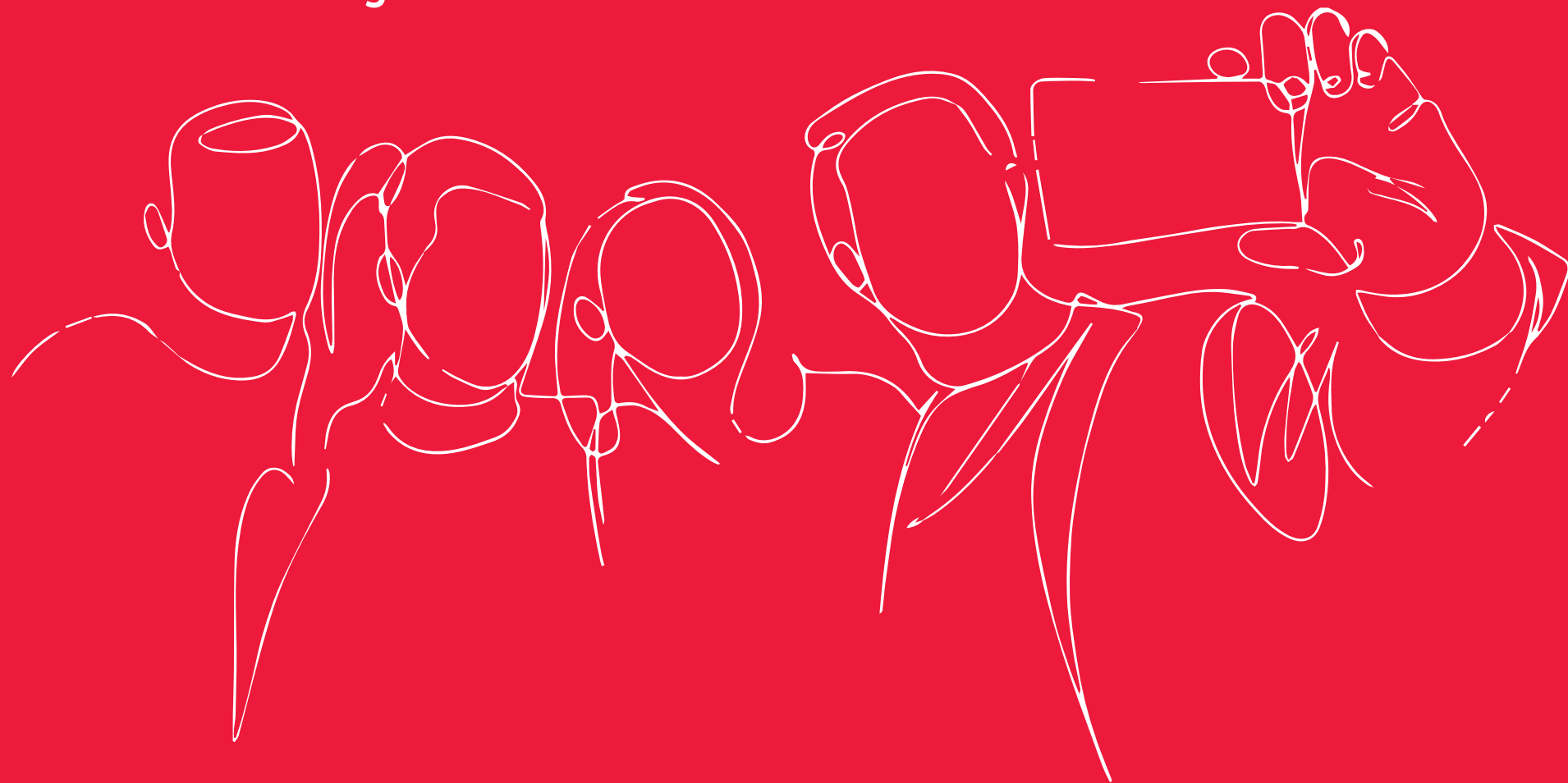


Telekom Srbija



Telekom Srbija's 2022 Consolidated annual business report

Telekom Srbija a.d. Beograd

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Opening address

It is with great pleasure that we are presenting the Annual Business Report of Telekom Srbija for 2022—yet another in a string of challenging years in which we managed to achieve enviable business results, address all challenges and improve the perception of us as a unique, modern, future-oriented telecommunications company. As a result, at the end of 2022, we fully maintained the right to still be considered a regional leader with the largest number of customers and the greatest profit.

It is our plan to continue to expand and develop so as to be ranked as one of the most valuable companies in this part of Europe in the near future. Since this is the second year of the current strategic cycle for the period between 2022 and 2026, we began to strengthen our position as a modern, customer-oriented, efficient and profitable company. In the light of the foregoing, I would like to use this opportunity to recall what we jointly achieved over the past year.

In 2022, operating revenues at a consolidated level exceeded 163 billion dinars whereas operating profits, before depreciation, interest and tax (EBITDA), amounted to 68 billion dinars, which is the record amount generated in our business operations so far against the background of a serious global crisis and continued pressure from competitor companies.

The upward trend of revenues at the level of Telekom Srbija Group was maintained in 2022 as well, with a steady rise in the total number of customers at the Group level as follows: 8% in the Internet and 10% in the multimedia spheres. In the mobile telephony segment, the number of prepaid customers increased by 5% and that of post-paid customers by 1%, respectively.



Vladimir Lučić ■ CEO

Investments made in the course of 2022 (at the level of Telekom Srbija Group) amounted to 104.5 billion dinars and were mainly aimed at media consolidation and coproduction and further development of the fixed and mobile access networks.

For a fourth consecutive year, almost all results of RATEL's survey of the quality of services of mobile operators in the Republic of Serbia testify to Telekom Srbija's leading position. At the same time, optics was introduced for over 1.2 million customers in Serbia, and acquired cable companies, including all the customers, were incorporated into our system.

The European Investment Bank (EIB) chose precisely us for its exclusive partner in the entire region for the introduction of a cutting-edge 5G network. In cooperation with the Serbian government and the EU, through the European Bank for Reconstruction and Development (EBRD), launched was a major project – the introduction of optical Internet in the remotest rural environments in Serbia which will ensure that high-bitrate Internet is provided to more than 120 thousand households and 700 schools in rural environments. We also have a leading role in the project of abolishing roaming services with the EU in cooperation with the European Commission. Our exclusive partnership with Vodafone was maintained and improved through the application of a whole string of business processes and services, and we received an expertise in the domain of business optimisation and cost reduction, procurement and logistics on the road to digital transformation of business operations.

We are actively engaged in further construction of a 4G and set up of a 5G network, with the aim of preserving our leading position in the mobile network quality sphere, with continued expansion and upgrade of our optical and IoT networks (LoRa and NB-IoT), and further investments in improving the quality of the existing and implementation of new services. Owing to the development of 5G and optical infrastructure, the next ten years will see an exponential growth in the field of application of artificial intelligence (AI) and swift development in the application of sensors, nano robots and other machines in science, medicine and various industrial branches.

As of now, every company should seriously embark on developing AI/ML and Cyber security, and therefore, for a couple of years now, we have intensively been dealing with the modalities of application of AI in all spheres to better understand our customers and create custom-made offers, as well as improve our Customer Care.

Our top-quality offer of sports content in the environment on Arena Sport channels (Champions' League, Premier League, Spanish, Italian and French Football Leagues, NBA League, ABA League...) is now complete and improved. Apart from the quality news channel, Euronews, Bloomberg Adria, a leading international business news service, has also become part of our multimedia platforms. Emphasis will be laid on the provision of top multimedia content and further improvement of user experience. We continue to achieve significant results in content production and promotion, primarily of series and movies, in cooperation with renowned world distributors.

Telekom Srbija Group is already providing its services to over 11 million customers in the region and Europe at large. We are endeavouring to improve our services and customer experience through new concepts and an innovative offer, wishing to be the catalyst of market development towards full digital transformation. For this reason, we continue to develop digital services and expand our business activities in the region and the countries where there is our diaspora. In North Macedonia, where we used to be present only with our satellite television services, we became a mobile operator. Currently, we are providing mobile telephony and Internet services, thus completing our offer of top quality services and exclusive digital content, tailor-made to customer needs and specificities of the local market. New investments are planned for the future, as well as the creation of new jobs and expansion of the local partner network. Based on our experiences from Austria (where we have more than 130,000 customers, over 15% of whom are Austrians), in Switzerland, a new member of Telekom Srbija Group, MTEL Switzerland, began to operate with a competitive offer of tariffs and roaming packages and the widest offer of TV channels from the region of former Yugoslavia, created according to wishes of the diasporas of Serbia, Montenegro and Bosnia-Herzegovina, but also attractive for all users in Switzerland. We are planning on stepping up our

presence in the German market and expanding our business operations in the US in the period to come.

This year, our representative office has been officially opened in Brussels for the purpose of obtaining greater access to the funds (primarily in the sphere of development of digital services and 5G infrastructure), and establishing improved communications and relations with European institutions and representatives to ensure more successful, swifter and more efficient application and understanding of the EU regulations and standards, closer cooperation with the relevant factors in Europe and timely and adequate provision of information and participation in the activities of leading telecommunications associations headquartered in Brussels, which generally leads to a better position of our entire business operations.

Following a careful analysis, 2022 also saw the completion of the already commenced organizational changes for the purpose of further streamlining the company's business operations and optimizing costs, laying emphasis on customer needs, introduction of new technologies and greater and faster development of new digital services and content. Regardless of technology, it is imperative that we continue to provide our customers with top quality service and the best user experience.

TS Ventures, the major fund for financing start-up projects in Serbia (with a budget of 25 million euros in the first five years) wound up the first year of operation with nine selected, high tech start-ups that may speed up and promote the development of many a vital sphere (such as biotechnology, medicine, pharmacy...), which is an outstanding result for both us and the entire community. Thereby, we demonstrated that our intentions to invest in young people and keep them in the country are serious, and we invested efforts in engaging the university community in our more complex projects. After the first investments and contracts signed in the course of 2022, the Fund will continue, in the period to come, to invest in technological innovations and digital services with a likely fast growth and expansion on the global market, along with the markets of Serbia and the region.

I also have to stress the important position of Telekom Srbija Group in the sphere of corporate social responsibility and more efficient use of resources in the domain of environmental protection, as a company oriented towards high technology and aware of its impact on the social and living environments. With such highly set strategic goals, integrated into all our business activities, aimed at further promoting sustainability, and corporate responsibility and management within the Group, we continue to work on further developing corporate spirit, and ensuring greater security and motivation of our employees, which will render us even more attractive for new talents.

I respectfully wish to express our gratitude to all our customers, partners and shareholders for the absolute trust placed in our activities. I also proudly thank the members of the Supervisory Board and all our employees without whose commitment, optimism and readiness to cope with all the challenges and tasks we would not have achieved such results and joint success. To put it simply, we would not be who we are now – regional leaders

Yours sincerely,
Vladimir Lučić
CEO

01

**We have been
with you for**



Y E A R S



Results



11
MEMBERS



12,682
EMPLOYEES



11.2 MILLION
CUSTOMERS



MARKETS OF **EUROPE,**
AMERICA AND AUSTRALIA

Telekom Srbija as a catalyst

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:

A reliable global partner in the digital world with no boundaries.

Values:

Customers

All our activities begin and end with a customer. Satisfied customers are our greatest value. With state-of-the-art technologies and digital services we develop and provide, we endeavour to create needs and exceed their expectations, creating an exceptional user experience.

Team

Agile teams are the key to success in the digital era. We create a synergy of expertise, skills and experience. We are open for different opinions and we respect differences. We are guided by joint goals and we share the same values in everything we do. We celebrate success and foster a culture of togetherness.

Responsibility

We take the responsibility for the results of our work. The manner in which we The way we approach work reflects our willingness to take initiative, deliver more than expected and contribute to the success of the team and the company we work for. Through our actions, we build trust and create value for our customers, partners, shareholders and society as a whole.

Changes

We are changing ourselves and our business environment. We recognize opportunities and chances for business improvement and digitization. We boldly explore new opportunities, new markets. We ensure sustainable growth and development with creative and innovative solutions. We encourage initiative and constantly acquire new knowledge and skills for the digital era.

Result

We are focused on the result and achieve it together. We do the right things the right way and strive for excellence in everything we do. We are not afraid of making mistakes, but of not trying. We are dedicated and persistent in achieving our goals, which is why we remain the first choice of users.

Corporate culture

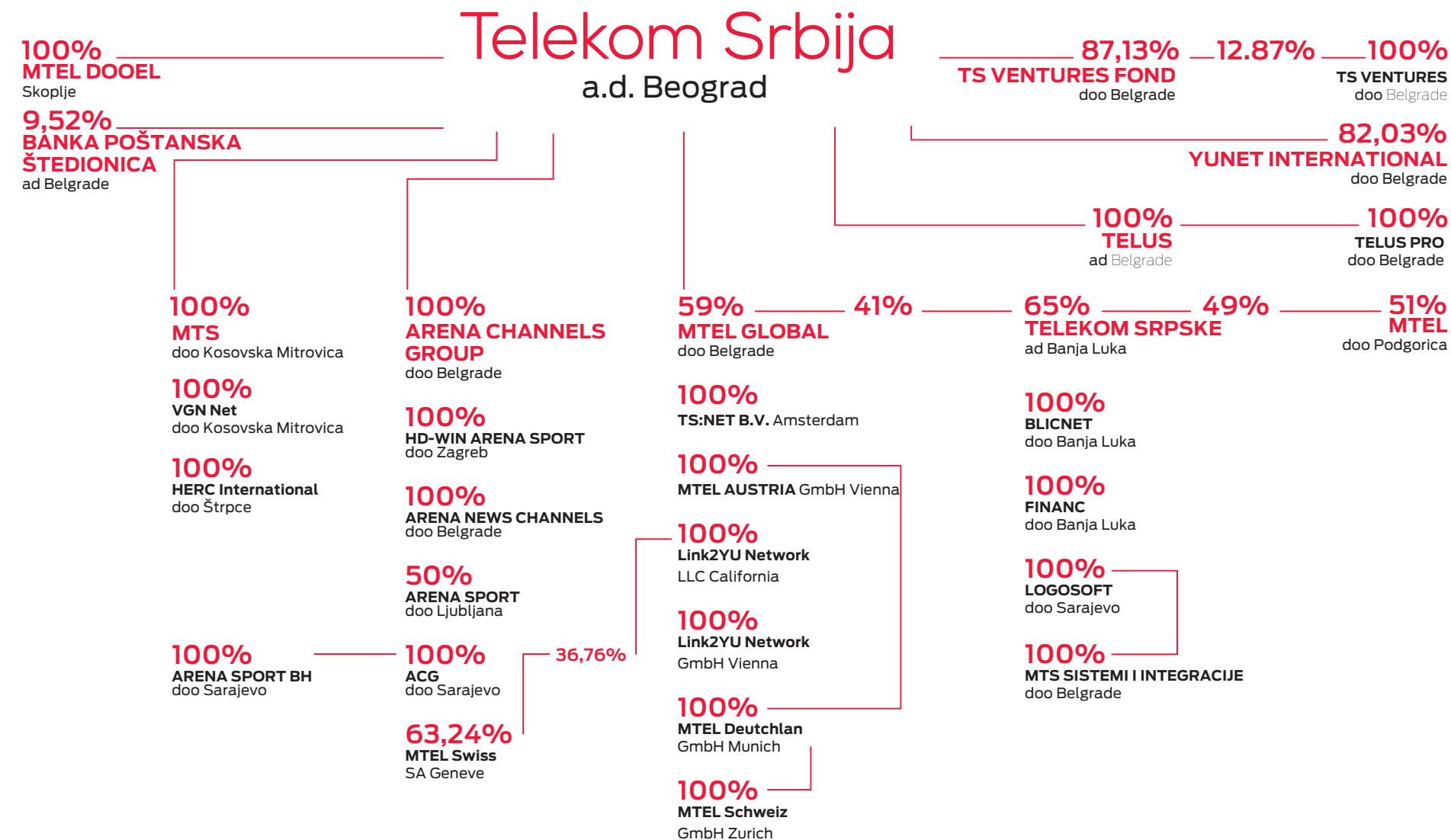
In the conditions of dynamic development of technologies and strong competition in the telecommunications market, not only do we wish to strengthen our leadership position in all market segments, but also to dictate trends and be pioneers in innovation. To achieve that, it is necessary to continuously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

Every year, a Survey on examining corporate culture is conducted, which measures various dimensions of culture, all with the aim of monitoring its development. The Engagement dimension, which reflects the degree of engagement of employees, their personal initiative, motivation and responsibility towards work, as well as the extent to which employees feel motivated in fulfilling their tasks and supported by managers, remained almost at the same level as in 2022. The existence of Communities as a virtual place where employees can communicate with their peers, share information, knowledge and experiences significantly contributes to the development of culture. Visits to the Communities have become more frequent, which means that employees are increasingly more embracing digitization and realizing the importance of digital transformation.

Applicable are documents which direct the employees to promote 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 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, it offers unique communications solutions integrated under the corporate brand of m:tel. The following subsidiaries are owned by it:

- MTEL d.o.o. Podgorica (49% ownership)
- MTEL Global d.o.o. Beograd (41% ownership)
- Logosoft d.o.o. Sarajevo, 100% it owns Mts Sistemi i integracije, Beograd (100% share)
- 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, Croatia and Slovenia.

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 committed to objective, impartial and accurate reporting, which the Euronews family and its media promote wherever they are present.

Thanks to the successful cooperation between Bloomberg Media and Arena Channels Group, launched was Bloomberg Adria, the first pan-regional multiplatform business news network in Southeast Europe, with centers in Serbia, Croatia, Slovenia, Bosnia-Herzegovina and North Macedonia. Bloomberg Adria covers business and financial news, analysis and data on the growing community of business decision-makers and future leaders in the region, via electronic (TV), print and digital media as well as mobile and social networks. Bloomberg Adria relies on the strength of Bloomberg journalists and analysts around the world in the creation and successful operation of the new platform, which combines local reporting and coverage of the broad global economy and markets.

Arena Channels Group owns the following subsidiaries:

- MTEL Swiss SA Ženeva (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% it owns Arena Sport BH doo 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, US and Canada.

It owns 100% of the following companies:

- Mtel Austrija, Vienna, with 100% ownership in MTEL Schweiz GmbH, Zurich and MTEL Deutschland GmbH Munich
- TS:NET Amsterdam
- Link2Yu Network, Vienna, with 36.76% in MTEL Swiss SA Geneva
- 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.

A large number of satisfied customers testify to quality, seriousness, professionalism and commitment.

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

Telus provides the following services: security services for facilities and property and hygiene maintenance in offices 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 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 mts d.o.o.

It owns 100% of the the following companies:

- VGN Net d.o.o. Kosovska Mitrovica i
- 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 the company.

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

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

TS Ventures d.o.o. manages the investments of the alternative venture capital fund in the Republic of Serbia – TS Ventures fond d.o.o. Beograd and provides Telekom Srbija a.d. Beograd, as the founder and investor, with access to innovative solutions for the purpose of expanding 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 a 12.87% ownership share of Alternative Investment Fund TS VENTURES d.o.o. Beograd, whereas the remainder of the stake is owned by Telekom Srbija (87.13%).

TS VENTURES FOND d.o.o. Beograd **tsv.fund/sr/**

TS VENTURES FOND d.o.o. Belgrade represents the first official Venture Capital Fund in the Republic of Serbia, which was established in accordance with the Law on Alternative Investment Funds. It also represents the first corporate Venture Capital Fund in this part of Europe, with the aim of investing in startups and innovative entrepreneurs who are in the initial phase of developing their business, but on the other hand, have great potential for rapid global business growth. The fund was set up on the model of the world's largest companies and in this manner, by investing in innovations, it will ensure further improvement and growth of its business in the upcoming period.

02



**Corporate
governance**

Corporate governance report for 2022

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 – state 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 business ethics.

The Code is based on the generally accepted principles of corporate governance established by the 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. At present, in addition to the parent company, the group owned by Telekom Srbija a.d. 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 and Alternative Investment Fund 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 US.

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. Beograd 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 2022, neither Telekom Srbija a.d. Beograd, 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, regular communication and reporting. The Company develops mechanisms and fosters the culture of cooperation between 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

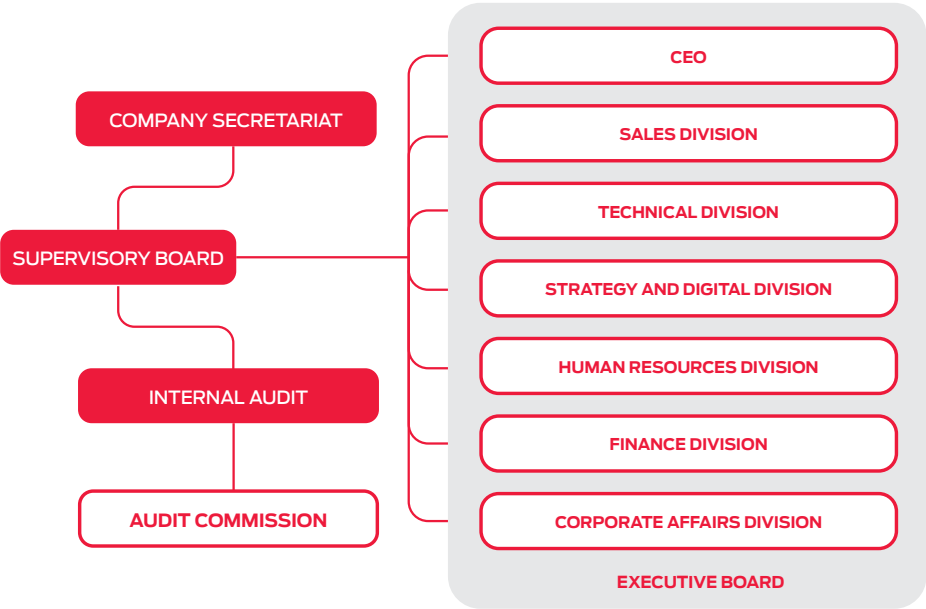
The Company has adopted and implements the policy of diversity with regard to membership in the corporate bodies of the Company – the Supervisory and Executive Boards (hereafter: Diversity Policy), which provides the guidelines for the creation and implementation of diversity management practice in terms of membership of the corporate governance bodies and exercise of the equality of the rights to present different perspectives, which defines the Company's commitment to recognizing different aspects of diversity as to the distribution of membership of the corporate bodies.

By implementing the Diversity Policy, the Company ensures complementarity and divergence of membership of the corporate bodies, taking into account the representation of all aspects of diversity that contribute to the qualitative improvement of decision-making and management of the Company, and which are key to sustainable business and provide support for further development.

Composition and work of the governance bodies and their boards

The current corporate structure of the Company, pursuant to the applicable regulations and by-laws corresponds to the corporate structure of a joint stock company and management is organized on a two-tier basis, where the bodies include the General Meeting, the Supervisory Board and the Executive Board. Additionally, the system of corporate governance also includes some separate bodies 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)..

Corporate bodies structure



General Meeting

The General Meeting is comprised of all the shareholders of the Company.

The share capital is divided into one billion ordinary shares without the nominal value. All the shares of the Company are ordinary shares that represent a single class of shares and each share bears one vote.

The General Meeting Rules of Procedure (available on the Company web page) contain the provision governing the method of work and decision making of the General Meeting and the manner of election, authorization and remunerations for work of the Chairman of the General Meeting, in accordance with the Law and the Company 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 Company observes the principle of the fair and equal treatment of the shareholders and takes all the measures to that aim including the efficient legal protection of the minority shareholders' rights

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 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, the members of the Executive Board include: Đorđe Marović, chief technical officer, Katarina Subotić, chief sales officer, Marija Spasić, chief finance officer, Gordana Trhulj, chief corporate affairs officer, Draško Marković, chief human resources officer and Natali Delić, chief officer for strategy and digital.

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.

In 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 in 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.

Inclusion of the 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 competition issues, environmental protection and prohibition of discrimination.

Conflict of interests

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 business interests.

In cases where the employee is or is suspected to be in a situation of conflict of interests which is in favour of the person who is related to the employee, or is in a friendly or business relationship with him/her, etc. as well as in a situation where personal interests may or appear to be placed above the interests of the Company, the employee is obliged to inform his immediate superior about this by reporting the activities and actions in which there is a personal interest or the interest of related persons (in terms of the applicable regulations).

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.

The employee may not make or receive a gift that implies a thing, right or service, given or done without the appropriate compensation, i.e. a benefit or convenience, except for a protocol and opportune gift, as envisaged by the valid regulations governing the matter of preventing corruption.

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.

Environmental protection

The Company takes measures to protect the environment by adopting ecologically oriented technologies and methods with the aim of reducing the negative impact on the environment. During the performance of such activities, environmental protection aspects are taken into account, such as: rational energy consumption, prevention of the generation of waste material, proper disposal and recycling of waste material. By investing and installing the most modern telecommunications technology, the Company contributes to the application of clean technologies and technologies that consume less electricity compared to the devices that were used in the past decades.

Prohibition of discrimination

The Company prohibits any unjustified discrimination or unequal treatment, i.e. omission (exclusion, limitation or giving priority to), in relation to persons or groups as well as members of their families, or persons close to them, in an open or covert manner, which is based on race, colour, ancestry, citizenship, national or ethnic origin, language, religious or political beliefs, sex, gender identity, sexual orientation, property status, birth, genetic characteristics, health status, disability, marital and family status, criminal record, age, appearance, membership in political, trade union and other organizations and other real or assumed personal characteristics.

The company accepts and promotes the principle workforce diversity.

Integrity plan

In accordance with the Law on Prevention of Corruption, the Company has adopted an Integrity Plan, which is the result of a self-assessment procedure of the company's exposure to the risks of emergence and development of corruption and other irregularities. The purpose of the integrity plan is to establish a mechanism that will ensure the efficient and effective functioning of the company through strengthening responsibility, simplifying complicated procedures, increasing transparency in decision-making, controlling discretionary powers, strengthening ethics, eliminating inefficient practices and inapplicable regulations, introducing an effective system of supervision and control.

Mtel Banja Luka has its own Code of Conduct and Corporate Governance. The provisions of the Law on Business Companies, the Corporate Governance Standard, the Articles of Association and other general bylaws of the Company directly apply to everything that is not regulated by the Code. Mtel's statement of compliance of the organization and operations with the code of conduct, i.e. the corporate governance standards, was published on the company's website in the "Investors" section (www.Mtel.ba) and on the website of the Stock Exchange (<http://www.blberza.com>).

The subsidiaries operating within the Mtel Group, Logosoft, , Blicnet, and Finance, also observe the highest standards of corporate governance, which are a prerequisite for quality and long-term relations with the customers, partners and various stakeholders.

Other members of Telekom Srbija Group

In Arena Channels Group, Mtel Global, TS Ventures d.o.o. Beograd and mts d.o.o. the corporate governance is organized as a one-tier management, which means that the company corporate bodies are the general meeting and the chief executive officer. In other companies that belong to Telekom Srbija Group, the governance is organized on a two-tier basis.

Significant changes in 2022

In June 2022, the Company acquired a stake in TS VENTURES FOND d.o.o. Belgrade, which created the conditions for the Company as the investor, to make investments through the said fund in the business entities that are newly established or are in the initial stages of business, in order to achieve the goals defined by the fund's business strategies.

As of April 1, 2023, the Company participates in the ownership of TS VENTURES FOND d.o.o. Belgrade with 91.12%, and TS VENTURES d.o.o. Belgrade participates with 8.88% ownership.

Within Telekom Srbija Group, a new legal entity was established by the related legal entity Arena Channels Group d.o.o. Belgrade (Arena Sport BH d.o.o. Sarajevo).

Upon the implementation of the status change, certain related legal entities ceased to exist - mtel a.d. Banja Luka (Telrad Net d.o.o. Bijeljina and Elta kabl d.o.o. Doboj). The related legal entity mts d.o.o. (Lika d.o.o. Zvečan) also ceased to operate).

Structure of Telekom Srbija's investments in the subsidiaries as at 31 December 2022.

	Telekom's share in the capital	2021	2022	Share
Telekom Srpske a.d. Banja Luka	65%	56.933.380	56.933.380	50.8%
Arena Channels Group d.o.o. Beograd	100%	18.998.750	38.043.196	33.9%
Mtel d.o.o. Podgorica	51%	7.518.129	7.518.129	6.7%
MTEL Global d.o.o. Beograd	59%	5.073.142	5.284.487	4.7%
mts d.o.o. Kosovska Mitrovica	100%	3.288.783	3.288.783	2.9%
Yunet International d.o.o. Beograd	82%	491.387	491.387	0.4%
Mtel d.o.o.e.l. Skoplje	100%	58.781	403.006	0.4%
TS Ventures d.o.o. Beograd	100%	31.911	78.888	0.1%
TS Ventures Fond d.o.o. Beograd	87%	-	56.863	0.1%
Telus a.d. Beograd	100%	9.030	9.030	0.0%
		92.403.293	112.107.149	100.0%
Minus: Provision		-174.522	-174.522	
		92.228.771	111.932.627	

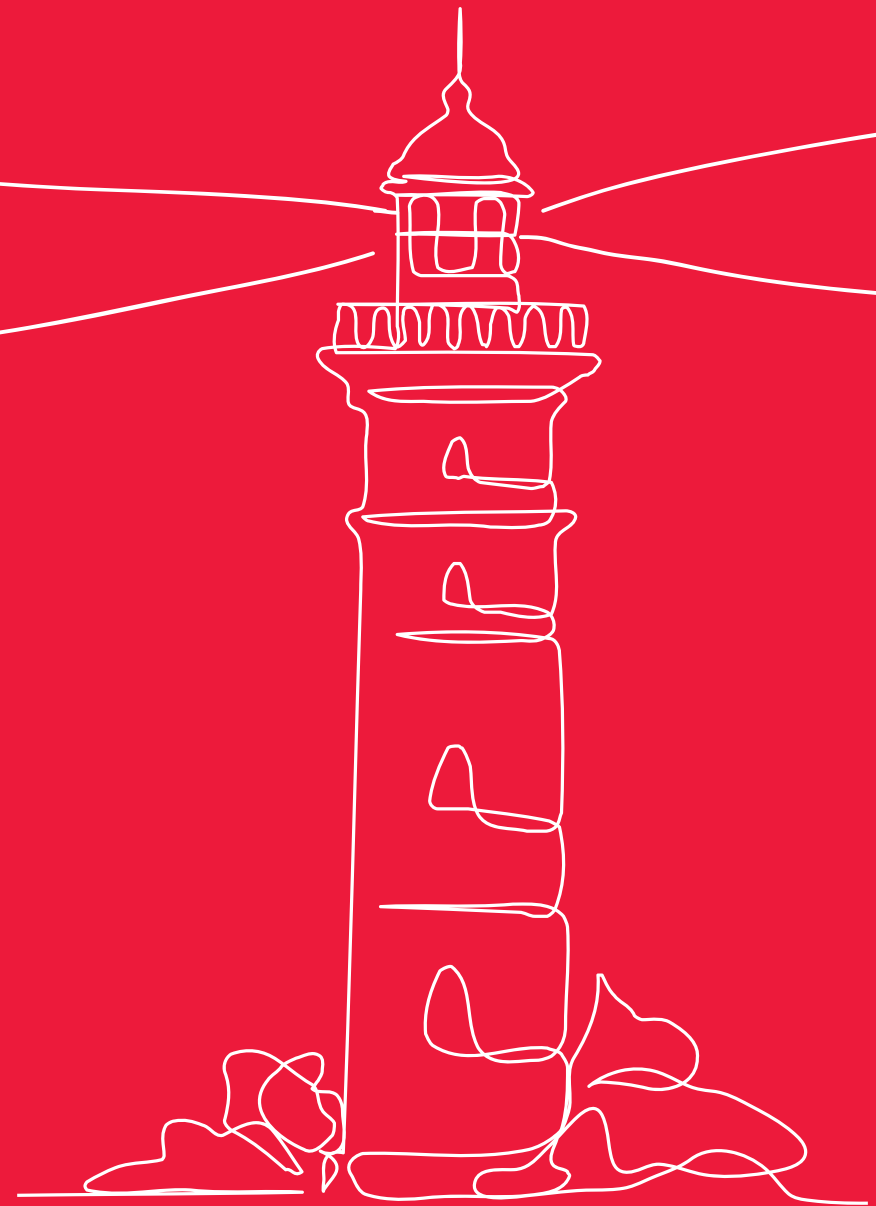
Significant events after the end of the business year

In the January- March 2023 period, capital increase was performed in the following subsidiary entities: "Arena Channels Group" - RSD 2,406,433 thousand, "Mtel" d.o.o.e.l. - RSD 59.261 thousand, "TS Ventures Fond" - RSD 29,330 thousand and "TS Ventures" - RSD 12,906 thousand.

In February 2023, the representative office of the Parent Company was opened in the Brussels in order to have easier access to the European funds for developing the digital services and 5G infrastructure

03

Strategy



Reliable global partner in
the digital world without limits

With its 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 strategy of 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 vision of Telekom Srbija Group, as a *Reliable Global Partner in a digital world without borders*, clearly indicates the desire to strengthen its position in all markets, but also to position itself as a globally reliable partner in the delivery of digital services by offering new digital services following the modern trends.

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

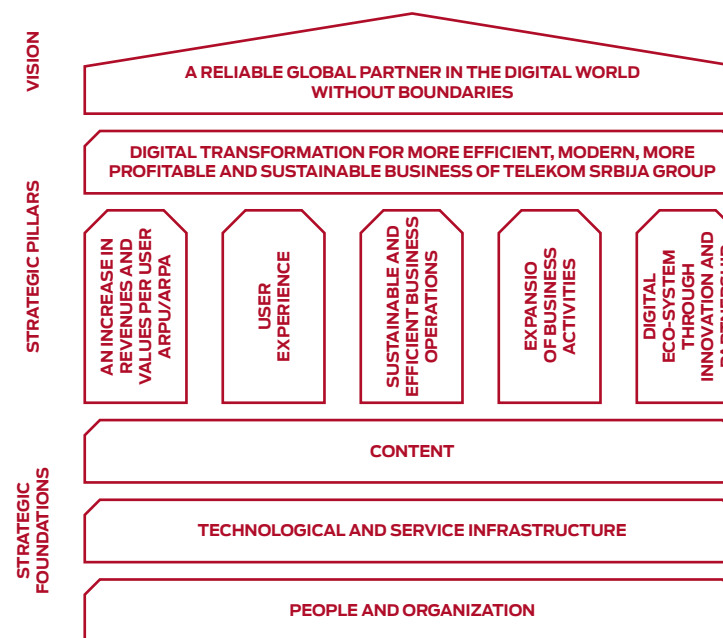
The strategically identified areas are classified by the new strategic framework, presented in the form of a strategic house, divided into five strategic pillars designating the market, the customers and the revenues, and three layers of foundation that form the basis of the future growth and development.

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 customer 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 customer 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. The 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 successful implementation of the planned strategic initiatives activates a strategy that will strengthen the growing trend both for individual companies, and at the level of Telekom Srbija Group.

Increase in revenues and value per user

Through the intensive modernization of the network infrastructure in the previous years, Telekom Srbija gained a significant competitive advantage over other telecommunications operators on the market. The market position was further strengthened by investing in the premium content, primarily sports and game content. In this way, preconditions were created that enabled further expansion in the development of services in the domain of core business.

During 2022, the complete portfolio of services for private and business customers users was updated. Regular improvement of the offer was established taking into account the customer needs, the activities of the competition, the overall movements in the market and technological trends. In this way, in 2022, Telekom Srbija recorded an increase in the total number of Internet and multimedia users by 100,000 each, so that, at the end of 2022, the total number of Internet users was 1,139,665 and the number of multimedia

users was 1,141,694. An increase in the number of users of mobile services was recorded, and what is particularly significant is that there was also an increase in ARPU/ARPA for the aforementioned services (internet, multimedia, mobile). These results were achieved thanks to the successful implementation of numerous projects and promotions, and more than ten new projects were launched in the development of basic services in 2022. The continuous innovation of the offer based on the packaging of convergent services and products continued. At the beginning of the year, there was a harmonization of the offer for the previously acquired Supernova users through BOX packages offering the possibility of using mobile telephony in convergent Supernova packages - Superplan 3 and 4. The harmonization of the offer contributed to better customer experience for these users owing to the use of all services of one operator invoiced in a single bill.

One of the most important projects in 2022 was the introduction of TV services in BOX packages for business customers, which enabled to them to use the multimedia services within the package offer through BizBOX 3 and 4. Also, a certain number of ICT services are included, depending on the selected package. In this way, the offer of convergent services for the business segment was innovated, with a special focus on improving the offer for small and medium-sized enterprises. In addition, an initiative was launched to accelerate the SME/SoHo segment, through which the number of users of the converged package services and hotel solutions increased. A tourist offer was also created so as to include TV and WiFi service for business users engaged in tourism. Throughout the year, work was done on testing and preparing the use of SD WAN technology for business users for efficient management of the network traffic and use of cloud services, which was commercially launched in late 2022.

In order to provide support to the business users in the process of digital transformation, as well as to recognize the customer needs regarding the use of mts ICT services, a special approach in the sales segment was introduced under the Digital SME initiative, by creating specialized expert sales teams that should provide assistance to business users in implementing digital transformation of their businesses. The "MTS Butler" concept was established, which includes a "turn-key" offer both in terms of the offer/portfolio of services and solutions, and in terms of implementation and support.

During 2022, the construction and expansion of the optical infrastructure also continued, recognized as the technology of the future because it supports the "future proof" expansion of the future customer services. At the end of 2022, "Household passed" reached a value of about 1.2 million, and "Household connected" over 370 thousand. In this regard, the transition of Internet users to the optical technologies was encouraged both through the promotion of the packages with optical access, and through the innovative FiberPro offer for the business segment of users. In this way, the customer experience was improved,

and, through special projects, the optical Internet access became more widely available on the entire market.

In the mobile telephony segment, a lot of work was done in the past year on innovating the entire offer, including the price model. In cooperation with Vodafone, an extensive analysis of mobile tariffs for private users was carried out, on the basis of which new prepaid and postpaid tariffs were created. At the same time, new tariffs were introduced for business users that ensured the flexibility of offer while enabling a personalized choice from the offered set of add-ons for different categories of traffic (international, roaming, data). Given that the mts mobile network was declared the best mobile network on the market for the fourth time in a row, in order to use the possibilities of the 4G network in 2022, work continued on increasing the number of mobile users who have access to the VoLTE service. A special focus was made in the creation of seasonal offers (summer offer, New Year's offer), as well as new prepaid tariffs for foreign citizens. As 2022 was the jubilee year for our company, a campaign for 25 years of Telekom was carried out, where the existing users were entitled to various benefits that rewarded their loyalty.

The enrichment of the TV service content continued, both by securing the rights to broadcast Premier League matches last year, and by producing feature programs (series, films). In addition to the content, work was also done on the improvement of the applications for smart devices Iris Go and Arena Cloud, as well as on the new interface for the IPTV service, whose commercial release was launched at the end of 2022 and which brought a significant improvement of customer experience. The improved TV service enabled the differentiation of Telekom Srbija's offer on the multimedia market, but at the same time enabled the offer of convergent services to become unique on the market.

In the last year, intensive work continued on segmentation, understanding the customer needs and behavior in order to enable the creation of a personalized offer, with the aim of increasing the value per user. In cooperation with company Vodafone, a CVM process was successfully established through the work of agile squads using an agile methodology, and the CVM organization was also established in late 2022, which led to a significant improvement in the management of the existing customer base.

Customer experience

During the entire year 2022, several projects aimed at improvements in all points of the Customer Journey were implemented, starting from the first contact with the customer, all the way to after-sales activities. As a result of the actions taken, the Net Promoter Score (NPS), one of the key indicators of the level of customer satisfaction and loyalty, is higher by more than 80% compared to 2021.

In cooperation with Vodafone, the Skyline program was launched, which includes improvements in the interactions with customers as well as improving the user experience through all channels: at the Contact Center, through reducing transfers, creating new groups of agents and expanding their skills, through technological changes to the IVR structure, expansion of the knowledge base and flows of user interactions on the chat bot, development of multiservices for recording complaints about functionality and managing them. The achieved improvements resulted in the average number of calls to the Contact Center per user (Frequency of Contact - FOC) being significantly reduced compared to the previous year.

In the previous year, the full migration of the mts sales portal and both versions of mobile applications (iOS and Android) to the new platform, as well as the sales/Commerce segment, was completed. This migration enables: unification of sales processes, which provides the user with a unique customer journey and customer experience; faster accommodation of requests; unified reception and processing of requests, but also the processing of the requests that for some reason were rejected or interrupted by the application or by end users (accommodation of requests that are potentially lost).

The "Minute for Telekom" communication platform was also implemented, with which our customers convey their positive experiences from the cooperation with our company.

The "24h" program continued with, which significantly contributes to the improvement of customer experience, both in the segment of private users, and in the segment of business users. This program offered the possibility of shortening the installation time of new services and the resolution of faults on the part of the users within clearly defined deadlines. It was ensured, inter alia, that all provisioning and assurance processes be completed within 24 hours. In addition to the significant improvements made to the core elements and technical platforms that enable more efficient and transparent communication with users, the expansion and improvement of the Contact Center has also begun in order to further improve its resources and also to provide a higher level of optimization of communication channels with users.

The functionality of recording the card on mobile applications was also implemented, which significantly simplified the process of bill payment or electronic top-up, and at the same time resulted in an increase in the number of transactions and the acquisition of new users on digital channels.

Sustainable and efficient operation

During 2022, several projects related to cost rationalization, improving the efficiency of business processes, and promoting environmental protection were implemented.

Cooperation with the Vodafone company during 2022 continued in the segment of joint procurements. In this way, significant savings were achieved by ensuring lower purchase prices. Considering the achieved results, further expansion of the volume of procurements to which this type of cooperation can be applied is planned in the coming period.

Activities focused on the implementation of different types of e-Accounts as per the user segmentation were also implemented. Throughout the previous year, there was a continuous promotion of this service, which provides significant savings, with the added effect of reduced paper use. At the same time, e-Account served as an additional channel of communication with users in order to promote the company's new services.

In 2022, there was a significant increase in the number of bill payment transactions and payment card top-ups compared to 2021 thanks to improved processes on digital channels and user education, which affects the very efficiency of the corporate processes and customer satisfaction.

The e-Invoice project ensured that Telekom Srbija could meet the regulatory requirements regarding electronic invoicing, which enabled more accurate and efficient collection of receivables from the customers, while at the same time reducing the operating costs related to delivery and printing of invoices.

The total number of the simplified, automated and improved business processes in 2022 is 18, of which 8 were automated using RPA technology. In addition, 6 machine learning models that help in the efficiency of business processes have been fully implemented and 9 new ones have been launched.

The network management automation project has also been launched, which should enable faster implementation of services, a better quality of the network monitoring and a more efficient problem solving in the network and services.

Significant improvements in the efficiency and effectiveness of sales processes were also implemented, which will contribute to the improvement of the customer experience and acquisition of more new customers.

Telekom Srbija Group strives to implement resource-efficient and sustainable solutions and thereby contribute to the community in which it operates. For this reason, through the contract with EPS, Telekom Srbija has ensured that the entire electric power purchased from EPS comes from renewable energy sources. Thanks to this, the total reduction of carbon emissions in 2022, compared to the previous year, amounts to 35.19%. In this segment, in the coming period, the continuation of the trend of reducing the carbon footprint is planned, as well as the continuation of education, among other things, through potential cooperation with GHG (Greenhouse gases) partners. In addition,

the Environmental Management System according to the ISO 14001 standard was implemented, through which the procedures and instructions for the application of this standard at the level of the entire company were defined.

Expansion of business

In 2022, MTEL DOOEL, a member of the Telekom Srbija Group, in addition to the mSAT service it offered in 2021, included in its offer new services in North Macedonia - mobile telephony and internet, as well as service packages that include satellite television. In this way, MTEL DOOEL is expanding its offer of premium services and exclusive digital content, which offer users a different experience in the field of telecommunications.

In October 2022, the first office was opened in the vicinity of Zurich, in Switzerland, which officially marked the start of the work of MTEL Switzerland, a new member of the Telekom Srbija Group. MTEL Switzerland offers mobile telephony and television services, whose quality and offer can be competitive with local, Swiss operators. The offer of prepaid and postpaid tariffs, favorable roaming packages as well as the richest offer of television channels from the region of the former Yugoslavia is certainly what will further bring the offer of the youngest operator in Switzerland closer to the diaspora from Serbia, Montenegro and Bosnia and Herzegovina.

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

The Group plans to develop digital services and produce content and multimedia services adapted to the Diaspora. Such content and services will be offered on the Group's own OTT platforms, which represents a key differentiator as compared to the main global OTT competitors.

Digital ecosystems through innovations and partnerships

During 2022, the IoT platform was upgraded in Serbia and the NB IoT network was launched. A large number of contracts on testing IoT devices and services (water meters, smart electric meters, parking sensors, etc.) were signed with the new and the existing partners, etc.).

In the various fields of application and in cooperation with the partners, some new and the already implemented IoT solutions have been introduced into the offer both through commercial contracts, and for own needs or through pilot projects. In the field of agriculture, solutions are offered Digital assistant in agriculture (orchards, vineyards, farms, silos) as well as a solution for automated management of state-owned agricultural land, while in the field of telemetry a solution for remote measurement of gas consumption readings

has been implemented. Noise monitoring and remote road temperature measurement projects were also implemented, and SCADA as a Service was introduced in the IIoT area. In the area of safety and protection of buildings and infrastructure, systems for controlling access to manholes/shafts, as well as for controlling access to base stations for own needs, and the pilot projects System for voltage control in power supply units of the HFC network, Smart parking and Smart buildings and offices were also successfully implemented.

During 2022, Telekom Srbija introduced several new business solutions/ services in the field of ICT (in the domain of security services: Premium Security and SOC (Security Operation Center) packages, Cyber Protect and Backup - a cloud solution based on the Acronis platform; from the services part trusted - electronic delivery service and qualified electronic time stamp, eOffice; in the domain of business solutions, creation of web sites and web shops, as well as OTASync solution for accommodation facilities, i.e. hotel management solution, reception software). Telekom Srbija continuously works on expanding the ecosystem and establishing cooperation with partners in order to introduce new, innovative solutions. Also, the mts Butler concept was established, which includes a “turnkey” offer, both in terms of the offer/portfolio of services and solutions, as well as in terms of implementation and support.

During 2022, a significant increase in the number of online bill payment transactions and prepaid top-ups via portals and applications was recorded. Campaigns with Mastercard and Bank Poštanska štedionica (BPŠ) were also successfully conducted.

As part of the strategic cooperation with the company “Srbijavoz”, a mobile application for buying tickets was developed and put into production in March 2022, so that by the end of the year it will already have around 100K users.

In 2022, the offer for private users was enriched with the Smart home service and the LOKI-TOKI service, which enables tracking of pets, elderly people and objects (suitcases, etc.). Also, users are provided with two new OTT services: KlikTV and mts Sport for monitoring live and VoD content.

The IoT platform with the LoRaWAN Gateway network was set up by MTEL Banja Luka in BiH according to a similar model to the IoT platform in Serbia and is already showing successful results. In order to provide various IoT services for business clients, MTEL Banja Luka expanded the LoRaWAN network infrastructure in different municipalities, and its additional expansion is planned.

Through pilot projects or commercial contracts, the IoT services in the field of environmental protection were implemented (air quality measurement, noise level measurement, river water level measurement), smart lighting, smart containers, etc.

The cooperation with the partners on the IoT service for remote reading of water consumption continued and while a pilot project was implemented for remote reading of electricity consumption.

To provide the IoT services, the sensors for reading water consumption, sensors for monitoring TK wells of MTEL, air quality measurement, noise level measurement, water level measurement, remote reading of waste level in containers sensors for smart lighting, remote reading of electricity consumption and sensors that provide test phases of the partner companies were registered on the LoRaWAN network server of MTEL Banja Luka.

The Group member, MTEL Podgorica from Montenegro, which includes the Digital Factory, is an important incubator in the development of all digital services. In a specially designed space, through the organization of technological events, workshops, meetups and hackathons, focused on new technologies, solving real problems and promoting a better life, a dynamic IT and startup community was created, which has so far managed to promote a significant number of startups with globally competitive products.

After the first investment in the startup Ota Sync in June 2022, TS VENTURES FOND signed the contracts with the startups Anari AI, Bitebell, Brush Galaxy, Nanocraft, 60 seconds, Rendevue and Shopnosis. Each of the aforementioned startups fully met the criteria set for successful cooperation. The criteria were that startups must be “high-tech”, i.e. digital, must have clearly defined goals and projections of market figures that they want to achieve, must have concrete business ideas and a business plan, must have quality people in their teams, and it is especially important to have global market potential.

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 started distribution outside the borders of the region and the diaspora. The TV series “Civil Servant” has been successfully distributed for broadcast in the territories of India, Brazil, Puerto Rico and Panama. The “Black Wedding” TV series is distributed in Australia and the Czech Republic, and the Fury TV series in Albania, the Czech Republic and the UAE. The sales activities of our own content will continue in the coming period, in all parts of the world.

Technological and service architecture

Thanks to the investments in the modernization of infrastructure and the constant improvement of the quality of services in all categories, Telekom Srbija confirms its position as the best network for the fourth year in a row, both according to the measurements of RATEL, the only official national institution in

Serbia responsible for measuring the quality of mobile networks, and according to the results of testing conducted by the eminent foreign companies.

Since the auction for the allocation of new frequency bands in Serbia did not take place in 2022, the start of the implementation of 5G technology as well as all related projects was postponed. In the meantime, preparations for the introduction of 5G technology in the RAN network continued, activities were taken for more efficient use of the spectrum and for the preparations for the complete shutdown of 3G.

In the part of the IT system during 2022, the technological and operational way of working was further improved, primarily through the implementation and application of new technologies. In the following period, the work on the establishment of microservices and the application of container infrastructure will be accelerated.

The IoT platform was upgraded and NB-IoT technologies were implemented, enabling the development and implementation of modern digital services based on NB IoT technology.

People and organization

During 2022, numerous development activities and initiatives were implemented. Since the launch of the new SAP SF learning platform, a total of 134 video trainings have been recorded on 35 different topics in the domain of business, interpersonal and digital skills, computer work and English language. Since the beginning of 2022, 107 video materials have been uploaded.

In 2022, the company made significant progress in the development of employees through the organization of internal education in the areas of creative thinking, innovation, agile prioritization and digital immunity. Online workshops on basic and advanced computer support were organized. The company also invested efforts in the organization of external education in the field of agile methodologies and digital skills development, with the aim of further improving the knowledge and skills of its employees.

As part of its commitment to attract talents, Telekom Srbija implemented a number of programs in 2022. Mandatory student internship for students from reference faculties was successfully conducted.

A new cycle of the IoT Lab Telekom Srbija student internship program has been launched, which is intended for students from the Universities of Belgrade, Novi Sad, Kragujevac and Niš. Students are organized in multidisciplinary teams and focused on the development of IoT solutions in the fields of environmental protection, security, energy and resource saving and agriculture.



04

**Customer in
the focus**

Telekom Srbija Group market

According to the World Bank analyses published in January 2023, the world economy is in sharp decline due to rising inflation, higher interest rates, diminished investments and global disruptions caused by the worldwide crisis. Given the fragile economic conditions, any new negative development – such as higher-than-expected inflation, a sharp rise in interest rates to curb inflation, a resurgence of COVID-19 pandemics or escalation of geopolitical tensions – could push the global economy into recession. It would be the first time in over 80 years that two global recessions have occurred in the same decade.

The global economy is projected to grow by 1.7% in 2023 and 2.7% in 2024. Growth in 2023 is expected to be lower than projected, 95% lower in advanced economies and almost 70% lower in emerging markets and developing countries.

Serbia

In 2022, the telecommunications market experienced the fiercest battle in the segment of media content distribution.

Companies continue to invest in optical infrastructure, albeit on a smaller scale, but the expansion of the network in rural areas is now noticeable. All operators have realized that the speed of the Internet and the stability of the network are equally important, so the battle is primarily around users who still utilize older technologies, and the main activity in the field is the “swapping” of customer bases from old technologies (ADSL, WIFI) to more stable optical or HFC networks. With the advent of 5G network, this fight will become even more fierce, as a large number of customers will have on their mobile devices a throughput that will meet all household needs.

Demand for add-on services is growing significantly, especially in the premium segment. These customers 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 users in Serbia

In millions	2021	2022	growth
Fixed	2.37	2.36	-0,4%
Mobile	8.50	8.61	+1.3%
Internet	1.80	1.92	+6.7%
Multimedia	2.14	2.17	+1.4%

**RATEL - Quarterly report*

Telekom Srbija still has the largest share in all segments and has been named the best network in the market for the fourth year in a row, according to the RATEL report.



Bosnia and Herzegovina

In the telecommunications market, there is still a decline in the number of fixed telephony users, whereas other services are constantly growing, especially in the mobile telephony segment. The number of prepaid customers is still several times higher than the number of postpaid customers in the mobile telephony segment.

At the end of 2022, the penetration rate of mobile telephony services was estimated at 110.39%, where the rate was calculated on the basis of data published by the Agency for Statistics of Bosnia and Herzegovina on the estimated population in mid-2021.

Telecommunications users in B&H

In millions	2021	2022	growth
Fixed	0,69	0,65	-5,6%
Mobile	3,73	3,81	+2,2%
Internet	0,80	0,88	+9,7%
Multimedia	0,88	n/a	

**RAK - Quarterly report*

Montenegro

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

Korisnici telekomunikacija u Crnoj Gori

In millions	2021	2022	growth
Fixed	0,19	0,19	+0,6%
Mobile	1,12	1,27	+13,7%
Internet	0,19	0,20	+4,3%
Multimedia	0,24	0,26	+4,6%

**EKIP - Quarterly report*

North Macedonia

As of the last quarter of 2021, the Macedonian telecommunications market has been a new market for the Telekom Srbija Group.

In the fixed telephony segment, the total number of customers is growing slightly. This is due to a significant increase in the number of customers using wireless technologies, VOIP and mobile telecommunications networks.

In 2022, the number of mobile telephony customers increased significantly compared to previous years, while the transmission of media content recorded a constant increase.

Telecommunications users in North Macedonia

In millions	2021	Q3 2022*	growth
Fixed	0,43	0,44	+2,5%
Mobile	1,94	2,05	+5,5%
Internet	0,50	0,51	+1,5%
Multimedia	0,43	0,44	+2,4%




Q3 2022 - Last available data

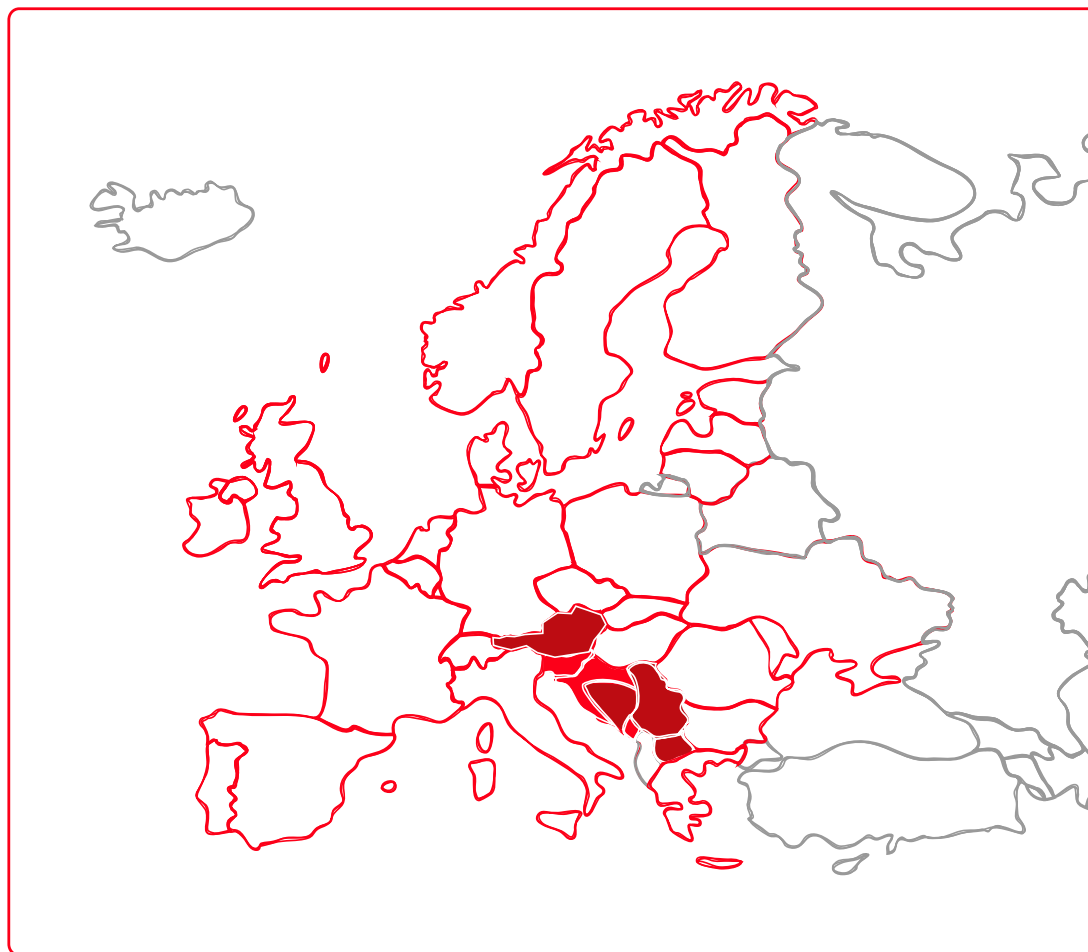
In addition to the regional market of telecommunications services, Telekom Srbija Group has found new customers wherever there is our diaspora.

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

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



-  Markets with telco companies
-  Additional markets for Arena Channels Group
-  Mtel Global market



Number and Structure of Customers

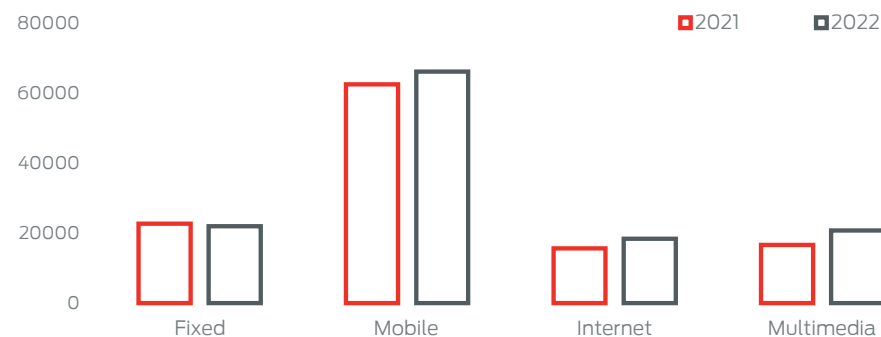
TOTAL NUMBER OF CUSTOMERS PER GROUP MEMBER

	2021	2022	growth	structure
Telekom Srbija	7.870.484	8.057.706	2%	72%
Mtel Banja Luka	2.158.112	2.239.586	4%	20%
mtel Podgorica	596.405	663.413	11%	6%
mts d.o.o.	67.715	68.250	1%	1%
Mtel Global	121.629	166.266	37%	1%
mtel DOEL	1.273	12.495	882%	0%
Total	10.815.618	11.207.716	4%	100.0%

*Yunet International customers make a segment of Internet wholesale of the parent company Telekom Srbija, thus they are not presented separately in the table

We are continuously improving the quality of service and customer experience, push the boundaries and raise the efficiency of all business segments, we quickly adapt to new circumstances and constantly innovate our business processes, products and services, thus ensuring the sustainability and growth of our company.

Number of Customers



The strategic partnership between Telekom Srbija and Vodafone continued in 2022, enabling Telekom to apply all 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 field of digitalization of consumer products, business solutions, service offerings and business processes. This partnership also provides support to the procurement of technology and devices, thus optimizing costs and investments and creating new value.

The emphasis in Telekom's operations in 2022 was on customer satisfaction and we had a number of promotions to that end. In 2022 Telekom marked 25 years of work and on that occasion we wanted to express our gratitude to all our customers with the best offer of packages and services and additional promotions thereof. By personal contact with customers through different sales channels, we approached customers not only to offer them services, but also to hear their requirements and to improve our offer according to their needs, because we always focus on our customers.

Fixed telephony

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

Fixed telephony services are classified in the category of services with a declining trend, the result of which is a decrease in the number of users of this service year after year. At the same time, it represents a very important segment in business communication and communication of the elderly population, therefore Telekom Srbija Group is still continuously improving these services.

By bundling services for Telekom customers, the fixed telephony service is included in the BOX packages with the option of unlimited communication in national traffic, as well as throughout the region in the markets where Telekom operates, without additional charges. Telekom thus provided its package users with added value in fixed telephony.

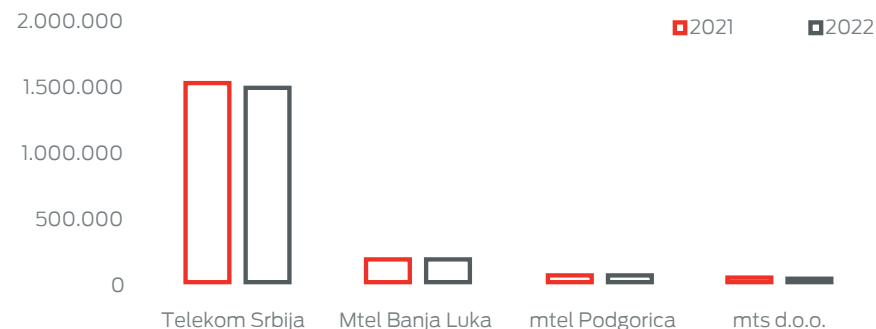
The Group's fixed telephony services are used by 2.1 million customers. In the parent company Telekom Srbija and its subsidiaries, the number of fixed telephony customers at the end of 2022 was lower than the number of customers at the end of 2021.

Total number of fixed telephony customers

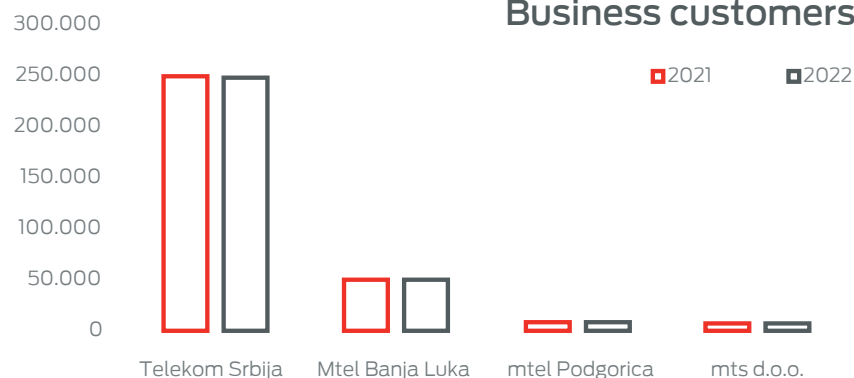
	2021.	2022.	growth	structure
Telekom Srbija	1.779.823	1.741.995	-2%	85%
Mtel Banja Luka	244.261	231.817	-5%	11%
mtel Podgorica	69.861	68.631	-2%	3%
mts d.o.o.	15.380	15.142	-2%	1%
Total	2.109.325	2.057.585	-2%	100.0%

At the end of 2022, the Group has 1.8 million residential customers and about 297 thousand business customers.

Residential customers



Business customers

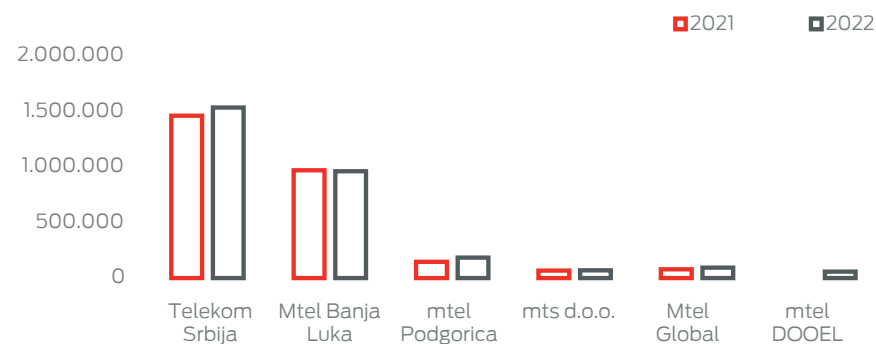


Mobile telephony

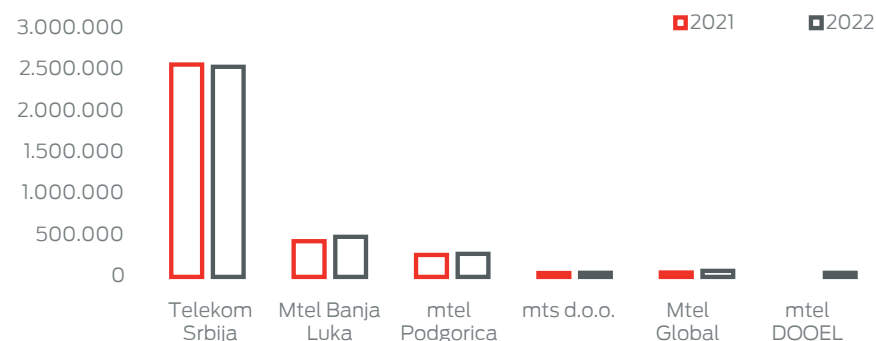
Within mobile telephony, Telekom Srbija Group provides a wide range of services in the regional and international market.

At the end of 2022, the total number of mobile telephony users on the Group level was 6 million. The overall structure of customers is dominated by Telekom Srbija customers with about 67% and Mtel Banja Luka with 24%.

Prepaid customers



Postpaid customers



Total number of mobile customers per Group member

	2021	2022	growth	structure
Telekom Srbija	4.006.331	4.034.352	1%	66,9%
Mtel Banja Luka	1.394.381	1.452.164	4%	24,1%
mtel Podgorica	343.149	399.070	16%	6,6%
mts d.o.o.	33.377	30.395	-9%	0,5%
Mtel Global	74.784	111.643	49%	1,9%
mtel DOEL		2.261	/	0%
Total	5.852.022	6.029.885	3%	100.0%

At the end of 2022, the number of prepaid customers equalled 2.7 million, accounting for 45% of the total number of customers, while the number of postpaid customers equalled 3.3 million, accounting for 55% of the total number of customers. All Group members recorded an increase in the number of prepaid customers, except for the subsidiary mts d.o.o. with a decrease of 26% compared to 2021. The total number of postpaid customers in 2022 increased by 1% compared to 2021, with a decrease in customers in the parent Company and the subsidiary mts d.o.o., by 2% and 4% respectively.

What was new in 2022

Telekom Srbija

New tariffs for business customers

New postpaid tariff profiles for business customers have been offered as of 7 July 2022. The new tariff profiles are **Biz Morava 1**, **Biz Morava 2**, **Biz Omorika 10**, **Biz Omorika 25**, **Biz Omorika 50**, **Biz Soko Lite** i **Biz Soko Max**.

Biz Morava tariff profiles provide unlimited conversations within a team, and after spending the tariff package minutes to all networks in Serbia, unlimited calls are enabled in the fixed and mobile mts network. Unused minutes and SMS messages from the tariff package are transferred to the following month. Within the Biz Omorika and Biz Soko tariff profiles, up to three tariff add-ons can be activated (depending on the tariff), which provides a flexible offer.

In order to take advantage of the 4G network in 2022, the number of mobile customers with available **VoLTE** service has been continuously increased.

Biz BOX packages

New Biz BOX 2, Biz BOX 3 and Biz BOX 4 packages for business customers were introduced on 26 September 2022

One of the most important projects in 2022 was introduction of the TV service in the Biz BOX packages for business customers, allowing them to use multimedia services with Biz BOX 3 and Biz BOX 4 package offer. In addition, a certain number of ICT services were included, depending on the selected package.

Biz BOX 2 (fixed + Net), Biz BOX 3 (fixed + Net + TV), Biz BOX 3 (fixed + Net + Mob), Biz BOX 4 (fixed + Net + TV + Mob), with the possibility of integrating up to 49 mobile lines and up to 5 additional fixed telephone BBTF connections. The offer of convergent services for the business segment has thus been innovated, with particular focus on improving the offer for small and medium-sized enterprises.

Upgrading the Biz Soko Lite tariff

Since 30 September 2022, the Biz Soko Lite tariff has been upgraded to 65 GB of data traffic at the maximum speed. For the Biz Falcon Lite tariff, a quota of 65 GB was allocated at full speed, and after consuming this quota the throughput is reduced to 10Mbps. The change was also applied to all existing Biz Falcon Lite active lines.

TOP Offer introduction

The TOP offer enables the purchase of devices at a special TOP price offer, with a discount on the monthly tariff fee. The subsidized offer enables the purchase of devices under the subsidized offer, but with the full amount of the monthly fee.

Roaming tariff add-on for Qatar

Since 1 November 2022, 2 new Internet roaming tariff add-ons have been introduced for postpaid residential and business customers: Mts Pass S - 7 days/1 GB and Mts Pass M -15 days/1.5 GB (on the occasion of the World Cup in Qatar).

Services for residential customers

New internet add-ons for prepaid customers have been introduced.

Two prepaid tariff profiles were created for foreign citizens, Welcome 4 and Welcome 10, with Internet traffic and national and international minutes.

It is also possible to purchase mtel Austria 10GB internet cards, which provide more favorable internet traffic in the EU, Serbia, Bosnia and Herzegovina and Montenegro.

New postpaid tariffs, on offer since March, were upgraded in November and augmented with unlimited minutes and messages in national traffic, as well as a large amount of Internet traffic, Internet roaming, social media add-ons and numerous applications. The offer comprises Omorika 12, 25 and 50, Soko Lite and Soko Max tariffs.

A new postpaid tariff, Sokolić, has been introduced. It is intended for the school-aged children. The tariff includes internet traffic and unlimited mts minutes, enables video calls and voice messages and is offered with a smartwatch and with a Loki-Toki tracking device.

In the summer, internet roaming quotas in the Western Balkans region were introduced for postpaid users and users of mobile net tariffs. This grants customers an additional amount of internet within the package, to be used at full speed.

Mtel Banja Luka

The company's portfolio of services consists of state-of-the-art telecommunications services that are in keeping with global trends and technological innovations in the telecommunications segment.

The basic offer of services consists of fixed and mobile telephony services, internet and data transmission, integrated services, multimedia, ICT/IoT and other services. From the basic offer of services arises a wide range of different services and tariff packages, some of which are new and have a growing trend, some services have undergone the necessary redesign in order to continue with the growing trends, while some services are in a declining phase as a result of obsolescence of the existing technologies and introduction of new ones.

Fixed telephony services

Fixed telephony services are classified in the category of services with a declining trend, the result of which is a decrease in the number of users of this service year after year.

In addition to basic fixed telephony services, which involve traffic generated between customers, they have the opportunity to use prepaid fixed telephony services, which represent a very attractive model for those who want to keep the fixed telephony service, and to use services such as Premium Rate, Televoting, Unique Access Number, Humanitarian Aid, Free Phone.

An attractive service in the segment of business customers is IP Centrex, which allows free communication between customers within a single group, who do not have to be in the same geographical location to form a group.

Mobile telephony services

Mtel Banja Luka's mobile telephony services relate to prepaid and postpaid services, enabling users the call setup and exchange of SMS messages, data transmission services (mobile internet) via 4G network, the possibility of using all the aforementioned services in roaming, services for fiscal cash registers, parking payment services via SMS messages and the like.

The upgrade of prepaid and postpaid mobile telephony services is carried out constantly and is reflected in the redesign of tariff models in accordance with the identified needs and wishes of customers, as follows:

- a new tariff model Pretplata (Subscription) Start 300 was introduced, with a bonus of 300 minutes for calls to all mobile and fixed networks in BiH, 300 SMS messages and 300 MB of mobile Internet in the Mtel network and in roaming in the networks of Western Balkans operators.
- a new Dopuna (Top-up) tariff plan, Dopuna:XL, has been introduced to allow for certain amounts of minutes, SMS and mobile internet.
- the tariff option Pokloni NET (Give NET) (10 KM/5 GB/15 days) has been in the offer since May 2022.
- tariff options Internet 3 GB, Internet 5 GB and Internet 20 GB have been introduced for users of Pretplata tariff models. By purchasing the tariff option, customers get a certain quantity of mobile internet with unlimited Internet access at maximum speed.
- personalized offers were created that comprised the tariff options Kupi minute and Kupi internet (Buy Minutes and Buy Internet) for those who had been Mtel users for three months or more.
- the offer includes the tariff option Društvene mreže (Social Networks), which provides users with free access to the social networks Facebook, Instagram and TikTok for a period of seven days, as well as a 400 MB mobile Internet bonus for access to social networks.

mtel Podgorica

In the mobile telephony segment, Mtel Podgorica introduced new postpaid tariff packages, with up to 1000 GB for Internet per month, more than all the previous packages. There are also additional gigabytes for social networks, additional gigabytes for the WB6 zone and with the largest package customers receive 2 GB for all European countries of Europe except for North Macedonia, as well as for Turkey, the USA, Canada and China. The offer includes five new packages: Urban Neo 1, Urban Neo 2, Urban Neo 3, Urban Neo 4 and Urban Neo 5 with a subscription starting at EUR 14.99 per month. During 2022, a campaign was launched on the occasion of the 15th birthday and the company offered the URBAN NEO 3 package with a subscription that was discounted to 15 euros per month. Within this package, every month customers get 50GB of Internet, 15GB of Internet for WB6 (Serbia, BiH, Kosovo, Albania and North Macedonia), 200GB for favorite applications, adding to all this extra discounted superior Flip and Fold models, with bonus headphones. Users of the Urban Neo 3 package also have unlimited calls in the MTEL network and towards other networks in Montenegro. In September, new Internet add-ons were introduced for YouTube and TikTok for postpaid and business packages.

In the prepaid segment, customers are presented with excellent Turist packages, with incredible benefits throughout the summer. For only 10€ all users of the Mtel Turist 10 package receive free 500 GB for consumption within 15 days. Mtel

Turist 15 prepaid package costs 15€ and by activating the card the user gets free 500 GB for consumption within 30 days. With the first top-up, users of the tourist packages will receive additional 500 GB of Internet. Upon topping up the account, a special menu offers users the best Internet option: 30 days – 500GB at a price of 10 euros and 7 days – 500 GB at 5 euros.

In line with the market demand, the company introduced the m:roaming UAE ticket for all customers traveling to the United Arab Emirates. This add-on was intended for customers travelling to Dubai or any other place in the UAE and for 25 euros they received unlimited outgoing calls to the MTEL network and 1GB of mobile internet to be spent within 7 days.

In order to meet the customers' requests, the company introduced new services Zaštita od isključenja and Uključenje na riječ (Prevent Disconnection and Promise to Pay), intended for postpaid customers, for business package users who are responsible for paying the bill in full, as well as for cable and m:SAT package users. By activating the service Prevent Disconnection, the user will not be disconnected in the regular disconnection procedure, and the service Promise to Pay is a service whose activation will reconnect the user.

Mtel Global

Mtel Global mobile telephony is available in the territory of Austria, and it is intended for customers who live and work in Austria, and are originally from Serbia, Bosnia and Herzegovina or Montenegro, as well as all customers who often, privately or professionally, communicate with or visit these countries. The quality of services and attractive offers also attract customers who do not focus on communication with the ex-Yu countries. Customers can opt between prepaid and postpaid packages

Internet and ICT/IoT

ICT/IoT service is subject to constant and accelerated development in terms of access technologies, data transfer speed and tariff models. This segment relates to Web Hosting, Mail Hosting and DDoS Protection.

Total number of Internet users per Group member

	2021	2022	Growth	Structure
Telekom Srbija	1.042.179	1.139.665	9%	75.9%
Mtel Banja Luka	258.004	268.041	4%	17.8%
mtel Podgorica	81.511	84.627	4%	5,6%
mts d.o.o.	8.150	9.643	18%	0,6%
Mtel Global	0	146		0%
Total	1.389.844	1.502.122	8%	100%

*ADSL users of Yunet International make a segment of Internet wholesale of the parent company Telekom Srbija, thus they are not presented separately in the table.

The total number of Internet users at the Group level (retail and wholesale), at the end of 2022, is 1.5 million, which is 8% more than in the previous year. This number includes ADSL and cable Internet users of the parent company, Mtel Banja Luka and mts d.o.o., as well as mtel Podgorica users who utilize the service only via cable Internet. In 2022, the subsidiary mtel Global introduced the service of the Internet provision using ADSL technology.

What was new in 2022

Telekom Srbija

A new SD-WAN (Software-Defined Wide Area Network) service has been introduced

SD-WAN is a solution that enables business customers to manage the entire VPN network using software, in a simple and easy manner. With this service, customers are enabled to use the software for a centralized management of all their devices, in all locations

The service has been offered since December 2022 and it was designed to offer customers, depending on their needs, a standard or premium package, as well as several different equipment models depending on the customers' technical requirements.

Also, add-on services are provided at the request of customers (Threat Prevention, integrated LTE uplink, SLA, Dual NSG).

Advantages of SD-WAN:

- Fast installation and centralized management;
- Application-level traffic management;
- Simultaneous use of multiple uplinks (Internet, MPLS, LTE);
- Dynamic routing and enhanced safety; and
- Traffic routing outside the VPN, at the customer's location.

This service is intended for all business customers, but in order to be implemented at the desired locations, it is necessary that customers establish the data transfer and/or Internet service, which they manage using software.

FiberPro service upgrade

New packages with symmetrical speeds for business customers have been introduced

During 2022, activities on the expansion of B2B digital ecosystems continued, as well as activities related to the development and introduction of business solutions independently and in cooperation with partners, both in the field of ICT services and business solutions, and in the IoT domain.

OTA Sync Cloud-based software solution is a hotel information system that provides various functionalities through modules: Reception System, Booking Engine, Channel Manager Module, Connection to eFiscal. A special benefit that this solution provides to customers is an accelerated process of issuing invoices and booking guests, through automated processing of incoming data from online sales channels. The service is intended for hotels, hostels, private accommodation, and it is available through the web and mobile application.

SOC (Security Operation Center) A service in the field of cyber security and protection, which, in addition to SIEM analytics and monitoring of IT infrastructure, involves engagement of a professional team of real-time IT analysts, expert analytics, incident responses, forensics and recovery in case of cyber incidents. The service was developed in cooperation with a partner and enables expert analysis of the customers' existing situation, the functionality of SOC monitoring and detection, testing and detecting network vulnerabilities, and improving employees' awareness of threats, response and behaviour when working with systems - Incident Response and/or Threat Hunting, with the possibility of using add-on services such as Internal Vulnerability Assessment, Penetration Testing, Virtual CISO and Security Awareness Training.

Creating websites and web shops Customers are provided with the possibility of creating, maintaining and updating modern websites or web shops on the word press platform, with a multitude of options through scalable packages. Presentations are created on responsive templates with optional adjustments to customers' requirements. As an add-on service, Search Engine Optimization (SEO) is implemented for better visibility on Internet browsers. The prerequisite is that customers take a web hosting package and possibly domain registration with Telekom.

ePismoša (eMailman) The service is based on a single platform that provides customers with qualified electronic delivery of documents ally in the fastest and safest manner. The platform is accredited by the relevant Ministry of Trade, Tourism and Telecommunications. The service is implemented using a web-based software solution that enables completely paperless operation and communication with other business customers, through the following modules: basic eDostava (eDelivery) module, additional eKancelarija (eOffice) module and additional module Izdavanje kvalifikovanih elektronskih vremenskih žigova (Issuance of Qualified Electronic time Stamps).

Installation and maintenance of computers and computer equipment In order to provide business customers with a complete offer, a service was introduced that includes the delivery, installation and maintenance of computers and computer equipment for the needs of business customers (primarily for SOHO and SME segment of business customers), with the possibility of analysing customers' needs/requirements and proposing solutions for the local computer network.

Package for entrepreneurs It consists of basic services (mobile telephony and the Internet (BizBox packages)) and ICT services (National Domain Registration, BizWebHosting, BizMail, as well as optional business solutions: PANTHEON Web Light, HR, eFakture (eInvoices)), allowing customers to get in one place everything necessary for the start of a successful business.

Acronis As another new service in the field of cyber security and protection, this service is based on the Acronis platform that enables the implementation of Storage as a Service and cyber protection, which includes creating backup copies of servers, files, applications, access protection and file sharing. The service is implemented on the Cloud platform, and it is available to customers through two types of services: Cyber Protect and Backup (protection and backup of workstations, servers, mobile devices...) and File Sync and Share (enables sharing of documents and/or folders).

Digital Assistant in the fruit and wine production It is a package of IoT services containing several basic and add-on services (modules) for optimizing agricultural production. Services within the Digital Assistant in the Fruit and Wine Production are 1) Irrigation Optimization, 2) Prediction of Disease and Insect Occurrence, 3) Insect Population Monitoring, 4) Frost Protection, 5) Satellite Imagery, 6) Soil Sampling Map.

Digital Assistant for silos Also based on IoT technology, it enables better preservation of crops stored in silos by combining real-time data on grain temperature in a silo, occupancy level and possible occurrence of insects and microorganisms. Based on the collected data and their analysis, instructions are given and the silo system (lifting, fumigation) is managed.

Digital Assistant for poultry farms Uses advanced tools and technologies (Internet of Things, artificial intelligence, machine learning) to continuously monitor production parameters and optimize ambient conditions through: 1) Monitoring ambient conditions, 2) Monitoring production parameters, 3) Guide to biosecurity, 4) Production list - Keeping daily records of all relevant parameters of broiler farming, 5) Prepare planning and billing calculations, 6) Advisor - Assist in solving everyday problems through advices.

SCADA as a Service is a service implemented on the Cloud platform of Telekom Srbija that enables visualization of various automated industrial processes, data collection, processing and storage, as well as advanced notification and alarm options. It provides customers with all the advanced features of SCADA systems for remote control and management of industrial systems. The convenience of the Cloud application is the ability to access data and reports from anywhere, at any time.

Smart Home In order to expand the offer in the field of digital services for residential customers, a new Smart Home service has been developed. The mobile application manages the operation of smart devices and thus provides users with safety, comfort and electricity savings.

Tracking devices Customers' need to help their loved ones and be aware of their location has led to the development of Loki Toki. With the tracking device it is possible to locate an elderly person, a pet, but also a special package, a suitcase and the like.

Mts Sport Telekom Srbija has entered a new business sphere in the field of production and distribution of sports content from sports events. Within the solution, appropriate cameras and platforms were procured and an OTT application was developed to display the recorded sports content to end users.

mPLAY TV – In order to promote the new mobile network within the Telekom Srbija Group in North Macedonia (MTEL DOOEL), the MPLAY TV mobile application was created. The app shows live events, as well as VoD that includes sports and various other TV channels and content. The service is free for mobile customers who meet certain criteria.

KlikTV - As of 10 August 2022 Telekom Srbija has become the owner of KlikTV. The service enables multimedia content in Serbia and abroad to be viewed, and the most significant are Zadruga and Pink channels.

Mtel Banja Luka

ON TV is a service that enables access to certain program content and video on demand through the ON application. The basic prerequisite for using the ON TV service through the ON application is that customers have an appropriate terminal device (tablet/mobile phone), that they have access to the Internet (via Wi-Fi or mobile network) and that they are in the territory of B&H. The service is available to customers through two ON TV packages: Start ON TV package with 62 TV channels and Max ON TV package with 135 channels. Users of the ON TV service also have two Superstar video libraries available (free with Max ON) and AXN NoW (free with Start On and Max ON).

m:tel TV service is an IPTV service that represents a set of interactive multimedia services (television, video, audio, data) delivered to end users over the IP/MPLS network, using broadband access technology and appropriate terminal equipment.

The service is intended for residential customers and includes programs, video libraries and interactive content, as well as related additional services and functionalities.

Cloud Call Center is a service involving use of the appropriate web application, which enables communication with clients/users through the web interface/telephone connection, and through communication channels: voice and e-mail. The service is provided in cooperation with a partner, whereby the Cloud Call Center is a software i.e. application owned by the partner and located on the partner's Cloud infrastructure.

SD WAN usluga (Software Defined Wide Area Network) enables the connection of geographically remote user locations into an integrated communication infrastructure, with the aim of data transfer, implementing SDN technology to the management of wide area networks (WAN). The service is implemented, using the appropriate software solution, on the partner's Cloud infrastructure, exclusively through the website/interface. The service is intended for existing users of the IP/MPLS VPN service.

HBO Max is a global project implemented by HBO during 2022, which presents a completely new content viewing experience and enables users to: watch HBO MAX content on the go, simultaneously monitor content on three different screens and create up to five profiles with specially selected content for children and adults. HBO Max offers the best content from Warner Bros, HBO, DC and Cartoon Networks.

Vaš kućni majstor (Your Handyman) is a recent service for new and existing residential customers using the postpaid mobile telephony service, whereby the partner organizes an intervention of a professional in sudden and unpredictable events occurring independently of the will or influence of the customer. The services covered are the following: electrician, plumber, carpenter, locksmith and glazier service.

Cyber Security Solutions is a new Logosoft service in 2022, representing a comprehensive solution for protection against cyber-attacks. These solutions include the protection of key company resources - employees, equipment, network, identity and data, as well as manners of prevention and additional protection against cyber-attacks by introducing additional protection levels, documenting policies, procedures and rules, and educating all employees.

The **Smart Building package** offer was created with the aim of expanding the Smart Home service offer. The Smart Building packages that have been created differ in the levels of Smart Home equipment to be installed in residential units, and in the scope of works on the construction of optical connection and UTP installation. The offer also includes special Smart Building packages for floor owner communities, which relate to the automation of some activities in the common areas and in the building parking lots. By introducing the of Smart Building package offer, Mtel Banja Luka will be the first in the market to offer investors and apartment buyers this type of service.

In 2022, the **DCB service** has been improved by introducing the Digital Store, which is implemented on two Centili platforms (StoreFront and GoGaming), all with the aim of increasing the supply of digital content and its monetization using various payment instruments.

System Integration services and Smart City solutions

A significant place in the portfolio of services for business users of Blicnet belongs to the system integration services and Smart City solutions, which were intensively promoted, so numerous projects in this field were carried out during 2022.

mtel Podgorica

Of the successful projects that Mtel Podgorica has implemented in the previous period, the following are highlighted:

Smart home - The Smart Home project enables the development and expansion of services and portfolios by adapting to the customers' emerging needs. The key objective of the project "Energy Efficiency – smart home" is to ensure a better quality of life for customers, by optimizing the consumption of electricity and implementing Internet of Things technology. More specifically, a functional Smart Home system has been developed, which includes centralized remote control of lights, air conditioners, entertainment systems and devices, through a mobile application. Customers are thus enabled to turn on/off at a scheduled time their lights, air conditioners, and all other devices using a smart socket.

A special innovation is the smart electric water heater switch, which provides the option of remote switching on and off, as well as measuring the operation time of the water heater. The project will have multiple positive effects on the development of Montenegrin society and market. It will result in increased awareness of the electricity use, better quality of life, as well as proper perception of the importance of adequate application of technology in everyday life.

Mtel Podgorica, as a leader in innovation on the Montenegrin market, constantly listens to the customers' needs, in order to develop state-of-the-art digital products and services. Bearing in mind a pronounced digitalization trend for all aspects of life in Montenegro, we are creating a large number of services that aim to improve the customer experience, valuating the key principle of the digital age: simple, easy and quick satisfaction of needs, with maximum reliability.

Also, an important part of the digital strategy is the development of the OTT content such as MOVE, HBO Go, NBA, Deezer, Arena Cloud, Apollo, Balkan Myusic, MTEL Disk... By selling these add-on services, Mtel Podgorica reaches new customers, extends the contract for the existing customers and generates additional revenue, while on the other hand, we have satisfied, progressive customers.

Self Care portal and applications represent a personalized space for users of Mtel services. Customers have options to view and manage active services and accounts, purchase additional services, use customer support functionality and manage their user account. By switching to SAP Commerce platform, we have enriched self care with functionalities that have brought us a large number of users and increased revenue: Change of Postpaid Tariff Package, Personalized Offer, Benefits (collecting points), Notifications, Security Code, Permanent Order, Storing Card Data, Promise to Pay, Prevent Disconnection, and the like. In December 2022, we had 63% more customers compared to December 2021. Self Care is the best shop by number and amount of payments - as much as 22% higher amount of payments than the sum of the two best physical shops (2022). Additionally, 40% more invoices were collected through Self Care in 2022 compared to 2021.

Mtel.me webshop - in February 2022, the migration to the new SAP Commerce platform was completed. We took the opportunity to implement new functionalities in addition to redesigning the sides of packages and devices.

YUNET

In the previous year, several IoT PoC solutions were successfully implemented. Process automation and supervision of the herb production systems for the company Geneza, Kanjiža was completed. The implemented solution includes reading the parameters from the production line and sending information if the defined limits have been exceeded. An IoT solution to supervise potato fields was also implemented – monitoring and reading with the aid of sensors for soil and air parameters. In 2023, the above project is expected to be commercialized. Also, in November 2022 successfully started cooperation with the Matijašević winery related to the PoC IoT solution for vineyards. The implementation of Metro stations is planned in order to complete the solution for winegrowers by monitoring the amount of precipitation, in addition to monitoring soil and air parameters.

In addition, in September 2022, the resources of the Open Stack Cloud platform were released for commercial use through the VPS service, Shared Hosting, as well as for the needs of the IoT platform.

In 2022, YUNET renewed its Excellent – Small & Medium Enterprises certificate, which is awarded by the credit rating company Coface, based on the credit report and regular business supervision. The certificate in question has been approved by the Serbian Chamber of Commerce.



Multimedia services

Through its parent companies and subsidiaries, the Telekom Srbija Group provides multimedia services throughout the region, in European countries and America. These services include: mts TVGO, mts hotel TV, mts bizTV, msatTV, Antenna plus, Klik sport, Arena Cloud, as well as enhanced multimedia platform IRIS TV.

Total number of multimedia users per Group member

	2021	2022	Growth	Structure
Telekom Srbija	1.042.151	1.141.694	10%	70,6%
Mtel Banja Luka	261.466	287.564	10%	17,8%
mtel Podgorica	101.884	111.085	9%	6,9%
mts d.o.o.	10.808	13.070	21%	0,8%
Mtel Global	46.845	54.477	16%	3,4%
mtel DOEL	1.273	10.234	704%	0,6%
Total	1.464.427	1.618.124	10%	100.0%

Users of the Group's multimedia services include IPTV users of Telekom Srbija, Mtel Banja Luka and mts doo, cable TV users of the parent company and subsidiaries Mtel Banja Luka, mtel Podgorica and mts doo.

The total number includes m:sat users of the parent company and subsidiaries Mtel Banja Luka, mtel Podgorica, mts doo and MTEL DOOEL, as well as OTT users of the subsidiary mtel Global.

What was new in 2022

Telekom Srbija

BOX packages with Supernova - Super PLAN 3 and Super PLAN 4

Supernova convergent packages with mobile: Super PLAN3 (net + TV + mobile) and Super PLAN 4 (net + TV + mobile + fixed) were implemented on 15 April 2022.

BOX/Super PLAN packages with new tariffs

As part of the Box/Super Plan package, postpaid tariffs from the new offer have been introduced since 15 April 2022. The Internet access speed within the Box packages implemented through the optical network has increased. Within the Box 4 Blue Package, in addition to the postpaid tariff profile, the Iris TV service

package has been changed. Tariff profiles that can be included in benefit 4 within Box 4 and 1 within Box 3 have also been limited to tariff profiles Omorika and Kontrola troškova (Cost Control).

BOX/Super PLAN packages with new postpaid tariffs

As of 5 December, the offer has included BOX/Super Plan packages with new postpaid tariffs (Omorika 12, Omorika 25, Omorika 50, Soko Lite and Max tariffs). In addition, the monthly fees of a certain number of packages with new postpaid tariffs were adjusted. New tariffs are available in BOX packages with iris TV service, as well as in BOX packages with m:SAT TV service and in Super Plan 4 and Super Plan 3 packages with postpaid.

Hotel solutions of Telekom Srbija

In June 2022, a new improved model of providing the service of hotel solutions was developed, including residential customers in addition to business customers – natural persons who provide services and who are registered in accordance with the regulations governing the field of hospitality and tourism. Customers are offered unique channel packages, regardless of the access technology.

For residential and business customers – as part of the Internet offer to customers engaged in tourism, it is enabled to add WiFi as an add-on service for easier and faster implementation of services for customers.

Optimization of UI, mobile and smart TV applications (Supernova TV)

In the first quarter of 2022, an upgraded UI application for Supernova STBs was released and an improved version of the Supernova Android mobile application was published. Samsung and LG smart applications were announced in the second quarter.

Mtel Banja Luka

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

Mtel Banja Luka continued to improve the offer within the IPTV service, both in relation to the content delivered to end users and in relation to the functionalities available to customers.

The activity continued on the development of the tv:pay application, through which the IPTV users will be able to pay their Mtel bills with a payment card, as well as bills of other users.

During 2022, activities were carried out to improve the content, which includes video libraries available on the IPTV platform. The basic package includes 20 new domestic and foreign channels. In particular, Arena Premium channels should be singled out, as well as channels dealing with local information, film and lifestyle topics from the region and the world, which have gained huge popularity among our customers in a short time. Also, the integration of HBO Max service into Mtel IPTV was done, thus enabling customers who are subscribed, or have been assigned an HBO package within their service package, to view HBO Max content online or through the HBO Max application without additional fee. With the aim of expanding the offer of Mtel services, a new NBA Team Pass package was introduced.

The m:SAT service was introduced in packages at the end of 2021, and the process of service implementation was improved during 2022. A large number of promotional offers were created with the aim of attracting as many users of m:SAT integrated services as possible, who could take advantage of the discount for the connection, monthly subscription, additional STB within the monthly subscription during the contractual commitment, watch additional TV program packages, as well as use a larger amount of data at the maximum transfer speed.

mtel Podgorica

After a significant part of the market was taken, there was continuous work on the satisfaction of users of premium products (BOX packages) throughout 2022, and activities were also started to retain existing users in the cable segment, with the option of upgrading to a larger package. Customers select a package depending on whether they want a package with or without a fixed or mobile phone included in the subscription, and they also select the Internet speed they want, ranging up to 200 Mbps. We offer 7 packages, whereof: 2 combine TV and Internet services, 2 include fixed telephony with TV and Internet, and 3 packages comprise all 4 telecommunications services. With the aim of promoting packages comprising all four telecommunications services, a new campaign was introduced aimed at all new users of the BOX 4.1, BOX 4.2 and BOX 4.3 packages. Users of BOX 4.1 packages get additional 50GB per month for the mobile number within the package, while BOX 4.2 and BOX 4.3 users get additional 200GB per month.

As part of the offer for satellite TV users, the company has enabled them to combine add-on telecommunications services with the television. The offer includes a new m:SAT duo package, which represents a combination of television and internet. A novelty in the offer is the m:SAT trio package, representing a combination of television, internet and mobile telephony.

Mtel Global

MTEL TV service – OTT TV includes TV packages containing over 270 entertainment, informative, sports, film, children's and other favorite channels from the ex-Yu area, as well as TV packages with top-quality Austrian and German channels. The Mtel TV offer also includes some of the most popular programs for which only MTEL owns exclusive broadcasting rights. MTEL TV packages also include services that enhance the customer experience, such as rewinding and simultaneous multi-device viewing. These services are available in the markets of the EU, USA, Canada, Australia.

Services outside the telecommunications framework

Arena Channels Group

In 2022, the impressive increase in the total number of customers was almost 1.2 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 the Arena Sport users, including the Group members:

	2021	2022	Growth	Structure
Serbia	1,100,000	1,200,000	9%	32%
Bosnia-Herzegovina	890,000	900,000	1%	24%
Macedonia	285,000	390,000	37%	11%
Croatia	615,000	720,000	17.1%	19%
Montenegro	115,000	115,000	0.0%	3%
Slovenia	315,000	385,000	-	10%
Total	3,320,000	3,710,000	12%	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 is currently available only to customers in the territory of Serbia. The international business channel Bloomberg TV with the already described content began broadcasting in 2022.

In 2022, in addition to sports channels: 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, the channels Arena Sport 9, Arena Sport 10, as well as Premier League TV also started. 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.

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 commitment, so customers may use the content flexibly. At the end of 2022, there were approximately 17,000 users of the Arena Cloud application.

Telus

The largest users of services are primarily Telekom Srbija, the Government of the Republic of Serbia, the Presidency of the Republic, the Ministry of Finance - Treasury Administration, the Pension and Disability Fund of the Republic of Serbia, DDOR osiguranje, Poštanska štedionica, Elektrodistribucija, Technical Center Kraljevo, RFZO, RGZ, Arriva.

Telus Pro service users: Tax Administration branches, EDS Technical Center Kraljevo, Apotekarska ustanova Kraljevo.

TS Ventures Fond

During the first business year, TS Ventures Fond doo realized a total of four investments and completed negotiations with four new startups, with the relevant investments expected in the first months of 2023.

We particularly emphasize a startup in the Biotech domain, working on a project in the field of vascular biotechnology and whose potential has been recognized by the Faculty of Pharmacy of the University of Belgrade, which is also included in the project, as a multidisciplinary institution.

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.

Customer Care

Telekom Srbija

At the focus of Telekom Srbija Group are satisfied customers as one of the key elements of the company's success. In accordance with this, customer satisfaction is continuously measured by various methods at sales divisions.

Net Promoter Score (NPS) is the basic metric used in Customer Experience. NPS measures customer loyalty of a particular company.

Results of Telekom Srbija's business customer satisfaction analysis

Monitoring the customers' satisfaction level	2021	2022	% of growth
Results of customer satisfaction analysis	4.77	4.26	-10.69%
Net Promoter Score (NPS)	37.00%	9.42%	
Total number of complaints on the annual level	8.303	9.926	19.55%
% of complaints as compared with the total no of invoices	0.37%	0.51%	37.84%
Level of successfully (positively) resolved complaints	6.486	7.969	22.86%
No of generated calls toward contact centres	1.446.538	1.779.723	23.03%
Total no. of processed e-mails	293.859	295.211	0.46%

In 2022 Telekom Srbija retained a high result in the part of customer satisfaction and earned the averaged mark 4.26.

Rezultati analize zadovoljstva privatnih korisnika Telekom Srbija

Monitoring customer satisfaction level	2021	2022	% of growth
Net Promoter Score (NPS)	37.00%	9.42%	
Relationship with customers - Internet	3.82	4.37	14.40%
Helpfulness of the call centre - Internet	4.02	4.29	6.72%
Relationship with customers – fixed telephony	4.53	4.31	-4.86%
Professionalism of the customer care service – fixed telephony	4.68	4.34	-7.26%
Relationship with customers - mobile telephony	4.02	4.07	1.24%
Relationship with customers – mts TV	4.13	4.11	-0.48%
Helpfulness of the call centre – mts TV	4.16	4.01	-3.61%
Fixed telephone invoice layout quality	4.35	4.43	1.84%
Helpfulness of the call centre - mobile telephony	4.14	4.38	5.80%

In 2022, Telekom Srbija retained high marks in all categories of residential customer care, while it should be noted that the methodology of calculating NPS was changed.

Questionnaire results (marks 1-5)	2021	2022
Total number of customers on the annual level	927.666	815.093
Degree of successfully resolved complaints	98.93	98.00
No of generated calls at the contact centre	4.262.355	3.975.085
No of generated calls at the contact centre - served	3.515.002	3.399.723

Apart from the services that Telekom Srbija offers to its customers, Telekom Srbija also offers the services of the Contact Centre. In 2022, the most significant is the number of calls for information and technical support.

No of calls directed at skill (number)	2022
0800 100100 – option 1 Technical support and interference reporting	1,239,794
0800 100100 – option 2 TV, Internet, Box, fixed customers	1,167,584
0800 100100 – option 3 Mobile services	1,128,337
0800100 100 – Sale	908,560

Mtel Banja Luka

Customer Care includes the activities directed at increasing customer satisfaction, from the moment of filing a request for a service, through informing the customer about service installation, and examining customer satisfaction with the installation and service, with all post-sale activities including the possibility of reporting interferences, giving additional information, technical support or filing complaints.

The Contact Centre is available to customers 24/7, and it has developed into an extremely important segment when it comes to providing information about all services offered to residential and business customers, technical support, but also as a sales channel. Within the Contact Centre, information and customer support are performed via voice service, but also through responses to questions via e-mail, Facebook inbox, Web Self Care and m:go application.

Apart from customer support, the Contact Centre offers the services of directory, calling 125 and commercial services of conducting polls for third parties. With the aim of measuring customer satisfaction, we investigate satisfaction with installation, satisfaction with the operation of the installed service and satisfaction with interference removal.

Continued development of digital services offered by the company through the web portal has been improved by releasing the new versions - eCommerce and Self Care, and allowing a number of new functionalities in the commerce and application segments of the portal. We have also improved the possibilities of digital service activation (for example, HBO Max), an overview of services, invoice payment, topping up numbers from several places, parking payment, submitting requests, complaints and reporting interferences, as well as Self Care applications on the iOS and Android platforms.

New offers have been created on the website and purchase logic has been applied to the Top offer, a permanent basket has been enabled, the checkout process has been improved (the number of steps reduced to three) and guest checkout has been enabled, as well as the step for the upsell of products for end user.

Questionnaire results (marks 1-5)	2021	2022
Total no of customers on the annual level	19.429	17.212
Degree of successfully resolved complaints	97,30%	98,10%
No of generated calls at contact centre	2.793.325	2.455.576
No of generated calls at contact centre – served	2.209.801	1.979.282

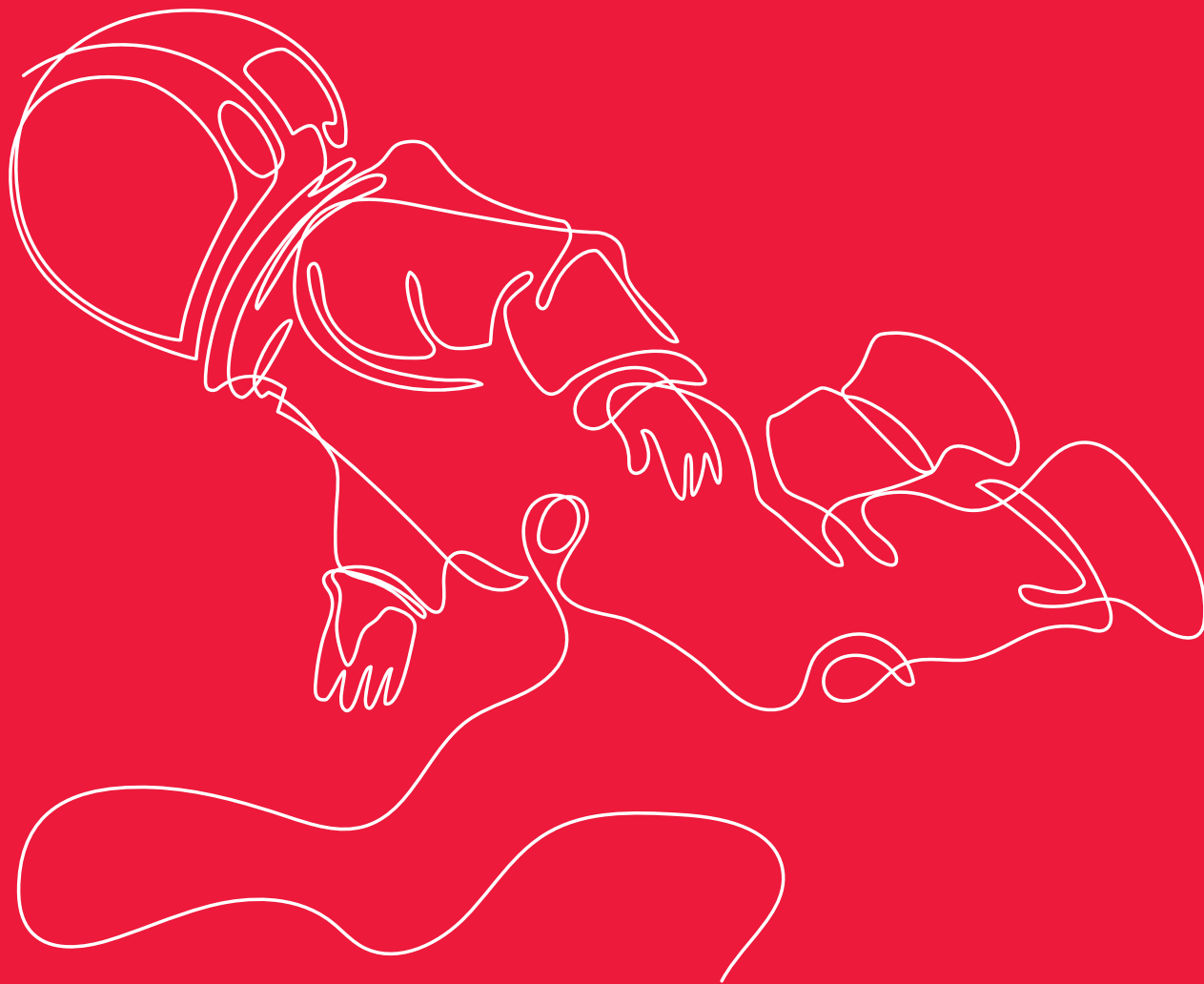
YUNET

In 2022, YUNET recorded a high degree of successfully resolved complaints or 96%. As compared with 2021, YUNET improved its performance in resolving complaints by 6% despite problems and an increased number of calls due to phishing, spams, and compromised e-mail addresses.

Results of customer satisfaction analysis – YUNET

Questionnaire results (marks 1-5)	2021	2022
Total no of customers on the annual level	50,326	45,487
Degree of successfully resolved complaints	90%	96%
No of generated calls at contact centre	22,681	36,954
No of generated calls at contact centre - served	14,968	12,634

05



**Investment into
future**

Results



OPTICS FOR
1.03 MILLION
CUSTOMERS



2,895
BASE STATIONS



1.6 MILLION KM
OF OPTICAL FIBRES



GSM SIGNAL
99.26%



31,090 KM
OF CABLE



LTE SIGNAL
98.19%



1.8 MILLION
OF CONNECTIONS
AT DIGITAL EXCHANGES

Significant capital investments of Telekom Srbija Group were made 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 own sales in the segment of multimedia services and Internet provision.

The total amount of investments of the Telekom Srbija Group in 2022 amounts to RSD 104.5 billion, which is significantly or 34% higher compared with 2021, due to large investments in Telekom Srbija especially, as well as in the companies Arena Channels Group and mtel Podgorica.

Viewed per Group member, the largest investments in 2022 were generated in the Parent Company or 70.6 billion dinars, while the lowest were made in the subsidiary company TS Ventures (145 thousand dinars).

Telekom Srbija

Large capital investments of Telekom Srbija were made with an aim to secure business success in all business segments through strengthening the market position, retaining the existing and attracting the new customers, as well as through the growth of own sales in the segment of multimedia services and Internet provision. By quality telecommunications infrastructure of large capacity and the implementation of cutting-edge technological solutions the customers are offered new services of supreme quality.

The overall capital investments in 2022 amount to 70.6 billion dinars and largely refer to investments in the segment of multimedia content production and distribution, the fixed telephony segment through the construction of optical infrastructure, mobile telephony, and Internet. The company continued to invest in the multimedia service segment both in the territory of the Republic of Serbia and the region to secure the retention of the existing and the attraction of new customers not only from the aspect of offering independent TV services, but also BOX packages, which along with a wide offer of live TV channels, content on demand and additional advanced functionalities, production of multimedia content and investment in TV series, secure the leading position on the market.

ALL IP project

In the fixed telephony segment, Telekom Srbija, in 2022, continued to invest in the ALL IP transformation project as the most important project and the largest capital investment in the optical network development. Continued capital investment in the ALL IP transformation of the fixed access network allows customers broadband access up to 1Gb/s by which the company kept its leading position on the fixed telephony and Internet market.

Investments were made in cable infrastructure and ducts, as well as in the access devices of the fixed network in the territories not covered by the ALL IP project, by which the customers were allowed Internet and multimedia services at high speed broadband access.

RAN mobile network

Continued investments were made in the mobile telephony segment, which largely refer to the expansion, upgrade, modernization, and optimization of the RAN mobile network. These investments are aimed at increasing territorial coverage by 4G/LTE technology, as well as a high percentage of population coverage, which was 98.26% at the end of 2022. Realized investments directly influenced satisfaction with services provided to end customers regarding quality signal, faster mobile Internet, larger coverage by the LTE network, which justifiably brought Telekom Srbija to the leading position in the official comparative measuring of mobile operator network quality by RATEL for a fourth year in a row.

Transport network

Capital investments in the sphere of Internet are directed at continued investment in further modernization of the transport network and service platforms. Investments in the transport network largely refer to large-scale introduction of 100Gb/s links for supporting the large increase in traffic, procurement, and the implementation of equipment with coherent optical technology with a 100Gb capacity in the regional network, further development and expansion of the OTN/DWDM and wireless transport network, and modernization of the IP/MPLS network. Investment in service platforms largely refers to expansion and upgrade of the multimedia platform which, along with the procurement of equipment for broadcasting customer equipment channels, is aimed at increasing the number of TV channels and the number of customers to whom better quality multimedia content and services are available.

Digital transformation of business processes

The most significant investments in IT that marked 2022 are in accordance with the agenda of the fourth industrial revolution (4IR). The basis for achieving the aims of the agenda is digital transformation of the company's business processes. For this purpose, the most significant progress was made in the Operations & Business Support System segment, through the project of the following phase of advancing CRM and Order Management, upgrade of the ESB platform, implementation of new solutions on the Open Shift platform using DevOps methodology, and the implementation of new cases of using the RPA (Robotic Process Automation) solution for smart management of business processes.

The standardization of operations by introducing new modules of the SAP ERP platform in the domain of HR management, as well as further improvement of the existing SAP ERP modules for the purpose of more efficient support to business reporting and managing corporate resources, introduction of delivery of e-invoices through SEF and the implementation of digitalization of business process of the company.

Apart from the above said, significant investment in IT which marked 2022 refer to the implementation of new and continuous improvement of the existing functionalities of the mts portal and mobile applications in B2C/B2B Services (Self Care) and Commerce segments, as well as complete migration of B2C segments to the SAP Hybris Cloud solution by which full stabilization of the BE solution, consolidation and optimization of architecture was achieved.

Through the Promobox solution, in the domain of managing the prepaid offer and promotions, through the USSD menu and portal/mobile applications, significant improvements were made for this customer segment.

Through the upgrade of the mCommerce platform and the IPG module by new functionalities, customer experience was improved by enabling the keeping of payment cards for future payments, payment by using templates on the internal gateway, as well as functionalities of recurring service payment, following the latest standards from the sphere of card payments. Also, the company completed the integration of the IPG module with the payment processor for the purpose of securing the possibility of simultaneous connection with several banks accepting card transactions at the same time.

The software Smart Home solution was implemented. Through the Smart Home mobile application, the customer may manage its devices (smart socket, temperature and humidity sensor, door and window sensor, smart relay) from a remote location (turns the devices on and off, adjusts devices, reads the balance). Also, special cameras of the Pixellot company were purchased for recording various sports events, which the customers may follow through a mobile application, as well as a web portal.

Former DWH and BI analytical tools were upgraded, and new investments were made in tools for advanced analytics and data management. Apart from this, further investments were made in support for strategic initiatives through advanced analytical use-cases.

IoT services

Upgrades of network and application IoT platforms were made, which allowed further improvement of the IoT service. Integration and launching into operation of NB-IoT networks was completed, which made Telekom a market leader in

the provision of IoT services with both most significant LPWAN networks. For the purpose of expanding internal services, the system for the protection of TK shafts on the territory of Kragujevac was further expanded, the Base Station Protection System was expanded, the first phase of the Voltage Supervision System in the HFC network was completed, and a new Smart Office service was introduced, which represents the basis for further commercialization of this and similar services.

ICT services and SaaS services

Investments were made in ICT services and platforms (upgrade of the Cloud platform as support to the development of new digital services, including the development of new cloud SaaS services, expansion of capacities for STaaS, as well as the implementation of IT/ICT services for business customers).

IT Infrastructure

In the domain of IT infrastructure, the company continued the virtualization process which is supposed to allow the optimization of using hardware resources and preconditions for the installation of new generation application platforms. Apart from this, preconditions are created for new generation NFV telco platforms, i.e. for the preparation for 5G services in mobile telephony. By the procurement of 1,600 new laptop computers for employees, it was possible to increase the productivity and mobility of employees in order to get closer to the customer and advance customer support to a new quality level.

IT security

Investments were made in the function of treating information security risk and improving IT security and protection of the entire information system. Equipment was purchased and implemented which will enable a secure environment for the successful implementation of a digital workplace. Services were contracted which will allow the provision of a qualified remote signature and electronic identification service.

Impact on suppliers and construction operations in Serbia

By the All IP project, Telekom Srbija contributes to the development of an important segment of the domestic economy by employing over 50 companies with several thousand employees in the jobs of designing and building the access network, and by engaging over 30 domestic companies in the production of the accompanying equipment and optical network elements.

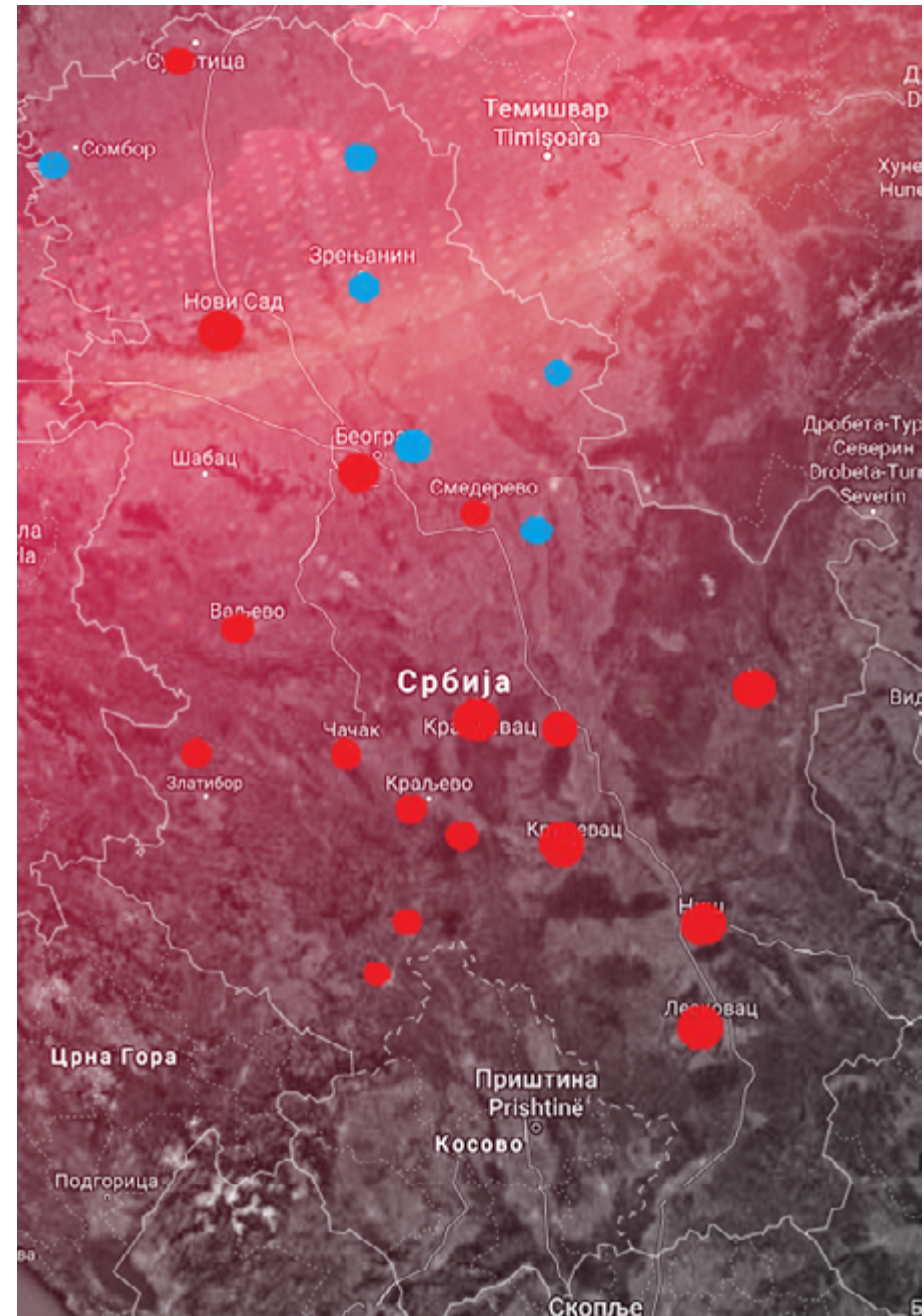
As in the previous period, the share of the local suppliers in the procurement chain in 2022 was significant and amounted to 95%. This information speaks sufficiently about the determination of Telekom Srbija to be one of the most significant drivers of construction operations in Serbia.

Shown in the following image are network areas where the optical network was already implemented by two chief contractors, NSN and Huawei, and a large number of local subcontractors, as at 31 December 2021, conclusive. The ranking of suppliers is one of the goals of the continued process of monitoring the supplier performances which was regulated by a special procedure at the Company level.

The Company operates according to the requests of the international standard ISO 14001:2015 of the environmental management system and expects its suppliers and their subcontractors to be committed to prevention, control, and reduction of all forms of pollution of the environment, as well as sustainable use of natural resources for the purpose of achieving sustainable development.

The principle of environmental protection and securing energy efficiency represents, in accordance with the Procurement Policy, one of the basic principles that the Company is guided by in conducting procurements.

In that sense, it is important to note that one of the basis criteria for participation of the bidders and their subcontractors in the procurement procedure is regulated by the General Terms of conducting procurement procedures of Telekom Srbija represents adherence to obligations in the sphere of environmental protection, including the obligations in accordance with the international convention provisions on environmental protection.



Mtel Banja Luka

The overall investments of Mtel Banja Luka in 2022 equal 8.4 billion dinars, which is 26% lower than those realized in 2021. The implemented investments include procurements made throughout the year within intangible investments, real estate, and equipment, including the activation of internal performances, and the right to TV content distribution.

In 2022, the Company made a number of strategic investments securing the reliability of service provision, introduction of new services and the basis for further expansion of the portfolio in all segments of telecommunications services. Investments were made in the modernization of fixed and mobile network with the aim of higher competitiveness, better quality, and diversity of services on the market.

As a verification of successfulness of implemented strategies and processes, the external benchmarking of the Systemics company was performed for all three operators in Bosnia and Herzegovina. The benchmarking result is the certificate of Mtel a.d. Banjaluka for the best mobile network in Bosnia and Herzegovina in 2022.

Investments in the network were primarily directed at the expansion and development of the radio access network of the fourth generation of LTE in the existing locations, as well as the building of projected new locations. Within the upgrade and modernization of the mobile network in 2022, LTE (4G) services were launched into operation in a total of 360 locations, additional upgrades were made regarding the capacity and coverage of the mobile network by introducing additional base station sectors and increasing the number of frequencies on the 3G/4G network in capacity-wise demanding areas. A total of 31 macro base stations, two pico base stations and 11 pico repeaters were launched into operation. The total number at the end of 2022 amounted to 1,685 base stations and 152 piko repeaters.

End to End (E2E) optimization of the mobile network was carried out, the aim of which is to maximize the key network parameters, which results in higher mobile network utilization, secures better quality, and increases customer satisfaction. Within the wireless transport network, the needs for higher capacities were caused by the new generation of mobile telephony, and the increased demand for Internet traffic. By the introduction of MPLS technology in wireless transport systems, the number of mobile network locations that rely on the systems with this technology was increased, which opened new possibilities for the optimization of the existing resources. In 2022, 50 base stations were transferred onto RR MPLS systems.

In the domain of mobile telephony switching systems, data transfer capacities were expanded so as to allow the continuous use of LTE technology for domestic and roaming customers and monitor the constant growth of mobile Internet traffic. The Company began building an appropriate IMS system in the domain of the mobile telephony network which will make it possible to launch into operation the VoLTE service, which allows customers audio and video calls implemented through the 4G LTE network. The company improved the system for the supervision of signalization and quality control (MasterClaw), by analytical tools allowing a multiple analysis of all kinds of telecommunications traffic, including trends and interferences in the network.

In 2022, the Company continued work on upgrading the m:go platform in terms of payment functions, i.e. payment by payment card of both monthly invoices for telecommunications services and third party invoices.

In 2022, the Company continued building and upgrading the LoRaWAN network so that during the year new gateway devices were procured and the relevant licenses on the LoRaWAN network server were upgraded, with the aim of securing network infrastructure for the wider area of BiH.

Within capital investments in the Internet in 2022, a new internal monitoring system Zabbix was installed, and the delivery, installation and migration of new DNS infrastructure was completed, along with the upgrade of capacities of AntiDDoS infrastructure and Cloud infrastructure.

In the IPTV/OTT, CDN, DRM and HeadEnd domain in 2022, upgrades of both software and hardware infrastructure were performed in order to secure continued and reliable operation of the complete system, additional upgrades of the integral system for multimedia content distribution, and the new mobile application ON TV was launched into operation, which allows watching content on mobile devices and tablets.

In 2022, within information technologies, the most significant activity is completion of the Convergent Billing project, which is a program of consolidation and modernization of the most significant IT systems from the OSS/BSS domain. The largest part of the investments in IT was directed at improving digital channels in marketing and sales, and the improvement of customer experience.

For the purpose of optimization and improvement of the system in accordance with the trends in the industry, in 2022, the Company implemented the migration of the existing “on-premise” solution onto Cloud, which offers an exceptional, direct customer experience anywhere and anytime – secure, protected and safe with the cutting-edge technology of protection and identity control/verification.

mtel Podgorica

The overall investments of the Mtel Podgorica subsidiary in 2022 amount to 4.9 billion dinars, which is 49% higher compared to those in 2021.

In 2022, investments were directed at further development of cable infrastructure with the aim of providing maximum coverage of the territory and population with fixed services. This is the largest project at mtel Podgorica which started in 2015, while in the period 2016 – 2022 we continued combined construction of the HFC and GPON cable network in order to cover all municipalities in Montenegro. In 2022, the network was developed mostly above ground on the poles owned by CEDIS (Montenegrin Electrical and Distribution System) and the public lighting poles owned by the Communal Services in Podgorica and local self-governments in other municipalities in Montenegro and partly underground in the cable ducts of Mtel Podgorica and via lease with other operators that possess cable ducts.

These investments made it possible to attain a comparative advantage over competition, and consequently, put an accent on the development of GPON cable infrastructure, especially in the zone of outskirts and the migration from the existing networks based on HFC technology to the networks based on GPON technology, in accordance with a detailed analysis of expenditures on construction and the expected revenues from customers. Given the fact that the largest part of urban zones is covered by the cable network, in 2022, the volume of network construction was reduced.

In 2022, the Company worked on the upgrade of the existing cable infrastructure in those cities where there is developed cable infrastructure and the implementation of the GPON network in the existing and new cities. In accordance with the development plan, the Company began the construction of the GPON network in the Kolašin municipality, and also revitalized the network in the centre of the Gusinje municipality.

The core network DWDM/IP MPLS infrastructure on the DRS location Nikšić for mobile service support was implemented and a plan of further development of the entire network was designed, which will enable the implementation of complete service redundancy for mobile and fixed services in the forthcoming period.

In 2022, the Company continued investing in the mobile network through a significant expansion of the CORE network. It invested in UDC upgrade, which included BSP upgrade, HSS upgrade, CUDB upgrade on both sites, i.e. both in Podgorica and in Nikšić. It also performed the upgrade of IpWorks in Podgorica, and the georedundant IpWorks in Nikšić. The Company invested in a virtualized IMS solution in Nikšić, which will be ready for production at the beginning of 2023. Telekom Srbija invested in the VoLTE service, where it performed integration on all the necessary nodes. vSAPC was integrated both in Podgorica and in Nikšić,

and it will be applied exclusively for VoLTE and 5G. By the investments referring to DRS, the Company fulfils its regulatory obligation according to the applicable Rules on the security of networks and electronic communications services, and also secures service redundancy and reliability.

In 2022, the Company continued to invest in the mobile network through building new locations (25) and adding LTE technology on a significant number of the existing ones (134). The said campaigns had a significant influence on coverage and customer experience. Also, at the end of 2022, MTEL leased a range at an auction - 2 x 10Mhz in the range of 700MHz and 120MHz in the range of 3.6GHz. These ranges are intended for the development of the 5G network, and the first step towards its successful implementation was made by the company by launching into operation the first 5G NR base station in July 2022. In cooperation with the other operators, the Company implemented the MORAN (Multi Operator RAN) project for covering the newly opened highway by mobile signal. Also, the Company invested in feature licenses for the purpose of optimizing the utilization of network resources.

The most significant ICT projects in 2022 referred to infrastructural and service improvements. A shortage in semiconductor components caused by disruptions in supply chains after the COVID pandemics, which caused a delay in the delivery of equipment, significantly affected the procurement of new infrastructure.

For the first time after the beginning of operation of Mtel Podgorica in 2007, the Company launched the project of renewing the active corporate IP network. Due to said delays in the delivery, the application firewall devices were obtained as late as mid-2022 and the completion of implementation, along with the reconfiguration and upgrade of the corporate network, is expected during 2023.

At the end of 2022, the project of improved and upgraded supervision of information security in the corporate IP network and IT infrastructure began. This project will be implemented together with the Pulsec company and during the entire 2023.

Since over 95% of the capacities of the old corporate data warehouse were used up, in 2021, the company initiated the procedure for the procurement of a new corporate data warehouse, and completed its implementation at the beginning of 2022. The new data warehouse has more than doubled the available capacities and significantly improved the operation performance because the Company purchased the all-flash (semiconductor) disks. The said upgrade will make it possible for Mtel Podgorica to smoothly implement the other IT projects for at least a year or two.

During the entire 2021, we worked intensively on the implementation of a new SMS centre and it was launched into operation at the beginning of 2022. Since the new SMS centre is implemented on virtual infrastructure, the future upgrades and reconfigurations will be significantly easier.

When it comes to investments in platforms for supporting business processes in 2022, we continued work on the new SAP RMCA module, then on the second

and third phase of implementation of the DWH platform, and we implemented the upgrade of the Avaya platform, which is the key to smooth operation of the customer centre. During the year, we implemented the additional functionalities for SD PRO which will facilitate the work of the Sale Department.

With the completion of the cycle of introducing the new Billing, ERP, CRM and DWH platforms, we will enable a better quality reporting process and more flexible creation of new tariff packages, which will enable the growth of MTEL's revenues.

In 2022, the Company worked intensely on the development of an in-house Inventory platform which should significantly improve the process of business tasks performance in the entire company, especially in the Technical Department.

Other members

Arena Channels Group

In 2022, the overall capital investments of the Arena Group equalled 32.4 billion dinars, which is 20.2 billion dinars higher compared to 2021. They largely refer to investments in TV content - 31.8 billion dinars.

In 2022, the Company recorded large investments in premium sports content and information content. All investments in sports content cover the entire territory of ex-Yugoslavia, i.e. they do not refer only to the territory of Serbia. By these investments, Arena secured a growth in the number of customers of the Telekom Srbija Group on the entire territory.

The largest part of investments in multimedia service platforms refers to the installation of a new platform for broadcasting Bloomberg TV channels, as well as significant improvement of the environment of all Arena channels and the introduction of new Arena Sport 9, Arena Sport 10 and Premier League TV channels. Investments in logistical support to the company largely refer to investments in real estate and space adaptation, furniture, audio and video equipment, as well as the car fleet, while Investments in IT refer to computer equipment.

Mtel Global

The overall capital investments in 2022 amount to 525.7 million dinars.

They largely refer to investments in mobile network service platforms, which include upgrading the MVNO platform, and investments in data protection on the service network, i.e. digitalization of network services. Investments were also made in the transport network, which refer to investments of the TS:NET subsidiary in the upgrade and expansion of the IP/MPLS network, as well as investments in customer equipment for the provision of TV services that correspond to the growth of customers.

Investments in IT in 2022 largely refer to ERP licences for MTEL Germany and to computer equipment. Also, investments were made in the equipping and opening of new shops and in transport assets.

YUNET

Capital investments in 2022 equal 38.2 million dinars, which is 8 million dinars or 17% lower than the investments implemented in 2021.

The investments largely refer to the procurement of the Juniper router, improving the functionalities of customer portals, as well as investments in logistical support to the business company.

mts d.o.o.

In 2022, capital investments amounted to 184 million dinars, which is 18.6 million dinars, or 9% lower than in 2021. The installation of the IMS platform was completed as well as customer migration, RR equipment was purchased and installed, the decentralization of the access network was completed, as well as the installation of mini IPANs. Investments were made in power supply and fuel by the procurement of power generators and rectifier systems due to router relocation. The Company completed the upgrade of DWDNs and IPM/PLSs and preparation works were done for the reconstruction of a part of the network in urban environments. Digitalization and integration of acquired cable operators was completed and works on the construction of new office buildings in Kosovska Mitrovica and Gračanica were finished.

Telus

Capital investments in 2022 equalled 2.3 million dinars and refer to investments in personal protective equipment and computer equipment.

MTEL DOOEL

Capital investments in 2022 amount to 166 million dinars and largely refer to investments in customer m:SAT equipment and use of network infrastructure A1. Investments in IT refer to investments in the brand, development, implementation and integration of the CRM solution, integration of the Pantheon software, Call centre solutions, as well as computer equipment, while investments in logistical support refer to adapting, refurbishing, and equipping office space.

TS Ventures

In 2022, capital investments were made in the amount of 145 thousand dinars and refer to the procurement of computer equipment.

06



**Employee as
a partner**



In 2022, Telekom Srbija as a holder of the Family Friendly Enterprise (FFE) certificate continued to apply and introduce measures based on the principle of socially responsible organization management, with a focus on harmonizing the employees' private life and work.

The aim of implementation and introduction of new FFE measures, which the company continuously examines and supplements, is to improve the work process and the quality of the work environment for the purpose of achieving a greater balance between the professional and private life of the employees.

This makes the employees more satisfied with the job they do, more motivated to work and committed to the company where they work, and also increases productivity and efficiency and empowers the concept of socially responsible operations by which the company achieves a competitive advantage.

Structure of employees per member

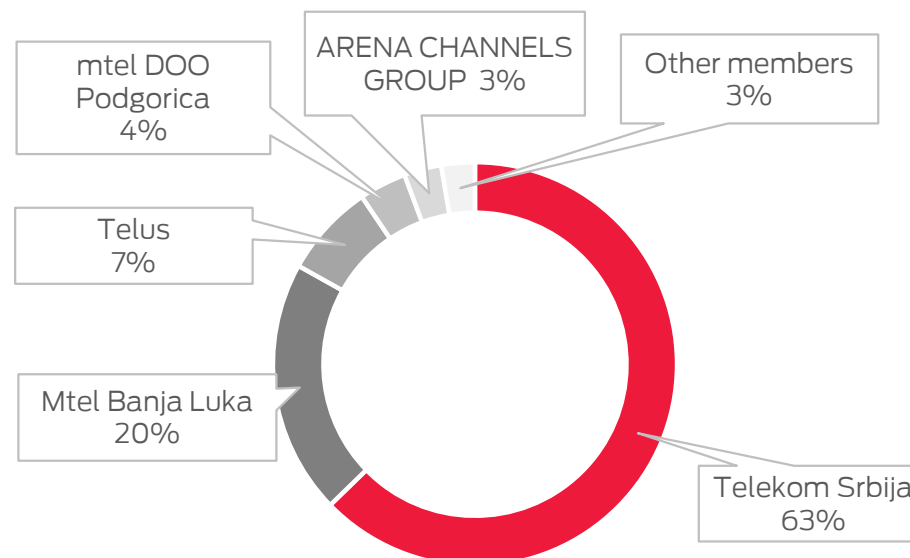
The number of employees of the Group includes 12,682 employees and 3,691 persons engaged on other grounds.

The Company with the largest number of employees are Telekom Srbija and Mtel Banja Luka, whose share in the overall number is 83%.

During 2022, 937 persons concluded employment contracts on the level of Telekom Srbija Group, while 540 employees terminated the employment contract, which caused an increase in the total number of employees by 3.3% compared with the previous year.

The largest percentual increase in the number of employees is recorded by the companies MTEL DOOEL Skopje (142%), ARENA CHANNELS GROUP (39%) and MTEL Global (19%), while in the other members the number of employees varies from +/- 0-5%.

Structure and number of employees in Telekom Srbija Group



	2021	2022	2022-2021
Telekom Srbija	7.687	7.954	267
Mtel Banja Luka	2.587	2.584	-3
Telus	968	945	-23
mtel DOO Podgorica	466	480	14
ARENA CHANNELS GROUP	272	379	107
mts D.O.O.	173	180	7
MTEL Global	47	56	9
YUNET INTERNATIONAL	55	52	-3
TS Ventures	6	6	-
MTEL DOOEL Skopje	19	46	27
TOTAL:	12.493	12.280	-213

Age structure of employees

In the age structure of the Group, the largest share belongs to employees between 50-59 years of age (38%), as well as employees between 40-49 years of age (33%), which together accounts for 71% of the total number of employees.

On the average, the oldest structure of employees is seen in the Telus and Telekom Srbija companies, while the youngest structure of employees is recorded in MTEL DOOEL Skopje with 43% employees below 30.

	<30	30-39	40-49	50-59	>59
Telekom Srbija Group	6%	15%	33%	38%	8%
Telekom Srbija	4%	13%	33%	42%	9%
Mtel Banja Luka	11%	18%	34%	30%	6%
Telus	1%	5%	32%	54%	9%
mtel DOO Podgorica	10%	39%	36%	11%	4%
Arena Channels Group	18%	38%	31%	12%	1%
mts D.O.O.	13%	26%	19%	32%	10%
MTEL Global	21%	34%	39%	5%	0%
YUNET	10%	10%	54%	23%	4%
TS Ventures	0%	33%	67%	0%	0%
MTEL DOOEL Skopje	43%	20%	24%	13%	0%

Educational structure of employees

In the age structure of the Group, the largest share belongs to employees with high school education, followed by employees with university education, which together accounts for an 81% share.

The largest share belongs to employees with high school education in the companies – telecommunications operators with a significant number of sales and technical personnel.

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

The Company with the highest educational level on the average are TS Ventures, Mtel Global and MTEL DOOEL Skopje.

Educational structure (unqualified-qualified; secondary education; college degree; university degree).

	NKV-KV	SSS/VKV	VŠS	VSS
Telekom Srbija Group	11%	48%	8%	33%
Telekom Srbija	10%	46%	10%	34%
Mtel Banja Luka	1%	57%	3%	38%
Telus	60%	36%	1%	3%
mtel DOO Podgorica	6%	55%	9%	31%
Arena Channels Group	1%	40%	10%	49%
mts D.O.O.	7%	75%	12%	7%
MTEL Global	0%	41%	0%	59%
YUNET	4%	44%	17%	35%
TS Ventures	0%	17%	17%	66%
MTEL DOOEL Skopje	0%	46%	0%	54%

07

Financial results



Consolidated statements of Telekom Srbija Group

Income Statement of Telekom Srbija Group

In million dinars	2021	2022	% growth
Operating revenues	150.929	163.491	8,3%
Operating expenditures	136.657	149.403	9,3%
EBIT	14.272	14.088	-1,3%
EBIT margin	9,5%	8,6%	-
EBITDA	55.172	68.131	23,5%
EBITDA margin	36,6%	41,7%	-
Financial expenditures, net	-5.008	-7.347	46,7%
Share in the result of the merged company	32	73	128,1%
Profit tax, net	-2.587	-3.348	29,4%
Net profit	6.709	3.466	-48,3%
Net profit margin	4,4%	2,1%	-

Operating revenues and operating expenses increased by 12.6 and 12.7 billion dinars respectively, compared to the last year.

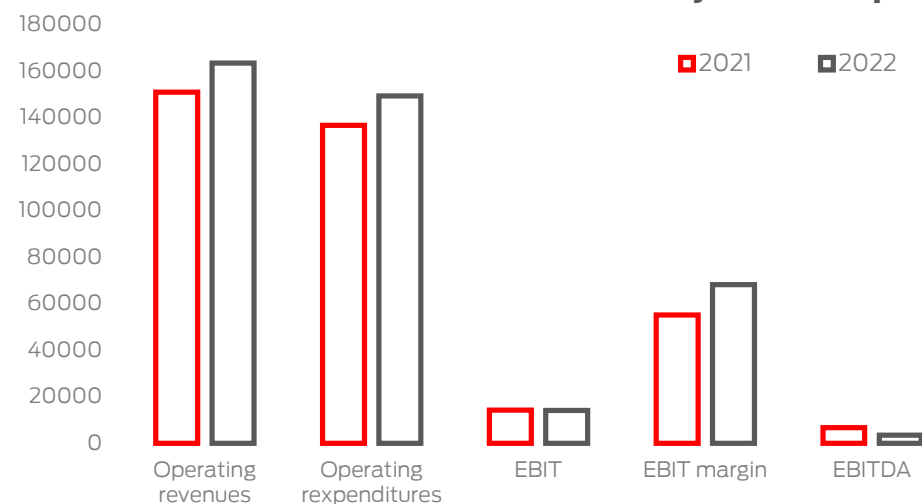
Net profit equals 3.5 billion dinars with 2.1% rate.

Balance Sheet of Telekom Srbija Group

In million dinars	31/12/2021	31/12/2022	% growth
Non-current assets	399.562	458.678	14,8%
Current assets	74.900	74.774	-0,2%
Total assets	474.462	533.452	12,4%
Capital	169.079	162.234	-4,0%
Long-term liabilities	162.206	209.169	29,0%
Current liabilities	143.177	162.049	13,2%
Total liabilities	474.462	533.452	12,4%

The structure of the most significant items in the Consolidated Financial Statements of Telekom Srbija Group in 2022, as well as an overview of the applied accounting policies and risk management policies, and other relevant information important for understanding the financial standing and results of the Group business activities, are disclosed in detail in the notes accompanying the 2022 Consolidated Financial Statements of Telekom Srbija Group.

Telekom Srbija Group

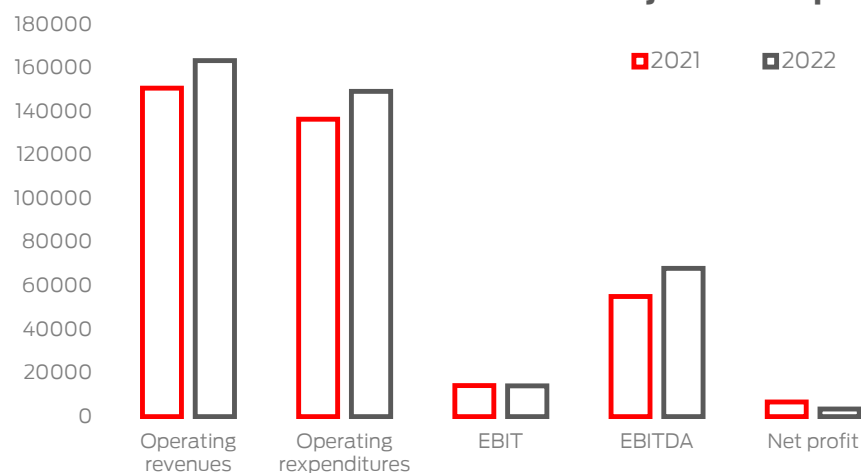


Financial statements of the Parent Company

Income Statement of Telekom Srbija

In million dinars	2021	2022	% growth
Operating revenues	108.614	120.223	10,7%
Operating expenditures	92.955	101.776	9,5%
EBIT	15.659	18.447	17,8%
EBIT margin	14,4%	15,3%	-
EBITDA	45.509	49.865	9,6%
EBITDA margin	41,9%	41,5%	-
Financial (expenditures), net	-357	-2.694	-
Profit tax, net	-2.159	-2.416	11,9%
Net profit	13.143	13.337	1,5%
Net profit margin	12,1%	11,1%	-

Telekom Srbija Group



Operating revenues increased by 11.6 billion dinars compared to the last year. The most significant is the growth of broadband revenues in the amount of 5.4 billion dinars.

Operating expenses increased by 8.8 billion dinars compared to the last year.

Balance Sheet of Telekom Srbija

In million dinars	31/12/2021	31/12/2022	% growth
Non-current assets	343.083	409.316	19,3%
Current assets	46.189	63.882	38,3%
Total assets	389.272	473.198	21,6%
Capital	152.596	158.622	3,9%
Long-term liabilities	128.586	185.918	44,6%
Current liabilities	108.090	128.658	19,0%
Total liabilities	389.272	473.198	21,6%

Dividends from the subsidiaries Mtel Banja Luka and Telus amount to 3.3 billion dinars.

In 2022, there was no redemption of treasury shares.

ISO 9001:2015

ISO 27001:2013

ISO 27701:2019

ISO 20000-1:2018

ISO 22301:2019

ISO 45001:2018

ISO 14001:2015

08



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, partner and community 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, such as:

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 (RSD), 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 other markets.

In addition, local regulatory bodies have imposed on some members of the Group the obligation of price control for regulated wholesale markets where they have been declared operators with significant market power.

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.

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, compensation with legal entities, sending reminders, instigating court proceedings, out-of-court settlements, etc.

Receivables arising from roaming services and international settlement are based on bilateral contracts, with the simultaneous and mutual provision of services.

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.

By establishing individual management systems, the company has adopted policies that correspond to the context of the organization and its planning documents, provide a framework for determining, implementing and reviewing

goals and demonstrate a commitment to continuous improvement. These policies, as documented information, are available to all employees on the Company's internal portal, as well as to all interested parties on the company's website. Employees are introduced to the policies through training and activities to improve awareness of information security, data privacy, processes and other requirements of the standard.

The goals of the Integrated Management System stem from the Company's business goals and strategy. The business processes necessary for the implementation and functioning of the system, their inputs and outputs, as well as the interconnections between the processes have been identified. Also, methods of measurement, monitoring and analysis of business processes, risk-related measures, resources necessary for the execution of the process have been identified, while assigning roles, responsibilities and authorities for each process.

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 14001:2015

The integrated system represents an innovative and proactively oriented management method based on processes and their efficiency and effectiveness. Through the application of the excellence model, the world's best practice is incorporated, which serves as experience for the implementation of the system. The application of the standards contributes to:

- long-term competitiveness and sustainable success of the organization;
- the change of the overall corporate culture, which is a transformational process that includes all activities, resources and management methods;
- improving quality, safety, reliability and efficiency and helping to ensure confidence in achieving results that will meet the expectations of users and other stakeholders of the organization;
- better management of business processes, improvement of the resource utilisation and overall performance of the organization;
- creating an image of a reliable provider of quality services.

The biggest project in the field of standardization in 2022 was the implementation of the Environmental Protection Management System, according to the ISO 14001 standard. Based on its strategic commitments and understanding of the importance of sustainable development, the Company adheres to the principle that environmental protection is one of the fundamental values of the Company and a key factor in the successful

performance of all business activities, regardless of their type, content or place where they are performed. The constant implementation of organizational, technological, technical and other appropriate measures and means in order to eliminate or reduce the impact on the environment is an inseparable part of business, and compliance with legal and other requirements in the field of environmental protection, including the requirements and expectations of the entire society, is indispensable part of Company's business. Obtaining a certificate of compliance with the ISO 14001:2015 standard will, in addition to the above-mentioned and undoubtedly important results in the sphere of environmental protection, have positive effects on the image and position of the Company in the business environment. At the same time, it also represents a great obligation for all employees of the Company to be seriously devoted to the preservation of the environment, in order to leave a better environment to future generations.

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.

In 2022, **Logosoft** retained five prestigious internationally recognized certificates, which confirm compliance with the requirements of international ISO standards, namely:

- ISO: SO/IEC 27001: 2013
- ISO/IEC 20000-1: 2018
- ISO 9001:2015
- ISO/IEC 27701: 2019 (acquired during 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 tries 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
- 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 of 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; and
- 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

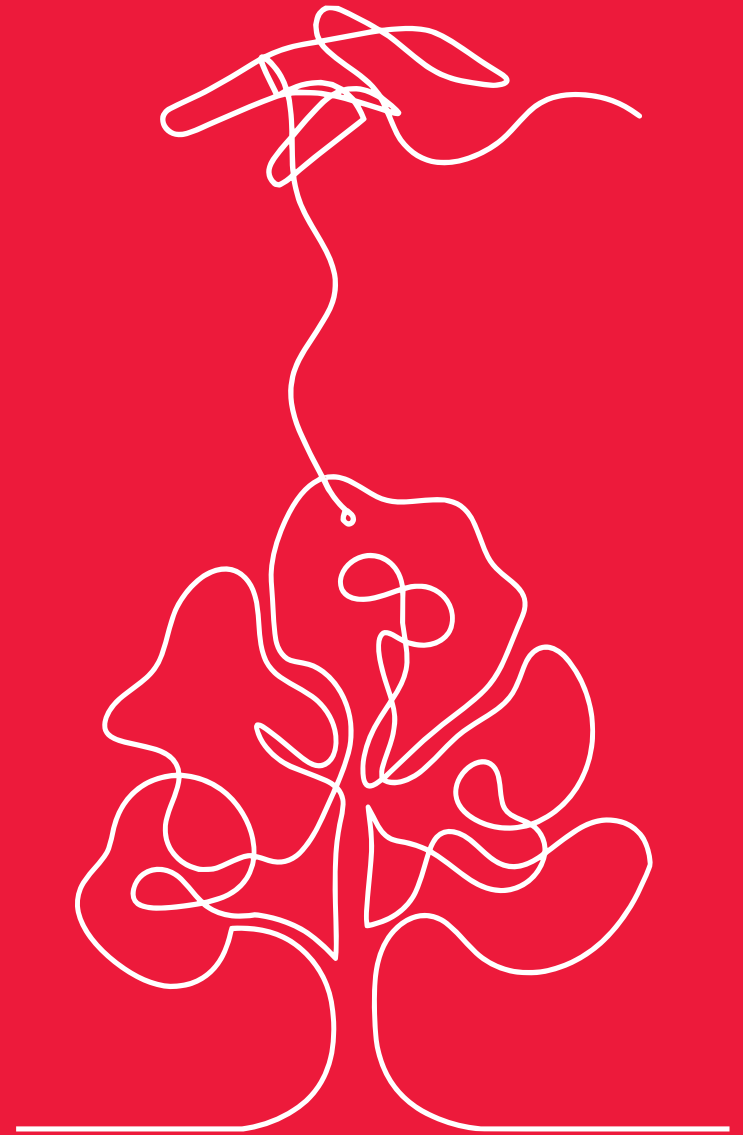
The management has an established Policy of Integrated Management Systems and the Policy of Security of Information, established on the process principle based on risks and opportunities. The policy of integrated systems is conducted according to the requirements of the following standards

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

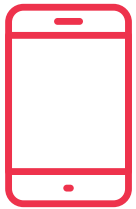
The management is obliged to constantly review and improve, in order to keep up to date with the requirements of the standard, the Policy of integrated management systems and the Policy of security of information.

09

**Responsible business as
permanent commitment**



Traditionally kick-starting the starters by:



MTS APP COMPETITION

11 YEARS | 168 TEAMS | 200 APPS



CREATING KNOWLEDGE

6 YEARS | 120 SCHOOLS | 120 IT CABINETS

We have been where you are for 25 years

In the year when Telekom Srbija marks 25 years of its existence and successful operations, during which it has turned from a national operator into a regional leader in the sphere of telecommunications and media content, with aspirations towards the global markets and employees as its most important resource, the company has recorded not only significant business results, but also significant achievements in the sphere of socially responsible behaviour as a reliable partner of the community.

Given the former results, Telekom Srbija continued with the implementation of strategic projects launched in the previous period.

As a company committed to sustainable development, with an established environmental management system and an adopted Environmental Protection Policy, our priority is to constantly improve performances in this sphere. We have additionally recognized the importance of preserving biological diversity, and through the continued campaign „No Species Dies Alone“, we strive to preserve biodiversity and ecological balance in nature, in cooperation with the associations for the protection of rare and endangers species.

Once again, in 2022, our activities were focused on investing in young people and education, for which almost 67 percent of the budget was allocated for donations, especially through the projects within the program called „We Promote the Promoters“.

Telekom Srbija

- The “Champion of Sustainability” award for the best business practice and the contribution of companies to the achievement of the Sustainable Development Goals for the campaign “No Species Dies Alone”
- Recognition for corporate contribution to the economic empowerment of women
- Recognition for the long-standing support for the development of sports for people with disabilities
- Charter for exceptional contribution to the drive “Save Food, Save Humaneness” and development of charity and philanthropy

mtel Podgorica

- First place in the “100 Largest Companies” competition in terms of revenues generated in the sphere of telecommunications
- The best female manager in 2022 – Montenegrin Employers Federation
- The best female manager in 2022 - Association of Montenegrin Managers

Mtel Banja Luka

- Certificate: The best mobile network in Bosnia and Herzegovina, Systemics PAB Poland
- Plaque for significant support to the work of the Chamber and contribution to economic and social development, RS Chamber of Commerce
- Acknowledgment for the support in the work and conduct of numerous activities for traffic security, the Ministry of Transport and Communications of Republika Srpska and the Agency for Traffic Security of RS
- Award of the National Theatre of Republika Srpska
- Charter for special contribution and affirmation of protection and health at work in 2022, granted by the Protection and Health at Work Engineers Association Banja Luka
- Recognition for contribution to the development of corporate social responsibility in 2021, RS Chamber of Commerce
- Top 10 most desirable employers in 2021 in BiH, Kolektiv-MojPosao.ba according to the Mojposao.ba Portal visitors
- Top 3 most desirable employers in the telecommunications and other IT services sector in BiH in 2021, Kolektiv-MojPosao.ba, according to the Mojposao.ba Portal visitors

Bellow are the key socially responsible activities of Telekom Srbija Group, 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.

Below are all the key activities implemented in 2022, which directly or indirectly affect the achievement of the stated 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 2022, the Company joined the drive "Save Food, Save Humaneness" and made its contribution to the implementation of one of the most humane goals - the donation of food for the most vulnerable population.

Mtel Banja Luka

You are not alone, you have friends!

As part of this drive, representatives of Mtel Banja Luka visited many cities throughout Bosnia and Herzegovina in order to provide the most vulnerable and sensitive groups of citizens with heating supplies and packages with foods and hygiene means, tools, school accessories, construction material and house renovation.

With donations, repairs and refurbishment of returnees' houses, renovation of schools and playgrounds, the activities within the large-scale humanitarian drive, which was launched by Mtel Banja Luka at the end of 2021 under the title "You are not alone, you have friends", continued. Besides, Mtel Banja Luka provided funds to the Centre for Support to Returnees in Bosanski Petrovac. Mtel Banja Luka also provided packages of food and hygiene means to the

Social Welfare Centre of the Vukosavlje Municipality for vulnerable categories of citizens.

After donating packages of food and hygiene means, the company Mtel Banja Luka decided to help the residents of Drvar again, and this time the focus was on the youngest. Mtel, helped in solving one of the biggest problems in the Elementary School "Drvar" in Drvar - the lighting in the sports hall.

Mtel Banja Luka did not forget other vulnerable categories either, so it provided food and hygiene means to the beneficiaries of the Red Cross of the local community of Borik in Banja Luka.

Representatives of Mtel visited the Žitomislić Monastery and the Humanitarian Society "Dobrotvor" and on the eve of the Orthodox Christmas, they delivered packages of food and hygiene means to socially vulnerable families from that area and families from the Herzegovina-Neretva Canton.



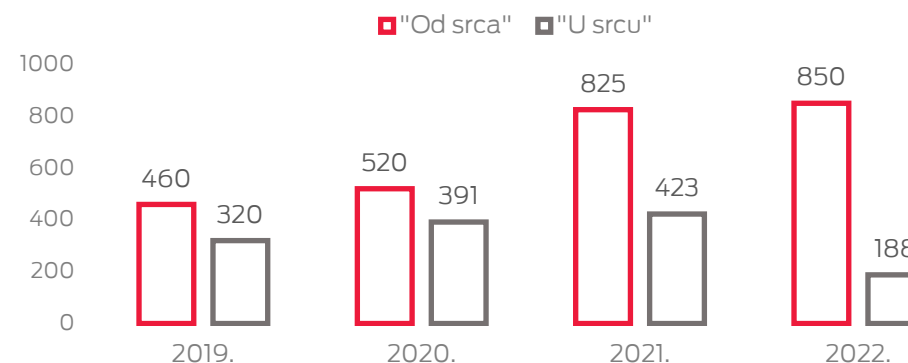
Sub-goal 3.8.

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

Based on the requests received from health institutions, the Company continued to support the health system of Serbia and responded to its current needs, which in 2022 primarily related to the provision of free internet and TV services. Funds were also donated to the Health Centres Zvezdara and Bačka Topola for the procurement of necessary medical equipment. The Company helped many associations and organizations dealing with health protection of citizens through the free activation of SMS and humanitarian numbers. Cooperating in this way, Telekom Srbija endeavours to contribute to the creation of better conditions for a better quality of life for a large number of people.

The company supported the humanitarian organization "Friend in Trouble" in 2022 as well. A program for rehabilitation, socialization and becoming independent was implemented in Zlatibor for young people with developmental disabilities, through visits to the mountain, walks and socializing. Telekom Srbija supported the Association of Parents, Custodians, Children and Friends of Children recovering from cancer „Čika Boca“ to organize the camp "We Can Do It All" on the Mokra Gora mountain for the tenth time in a row. In order to achieve a better quality of life of young people with diabetes, overcome prejudice against this disease, which is becoming more common, as well as control it, the Company supported the Association of Serbian Communities Fighting the Diabetes to organize the camp "My sweet life" in Kušići.

There are two humanitarian associations of voluntary blood donors in Telekom Srbija, which had 1038 regular members, voluntary blood donors, at the end of 2022.



Mtel Banja Luka

In 2022, considerable funds were donated for various needs, such as funds for the treatment of individuals, donations to the JZU Special Psychiatric Hospital in Sokolac, as well as to the Foča Association of Diabetics, part of the funds for the purchase of the Quo-Lab A1C test kits for determining the value of glycosylated hemoglobin. Mtel Banja Luka provided part of the funds for the implementation of the project for the opening of the Youth Cafe "Zvezdica" in Banja Luka, as well as funds for participation in the socially responsible project of the renovation of benches at the Bentbaša location in Sarajevo.

YUNET

In 2022, YUNET took part in the donation to the Association Hrabriša for the children suffering from neurotransmitter diseases, dope-reactive dystonia and other neuro-metabolic disorders by purchasing selected products with the logo of the Association and YUNET.



It is a privilege for Telekom Srbija to invest in the community and it is also an opportunity to make life in the community better. The company has united its efforts, which are reflected in the support of entrepreneurship and young people, as well as in investing in education, through the umbrella program “We Promote the Promoters” - designed with the aim of providing support to individuals and institutions to initiate positive changes in the environment themselves. The program unites different generations of young people and starts with the youngest promoters. In computer classrooms, equipped with state-of-the-art technology through the “We create knowledge” project, they have the chance to learn better and easier and, supported by their teachers, bring about positive changes. It is followed by the “mts App Competition” project, in which secondary school students have the opportunity to change the world for the better using imaginatively and usefully designed applications. The advanced ideas of young engineers from the former startup, now the Strawberry Energy company, incorporated into original smart solar benches, allow the community members to get insight into a series of meteorological and environmental data, in addition to charging mobile devices, thereby contributing to raising awareness of the need to use green energies.

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.

In 2022, the dual education project was implemented for a new generation of students of the Secondary Technical PTT School for the educational profile of a telecommunications network fitter. Learning through work in dual education was made possible for 19 students of the new generation and 20 students of the first generation with the support of licensed instructors.

The novelty of 2022 is a scholarship awarded by Telekom Srbija to the 5 best-ranked students. The goal is to motivate students to achieve the best possible results at school and in the training centre, as well as to reward the effort and commitment of students who have achieved the best results.

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

For better opportunities and perspectives in the future, both in the sphere of personal and professional development and in the sphere of social development, improving education and investing in knowledge represent the most important starting point. Accordingly, Telekom Srbija has implemented the “We Create Knowledge” project, investing funds in equipping modern information science classrooms in elementary schools throughout Serbia. This project has been implemented in cooperation with the Ministry of Education, Science and Technological Development. During the six years that the “We Create Knowledge” project has been implemented, the company has equipped 120 information science classrooms in 120 elementary schools in Serbia and set aside 120 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.

Mtel Banja Luka

New classrooms for the Schools of Electrical Engineering in Banja Luka and Istočno Sarajevo

In June 2022, the works were completed for the reconstruction and adaptation of a classroom in the School of Electrical Engineering in Banja Luka. The value of the project was high and the classroom was fully renovated. In 2022, Mtel Banja Luka donated funds for the adaptation and renovation of classrooms in the School of Electrical Engineering in Istočno Sarajevo.

Subgoal 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

Professional internship for university and secondary school students

In 2022, the Telekom Srbija Company traditionally implemented a mandatory professional internship for university and secondary school students in Belgrade and other cities in Serbia. Professional internship, with mentoring support, was organized for 81 university students in Belgrade, Novi Sad, Čačak, Niš, and the University of Priština (Faculty of Technical Sciences in Kosovska Mitrovica). In 2022, most of trainees were students from the Faculty of Transport and Traffic Engineering - 14 students, as well as from the ICT College of Vocational Studies - 14 students. The internship program was also implemented for 9 students from the Schools of Electrical Engineering, 4 students from the Faculty of Organizational Sciences, 6 students from the School of Electrical and Computer Engineering of Applied Studies, 8 students from the Faculty of Technical Sciences in Novi Sad, as well as for students of other higher education institutions.

In 2022, professional internship was organized for as many as 409 students of secondary vocational schools in Serbia, of which the largest number of students attend the Secondary Technical PTT School in Belgrade.

Mtel Banja Luka

Internship program at Mtel

In the early August 2022, the Mtel company hosted a group of 25 students of the Schools of Electrical Engineering in Banja Luka, Istočno Sarajevo, and Tuzla, the School of Technical Sciences in Novi Sad and the School of Natural Sciences and Mathematics in Banja Luka, who had a summer internship at this Company. Together with this group of trainees, the number of students who had internship at Mtel Banja Luka in the past four years, amounts to 200.

During the past two decades, Mtel Banja Luka offered practical training to the secondary school students, and this program included over 1000 students so far. The students from the Nikola Tesla Secondary School of Electrical Engineering in Banja Luka have successfully attended the program during this school year. In 2022, the Mtel Banja Luka Company held the second summer school for talented students of the Banja Luka Grammar School, who were interested in contemporary technologies and systems.

Subgoal 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

mts App Competition – the applications of our promoters bring changes

The mts app competition was launched by the company in 2011 with the aim of encouraging talented secondary school students to create applications for mobile devices. It also contributes to the development of creativity and team spirit. The competition includes 51 schools that implement a special program for talents in the sphere of mathematics and information technologies. During the competition, the student teams are tasked with creating and programming applications in Android™ or iOS and presenting them to the jury. After the selection of five winning applications that win valuable prizes, the teams continue the competition within the Regional App Challenge competition, meeting the teams from Bosnia and Herzegovina and Montenegro, because the competition is conducted under the same conditions by m:tel Banja Luka and m:tel Podgorica, with the possibility of winning the main or special award for innovativeness called “Igor Osmokrović”.

The company traditionally supports the talents of the Mathematics High School in Belgrade and enables them to participate in international competitions and knowledge olympiads. The company encourages talents in natural sciences in their efforts to improve their knowledge through support to the Regional Center for Talented Youth Belgrade 2, which organized the National Geography Olympiad for secondary school students, and through support to the Center for the Promotion of Science in the implementation of the festival “May, the Month of mathematics”.

With the company's contribution, a multimedia and multidisciplinary event entitled “Tesla Global Forum” was organized, which in honor of the work and legacy of the great scientist, with a comprehensive exchange of opinions and ideas, brings together scientists, innovators and students.

Mtel Banja Luka

Scholarships at Mtel Banja Luka

The formal awarding of the scholarship grants, which the Mtel Banja Luka has been presenting to the most successful students of the Schools of Electrical Engineering from BiH for the 12th time, was held in February at the School of Electrical Engineering of Istočno Sarajevo. Nine scholarship recipients will receive monthly scholarships until completion of the first studies cycle, and will also be entitled to one-month internship in the Company. After graduation, they will have the opportunity to seek employment with the Company.

During 2022, a new competition was opened for the selection of the 13th generation of the m:scholarship holders.

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

The development of digital technologies brings many advantages, facilitates communication, makes it faster and available everywhere. It also brings challenges and risks, especially when children are Internet users. As a company responsible for the community and especially dedicated to the education of young people, Telekom Srbija supported the UNICEF campaign "Stop hate on the net - for the safety of children on the Internet" and participated in the conference "Safer Internet Day" with the aim of raising public awareness about detecting and preventing digital violence.

Mtel Banja Luka

Strengthening the media literacy

The company Mtel Banja Luka, as a long-term partner of the Ministry of Transport and Communications of the Republika Srpska, actively participated in the project concerning the strengthening of media literacy among children in the Republika Srpska, which was launched in 2019.

Within the campaign entitled "Strengthening the Media Literacy of Children in Republika Srpska", training courses were organized for teachers and school support staff, with the aim of encouraging them to develop the awareness of their students of the importance of all media in our society, the rights of children to the protection of safety and privacy in the media and teaching them how to use new media for their work at school.

Children's safety on the Internet

The International Children's Rights Day is celebrated on 20 November and one of the basic children's rights is the right to protection from any type of violence. Within the project "Children's safety on the Internet", Mtel supported the campaign of safe use of the Internet by children and young people, implemented by the Ministry of Scientific and Technological Development, Higher Education and Information Society of the Republika Srpska.

The website www.djecanainternetu.com offers content adjusted to children, but also parents and teachers, and to the entire community, where the correct use of information and communication technologies is encouraged and affirmed. The goal, among other things, is to raise the awareness of children and young people, parents and all Internet users about the dangers lurking in the online world. If used smartly and safely, the Internet can serve children and young people as an excellent means of communication and learning, is the joint message of Mtel and the Ministry of Scientific and Technological Development, Higher Education and Information Society of the Republika Srpska.

Safer Internet Day

As a socially responsible company, Mtel Banja Luka was among the companies that supported the celebration of the Safer Internet Day. An internet safety contest was organized for the students of high and elementary schools in Bosnia and Herzegovina. The winners were awarded a tablet device, a smartphone, headphones, power banks and other valuable prizes.



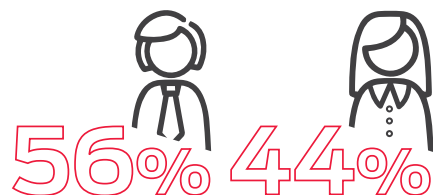
Subgoal 5.5.

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.

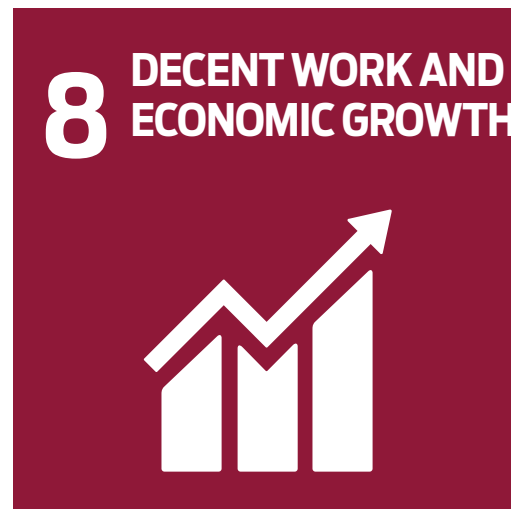
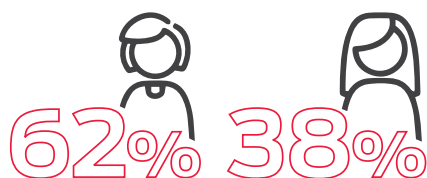
When it comes to the gender structure of the management, the share of women in the management is higher than the share of women in the total number of employees.

Gender structure of the management



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

Gender structure of employees



Subgoal 8.2.

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

To boost technological entrepreneurship EUR 80,000 was invested over the past four cycles of mts startup acceleration and free mts services and executive mentorship provided for 10 awarded startups.

Mtel digital factory

During 2022, 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.

Subgoal 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.

Trainings

In 2022, the employee's share in the training programs was greater than the management's, although the number of training hours for managers also increased compared with the previous year, which likewise resulted in increasing the overall number of training hours.

Hours of education	Telekom Srbija		Mtel Group	
	2021	2022	2021	2022
Education (no. of hours)	49,097	10,978	10.978	19.514
Employees	34,085	10,351	10.351	15.470
Management	15,012	2,144	2.144	4.044

Number and structure of implemented training programs of most important members

No. of employees	Telekom Srbija		Mtel Group	
	2021	2022	2021	2022
Training for professional licence	115	24	27	37
Education by the Company	5	12	14	0
Talent program	236	214	0	0
Team building	551	362	60	424
Rotations	28	172	1	0
Internal training	117	660	457	148
Personal development trainings	1088	1497	339	409
Total:	2140	2941	898	1018
No. of employees with professional licences	446	439	55	77
No. of employees who are members of professional organizations	458	418	39	38

Rotations

In 2022, the employee rotation program in Telekom Srbija continued, with significant increase in the number of employees involved in this process compared to the previous year. In cooperation with the Training Centre, workshops for mentors were held in the process of Job rotations, attended by a total of 21 employees from various organizational units.

Job rotation of employees between Telekom Srbija and subsidiary Yunet kicked off. 19 employees from Yunet had a chance to learn the business processes and method of work of specific organizational units of Telekom Srbija, sharing experience through interactions with their mentors from Telekom Srbija, acquiring knowledge in the sphere of work they expressed interest in and making direct connection as a basis for further cooperation. Within such programme, 3 employees of Telekom Srbija have successfully completed their rotation in Yunet.

Flexible benefits in Telekom Srbija

In 2022, 852 employees – users of flexible benefits from all organizational units of the Company were determined. A total of 2,978 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

⁶ <http://digitalnafabrika.Mtel.me/>

employee's children, medical services, fitness and wellness services, various gift cards and vouchers).

In 2022, 19 housing loans were granted to employees, against participation in loans with commercial banks, whereby the Company supported its employees in addressing one of the most important life issues. In 2022, to mark March 8th, one-off payments were made to all women in the Company, regardless of the type of employment, as well as New Year's gifts to children – payments to the employees with children up to 10 years of age, and children with special needs 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 2022 as well. The "Worker of the Year" award went to a total of 36 workers in 2022, and the criterion for the reward was the business conduct that clearly promotes corporate values.

Subgoal 8.6.

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

In 2022, the members with the largest number of newly employed were Telekom Srbija (45% of total number) and Mtel Banja Luka (18%).

Age structure of newly employed	2021	2022
< 30	29%	26%
30-50	52%	66%
> 50	19%	9%
Total newly employed	653	937
No. of departures (attrition) from Telekom Group	497	540
Net change	156	397

* Uključuje zaposlene mts banke

The average rate of external fluctuation on the Group level is the same as it was in last year 2021 - 4%.

Likewise, the largest number of Group members have the same or lower rate of external fluctuation compared to the previous year.

External fluctuation rate	2021	2022
Telekom Srbija	2%	2%
Mtel Banja Luka	7%	7%
Telus	13%	14%
mtel DOO Podgorica	2%	4%
Arena Channels Group	9%	9%
mts D.O.O.	5%	2%
MTEL Global	29%	29%
YUNET	13%	13%
TS Ventures	-	-
MTEL DOOEL Skopje	-	31%
Average	4%	4%

Subgoal 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 2022, 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 grave 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.



Subgoal 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.

Subgoal 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 (fourth quarter of 2022), Telekom Srbija in Serbia provides the coverage of 99.35% of population by 2G signal, 97.24% population by 3G signal and 98.26% of population by 4G signal (which is also the largest percentage of population coverage by 4G signal among the operators in Serbia).



Subgoal 11.4.

Increase efforts to protect world cultural and natural heritage

Ever since 2015, on the eve of New Year's holidays, Telekom Srbija contributes to library stocks in 10 elementary schools across Serbia each year. Since school libraries are the places where pupils develop their media and computer literacy, the Company made a donation to the library Radoje Domanović in Velika Plana and thus helped the implementation of the project E-library available to all.

The company has provided long-term support to the activities of the Faculty of Fine Arts and talented individuals, and in Telekom Srbija granted 2022 pecuniary reward for the best student work at the Department for New Media. Telekom Srbija provided support to the event Poetry Relay, multimedia event Zmaj's Children Games at their jubilee 65th iteration, 57th Children's October Salon and to the Association of Petrovac Fine Artists of Bački Petrovac for carrying out the project Children's Art Colony– Slovak Ornament.

Pursuing years-long cooperation with Ethno Network, as one of the patrons of the exhibition 100 women – 100 miniatures, Telekom Srbija endeavours to contribute to the affirmation of women entrepreneurship in rural environments and their motivation to produce artefacts.

In the sphere of theatre art, the company traditionally supports the Nušić Days event in Smederevo, while in the sphere of music art, in the jubilee year of Telekom Srbija's operations, the partnership with the Ilije M. Kolarca Endowment continued through the music event Kolarac Your World of Music

- 25 Years of Cooperation with Telekom. The support was also extended to the Medimus Festival of medieval music.

Churches and monasteries are the foundations of preserving faith, culture and language of a nation, and as in previous years, Telekom Srbija helped renovate several religious sites. The company has been supporting for years now the event Sport Congregation of Holy Serbia which is a chance for children and their parents to spend some time together in nature and to develop sporting and team spirit through some entertaining activities. In this manner, the company helps strengthen the spirit of unity, traditional and family values.

Mtel Banja Luka

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

- support to the National Theatre of Republika Srpska and Children's Theatre of Republika Srpska
- Theatre Fest Petar Kočić
- International Actors Festival Zaplet
- Banjaluka Ethno Days
- 103th Šantić' Poetry Evenings in Mostar
- Various music events (Banja Luka Fest, St. George Festival, Nektar Garden Fest , Nektar OK Fest 2022, Fresh Wave 2022, Sarajevo children's festival, Trebinje Stars and June concerts on the fortress Kastel in Banja Luka.).

Subgoal 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

Telekom Srbija supports in particular any type of innovation aimed at the progress of sustainable development, especially through the use of renewable energy sources. Led by this principle, the company has donated to the Public Enterprise Ada Ciganlija a Strawberry smart bench powered by solar energy, demonstrating its preference for technological innovation in its CSR activities aimed at using the green energy.

The smart bench enables all visitors of Belgrade's eco oasis to use the benefits of this advanced urban furniture as it is equipped with meteorological sensors for measuring the temperature, air humidity and air pressure, and, very important, the air quality and noise level under ecological standards. Besides providing a relax-and-enjoy spot by the Sava Lake, it also provides the park visitors in the capital with free mts Wi-Fi services and charging slots for their mobile devices.

Thanks to the cooperation with Strawberry energy enduring for more than ten years, Telekom Srbija has already donated the smart benches to the City of Novi Sad, the Centre for Professional Upgrade in Education in Leskovac and the Secondary Schools Student Dormitory Milutin Milanković in Belgrade.



Subgoal 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

Through the Environmental Management System, Telekom Srbija is committed to prevention, control and reduction of all types of pollution. Special attention is paid on the control and reduction of people's exposure to non-ionizing radiation of radio base stations of mobile telephony and safeguarding the life space from EM fields of anthropogenic origin. The prevention is applied on a daily basis, through:

- careful planning of wireless access network;
- the use of state-of-the-art and certified telecom equipment;
- assessment of environmental impact in line with the regulation (preparation of expert assessment of environmental hazards, measuring the level of EM fields, environmental impact studies);
- preparation and submission of reports on the measurement of EM fields to the competent authorities and interested parties; and
- cooperation with the public administration bodies, professional organizations, civil sector, etc.

In 2022, we performed first measurements for 349 base stations (at total of 77 locations).

Expert evaluations of environmental hazards were determined at a total of 137 locations, including the measurements for 486 base stations. In addition, 40 zero measurements were performed within the Expert evaluations for newly planned locations.

The total number of radio base stations measured was 835.

47 environmental impact studies were compiled.

We took part in 37 public debates.

69 inspection supervisions were made regarding the control of work of mobile telephony RBSs. The control was performed for 239 radio base stations.

Owing to systemic management of thermal energy and deliveries of fuels for heating business premises and facilities, subject to strict control, we do our best to optimize the consumption of energy supplies compared to previous years and to downsize the emissions of pollutants.

Consumption of raw material and energy and emission of gases	2021	2022	Downsize rate
NO2 kg	10.797	4.146	-61,60
CO kg	5.562	4.791	-13,85
SO2 kg	4.341	3.620	-16,60
Wood m ³	73	34	-53,42
Coal kg	166.755	126.027	-24,42
Heating oil l	302.715	251.949	-16,77
Fuel oil l	240.906	183.381	-23,88

In 2022, RSD 2,076,639 was spend on maintenance of boiler rooms and airconditioners, as follows:

- Boiler rooms (coilers and burners) RSD 1,792,800.00
- Repair of airconditioners due to increased level of noise in Belgrade RSD 229,389.00 and in Novi Sad 54,450.00.

The result of optimizing the car fleet and applying organizational and technical measures of operation in Telekom Srbija led to reduced consumption of fuel, and, correspondingly, the emission of greenhouse gases.

All vehicles with the latest generation engines conform to at least Euro 6 standard. The majority of vehicles have an option to use additives aimed at reducing the emission of nitrogen oxides. The number of vehicles in the car fleet has been stabilized. For the purpose of optimizing the number of vehicles, the use of vehicles is monitored and measures taken for an optimal use.

Car fleet	2020	2021	2022
number of vehicles	1.848	2.462	1.694
Share of freight vehicles in total number	514	516	899

Fuel consumption	2020	2021	2022
Diesel (Lit)	1.385.086	1.961.032	1.353.691
Petrol (Lit)	1.019.771	1.069.595	1.020.625
Total	2.404.857	3.030.627	2.374.315
Consumption per vehicle	1.301	1.231	1.402

Mtel Banja Luka

In 2022, 242 reports were produced of systemic examination of the level of non-ionizing radiation of electric field from mobile telephony RBSs and 1,002 reports on measuring the level of EM fields at the locations of base stations across Bosnia-Herzegovina. Monitoring was made of the sources of EM fields at 20 locations of mobile telephony base stations.

According to the Ministry of Health and Social Care, for the purpose of obtaining the licences for the use of base stations, 390 requests were made based on the applicable legal regulations. The Regulatory Agency for Communications has received 677 requests for obtaining safety-to-deploy certificates for the base stations in the territory of Bosnia-Herzegovina.

According to the request of the Environmental Inspection of the City of Banja Luka, four measurements of noise generated by airconditioning systems were made.

As per the request of the Environmental Inspection of the City of Banja Luka four measurements were made – monitoring of noise produced by airconditioning systems. In 2022, regular and extraordinary deratizations were made in the spring and in the winter in the Company facilities of all executive units, for the purpose of preventing and suppressing infections diseases, and extraordinary disinsectization and disinfection of Company facilities.

Mtel Podgorica

Through its activities, Mtel Podgorica raises the awareness of its employees about the importance of environmental protection. To contribute to a cleaner and healthier Montenegro, it conducts the following activities:

- proper waste disposal;
- air protection from pollution of exhaust gases from company vehicles;
- raising citizens' awareness that all of us individually can make contribution to the protection of environment, 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

Subgoal 12.5

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

The management of waste generated through Telekom Srbija business operations unfolds in line with the adopted Waste Management Plan with the principle of waste management hierarchy, i.e. a set of priorities in the management practice: prevention, prevention, reduced waste generation, recycling, reuse and disposal. Where possible, measures are taken encouraging the solutions for achieving the best results for environment. In special waste flows, there is a deviation from hierarchy, where it is justified by life cycle, taking into account overall impacts on the generation and management of such waste. The software application of the Environmental Protection Agency, Ministry for Environmental Protection, used for monitoring waste delivery, is regularly updated.

Compared to 2021, Telekom Srbija handed over about 122.61 tons more waste. The reason resides in the fact that in 2022, modernization of telecommunications network was carried out, and that the number of business premises used was reduced, which resulted in a lot of scraps. By handing over 502.54 tons of waste to be recycled and further handled by authorised entities, the revenues was generated in the amount of RSD 28,349,204.46.

Waste quantity (in t)	2021.	2022.
Total non-hazardous waste	222.42	312.44
Total hazardous waste	157.51	190.10
Total hazardous and non-hazardous waste	379.93	502.54

In 2021, members of Telekom Srbija Group conducted intensive campaign for the E-invoice service entailing numerous benefits and discounts for customers whereunder it is estimated that significant savings were made.

The structure of investments in environmental protection (RSD)	2021	2022
Funds invested in environmental protection	663,066	3,068,623

Paper consumption (1 ream - 500 sheets)	2020	2021	2022
Savings in paper and printed material consumption	27,997	39,087	39,332

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 documentation. Upon obtaining a qualified time stamp, by the end of 2022 and in 2023, it is planned to migrate to the use of originally electronic internal communication, and to extend the range of outgoing and incoming electronic documents to other legal entities; and
- In 2022, the number of incoming and outgoing invoices in paper form with other legal entities was significantly reduced, by transition to electronic invoices, through the system for electronic invoice management of the Finance Ministry.

Mtel Banja Luka

As in previous years, in 2022, Mtel Banja Luka 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 the territory of FBiH. For the quantity of packaging waste delivered in the territory of Republika Srpska, a fee was paid to Eurobeti spent for the purpose of financing environmental projects. We expect better results from this contractual arrangement in terms of collection and recycling packaging waste in RS, and preservation of nature resultantly. For the quantity of packaging waste delivered in the territory of FBiH, a fee was also paid to the Environmental Fund of FBiH which is spent for the purpose of packaging waste management.

In accordance with the Law on Waste Management of RS, The Fund for Environment and Energy Efficiency of RS was paid the relevant fee.

For the purpose of environmental protection in 2022, Mtel has continuously run internal and external campaign for saving paper, i.e. the use of electronic invoices instead of hard copy ones. Likewise, activities continued that reflect regular disposal of obsolete and faulty electronic equipment and broken phones returned by end users.

YUNET

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 2023 are as follows:

- Reduction of power consumption by 2% as compared to 2022
- Reduction of fuel consumption by 2% as compared to 2022
- 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.



Subgoal 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

In 2022 the project No Species Dies Alone continued, whereby the company underscores the importance of protection of biodiversity as one of the cornerstones for preserving ecological balance. The project emerged as a result of years-long support Telekom Srbija extended to the associations and experts conducting active measures of protection coupled with modern technologies of mobile telecommunications in monitoring endangered species, in order to improve their lives, but also the lives of all people. The support unfolds in three directions: financing the purchase of equipment for fieldwork, provision of technical support to experts and education of public about general and specific importance of maintaining biodiversity.

The first phase of the project was dedicated to the protection of birds, being the best indicators of environmental quality, as their distribution and number clearly reflect the conditions of habitats they live in, together with people. The company supported the programme of protection of endangered and rare bird species: griffon vulture, snake eagle, European roller and owl through the cooperation with the Birds of Prey Protection Foundation, Civil Association Jadovnik – oasis of intact nature, Natural History Museum Gea and the Nature Lovers Association Riparia. In cooperation with the Tara National Park, the activities have been extended to include the protection of mammals. Supported by Telekom Srbija, NP Tara has tagged brown bear with GPS/GSM camera-equipped collar and thus helped

reveal "the secret life of bears" for the first time in Serbia and get footages showing the behaviour of this endangered species.

Apart from the No Species Dies Alone project, directly aimed at preserving the key species for the life of natural habitats, other measures are also taken during everyday business activities. Through the Training Centre, a video lecture was organized regarding this environmental issue, which brought this topic closer to the employees' attention, as well as the measures applied on their protection. Steps are taken to preserve the endangered species encountered by Telekom Srbija's employees during their fieldwork, such as obligatory reporting to the competent expert or the environmental institution, in order to determine further procedure.



Subgoal 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.

To protect each and any employee from discrimination and mobbing, one court proceedings was instigated in 2022. Likewise, in accordance with the Law on Protection of Whistleblowers, a person was appointed for the receipt of information and introduction of whistleblowing procedure.

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 11 trade unions are registered in Telekom Srbija, of which 2 are representative trade unions. Also, within Telekom Srbija, there are associations gathering over 2,000 members:

- Association of Fitters for the Telecommunications Network of Serbia (700 members)
- Association of Engineers of Telekom Srbija (175 members).
- Association of Shareholders Employed in PE PTT Traffic Srbija and Telekom Srbija (268 members)

Subgoal 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 2022, The Code of Corporate Conduct was endorsed, comprising the segment of 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.



Subgoal 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 local organizations:

International:

- Cullen International
- European Telecommunications Network Operators Association (ETNO)
- Gartner
- GSM Association (GSMA)
- IEEE
- IoT Forum
- LoRa Alliance

- TeleManagement Forum (TMF)
- United Nations Global Compact Network (UNGCN)
- British Serbian Chamber

Local:

- Responsible Business Forum
- 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
- Serbian HR Community (SHRC)
- International Association for Marketing Communications (IAA) – Serbian branch
- Association of Business Women in Serbia

Telekom Srbija is a member of the Serbian Chamber of Commerce, Registry of Serbian National Internet Domains (RNIDS), and the employees are members of PMI Branch Serbia and the Chamber of Engineers of Serbia.

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,
- Montenegro Chamber of Commerce,
- MFIK,
- GSM Association

Mtel Banja Luka is a corporate member of the following organizations:

- AKOP – Association of Cable Operators
- FIC- Foreign Investor Council
- GSM- Global System for Mobile Communications
- TM Forum- TeleManagement Forum
- AmCham- American Chamber of Commerce in BiH

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

Investment in sports

“Movement for Women's Basketball - Marina Maljković” purports to contribute, through its activities, trainings and pedagogical work, to the promotion of basketball and team spirit among girls of primary school age. Recognizing the the Movement's values and their importance for healthy upbringing, Telekom Srbija has been supporting the Movement since its beginning, helping organize free basketball trainings.

In 2022, the basketball school was successfully organized on various sites in Belgrade, Obrenovac, Kosovska Mitrovica and Novi Pazar, with more than 60 trainings per week, continuously held even during summer vacations. In 2022, the Movement celebrated seven years of successful operations, during which 4,000 girls have made their first basketball steps at the Movement's trainings. In 2021:

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.

Sports events in Mtel Banja Luka

Mtel Banja Luka supported the following sports events in 2022:

- „Sporting Day“ at the City Stadijum in Banja Luka, organized by the Football Club Borac and Athletic Club Banjaluka, supported by the Football Association of RS and Mtel.
- The Balkans Judo Championship, with more than 250 competitors from eight countries.
- Trojka iz bloka, humanitarian organization Serbs for Serbs, organized for the sixth time sporting and humanitarian tournament. The funds collected at the competition of fast 3-point shoot-out was donated this year for the assistance to a deprived family of 8 members.

- The eighth Jahorina Ultra Trail was held in late July and hosted the runners from more than 30 countries, organized by the Olympic Centre Jahorina.
- 13th International Swimmers' Meeting, organized by the Academic Swimmer Club 22th of April“.
- Youth Sporting Games in Sarajevo, 900 boys and girls from more than 60 towns in BiH, enjoyed 3-day competitions, but also entertainment programme.
- Small Olympic Games of Republika Srpske organized by the swimming club Olymp Banja Luka and the City of Banja Luka, supported by the Ministry of Family, Youth and Sports of Republika Srpske and a friendly support by Mtel.
- Challenger Srpska Open, 20th jubilee ATP challenger held in Banja Luka in August, with friendly support of Mtel supporting this challengers since day one.
- European Kayak and Canoe Championship, long-term friendship between KKK Vrbas Mtel and Mtel continued this year as well, supported by ECA European Kayak and Conoe Championship on wild waters for juniors and under 23 seniors.
- 1,000 skiis for our children on the mountain of Jahorina – donation of skiis by Mtel to children and youth.

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.

The Report was compiled in accordance with:

- Law on Business Companies
- Accounting Law
- Directives 2013/34/EU[1] and 2014/95/EU[1]
- 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.