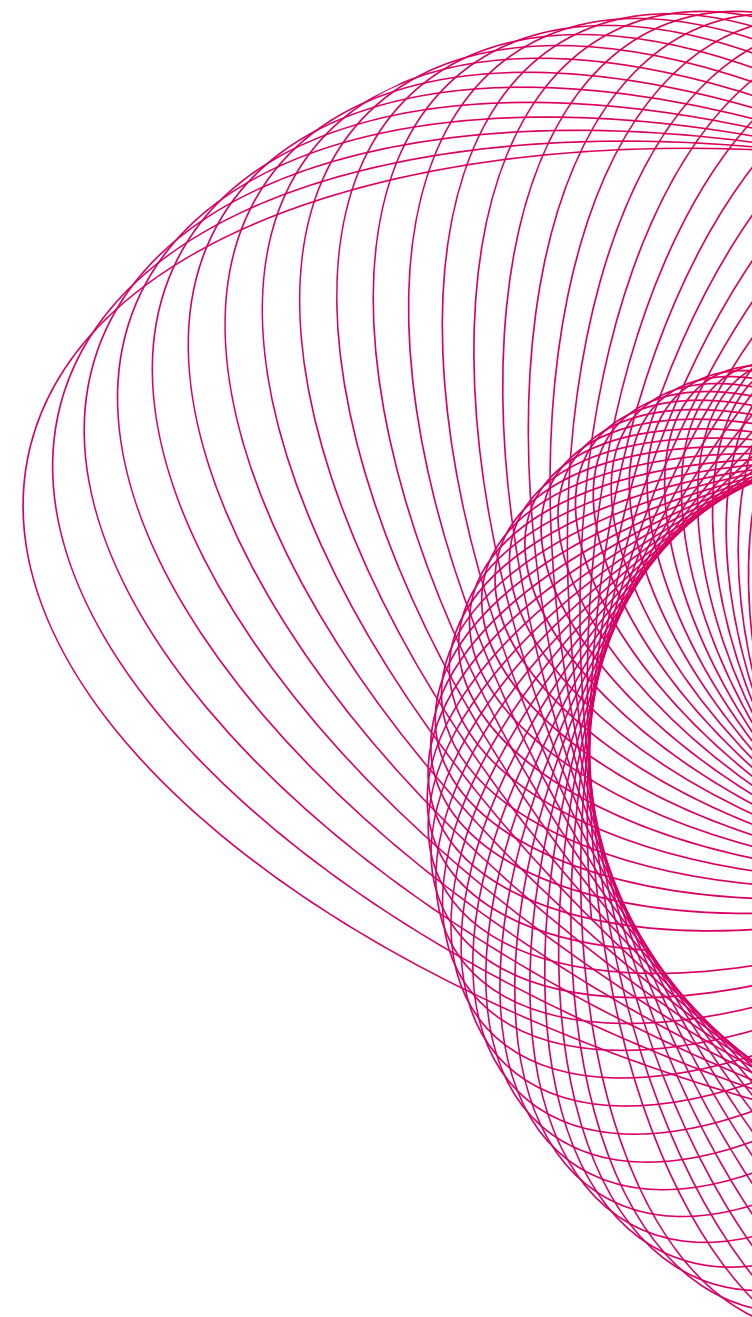
Questionnaire results (rated 1-5)	2020	2021
Total number of customers on the annual basis	21.076	19.429
Resolved complaints - success rate	90,00%	97,34%
The number of calls made in the contact centre	3.171.800	2.793.325
The number of accommodated calls in the contract centre	2.303.413	2.209.801

YUNET

Given the migration of the data centre that resulted in more complaints, YUNET managed to maintain a high level of successfully resolved complaints.

Results of customer satisfaction analysis – YUNET

Questionnaire results (rated 1-5)	2020	2021
Total number of customers on the annual basis	31.497	50.326
Resolved complaints - success rate	95%	90%
The number of calls made in the contact centre	17.731	14.968
The number of accommodated calls in the contract centre		22.681





**Investing in
the future**

Fibre optics for
1,030,000
customers

31,090 km
of cable

<https://www.netcheck.de/en/we-ensure-quality/>



Results:

Connections in
digital exchanges
1.8 million km

1.6 million km
of optical fibres

Total number
of base stations
2,895



GSM signal
99.26%

LTE signal
98.19%





Significant investments of Telekom Srbija Group were realized with the aim of achieving business success in all segments of its operations, through the introduction of new and improvement of the existing services, through strengthening the market position and retaining the existing and attracting new customers, as well as through the growth of its sales in the segment of multimedia services and the Internet.

The total amount of investments of the Telekom Srbija Group in 2021 is significantly higher than in 2020 due to intensive investments, especially in Telekom Srbija, as well as in the companies Mtel Banja Luka and Arena Channels Group.

Reviewed per the Group members, the largest investments in 2021 were made in the Parent Company-RSD 44.7 billion, amounting to about 57% of the total investments, and the lowest were made in the TS Ventures subsidiary (RSD 1.1 million).

	2020	2021	%	structure
Telekom Srbija	25.212.592	44.656.148	77%	57,2%
Moja supernova*	18.660.176	5.814.337	-69%	7,4%
Mtel Banja Luka	7.749.999	11.302.659	46%	14,5%
Mtel Podgorica	4.078.110	3.326.106	-18%	4,3%
mts d.o.o	120.633	203.061	68%	0,3%
Mtel Global	113.041	448.295	297%	0,6%
Arena Channels Group	447.725	12.229.005	2631%	15,7%
mts banka	3.621	0	-100%	0,0%
Telus	1.903	0	-100%	0,0%
Yunet	34.761	46.095	33%	0,1%
Mtel Severna Makedonija	0	49.608	-	0,1%
TS Ventures	0	1.084	-	0,0%
Total	56.422.560	78.076.398	38%	100,0%

* Moja supernova was merged with Telekom Srbija on 1 June 2021

Telekom Srbija

The intensive investments of Telekom Srbija were realized with the aim of ensuring business success in all business segments through strengthening the market position, retaining the existing customers and attracting new ones, as well as through the growth of own sales and acquisitions in the segment of multimedia services and the Internet. The customers get the best offer of new services with the top quality high-capacity telecommunications infrastructure and the implementation of state-of-the-art technological solutions.

Total investments in 2021 amount to 44.7 billion dinars and mostly refer to investments in the segment of production and distribution of multimedia content, the segment of fixed telephony through the construction of optical infrastructure, mobile telephony and the Internet. Investments in the segment of multimedia services continued, both in the territory of the Republic of Serbia and in the region, with the aim of ensuring retention of the existing customers and attraction of new ones. They are related not only to the independent TV services offered, but also to BOX packages, which provide a top market position together with a large offer of live TV channels, content on demand and additional advanced functionalities, production of multimedia content and investments in TV series.

All IP project

In the fixed telephony segment, Telekom Srbija continued to invest in the ALL IP transformation project during 2021, as it is the most important project and the largest investment in the optical network development. By continuing the investment in the ALL IP transformation of the fixed access network, customers are provided with up to 1Gb/s broadband access, thus retaining the leading position in the fixed telephony and internet market.

Investments were made in cable infrastructure and ducts, as well as in fixed network access devices in areas not covered by the ALL IP project, which enabled customers to get high-speed Internet and multimedia services with the broadband access.

RAN mobile network

Investments in the mobile telephony segment continued, mostly related to the expansion, upgrade, modernization and optimization of the RAN mobile network. These investments aim to increase the territorial coverage with 4G/LTE technology, as well as to achieve a high percentage of population coverage, which amounted to 98.19% at the end of 2021. The investments carried out had a direct impact on the satisfaction with services provided to end users in terms of signal quality, faster mobile internet, greater LTE network coverage, which for the third consecutive year justifiably ensured us a leading position in the official comparative measurements of the mobile operators' network quality carried out by Ratel.

Transport network

Investments in the Internet field are aimed at continuing investments in further modernization of the transport network and service platforms. Investments in the transport network are mostly aimed at intensified introduction of 100Gb/s links to support a large increase in traffic, procurement and implementation of the equipment with coherent technology of 100Gb capacity in the regional network, further development and expansion of OTN/DWDM and wireless transport network, as well as modernization of IP/MPLS network. Investment in service platforms mainly refers to the expansion and upgrade of the multimedia platform, which with the procurement of customer equipment aims to increase the number of TV channels and the number of customers who have access to high-quality multimedia content and services.

Digital transformation of business processes

The most significant IT investments that marked 2021 were in line with the agenda of the Fourth Industrial Revolution (4IR). The basis for achieving the agenda goals is digital transformation of the company's business processes. For that purpose, the most significant improvements were achieved in the Operations & Business Support System segment, through projects of the next phase of CRM and Order

Management improvement, upgrade of the ESB platform, introduction of DevOps Open Shift solution and implementation of new use cases of RPA (Robotic Process Automation) solution for smart business process management. Standardization of operations by introducing new SAP ERP platform modules in the domain of HR management, as well as further improvement of the existing SAP ERP modules for a more effective support to business reporting and corporate resource management and the introduction of the Electronic Archives.

IT security

In addition, investments were made in more efficient management of the IT infrastructure, improvement of the internal cloud through migration to a cutting-edge storage system class, as well as further development of the Telco cloud platform required for the NFV initiatives. This investment increased the capacity of the IT infrastructure to enable further development of the company in terms of resources for digital services, as well as to increase performance and availability of services to the level required to meet customers' expectations. At the same time, investments were made in risk reduction through the improvement of IT security and the establishment of better analytics for monitoring security incidents.

Also, significant investments in IT that marked 2021 relate to the implementation of SAP Hybris solution in the mobile application and portal, thus ensuring the automation of business processes and management of the product catalogue. Further development of the electronic money system continued through the platform upgrade, in order to expand the offer with new functionalities. It was related to the improvement of OTT and VAS services, and development of new functionalities for the USSD menu.

Through the mCommerce platform upgrade, new possibilities for internet payments were introduced, to improve the customer experience by enabling payment cards to be saved for future payments. In addition to the above, a project for digital onboarding of customers was underway, with the goal of reducing customer interaction through branches.

ICT Services and SaaS Services

Realizovana su i ulaganja u ICT servise i platforme (unapređenje Cloud platforme kao podrška razvoju novih digitalnih servisa, uključujući i razvoj novih cloud SaaS servisa, kao i realizaciju IT/ICT servisa za poslovne korisnike). Značajna ulaganja su realizovana i u IoT servise i platforme, a u cilju unapređenja IoT mrežne infrastrukture i aplikativne platforme, a posebno za potrebe implementacije NB-IoT kao nove tehnologije i pružanje sveobuhvatne ponude za razvoj IoT servisa.

Realizovano je i proširenje dosadašnjih DWH i BI analitičkih alata, ali i nova ulaganja u alate za naprednu analitiku i upravljanje podacima. Započeta su i ulaganja u podršku strateškim inicijativama kroz napredne analitičke use-case-ove.

Impact on suppliers and construction operations in Serbia

With the All IP project, Telekom Srbija contributes to the development of an important segment of the domestic economy, by employing more than 50 companies with several thousand employees in the design and construction of the access network, as well as by engaging more than 30 domestic companies in the production of auxiliary equipment and elements for the optical network. As in the previous period, the significant share of domestic suppliers in the supply chain amounted to 96% in 2021. This data sufficiently indicates the commitment of Telekom Srbija to be one of the major drivers of the construction operations in Serbia.

The following figure shows the network areas where the optical network has already been implemented by two main contractors, NSN and Huawei, and a large number of local subcontractors until 31 December 2021.

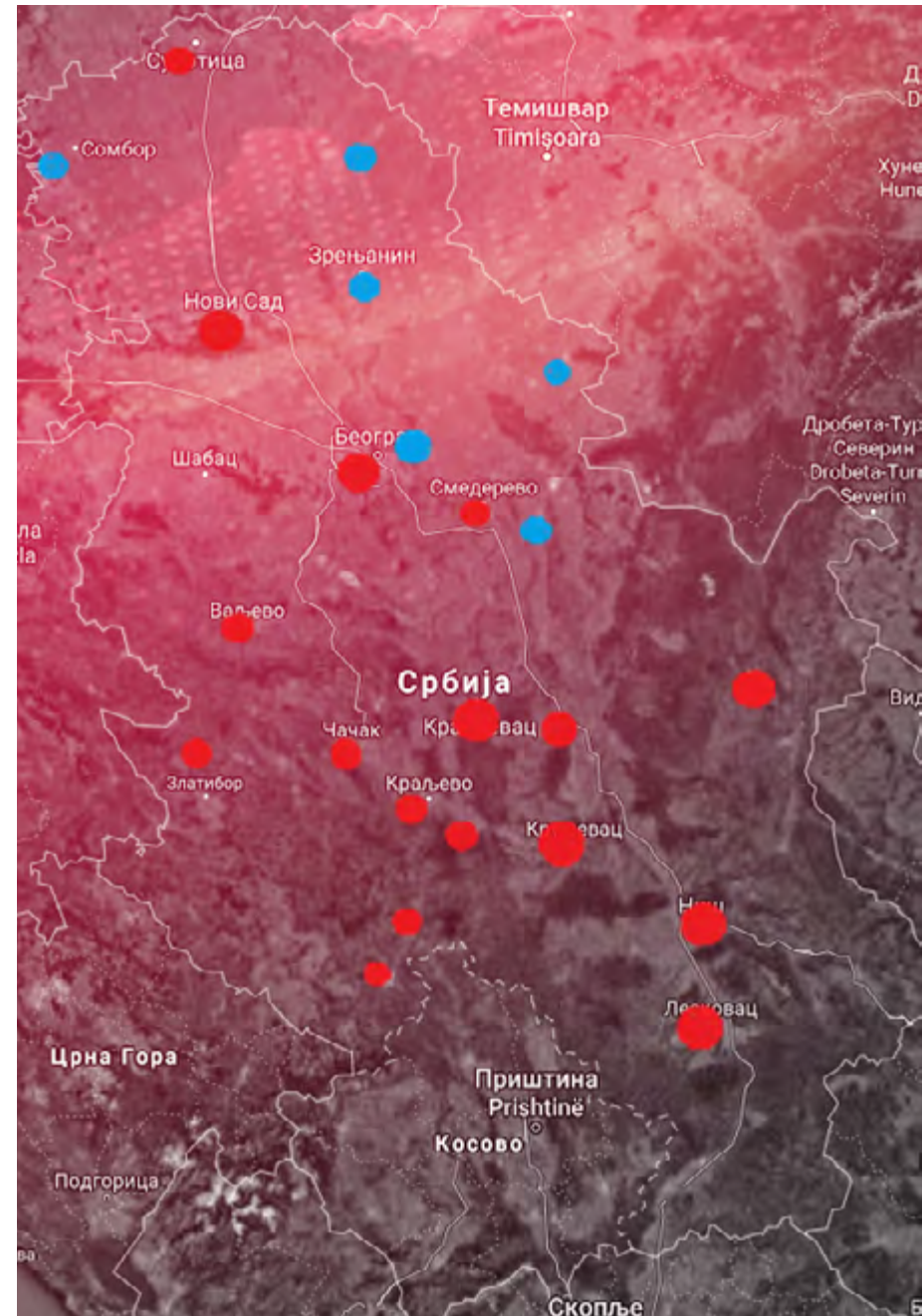
The Procurement Policy of the Company sets out, as one of the basic principles, the principle of environmental protection and energy efficiency assurance, which includes the procurement of goods, services and works that are non-polluting, i.e. minimally affect the environment, ensuring an adequate reduction in energy consumption – energy efficiency.

Thus, for example, in the case of certain procurements, as an additional condition for participation in the procurement procedure, suppliers are required to prove that they fulfil the requirements for environmental management systems specified by the international standard ISO 14001:2015.

The supplier ranking is one of the goals of the continuous process of monitoring supplier performance, which is regulated by a special procedure at the Company level.

In accordance with the Supplier Impact Plan, the procedure for monitoring supplier performance prescribes preparation of the Draft Supplier Impact Measures.

Based on the Report on Supplier Performance Assessment for the calendar year, as one of the measures of impact on unreliable suppliers, it may be proposed to eliminate them from procurement procedures related to the same subject of procurement for which they were assessed as unreliable in the following 6 to 12-month period. In addition, if an unreliable supplier is on the list of qualified bidders, its deletion from that list may be proposed.



Mtel Banja Luka

Total investments of Mtel Banja Luka in 2021 amount to 11.3 billion dinars and are 46% higher than in 2020. Technical investments participate with 79.7%, and infrastructure investments with 20.3% in the total investments.

During 2021, the most significant investments were made in the construction of wireless and cable networks, switching systems and services, improvement of capacities in the field of IPTV platform functionalities, all with the aim of providing opportunities for the introduction of new services, as well as reliability of service provision in all segments of telecommunications services.

The investments in the mobile network were primarily aimed at expanding and developing the fourth generation LTE radio access network, to meet the requirements of the Communications Regulatory Agency (CRA) and increase the quality of service, customer experience and LTE signal coverage. LTE (4G) services were launched at a total of 280 locations, additional extensions were made in terms of mobile network capacity and coverage, additional base stations sectors were introduced and the number of frequencies on the 3G/4G network was increased.

A total of 58 macro base stations, 2 pico base stations and 14 pico repeaters were put into operation. The total number was 1,635 base stations and 141 pico repeaters at the end of 2021. At the end of 2021 in the territory of BiH, the LTE network coverage was as follows: road coverage 70.1%, population coverage 89.8%, territory coverage 57.8%.

Within the transport network, the requirements for higher capacities were induced by the new generation of mobile telephony (LTE), as well as by increased demands for internet traffic under the conditions of the Covid 19 pandemic. The transport network was modernized, capacities were expanded and new routes in the DWDM plane were realized, optimization of the fixed backhaul transport plane was completed and QoS was introduced, while the fixed network became fully IP based through all layers.

In the segment of switching systems and service platform, the construction of Telco Cloud at TKC Banja Luka was completed, and virtualization and integration of the first Core element into the network was performed. The virtualization of the LRPN (Local Repository of Ported Numbers) system of the local database of ported numbers was completed and the activities related to finding the best possible solution for the improvement of the existing Unified Online Charging System platform have continued. An important 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 vouchers. Work has continued on the improvement of the m:go platform, including complete replacement of the previous m:go system and development of a new m:go mobile application. The construction and expansion of the LoRaWAN network has continued, so the installation and commissioning of the LoRaWAN Gateway was carried out during the year, in order to provide the necessary network infrastructure for both the planned or contracted pilot projects and the commercial "use-case" scenarios. A new internal monitoring system was installed, and migration of the previous functionality was carried out. Comprehensive optimization and integration into the unified LI system was realized.

Within the expansion of the IP/MPLS network, the core router was modernized by replacing the existing cards with newer generation cards, while all software and hardware upgrades were performed in the IPTV, CDN and HeadEnd domain, in order to ensure the reliability of the functioning of the complete eco system. In the field of IPTV services, in addition to the activities carried out on Mtel's multimedia eco-system, a series of activities related to the construction and optimization of the new unified Digital HeadEnd of the subsidiaries was completed. Investments in the MSAN/ISAM/DSLAM/OLT access equipment has continued, mostly related to the procurement and installation of access equipment in GPON technology, as well as in VDSL2 technology with vectoring function. Additionally, projects in the field of digitalizing users of television services and cancelling the analogue signal were completed, for the purpose of better and higher quality program scheme.

In the field of information technologies there were significant results, improved communication with business customers through digital channels, the Hybris B2B project that represents one of the best commerce platforms in the world was completed, Service and Commerce were released, as well as the B2B mobile application. Backend system integrations with digital sales channels were carried out and the purchase of new services was enabled. Likewise, the package sales of m:SAT services with other mobile services and new mobile tariffs were quickly and successfully implemented through the new systems. The project of implementing fixed telephony mediation, which will be in the production on new systems, has been successfully completed, and the implementation of mobile telephony mediation has started. In the segment of IT infrastructure, the focus was on consolidation of the existing solutions, optimization and upgrade within the existing resources. A number of activities related to the implementation of new solutions in the field of IT security have been carried out.

mtel Pogorica

The total investments of the MTEL subsidiary in 2021 amounted to 3.3 billion dinars, which is 18% less than in 2020.

The investments were aimed at further development of cable infrastructure, with the goal of ensuring maximum coverage of the territory and population by fixed services. It is the largest project in mtel Podgorica, which started in 2015, and in the period from 2016 to 2021 the combined construction of the HFC and GPON cable network continued for all municipalities in Montenegro. These investments enabled a comparative advantage over the competition, and emphasis was consequently placed on the development of GPON cable infrastructure, especially in suburban zones, and on migration from the existing HFC-based networks to GPON-based networks, in accordance with a detailed analysis of expenditures on construction and expected revenues from customers. Considering that most of the urban zones are covered by the cable network, in 2021 there was more emphasis on expansion of the existing cable infrastructure in those cities where there is a developed cable infrastructure, as well as on the implementation of the GPON network in the existing and new cities.

The expansion of the DWDM/MPLS Core network from the existing 100Gbps to 200Gbps capacity with redundant architecture was carried out. The architecture of the Metro DWDM/MPLS network in Podgorica was changed, so instead of the previous 2 rings, the Metro network consists of 4 rings, which integrate a total of 10 data centres. This enabled the creation of additional capacities, which will ensure further growth of the customer base in Podgorica.

Investments in the mobile network continued through a significant expansion of the 4G network, to rival competing operators, as well as through the construction of new 2G/3G network locations. In addition, investments were made in the upgrade of the fixed IMS exchange, which was completely replaced by a virtualized solution.

The project of integration of the fixed IMS exchange at Nikšić DRS location (Disaster Recovery Site) has started. This will fulfil the regulatory obligation under the current Rulebook on Security of Network and Electronic Communications Services, and at the same time improvement of the network has continued, in order to fully implement the BCDR plan (Business Continuity Disaster Recovery). Investments were made in the mobile access network, due to previously achieved results in the preparation of the mobile network construction. They were related to projects, fees, permits, construction, environmental studies, etc. The investment in improving NEMO drive test system was also made, for better verification and comparative analysis of all operators' networks.

The most significant ICT projects in 2021 related to the infrastructure and service improvements. The shortage of semiconductor components induced by the Covid-19 virus pandemic, which caused delays in the equipment delivery, had a significant impact on the procurement of new infrastructure. Since the capacities of the old corporate data warehouse were utilized over 95%, the procurement procedure for the new corporate data warehouse was initiated in 2021.

There was intense work on the implementation of the new SMS centre, which will be implemented on the virtual infrastructure.

When it comes to investments in business process support platforms, works continued on the second and third phase of DWH platform implementation and started on the improvement of the Avaya platform, crucial for the smooth operation of the customer centre and on the new SAP RMCA module.

With completion of the introduction cycle for the new Billing, ERP and DWH platforms, a better reporting process and more flexible creation of new tariff packages will be enabled, which will result in revenue increase for mtel Podgorica.

Other members

Arena Channels Group

In 2021, the total investment of the Arena Group amounted to 12.2 billion dinars. Most of them relate to investments in television content, amounting to 11.8 billion dinars. In 2021, the Company had large investments in the premium sports content, as well as serial, film and informative contents. All investments of this type cover the entire territory of Ex-Yu, i.e. they do not relate only to the territory of Serbia. With these investments Arena has ensured customer growth throughout the territory. Investments in IT, in the amount of 13.2 million dinars, relate to IT infrastructure - computer equipment.

Investments in the company's logistical support, in the amount of 402.2 million dinars, mostly relate to the adaptation of business premises, i.e. equipping studios from where all Arena Group channels are broadcasted. Investments in audio-video equipment as a basic means of work have continued.

Mtel Global

Total investments in 2021 amount to 448.3 million dinars and comprise technical investments amounting to 283.1 million dinars and infrastructure investments amounting to 165.2 million dinars.

Technical investments mainly relate to investments in service platforms (191.1 million dinars), which include investments in upgrade of the service MVNO platform for CRM and billing system, as well as in platforms for roaming services and roaming customer management (a service launched in 2021). In addition, technical investments include investments in the transport network, i.e. in IP/MPLS technology, which involves the expansion of TS:Net network in the territory of Austria (by expanding the data transmission node), due to increased traffic, as well as additional customer equipment.

Infrastructure investments consist mainly of investments in IT, in the amount of 160.9 million dinars. They include primarily investments in support of core business processes, involving investments in portals (creation and implementation of portals for the markets of Austria, the USA and Canada), followed by investments in software, routers, servers, computer equipment and licenses. Investments in logistics support amount to 4.3 million dinars and relate to investments for the adaptation of new work premises.

YUNET

Investments in 2021 amount to 46.1 million dinars, and they are higher by 11.3 million dinars, i.e. by 33%, than the ones carried out in 2020. Investments mainly relate to IT infrastructure (43.1 million dinars) and include migration of the Data Center to the location of ATC Bežanija, upgrade of the core network, capitalization of salaries and upgrade of the existing billing and CRM system.

Moja Supernova

In 2021, until the integration into Telekom Srbija, the realized investments of the subsidiary My Supernova amount to 5.8 billion dinars, and mostly relate to investments in IT infrastructure, CDS construction, as well as capitalized TV rights.

mts d.o.o.

In 2021, the realized investments of the subsidiary mts d.o.o. amounted to 203 million dinars, and mostly refer to investments in real estate and land (construction of office buildings), investments in the database implementation and installation and the development of software to attract grants from IPA funds for own needs and for the general needs of the local communities in Serbian municipalities, as well as the provision of services to other business customers through an automated knowledge base, in accordance with IPA3 programming and planning. Actual investments are higher than in the previous year by 82.4 million dinars, i.e. by 68%.

MTEL DOOEL

Investments in 2021 amounted to 49.6 million dinars and mostly relate to investments in IT in the amount of 21.6 million dinars, followed by investments in customer equipment and logistics support, in the amount of 14 million dinars and 13.8 million dinars, respectively.

Investments mainly relate to customer m:SAT equipment, development, implementation and integration of CRM solution and integration of Pantheon software. In addition, investments were made in the adaptation, preparation and equipment of business premises for the accommodation of the Company's head office and the point of sale in Skopje, equipment of the Company's business premises with IT infrastructure, implementation of the corporate site and procurement of vehicles required for the sales processes.

TS Ventures

In 2021, investments in the amount of 1.1 million dinars were carried out and they relate to the procurement of computer and TV equipment.



Employee as a partner



In 2021, Telekom Srbija received the Family Friendly Enterprise (FFE) certificate, which is based on the principle of socially responsible management of the organization, with a focus on reconciling work and personal life of employees.

The goal of obtaining an FFE certificate is to improve the work process and the quality of the work environment in order to achieve a better balance between professional and personal life of employees through a series of measures that the company implements and continuously examines and supplements.

This contributes to making employees more satisfied with the work they perform, more motivated to work and more committed to the company wherein they work, while increasing productivity and efficiency and strengthening the concept of socially responsible business, thereby achieving a competitive advantage.

Structure of employees by members

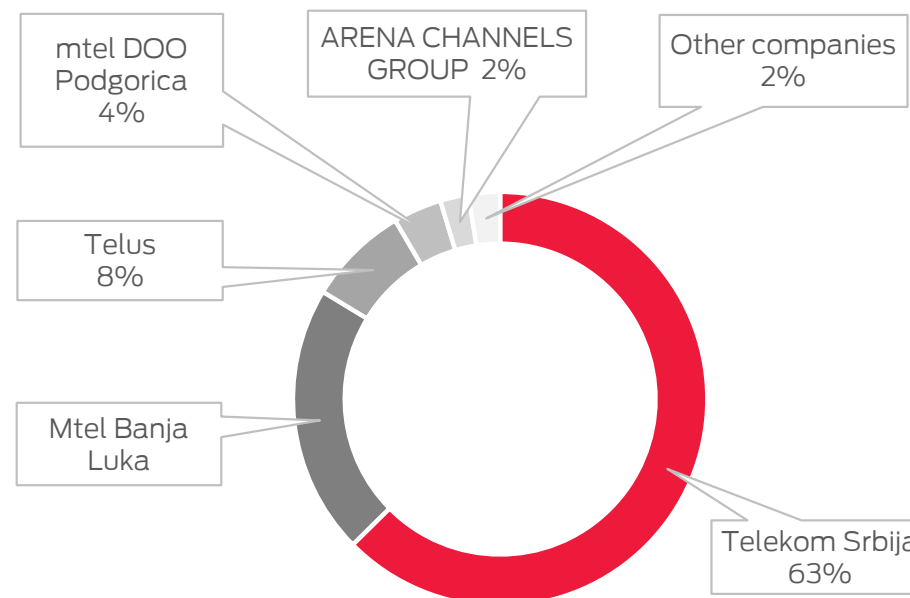
In the aggregate number of employees, Telekom Srbija and Mtel Banja Luka dominate with a total of 84%.

The total number of employees was mainly influenced by changes due to the acquisition of mts banka by Poštanska Štedionica and the integration of certain subsidiaries into Telekom Srbija, which increased the number by 17% compared to the previous year.

Considering that Arena Channels Group increased the number of members and expanded the volume of its operations during 2021, the number of employees increased by 120%.

In the other members, the number of employees varies between +/- 2-10%. Members differ significantly in age and educational structure, which is a consequence of several factors, e.g. activity, date of establishment.

Structure and number of employees in Telekom Srbija Group



Company name	2020	2021	2021-2020
Telekom Srbija	6.591	7.687	1.096
Mtel Banja Luka	2.585	2.587	2
Telus	1.067	968	-99
mtel DOO Podgorica	424	466	42
ARENA CHANNELS GROUP	123	272	149
mts D.O.O.	156	173	17
MTEL Global	49	47	-2
YUNET INTERNATIONAL	54	55	1
TS Ventures	/	6	6
MTEL DOOEL Skopje	/	19	19
MOJA SUPERNOVA Beograd	1.229	/	-1.229
LIMES TELEKOMUNIKACIJE Despotovac	7	/	-7
mts banka Beograd	206	/	-206
mts AntenaTV Beograd	2	/	-2
TOTAL:	12.493	12.280	-213

Age structure of employees

The Group's age structure is dominated by employees aged 50-59 and immediately followed by employees aged 40-49, with the total share of 73% in the aggregate number of employees. This is mostly influenced by the age structure of Telekom Srbija and Telus.

In average the oldest member is Telus, followed by Telekom Srbija, while in average the youngest member, established during 2021, is MTEL Dooel, followed by TS Ventures.

Age structure	<30	30-39	40-49	50-59	>59	TOTAL
Telekom Srbija Grupa	6%	15%	35%	38%	6%	12.280
Telekom Srbija	4%	12%	34%	42%	7%	7.687
Mtel Banja Luka	10%	20%	36%	29%	5%	2.587
Telus	0%	5%	35%	51%	8%	968
mtel DOO Podgorica	13%	41%	33%	9%	4%	466
Arena Channels Group	17%	40%	31%	11%	1%	272
mts D.O.O.	16%	24%	16%	34%	10%	173
MTEL Global	23%	34%	36%	6%	0%	47
YUNET	9%	13%	58%	16%	4%	55
TS Ventures	17%	50%	33%	0%	0%	6
MTEL DOOEL Skopje	53%	26%	16%	5%	0%	19

Educational structure of employees

The educational structure of the Group is dominated by secondary vocational education and immediately followed by higher education, with a total share of 80%.

In companies – telecommunications operators, with a significant number of sales and technical staff, the majority of employees have secondary vocational education.

The company with the lowest average educational level is Telus, in accordance with the activity it performs.

The companies with the highest average level of education are Mtel Global, TS Ventures and Arena Channels Group.

Educational structure	Low Q/ Qualified	Secondary educ.	College	University	TOTAL
Telekom Srbija Grupa	12%	48%	8%	32%	12.280
Telekom Srbija	10%	46%	10%	34%	7.687
Mtel Banja Luka	1%	57%	4%	37%	2.587
Telus	59%	37%	1%	2%	968
mtel DOO Podgorica	6%	55%	8%	31%	466
Arena Channels Group	1%	42%	12%	46%	272
mts D.O.O.	7%	76%	6%	12%	173
MTEL Global		47%		53%	47
YUNET	4%	47%	16%	33%	55
TS Ventures		17%	33%	50%	6
MTEL DOOEL Skopje		58%		42%	19

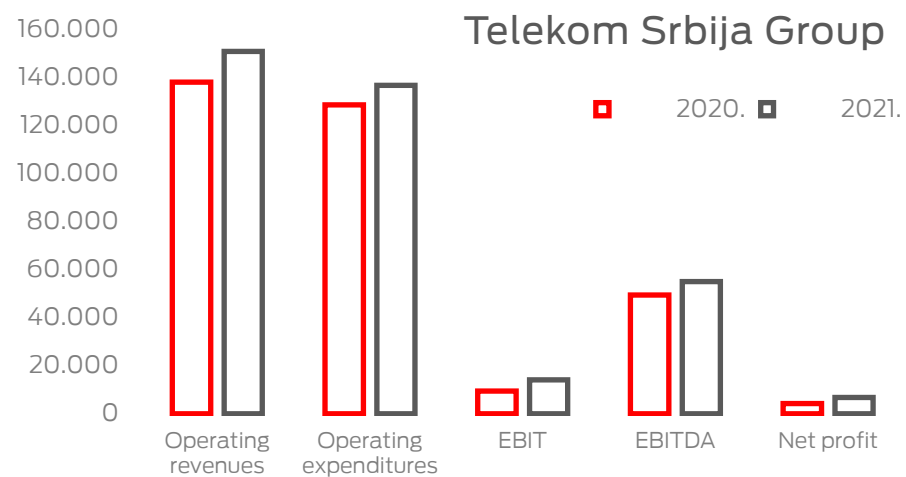


Financial results

Consolidated statements of Telekom Srbija Group

Income Statement of Telekom Srbija Group

In million RSD	2020	2021	% growth
Operating revenues	138.061	150.929	9,3%
Operating expenditures	128.699	136.823	6,3%
EBIT	9.362	14.106	50,7%
EBIT margin	6,8%	9,3%	-
EBITDA	49.387	55.005	11,4%
EBITDA margin	35,8%	36,4%	-
Financial expenditures, net	-3.419	-4.842	41,6%
Share in the result of the merged company	32.593	-	-
Profit tax, net	-1.783	-2.587	45,1%
Net profit	4.160	6.709	61,3%
Net profit margin	3,0%	4,4%	-



Balance Sheet of Telekom Srbija Group

In million RSD	31-12-20	31.12.2021.	Growth rate
Non-current assets	381.369	399.562	4,8%
Current assets	74.315	74.900	0,8%
Total assets	455.684	474.462	4,1%
Capital	171.423	169.079	-1,4%
Long-term liabilities	168.879	162.206	-4,0%
Current liabilities	115.382	143.177	24,1%
Total liabilities	455.684	474.462	4,1%

Operating revenues increased by 12.9 billion dinars compared to the last year. Operating expenses increased by 8.1 billion dinars compared to the last year. Net profit equals 6.7 billion dinars (higher by 61%) with 4.4% rate.

Cash Flows of Telekom Srbija Group

In million RSD	2020	2021	% growth
Profit before taxation	5.943	9.297	56,4%
Reconciling profits with non-cash flows	32.447	29.643	-8,6%
Net cash-in from business activities	38.390	38.940	1,4%
Net cash-out from investments	-50.276	-49.499	-1,5%
Net cash-in from financing activities	11.336	5.705	-49,7%
Net outflow of cash and cash equivalents	-550	-4.854	-
Cash and cash equivalents at the beginning of the year	8.723	8.173	-6,3%
Cash and cash equivalents at the end of the year	8.173	3.319	-59,4%

Ratio Analysis of Telekom Srbija Group

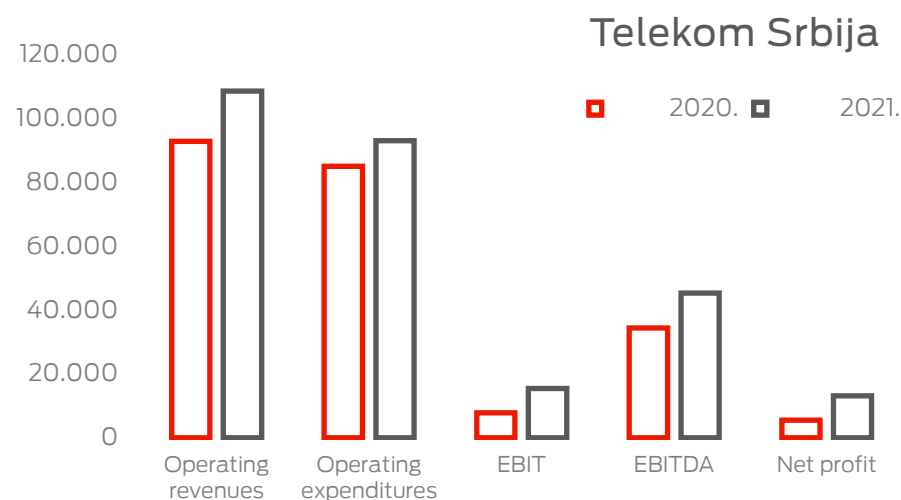
In million RSD	2020	2021	% growth
Total debt	198.890	198.071	-0,4%
Net debt	190.717	194.753	2,1%
Net debt/EBITDA	3,9	3,5	-
Total liabilities/EBITDA	5,8	5,5	-
Debt ratio	52,7%	53,5%	-
Quick ratio	0,50	0,29	-

The structure of most significant items in the Consolidated Financial Statements of Telekom Srbija Group in 2021, as well as an overview of the applied accounting policies and risk management policies, and other relevant information important for understanding financial standing and results of the Group business activities, are disclosed in detail in the notes accompanying the 2021 Consolidated Financial Statements of Telekom Srbija Group.

Financial statements of the Parent Company

Income Statements of Telekom Srbija

In million RSD	2020	2021	% growth
Operating revenues	92.931	108.614	16,9%
Operating expenditures	85.069	93.121	9,5%
EBIT	7.862	15.493	97,1%
EBIT margin	8,5%	14,3%	-
EBITDA	34.384	45.342	31,9%
EBITDA margin	37,0%	41,7%	-
Financial (expenditures), net	-755	-191	-74,7%
Profit tax, net	-1.598	-2.159	35,1%
Net profit	5.509	13.143	138,6%
Net profit margin	5,9%	12,1%	-



Operating revenues increased by 15.7 billion dinars compared to the last year. The most significant is the growth of broadband revenues in the amount of 8.8 billion dinars. Operating expenses increased by 8.1 billion dinars compared to the last year.

Balance Sheet of Telekom Srbija

In million RSD	31-12-20	31-12-21	% growth
Non-current assets	291.368	343.083	17,7%
Current assets	43.238	46.189	6,8%
Total assets	334.606	389.272	16,3%
Capital	148.603	152.596	2,7%
Long-term liabilities	125.779	128.586	2,2%
Current liabilities	60.224	108.090	79,5%
Total liabilities	334.606	389.272	16,3%

Cash Flows of Telekom Srbija

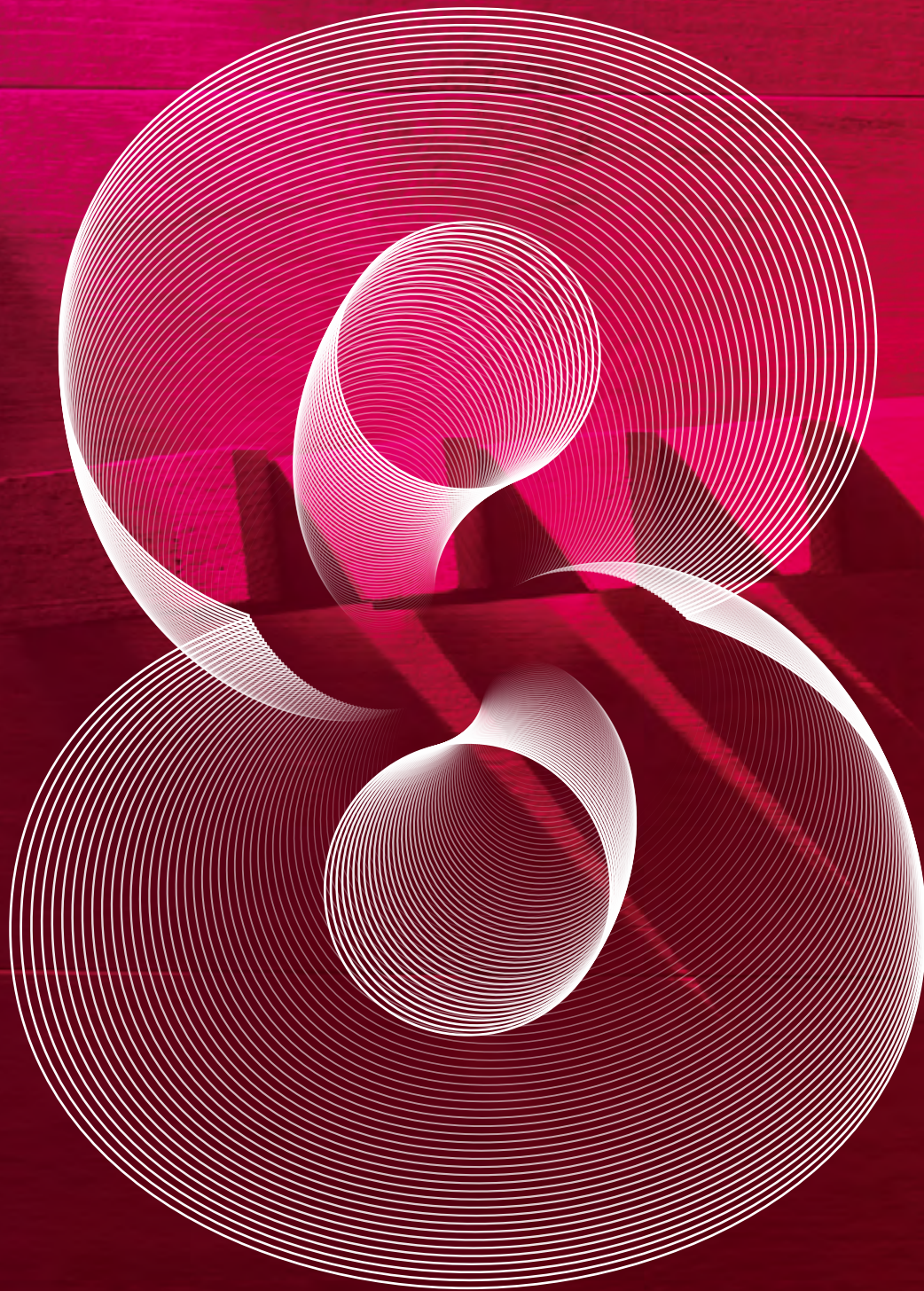
In million RSD	2020	2021	% growth
Profit before taxation	7.107	15.302	115,3%
Reconciling profits with non-cash flows	25.264	20.877	-17,4%
Net cash-in from business activities	32.371	36.179	11,8%
Net cash-out from investments	-41.014	-51.660	26,0%
Net cash-in from financing activities	8.554	13.795	61,3%
Net outflow of cash and cash equivalents	-89	-1.686	-
Cash and cash equivalents at the beginning of the year	2.655	2.566	-3,4%
Cash and cash equivalents at the end of the year	2.566	880	-65,7%

Dividends from the subsidiaries Mtel Banja Luka and Telus amounted to 3 billion dinars and 402 million dinars, respectively.

In 2021, there was no redemption of treasury shares.

Ratio Analysis of Telekom Srbija

In million RSD	31-12-20	31-12-21	% growth
Total debt	139.785	161.220	15,3%
Net debt	137.220	160.341	16,8%
Net debt/EBITDA	4	3,5	-
Total liabilities/EBITDA	5,4	5,2	-
Debt ratio	48,00%	51,20%	-
Quick ratio	0,64	0,3	-



Risk management

Risk management



Telekom Srbija Group operates in compliance with all the regulations imposed by the markets where it provides services. In addition to local regulations, the company's operations, i.e. the services provided by the company are subject to international regulations – EU Directives, Strategies and Guidelines.

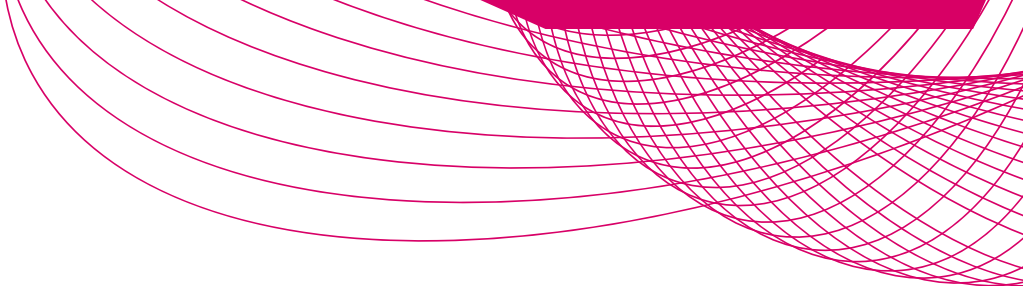
At the level of the Telekom Srbija Group, a risk management process is constantly under development, providing an overview of all key internal and external factors and elements that enable human, financial and other resources to be focused on identifying opportunities and defining risks.

It is essential to continuously monitor developments in the micro and macro market, as well as changes in the internal environment in order to take a proactive approach to seize projected opportunities and avoid threats.

The risks are being assessed throughout the year so as to avoid compromising the assets and operations of Telekom Srbija Group. Telekom Srbija Group monitors all legal regulations and bylaws that govern operations and it adjusts company bylaws to comply with amendments to regulations. By harnessing its long-established experience, Telekom Srbija Group has built a reputation as a reliable partner that efficiently responds to customer requirements.

Each of the subsidiaries within the Telekom Srbija Group is exposed to specific risk types, and as a consequence they individually approach the risk management process. In their regular operations, Group members are exposed to various extents to specific financial risks:

1. Market risk
2. Liquidity risk
3. Credit risk
4. Capital risk



The risk management in the Group is focused on minimizing potentially adverse effects on the Group's financial standing and business in the conditions of volatility of financial markets and macroeconomic environment. Risk management is defined by accounting and financial policies adopted by the competent corporate bodies. These policies are kept up to date to reflect the changes in market conditions and Group activities. Risk management policies are established for the purpose of risk identification and analysis that the Group is exposed to, setting limits and controls for risks, risk monitoring and compliance with the set limits.

Corporate bodies supervise the way the management controls the risks the Group is faced with.

1. Market risk

Market risk is a risk of changes in the market prices, such as foreign exchange rates, interest rates and the prices of instruments of capital, which may have an adverse effect on the Group revenues or the value of its financial instruments. The goal of managing market risk is a control of exposure to market risk within acceptable parameters, along with achieving optimal return.

FX risk. The Group is exposed to the risk of changes in the foreign exchange rates, primarily EUR.

The management has established the policy for managing FX risk relative to the functional currency, via hedging transactions, wherever it is possible. It does not include derivatives, which is why hedging accounting is not applied in these circumstances.

Risk of changes in the interest rates. The Group is exposed to the risk that affects its financial position, operating results and cash flows through the effects of changes in the level of market interest rates.

The risk of changes in the interest rates, that the Group is faced with, predominantly results from banking and vendor loans, as well as from the issued corporate bonds with variable interest rate. The loans granted to the Group and the issued corporate bonds at variable interest rate expose the

Group to the cash flow interest risk, while the loans granted at fixed interest rate expose the Group to the risk of changes in the fair value of interest rates. The risk of changes in the interest rate also results from financial means with fixed interest rate that expose the Group to the risk of changes in the fair value of interest rates.

The Group performs the analysis of risk exposure regarding the changes in the interest rates on a dynamical basis given the alternative sources of financing and re-financing, primarily long-term facility commitments since they represent the major interest-bearing position.

The Group still does not swap the variable to fixed interest rates and vice versa, given the existing regulation and underdeveloped financial market, yet it takes relevant activities for the purpose of granting of bank loans under more favourable terms.

The risk of changes in the prices. The Group is not exposed to the risk of changes in the prices of securities since it has no significant investments classified as financial means valued at the fair value through other total result or as financial means valued at the fair value through the report on the overall result.

On the other hand, the Group is exposed to the risk of changes in service prices, as it is faced with the competition in its operations. The Group endeavours to reduce the exposure to this risk by introducing diverse services, by selling devices and equipment, combining service packages and improving the quality of provided services, by modernizing network, investing in optical access infrastructure, domination in the area of multimedia, as well as by expanding to ICT and other markets.

2. Liquidity risk

Liquidity risk represents a risk that the Group might not be able to settle its liabilities as they become due, by money or other financial instrument. Liquidity risk management has the goal to ensure at all times, to the extent possible, adequate liquidity for settling liabilities as they become due, under regular and extraordinary circumstances.

With the aim of managing the liquidity risk, financial policies have been adopted, defining the payment terms, maximum amount of advance payment to equipment suppliers and contractors, grace period and the length of repayment of the procurement portion that is financed through loans, depending on the value and type of the procurement agreed.

Commodity vendor loans are mostly secured by guarantees issued to vendor's

benefit, while a part of finance loans is secured by bills of exchange.

The Group also monitors cash-ins from the collection of trade receivables and other receivables, together with the expected cash-outs based on the payment of liabilities towards vendors and creditors and other liabilities.

3. Credit risk

Credit risk is a risk of financial loss for the Group in case the buyer or other party to the financial instrument fails to fulfil its contractual obligations and it refers to trade receivables and other receivables, cash and cash equivalents, bank deposits, loans granted to employees and assumed obligations.

The Group exposure to credit risk is primarily conducive to individual features of every customer. Credit risk is managed by taking respective measures and activities on the level of each Group member, such as the risk assessment with regard to the customer, keeping track of its business and financial standing, as well as managing receivables and bad debts.

The Group has no significant concentration of risk given that it has a wide base of unrelated customers with individually small liabilities towards the Group.

In case of a failure to fulfil the obligations, the Group suspends further provision of services. In order to secure the collection, the Group also takes the following measures: rescheduling debts, sending reminders, instigating court proceedings, out-of-court settlements, etc.

4. Capital risk

The Group's policy to ensure a sufficient level of capital in order to maintain the trust of investors, creditors and the market, so as to maintain future development of business.

The goal of managing the capital is for the Group to be continuously capable of conducting its business for an indefinite period of time in foreseeable future, in order to keep the optimal structure of capital with the goal to reduce the costs of capital, and to provide dividends to shareholders.

To maintain, or to adjust the structure of capital, the Group can consider the following options: adjustment of payment of dividends to shareholders, giving back the capital to shareholders, issuing of new shares or the sale of assets to reduce debts. The strategy of capital management remains unaltered compared to the previous year.

Telekom Srbija

The Company strives to establish an Integrated Risk Management System, within which risk management is done. In order to establish a unified framework to assign the risk profile to an acceptable level of risk exposure, i.e. the risk level that the Company is willing to take.

The Company is committed to:

- conformity with regulations and business in line with the same,
- adoption of integrated approach in order to effectively and efficiently deliver the services so as to meet business requirements, achieve the Company goals and the requirements of customers and stakeholders as well as the regulator's requirements;
- identifying, attaining and exceeding the quality requirements, security of information, business continuity and service management, set up by our customers, employees and related entities that work on behalf of Telekom Srbija;
- maintaining good business and profitable relations with clients, sub-contractors, vendors and other interested parties;
- coordinated integration and implementation of service management processes in order to ensure constant control, higher efficiency and possibility of continuous improvement;
- procuring that the decisions and investments regarding the security of information and quality management are based on the assessment of risks of all relevant assets, processes and services;
- minimizing the impact on business and effective handling of security and operating incidents; ensuring continuity and availability of our business functions and the ability to provide services to our clients;
- ensuring continuous capacity of Telekom Srbija to respond to all obligations through the relevant business continuity;
- conformity with all applicable contractual commitments and prescribed legislation related to quality, security of information, service management and business continuity and other regulatory requirements or the requirements of customers or third parties to which the company is bound;
- raising awareness and know-how among employees and related entities that work on behalf of Telekom Srbija so that they can identify, enhance and fulfil contractual, legislative and corporate responsibilities regarding the quality, security of information and business continuity;
- continuous improvement of the IMS system.

Telekom Srbija's Integrated System includes:

- ISO 9001:2015
- ISO 27001:2013 & 27701:2019
- ISO 20000-1:2018
- ISO 22301:2019
- ISO 45001:2018

ISO standards are the evidence that the company is capable of producing quality products or to provide quality service. Conformity of our services with international standards, in addition to quality, ensures the guarantee of security and security for consumers, but also for our business partners. The Company plans the implementation and compliance with ISO 14001 requirements (Environmental Protection Management). The introduction of this standard will boost the reputation and create trust with the community and thus ensure competitive advantage. It will also reflect on the quality of work posts and employees' moral and thus bring new opportunities at the markets where eco-friendly production is important.

Owing to the aforesaid, Telekom Srbija has achieved the following benefits:

- optimization of standard-related operating processes
- reduction of duplicate activities and associated bureaucracy
- reduction of the number of processes and procedures
- savings on internal costs
- enhancing the organization's efficiency
- helping all the employees understand the need for the management system and how to take part in raising its efficiency
- Safe and secure work

Managing the operating and financial risks is aimed at minimizing potential adverse effects on financial and non-financial performances of the Company in the conditions of market volatility. By managing operating risks, business operations are conducted in accordance with the Risk Management Procedure with regard to the loss of revenues, compiled while observing the relevant applicable standards and the best global practice. The goal is to optimize the operating risk of the revenue loss in all stages of the service provision process.

A constant upgrade of the implemented SAP solution and the development of new modules provides the Company with a higher level of process automation and establishing better control over the operating risks.

The Company continuously manages the reputational risk.

Managing operating and financial risks is performed by the Company management that is responsible for a consistent application of the endorsed procedures which ensures a comprehensive and preventive identification, assessment and measurement of the risks the Company is exposed to. Corporate bodies supervise the method which the management applies in risk management.

Mtel Banja Luka

As of 2017, the Integrated Management System (IMS) has been established, which incorporates the requirements of two internationally recognized standards, for all business processes:

- ISO 9001:2015
- ISO/IEC 27001:2013

The strategy defines fundamental principles of management regarding the integrated management system. Within the IMS Rules, the Policy of Integrated Management System has been defined.

Logosoft holds the following ISO certificates:

- ISO: SO/IEC 27001: 2013
- ISO/IEC 20000-1: 2018
- ISO 9001:2015
- ISO/IEC 27701: 2019 (acquired in 2021)
- ISO 22301: 2019

mtel Podgorica

Risk management is focused on minimizing potentially adverse effects on the financial standing and business operations in the circumstances of volatile financial markets. Risk management is defined by accounting policies, financial policies and the company's Articles of Association, endorsed by the Board of Directors.

mtel Podgorica is not significantly exposed to risk of changes in the foreign exchange rates during its operations in the country and abroad, since the largest portion of business transactions is done in EUR.

The company performs analysis of risk exposure to changes in the interest rates on a dynamical basis, taking into account alternative sources of financing and refinancing, primarily for long-term liabilities, as they represent the most significant interest-bearing item. There is a risk exposure in terms of changes in the service prices due to facing intense competition in all services, which is why it is tried to be compensated by introducing diverse services. The Company is exposed to credit risk to limited extent.

The Board of Directors manages capital risk by acting in individual cases in order to mitigate the risk and ensure conditions for continued concept of business, as planned, but also maximum payment of fees to founders by optimizing debts and asset balance.

Other members

Telus

Telus manages risks, in accordance with the adopted Risk Management Strategy. For the purpose of risk management, Telus holds the following certificates:

- ISO 9001:2015
- ISO 45001
- ISO 14001:2015
- SRPS A.L2.002
- ISO 27001

In addition to the aforementioned control mechanisms, in order to reduce the risk to an acceptable level and to minimize their adverse effects upon the accomplishment of goals, Telus also applies the following measures:

- it is mandatory to authorise the access to all software apps used in performing business activities and electronic databases;
- application of information systems of protection (implemented by the parent company);
- distribution of duties and responsibilities and authorities (in keeping with internal rules and procedures), which prevents the same person to be responsible for authorization, execution, recording and control activities;
- application of the system of dual / multiple signatures, whereunder none of the obligations can be assumed nor payment made, or another business activity performed, without the signature of a director and competent manager and/or other person designated by the director (which helps, besides controlling function, to minimize the risks that may arise from insufficient coordination of managerial and operating level);
- control of access to funds and information (only authorised persons have regular access);
- previous control of legality of every activity (by the person designated by the director);
- keeping book records of all transactions fully, regularly, accurately and timely – as detailed in the Rules on Accounting and Accounting Policies;

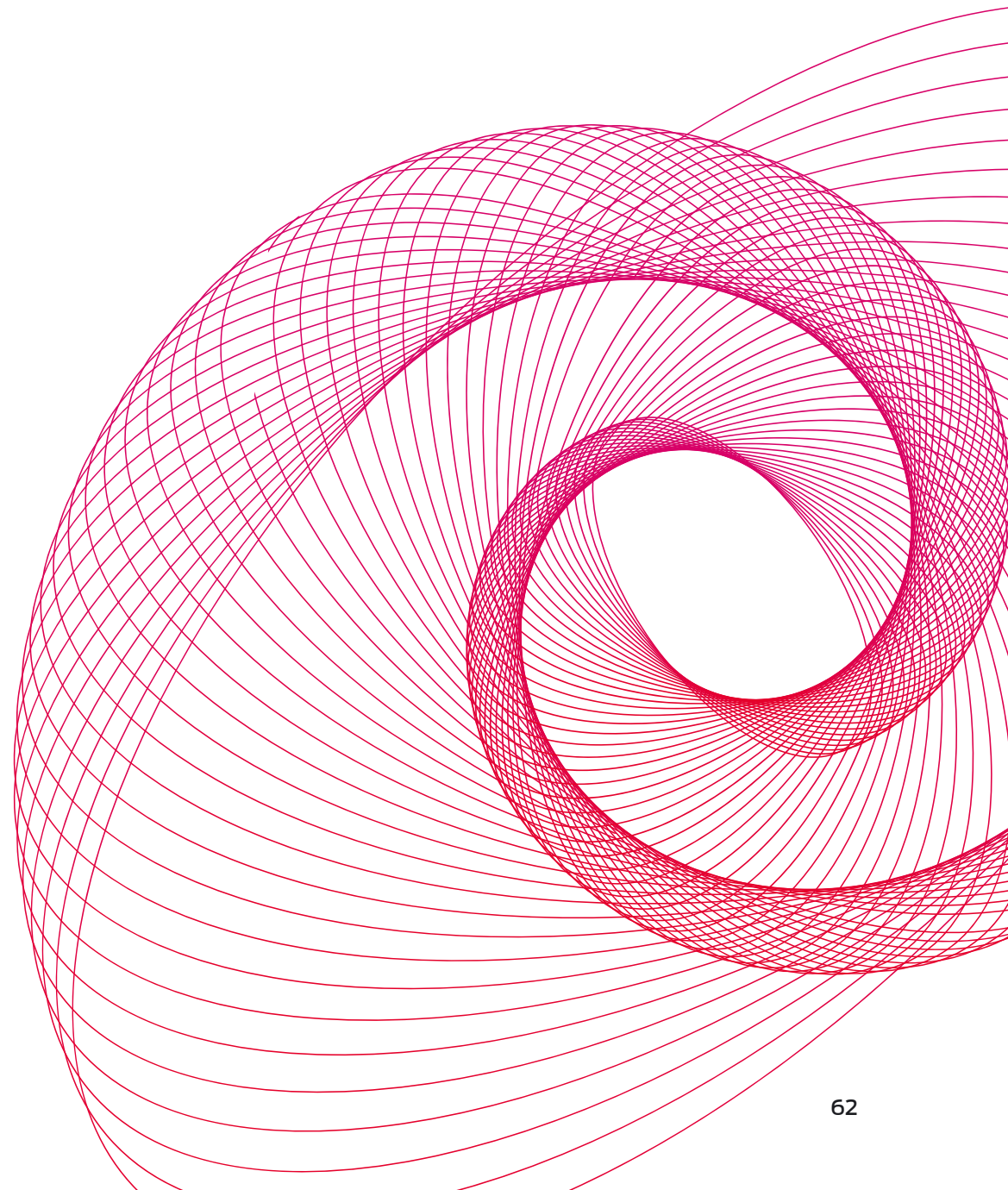
- reporting and overview of activities (regular/monthly financial reports and the reports on the execution of the business plan, as well as the reports of regional centres on the accomplished business activities, by service type);
- supervising the implementation of procedures;
- application of HR management procedure;
- documenting all transactions and business activities by relevant authentic documents;
- hiring staff in a flexible manner based on the service contracts on the performance of temporary and occasional tasks, through the employment agencies and by entering into labour contracts for a definite period of time during the project term, or the specific service contract.

YUNET

The management has an established Policy of Integrated Management Systems and the Policy of Security of Information, established on the process principle based on risks and opportunities. The policy of integrated systems is conducted according to the requirements of the following standards

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- ISO/IEC 27001:2013

The management is obliged to constantly review and improve, in order to keep up to date with the requirements of the standard, the Policy of integrated management systems and the Policy of security of information.





**Responsible
business as
permanent
commitment**

Responsible business as permanent commitment³



10 years
175 apps
168 teams
mts app competition

We traditionally initiate the initiators through:



Global Compact
Network Serbia

5 years
100 schools
100 IT cabinets
Creating knowledge

4 years
10 teams
80,000 EUR
mts startup acceleration

³ Learn more about socially responsible operations of Telekom Srbija in 2021 at <https://mts.rs/>

As a company responsible towards its customers, employees and community, along with achieving positive business results, Telekom Srbija continued implementing socially responsible projects in 2021 which bring welfare to the community it operates in.

The information relevant for understanding development, business results and financial standing of Telekom Srbija Group and the Parent Company are disclosed within Section 7 – Financial results and consolidated financial statements of Telekom Srbija Group for 2021.

Investing in young people and education was the priority in 2021 as well, with more than 55% of allocated budget for such purpose. Special focus was laid on ecology and protection of biodiversity, through implementing long-term campaign No species dies alone.

Great degree of care in the company is attached to the responsibility towards its employees and to creation of inspiring working environment. Such an approach could not go unnoticed and Telekom Srbija was awarded with „Family Friendly Enterprise certificate in the domain of sustainable business and its efforts to facilitate a work-life balance of its employees.

The Group's activities in the sphere of social responsibility have been recognized by experts and the wider public alike. According to the survey made by the agency Ipsos strategic marketing, Telekom Srbija has been again rated as a credible company, with high reputation of social responsibility, whereby it retained its leadership role in the sphere of social responsibility.

Telekom Srbija

- Charter for exceptional contribution to the drive Save Food, Save Humaneness
- Charter for long-standing support to the work of the Mathematical Grammar School in Belgrade

mtel Podgorica

- Montenegrin Chamber of Commerce's award for innovation

Mtel Banja Luka

- Award in the area of security of traffic
- Certificate of Appreciation of the Public institution Shelter for the children and youth without parental care Rada Vranješević Banja Luka

- Certificate of Appreciation for helping increase media literacy of children, the Ministry of Transport and Communications of Republika Srpska
- Certificate of Appreciation to m:tel a.d. Banja Luka for the donation of aid packages to socially deprived returnees in the Posavina Canton, Serbian Civil Association Posavina Odžak
- Charter Kapetan Miša Anastasijević for the leader of social responsibility Ms. Jelena Trivan, m:tel CEO, Chamber of Commerce of Serbia and RS
- Plaque for responsible taxpayer in the telecommunications and IT sector
- Acknowledgment for the support in the work and conduct of numerous activities for traffic safety, the Ministry of Transport and Communications of Republika Srpska and the Agency for Traffic Security of RS
- Plaque for the contribution to the development and promotion of the Mathematical Science Faculty in Banja Luka, PMF University in Banja Luka
- Award of the Chamber of Commerce of RS for the most successful company in the sphere of contribution to the development of corporate social responsibility.

The key socially responsible activities of Telekom Srbija Group (below), grouped by the adopted goals of sustainable development for the purpose of eradicating poverty, environmental protection and peace and prosperity for all. The global goals and sub-goals are listed according to the adopted 2030 Agenda. It includes, with all its 17 goals, 3 dimensions of sustainable development: economic growth, social inclusion and environmental protection.

In 2021, Telekom Srbija Group was particularly focused on the following goals:

- 4 – Quality education
- 8 – Decent work and economic growth
- 9 – Industry, innovation and infrastructure
- 12 – Responsible consumption and production

Please find below all the key activities implemented in 2021, which have direct or indirect impact on the achievement of the said goal and sub-goal.



Sub-goal 1.5.

Build the resilience of the poor and vulnerable by 2030 and reduce their exposure and vulnerability to climate-related extreme events, and other economic, social and environmental shocks and disasters

Telekom Srbija Group pays special attention to vulnerable categories of citizens. In 2021, the Company supported the Unicef project „Mitigation of the Covid-19 effects on social and financial status of children and their families“ and it helped in providing humanitarian financial aid for the most affected families with children.

“You are not alone, you have friends“

With a symbolic project name You are not alone, you have friends, Mtel Banja Luka launched its large-scale humanitarian drive in December 2021, to help the returnees in the municipalities Bosanski Petrovac, Drvar, Glamoč, Bosansko Grahovo, but also in other municipalities of the Federation of Bosnia-Herzegovina that are in need. After visiting the locations and collecting the information about the needs of these citizens, Mtel launched the donation of the most urgent items for socially affected categories in these municipalities. Mtel donated heating supplies and packages with foods and hygiene means to socially affected families in the said municipalities, as well as to returnees in the Odžak Municipality.

More than 450 packages of food and hygiene means was donated, some 100 m3 firewood, complete construction material for furnishing a returnee's house, chainsaw, stove, bed, bedclothes, clothes, footwear, food, hygiene means, school accessories and toys and sweets for a single father of a boy. Likewise, the amount of KM 5,000 was donated to the Centre for Support to Returnees in Bosanski Petrovac, required for the operations of this centre in the following year.

The tradition of gifts and St.Nicolas presents was continued in 2021. The gifts were sent this time to the Shelter for Children and Youth without Parental Care Rada Vranješević, the Institute for Physical Medicine Dr Miroslav Zotović in Banjaluka, and to pre-school institution Sveta Evgenija, carica Milica in Trebinje.

The funds for the needs of public kitchen were donated to the association of citizens Mozaik prijateljstva Banja Luka, as well as to the Association of Diabetes Patients Foča.



Sub-goal 3.8.

Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all

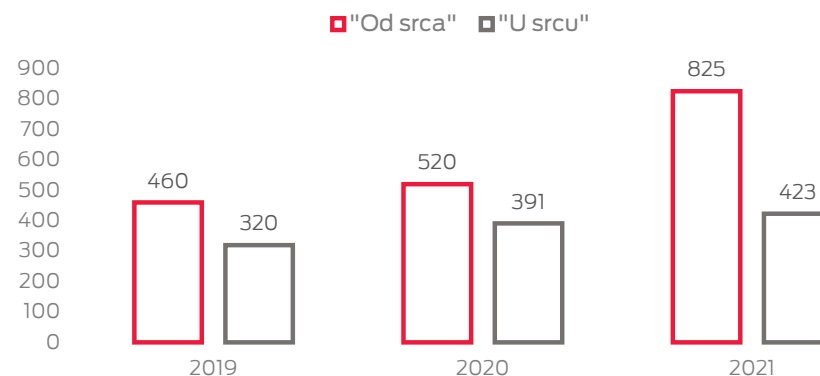
Telekom Srbija endeavours to contribute by its activities to the welfare in the public health sphere, but also to stand as support to vulnerable groups and to all everybody who is in need. To secure better conditions for treatment, for a large number of citizens, donations continued for the procurement of required medical equipment for healthcare institutions across Serbia. In 2021, new devices, reagents and other medical means were granted to the University Clinical Centre Kragujevac, the Institute for Oncology and Radiology of Serbia, Special Hospital for Psychiatric Diseases in Kovin, Health Centres Irig and „Dr Dragan Funduk“ in Pećinci.

For four years now, Telekom Srbija has been assisting in the implementation of the project You are not Alone, which aims to overcome prejudices towards young people with mental health issues and towards people with disabilities. The organization Friend in Trouble was assisted in the implementation of the program for the rehabilitation, socialization and becoming independent for young people with disabilities.

Traditional cooperation with the Association of Parents, Custodians, Children and Friends of Children recovering from cancer „Čika Boca“ to whom support was extended for the organization of camp We Can Do It All, and with the

Association of Serbian Communities Fighting the Diabetes, that organized the camp My Sweet Life supported by Telekom Srbija.

It also continued the cooperation with the Always with Children Association, which has been fighting for better conditions for treatment of children with cancer, and supported the Clown Doctors project in order to improve children's stay in hospital and make it fun. The company has traditionally provided support to the Centre for Palliative Care and Palliative Medicine BELhospice. The Company also cooperates with many associations dealing with health and social protection of citizens through the activation of humanitarian numbers. There are two humanitarian associations of voluntary blood donors in Telekom Srbija, which had 1248 regular members, voluntary blood donors, at the end of 2021, and their number keeps growing.



Mtel Banja Luka has donated the funds to the Children's Hospital UKC RS, required for the purchase of necessary equipment - 20 ultrasound inhalators.

The counselling and support line for the young and affected 0800 50305, especially in case of violence and abuse. Blue Phone is a part of global network of child help lines, and this service was launched and implemented in Bosnia-Herzegovina by the New Generation Association.

The 12th humanitarian campaign With Love to Brave Hearts had the goal to raise funds to be used for the procurement of vehicles for the children with intellectual challenges. Mtel has donated funds for this drive, and provided humanitarian number 1411, for fund-raising purposes.

Mtel has been friends for years with the Educational Centre Tvoja riječ, and it provides support to the organization of humanitarian concert held each year on the World Autism Day. This time, with the desire to help raise the awareness of society about the needs and potentials of children with autism and their

families, and their potentials, Mtel supported the Autism Day, organized under the motto From Early Intervention to Schooling and Employment.

Kindergarten Belgrade acting within the Public Institution of Kindergarten Our Children in Brčko, Mtel has donated a valuable computer equipment and projector and the screen and accessories intended for the education of kids going to this kindergarten.

In 2021, Mtel donated the funds to JZU Institute for Public Health of Republika Srpska, required for the purchase of ultra-low temperature freezer for storing vaccines. It provided JU Centre Protect Me Banja Luka with the funds for procurement of four computers, and JU Shelter for Children and Youth without Parental Care Rada Vranješević Banja Luka, the funds intended for the support to the work of this institution.

In 2021, YUNET took part in the donation to the Association Hrabriša for the children suffering from neurotransmitter diseases, dopamine-reactive dystonia and other neuro-metabolic disorders by purchasing selected products with the logo of the Association and YUNET.



A contribution to the development of talents, investment in the generations of young people and improvement of conditions for the purpose of acquiring knowledge were integrated by Telekom Srbija in the “We Promote the Promoters” program. The umbrella program consists of three individual projects: “We Create Knowledge”, “mts App Competition” and “mts Start-Up Acceleration” – which is empowered each time a new generation of elementary school pupils gets a computer classroom, when talented secondary school students make a new and useful app or when some of the startups supported by the company manages to successfully roll out its business solution. Telekom Srbija has recognized the founders of the Strawberry Energy company as its promoters, with whom it started cooperating at the very start of development of their business ideas and such cooperation survived to date owing to state-of-the-art technical solutions of the company and a steadfast partnership.

Recognizing the importance of support at the beginning of personal development or a new business idea, through this project the company encourages emergence of positive changes that may help create a better and more advanced society for all who live and create in it.

Sub-goal 4.3.

Until 2030 make accessible and quality professional education equally available on all levels, including university education, to all women and men

The dual education project of the Serbian government is a project whose goal is, in accordance with modern technological tendencies, to improve the process of

education in secondary vocational schools for certain occupations and promote their adequate implementation in practice, and also contribute to strengthening the competitiveness of the economy of the Republic of Serbia.

Telekom Srbija provided the necessary preconditions to include in the project the educational profile of a telecommunications network fitter, which was made official by the Certificate on the Fulfilment of Terms for Learning through Work awarded to the company by the Serbian Chamber of Commerce in October 2020.

The first generation of students who will be trained for the educational profile of TK network fitter was enrolled in September 2022 at the Secondary Technical PTT School in Belgrade, and next year we expect them in the training centre of our company, where they will go through a learning through work program, with the support of colleagues from the Technical Division - licensed instructors.

“We Create Knowledge” – we encourage curiosity from the school age

In order to improve digital literacy, Telekom Srbija, in cooperation with the Ministry of Education, Science and Technological Development, through the “We Create Knowledge” project, equips elementary schools in Serbia with modern information science classrooms. During the five years that the project has been implemented, the company has equipped 100 information science classrooms in 100 elementary schools, and set aside 100 million dinars for that purpose. Every year, Telekom Srbija enables the purchase of modern computer equipment for a number of secondary schools across the country.

Agreement on business and technical cooperation with the Faculty of Electrical Engineering in Banja Luka

In June 2021, the Agreement on Business and Technical Cooperation was signed between the Mtel company and the Faculty of Electrical Engineering in Banja Luka. Students were acquainted with a wide range of technologies available to Mtel – a great place to start an engineering career.

Sub-goal 4.4.

Until 2030 significantly increase the number of young people and adults with appropriate skills, including technical and professional skills, for employment, decent jobs and entrepreneurship

The program My First Salary of the Serbian Government is intended for young people up to 30 years of age with completed secondary or higher education and no work experience.

By participating in this program, Telekom Srbija opens the company's doors

to ambitious young people who gain their first professional experience. During the internship, the participants were provided with professional training and the acquisition of skills and competencies for independent work in a reputable company such as ours. Candidates could apply for one of the advertised positions in the Division for IT Support and ICT Services, the Technical Division, the Residential Customers Division and the Business Customers Division.

Student professional internships at Telekom Srbija are performed on the basis of contracts with 4 higher education institutions:

- Belgrade University,
- Kragujevac University,
- Niš University and
- Faculty of Technical Sciences in Novi Sad.

In accordance with the tradition, Telekom Srbija once again in 2020 organized compulsory professional internship for students for:

- 54 students and
- 98 students of secondary technical schools in Serbia, of which the largest part came from the Secondary Technical PTT School.

Internship program at Mtel

In 2021, internship was implemented in Mtel for 25 students of the Faculty of Electrical Engineering in Banja Luka and East Sarajevo and the Faculty of Natural Sciences and Mathematics in Banja Luka. Available to the students once again were mentors who, with their knowledge, experience and enthusiasm, want to help these young people in every segment of their professional path.

Practical classes for secondary school students

Long-term cooperation with the Secondary Electrical Engineering School “Nikola Tesla” in Banja Luka once again this school year was reflected in a successful internship program for students. As many as 60 students of the third and fourth grades of this school, with the educational profile - telecommunications technician and computer technician, will do internship at Mtel.

Sub-goal 4.b.

Until 2020, globally increase the number of scholarships available to developing countries, especially the least developed countries, small developing island countries and African countries, for attending higher education, including professional education and information and communication technologies, as well as technical, engineering and scientific programs, in the developed countries and other developing countries

Scholarships at Telekom Srbija

Telekom Srbija sees future generations as the initiators of the development of society and in that spirit the company has been organizing the “mts app competition” for 11 years with the aim of enabling young people to implement their ideas.

The competition is intended for students of 51 secondary schools in Serbia who work according to the program for talents in the field of mathematics, informatics and computer science and who have the task to, working in teams, design and program a useful and usable application in Android or iOS, and in the finals present it before the jury as a finished product.

Thanks to the great success of the “mts app competition” in Serbia, the competition has been organized by m: tel BiH and m: tel Podgorica since 2017, and the five most successful teams from all three countries meet in the “Regional App Challenge” and compete for the main and special award for innovation.

Scholarships at Mtel Banja Luka

For the eleventh year in a row, in 2021, the Mtel company awarded scholarships to prominent students of electrical engineering faculties in BiH. As many as 29 students of the Faculty of Electrical Engineering from Banja Luka, East Sarajevo and Tuzla applied for the competition for the selection of the 11th generation m:scholarship holders. The selected 15 students will receive a scholarship of 300 KM until the end of undergraduate studies, and they have acquired the right to do one month of professional internship in the Mtel company. More than 200 students have gone through this scholarship program over the past 10 years, and many of them are now part of the Mtel company as employed professionals in the field they studied during their studies.

Mtel continues to allow its scholarship holders access to cutting edge technologies, in order to accelerate and facilitate their progress from theoretical knowledge to its practical implementation.

Cooperation with the school of special national importance

Telekom Srbija is committed to nurturing a network of reliable partners with whom it shares the same values and goals. In that domain, it is worth emphasizing the cooperation with the Mathematical High School in Belgrade, a school of special national importance. Cooperation with the Mathematical High School began in 2010 and is reflected in the implementation of the “mts app competition”, the organization of a mathematical and sports camp in Tulba near Požarevac, the procurement of licensed software, but above all, in the provision of necessary support for student participation in the international competitions

in mathematics, physics and informatics. So far, the students have participated in 30 competitions in which they have won 104 medals: 37 gold, 35 silver and 32 bronze.

Telekom Srbija supports the Regional Centre for Talents whose participants have achieved great success at world and national competitions and knowledge olympics, as well as the Centre for the Promotion of Science that has been organizing the event entitled “May – the Month of Mathematics” for several years now.

For several years, the Company has been supporting the association “Tesla Global Forum” organized by the event dedicated to the work and achievements of the great scientist.

Sub-goal 4.5.

Until 2030 eliminate gender inequality in education and provide equal access to all educational levels and vocational training for vulnerable groups, including disabled persons, native population and children in vulnerable situations

Together for better Internet

For a number of years, at the initiative of the International Solidarity Forum – EMMAUS association, organized by the Center for Safe Internet in BiH, and in cooperation with partners in the field of education, child protection, media policy and telecommunications, a number of appropriate activities have been held to mark Safer Internet Day through a competition for elementary and secondary school students on the topic of Internet safety. Mtel once again this year supported this activity and provided valuable prizes for the most successful competitors.

The website www.djecanainternetu.com is part of this comprehensive project, and offers content adjusted to children, but also parents and teachers. Raising awareness of the possibility of abuse of children and youth via information and communication technologies remains one of the missions and visions of Mtel 21st century.

Media Literacy competition

Within the campaign entitled “Strengthening the Media Literacy of Children in Republika Srpska”, as a joint activity of the Ministry of Education and Culture of RS, the Ministry of Transport and Communications of RS, the Republic Pedagogical Institute of RS and the Mtel company as a partner, a media literacy competition was held at the beginning of 2021 for elementary schools in Republika Srpska. A total of 18 projects from 15 elementary schools were received, while the aim of

the competition was raising awareness in school children of understanding the role of media, better understanding of media messages and the protection of children from negative content, but also strengthening the technical capacities of schools.

In April, awards and certificates of appreciation were presented for the five most successful projects of this competition. Schools from Pale, Vlasenica, Jošavka, Banja Luka and Bijeljina were awarded. Mtel provided the prizes - three computers and two tablets for the winners.



Sub-goal 5.5.

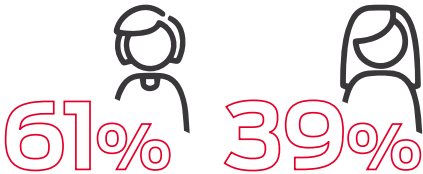
Secure that the women fully and effectively participate and have equal possibilities for management on all levels of decision-making in the political, economic and public life

In accordance with their mutual differences in the type of activities they perform, Telekom Srbija Group has a different gender structure per member. A significant number of members have a balanced share of both sexes in the total number of employees.

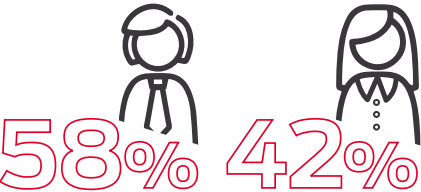
When it comes to the gender structure of the management, the share of women in the management is higher than the share of women in the total number of employees.

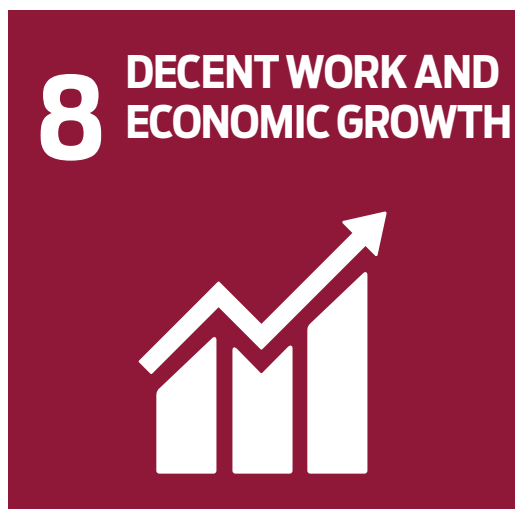
In the overall number of the training hours of employees on the level of Telekom Srbija Group both sexes are equally represented

Employees



Management





Sub-goal 8.2.

Achieving the higher levels of economic productivity through diversification, technological upgrade and innovations, including focussing on labor intensive and highly profitable sectors

mts start-up acceleration

Convinced that technological entrepreneurship has the potential to be a strong driver of economic growth, Telekom Srbija has been implementing the “mts start-up acceleration” project, intended for technological start-ups at an early stage of development of their business idea, for four years. Prospective entrepreneurs are granted a cash incentive in the amount of 20,000 euros, mentoring advice, free services and support when entering the regional market.

The company implements the program in cooperation with the Startit Association, which has been organizing the most prestigious educational program in the field of technological entrepreneurship in the region called “Startup Academy”, which was renamed into “Growth” in 2020.

During the previous four cycles of mts start-up acceleration, 80,000 euros were invested to encourage technological entrepreneurship, and free mts services and mentoring of management representatives were provided for 10 awarded start-ups.

Mtel Digital Factory

During 2021, the Mtel digital factory, the centre for the development of technological entrepreneurship and innovation in Podgorica, continued to operate. The Mtel digital factory offers the creators of good IT ideas perfect conditions for establishing and developing their own business, in order to launch projects and develop successful businesses as soon as possible. Concrete support, a customized workplace, a Cloud Computing development platform, technical support, a Startup program, administrative and legal advice, a great team and networking with other entrepreneurs were provided. Under the auspices of the Mtel Digital Factory, the Startup Activator program was launched, intended for start-ups at the earliest stage of development, which aims to motivate young people to create products that will be applied not only in Montenegro but also beyond. The idea is to create a kind of ecosystem in Montenegro, where young people will be able to work and sell ideas all over the world, but remain in Montenegro.

Sub-goal 8.3.

Promote development oriented policies which support production activities, creation of decent jobs, entrepreneurship, creativity and innovativeness and encourage the official establishment and growth of micro-companies, i.e. small and medium-sized enterprises, among other things, through access to financial services

Management of employee development in the parent company is implemented through regular planned educational and developmental and motivational modalities specifically intended for management, talents and other employees (various types of internal and external education, business simulations, teambuilding programs, additional training. With the help of the learning platform, the role of the employee as a partner in creating a culture of continuous learning and development is improved.

Training

In 2021, the employee's share in the training programs was greater than the management's, and the number of training hours also increased. The structure of training programs in two members of the Telekom Srbija Group with the majority of employees is presented below.

⁶ <http://digitalnafabrika.Mtel.me/>

Hours of education	Telekom Srbija		Mtel Group	
	2020	2021	2020	2021
Education (number of hours)	33.800	45.917	10.098	10.978
employees	20.856	36.973	7.720	10.351
management	12.944	8.944	2.378	2.144

Number of employees	Telekom Srbija		Mtel Group	
	2020	2021	2020	2021
Training for professional licence	9	115	31	27
Education by the Company	8	5	36	14
Talent program	240	236	0	0
Team building	106	551	15	60
Rotations	29	28	10	1
Internal trainings	154	117	120	457
Personal development trainings	1139	1088	276	339
Total:	1685	2140	488	898
		27%		84%

Number of employees with professional licences	474	446	44	55
Number of employees who are members of professional associations	481	458	41	39

Rotations

In 2021, the employee rotation program in Telekom Srbija continued. Due to the situation caused by the Covid-19 virus pandemic, the initially projected number of employees to participate in the rotation process was reduced. In this regard, the emphasis was on temporary employee rotations. In 2021, a total of 28 employees applied for this form of rotation.

Flexible benefits in Telekom Srbija

In 2021, 860 employees – users of flexible benefits from all organizational units of the Company were determined. A total of 3,212 requests for different types of flexible benefits were accommodated (different types of employee insurance, different types of training, tourist trips, covering the costs of educating the employee's children, medical services, fitness and wellness services, various gift cards and vouchers).

In 2021, 16 housing loans were granted to employees, against participation in a loan with commercial banks, by which the Company provided the employees with support in resolving one of the most important life issues. In 2021, on the occasion of 8 March, the Company granted one-off payments to all women, regardless of the type of employment, and New Year's packages for children – payments for employed parents of children up to 10 years of age, and for disabled children up to 15 years of age.

Telekom Srbija has been providing voluntary pension insurance for all employees since 2008, in the voluntary pension funds Dunav and Generali. Telekom Srbija continues the tradition of jubilee awards for employees and former employees, who during the year will have continuously worked in Telekom Srbija, i.e. the PTT system of Serbia for 10, 20, 30 or 40 years.

Worker of the year in Mtel Banja Luka

Mtel Banja Luka, in accordance with its practice from previous years, awarded its employees in 2021 as well. The "Worker of the Year" award went to a total of 36 workers in 2021. Individual Mtel employees were sporadically awarded monetary amounts for special contributions and work results outside their job description.

Sub-goal 8.6.

Until 2020 significantly reduce the share of young people who are not employed or involved in an education i.e. training process.

Covid-19 circumstances established a completely new dynamic in finding new staff, especially in the ICT sector. Mtel's focus is in the field of human resources. Therefore, in 2021, various activities were initiated with the aim of strengthening the company's strategic approach to engineering staff.

The program of professional practice of students and scholarship holders in 2021 at the level of the Mtel Group was organized for a total of 78 students and scholarship holders.

Logosoft successfully implemented the project "Logosoft Factory of IT Professionals" with the aim of educating young people from various IT areas for free, which led to Logosoft hiring the best students.

Age structure of newcomers	2020	2021
Up to 30 years of age	34%	29%
30-50	59%	52%
Over 50	7%	19%
Total newcomers	1318	653
Number of attrition from Telekom Group*	481	497
Net change	837	156

*including the employees of mts bank

In 2021, the members that had the largest number of new employees were Telekom Srbija (employees of Pošta NET), Mtel Banja Luka, where the middle-aged population generally predominates. The average rate of external fluctuation is significantly lower than in 2020 and amounts to 4%. Telecommunications operators have the lowest rate of external fluctuations.

Employee attrition rate	2020	2021
Telekom Srbija	2%	2%
Mtel Banja Luka grupa	5%	7%
Telus	6%	13%
Moja Supernova	8%	-
Mtel Podgorica	3%	2%
mts banka	9%	-
Arena Channels Group	12%	9%
mts d.o.o.	4%	5%
Yunet	12%	13%
Mtel Global	14%	29%
Average	7%	4%

Sub-goal 8.8.

Protect the labor-related rights and promote a safe and secure working environment for all workers, including migrant workers, especially women migrants, and those doing dangerous jobs

During the pandemic, the Telekom Srbija Group showed a high level of understanding and care for employees and made additional efforts to ensure uninterrupted remote working and redistribution of working hours for all employees whose workplaces made this possible.

The members of the Telekom Srbija Group, by their internal acts, envisaged the right to regular health check-ups for employees, as well as solidarity aid, both for employees and their family members.

The activities defined by the Law on Safety and Health at Work are consistently applied. In order to raise the level of occupational safety and health, Telekom Srbija implemented the ISO standard 45001: 2018 in 2019 and adopted the Occupational Safety and Health Policy, which defines the principles and areas of implementation. At the end of 2020 and 2021, recertification was successfully carried out, i.e. the validity of the obtained certificate was extended. Accordingly, appropriate training is provided annually for employees in high-risk jobs, as well as for new hires and employees who are reassigned to other jobs.

Telekom Srbija provides collective insurance for all employees from the consequences of an accident at work and outside of work (24 hours) and serious illnesses and surgical interventions.

Telekom Srbija provides additional protection of employees through collective insurance, with a special insurance of employees who are assigned to jobs with increased risk. Other members of the Group have defined the basic insurance of employees and professional liability insurance in their internal acts.



Sub-goal 9.1.

Develop quality, reliable, sustainable and resistant infrastructure, including regional and border infrastructure, in order to support economic development and human welfare, with a focus on cheap and equal access for all

This goal is successfully implemented through the ALL IP project of fixed telephone network modernization where customer speeds may range up to 1Gb/s for the purpose of creating a more favourable business environment for new investors.

in Serbia, Telekom Srbija has until now built and provided:

- Optical cables for 1,030,000 households,
- 31,090 km of cable have been laid,
- Almost 1.6 million km of optical cables were laid,
- 1.8 million lines at digital exchanges,
- 2,895 base stations.

Through a joint project with the TTT ministry, called "Rural Broadband", it is planned to jointly build optical infrastructure for covering a large number of rural settlements. Joint construction is planned so that the TTT Ministry would build so-called mid-mile part of the network, from the operator's point of presence to the village, while the operator would build the access network in the village. Telekom Srbija signed contracts on joint construction with the TTT ministry in

382 out of 400 settlements. Until the end of 2023, in these 382 settlements, the company will make it possible for some 60,000 households to have broadband services of speeds up to 1Gb/s.

Sub-goal 9.c

Significantly increase access to information and communication technologies and make efforts to provide universal and affordable Internet access in the underdeveloped countries until 2020

Telekom Srbija invests significantly in improving network quality in all the areas of our country, both urban and rural. For rural and less developed areas, technically more feasible and economically more acceptable are solutions through wireless technologies, so that significant efforts were made in order to improve the coverage of territories and population of such areas by mobile signal. According to RATEL's latest applicable report (third quarter of 2021), Telekom Srbija in Serbia provides the coverage of:

- 99.25% of the population with the 2G signal,
- 96.90% of the population with the 3G signal, and
- 98.20% of the population with the 4G signal.

Coverage with the 4G signal is also the largest percentage of coverage of population with the 4G signal among the operators in Serbia.



Sub-goal 11.4.

Increase efforts to protect world cultural and natural heritage

Telekom Srbija cooperates with the Faculty of Fine Arts and, apart from donations for the procurement of equipment, the company has been providing a pecuniary award for the best student work at the Department for New Media over the last five years.

With the traditional support of the Company, the younger generations of artistic talents had the opportunity to present their works at the “Children’s October Salon”. Support was given for holding the “Poetry Relay” in Zrenjanin and Zmaj’s Children’s Games in Novi Sad, and new books were provided as a gift to school libraries ahead of the New Year, as part of the campaign that Telekom Srbija has been conducting for seven years.

Telekom Srbija and the Ilija M. Kolarac Endowment continued their cooperation on the program “Kolarac – Your World of Music”, within which world-famous musicians visited Belgrade, and young artists, with the support of the Company, showed their skills at Nemanja Radulović’s master class. Theatre lovers were able to enjoy the programs of the “Nušić Days” festival in Smederevo and the 30th International Festival “Zoran Radmilović Days” in Zaječar.

Telekom Srbija helped renovate several churches and monasteries, including monasteries within the Orthodox Diocese of Niš and the Diocese of Raška and Prizren, the Church of the Holy Apostle and Evangelist Luke in Smederevo and the Church of St. Simeon the Myrrh-bearer in Belgrade, while additional

telecommunications services were provided to the Chilandari monastery, in order to improve the project of digitalization of the Chilandari treasury.

In order to preserve the cultural heritage, Telekom Srbija helped the digitalization of the “Scenario House” within the National Library in Vrnjačka Banja. Through many years of cooperation with the Ethno Network, which organizes the exhibition “100 women – 100 miniatures”, Telekom Srbija contributes to the affirmation of women’s entrepreneurship in rural areas and the preservation of cultural heritage.

As a traditional friend of the “Sports Assembly of Holy Serbia” event, Telekom Srbija supported a project aimed at fostering tradition, community and the sports spirit among young people, the central event on Ada Ciganlija in Belgrade, where a number of sports events, tournaments, cultural and educational events was organized.

In 2021, Mtel continued to support associations and other entities and support their work to improve the community. To this end, the Association “BH Journalists” – Club of Journalists Banja Luka, donated funds to help organize the 8th traditional annual gathering of the Club of Journalists Banja Luka “OFF the RECORD”.

The Student Alliance of the Faculty of Philosophy of the University of Banja Luka was provided with funds for the organization of a student symposium entitled “100 years from the death of King Peter I Karadjordjevic”, and the Association of Citizens “Nova Banja Luka”, funds for the procurement of books to be donated to elementary and secondary schools.

To the municipality of Ribnik, Mtel donated funds for the purchase of nets, boards and hoops for baskets, while the Penitentiary-Correctional Institution Banja Luka received funds for the purchase of sports equipment.

Mtel supports art through donations and sponsorships of cultural institutions and events:

- Museum of Contemporary Art of Republika Srpska,
- Children’s Theatre of Republika Srpska
- Theatre Festival “Petar Kočić”
- Days of Vlada S. Milošević
- Stories from the Hood 5
- Mtel and St George’s Day Festival
- Children’s Fair
- Serbian Folklore Festival
- International Music Festival BANJA LUKA FEST
- OK Fest

Sub-goal 11.6.

Until 2030 reduce the negative impact of cities on the environment measured per capita, with special attention to air quality and waste management at the municipal and other levels

By donating Smart Benches - innovative technological solutions created by experts from the "Strawberry Energy", with whom Telekom Srbija has been cooperating for an entire decade, the company contributes to environmental protection and at the same time supports technological entrepreneurship and digital solutions that transform our cities. After the installation of the Smart Bench in Novi Sad in 2019, in 2020 cooperation involved setting up a "Smart Bench" in Leskovac, as a gift to the Centre for Professional Development in Education on the occasion of Science Day, and in 2021 the Smart Bench was donated to the Student Home "Milutin Milanković", on the occasion of marking the 60th anniversary of its founding.

In addition to providing free Internet access and serving as a solar charger for mobile devices, the bench also provides information on air quality, ambient noise levels, as well as temperature and air pressure, which raises awareness of the need to protect the environment, and in educational institutions to which it was donated, it also serves as a practical tool for conducting workshops in the field of renewable energy sources and environmental protection.



Sub-goal 12.4.

Until 2020 achieve environmentally sound management of chemicals and all types of waste throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release into the air, water and soil in order to minimize their negative impact on human health and the environment

In 2021, Telekom Srbija performed the following:

- 181 expert assessments of environmental load, which include measurement of electro-magnetic fields for 495 base stations;
- Electromagnetic field measurements for 138 locations or 276 base stations;
- 66 Environmental Impact Assessment Studies;
- 57 public hearings at which control of the impact of base stations on human health and the environment was presented to the public;
- Through 199 inspections the company controlled the legal operation of its mobile telephony base stations

Management of thermal energy, raw materials for heating business facilities was guided by detailed planning of energy deliveries with rigorous control of consumption and indicating any increased consumption of individual facilities.

Consumption of raw material and energy, emission of gases	2020	2021
NO2 kg	5.379	10.797
CO kg	6.430	5.562
SO2 kg	3.558	4.341
Wood m ³	73	73
Coal kg	184.763	166.755
Fuel oil l	292.245	302.715
Heating fuel l	275.202	240.906

Vehicles with the latest generation power generators that meet the minimum Euro 6 standard were procured. Most vehicles have the option of using additional additives to reduce nitrogen oxide emissions. The vehicle fleet was significantly increased due to the need for vehicles of the Technical Division, which is related to the "24 Hours" project. The results of responsible use of the vehicle fleet in Telekom Srbija, mtel Podgorica and Mtel Group are presented through a significantly lower fuel consumption.

Car fleet	2020	2021
Number of vehicles	1.848	2.462
Share of freight vehicles in the overall number	514	516

Fuel consumption	2020	2021
Diesel (Lit)	1.385.086	1.961.032
Petrol (Lit)	1.019.771	1.069.595
Total	2.404.858	3.030.627

Consumption per vehicle	1.301	1.231
--------------------------------	--------------	--------------

In 2021, in the field of environmental and human protection, Mtel Banja Luka continued the practice of paying special attention to the work of base stations and the electromagnetic field emitted from them by the antenna system, as well as cooperation with all national and state bodies in charge of monitoring and the fulfilment of obligations in terms of protection of the environment and people.

On the annual level, the company in 2021:

- prepared 223 reports of systematic testing of the level of non-ionizing electric field radiation from mobile telephony base stations,
- 888 measurements of electromagnetic field levels at base station locations throughout Bosnia and Herzegovina,
- 235 requests were sent to the Ministry of Health and Social Welfare on the basis of applicable legal regulations,

- 518 safety statements were delivered to the Regulatory Agency for Communications in order to obtain safety certificates for the operation of base stations in BiH.

According to the request of the Environmental Inspection of the City of Banja Luka, four measurements of noise produced by air conditioning systems were performed.

mtel Podgorica with its activities raises the awareness of employees about the importance of caring for the environment. In order to contribute to a cleaner and healthier Montenegro, it implements the following activities:

- Proper waste disposal,
- Air protection from the pollution by exhaust gases from company cars,
- raising citizens' awareness that all of us individually can contribute to environmental protection by proper waste disposal,
- employees participate in the implementation of all activities that the company implements in the sphere of social environment protection,
- all projects which are planned and implemented go through a procedure with ecological experts from the relevant Ministry,
- all the premises are designed so as not to harm the environment,
- disposal of waste (primarily electronic waste, computers, phones, various technical devices) is conducted with the company licensed for the destruction of electronic waste,
- all company cars have a reduced air pollution,
- experts are engaged for various measurements in terms of air pollution, radiation, noise, etc. Measurements are also performed in cooperation with the Ecotoxicological Institute of Montenegro

Sub-goal 12.5

Until 2030 significantly reduce the production of waste through prevention, reduction, recycling and reuse

Compared to 2021, Telekom Srbija handed over about 700 tons less waste, and the period of waste storage until it is handed over to qualified legal entities for recycling was significantly shortened. The software application that monitors the delivery of waste is an application of the Environmental Protection Agency, Ministry of Environmental Protection.

Waste in tons	2020	2021
Total non-hazardous waste	656	417
Total hazardous waste	677	159
Total hazardous and non-hazardous waste	1.333	576

During 2021, the members of the Telekom Srbija Group conducted an intensive campaign for the E-invoice service with numerous benefits and discounts for the user, based on which it was estimated that significant savings were achieved.

Structure of investments in environmental protection (in RSD)	2020	2021
Funds invested in environmental protection	649.661	663.066
Savings in consumption of paper and printed materijals	9.426.224	7.893.984

In order to further implement the initiative to reduce the use of paper, Telekom Srbija has undertaken and plans further activities to introduce electronic office operations and reduce emerging paper documentation, as follows:

- From 2019, the company has provided the scanning of complete incoming documentation received in paper form in file rooms, as well as its electronic delivery to organizational units, through the documentation management application (JAKiA);
- The company has extended the range of receiving electronic incoming documentation through the official electronic address of the file room;
- In 2020, the company launched the process of successive and partial inclusion of organizational units into the process of application of the original electronic incoming and outgoing documentation;
- In 2022, the company secured the archiving of electronic internal documentation and extension of the range of the incoming and outgoing electronic documentation with other legal entities;
- In 2022, it is envisaged to reduce the incoming and outgoing invoices in paper form with other legal entities, by transition to electronic invoices, through the system for electronic invoice management of the Finance Ministry.

Once again in 2021, as in the previous years, Mtel, in accordance with the contract on the transfer of obligations of waste disposal and management of electrical and electronic equipment on the territory of FBiH, regularly performed all its obligations towards the company which is the operator of the system authorized by the Environmental Fund of FBiH. The obligations of the authorized system operator, the ZEOS eco-system company is to collect and recycle electrical and electronic waste from products sold on the market of the BiH Federation via Mtel points of sale or otherwise. In this way, we directly contribute to environmental protection.

In 2021, Mtel delivered a report on consumed quantity of packaging in the second half of 2020 and the first half of 2021. From this contract, the company expects better results in collecting and recycling packaging waste in the Republic of Serbia, and thus the preservation of nature. The company also continued activities regarding proper disposal of obsolete and broken electronic equipment and returned phones.

YUNET implemented in its operations the Environmental Protection Policy in accordance with the requirements of the ISO 14001 standard. The key ecological goals and indicators in 2022 are as follows:

- Reduction of power consumption by 2% as compared to 2021
- Reduction of fuel consumption by 2% as compared to 2021
- 100% harmonization of waste disposal activities
- Operation without incidents related to environmental protection
- Innovating IMS knowledge at least once a year.

YUNET continuously implements activities with the purpose of environmental protection:

- Regular disposal of communal waste;
- Regular, in clear time intervals, removal of consumed toners for printers;
- Replacement of damaged electronic and electrical components (routers, modems, etc.) and fluorescent pipes by engaging the relevant registered companies for these activities;
- In clear time intervals, audit of filing material in the archive and packaging waste (paper, cardboard, PVC);
- Rational and planned procurement of modems, routers and other equipment, without excessive stockpiling in the warehouse and procurement of only those materials that can be ecologically disposed of or recycled after their life cycle.



Sub-goal 15.5.

Undertake urgent and significant activities for the reduction of degradation of natural habitats, prevention of biodiversity loss, and until 2020 protect the endangered species and prevent their extinction

Members of the Telekom Srbija Group in every operational and organizational segment have in mind the need to take care of the environment. They fully respect the legal regulations and international standards, and they are committed to contributing to the implementation of the key goals of sustainable development.

In an attempt to contribute to raising the community's ecological awareness, Telekom Srbija continued the activities aimed at protecting the environment and the endangered species and in 2021 launched the campaign "No Species Dies Alone". The title of the campaign is supposed to emphasize the importance of biological diversity as a precondition for the preservation of ecological balance and healthy environment.

The first phase of this long-term campaign is dedicated to the protection of birds because they are the first indicator of environmental quality. Their number and distribution clearly reflect the conditions of the habitats where they live, together with people. In addition to contributing to the quality of soil, water, food and thus our health, many of them can prevent the spread of possible diseases.

The campaign is a result of the company's long-term support to companies, associations and experts who through active protection measures and the implementation of modern mobile telecommunications technologies in the

monitoring of endangered bird species, are working to improve living conditions for them and for all of us.

By investing in the preservation of plant and animal species and their habitats, Telekom Srbija additionally draws attention to the protection of biodiversity. "Eco-Walk" is a new concept of volunteer campaign developed and implemented by CEREBRA in cooperation with the Student Organization of the Natural Sciences and Mathematical Faculty of Banja Luka. This campaign aims to promote healthy lifestyles, quality leisure time, inclusion and affirmation of young people in the ecological community, encouraging environmental awareness and direct impact on environmental protection.



Sub-goal 16.1.

In all places, radically reduce all forms of violence and the related death-cases

Respect for the rights of employees is a basic obligation in achieving the harmonization of internal relations. In Telekom Srbija, as a parent company, two channels of employee protection have been established through the internal portal, through which employees can resolve open issues related to labour-related rights and obligations;

- Ask human resources, and
- Labour and legal counselling, within which employees can turn to a professional team of lawyers for any assistance in achieving and protecting their legal position in accordance with legal and internal regulations.

The Rules on Personal Data Protection define the basic principles and rules of conduct in the field of personal data processing and protection, considering the probability of risk and the level of risk to the rights and freedoms of individuals. Within the Telekom Srbija Group, trade unions are registered in Telekom Srbija, Mtel Banja Luka and Telus, which have about 8,000 members, which is some 75% of their number of employees.

A total of 10 trade unions are registered in Telekom Srbija, of which 2 are representative trade unions. Also, within Telekom Srbija, there are associations gathering over 1,300 members.

- Association of Fitters for the Telecommunications Network of Serbia (860 members)
- Association of Engineers of Telekom Srbija (175 members).
- Association of Shareholders Employed in PE PTT Traffic Srbija and Telekom Srbija (268 members)

Sub-goal 16.5.

Significantly reduce corruption and bribery in all their forms

The Rules of Procedure of Internal Whistleblowing, based on which the Decision on appointing a person to receive information and conduct a procedure related to whistleblowing, defines acting on the information for the purpose of determining and removing the irregularities indicated by information.

In 2020, preparatory activities were carried out in connection with the development of an integrity plan, in accordance with the Law on the Prevention of Corruption. The goal is to establish mechanisms that will ensure a more efficient and effective functioning of the Company, through strengthening responsibility, increasing transparency in the decision-making process, strengthening ethics and introducing a more efficient system of supervision and control.

The Code of Corporate Conduct defines the fight against corruption and other illegal actions.



Sub-goal 17.17.

Support and promote effective public, public and private partnerships and civil society partnerships built on the experiences and strategies of finding resources for the partnerships

Telekom Srbija Group believes that the goals are best realized in communication with professional and dedicated people, which is confirmed by several years of corporate membership in international and domestic professional and philanthropic organizations.

Telekom Srbija is aware that leadership in services and market growth carries additional responsibility towards the local community, and also responsibility for the realization of global goals, which it accepted by joining the UN Global Compact in 2010.

Members of the Telekom Srbija Group are already traditionally active members of many international and domestic organizations:

Telekom Srbija is a signatory of the UN Global Compact and responsibly and dedicatedly undertakes its obligation to continuously make a great contribution to the achievement of goals of sustainable development, and especially the 2030 Agenda. The company plans and implements its activities in its entirety, bearing in mind the importance of its own impact on society and the environment. With this, Telekom Srbija accepts, supports and establishes, within its sphere of influence, a number of values from the sphere of human rights, labor rights, environmental protection and anti-corruption policy through respect for the ten principles of the Global Compact.

Telekom Srbija is traditionally an active member of many international and domestic organizations:

- Cullen International
- European Telecommunications Network Operators Association (ETNO)
- Gartner Inc
- GSM Association (GSMA)
- IEEE
- IoT Forum
- LoRa Alliance
- TeleManagement Forum (TMF)
- United Nations Global Compact Network (UNGCN)
- Responsible Business Forum (FOP - Smart kolektiv)
- Digital Serbia Initiative (IDS)
- NALED
- Foreign Investors Council (FIC)
- Serbian Association of Managers (SAM)
- Association of Corporate Directors of Serbia (UKDS)
- CFO & Controlling Club
- Serbian Philanthropic Forum, and
- Serbian Chamber of Commerce

mtel Podgorica is a corporate member of the following organizations:

- AMM – Montenegrin Managers Association,
- AmCham Montenegro – American Chamber of Commerce,
- MBA – Montenegro Business Alliance,
- Employers Union,
- Montenegrin Chamber of Commerce,
- MFIK,
- GSM Association

Other socially responsible activities of the Telekom Srbija Group for the purpose of taking care of the community

Investment in sports

Team spirit and perseverance are important not only in sports but also in life and that is the reason why the company supports projects aimed at developing and strengthening these qualities in young people. Since the founding of the “Movement for Women’s Basketball - Marina Maljković”, Telekom Srbija has supported its work, so that as many girls as possible become interested in playing basketball and see the benefits of doing sports. Thanks to the support of Telekom Srbija, at several locations in Belgrade, Novi Pazar and Obrenovac, 50 trainings per week are organized for girls of primary school age within the free basketball school. So far, almost 3,000 girls have had the opportunity to train basketball within the “Movement”.

In 2021, Mtel continued with the practice of supporting sports, and thus the true values it promotes. In addition to major agreements with the Football Association of BiH, the Football Association of RS and the Football Association of the BiH Federation signed in 2020 and lasting until 2023, Mtel renewed old friendships 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 Handball Club “Borac Mtel”, which Mtel has been supporting for 20 years in a row. The Basketball Club “Borac” was also supported, as well as the Swimming Club “Borac”, the Women’s Volleyball Club “Borac”, and the Volleyball Club “Borac”.

Mtel confirmed its commitment to invest in sports by an official contract for general sponsor with the Basketball Club “Igokea”, over the next three years. Friendly support continued by sponsorship contracts with the Tennis Alliance of RS, the Basketball Club “Leotar”, the Football Club “Rudar Prijedor”, the Swimming Club “22 April”, the Swimming Club “Olymp”, the Judo Club “Zvijezda” and the Croatian Football Club “Tomislav”.

By its donations, Mtel also supported the work of the Basketball Club “Rookie” Banja Luka, the Football Club “BSK” Banja Luka, the Martial Arts Club “Staparski vitezovi” Razboj Lijeve, and the Youth Table Tennis Club “SPIN” Banja Luka. Along with sports clubs, Mtel has for years been supporting prominent individuals who have achieved significant results in individual sports, such as judoka Nemanja Majdov, a twofold world champion in judo from East Sarajevo, and a member of the Serbian national team. In 2021, the company made its long-term cooperation with Nemanja Majdov official and announced the company’s support for the sportsman until the next Olympic Games.

Mtel also welcomed the young tennis player Marko Maksimović from Doboj among its friends and supported his participation in important tournaments crucial for his career. Recognizing his capacity and talent, Mtel decided to help this promising fifteen-year old player headed toward success who had won all the major world tennis tournaments, of which the last was the Masters in Monte Carlo. Marko Maksimović is the best junior tennis player of Europe and he has been the tennis champion of Republika Srpska and BiH for years, in his age category, and a member of the junior tennis national team of Bosnia and Herzegovina.

Sports events in Mtel Banja Luka

As in the previous years, Mtel supported the ICF World Championship in Kayaking and Canoeing and continued its traditional friendship with KKK “Vrbas Mtel”, whose name stands next to the name of the club and the name of the competition – “Mtel – Vrbas 2021”.

With the help of the Mtel company, Banja Luka once again in 2021 found itself on the world tennis map. As a friend of sports, Mtel once again, for a 19th year in a row, was a friend of the ATP challenger “SRPSKA OPEN” 2021 tournament. Already traditionally, the company provided a direct broadcast of the matches via Internet during the tournament, along with interesting content for children and gifts for the most fortunate members of the audience of this year’s challenger.

Mtel also supported the Seventh Professional Tennis Tournament from the futures series “Banjaluka Ladies Open 2021”, which was held on the tennis courts of the Tennis Club Banja Luka.

Continued successful practice of support to sports is also shown by support for the International Swimmers Meeting Borac Telegrup “Grand Challenge”, which was held in Banjaluka, in 2021.

As in the previous years, Mtel supported the organization of the Swimmers Meeting “Banja Luka Open 2021”, the Swimming Club “Olimp” Banja Luka.

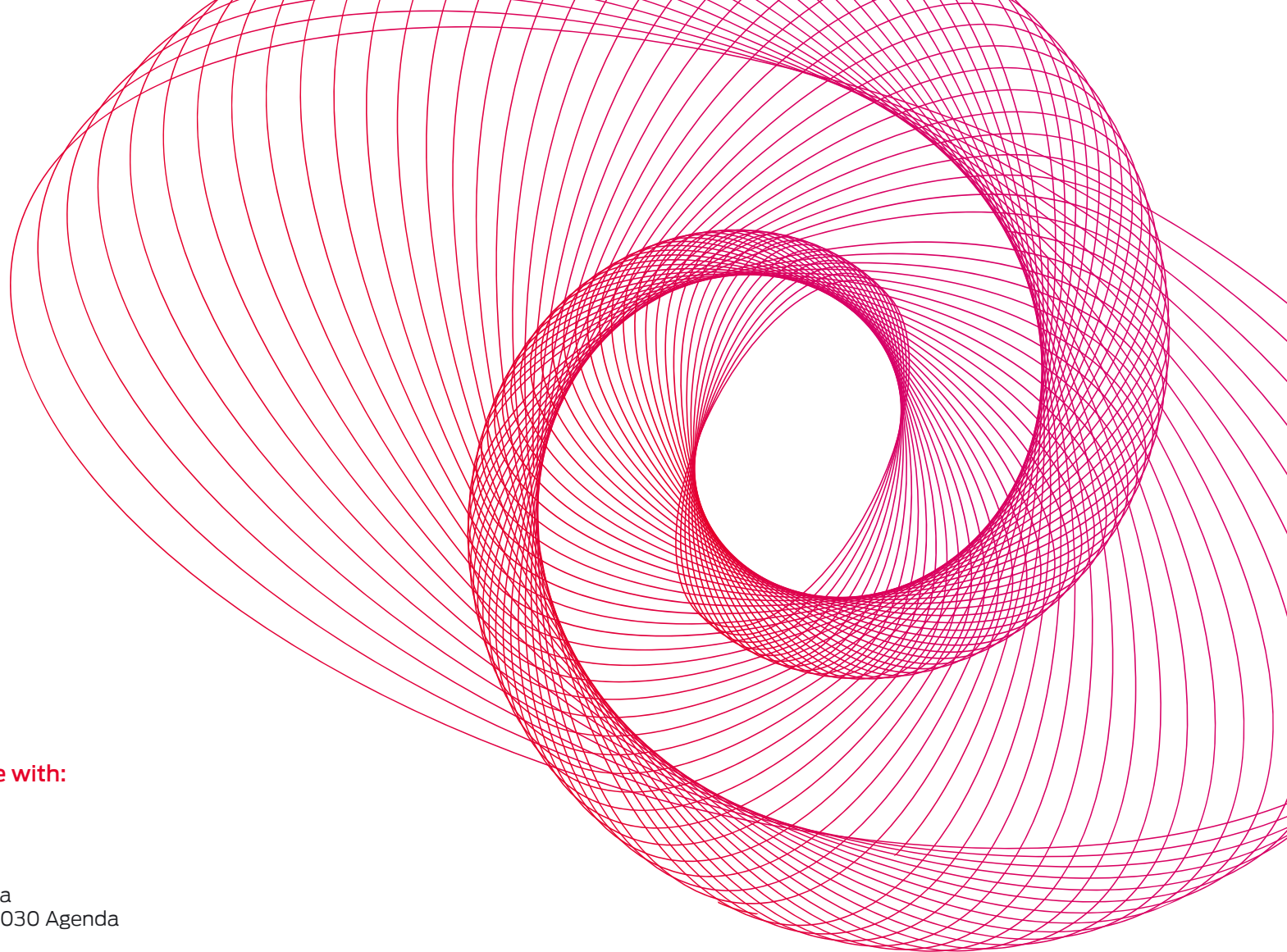
In 2021, the Banja Luka Semi-Marathon was held within the festival of sports and entertainment. The central event and the bearer of the project of this event is "Mtel RMC Banjaluka Semi-Marathon", which draws most attention of race participants from the entire region. Mtel supported the organization of this sports and entertainment event, thus contributing to the development and affirmation of the sports culture and establishing ties between people from various parts of the world.

The International Judo Tournament "Banjaluka Open 2021", as well as the organizer of this sports event Judo Club "Zvijezda" from Banjaluka, once again this year enjoyed the support of the Mtel company.

Mtel once again confirmed the already traditional friendship with the street basket tournament "3x3" in 2021. Within the tournament, the company organized a day for socializing and playing with children, children with Down's syndrome and children from the Children's Home "Rada Vranješević", as well as a day for presenting record-holders, new and multiple champions of the Regional League, as well as the League and Cup of BiH in wheel basketball, KKI "Vrbas" Banjaluka, and a day for the senior tournament Quest Open Banjaluka 2021.

In 2021, the first and the largest competition in Bosnia and Herzegovina, in trail running on paths connecting Jahorina with Bjelašnica, Ravna planina, Romanija and Trebević, entitled Jahorina Ultra Trail, under the auspices of the Olympic Centre Jahorina. The Mtel company was the sponsor of this competition.

Traditionally, the Mtel company offered support to the selection of the best sportsmen – Selection of the Best Sportsmen of RS, organized by the Glas Srpske daily, and the Selection of the Best Sportsmen of BiH organized by the Nezavisne Novine daily.



The Report was compiled in accordance with:

- Law on Business Companies
- Accounting Law
- Directives 2013/34/EU and 2014/95/EU
- Principles of the UN Global Compact Serbia
- Goals of sustainable development of the 2030 Agenda
- Adopted Instructions in Telekom Srbija

The principles of writing chapters are based on information on significant changes in the Telekom Srbija Group and the environment in the observed year and a comparison of figures with the previous year.

The basic method of work is the collection of data internally from the organizational units in the Company, from the subsidiaries, as well as externally, from state and other institutions through the official websites. Data processing includes descriptive statistical analysis, as well as tabular and graphical presentation of the trend and structure of the phenomenon.