TELEKOM SRBIJA a.d. BEOGRAD
A Joint Stock Telecommunications Company

Consolidated Interim Financial Statements for the Six-Month Period Ended 30 June 2025 in accordance with IFRS Accounting Standards (IAS 34) and Review Report

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REVIEW REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of the Joint Stock Telecommunications Company "TELEKOM SRBIJA" a.d. BEOGRAD

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of the Joint Stock Telecommunications Company "Telekom Srbija" a.d. Beograd and its subsidiaries (together "the Group") as at 30 June 2025 and the related consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes (together "consolidated interim financial statements"). Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Financial Reporting Standards (IAS 34, Interim Financial Reporting). Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements does not give a true and fair view of consolidated financial position of the Group as at 30 June 2025, and of its consolidated financial performance and its consolidated cash flows for the six-month period then ended in accordance with International Accounting Standard 34, Interim Financial Reporting.

Belgrade, 6 October 2025

DRUŠTVO SA OGRANIČENOM ODGOVORNOŠĆU Crowe RS Advisory DOO BEOGRAD

Đorđe Dimić
Certified Auditor

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CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Six-Month Period Ended 30 June 2025
In RSD thousand

	Note	1 Jan - 30 June 2025	1 Jan - 30 June 2024
SALES REVENUE	7	**110,513,984**	**87,053,703**
OTHER OPERATING INCOME	8	**15,535,401**	**11,724,608**
OPERATING EXPENSES			
Employee expenses, including taxes and contributions	9	(24,246,691)	(20,100,933)
Charges of other network operators	10	(5,131,833)	(5,332,302)
Cost of material and maintenance	11	(12,519,006)	(12,798,040)
Depreciation and amortization expense	12	(37,888,356)	(30,076,601)
Other operating expenses	13	(16,483,498)	(14,997,644)
		(96,269,384)	**(83,305,520)**
OPERATING PROFIT		**29,780,001**	**15,472,791**
FINANCIAL RESULT, NET			
Finance income	14	14,128,248	1,422,052
Finance expenses	15	(31,595,525)	(14,308,375)
		(17,467,277)	**(12,886,323)**
PROFIT BEFORE TAX		**12,312,724**	**2,586,468**
Income taxes	16(a)	(2,792,942)	(687,962)
PROFIT FOR THE PERIOD		**9,519,782**	**1,898,506**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial losses	30(a)	(327,514)	(249,833)
Items that may be reclassified to profit or loss:			
Cash flow hedging - fair value valuation		7,201,603	-
Cash flow hedging - reclassification to profit or loss		(7,490,634)	-
Foreign currency translation differences		(449,783)	(2,402)
Other comprehensive result, net of tax		**(1,066,328)**	**(252,235)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**8,453,454**	**1,646,271**
Net result attributable to:			
Owners of the parent		7,664,105	649,608
Non-controlling interests		1,855,677	1,248,898
		9,519,782	**1,898,506**
Total comprehensive result attributable to:			
Owners of the parent		6,562,930	332,331
Non-controlling interests		1,890,524	1,313,940
		8,453,454	**1,646,271**
EARNINGS PER SHARE in RSD	27/v/		
Basic earnings per share		**9.58**	**0.81**
Diluted earnings per share		**9.58**	**0.81**

The accompanying notes on pages 7 to 81
are an integral part of these consolidated interim financial statements.

The accompanying consolidated interim financial statements were approved by the Executive Board of the Parent Company on 2 October 2025 and were signed on behalf of the Parent Company's management by:

Vladimir Lučić
Director General

Marija Spasić
Finance Executive Director

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2025
In RSD thousand

	Note	30 June 2025	31 December 2024
ASSETS			
Non-current assets			
Intangible assets and goodwill	17	440,487,111	332,660,070
Property, plant and equipment	18	287,868,992	272,482,099
Right-of-use assets	19(a)	29,316,259	30,737,691
Advances for non-current assets	20	12,252,575	13,367,784
Contract costs	5.5.1.6.	13,448,509	9,493,138
Other non-current financial assets	21	19,391,732	13,238,882
Deferred tax assets	16(c)	108,899	101,410
		802,874,077	**672,081,074**
Current assets			
Inventories	22	9,450,279	6,866,243
Non-current assets held for sale		1,581	1,603
Accounts receivable and other current assets	23	40,271,904	38,564,707
Income tax receivable		412,196	319,056
Prepaid expenses and deferred costs	24	39,208,358	27,398,687
Accrued income	25	9,821,054	2,977,826
Contract assets	7(c)	5,246,631	4,900,187
Cash and cash equivalents	26	24,708,417	22,613,010
		129,120,420	**103,641,319**
TOTAL ASSETS		**931,994,497**	**775,722,393**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Group	27		
Share capital		100,000,000	100,000,000
Other capital		8,588	8,588
Reserves		12,870,892	12,790,661
Foreign currency translation reserve		15,547,868	16,032,573
Treasury shares		(39,961,788)	(39,961,788)
Hedging reserves		(545,401)	(256,370)
Actuarial losses		(1,410,254)	(1,082,815)
Retained earnings		89,146,689	83,802,815
		175,656,594	**171,333,664**
Non-controlling interests		**25,353,181**	**24,054,711**
Total equity		**201,009,775**	**195,388,375**
Non-current liabilities			
Loans and borrowings	28	374,073,439	242,334,232
Issued corporate bonds including hedging	29	97,464,510	97,332,172
Lease liabilities	19(b)	20,909,603	21,429,689
Liabilities for multimedia content production and distribution		27,212,421	28,743,478
Accounts payable	31	214,053	297,695
Deferred income		277,942	280,393
Employee benefits and other provisions	30	6,470,996	5,401,358
Deferred tax liabilities	16(c)	4,458,722	4,115,608
Other non-current liabilities		23,728	332,811
		531,105,414	**400,267,436**
Current liabilities			
Loans and borrowings	28	34,377,781	21,989,687
Issued corporate bonds	29	23,500,000	23,500,000
Lease liabilities	19(b)	8,783,332	9,499,880
Accounts payable	31	79,216,833	73,356,807
Contract liabilities	7(c)	734,713	748,520
Other liabilities	32	12,119,801	8,741,052
Accrued expenses and deferred income	33	39,605,112	41,773,330
Income tax payable		1,541,736	457,306
		199,879,308	**180,066,582**
TOTAL EQUITY AND LIABILITIES		**931,994,497**	**775,722,393**

The accompanying notes on pages 7 to 81
are an integral part of these consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the Six-Month Period Ended 30 June 2025
In RSD thousand

	Attributable to owners of the Group									
	Share capital	Other capital	Reserves	Foreign currency translation reserve	Treasury shares	Actuarial losses	Retained earnings	Total	Non-controlling interests	TOTAL EQUITY
Balance as at 1 January 2024	**100,000,000**	**8,588**	**1,968,985**	**16,526,603**	**(39,961,788)**	**(873,379)**	**102,080,337**	**179,749,346**	**22,844,883**	**202,594,229**
Total comprehensive income for the period										
Profit for the six-month period ended 30 June 2024	-	-	-	-	-	-	649,608	649,608	1,248,898	1,898,506
Other comprehensive income:										
Actuarial losses on employee benefits (Note 30(a))	-	-	-	-	-	(249,833)	-	(249,833)	-	(249,833)
Foreign currency translation differences	-	-	-	(67,420)		(24)	-	(67,444)	65,042	(2,402)
Total comprehensive income for the period	**-**	**-**	**-**	**(67,420)**	**-**	**(249,857)**	**649,608**	**332,331**	**1,313,940**	**1,646,271**
Transactions with owners of the Group, recognized directly in equity										
Declared dividends (Note 27/vi/)	-	-	-	-	-	-	(6,720,000)	(6,720,000)	(690,752)	(7,410,752)
Transfer (from)/to	-	-	10,821,334	-	-	-	(10,821,334)	-	-	-
Transactions with owners of the Group, recognized directly in equity	**-**	**-**	**10,821,334**	**-**	**-**	**-**	**(17,541,334)**	**(6,720,000)**	**(690,752)**	**(7,410,752)**
Balance as at 30 June 2024	**100,000,000**	**8,588**	**12,790,319**	**16,459,183**	**(39,961,788)**	**(1,123,236)**	**85,188,611**	**173,361,677**	**23,468,071**	**196,829,748**

Table continued on the next page

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the Six-Month Period Ended 30 June 2025
In RSD thousand

	Attributable to owners of the Group										
	Share capital	Other capital	Reserves	Foreign currency translation reserve	Hedging and hedging costs reserves	Treasury shares	Actuarial losses	Retained earnings	Total	Non-controlling interests	TOTAL EQUITY
Balance as at 1 January 2025	**100,000,000**	**8,588**	**12,790,661**	**16,032,573**	**(256,370)**	**(39,961,788)**	**(1,082,815)**	**83,802,815**	**171,333,664**	**24,054,711**	**195,388,375**
Total comprehensive income for the period											
Profit for the six-month period ended 30 June 2025	-	-	-	-	-	-	-	7,664,105	7,664,105	1,855,677	9,519,782
Other comprehensive income:											
Actuarial losses on employee benefits (Note 30(a))	-	-	-	-	-	-	(327,514)	-	(327,514)	-	(327,514)
Cash flow hedging – fair value valuation	-	-	-	-	7,201,603	-	-	-	7,201,603	-	7,201,603
Cash flow hedging – reclassification to profit or loss	-	-	-	-	(7,490,634)	-	-	-	(7,490,634)	-	(7,490,634)
Foreign currency translation differences	-	-	-	(484,705)	-	-	75	-	(484,630)	34,847	(449,783)
Total comprehensive income for the period	**-**	**-**	**-**	**(484,705)**	**(289,031)**	**-**	**(327,439)**	**7,664,105**	**6,562,930**	**1,890,524**	**8,453,454**
Transactions with owners of the Group, recognized directly in equity											
Declared dividends (Note 27/vi/)	-	-	-	-	-	-	-	(2,240,000)	(2,240,000)	(592,054)	(2,832,054)
Transfer (from)/to	-	-	80,231	-	-	-	-	(80,231)	-	-	-
Transactions with owners of the Group, recognized directly in equity	**-**	**-**	**80,231**	**-**	**-**	**-**	**-**	**(2,320,231)**	**(2,240,000)**	**(592,054)**	**(2,832,054)**
Balance as at 30 June 2025	**100,000,000**	**8,588**	**12,870,892**	**15,547,868**	**(545,401)**	**(39,961,788)**	**(1,410,254)**	**89,146,689**	**175,656,594**	**25,353,181**	**201,009,775**

The accompanying notes on pages 7 to 81
are an integral part of these consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the Six-Month Period Ended 30 June 2025
In RSD thousand

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**12,312,724**	**2,586,468**
Adjustments for:		
Depreciation and amortization	37,888,356	30,076,601
Disposals and write-offs of non-current assets, net	35,586	76,028
Disposals and write-down of inventories and material, net	3,183	14,339
Finance expenses, net	17,447,868	12,868,623
Impairment losses and write-offs of receivables and financial placements, net	1,073,720	1,034,374
Release of grants	(2,450)	(2,331)
Employee benefits, net	620,123	453,716
Provision for litigations and other provisions	222,078	-
Revenues from activation or consumption of goods and services for own purposes	(13,960,042)	(9,730,041)
Changes in:		
Accounts receivable and advances paid	(8,975,736)	(1,056,302)
Inventories	(2,587,219)	(1,119,210)
Accounts payable	144,191	594,115
Other items of current assets and liabilities	(19,383,589)	(9,445,947)
Cash generated from operations	**24,838,793**	**26,350,433**
Income taxes paid	(498,287)	(2,649,163)
Net cash flows from operating activities	**24,340,506**	**23,701,270**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(58,344,389)	(62,212,614)
Proceeds from sale of tower infrastructure	-	49,259,823
Payments of contracted liabilities upon acquisition, less acquired cash	(77,088,358)	(3,171,812)
Investments in start-up companies	(73,913)	(62,260)
Housing loans repaid by employees	37,965	39,830
Interest received	229,413	168,673
Dividend on shares of Banka Poštanska štedionica	-	157,410
Increase in term deposits and other financial assets	(178,018)	(307)
Proceeds from sale of equipment	3,612	7,997
Net cash used in investing activities	**(135,413,688)**	**(15,813,260)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and borrowings	210,538,818	92,388,890
Repayment of loans and borrowings	(71,714,625)	(76,995,342)
Lease payments	(6,523,861)	(5,818,169)
Interest paid	(15,012,205)	(11,724,112)
Paid fee for loans approval	(4,082,641)	(2,287,333)
Dividends paid	(17,488)	(28,938)
Net cash from/(used in) financing activities	**113,187,998**	**(4,465,004)**
Net increase in cash and cash equivalents	**2,114,816**	**3,423,006**
Cash and cash equivalents at beginning of the year	22,613,010	18,122,209
Exchange losses on cash and cash equivalents	(19,409)	(17,700)
Cash and cash equivalents at end of the period	**24,708,417**	**21,527,515**

The accompanying notes on pages 7 to 81
are an integral part of these consolidated interim financial statements.

1. CORPORATE INFORMATION

The Joint Stock Telecommunications Company "Telekom Srbija" a.d. Beograd (the "Parent Company" or "Telekom Srbija") was incorporated by the Public Enterprise for PTT communications "Srbija", Beograd ("JP PTT") on 23 May 1997 in a company formation transaction in which JP PTT undertook to transfer and assign to the Parent Company all of its telecommunication assets, excluding real estate and certain other assets and liabilities and was registered on 29 May 1997.

The Parent Company is a joint stock entity, which is founded for an indefinite period. It is domiciled in Belgrade, 2 Takovska Street, the Republic of Serbia.

According to the Company Law ("RS Official Gazette", no. 36/2011, 99/2011, 83/2014, 5/2015, 44/2018, 95/2018, 91/2019 and 109/2021), the Articles of Association defines the corporate governance bodies of the Parent Company: the Shareholders Assembly, the Supervisory Board and the Executive Board.

The core activity of the Group is the provision of telecommunication services, of which its primary areas of operation include the provision of national and international telecommunication services, fixed telephony services, mobile telephony services, internet (retail and wholesale) and multimedia services (retail and wholesale), ICT and digital services, data transfer services and leased lines. The Group also provides leases, construction and management services in the area of network infrastructure.

Since 2006 the Parent Company has held the License for mobile network (GSM/GSM1800 and UMTS/IMT-2000), the validity of which was extended for an additional 10 years in July 2016. After the expiry of the validity period of the fixed services license, the activity is conducted in accordance with the general authorization in compliance with the legislation. Starting from March 2015 the Parent Company has held the License for 4G technology (1800 MHz). In January 2016, the Parent Company was granted the individual License for radio frequency usage in the range of 721-821/832-862 MHz with the validity period of 10 years. After the expiry of the initial validity period of the license for fixed wireless access (CDMA), services are still being provided under special conditions.

Pursuant to the provisions of the Law on Electronic Communications ("RS Official Gazette", no. 44/2010, 60/2013, 62/2014, 95/2018 and 35/2023), the Regulatory Authority for Electronic Communications and Postal Services ("RATEL") defines markets that are subject to pre-regulation in the Republic of Serbia. In the stated reporting periods, RATEL has defined four markets as regulated. The Parent Company is declared as an operator with significant market power in all regulated markets.

Different obligations have been imposed on the operator depending on the market in which it was declared as an operator with significant market power. Inter alia, the following obligations have been imposed: publication of certain data in the form of standard offer, non-discriminatory treatment, providing access to and use of network elements and associated assets, price control, the application of cost accounting, prohibition of excessive prices.

As at 30 June 2025, the Group had 14,473 employees (31 December 2024: 14,190 employees). Out of this number, the Parent Company had 8,938 employees (31 December 2024: 8,975 employees), while the subsidiaries had 5,535 employees (31 December 2024: 5,215 employees).

2. BASIS FOR THE PREPARATION AND PRESENTATION OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying consolidated interim financial statements for the six-month period ended 30 June 2025 have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and IFRIC Interpretations (collectively "IFRS Accounting Standards"), applicable to interim financial reporting.

The consolidated interim financial statements are prepared in compliance with IAS 34 "Interim Financial Reporting".

The Parent Company prepares consolidated interim financial statements in accordance with IFRS Accounting Standards on the basis of the corporate governance principle given that there is no legal obligation for their preparation.

The consolidated interim financial statements were approved by the Executive Board of the Parent Company on 2 October 2025.

The principal accounting policies adopted in the preparation of the consolidated interim financial statements are set out in Notes 5.3(a) and 5.5.

The accounting policies and estimates used in the preparation of these consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024 except for the adoption of new and amended standards disclosed in Note 5.3(a), effective from 1 January 2025, where applicable.

3. PRESENTATION CURRENCY

The Serbian Dinar (RSD) is the presentation currency of the Group. The Group's consolidated interim financial statements are stated in thousands of Dinars (RSD), unless otherwise indicated.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated interim financial statements in accordance with IFRS Accounting Standards requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date as well as income and expenses for the reporting period.

These estimates and related assumptions are based on information available as at the reporting date. Actual results could differ from such estimates. These estimates and underlying assumptions are reviewed on an ongoing basis and changes in estimates are recognized prospectively.

The estimates and assumptions that have a significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next reporting period are addressed below.

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

Description of the estimate	Note	Type of information disclosed
Impairment of non-current assets and goodwill	5.5.15(a), 17, 18	Key assumptions used to determine recoverable amounts Estimate of future cash flows and determination of the discount rates
Useful lives of intangible assets and PP&E	5.5.11, 17, 18	The useful lives and the amortization/depreciation method, residual values
Impairment of loans and receivables	5.5.13.1, 5.5.15(b), 21, 23	Methodology used to determine expected credit losses
Employee benefits	5.5.18, 30(a)	Discount rates, salary increases, average life expectancy
Revenue	5.5.1, 7	Allocation of revenue between each separable component of a packaged offer based on its relative fair value
Right-of-use assets and lease liabilities	5.5.19, 19	The determination of lease term for some lease contracts in which the Group is a lessee The determination of the incremental borrowing rate used to measure lease liabilities

Where a specific transaction is not dealt with in any standard or interpretation, the management uses its judgement in developing and applying an accounting policy that results in relevant and reliable information, for the consolidated interim financial statements to:

- faithfully represent the Group's financial position, financial performance and cash flows;
- reflect the economic substance of transactions;
- be neutral; and
- be complete in all material respects.

5. ACCOUNTING POLICIES

5.1. BASIS OF MEASUREMENT

The consolidated interim financial statements have been prepared on a historical cost basis, except for the financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, where disclosed.

The consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Group will continue to operate for the foreseeable future.

As at 30 June 2025, the Group's current liabilities exceeded its current assets by RSD 70,758,888 thousand (31 December 2024: RSD 76,425,263 thousand). The Group makes efforts to improve the market position in countries where it operates by offering a variety of bundled and multimedia services, ICT and digital/smart service offers, devices and equipment, modernizing the network, entering new markets and through strategic partnerships, and acquiring infrastructure/customer equipment of other operators.

The Group continuously operates with net profit, carefully monitors its liquidity, maturity of debts and collection of receivables. The Group generates cash from operating activities and has available undrawn financial loans in the amount of RSD 42,210,813 thousand (Note 35(a)).

The management assesses that externally available sourced funds, together with expected cash inflows from operating activities will be sufficient for the Group to fulfil its contractual obligations in 2025.

5.2. BASIS FOR CONSOLIDATION

Subsidiaries are entities controlled by the Group. The Group has power over an investee, if there is exposure or rights to variable returns from its involvement with the investee and an ability to use its power over the investee to affect those returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

5. ACCOUNTING POLICIES (Continued)

5.2. BASIS FOR CONSOLIDATION (Continued)

The Group through the Parent Company holds direct equity instruments of the following subsidiaries as at 30 June 2025:

Subsidiary	% of equity
"Telekom Srpske" a.d. Banja Luka, the Republic of Srpska	65%
"Mtel" d.o.o. Podgorica, Montenegro	51%
"Telus" a.d. Beograd, Serbia	100%
"Arena Channels Group" d.o.o. Beograd, Serbia	100%
"mts" d.o.o. Kosovska Mitrovica, Serbia	100%
"MTEL Global" d.o.o. Beograd, Serbia	59%
"Yunet International" d.o.o. Beograd, Serbia	82%
"Mtel" d.o.o.e.l. Skopje, North Macedonia	100%
"TS Ventures" d.o.o. Beograd, Serbia	100%
"TS Ventures Fond" d.o.o. Beograd, Serbia	97%
"Mtel Turkey Telekomunikasyon" L.C. Istanbul, Turkey	100%
"Adria DTH" B.V. Amsterdam, Netherlands	100%
"SportCo" d.o.o. Beograd, Serbia	100%
"PULSEC" d.o.o. Beograd, Serbia	51%
"EON TV INTERNATIONAL" LTD Larnaca, Cyprus	100%
"NEW TOWERS" d.o.o. Beograd, Serbia	100%

The Parent Company and the subsidiary "Telekom Srpske" own 51% and 49% of net assets of the subsidiary "Mtel", respectively, therefore the Group applies the effective rate of 83% for the consolidation of this subsidiary. Furthermore, the effective rate of 86% for the consolidation of the subsidiary "MTEL Global" has been applied, based on the Parent Company's interest of 59% and the subsidiary's "Telekom Srpske" interest of 41% in equity of "MTEL Global". Regarding equity ownership of the subsidiary "TS Ventures Fond", where the Parent Company holds 97% and the subsidiary "TS Ventures" holds 3% in equity, effective consolidation rate applied amounts to 100%.

The financial statements of the Parent Company and its subsidiaries used in the preparation of these consolidated interim financial statements have the same reporting date. The consolidated interim financial statements of the Group are prepared using uniform accounting policies for reporting like transactions and other events. All transactions among the Group member companies, balances and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated interim financial statements.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination were measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The excess of the cost of acquisition above the fair value of the Group's share of the acquired identifiable net assets of subsidiaries was recorded as goodwill. Any goodwill that arises is tested annually for impairment.

Any gain on acquisition is recognized in the consolidated statement of profit or loss immediately. Transaction costs are recognized as incurred. The acquisition cost does not include amounts related to the settlement of pre-existing transactions. Such amounts are recognized in the consolidated interim statement of profit or loss.

5. ACCOUNTING POLICIES (Continued)

5.2. BASIS FOR CONSOLIDATION (Continued)

Changes in Equity Investments during the Six-Month Period Ended 30 June 2025

During the six-month period ended 30 June 2025, the Group acquired 100% stake in the equity of the following legal entities: "Adria DTH" B.V. Amsterdam, "SportCo" d.o.o. Beograd and "EON TV INTERNATIONAL" LTD Larnaca. The Group also acquired 51% stake in the legal entity "PULSEC" d.o.o. Beograd and founded legal entity "NEW TOWERS" d.o.o. Beograd.

Common Control Transactions

The transfer of ownership of the subsidiary is treated as a transaction through joint venture since the restructuring of the Group with the same Parent Company is a jointly controlled transaction. The basis for consolidation is the carrying amount of the assets and liabilities of the transferred entity, and the difference between the consideration paid and the value of that entity's capital is recognized in the Group's equity in the consolidated interim statement of financial position.

Non-controlling Interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary, that do not result in a loss of control, are accounted for as equity transactions.

Loss of Control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in the consolidated interim statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in Equity Accounted Investee and Joint Ventures

Equity accounted investee is an arrangement in which the Group has joint control over the legal entity and the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are accounted for using the equity method.

Investment is initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated interim financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investee, until the date on which significant influence or joint control ceases.

5. ACCOUNTING POLICIES (Continued)

5.3. CHANGES IN THE ACCOUNTING POLICIES AND NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(a) New and Amended IFRS Accounting Standards Mandatory for the First Time for the Financial Year Beginning on 1 January 2025

The following amended standards, which have been issued by the IASB, are mandatorily effective for the first time for reporting periods beginning on or after 1 January 2025 and, as such, are applicable for the Group's accompanying consolidated interim financial statements:

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – Lack of Exchangeability (effective for annual reporting periods beginning on or after 1 January 2025). The amendments specify how to assess whether the currency is exchangeable and how to determine the current exchange rate if it is not.

The application of the above-mentioned amended standard did not result in substantial changes to the accounting policies of the Group and did not have an impact on the accompanying consolidated interim financial statements.

(b) New and Amended IFRS Accounting Standards that are Not Yet Effective and Have Not Been Early Adopted by the Group

The following amendments to standards have been issued by the IASB with a mandatory effective date in future reporting periods. They have not been early adopted by the Group and the Group intends to adopt them when they become effective.

- Amendments to IFRS 9 Financial instruments and IFRS 7 Financial instruments: Disclosures (effective for annual reporting periods beginning on or after 1 January 2026). Amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features. In addition, the amendments clarify the date on which a financial asset or financial liability is derecognized which relate to transactions via electronic cash transfers. With these amendments, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features related to achieving ESG-linked targets.

- Annual improvements of IFRS Accounting Standards (effective for annual reporting periods beginning on or after 1 January 2026) which address a conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers over the initial measurement of trade receivables and the derecognition of a lease liability under IFRS 9.

- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (effective for annual reporting periods beginning on or after 1 January 2027). This standard will permit subsidiaries that do not have public accountability, and have a parent that produces consolidated accounts under IFRS Accounting Standards, to reduce their disclosures in their statutory financial statements.

5. ACCOUNTING POLICIES (Continued)

5.3. CHANGES IN THE ACCOUNTING POLICIES AND NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS (Continued)

(b) New and Amended IFRS Accounting Standards that are Not Yet Effective and Have Not Been Early Adopted by the Group (Continued)

- IFRS 18 "Presentation and Disclosures in Financial Statements" (effective for annual reporting periods beginning on or after 1 January 2027) aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. These changes will not change companies' net profit, however it will change how they present their results on the face of the income statement. Also, certain 'non-GAAP' measures – management performance measures (MPMs) – will now form part of the audited financial statements.

- Amendments to IFRS 10 and IAS 28 – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date deferred indefinitely).

The Group's management is currently assessing the impact of the amendments to the afore-mentioned standards. The Group's management does not expect that amendments to the existing standards, effective from 1 January 2026, or after will have a material impact on the Group's consolidated financial statements in the period of their first application.

5.4. COMPARATIVE FIGURES

Comparative figures represent the audited consolidated statement of financial position as at 31 December 2024 and the reviewed consolidated interim statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2024, prepared in accordance with IFRS Accounting Standards.

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES

5.5.1. Revenue

Under IFRS 15 "Revenue from Contracts with Customers", the Group recognizes revenue when (or if) a performance obligation is satisfied, i.e., when control of the goods or services underlying the particular performance obligation is transferred to the customer. The performance obligation can be fulfilled, i.e., revenue recognized over the period of service provision or at a point in time when the goods are delivered to the customer.

Telecommunication services provided by the Group are performance obligations satisfied over the time because customer simultaneously receives and consumes the benefits as the Group performs. There were no significant judgments required to determine when a customer obtains control of promised goods or services that are fulfilled at a point in time.

For performance obligations that the Group satisfies over the time an output method based on time elapsed is used. Revenue is recognized proportionately on a monthly basis because the transaction price allocation is recognized as at the time of the initial sales transaction and is released on a straight-line basis over the period of services.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.1. Revenue (Continued)

In the case of multiple-element arrangements (e.g. separate or integrated services, including handset) with subsidized products delivered in advance, a larger portion of the total remuneration is attributable to the component delivered in advance (handset), therefore decreasing the remaining revenue (monthly fees) to be recognized in the future. It results in higher revenues recognized from sale of handset, with the exact same decrease in service revenues. For convergent packages and other bundles, such as sales of services and products or multiple services, the Group accounts for individual goods and services separately if they can be separately identified from other items in the bundled package and if a customer can benefit from it. The transaction price is allocated between performance obligations in the bundle on a relative stand-alone selling prices basis. Stand-alone selling prices for services and products in the bundle are determined based on an observable price (retail prices from pricelists).

The accelerated recognition of revenues (as compared to monthly invoicing to customer), when the handset is sold or during promotion campaign periods, offset from the supply of the service during the enforceable period or during the contracted period after the provided benefit has expired, leads to the recognition of a contract asset in the consolidated interim statement of financial position, which will be settled against an asset receivable as the service is provided. Contract asset is reclassified to receivables at the moment when the Group`s right for collection based on performance obligation fulfilment become unconditional.

The Group recognizes the contract assets mainly from the contracts in which handset delivered at a point in time is bundled with services delivered over time or during the promotion campaign period when particular benefit is provided (Note 7(c)). On the other hand, the Group recognizes the contract liability mainly from the contracts in which customer’s payment is received upfront whereas service revenue recognition is deferred over the period of time (Note 7(c)). The Group considers contract assets and liabilities as current because during the contract duration a customer has the ability to change the contractual terms, which is treated as a new contract.

5.5.1.1. Revenues from the Fixed Network

(a) Revenues from Telephone Traffic

Charges for incoming and outgoing telephone calls are recognized in revenue when the service is rendered.

(b) Telecommunication Fee

The telecommunication fee represents a fee charged for telephone line usage. The fees are recognized in revenue on a straight-line basis over the service period.

(c) Connection and Installation Fees

Revenue from the connection of new subscribers to fixed telephony network represents revenue earned on invoiced fees for the connection of new subscribers and installation costs. Considering that connection and installation fees can be separated into identifiable components, revenues are recognized in the period in which the user is connected to the network.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.1. Revenue (Continued)

5.5.1.1. Revenues from the Fixed Network (Continued)

(d) Internet and Multimedia Services

Revenue from internet and multimedia services mostly relates to monthly fees for internet and TV services, provided via different technologies. These revenues are recognized on a straight-line basis over the service period (without contractual obligation) or the contracted period with customer.

5.5.1.2. Mobile Communications Services

Revenue from mobile communications services mostly relates to postpaid and prepaid services, such as monthly fees, spent call minutes, text and multimedia messages, data services, mobile internet and revenue from sales of handsets and equipment and other mobile network services.

Monthly fees for postpaid services are recognized monthly over the contracted period with customer (with contractual obligation) or the service period (without contractual obligation).

Prepaid services (e-charges) are recognized as revenue when the service is rendered to the extent the service is used. Prepaid amounts are deferred until either used or expired.

5.5.1.3. Bundled Service Packages

The Group also provides the integrated service packages to its customers, consisting of the combined fixed telephony services, mobile postpaid package, internet and TV services as well as sales of handsets and equipment, and other benefits merely to customers under contract.

Monthly fees for package services are recognized monthly over the service period (without contractual obligation) or the contracted period with customer.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.1. Revenue (Continued)

5.5.1.4. Revenues from Other Services

These revenues mostly relate to lease of capacities – leased lines and infrastructure, data services, maintenance and technical support for telecommunication infrastructure, ICT and digital services, sales of broadcasting rights (distribution of TV content) and other services. Revenues are recognized in the period as the service is performed.

Revenue from sale of equipment is recognized when the significant risk and benefits of ownership are transferred to the buyer. Capacity and optical infrastructure lease revenue is recognized on a straight-line basis over the life of the lease agreement. Prepaid amounts are deferred and recognized on monthly basis during the contracted period.

5.5.1.5. Revenues from Activation of Own Goods and Services Capitalized

Revenues from activation of own goods and services capitalized include income related to engagement of internal resources for constructing and expanding of network and infrastructure, increase of technological capacities, installation of new customers' connections, acquiring contracts with customers, realizing liabilities arising from contracts with customers and participation in capital investment projects of the Group, based on which the management expects future economic benefits for the Group (Note 5.5.10).

5.5.1.6. Subscriber Acquisition Costs, Advertising and Related Costs

Subscriber acquisition costs, other than capitalized contract costs, are recognized as an expense for the period in which they are incurred. Advertising, promotion, sponsoring, communication and brand marketing costs are also expensed as incurred (Note 13).

The Group recognizes as an asset the incremental costs of obtaining a customer's contract if it expects to recover those costs. The incremental costs of obtaining a contract are those costs that are incurred to the Group in order to obtain a contract with a customer that would not have been incurred if the contract had not been concluded.

Contract costs are presented as non-current assets since the economic benefits from these assets are expected to be received in the period longer than twelve months. Using a practical expedient, the Group recognizes incremental costs of obtaining a contract as an expense when incurred if the amortization period of an asset, that would be recognized, is shorter than one year.

In accordance with IFRS 15 "Revenue from Contracts with Customers", the Group has identified sales commissions to dealers, salaries and fees to employees and leased performers, as well as postal costs connected with contract acquisition and realization as incremental customer acquisition costs, which are capitalized and amortized on a systematic basis over the period of a customer's contract, in line with transfer of services to customer as related revenues are recognized (Note 12).

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.2. Revenue and Expenses from International Traffic Settlements

5.5.2.1. Income and Expenses from International Fixed Line Traffic Settlements

Income and expenses from direct international traffic settlements include the income and expenses generated from all incoming and outgoing international traffic made in countries having direct international traffic settlement.

A portion of income earned or expenses incurred is recorded based on an estimate made in accordance with the reconciled evidences for the traffic realized.

5.5.2.2. Income and Expenses from Roaming

Income and expenses arising from incoming and outgoing roaming with foreign mobile operators, which have entered into the International Roaming Agreement with the Group member companies, are recorded when the service occurs in the amounts invoiced both to and from the foreign mobile network operators.

A portion of income earned or expenses incurred is recorded based on an estimate made in accordance with the reconciled evidences for the traffic achieved.

Roaming discounts granted to the Group member companies (based on realized, previously agreed amount of traffic) reduce roaming expenses and vice versa, when granted. Roaming discounts have been mainly applied on monthly basis due to contracts with significant roaming operators, while annually calculated discounts are recognized as accrued income or expenses (Notes 25(a) and 33(a)).

5.5.3. Interconnection Income and Expenses

Interconnection income and expenses are recognized as they are incurred in gross amounts and are presented under sales revenue (Note 7(a)) and charges of other network operators (Note 10).

Besides revenues from terminating incoming traffic in the fixed/mobile network of the Group member companies, interconnection revenues include revenues from leased lines for interconnection and signaling links, income from incoming international traffic from foreign operators' networks, which, through the networks of other national operators, terminates in the Group member companies' networks, as well as income from transiting outgoing international traffic from networks of other national operators which, through the Group member companies' networks, terminates in networks of foreign operators and income from interconnection SMS.

In addition to expenses arising from traffic termination from the Group member companies' fixed/mobile networks to other operators, interconnection expenses also include expenses for leased lines for interconnection, as well as expenses arising from incoming international traffic from foreign operators' networks which, through the Group member companies' networks, terminates in networks of other national operators, as well as expenses based on interconnection SMS.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.4. Maintenance and Repairs Costs

The maintenance and repairs of property, plant and equipment are expensed as incurred (Note 11).

Maintenance and technical support costs primarily relate to the maintenance of telecommunication infrastructure and network, equipment, licenses and software.

5.5.5. Borrowing Costs

Borrowing costs are recorded as an expense over the repayment period of related borrowings. Borrowing costs consist of interest and other fees that an entity incurs in relation with the borrowing of funds (Note 15).

Borrowing costs, attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are to be capitalized as part of the cost of the respective asset.

5.5.6. Finance Income/Expenses

Finance income includes interest income, foreign exchange gains and foreign currency clause effects, and other financial income (Note 14).

Finance expenses include interest expense, foreign exchange losses and foreign currency clause effects, and other financial expenses (Note 15).

Interest income or expense is recognized using the effective interest method.

5.5.7. Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currencies or indexed with foreign currency clause are translated into RSD at the official exchange rates published by the National Bank of Serbia, applicable at the reporting date (Note 40).

Foreign currency transactions or transactions indexed with foreign currency clause realized during the reporting period are translated into RSD according to the official exchange rates published by the National Bank of Serbia, applicable on the date of transaction.

Non-monetary items in a foreign currency that are measured based on historical cost are not re-translated at the reporting date.

Foreign currency gains and losses arising upon the translation of assets and liabilities at the reporting date and transactions during the reporting period denominated in foreign currency or with a contracted foreign currency clause are recognized as either finance income or finance expense depending on whether the effects of foreign currency movements are positive or negative.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.7. Foreign Currency Transactions (Continued)

Foreign Operations

The assets and liabilities of foreign operations (subsidiaries abroad), including goodwill and fair value adjustments arising from the acquisition, are translated into RSD according to the exchange rate applicable on the reporting date except for the business combinations performed in the reporting period. The assets and liabilities arising from the business combination performed in the current reporting period are translated into RSD value by applying the exchange rate as at transaction date.

The income and expenses of foreign subsidiaries are translated at the average exchange rates in the reporting period. Foreign currency differences are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests (Note 27/iv/).

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to consolidated interim statement profit or loss as a part of the gain or loss on disposal.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount of translation reserve is reattributed to non-controlling interest.

5.5.8. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost comprises the purchase price including import duties, non-refundable taxes and any directly-attributable costs of bringing the asset to working condition for its intended use. The purchase price is decreased by any trade discounts and/or rebates received (grants). The cost of a self-constructed asset is determined using the same principles as for an acquired asset. The cost of self-constructed property and equipment is its cost at the date upon which its construction or development was completed.

Property, plant and equipment are recognized as tangible items if their estimated useful lives are more than one year.

The cost of an item of property, plant and equipment is recognized if it is probable that the future economic benefits embodied within the asset will flow into the Group and its cost can be measured reliably. In addition, subsequent expenditure is capitalized only if it improves equipment capacity and quality of provided services and if it is probable that the future economic benefits associated with the expenditure will flow into the Group.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.8. Property, Plant and Equipment (Continued)

All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred (Note 5.5.4).

Gains and losses on disposal of an item of property, plant and equipment are recognized in profit or loss of the reporting period.

5.5.9. Intangible Assets and Goodwill

Intangible assets and goodwill of the Group consist of goodwill, customer relations, brand name, software and applications, telecommunications and other licenses, multimedia content production and broadcasting rights and other rights. Development expenditure that meets specified criteria is recognized as the cost of an intangible asset.

Intangible assets are stated at cost less accumulated amortization (excluding goodwill and brand name) and accumulated impairment losses, if any.

Goodwill represents the excess of the cost of an acquisition above the fair value of the Group's share of the net identifiable assets of the acquired companies at the acquisition date. Separately recognized goodwill is tested annually for impairment and measured at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Contractual customer relations acquired in a business combination by the acquisition of companies are recognized at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

A brand name represents a recognized identified value in the acquisition of the subsidiary "Arena Channels Group". "Arena Sport" brand name is a recognized trademark by customers in the provision of sport content through TV distributors.

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Research and development costs are recognized as an expense as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, if the product or process is technically and commercially feasible, if future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and accumulated impairment losses, if any.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.10. Own Goods and Services Capitalized

In its accounting policy the Group has defined capitalization of staff salary costs. The Group member companies capitalize cost of salaries of employees engaged on construction and expansion of its network and infrastructure, increasing the technological capacities, installation of new customers' connections and those working on capital investment projects that generate future economic benefits as an increase of assets value. The vast majority of capitalized staff costs relate to the technical divisions' employees of the Group member companies.

Capitalized staff salary costs are included in intangible assets (Note 17) and property, plant and equipment (Note 18), while respective revenues from activation or consumption of own goods and services are recognized within other operating income (Note 8).

5.5.11. Depreciation and Amortization

Depreciation and amortization of property, plant, equipment and intangible assets is made on a straight-line basis whereby the value of assets is fully written off over the estimated useful life.

Customer relationships amortization is accounted for on a straight-line basis over the estimated useful lives of customer relationships determined upon the acquisition.

Determination of useful lives of property, plant and equipment and intangible assets is based on previous experience with similar assets as well as anticipated technical/technological development and changes affected by economic and/or industry factors.

The depreciation and amortization rates are based on the estimated useful life approved by the corporate bodies of the Group member companies.

Useful lives and residual values are reviewed at least at each financial year-end and adjusted if appropriate. Changes in the expected useful lives are considered and accounted for as changes in accounting estimates.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.11. Depreciation and Amortization (Continued)

The principal depreciation rates in use for main classes of property, plant and equipment for reporting periods are as follows:

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Access network, connection cables, ducts, towers	1% - 12.50%	1% - 12.50%
Switching and transmitting devices	3.33% - 80%	3.33% - 80%
- mobile access network	5% - 20%	5% - 20%
- IP/MPLS network	5% - 14.29%	5% - 14.29%
Other equipment	5% - 50%	5% - 50%
Leasehold improvements	2% – 50%	2% – 50%

The principal amortization rates in use for main categories of intangible assets for reporting periods are as follows:

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Customer relations	4.17% - 16.67%	4.17% - 16.67%
UMTS/GSM license	6.67% - 50%	6.67% - 50%
LTE 4G license (1800 MHz)	8.50%	8.50%
License for radio frequency usage (721-821/832-862 MHz)	10%	10%
Software and other licenses	1.01% - 50%	1.01% - 50%
Software	14.28% – 20%	14.28% – 20%
Other intangible assets	1.01% - 92.59%	1.01% - 92.59%

Depreciation and amortization on property, plant, equipment and intangible assets begin when the related assets are available for use. Land and assets assumed to have indefinite useful life (goodwill and brand name) are not depreciated.

Depreciation and amortization of capitalized staff salary costs are provided at rates applicable to assets within which these costs have been recognized, while the capitalized acquisition costs and realization of contracts with customers are depreciated during the contractual period with customers.

The calculation of the depreciation and amortization on property, plant and equipment and intangible assets for tax purposes is determined in accordance with the existing legislation in local markets where the Group operates, which affects the current and deferred taxes (Note 16(c)).

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.12. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes the cost of purchase, transport and expenses incurred in bringing the inventory to its present condition and location.

The net realizable value is the price at which inventories may be realized in the normal course of business, after deducting the sales costs.

The cost of inventories is determined based on the weighted-average method.

Slow-moving and obsolete inventories are provided for based on inventory turnover ratios and management's best judgments regarding future plans for inventories usage (Note 22).

5.5.13. Financial Instruments

All financial instruments are initially recognized at fair value, increased by transaction costs that are directly attributable to acquisition or issuance of the financial asset or financial liability, except for financial assets and financial liabilities at fair value through profit or loss, when these costs are directly recognized in the consolidated statement of profit or loss.

Financial assets and financial liabilities are recognized in the consolidated interim statement of financial position on the date upon which the Group becomes counterparty to the contractual provisions of a specific financial instrument.

5.5.13.1. Financial Assets

The management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired, i.e., a business model they are held within and characteristics of contractual cash flows.

Under IFRS 9 "Financial Instruments", financial assets are classified in the following categories:

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income; and
- Financial assets measured at fair value through profit or loss.

Financial assets are measured at amortized cost if held within a business model whose sole objective is to hold financial assets in order to collect contractual cash flows and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount, unless irrevocably designated at initial recognition to fair value through profit or loss measurement option if it leads to significant reduction/elimination of accounting mismatch.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.13. Financial Instruments (Continued)

5.5.13.1. Financial Assets (Continued)

Financial assets are measured at fair value through other comprehensive income if held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and to sell financial assets and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount, unless irrevocably designated at initial recognition to fair value through profit or loss measurement option if it leads to significant reduction/elimination of accounting mismatch.

Financial assets are measured at fair value through profit or loss only if they are not measured at amortized cost or at fair value through other comprehensive income.

Business model is defined in accordance with the Group's management estimates of the purpose for which the financial assets are held and the objectives of maintaining financial assets based on all available relevant information for business model evaluation.

Business model of the Group can be defined as assets held in order to collect cash flows and it consists of financial placements and accounts receivable (trade and other).

The Group's financial assets include trade receivables, other current and non-current receivables, which are measured at amortized cost and which fulfil the requirements of IFRS 9 (business model test and the characteristics of contractual cash flows) to be measured at amortized cost (Notes 21 and 23).

The Group has classified its financial assets mostly in the category of financial assets measured at amortized cost, but it also has financial assets measured at fair value through other comprehensive income and through profit or loss.

Financial assets are included in current assets, except for maturities longer than 12 months after the reporting date, when they are classified as non-current.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and benefits of ownership of the financial asset are transferred or has neither transferred nor retained substantially all the risks and benefits of the asset, but has transferred control of the asset.

Financial asset is derecognized when it is written off. Also, derecognition of a financial asset will occur if subsequent changes of contractual terms of financial assets have arisen, leading to a significant modification of the financial asset's cash flows.

After the initial recognition, the financial assets are measured as follows:

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.13. Financial Instruments (Continued)

5.5.13.1. Financial Assets (Continued)

(a) Other Financial Assets

Other financial assets include the long-term interest-free receivables from employees for granted housing (residential) loans and the repurchase of vehicles for business purposes, long-term interest-bearing receivables from employees for granted housing loans, other non-current receivables and placements (Note 21), as well as current placements (Note 23).

Non-current receivables are measured based on their amortized cost using the effective interest rate method. Impairment of non-current receivables is determined as it is described in Note 5.5.15(b) using a *"full"* three-stage expected credit loss model.

Other non-current financial assets include financial assets measured at fair value through profit or loss, and non-current rental payments in advance measured at amortized cost (Note 21).

Financial assets measured at fair value through profit or loss are initially recognized at fair value (transaction price) increased by the transaction costs directly attributable to acquisition of the financial assets. The subsequent measurement is made at each reporting date by comparing the fair market value of a financial asset with its carrying amount. Gains and losses from fair value adjustments are recorded through the consolidated statement of profit or loss.

(b) Accounts Receivable and Other Receivables

Trade and other receivables are stated at amortized cost. When calculating impairment losses on its current trade and other receivables, established in a manner described in Note 5.5.15(b), the Group applies an "expected credit loss" model over the expected life of financial asset and a "simplified approach" in the recognition of the *"lifetime"* expected credit losses over the contractual life of its financial asset.

The carrying amount of receivables is reduced using an allowance account for expected credit losses and the amount of loss is recognized in the consolidated statement of profit or loss (Note 13).

Subsequent recoveries of amounts previously written off and reversal of the previously recognized impairment loss are credited to the consolidated statement of profit or loss (Note 8).

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.13. Financial Instruments (Continued)

5.5.13.1. Financial Assets (Continued)

(c) Securities

Investments in equity/debt securities are financial assets for which there is an intention to hold the investments for indefinite period of time, which can be sold for liquidity purposes or due to changes in interest rates, exchange rates or market prices.

Under IFRS 9 "Financial Instruments" securities are measured as follows:

- Debt securities are financial assets measured at fair value through other comprehensive income, managed with the objective to collect contractual cash flows. For debt securities measured at fair value through other comprehensive income, gains or losses are recognized in other comprehensive income, except for interest income, expected credit losses and foreign exchange differences that are recognized in profit or loss. When these assets are derecognized, the accumulated adjustments of fair value previously recognized through gains or losses within equity are reclassified to profit or loss.
- Equity securities that management intends to hold for a longer period of time are irrevocably classified as financial assets measured at fair value through other comprehensive income at initial recognition. Subsequent to initial recognition, changes in fair value are not recognized in profit or loss, but through other comprehensive income. Amounts recognized through equity are never reclassified through profit or loss, but they may be transferred within equity. Only dividend income is recognized in profit or loss as a return on equity securities.
- Equity securities are financial assets measured at fair value through profit or loss, managed with the objective to collect dividend income or to sell this financial asset. For shares that are measured at fair value through profit or loss, gains or losses from fair value adjustments with market value are recognized in profit or loss.
- Debt securities with fixed maturity terms, in the absence of an active market, are measured at amortized cost by using the effective interest rate method.

The fair value of quoted investments is based on current bid prices. For unquoted investments, a reasonable estimate of fair value is determined by reference to the current market value of another financial instrument which is substantially the same or is based on the expected cash flows of underlying asset base of the investment.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on current accounts held with banks and any other highly-liquid investments with original maturities of three months or less that are readily convertible into cash and are subject to an insignificant risk of changes in value.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.13. Financial Instruments (Continued)

5.5.13.1. Financial Assets (Continued)

(e) Hedging accounting

Derivates are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at value adjusted for changes in fair value.

When a derivate is classified as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in the fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit and loss.

The accumulated amount of hedging reserves and the cost of hedging reserve is reclassified to profit and loss in the same period or periods during which the hedged expected future cash flows affect profit and loss.

When the Group discontinues hedge accounting for a cash flow hedge, if the hedged future cash flows are still expected to occur, that amount remains in the cash flow hedge reserve until future cash flows occur, except when that amount is loss. When the amount is loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it immediately reclassifies the amount that is not expected to be recovered into profit and loss as reclassification adjustments.

When the Group discontinues hedge accounting for a cash flow hedge, if the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit and loss.

Measurement at Amortized Cost

The amortized cost of a financial asset is the amount at which the asset is initially measured, reduced for principal repayment and increased or decreased for accumulated amortization using the effective interest method.

Measurement at Fair Value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. Fair value is determined by using available market information on the reporting date, as well as other valuation models used by the Group.

The fair value of individual financial instruments corresponds to their carrying amount. Such instruments include cash, current accounts receivable and payable, receivables and liabilities with no maturity date or contractual fixed interest rate.

The fair value of a cross-currency swap is determined based on the present value of expected future cash flows.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.13. Financial Instruments (Continued)

5.5.13.2. Financial Liabilities

Under IFRS 9 "Financial Instruments", financial liabilities are classified as financial liabilities measured at amortized cost and financial liabilities measured at fair value through profit or loss.

The management determines the classification of its financial liabilities at initial recognition. The Group's financial liabilities include loans and borrowings granted by banks and suppliers, issued corporate bonds and trade and other payables (other operating liabilities).

Financial liabilities are recognized initially at fair value of funds received. After the initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The Group does not have financial liabilities measured at fair value.

Financial liabilities are derecognized when the Group fulfils the obligations, or when the contractual repayment obligation has been either cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, while the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

In addition, financial liability is derecognized when the contractual terms are modified, while cash flows of modified liability are significantly changed. In that case, new financial liability is based on the modified terms and is recognized at fair value. The difference between the carrying amount of initial financial liability and the new financial liability with modified terms is recognized in the consolidated statement of profit or loss.

After the initial recognition, the financial liabilities are measured as follows:

(a) Loans Granted by Banks and Suppliers

Received loans from banks and suppliers are initially recognized in the amount of the loan disbursements received (i.e., fair value) and are subsequently stated at the amortized cost using the effective interest method (Note 28).

Loans from suppliers are commodity loans granted to the Group for the financing of the equipment purchase and works done.

Liability is classified as current if it is expected to be settled in the Group's normal operating cycle i.e., if payment is due within 12 months or less after the reporting date. All other liabilities are classified as non-current.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.13. Financial Instruments (Continued)

5.5.13.2. Financial Liabilities (Continued)

(b) Issued Corporate Bonds/Eurobonds

Corporate bonds issued by the Parent Company in Serbia are initially recognized in the amount of funds received (i.e. fair value) and are subsequently stated at the amortized cost using the effective interest method.

Corporate Eurobonds on foreign market are initially recognized in the amount of nominal value of the currency they are issued in and subsequently stated at the value including the hedging as the protection against currency risk.

(c) Operating Liabilities

Current trade payables and other current liabilities are subsequently measured at amortized cost, being the nominal value due to the short-term nature of these liabilities. Non-current trade payables and other non-current liabilities are recognized at the amortized cost using the effective interest method.

5.5.14. Equity Instruments

Equity consists of share capital, other capital, reserves, foreign currency translation reserves, treasury shares, actuarial losses, hedging reserves and retained earnings (Note 27).

5.5.15. Impairment of Assets

Non-financial and financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

(a) Non-financial Assets

At each reporting date the management reviews the carrying amounts of the Group's non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

If the recoverable amount of an asset is estimated to be lower than its carrying value, the carrying amount of the asset is reduced to its recoverable amount, being the higher of an asset's fair value less costs to sell and value in use. Impairment losses, representing a difference between the carrying amount and the recoverable amount of tangible and intangible assets, are recognized in the consolidated statement of profit or loss, as required by IAS 36 "Impairment of Assets".

Assets that have an indefinite useful life (goodwill and brand name) are not subject to amortization and are tested annually for impairment.

Given the nature of its assets and operations, most of the Group's individual assets do not generate cash flow independently from other assets. If the recoverable amount of an individual asset cannot be estimated, the Group identifies the cash-generating unit which the asset belongs to.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.15. Impairment of Assets (Continued)

(a) Non-financial Assets (Continued)

The recoverable amount of an asset is generally determined by reference to its value in use, corresponding to the future economic benefits expected to be derived from the use of the asset and its subsequent disposal, if any. It is assessed by the discounted cash flow method, based on management's best estimate of the set of economic conditions that will exist over the remaining useful life of the asset and expected conditions of its use.

An impairment loss in respect of goodwill is not reversed. If impairment losses in respect of other assets were recognized in prior periods, they are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(b) Financial Assets

In accordance with IFRS 9 "Financial Instruments", impairment is calculated and recognized for all financial assets that are measured at amortized cost and for debt instruments (securities) that are measured at fair value through other comprehensive income.

As disclosed in Note 5.5.13.1(b), the Group applies an "expected credit loss" model when it calculates impairment of accounts receivable and other receivables. The Group considers the probability of a default occurring over the contractual life of a financial asset at its initial recognition. This results in greater judgement due to the need to factor in forward looking economic information when estimating the appropriate amount of provisions. Delay in payments more than 60 days from the maturity date of the asset indicates that *event of default* has occurred.

Further, the Group applies the simplified approach to recognize *"lifetime"* expected credit losses over the contracted life for its trade receivables (non-current and current) and other receivables without significant financing component using a provision matrix where trade receivables are grouped based on different customer attributes and different historical loss patterns.

Expected credit losses rates are based on the Group's historical impairment of receivables in previous three years. Historical losses rates are adjusted for current and future information about macroeconomics factors which affect the Group's customers. The Group has identified gross domestic product, unemployment rate and inflation rate as key macroeconomic factors.

Loans granted to Group's employees and key management personnel and other non-current financial placements are provided for based on the *"full"* three-stage model of expected credit loss, which requires to recognize the 12-month expected credit losses on their initial recognition and the lifetime expected credit losses if the credit risk of the borrower increased significantly (Note 5.5.13.1(a)).

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.15. Impairment of Assets (Continued)

(b) Financial Assets (Continued)

During the six-month period ended 30 June 2025, no significant increase was reported in credit risk for non-current loans granted to employees and key management personnel, so the Group recognized 12-month expected credit losses for such assets. Expected credit losses are recognized in the consolidated statement profit or loss as impairment of financial assets (Note 13).

When the management considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was initially recognized, then the previously recognized impairment loss is reversed through the consolidated statement of profit or loss (Note 8).

Impairment losses on financial assets measured at fair value through other comprehensive income are recognized in the consolidated statement of profit or loss by reclassifying the losses accumulated in the fair value reserve (in equity) to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in the consolidated statement of profit or loss.

5.5.16. Grants

Asset and grant (e.g., telecommunications and related equipment) are recognized initially as deferred income at fair value. These grants are recognized in the consolidated statement of profit or loss over the useful life of the asset to which it relates (Note 8).

5.5.17. Provisions and Contingencies

Provisions are recognized and measured when the Group has a pending, present legal or contractual obligation as a result of a past event and when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

Provisions for litigations are based on the Group member companies' competent departments' estimation of the expenditures required to settle such obligations (Note 30(b)).

Provisions are reviewed at each reporting date and adjusted in order to reflect the best possible present estimate. When the outflow of the economic benefits is no longer probable, provisions are derecognized in the consolidated statement of profit or loss (Note 8).

Contingent liabilities are not recognized in the consolidated interim financial statements. They are disclosed (Note 36) unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated interim financial statements but disclosed when an inflow of economic benefits is probable.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.18. Employee Benefits

(a) Employee Taxes and Contributions for Social Security

In accordance with the existing legislation prevailing in different local markets, the Group has an obligation to pay taxes and contributions to various state social security funds. These obligations involve the payment of contributions on behalf of the employee and employer in the amounts calculated by applying the specific, legally prescribed rates.

The Group is also legally obliged to withhold contributions from gross salaries to employees and to transfer on their behalf the withheld portions directly to the appropriate government funds. The Group has no obligation to pay benefits to the employees upon their retirement since it becomes the obligation of the state pension funds.

Taxes and contributions payable on behalf of the employee and employer are charged to expenses in the period in which they arise (Note 9).

(b) Retirement Benefits and Jubilee Anniversary Awards

Pursuant to collective agreements and local laws, the Group is obligated to pay retirement benefits in the amount equal to three monthly salaries or in the amount that is not subject to tax.

On different local markets the Group companies provide between one half and three average monthly salaries or fixed amounts as jubilee awards. Jubilee employment anniversary awards correspond to the total employee's years of service in the Group member companies and are paid out for 10, 20, 30, 35 and 40 years of employment.

Long-term liabilities for retirement benefits and jubilee anniversary awards are calculated and recognized by discounting expected future payments to its present value, based on a certified actuary's calculation (Note 30(a)).

(c) Short-Term Compensated Absences

Accumulating compensated absences may be carried forward and used in future periods if the current period's entitlement has not been fully used. The expected cost of accumulated compensated absences is recognized in the amount that is expected to be paid as a result of the unused entitlement that has accumulated as at the reporting date (Note 33). In the instance of non-accumulated compensated absences, no liability or expense is recognized until the time of the absence.

(d) Employee Contribution to Operating Result

The expected cost of employee contribution to the operating result is recognized only when the Group has a present legal or constructive obligation to make such payments as a result of past events and when a reliable estimate of such obligation can be made (Notes 9 and 33).

The Collective Agreement of the Parent Company defines criteria for employee contribution to the operating result, which consists of a one-off payment in the fixed percentage and a variable part based on the Parent Company's previous year operating result, in accordance with the defined range.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.19. Leases

IFRS 16 "Leases" provides a unique lease accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset have a low value.

The key headline for lessees is that in most cases a lease will result in an asset being capitalized (a "right-of-use" asset) together with the recognition of a liability for the corresponding lease payments with the effect at borrowing costs (interest expenses). Interest expense on lease liability and depreciation of a right-of-use asset are separately recognized.

As at the beginning of the lease, the lessee recognizes a lease liability and an asset representing right to use that asset during the period of lease (a "right-of-use" asset). Afterwards, during the lease term it recognizes depreciation charge on right-of-use assets (Note 12) and interest expense based on discounting effects of liabilities for operating lease (Note 15).

It is necessary to remeasure lease liability when certain events occur (changes in lease term, future payments due to change in rental fees or change in index or rate applied to calculate those payments). Lessee recognizes the amount of remeasured lease liability as adjustment of value of a right-of-use asset.

The following relevant lease contract categories are identified, to be qualified for IFRS 16 application: business, technical and warehouse premises, land, international satellites, printers and vehicles, as well as collocation contracts.

IFRS 16 requires certain estimates that are mostly related to lease term. The applied incremental borrowing rate mostly corresponds to interest rate on government bonds issued in the period closest to the beginning period of the contract and with maturity period, which is equal to lease term.

The right to use the leased subject is recognized in the amount of initially measured liability, adjusted for all advance payments, discounts and initial direct costs. Subsequent to initial recognition, the Group measures right-of-use assets at cost less accumulated depreciation and accumulated impairment losses, if any.

Information about "right-of-use" assets and respective lease liabilities is disclosed in Note 19.

The Group chose to apply exemptions proposed by the standard to lease contracts with leasing term being less than 12 months from the date of initial application and contracts with the underlying asset of a low value.

Operating lease expenses recognized in the consolidated statement of profit or loss mostly relate on short-term lease contracts, small values lease assets and variable component of lease contracts (Note 19(c)).

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.20. Taxes and Contributions

(a) Income Taxes

Current Income Tax

Income tax is calculated by applying the local prescribed rates to the tax base, reported in the corporate income tax return, which can be reduced by previously made tax losses, whereas the tax liability can subsequently be reduced by any applicable tax credits. The tax base includes the taxable profit, determined by adjusting the taxpayer's result reported in profit or loss, in the manner prescribed by the local laws.

The Corporate Income Tax Law of the Republic of Serbia ("RS Official Gazette" no. 25/2001, 80/2002, 80/2002, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014, 142/2014, 91/2015, 112/2015, 113/2017, 95/2018, 86/2019, 153/2020, 118/2021 and 94/2024) prescribes a tax incentive to any taxpayer, which exempts taxpayer from paying the corporate income tax over a period of ten years, in proportion to the investment made, if the taxpayer cumulatively meets the following requirements:

- If any taxpayer invests at least RSD 1 billion in its fixed assets (and uses such assets to conduct its main activity and the activity indicated in the Memorandum of Association or under any other enactment of the taxpayer) or such amount is invested in its fixed assets by another person; and
- Employs during the investment period at least additional 100 persons for an indefinite period of time.

The tax regulations applicable in the Republic of Serbia where the Parent Company operates do not envisage that any tax losses of the current period can be used to recover taxes paid within a specific previous period. However, current period losses may be used to decrease taxable profits determined in the annual tax return for the future accounting periods, but not longer than five years.

During the year, the Group member companies pay income tax through monthly advance payments, established based on the tax return for the prior year.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.20. Taxes and Contributions

(a) Income Taxes (Continued)

Deferred Taxes

Deferred taxes are recognized for the temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred income tax is determined using tax rates that have been enacted by the reporting date and are expected to be applied when the related temporary differences are cancelled.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and tax losses, to the extent that it is probable that the expected future taxable profit will be sufficient to allow all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred taxes are recognized in the consolidated statement of profit or loss, except in particular cases when deferred taxes related to items directly recognized in equity are credited/debited to equity.

Current and deferred taxes are recognized and included in the net profit for the reporting period (Note 16).

(b) Taxes, Contributions and Other Duties Not Related to Operating Result

Taxes, contributions and other duties that are not related to the operating result include value added tax, withholding tax, property tax, personal income tax and various other taxes, fees and contributions paid pursuant to local tax and other legislation (Note 13).

5.5.21. Earnings per Share

The Group discloses basic and diluted earnings per share (Note 27/v/). Basic earnings per share is calculated by dividing net profit attributable to shareholders - owners of the Parent Company, ordinary equity holders, by the weighted average number of ordinary shares in issue during the reporting period.

5. ACCOUNTING POLICIES (Continued)

5.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

5.5.22. Dividends on Ordinary Shares

Dividends on ordinary shares are recognized as a liability and deducted from equity in the period in which they are approved by Shareholders Assembly (Notes 27/vi/ and 32).

Dividends for the period that are declared after the reporting period are disclosed as an event after the reporting period.

5.5.23. Related Party Disclosures

For the purposes of consolidated interim financial statements, legal entities are treated as related parties when the Group has the ability to control an entity, holds an interest in an entity that gives it significant influence over such entity, or has joint control over an entity, as defined by IAS 24 “Related Party Disclosures”.

Relations between the Group and its related parties are regulated on a contractual basis. Outstanding balances of receivables and liabilities at the reporting date, as well as transactions occurring during the reporting period with related parties are separately disclosed (Note 34).

6. FINANCIAL RISK MANAGEMENT

In the ordinary course of business, the Group is exposed to a different extent to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

The Group's overall risk management focuses on the unpredictability of financial markets and macroeconomic environment and seeks to minimize potential adverse effects on the Group's financial position and performance. Risk management has been defined by the accounting and financial policies adopted by competent management bodies.

These policies are reviewed regularly to reflect changes in market conditions and the Group's activities. During the six-month period ended 30 June 2025, there have been no significant changes in risk management policies compared to the previous year.

The risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to defined limits.

Corporate bodies oversee how management manages the risks faced by the Group.

6.1. Market Risk

Market risk is the risk from changes in market prices, such as foreign exchange rates, interest rates and equity instrument prices, which can negatively affect the Group's income and cash flows or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency Risk

The Group is exposed to foreign currency risk primarily with respect to EUR.

The management has set up a policy to manage its foreign currency risk against its functional currency by providing economic hedge solutions, where applicable. The Parent Company issued international corporate Eurobonds in USD currency and simultaneously entered into hedging agreement by which the foreign currency risk is tied to EUR throughout the entire period until maturity of Eurobonds. Due to the active hedging agreement on the cross-currency swap, the Group is exposed to EUR currency risk regarding issued Eurobonds.

Relevant foreign exchange rates at the reporting date are disclosed in Note 40.

6. FINANCIAL RISK MANAGEMENT (Continued)

6.1. Market Risk (Continued)

(a) Currency Risk (Continued)

The exposure to currency risk as at **30 June 2025** is presented below:

	EUR	USD	SDR	BAM	RSD	Total
Cash and cash equivalents	13,685,141	24,716	-	2,100,079	8,898,481	24,708,417
Other non-current financial assets	12,236,978	171,048	-	94,134	6,883,061	19,385,221
Trade receivables	14,385,487	20,835	108,301	5,383,110	16,673,532	36,571,265
Other current assets	530,482	1,810	-	450,277	525,604	1,508,173
Total	**40,838,088**	**218,409**	**108,301**	**8,027,600**	**32,980,678**	**82,173,076**
Loans and borrowings	(394,222,363)	(290,911)	-	(4,195,134)	(9,742,812)	(408,451,220)
Lease liabilities	(18,609,035)	-	-	(10,265,744)	(818,156)	(29,692,935)
Trade payables	(22,329,199)	(600,935)	(224,961)	(3,889,606)	(41,408,378)	(68,453,079)
Corporate Eurobonds including hedging	(97,464,510)	-	-	-	-	(97,464,510)
Other liabilities	(644,109)	(4,343)	-	(1,588,565)	(4,561,869)	(6,798,886)
Total	**(533,269,216)**	**(896,189)**	**(224,961)**	**(19,939,049)**	**(56,531,215)**	**(610,860,630)**
Net exposure	**(492,431,128)**	**(677,780)**	**(116,660)**	**(11,911,449)**	**(23,550,537)**	**(528,687,554)**

The exposure to currency risk as at **31 December 2024** is presented below:

	EUR	USD	SDR	BAM	RSD	Total
Cash and cash equivalents	18,208,325	47,732	-	2,492,503	1,864,450	22,613,010
Other non-current financial assets	6,244,187	127,261	-	5,062	6,855,330	13,231,840
Trade receivables	10,826,919	30,946	103,818	5,279,863	18,112,374	34,353,920
Other current assets	476,287	2,037	-	475,698	648,394	1,602,416
Total	**35,755,718**	**207,976**	**103,818**	**8,253,126**	**27,480,548**	**71,801,186**
Loans and borrowings	(255,100,225)	(127,060)	-	(4,249,660)	(4,846,974)	(264,323,919)
Lease liabilities	(20,243,094)	-	-	(10,144,739)	(541,736)	(30,929,569)
Trade payables	(18,269,478)	(1,648,540)	(207,900)	(5,032,100)	(35,944,259)	(61,102,277)
Corporate Eurobonds including hedging	(97,332,172)	-	-	-	-	(97,332,172)
Other liabilities	(240,376)	(47)	-	(917,019)	(2,126,911)	(3,284,353)
Total	**(391,185,345)**	**(1,775,647)**	**(207,900)**	**(20,343,518)**	**(43,459,880)**	**(456,972,290)**
Net exposure	**(355,429,627)**	**(1,567,671)**	**(104,082)**	**(12,090,392)**	**(15,979,332)**	**(385,171,104)**

6. FINANCIAL RISK MANAGEMENT (Continued)

6.1. Market Risk (Continued)

(a) Currency Risk (Continued)

Sensitivity Analysis

A reasonably possible 5% weakening of the RSD against the EUR, USD, SDR and BAM would have the following effects on the consolidated interim operating result, with all other variables, in particular interest rates, held constant.

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
EUR	(24,621,556)	(14,991,716)
USD	(33,889)	(14,448)
SDR	(5,833)	(5,540)
BAM	(595,572)	(687,091)
Total	**(25,256,850)**	**(15,698,795)**

A 5% strengthening of the RSD against the above currencies at the reporting date would have had an equal, but opposite effect on the above reported amounts by currency. The impact on equity would have the same effects, net of tax.

(b) Interest Rate Risk

The Group is exposed to risk from changes in market interest rates, which, through changes in the level of market interest rates, affect its financial position, operating results and cash flows.

The Group's interest rate risk arises mainly from variable interest borrowings from banks and suppliers, and from corporate bonds issued by the Group. Borrowings granted to the Group and corporate bonds issued by the Group at floating rates expose the Group to cash flow interest rate risk, while borrowings and issued corporate Eurobonds granted at the fixed interest rate expose the Group to fair value interest rate risk.

The interest rate risk arises also from financial assets issued at fixed interest rate which expose the Group to fair value interest risk change.

The Group analyses its interest rate exposure on a dynamic basis, taking into consideration alternative sources of financing and refinancing, primarily for non-current loans and borrowings as they represent the major interest-bearing position.

The Group has not yet managed its cash flow interest rate risk by using floating-to-fixed interest rate swaps due to the existing legislation and underdeveloped financial market, but it undertakes adequate activities to obtain loans from banks at the more favorable conditions.

International corporate Eurobonds are issued at fixed interest rate in USD, while the hedging of interest rate risk also determines the more favorable final interest rate in EUR.

6. FINANCIAL RISK MANAGEMENT (Continued)

6.1. Market Risk (Continued)

(b) Interest Rate Risk (Continued)

As at 30 June 2025 and 31 December 2024, the Group's borrowings are mainly granted at variable interest rates which are tied to Euribor, while the corporate bonds were issued at variable interest rate which is tied to Belibor, whereas the corporate Eurobonds are issued at fixed interest rate.

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	30 June 2025	31 December 2024
Financial assets		
Fixed interest rate instruments	1,849,985	413,947
Total	**1,849,985**	**413,947**
Financial liabilities		
Fixed interest rate instruments	(113,773,828)	(111,317,270)
Floating interest rate instruments	(415,703,939)	(273,898,967)
Total	**(529,477,767)**	**(385,216,237)**

In case the interest rates on borrowings and issued corporate bonds had been 1 percentage point higher/lower on annual level with all other variables held constant, consolidated profit after tax for the six-month period ended 30 June 2025 and equity as at 30 June 2025 would have been lower/higher by RSD 1,800,754 thousand (1 January – 30 June 2024: RSD 1,609,729 thousand), as a result of higher/lower interest expense.

(c) Price Risk

The Group is not exposed to equity securities price risk because it does not have significant investments classified in the consolidated interim statement of financial position either as financial assets measured at fair value through profit or loss, or financial assets measured at fair value through other comprehensive income.

On the other hand, the Group is exposed to services price risk due to competition in its operations. The Group strives to mitigate this risk by introducing various services to customers, sales of devices and equipment, combining the service packages and improving the quality of services offered, modernization of the network, investing in optical access network, dominating on multimedia market, and expanding on other markets.

Furthermore, the local regulatory bodies have imposed on some Group's companies, among others, price control obligation for certain markets on which the Parent Company and certain subsidiaries have been declared as the operators with significant market power (Note 1).

6. FINANCIAL RISK MANAGEMENT (Continued)

6.2. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

As at 30 June 2025, the Group's current liabilities exceeded its current assets by RSD 70,758,888 thousand. The Group continuously operates with net profit, carefully monitors its liquidity, maturity of debts and collection of receivables.

The Group generates cash flows from operating activities and has available external sources of financing. As at 30 June 2025, the Group has undrawn financial facilities in the amount of RSD 42,210,813 thousand (Note 35(a)).

The management assesses that externally sourced funds, together with the expected proceeds from operating activities, will be sufficient for the Group to fulfill its contractual obligations in 2025.

In order to manage liquidity risk, the adopted financial policy defines payment terms, the maximal amount of advance payments to constructors and suppliers of works and equipment, grace period and repayment period of procurement financed by loans, depending on the procurement value and type.

The Group also monitors the level of expected cash inflows from trade and other receivables, together with expected cash outflows for trade payables, loans and borrowings, corporate bonds and other payables.

The following table details the Group's contractual maturity for financial liabilities (except for accrued liabilities) as at **30 June 2025**. The table includes *undiscounted principal and interest cash flows*.

	Carrying amount	Up to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Loans and borrowings	408,451,220	8,024,029	51,502,676	140,182,052	270,724,594	21,666,598	492,099,949
Issued corporate bonds	23,500,000	23,948,262	-	-	-	-	23,948,262
Lease liabilities	29,692,935	2,913,083	5,884,844	6,246,824	13,641,429	1,006,755	29,692,935
Trade payables	68,453,079	51,029,675	16,376,293	942,324	116,004	-	68,464,296
Corporate Eurobonds including hedging	97,464,510	-	5,626,301	5,626,301	111,530,263	-	122,782,865
Other liabilities	6,798,886	5,876,918	921,969	-	-	-	6,798,887
Total	**634,360,630**	**91,791,967**	**80,312,083**	**152,997,501**	**396,012,290**	**22,673,353**	**743,787,194**

6. FINANCIAL RISK MANAGEMENT (Continued)

6.2. Liquidity Risk (Continued)

The following table details the Group's contractual maturity for financial liabilities (except for accrued liabilities) as at **31 December 2024.** The table includes *undiscounted principal and interest cash flows*.

	Carrying amount	Up to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Loans and borrowings	264,323,919	7,737,425	31,648,546	53,016,854	199,499,980	26,843,150	318,745,955
Issued corporate bonds	23,500,000	493,500	24,980,500	-	-	-	25,474,000
Lease liabilities	30,929,569	2,756,402	6,743,478	6,120,701	14,195,060	1,113,928	30,929,569
Trade payables	61,102,277	42,977,343	16,530,004	1,329,453	284,123	-	61,120,923
Corporate Eurobonds including hedging	97,332,172	-	5,618,662	5,618,662	114,188,157	-	125,425,481
Other liabilities	3,284,353	2,469,694	814,659	-	-	-	3,284,353
Total	**480,472,290**	**56,434,364**	**86,335,849**	**66,085,670**	**328,167,320**	**27,957,078**	**564,980,281**

6.3. Credit Risk

Credit risk is a risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from trade and other receivables, cash and cash equivalents, deposits with banks, loans granted to the employees and commitments.

The carrying amount of financial assets stated in the consolidated interim financial statements represents the maximum exposure to credit risk.

Trade Receivables and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed by undertaking certain measures and activities on the individual level of each Group member company, such as clients' risk assessment, monitoring clients' business and financial standing, and managing accounts receivable and bad debts.

The Group has no significant concentration of credit risk due to its unrelated customer base being large, with individually non-material amounts.

In case of default in payments, the Group disables further rendering of services to its customers. In order to secure payments, the Group also carries out the following measures: rescheduling of debts, netting settlement with companies, warning, initializing lawsuit, out-of-court settlements and other.

6. FINANCIAL RISK MANAGEMENT (Continued)

6.3. Credit Risk (Continued)

Trade Receivables and Other Receivables (Continued)

Receivables from roaming and international settlement are not directly influenced by the local market conditions. These receivables are based on firm bilateral agreements, which presume simultaneous and mutual rendering of services.

Information on credit risk exposure is disclosed in Note 23.

Other Financial Assets

Based on other financial assets, the Group's maximum exposure to credit risk at the reporting date is best represented by the carrying amounts of other non-current and current financial assets (Notes 21 and 23).

Repayment of loans granted to the employees is secured through administrative bans on salaries, i.e., a salary deduction in the appropriate amount of the installment.

Cash and Cash Equivalents

As at 30 June 2025, the Group held cash and cash equivalents in the amount of RSD 24,708,417 thousand (31 December 2024: RSD 22,613,010 thousand).

The Group's maximum exposure to credit risk at the reporting date is best represented by the carrying amounts of cash and cash equivalents (Note 26).

6.4. Capital Risk Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in the foreseeable future in order to maintain an optimal capital structure aimed at reducing the cost of capital and to provide returns for shareholders.

The strategy regarding the capital risk management has remained unchanged from the previous year.

The Group monitors capital using a gearing ratio. This ratio is calculated as net debt divided by total capital.

6. FINANCIAL RISK MANAGEMENT (Continued)

6.4. Capital Risk Management (Continued)

The gearing ratios as at 30 June 2025 and 31 December 2024 were as follows:

	30 June 2025	31 December 2024
Loans and borrowings (Note 28)	408,451,220	264,323,919
Issued corporate bonds in Serbia (Note 29)	23,500,000	23,500,000
International corporate Eurobonds including hedging (Note 29)	97,464,510	97,332,172
Lease liabilities (Note 19(b))	29,692,935	30,929,569
Less: Cash and cash equivalents (Note 26)	(24,708,417)	(22,613,010)
I Net debt	**534,400,248**	**393,472,650**
II Total equity	**201,009,775**	**195,388,375**
III Total (I + II)	**735,410,023**	**588,861,025**
Gearing ratio (I/III*100)	***72.7%***	***66.8%***

6.5. Fair Value of Financial Assets and Liabilities

The Group's policy is to disclose information on fair value of financial assets and liabilities for which official market data are available and in case fair value significantly differs from carrying value.

Market price, where active market exists, is the best reference on fair value of financial instrument. However, market prices are not available for all financial assets and liabilities the Group has. Thus, when market price of financial instrument is not available, the fair value of assets and liabilities is assessed using present value or other techniques of valuation based on currently prevailing market conditions.

In the consolidated interim statement of financial position, the Group does not hold significant financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Group does not have financial liabilities measured at fair value in the consolidated interim statement of financial position.

The fair value of cash and cash equivalents, short-term deposits, trade receivables, other receivables, trade payables and other current liabilities corresponds to their current carrying amounts, mainly due to the short-term maturities of these instruments.

The fair value of financial assets measured at amortized cost (loans to employees and non-current receivables) is estimated by discounting future cash flows using the market interest rate (Note 21).

6. FINANCIAL RISK MANAGEMENT (Continued)

6.5. Fair Value of Financial Assets and Liabilities (Continued)

When measuring financial assets measured at fair value through profit or loss or other comprehensive income, the Group uses observable market data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy (Level 1, 2 and 3) based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets measured at fair value (Note 21) are categorized into Level 3.

7. SALES REVENUE

(a) Sales Revenue Structure by Services

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Fixed line services:		
Leased circuit and data transfer services	9,597,509	4,311,427
Monthly fees	4,392,547	4,660,555
Interconnection	1,277,471	1,505,223
Traffic	864,138	990,463
Wholesale of internet services	827,238	819,935
Connection and installation services	40,815	46,936
Other services	280,491	283,585
	17,280,209	**12,618,124**
Mobile communications services:		
Postpaid services:	*27,535,399*	*24,007,215*
- Monthly fees	25,467,848	21,743,236
- Traffic	2,067,551	2,263,979
Prepaid services	4,754,271	4,858,539
Interconnection	3,058,913	3,529,688
Roaming	354,084	355,761
Other services	5,374,805	6,079,413
	41,077,472	**38,830,616**
Internet services – retail	**13,397,321**	**11,696,513**
Multimedia services	**36,499,617**	**21,456,553**
ICT services	**1,275,840**	**1,483,366**
Physical/technical security and cleaning and other services	**312,175**	**360,776**
Sales of goods	**671,350**	**607,755**
Total	**110,513,984**	**87,053,703**

(b) Sales Revenue Structure by Countries of the Group Entities

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Serbia	69,635,439	58,627,805
Bosnia and Herzegovina	15,888,056	15,369,911
Montenegro	11,477,484	6,572,286
Other	13,513,005	6,483,701
Total	**110,513,984**	**87,053,703**

7. SALES REVENUE (Continued)

(c) Additional Information pursuant to IFRS 15 "Revenue from Contracts with Customers"

In accordance with **performance obligation fulfilment** sales revenues are recognized as follows:

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Revenues recognized at a point in time	13,296,997	8,337,363
Revenues recognized over the period	97,216,987	78,716,340
Total	**110,513,984**	**87,053,703**

The following table provides information about **contract balances** from contracts with customers:

	30 June 2025	31 December 2024
Trade receivables, net	36,571,265	34,353,920
Accrued income	9,821,054	2,977,826
Contract assets	5,246,631	4,900,187
Total	**51,638,950**	**42,231,933**
Advances received	10,977,807	12,552,225
Deferred income	3,768,707	3,061,885
Contract liabilities	734,713	748,520
Total	**15,481,227**	**16,362,630**

7. SALES REVENUE (Continued)

(c) Additional Information pursuant to IFRS 15 "Revenue from Contracts with Customers" (Continued)

Movements in **contract assets and liabilities** during the six-month periods ended 30 June 2025 and 2024 are summarized below:

	Contract assets	Contract liabilities
Balance as at 1 January 2024	**5,418,426**	**655,784**
Increase	1,223,224	421,863
Decrease	(1,519,207)	(347,131)
Exchange differences, net	(94)	-
Balance as at 30 June 2024	**5,122,349**	**730,516**
Balance as at 31 December 2024/ 1 January 2025	**4,900,187**	**748,520**
Increase	1,661,569	268,376
Decrease	(1,315,161)	(348,703)
Business combinations	-	66,520
Exchange differences, net	36	-
Balance as at 30 June 2025	**5,246,631**	**734,713**

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date. The transaction price is allocated at **remaining performance obligations** that will be fulfilled, as follows:

	30 June 2025	31 December 2024
Up to 1 year	26,312,332	28,179,805
From 1 to 3 years	5,345,113	7,084,297
Total	**31,657,445**	**35,264,102**

As a practical expedient, the Group did not disclose a part of the transaction price allocated to the remaining performance obligation to be satisfied in the future if the performance obligation is part of contract that has an original expected duration of one year or less. The Group did not also disclose the amounts for contracts for which the Group has a right to consideration in an amount that corresponds directly with the value to the customer from performance obligation completed to reporting date.

8. OTHER OPERATING INCOME

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Revenues from activation or consumption of goods and services for own purposes	13,960,042	9,730,041
Early termination penalties	433,233	313,609
Reversal of impairment losses	272,741	445,530
Revenue from collected court costs	156,902	141,063
Penalties for non-returned equipment	89,492	76,343
Revenue from participation in consortium	73,126	252,895
Damage compensations	54,524	32,095
Release of provision for litigations and other provisions	40,280	9,419
Rental income	25,298	27,048
Penalties	10,682	13,618
Gains on sale of material and waste material	6,969	11,153
Grants - other assets	2,690	1,322
Grants – non-current assets	2,450	2,331
Other income	406,972	668,141
Total	**15,535,401**	**11,724,608**

9. EMPLOYEE EXPENSES, INCLUDING TAXES AND CONTRIBUTIONS

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Gross salaries	17,582,145	14,612,109
Contributions on behalf of the employer	2,039,861	1,688,215
	19,622,006	**16,300,324**
Employee contribution to operating result of the Parent Company (Note 5.5.18(d))	506,505	354,363
Other expenses	4,118,180	3,446,246
	4,624,685	**3,800,609**
Total	**24,246,691**	**20,100,933**

Other expenses mostly relate to the costs of external employees hired through leasing agencies.

10. CHARGES OF OTHER NETWORK OPERATORS

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Mobile network interconnection	3,041,909	3,389,363
Fixed network interconnection	1,310,358	1,351,891
Roaming	415,499	352,035
Leased circuits and data transfer	364,067	239,013
Total	**5,131,833**	**5,332,302**

11. COST OF MATERIAL AND MAINTENANCE

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Material for provision of services	5,516,322	6,373,031
Fuel and energy	1,922,106	2,150,245
SIM cards	51,660	78,314
Spare parts	18,250	22,836
Other costs	831,905	540,593
	8,340,243	**9,165,019**
Maintenance of property and equipment	2,421,602	2,315,442
Transportation expenses	1,073,200	951,374
Cost of goods sold	683,961	366,205
	4,178,763	**3,633,021**
Total	**12,519,006**	**12,798,040**

12. DEPRECIATION AND AMORTIZATION EXPENSE

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Amortization of intangible assets	22,663,862	16,725,832
Depreciation of property, plant and equipment	6,743,180	6,016,994
Depreciation of right-of-use assets	6,101,701	5,108,706
Contract costs capitalized (Note 5.5.1.6)	2,379,613	2,225,069
Total	**37,888,356**	**30,076,601**

13. OTHER OPERATING EXPENSES

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Marketing, advertisement and sponsorship	4,227,024	3,113,937
Impairment of advances paid and trade receivables for expected credit losses (a)	1,365,557	1,034,374
Consulting services and audit fee	1,304,074	756,672
Rebroadcasted rights	973,005	674,187
Telecommunications license fees, approvals and frequency fees (b)	933,099	856,554
Indirect taxes	728,271	2,135,716
Provision for employee benefits	620,123	453,716
Rental costs	478,401	506,234
Software licenses	423,098	387,742
Fees and charges	357,084	327,768
Commissions	343,629	467,450
Broadcast content fees	327,038	388,858
Donations	274,839	288,783
Provision for litigations and other provisions	222,078	1,491
Public utility services	197,044	164,496
Bank charges	158,970	102,081
Costs of services provided by subcontractors and partners	157,199	886,663
Insurance premiums	123,182	101,674
Cleaning and security services	114,256	95,585
Expenses from participation in consortium	99,134	230,323
Entertainment	93,508	88,208
Education and professional training	65,672	50,003
Losses on disposal and write-off of non-current assets	45,418	64,498
Research and development costs	37,097	22,448
Other expenses	2,814,698	1,798,183
Total	**16,483,498**	**14,997,644**

13. OTHER OPERATING EXPENSES (Continued)

(a) Movements in the **impairment allowance for advances paid and receivables** during the six-month periods ended 30 June 2025 and 2024 were as follows:

	Advances for non-current assets (Note 20)	Trade receivables (Note 23)	Advances paid (Note 23)	Other current assets (Note 23)	Total
Balance as at 1 January 2024	**5,811**	**15,148,012**	**19,843**	**712,239**	**15,885,905**
Charge for the period	-	1,018,408	311	15,655	1,034,374
Reversal of impairment losses	(83)	(436,393)	(3,445)	(5,609)	(445,530)
Write-off	-	(131,918)	-	-	(131,918)
Other movements and translation differences	(2)	7,984	(1)	(12,177)	(4,196)
Balance as at 30 June 2024	**5,726**	**15,606,093**	**16,708**	**710,108**	**16,338,635**
Balance as at 31 December 2024/ 1 January 2025	**5,725**	**14,241,173**	**14,602**	**729,933**	**14,991,433**
Charge for the period	-	1,164,991	1,302	199,264	1,365,557
Reversal of impairment losses	-	(251,509)	(2,332)	(18,900)	(272,741)
Write-off	-	(172,255)	-	-	(172,255)
Business combination	-	39,088	-	-	39,088
Other movements and translation differences	2	2,202	-	(742)	1,462
Balance as at 30 June 2025	**5,727**	**15,023,690**	**13,572**	**909,555**	**15,952,544**

(b) Telecommunication license fees, approvals and frequency fees include the fee related to the license and services for public mobile telecommunications network, license for construction, possessing and exploitation of public fixed telecommunication network and related services provision, approvals for performing electronic communication activities (Internet, multimedia, CDMA), fees for the use of frequencies, numbering, characteristic number and other fees that regulatory bodies prescribed for markets where the Group operates.

Fees are calculated as the prescribed percentage of the sales revenues of relevant services generated in local market in the commercial year for which the fee is payable.

14. FINANCE INCOME

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Interest income:		
- Loans and receivables	333,960	282,380
- Cash and cash equivalents	196,983	156,118
- Term deposits	51,374	455
Foreign exchange gains	13,517,168	808,649
Other financial income	28,763	174,450
Total	**14,128,248**	**1,422,052**

15. FINANCE EXPENSES

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Interest expense:		
- Loans, borrowings and corporate bonds	15,389,844	11,661,071
- Lease liabilities	697,702	734,105
- Penalty interest	322,568	203,417
- Hedging costs	269,769	-
Foreign exchange losses	13,393,473	692,753
Other financial expenses	1,522,169	1,017,029
Total	**31,595,525**	**14,308,375**

16. INCOME TAXES

(a) Components of Income Taxes

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Current tax expense	2,456,093	272,520
Deferred tax expense, net	336,849	415,442
Total tax expense	**2,792,942**	**687,962**

(b) Reconciliation of Income Tax Expense and Profit Before Tax Multiplied by the Income Tax Rate

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Profit before tax	**12,312,724**	**2,586,468**
Income tax expense at the statutory tax rate in Serbia	**1,846,909**	**387,970**
Effect of tax rates in foreign jurisdictions	(408,804)	(317,363)
Non-deductible expenses and expenses adjustments	901,941	539,703
Tax losses for which deferred tax assets are not recognized	548,147	829,110
Non-deductible and adjusted revenues	(72,356)	51,744
Reduction based on corporate income tax and withholding tax paid by a non-resident company	(22,895)	(803,202)
Total tax expense	**2,792,942**	**687,962**
Effective tax rate	***22.7%***	***26.6%***

16. INCOME TAXES (Continued)

(c) Deferred Tax Assets/(Liabilities)

Deferred tax assets/(liabilities) relate to the temporary differences arising between the carrying value of property, plant, equipment and intangible assets and their tax base. Besides this, deferred tax assets relate to long-term and other employee benefits, provision for litigations and accrued expenses.

Movements in **deferred tax assets** during the six-month periods ended 30 June 2025 and 2024 were as follows:

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Balance as at 1 January	**101,410**	**104,336**
Property, plant, equipment and intangible assets	3,343	649,575
Business combinations	4,022	614
Other movements and translation differences	124	(636,801)
Balance as at 30 June	**108,899**	**117,724**

Deferred tax assets stated in the consolidated interim statement of financial position refer to:

	30 June 2025	31 December 2024
Property, plant, equipment and intangible assets	79,731	76,287
Other movements	7,539	7,539
Business combinations	4,022	-
Recognized unutilized tax credits and losses	17,607	17,584
Balance as at	**108,899**	**101,410**

16. INCOME TAXES (Continued)

(c) Deferred Tax Assets/(Liabilities) (Continued)

Deferred tax liabilities are recognized on all taxable temporary differences.

Movements in **deferred tax liabilities** during the six-month periods ended 30 June 2025 and 2024 are presented in the following table:

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Balance as at 1 January	**4,115,608**	**3,344,323**
Effects of temporary differences	424,552	1,136,151
Other movements and translation differences	(81,438)	(709,720)
Balance as at 30 June	**4,458,722**	**3,770,754**

Deferred tax liabilities stated in the consolidated interim statement of financial position refer to:

	30 June 2025	31 December 2024
Property, plant, equipment and intangible assets	4,458,722	4,115,608
Balance as at	**4,458,722**	**4,115,608**

17. INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Customer relations	Licenses	Software	Other intangible assets	Intangible assets under develop-ment	Total
Cost							
1 January 2024	**86,925,982**	**17,458,683**	**51,304,902**	**34,659,345**	**112,583,511**	**50,922,223**	**353,854,646**
Additions	-	-	-	-	-	47,959,381	47,959,381
Transfer (from)/to	-	-	4,477,223	1,455,637	15,989,729	(21,922,589)	-
Contract modification	-	-	(36,320)	-	(5,467,661)	4,632,501	(871,480)
Business combinations	3,943,795	-	-	3,634	1,897,881	-	5,845,310
Transfer from property, plant and equipment	-	-	-	-	-	11,454	11,454
Disposals and write-offs	-	-	(88,872)	(15,277)	(3,959,896)	-	(4,064,045)
Other movements and translation differences	(47,546)	(11,846)	(33,343)	36,586	(13,712)	(118,360)	(188,221)
Balance as at 30 June 2024	**90,822,231**	**17,446,837**	**55,623,590**	**36,139,925**	**121,029,852**	**81,484,610**	**402,547,045**
Balance as at 31 December 2024/ 1 January 2025	**90,450,540**	**18,231,506**	**63,046,776**	**39,265,173**	**180,470,824**	**77,165,394**	**468,630,213**
Additions	-	-	-	-	-	50,347,181	50,347,181
Transfer (from)/to	-	-	7,903,665	1,826,540	22,950,707	(32,680,912)	-
Business combinations	73,176,313	5,618,506	-	11,116	1,726,891	229,616	80,762,442
Transfer from/(to) property, plant and equipment	-	-	-	-	-	321,974	321,974
Disposals and write-offs	-	-	(179,574)	(10,477)	(1,597,641)	-	(1,787,692)
Other movements and translation differences	60,616	7,481	19,142	6,547	21,144	8,768	123,698
Balance as at 30 June 2025	**163,687,469**	**23,857,493**	**70,790,009**	**41,098,899**	**203,571,925**	**95,392,021**	**598,397,816**
Accumulated amortization and impairment							
1 January 2024	**217,190**	**8,276,308**	**22,590,685**	**19,282,365**	**47,274,851**	**3,757,163**	**101,398,562**
Amortization	-	409,397	1,270,415	894,686	14,151,207	127	16,725,832
Contract modification	-	-	(642)	-	(870,276)	-	(870,918)
Business combinations	-	-	-	2,374	-	-	2,374
Disposals and write-offs	-	-	(88,872)	(15,277)	(3,677,423)	-	(3,781,572)
Other movements and translation differences	-	(7,368)	(14,821)	(8,196)	(7,754)	30	(38,109)
Balance as at 30 June 2024	**217,190**	**8,678,337**	**23,756,765**	**20,155,952**	**56,870,605**	**3,757,320**	**113,436,169**
Balance as at 31 December 2024/ 1 January 2025	**217,190**	**9,090,960**	**24,884,294**	**20,845,346**	**78,625,304**	**2,307,049**	**135,970,143**
Amortization	-	468,434	1,541,083	1,049,981	19,604,208	156	22,663,862
Business combinations	-	456,183	-	4,845	441,752	157,212	1,059,992
Disposals and write-offs	-	-	(179,574)	(10,477)	(1,530,926)	-	(1,720,977)
Other movements and translation differences	-	1,992	19,612	13,955	(97,874)	-	(62,315)
Balance as at 30 June 2025	**217,190**	**10,017,569**	**26,265,415**	**21,903,650**	**97,042,464**	**2,464,417**	**157,910,705**
Net book value as at:							
- 30 June 2025	**163,470,279**	**13,839,924**	**44,524,594**	**19,195,249**	**106,529,461**	**92,927,604**	**440,487,111**
- 31 December 2024	**90,233,350**	**9,140,546**	**38,162,482**	**18,419,827**	**101,845,520**	**74,858,345**	**332,660,070**

17. INTANGIBLE ASSETS AND GOODWILL (Continued)

Goodwill amounting to RSD 163,470,279 thousand as at 30 June 2025 (31 December 2024: RSD 90,233,350 thousand) represents the excess of the cost of an acquisition above the fair value of the Group's share in the net identifiable assets, recognized and contingent liabilities of the acquired companies: "Telekom Srpske" in the amount of RSD 37,304,641 thousand, "Moja Supernova" in the amount of RSD 39,545,461 thousand, "Arena Channels Group" in the amount of RSD 1,508,394 thousand, other companies in the amount of RSD 11,935,470 thousand and acquisition transactions with United Group B.V. in the amount of RSD 73,176,313 thousand. Goodwill related to acquisitions in 2025 is determined on provisional basis, while the final effects based on completed purchase price allocation process will be recognized in the consolidated annual financial statements in accordance with applicable IFRS Accounting Standards.

The Group carried out goodwill impairment test as at 31 December 2024. The management considers there have been no changes in key assumptions during the first half of 2025 which could impact the measurement of goodwill at the reporting date.

Customer relationship represents a contractual relation with customers of the subsidiaries. The contractual customer relationship consists of two assets: any contract in effect at the date of the business combination and the relationship that may extend beyond the period of the actual contract validity.

Licenses relate to the GSM/UMTS licenses, LTE 4G license (1800 MHz), individual license for radio frequency usage (721-821/832-862 MHz) in Serbia, license for radio frequency usage (900 MHz, 1800 MHz, 2 GHz and 2.6 GHz) in Montenegro, software and other licenses.

Licenses for GSM and UMTS are provided by local regulatory bodies and are valid up to 2026. LTE 4G license (1800 MHz) and individual license for radio frequency usage (721-821/832-862 MHz) for the territory of Serbia are valid until year 2025 and 2026, respectively. Licenses for radio frequency usage 900 MHz, 1800 MHz, 2 GHz and 2.6 GHz for the territory of Montenegro are valid until 2031.

As at 30 June 2025 and 31 December 2024, other intangible assets mostly relate to the multimedia content production and distribution. The portion of recognized liabilities due over one year in the amount of RSD 27,212,421 thousand (31 December 2024: RSD 28,743,478 thousand) is presented within non-current liabilities for the production and distribution of multimedia content in the consolidated interim statement of financial position. As disclosed in Note 33, the portion of liabilities that mature within one year in the amount of RSD 21,507,876 thousand (31 December 2024: RSD 21,676,080 thousand) represents current liabilities.

As at 30 June 2025, other intangible assets also include the brand name "Arena Sport" in the amount of RSD 410,247 thousand, which is a recognized trademark in the provision of sport content to customers through TV distributors, arising from the acquisition of the subsidiary "Arena Channels Group". It is assumed that the brand name has indefinite useful life.

The intangible assets under development relate to software, licenses and other intangible assets.

18. PROPERTY, PLANT AND EQUIPMENT

	Land, access network, connection cables, ducts, towers	Switches and transmitting devices	Other equipment	Leasehold improvements	Work in progress	Total
Cost						
1 January 2024	**207,573,085**	**278,226,623**	**19,893,997**	**3,850,740**	**16,362,033**	**525,906,478**
Additions	-	-	-	-	17,571,385	17,571,385
Transfer (from)/to	2,832,766	9,973,019	1,073,360	151,185	(14,030,330)	-
Business combinations	18,998	45,771	115,052	7,323	-	187,144
Transfer to intangible assets	-	-	-	-	(11,454)	(11,454)
Transfer from inventories	-	-	-	-	32,933	32,933
Disposals and write-offs	(64,344)	(12,048,013)	(155,074)	(25,484)	(67,781)	(12,360,696)
Other movements and translation differences	(60,450)	(80,989)	(4,774)	(1,449)	(21,434)	(169,096)
Balance as at 30 June 2024	**210,300,055**	**276,116,411**	**20,922,561**	**3,982,315**	**19,835,352**	**531,156,694**
Balance as at 31 December 2024/ 1 January 2025	**216,159,104**	**288,855,882**	**21,834,190**	**4,415,145**	**17,447,719**	**548,712,040**
Additions	-	-	-	-	22,309,915	22,309,915
Transfer (from)/to	3,126,926	10,831,138	1,485,806	94,826	(15,538,696)	-
Business combinations	-	200,534	878,228	19,627	23,919	1,122,308
Transfer from/(to) intangible assets	-	-	-	-	(321,974)	(321,974)
Disposals and write-offs	(55,991)	(2,744,163)	(595,088)	(6,789)	(129,324)	(3,531,355)
Other movements and translation differences	72,472	105,238	12,490	2,467	950	193,617
Balance as at 30 June 2025	**219,302,511**	**297,248,629**	**23,615,626**	**4,525,276**	**23,792,509**	**568,484,551**
Accumulated depreciation and impairment						
1 January 2024	**92,573,502**	**171,106,522**	**13,236,473**	**1,636,079**	**133,866**	**278,686,442**
Depreciation	753,995	4,502,787	682,005	75,913	2,294	6,016,994
Disposals and write-offs	(12,673)	(12,030,123)	(144,919)	(858)	-	(12,188,573)
Business combinations	373	35,036	30,219	3,345	-	68,973
Other movements and translation differences	(22,599)	(40,744)	(9,324)	(8,051)	(18,957)	(99,675)
Balance as at 30 June 2024	**93,292,598**	**163,573,478**	**13,794,454**	**1,706,428**	**117,203**	**272,484,161**
Balance as at 31 December 2024/ 1 January 2025	**94,038,637**	**166,289,795**	**13,987,643**	**1,779,875**	**133,991**	**276,229,941**
Transfer (from)/to	-	115,339	-	(115,339)	-	-
Depreciation	799,243	5,022,492	836,279	89,370	(4,204)	6,743,180
Disposals and write-offs	(22,262)	(2,739,578)	(577,115)	(3,897)	(7,805)	(3,350,657)
Business combinations	-	186,664	682,040	19,315	-	888,019
Other movements and translation differences	35,575	61,409	6,721	1,361	10	105,076
Balance as at 30 June 2025	**94,851,193**	**168,936,121**	**14,935,568**	**1,770,685**	**121,992**	**280,615,559**
Net book value as at:						
- 30 June 2025	**124,451,318**	**128,312,508**	**8,680,058**	**2,754,591**	**23,670,517**	**287,868,992**
- 31 December 2024	**122,120,467**	**122,566,087**	**7,846,547**	**2,635,270**	**17,313,728**	**272,482,099**

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost of fully-depreciated property, plant and equipment and intangible assets still in use amounts to RSD 118,325,380 thousand as at 30 June 2025 (31 December 2024: RSD 116,836,872 thousand).

The Group does not have mortgages and pledges on property, plant and equipment as a means of ensuring the fulfilment obligations against loans and borrowings.

Any changes of assumptions used to determine useful lives of property, plant, equipment and intangible assets could be material to the Group's financial position and performance due to significant weight of fixed assets in the total assets. If the Group was to shorten the average useful life by 10%, this would result in additional depreciation/amortization expense of RSD 3,016,547 thousand for the six-month period ended 30 June 2025.

Contractual obligations for financing investments in property, plant, equipment and intangible assets and performance of works, not recognized at the reporting date (undrawn credit lines), represent capital commitments and are disclosed in Note 35(a).

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use Assets

	Land, business, technical and warehouse premises	Equipment	Vehicles	Total
Balance as at 1 January 2024	**10,870,256**	**1,073,635**	**1,480,641**	**13,424,532**
Purchase during the period	24,366,633	85,103	33,920	24,485,656
Depreciation	(4,164,290)	(614,582)	(329,834)	(5,108,706)
Modification of period and price of lease	2,509,229	391,214	(270)	2,900,173
Contract termination	(89,042)	-	(169)	(89,211)
Foreign currency translation differences	(13,576)	(412)	-	(13,988)
Balance as at 30 June 2024	**33,479,210**	**934,958**	**1,184,288**	**35,598,456**
Balance as at 31 December 2024/ 1 January 2025	**28,229,480**	**1,414,920**	**1,093,291**	**30,737,691**
Purchase during the period	1,111,844	44,945	890,582	2,047,371
Depreciation	(5,064,639)	(661,292)	(375,770)	(6,101,701)
Modification of period and price of lease	2,449,609	165,555	(47,690)	2,567,474
Contract termination	(72,124)	(515)	(1,244)	(73,883)
Business combinations	113,701	-	8,381	122,082
Transfer from/(to)	(2,821)	-	2,821	-
Foreign currency translation differences	16,651	574	-	17,225
Balance as at 30 June 2025	**26,781,701**	**964,187**	**1,570,371**	**29,316,259**

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

	In EUR	In BAM	In RSD	Total
Balance as at 1 January 2024	**9,893,074**	**2,503,304**	**897,394**	**13,293,772**
Purchase during the period	13,960,526	10,663,508	67,936	24,691,970
Lease payments	(4,374,880)	(1,185,009)	(228,962)	(5,788,851)
Modification of period and price of lease	2,771,847	26,129	108,565	2,906,541
Contract termination	(102,376)	-	(619)	(102,995)
Interest expense	480,261	246,758	7,086	734,105
Foreign currency translation differences	(27,746)	(11,132)	-	(38,878)
Balance as at 30 June 2024	**22,600,706**	**12,243,558**	**851,400**	**35,695,664**
Balance as at 31 December 2024/ 1 January 2025	**20,054,423**	**10,144,740**	**670,260**	**30,869,423**
Purchase during the period	1,340,286	591,295	17,049	1,948,630
Lease payments	(4,910,849)	(1,375,615)	(212,168)	(6,498,632)
Business combinations	-	-	108,926	108,926
Modification of period and price of lease	1,565,794	616,421	361,170	2,543,385
Contract termination	(79,539)	-	(2,268)	(81,807)
Interest expense	438,075	250,278	9,349	697,702
Foreign currency translation differences	26,461	16,810	-	43,271
Balance as at 30 June 2025	**18,434,651**	**10,243,929**	**952,318**	**29,630,898**

Lease liabilities mostly relate to business, technical and warehouse premises, land, equipment, infrastructure and vehicles based on concluded contracts.

When measuring lease liabilities, the Group also considered potential exposures arising from variable lease payments, contract renewal and termination options and from guarantees of residual value and leases not started yet, but the Group committed to them.

Lease contracts are mostly concluded at fixed fee in EUR or with an EUR currency clause.

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities (Continued)

Maturity of lease liabilities is as follows:

	Up to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Balance as at:						
- 30 June 2025	2,890,260	5,857,098	6,243,404	13,633,381	1,006,755	**29,630,898**
- 31 December 2024	2,743,219	6,703,876	6,113,341	14,195,060	1,113,927	**30,869,423**

As at 30 June 2025, the financial leasing liabilities amount to RSD 62,037 thousand (31 December 2024: RSD 60,146 thousand).

(c) Other Lease Disclosures

	1 Jan – 30 June 2025	1 Jan – 30 June 2024
Short-term lease contracts	100,243	131,606
Lease contracts not complied with IFRS 16	372,559	367,982
Variable component of lease contracts	5,599	6,646
Total	**478,401**	**506,234**

The amounts reported in the consolidated interim statement of cash flows are as follows:

	1 Jan – 30 June 2025	1 Jan – 30 June 2024
Lease payments	6,523,861	5,818,169

20. ADVANCES FOR NON-CURRENT ASSETS

	30 June 2025	31 December 2024
Payments in advance for:		
- intangible assets	10,301,391	9,827,224
- property and equipment	1,956,911	3,546,285
	12,258,302	**13,373,509**
Less: Allowance for impairment (Note 13(a))	(5,727)	(5,725)
Balance as at	**12,252,575**	**13,367,784**

21. OTHER NON-CURRENT FINANCIAL ASSETS

	30 June 2025	31 December 2024
Loans granted to employees for housing and repurchase of vehicles	575,672	613,849
Less: Discounting effect and allowance for impairment	(129,885)	(151,022)
	445,787	**462,827**
Other non-current placements measured at amortized cost	12,725,610	6,738,010
Less: Discounting effect and allowance for impairment	(208,042)	(208,077)
	12,517,568	**6,529,933**
Financial assets measured at fair value through profit or loss	4,272,759	4,182,239
Financial assets measured at fair value through other comprehensive income	1,914,422	1,914,422
Non-current deposits with banks	155,854	63,588
Non-current rentals	6,511	7,042
Other financial assets measured at amortized cost	23	23
Other non-current assets	78,808	78,808
Balance as at	**19,391,732**	**13,238,882**

Loans granted to employees relate to the following types of loans:

- Non-interest-bearing housing loans;
- Loans with the interest rate granted by selected banks: one-off loan for a down payment and instalment loan for participating in interest payment; and
- Non-interest-bearing loans for repurchase of vehicles (for former managers of the Parent Company).

The fair value of loans granted to employees as at 30 June 2025 is based on discounted cash flows using the interest rate of 6.05% per annum, which reflect market interest rates for similar financial instruments (31 December 2024: 6.59% per annum).

Other non-current receivables measured at amortized value in the amount of RSD 12,725,610 thousand as at 30 June 2025 mostly relate to non-current receivables for the sold equity shares and rendered multimedia services.

Besides, as at 30 June 2025 the financial assets measured at fair value through profit or loss include equity investments in startup companies made by the subsidiary "TS Ventures Fond" in the amount of RSD 290,500 thousand (31 December 2024: RSD 216,583 thousand).

21. OTHER NON-CURRENT FINANCIAL ASSETS (Continued)

Financial assets measured at fair value through other comprehensive income in the amount of RSD 1,914,422 thousand as at 30 June 2025 and 31 December 2024 relate to the shares of Banka Poštanska štedionica a.d. Beograd. During 2025, Banka Poštanska štedionica did not declare dividends based on the financial statements for 2024. During 2024, the Group collected dividends based on the bank's financial statements for 2023 in the amount of RSD 157,410 thousand.

Non-current financial assets are mostly due within 2 to 10 years. None of those assets/receivables has been subject to a significant increase in credit risk since initial recognition and, consequently, 12-month expected credit losses have been recognized.

22. INVENTORIES

	30 June 2025	31 December 2024
Material	6,305,858	5,777,957
Spare parts and equipment	2,400,525	780,908
Tools and inventory	811,939	811,862
Waste of material	1,121	582
	9,519,443	**7,371,309**
Less: Allowance for impairment of:		
Material	(878)	(5,033)
Spare parts and equipment	-	(4,355)
Tools and inventory	(791,421)	(788,697)
Waste of material	(1,121)	(582)
	(793,420)	**(798,667)**
Goods	724,256	293,601
Balance as at	**9,450,279**	**6,866,243**

23. ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	30 June 2025	31 December 2024
Trade and other receivables:		
Public fixed line network and multimedia	22,162,335	19,859,912
Mobile communications	20,860,074	20,248,564
International settlement of fixed telephony traffic	1,367,180	968,886
Interconnection	664,929	739,914
Roaming	356,377	345,353
Other receivables	6,184,060	6,432,464
	51,594,955	**48,595,093**
Advances paid	**1,955,777**	**2,388,493**
Other current assets:		
Other receivables	2,271,702	2,211,883
Current portion of non-current placements and loans granted to employees	130,496	100,479
Short-term placements	64,050	46,537
Other	201,741	207,930
	2,667,989	**2,566,829**
Gross accounts receivable and other current assets	**56,218,721**	**53,550,415**
Less: Allowance for impairment:		
Trade receivables (Note 13(a))	(15,023,690)	(14,241,173)
Advances paid (Note 13(a))	(13,572)	(14,602)
Other current assets (Note 13(a))	(909,555)	(729,933)
	(15,946,817)	**(14,985,708)**
Balance as at	**40,271,904**	**38,564,707**

Accounts receivable and other current assets are predominantly non-interest bearing.

23. ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS (Continued)

The ageing structure of **gross trade receivable and advances paid** as at 30 June 2025 and 31 December 2024 were as follows:

	30 June 2025	31 December 2024
Up to 60 days	38,668,784	36,873,061
From 60 to 180 days	880,370	1,333,135
From 180 to 360 days	1,725,174	1,230,427
Over 360 days	12,276,404	11,546,963
Balance as at	**53,550,732**	**50,983,586**

As at 30 June 2025 and 31 December 2024, the carrying amounts of **trade receivable and advances paid** were denominated in the following currencies:

	30 June 2025	31 December 2024
RSD	18,468,884	20,248,121
EUR	14,495,333	10,968,506
BAM	5,419,693	5,313,391
Other currencies	129,560	197,793
Balance as at	**38,513,470**	**36,727,811**

The management of the Group believes there is no allowance required in excess of the established allowance for impairment of receivables for expected credit losses.

Credit risk for trade receivables and receivables from subsidiaries has not increased significantly since their initial recognition. Therefore, the maximum exposure to credit risk at the reporting date is the carrying value of each class of presented receivables.

The allowance for impairment of trade receivables based on expected credit losses as at 30 June 2025 and 31 December 2024 were determined as follows:

	Current (undue)	Up to 30 days	From 30 to 60 days	Over 60 days	Total
Invoiced amounts	16,556,708	6,081,531	14,088,340	14,868,376	51,594,955
Expected credit loss rate (%)	0.05 – 5.15	0.11 – 5.15	0.04 – 22.44	100	-
Balance as at 30 June 2025	**90,364**	**27,692**	**37,258**	**14,868,376**	**15,023,690**
Invoiced amounts	18,058,243	4,442,964	11,997,963	14,095,923	48,595,093
Expected credit loss rate (%)	0.14 – 5.15	0.17 – 5.15	0.07 – 22.44	100	-
Balance as at 31 December 2024	**102,069**	**18,680**	**24,501**	**14,095,923**	**14,241,173**

24. PREPAID EXPENSES AND DEFERRED COSTS

	30 June 2025	31 December 2024
Deferred VAT	**3,349,060**	**1,633,164**
Prepaid expenses:		
- Deferred loan fees	9,087,396	6,550,808
- Employee contribution to operating result	437,146	-
- Rent	128,454	34,462
- Insurance premiums	99,571	46,450
- Other (a)	9,291,540	7,046,680
	19,044,107	**13,678,400**
Other accruals (b)	**16,815,191**	**12,087,123**
Balance as at	**39,208,358**	**27,398,687**

(a) The majority of other prepaid expenses as at 30 June 2025 in the amount of RSD 9,291,540 thousand (31 December 2024: RSD 7,046,680 thousand) relates to transaction costs of issued Eurobonds and prepaid expenses for licenses and services.

(b) Other accruals in the amount of RSD 16,815,191 thousand as at 30 June 2025 (31 December 2024: RSD 12,087,123 thousand) mostly relate to accrued receivables from sales of handsets, which will be collected in monthly installments during the contracted period.

25. ACCRUED INCOME

	30 June 2025	31 December 2024
Accrued income:		
- Roaming (a)	185,444	169,084
- International settlement	268,643	149,594
- Other (b)	9,366,967	2,659,148
Balance as at	**9,821,054**	**2,977,826**

(a) As at 30 June 2025, accrued income from roaming services totaling RSD 185,444 thousand (31 December 2024: RSD 169,084 thousand) include accrued (uninvoiced) income amounting to RSD 92,695 thousand (31 December 2024: RSD 120,402 thousand) based on the Discount IOT Agreements (Note 5.5.2.2).

(b) Other accrued income in the amount of RSD 9,366,967 thousand as at 30 June 2025 (31 December 2024: RSD 2,659,148 thousand) mostly relates to accrued income from CEDIS Montenegro and sale of devices.

26. CASH AND CASH EQUIVALENTS

	30 June 2025	31 December 2024
Current accounts	3,535,084	1,823,073
Foreign currency accounts	13,453,456	16,501,518
Short-term deposit	7,719,620	4,257,811
Other	257	30,608
Balance as at	**24,708,417**	**22,613,010**

27. EQUITY

/i/ Share Capital

The Parent Company is a joint stock entity with subscribed, authorized, issued and fully paid-in capital of 1,000,000,000 ordinary shares.

The share capital structure as at 30 June 2025 and 31 December 2024 was as follows:

	In % 30 June 2025	31 December 2024
Republic of Serbia	58.11	58.11
Telekom Srbija – treasury shares	20.00	20.00
Citizens, employees and former employees of the Parent Company	21.89	21.89
Total	**100.00**	**100.00**

/ii/ Other Capital

Other capital amounting to RSD 8,588 thousand as at 30 June 2025 and 31 December 2024 was created in prior years by a mandatory allocation of employees' contributions to the Fund for financing solidarity housing.

/iii/ Treasury Shares

As at 30 June 2025 and 31 December 2024, treasury shares of RSD 39,961,788 thousand comprise the Parent Company's shares held by the Group. According to the applicable legislation, the Parent Company does not have to dispose of treasury shares.

/iv/ Nature and Purpose of Reserves

Reserves amounting to RSD 27,873,359 thousand as at 30 June 2025 (31 December 2024: RSD 28,566,864 thousand) consist of legal reserves, statutory reserves, reserves from financial assets measured at fair value through other comprehensive income, hedging reserves and foreign currency translation reserves.

27. EQUITY (Continued)

/iv/ *Nature and Purpose of Reserves (Continued)*

The following describes the nature and purpose of each reserve within equity:

Legal Reserves

Reserves were created in prior years as a result of the obligation to allocate at least 5% of the profit after tax to reserves in accordance with the local company laws.

Statutory Reserves

Statutory reserves represent the reserves formed in prior years in accordance with the previously valid legislation, by transferring a portion of initial capital contribution to statutory reserves for the purpose of reconciling the value of capital with the amount registered with the Court Register.

Reserves from Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI)

These reserves comprise the cumulative net change in the fair value of financial assets measured at fair value through other comprehensive income until the assets are derecognized or impaired.

Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations (subsidiaries) into the reporting currency (Note 5.5.7).

Movements in **reserves** during the six-month periods ended 30 June 2025 and 2024 were as follows:

	Legal reserves	Statutory reserves	FVTOCI reserves	Hedging and hedging costs reserves	Currency translation reserves	Total reserves
Balance as at 1 January 2024	**1,614,755**	**368,753**	**(14,523)**	-	**16,526,603**	**18,495,588**
Other comprehensive income						
Transfer from retained earnings	9,643	10,811,691	-	-	-	10,821,334
Foreign currency translation differences	-	-	-	-	(67,420)	(67,420)
Balance as at 30 June 2024	**1,624,398**	**11,180,444**	**(14,523)**	-	**16,459,183**	**29,249,502**
Balance as at 31 December 2024/ 1 January 2025	**1,621,059**	**11,184,125**	**(14,523)**	**(256,370)**	**16,032,573**	**28,566,864**
Other comprehensive income						
Transfer from retained earnings	-	80,231	-	-	-	80,231
Hedging valuation (Note 5.5.13.1(e))	-	-	-	(289,031)	-	(289,031)
Foreign currency translation differences	-	-	-	-	(484,705)	(484,705)
Balance as at 30 June 2025	**1,621,059**	**11,264,356**	**(14,523)**	**(545,401)**	**15,547,868**	**27,873,359**

27. EQUITY (Continued)

/v/ *Basic and Diluted Earnings per Share*

	1 Jan – 30 June 2025	1 Jan – 30 June 2024
Net profit for the period attributable to the ordinary equity holders of the parent (A)	7,664,105	649,608
Weighted average number of ordinary shares in issue during the period (B)	800,000,000	800,000,000
Basic and diluted earnings per share in RSD (A/B)	**9.58**	**0.81**

/vi/ *Dividends*

Total declared dividends for the six-month period ended 30 June 2025 amount to RSD 2,832,054 thousand (1 January – 30 June 2024: RSD 7,410,752 thousand), including tax.

On 27 June 2025, the Parent Company's Shareholders Assembly passed the Decision on profit distribution according to the annual financial statements of the Parent Company for 2024. The payment of dividends to the shareholders in the total gross amount of RSD 2,240,000 thousand was approved. Out of the total amount of dividends approved, the Government of the Republic of Serbia was entitled to the amount of RSD 1,627,094 thousand, and minority shareholders to the amount of RSD 612,906 thousand, including tax. The remaining amount of RSD 592,054 thousand related to dividends declared to the minority shareholders of the subsidiary "Telekom Srpske".

On 28 June 2024, the Parent Company's Shareholders Assembly passed the Decision on profit distribution according to the annual financial statements of the Parent Company for 2023. The payment of dividends to the shareholders in the total gross amount of RSD 6,720,000 thousand was approved. Out of the total amount of dividends approved, the Government of the Republic of Serbia was entitled to the amount of RSD 4,881,300 thousand, and minority shareholders to the amount of RSD 1,838,700 thousand, including tax. The remaining amount of RSD 690,752 thousand related to dividends declared to the minority shareholders of the subsidiary "Telekom Srpske".

The outstanding dividends payable to the shareholders are disclosed in Note 32.

/vii/ *Actuarial Losses*

Actuarial losses amounting to RSD 1,410,254 thousand as at 30 June 2025 (31 December 2024: RSD 1,082,815 thousand) have been calculated and recorded based on an actuarial calculation of liabilities for employee benefits.

28. LOANS AND BORROWINGS

(a) Structure of Loans and Borrowings

	30 June 2025	31 December 2024
Non-current loans and borrowings:		
Financial loans	366,930,499	235,656,764
Commodity loans	7,142,940	6,677,468
Total non-current loans and borrowings	***374,073,439***	***242,334,232***
Current portion of non-current loans and borrowings:		
Financial loans	22,683,742	15,297,811
Commodity loans	4,298,695	4,835,632
Borrowings	16,645	16,645
	26,999,082	**20,150,088**
Short-term financial loans	7,182,281	1,763,205
Short-term commodity loans	196,418	76,394
Total current loans and current portion of non-current loans and borrowings	***34,377,781***	***21,989,687***
Balance as at	**408,451,220**	**264,323,919**

(b) Maturity of Loans and Borrowings

	30 June 2025	31 December 2024
Up to 1 year – current portion	34,377,781	21,989,687
From 1 to 2 years	116,368,863	37,186,495
From 2 to 5 years	236,616,079	179,879,473
Over 5 years	21,088,497	25,268,264
Balance as at	**408,451,220**	**264,323,919**

(c) Movements in Liabilities Arising from Financing Activities – Loans and Borrowings

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Balance as at 1 January	**264,323,919**	**280,579,722**
Statement of cash flows		
Proceeds from financial loans and borrowings	210,538,818	92,388,890
Repayment of financial loans and borrowings	(67,353,191)	(73,565,212)
Repayment of commodity loans	(4,361,434)	(3,430,130)
Other non-cash flows changes		
Withdrawal of commodity loans	4,409,993	1,804,202
Business combinations	543,784	112,157
Translation differences, net	349,331	(276,135)
Balance as at 30 June	**408,451,220**	**297,613,494**

28. LOANS AND BORROWINGS (Continued)

Interest rates on EUR denominated loans or loans with a foreign currency clause granted at floating-interest rates range from Euribor increased by 0.5% up to 6.15% per annum. Interest rates on RSD denominated financial loans represent Belibor and the National Bank of Serbia's key policy rate increased by a margin. Interest rates on financial loans granted at fixed interest rates mostly range from 3.3% up to 6.1% per annum.

The Group regularly fulfils its due obligations in accordance with the terms of the loans agreements and issued corporate bonds and determined annuity plans. The management expects that the Group will be able to meet all contractual obligations arising from loans, borrowings and bonds.

The loan agreements and terms of Eurobonds define the Parent Company's obligation to submit audited annual financial statements and interim financial statements, as well as other documentation at creditor's request based on existing regulations. In addition, the Parent Company is required to meet the prescribed level of the performance indicators of Leverage at consolidated level and Interest coverage during the repayment period. As at 30 June 2025, the required financial indicators were in line with the prescribed values.

Granted but undrawn financial and commodity loans amount to RSD 68,584,668 thousand as at 30 June 2025 (31 December 2024: RSD 63,035,773 thousand). Most of these loans have been granted at floating interest rates. Maturity of undrawn credit lines is disclosed in Note 35(a).

29. ISSUED CORPORATE BONDS

On 28 October 2024, the Parent Company issued corporate Eurobonds at the Dublin Stock Exchange worth USD 900,000 thousand for the five-year period. The issuance was concluded with 7% annual interest rate in USD, and it is around 5.8% per annum in EUR currency after the currency risk hedging from USD to EUR. The principal shall be fully paid off at the maturity date. As at 30 June 2025, liabilities for issued corporate Eurobonds after application of risk protection amounted to RSD 97,464,510 thousand (EUR 831,793 thousand). The currency risk on this basis is disclosed in Note 6.1(a).

On 25 September 2020, the Parent Company issued corporate bonds in total nominal value of RSD 23,500,000 thousand for qualified investors in accordance with the Law on Capital Market in Serbia. Nominal value per bond is RSD 10 thousand, with the 5-year maturity period and coupon interest rate of 3M Belibor increased by 2.95% per annum. Corporate bonds have a fixed maturity, i.e., the principal is fully repaid on the due date.

30. EMPLOYEE BENEFITS AND OTHER PROVISIONS

	30 June 2025	31 December 2024
Retirement benefits (a)	3,149,899	2,640,798
Jubilee anniversary awards (a)	2,711,163	2,334,328
Provisions for litigations (b)	409,656	228,267
Other provisions (b)	200,278	197,965
Balance as at	**6,470,996**	**5,401,358**

(a) Liabilities for Employee Benefits

Liabilities for employees' retirement benefits and anniversary awards have been recorded based on independent actuarial calculation as at 30 June 2025 and 31 December 2024, and they are stated in the amount of discounted present value of future payments.

When determining the present value of the expected outflows in the Parent Company, the discount rate of 6.3% as at 30 June 2025 (31 December 2024: 6.8%) have been used as they correspond to the long-term rates of return on the high-quality debt securities in the respective countries. These rates represent appropriate rates according to the IAS 19 "Employee Benefits" in the absence of a developed market for high quality corporate bonds.

Liabilities for employee benefits as at 30 June 2025 and 31 December 2024 are calculated in line with the relevant local laws and general by-laws in the Group member companies related to these employee rights with assumed average salary increase rate per annum that reflects the projected long-term inflation rate, as well as the employee fluctuation rate of 2.5% per annum.

If the discount rate was higher/lower by 1 percentage point from the one currently used, the liabilities for retirement benefits and anniversary awards as at 30 June 2025 would be lower by RSD 417,414 thousand or higher by RSD 475,991 thousand.

30. EMPLOYEE BENEFITS AND OTHER PROVISIONS (Continued)

(a) Liabilities for Employee Benefits (Continued)

Movements in **employee benefits** during the six-month periods ended 30 June 2025 and 2024 were as follows:

	Retirement benefits	Jubilee anniversary awards	Total
Balance as at 1 January 2024	**2,265,948**	**2,127,220**	**4,393,168**
Utilized	(7,285)	(11,787)	(19,072)
Interest expenses based on actuarial calculation	76,916	79,250	156,166
Current service costs during the period	206,334	247,382	453,716
Transfer to current portion	(25,720)	(168,722)	(194,442)
Actuarial losses	68,985	180,848	249,833
Other movements and foreign currency translation differences	(228)	(175)	(403)
Balance as at 30 June 2024	**2,584,950**	**2,454,016**	**5,038,966**
Balance as at 31 December 2024/ 1 January 2025	**2,640,798**	**2,334,328**	**4,975,126**
Utilized	(6,550)	-	(6,550)
Interest expenses based on actuarial calculation	78,836	76,762	155,598
Current service costs during the period	412,725	207,399	620,123
Transfer to current portion	(54,426)	(163,718)	(218,144)
Actuarial losses	71,409	256,105	327,514
Other movements and foreign currency translation differences	7,107	287	7,395
Balance as at 30 June 2025	**3,149,899**	**2,711,163**	**5,861,062**

30. EMPLOYEE BENEFITS AND OTHER PROVISIONS (Continued)

(b) Provisions for Litigations and Other Provisions

Provisions for litigations in the amount of RSD 409,656 thousand as at 30 June 2025 (31 December 2024: RSD 228,267 thousand) relate to the provision for lawsuits filed against the Group and are established based on the best estimate of probable adverse effects of charges brought against the Group (Note 36(a)).

Movements in **provisions for litigations and other provisions** during the six-month periods ended 30 June 2025 and 2024 were as follows:

	Litigations	Other provisions	Total
Balance as at 1 January 2024	**162,299**	**204,003**	**366,302**
Charge for the period	1,491	-	1,491
Utilized provision	(1,477)	(16,486)	(17,963)
Release of provision	(9,419)	-	(9,419)
Other movements and foreign currency translation differences	(137)	(203)	(340)
Balance as at 30 June 2024	**152,757**	**187,314**	**340,071**
Balance as at 31 December 2024/ 1 January 2025	**228,267**	**197,965**	**426,232**
Charge for the period	222,078	-	222,078
Utilized provision	(621)	2,045	1,424
Release of provision	(40,280)	-	(40,280)
Penalty interest	(60)	-	(60)
Other movements and foreign currency translation differences	272	268	540
Balance as at 30 June 2025	**409,656**	**200,278**	**609,934**

31. ACCOUNTS PAYABLE

	30 June 2025	31 December 2024
Non-current accounts payable	**214,053**	**297,695**
Current accounts payable:		
Trade payables - equipment and services	63,882,130	55,858,106
Trade payables - telecommunication services	3,486,124	4,147,346
Other accounts payable	870,772	799,130
Advances received	10,977,807	12,552,225
Total	**79,216,833**	**73,356,807**
Balance as at	**79,430,886**	**73,654,502**

As at 30 June 2025, accounts payable amounting to RSD 31,919,290 thousand (31 December 2024: RSD 31,223,027 thousand) are denominated in or tied to a foreign currency, mainly EUR.

Trade payables are non-interest bearing.

32. OTHER LIABILITIES

	30 June 2025	31 December 2024
Dividends payable	3,055,714	240,860
Gross salaries	2,047,642	1,839,165
Value added tax and other tax liabilities	1,382,456	1,376,850
Liabilities to employees	7,426	5,419
Other liabilities	1,688,103	1,198,908
	8,181,341	**4,661,202**
Liabilities for acquisitions	3,906,823	4,048,256
Current portion of other non-current liabilities	31,637	31,594
Balance as at	**12,119,801**	**8,741,052**

As at 30 June 2025, dividends payable amounting to RSD 3,055,714 thousand (31 December 2024: RSD 240,860 thousand) relate to dividends payable to shareholders of the Parent Company – owners of the Group in the amount of RSD 2,262,556 thousand (31 December 2024: RSD 22,590 thousand) and dividends payable to minority shareholders of the subsidiary "Telekom Srpske" in the amount of RSD 793,158 thousand (31 December 2024: RSD 218,269 thousand).

33. ACCRUED EXPENSES AND DEFERRED INCOME

	30 June 2025	31 December 2024
Accrued expenses of operators:		
Roaming (a)	133,410	147,898
International settlement	343,577	243,966
	476,987	**391,864**
Accrued other expenses:		
Accrued interest expenses	5,032,681	3,521,501
Employee contribution to operating result of the Parent Company (Note 5.5.18(d))	-	1,042,288
Accrued vacations (Note 5.5.18(c))	57,839	596,677
Current portion of employee benefits	321,281	480,892
Accrued other expenses (b)	6,076,948	8,371,298
	11,488,749	**14,012,656**
Deferred income:		
Lease	2,996,178	2,730,827
Mobile communications services	271,989	286,954
Other deferred income	500,540	44,104
	3,768,707	**3,061,885**
Liabilities for multimedia content production and distribution	**21,507,876**	**21,676,080**
Accrued liabilities for value added tax	**2,362,793**	**2,630,845**
Balance as at	**39,605,112**	**41,773,330**

(a) As at 30 June 2025, accrued roaming expenses totaling RSD 133,410 thousand (31 December 2024: RSD 147,898 thousand) include accrued expenses amounting to RSD 60,760 thousand (31 December 2024: RSD 98,910 thousand) based on the Discount IOT Agreements (Note 5.5.2.2).

(b) Accrued other expenses amounting to RSD 6,076,948 thousand as at 30 June 2025 (31 December 2024: RSD 8,371,298 thousand) mostly relate to accrued uninvoiced operating liabilities.

34. RELATED PARTY DISCLOSURES

The Group enters into a number of transactions with its related parties in ordinary course of business.

Outstanding balances of receivables and liabilities, as well as reported amounts of income and expenses arising from transactions with the related parties, are the result of ordinary business activities. Relations between the Group and its related parties are regulated on a contractual basis.

(a) **Salaries and other short-term benefits** of key management personnel of the Group (Directors General, Deputy Directors General, Executive Directors, Coordinators, Department Managers) during the six-month periods ended 30 June 2025 and 2024 were as follows:

	1 Jan - 30 June 2025	1 Jan - 30 June 2024
Gross salaries	692,157	599,137
Compensations for business trips	17,605	13,355
Other benefits	2,325	2,898
Total	**712,087**	**615,390**

Housing loans granted to key management personnel of the Parent Company amount to RSD 32,040 thousand as at 30 June 2025 (31 December 2024: RSD 31,654 thousand) and are granted with a monthly loan repayment and terms applicable to all employees (Note 21).

(b) **Transactions with Other Government Entities in Serbia**

Considering that its major shareholder is the Government of the Republic of Serbia, the Group discloses significant transactions with other government entities.

The individually significant transactions were incurred with JP PTT in respect of lease of business, technical and warehouses premises and purchased electronic communication equipment. The outstanding balance of liabilities toward JP PTT as at 30 June 2025 amounted to RSD 2,489,561 thousand (31 December 2024: RSD 705,976 thousand).

35. COMMITMENTS

Commitments comprise the following:

	30 June 2025	31 December 2024
Undrawn credit lines (a)	68,584,668	63,035,773
Broadcast right commitments (b)	65,285,393	80,310,071
Balance as at	**133,870,061**	**143,345,844**

(a) Undrawn credit lines amount to RSD 68,584,668 thousand as at 30 June 2025 (31 December 2024: RSD 63,035,773 thousand) and represent contracted unrealized deliveries and works in the ordinary course of the business and undrawn financial credit lines at the reporting date.

As at 30 June 2025, undrawn financial loans amount to RSD 42,210,813 thousand (31 December 2024: RSD 38,623,895 thousand).

As at 30 June 2025, commitments for the implementation of ALL IP project under the Loan arrangement Contract with the Bank of China Limited (branches in Luxembourg and Shenzhen) and the Export-Import Bank of China and under the Loan arrangement Contract with the China Construction Bank (branches in Shenzhen and Poland) amount to RSD 18,836,100 thousand (31 December 2024: RSD 19,212,280 thousand).

As at 30 June 2025, undrawn credit lines for the financing of expanding 4G and deployment of 5G mobile network in Serbia under the Loan arrangement with the European Investment Bank (EIB) amount to RSD 4,423,621 thousand (31 December 2024: RSD 4,417,615 thousand).

Undrawn credit lines for commodity loans from suppliers as at 30 June 2025 amount to RSD 3,114,134 thousand (31 December 2024: RSD 781,983 thousand).

Maturity of undrawn credit lines is as follows:

	30 June 2025	31 December 2024
Up to 1 year	501,027	9,263,423
From 1 to 5 years	53,352,130	33,599,673
Over 5 years	14,731,511	20,172,677
Balance as at	**68,584,668**	**63,035,773**

(b) Broadcasting right commitments in the amount of RSD 65,285,393 thousand as at 30 June 2025 (31 December 2024: RSD 80,310,071 thousand) relate to the contracted rights for broadcasting sport competitions for the period up to 2033.

36. CONTINGENT LIABILITIES

(a) Litigations

As at 30 June 2025, the total estimated value of claims arising from legal proceedings filed against the Group amounts to RSD 3,637,397 thousand (31 December 2024: RSD 3,642,611 thousand), excluding penalty interest that may arise thereto.

The most significant proceeding relates to a lawsuit filed against the Group by the company "Crumb Group" d.o.o. Bijeljina in the amount of RSD 2,516 million. The management believes the negative outcome of this claim for the Group is unlikely. Such belief is based on the fact that competent courts have already established that there had been no illegality on the part of the Group.

The final outcome of the legal proceedings still in course is uncertain. As disclosed in Note 30(b), as at 30 June 2025 the Group recognized provisions in the amount of RSD 409,656 thousand (31 December 2024: RSD 228,267 thousand) for potential losses that might arise as a result of the ongoing legal claims.

The management considers that no material losses will arise as a result of the remaining legal proceedings still in course, other than those provided for.

(b) Tax Risks

The tax system in countries where the Group operates are undergoing continuous amendments. The tax period is mostly considered to be open for five years. In different circumstances, tax authorities could have different approach to some issues and could detect additional tax liabilities together with related penalty interest and fines. The management deems that tax liabilities recognized in the accompanying consolidated interim financial statements are fairly stated.

37. BUSINESS COMBINATIONS

As disclosed in Note 5.2, acquisitions realized during the six-month period ended 30 June 2025 will affect the market share growth and strengthen the position of the Group on the local markets and in diaspora as well as provide synergetic effects on business of the Group.

The acquired companies have been consolidated into the Group's financial statements since the transaction date at respective percentage of ownership held by the Group.

The Group accounts for business combinations using the acquisition method, and the recognized goodwill/customer relations is disclosed in Note 17.

In accounting for business combinations as at 30 June 2025 it is assumed that the fair value of identified net assets of acquired companies is the best represented by their carrying amount at the acquisition date. By the end of the year, following the completion of the purchase price allocation process, the accounting for the business combinations will be revised, and the resulting effects will be reflected in the consolidated annual financial statements in accordance with applicable IFRS Accounting Standards.

38. IMPACT OF GLOBAL MACROECONOMIC INSTABILITY ON THE GROUP'S OPERATIONS

Since early March 2022, there has been an increased instability in global financial and commodity markets due to the escalation of the conflict in Ukraine, which is still going, and which is accompanied by imposing sanctions on certain Russian companies and individuals. In addition, the Middle East conflict between Israel and Palestine began in October 2023. These events have resulted in multiple issues affecting the stability of the global economy, rising rates of inflation, energy instability and uncertainty in the global banking sector. These factors may have significant financial effects on many entities. These include entities with physical operations in those affected areas and sectors as well as indirect interests (e.g. suppliers and customers, investors and lenders).

Until the date of issuance of these consolidated interim financial statements, there has been no direct impact of the said events on the Group's operations. On the other hand, despite the limited direct exposure, as the conflicts and further macroeconomic instability continues, an additional negative impact on the global economy can be expected, especially on energy prices, fluctuations in exchange rates, interest rates, stock market activities, supply chain disturbances and increased inflationary pressures, which can indirectly affect the Group's business activity.

The Group's management carefully monitors and assesses the potential impact of global macroeconomic instability and undertakes all necessary measures to ensure the stability of the Group's business. However, future effects cannot be predicted with reasonable certainty. Considering the core activities of the Group and its primary markets, as well as the so-far business activities under these circumstances during previous years and the six-month period ended 30 June 2025, the management does not expect materially significant adverse effects on the Group's operations in the upcoming period.

39. EVENTS AFTER THE REPORTING PERIOD

On 25 September 2025, the Parent Company conducted the second issuance of corporate bonds on the national market. The issuance was carried out under the same commercial terms, maturity and purpose as for the first issuance in 2020. Total nominal value of the issuance of bonds amounted to RSD 23,500,000 thousand, with the 5-year maturity period and coupon interest rate of 3M Belibor increased by 2.95% per annum. At the same time, the issued corporate bonds from 2020 were settled at maturity.

There were no other significant events after the reporting period which would require disclosure in the accompanying consolidated interim financial statements.

40. EXCHANGE RATES

The official exchange rates of the National Bank of Serbia for the major currencies, used in the translation of items of consolidated interim statement of financial position denominated in foreign currencies as at 30 June 2025 and 31 December 2024 into the functional currency (RSD), were as follows:

	In RSD	
	30 June 2025	31 December 2024
EUR	117.1740	117.0149
USD	99.8841	112.4386
BAM	59.9101	59.8288
SDR	137.3701	146.8326