

BH TELECOM JSC SARAJEVO
Franca Lehara 7, 71000 Sarajevo



2024 ANNUAL REPORT

July, 2025



BH TELECOM PROVIDES HIGH-TECH, SMART, AND NEXT-GENERATION SOLUTIONS TO OVER 2.1 MILLION BUSINESS AND RESIDENTIAL CUSTOMERS.

FOR MORE THAN 30 YEARS, WE HAVE BEEN CONNECTING OUR PEOPLE, OUR BUSINESSES, AND OUR DREAMS.

COMMITTED TO CREATING SUSTAINABLE VALUE FOR ALL OUR SHAREHOLDERS, BH TELECOM STRIVES TO BECOME THE LEADING DIGITAL INTEGRATOR OF BOSNIAN AND HERZEGOVINIAN SOCIETY.

2,1 million
CUSTOMERS
1.000 OVER
SERVICES

awards and recognition

"Top 100 in BiH and the Region-ESG Impulse 2024"

BH Telecom Ranked First in the Category "Top 100 - Large Companies by Profit and Revenue"

"Economic Success of the Year" Ceremony - Chamber of Economy of the Federation of BiH

BH Telecom - Recipient of the Prestigious Award in the Category "Corporate Social Responsibility"

30th Sarajevo Film Festival

Ten "Heart of Sarajevo" Awards for BH Telecom Series "I Know How You Breathe" and "The Prince from Elej" Produced by the BH ContentLab Platform

Sarajevo Unlimited 2024

BH Telecom - Awarded for Advancing the Tehnological Sector in BiH

No limit Advertising Festival 2024

BH Telecom Campaign "Ultra is Solid as Concrete for Your Phone" Wins five Prestigious Awards for Innovation and Alignment with Global Advertising Trends

Kolektiv d.o.o. - MojPosao.ba

Most Desirable Employer in the Public Sector for 2024

HIGHLIGHTS

— REVENUE



— EBITDA



— EBITDA MARGIN



— NET PROFIT



— NET PROFIT/EBITDA



— CAPEX



— FCF



— EPS



— REVENUE (BAM)



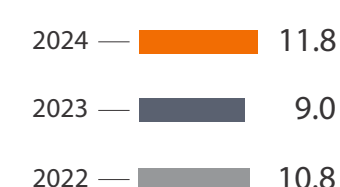
— EBITDA (BAM)



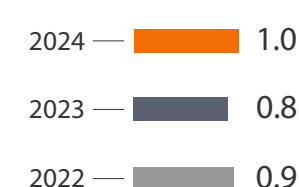
— NET PROFIT (BAM)



— NET PROFIT MARGIN (%)



— EPS (BAM)



— EBITDA MARGIN (%)



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BH TELECOM CORE COMPONENT

OF BOSNIA AND HERZEGOVINA'S
TELECOM INFRASTRUCTURE

1

SUMMARY

Key Information and Brief History
Where We Operate
International Cooperation
Investor Information

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[1.0 billion BAM
EQUITY]

KEY INFORMATION AND BRIEF HISTORY

BASIC DATA

	Name	BH Telecom JSC Sarajevo
	Head Office	Franca Lehara 7
	Share Capital	634,573,580 BAM
	Number and Type of Issued Shares	63,457,358 ordinary shares with a nominal value of 10 KM per share
	Web Site	www.bhtelecom.ba
	Core Business Activity	Telecommunications
	Ownership in Other Companies	The parent company, BH TELECOM JSC Sarajevo, is the sole founder and 100% owner of the share kapital of "Metropolis Media" LLC Sarajevo, located at Zmaja od Bosne 88, 71000 Sarajevo

BRIEF HISTORY

1992.

JP PTT Saobraćaja BiH, the legal predecessor of JP BH Telecom Sarajevo, was registered on July 31, 1992, with the primary objective of urgently re-establishing telecommunications services that had been disrupted by the aggression following the declaration of independence of Bosnia and Herzegovina.

2001.

By the decision of the Government of the Federation of Bosnia and Herzegovina dated December 28, 2001, the Public Enterprise PTT Saobraćaja of Bosnia and Herzegovina was reorganized, resulting in the establishment of two new legal entities: BH Post and BH Telecom.

Since 2004. till today

In its current form, BH Telecom Sarajevo Joint Stock Company has existed since March 12, 2004, when the company's legal structure was changed and aligned with the Law on Business Companies, pursuant to the Decision of the Government of the Federation of BiH granting approval for the Reorganization Plan - transformation of the Public Enterprise BH Telecom Sarajevo into a Joint Stock Company BH Telecom Sarajevo (Official Gazette of FBiH No. 66/03), and the Decision of the Government of the Federation of BiH approving the change in the organizational form of the Public Enterprise BH Telecom Sarajevo into a Joint Stock Company (Official Gazette of FBiH No. 1/04).

WHERE WE OPERATE?

Since the beginning of its operations, BH Telecom has been focused on the market of the entire territory of Bosnia and Herzegovina, primarily the Federation of Bosnia and Herzegovina, with the strategic goal of expanding into the territory of the Republika Srpska.

The Company conducts its operations through regional directorates and telecom centers, as follows:

- Sarajevo Directorate, headquartered in Sarajevo,
 - Tuzla Directorate, headquartered in Tuzla,
 - Zenica Directorate, headquartered in Zenica,
 - Bihać Directorate, headquartered in Bihać,
 - Travnik Directorate, headquartered in Travnik,
- Mostar Directorate, headquartered in Mostar,
 - Goražde Directorate, headquartered in Goražde,
 - Brčko Directorate, headquartered in Brčko,
 - Banja Luka Directorate, headquartered in Banja Luka,
 - Telecom centers operating under the regional directorates.



The BH Telecom sales network currently consists of 76 points of sale, distributed as follows:

- 69**
in the Federation of
Bosnia and Herzegovina
- 5**
in the Republika Srpska
- 2**
in the Brčko District



INTERNATIONAL COOPERATION

BH Telecom's infrastructure is an integral part of the global telecommunications system, enabling citizens and businesses in Bosnia and Herzegovina to access high-quality fixed and mobile network services for local, long-distance, and international communication. The company offers a wide range of service packages tailored to various customer needs.

Through its existing capacities and direct links, BH Telecom provides its subscribers with international voice telephony services via direct dialing to 225 countries worldwide.

By establishing interconnections with international operators, BH Telecom enables its subscribers to make international voice calls and exchange SMS messages with users of operators across the globe. The company maintains 20 direct connections with international operators and direct links with 8 domestic operators, facilitating the exchange of voice traffic. BH Telecom also ensures high-quality roaming services for its customers worldwide. Seamless communication while abroad is available in 168 countries, with access to 341 operators with whom BH Telecom has signed roaming agreements.

In addition, BH Telecom provides its end users with the necessary internet capacity through partnerships and interconnections with leading Tier 1 international upstream providers, as well as through cooperation with major global content providers such as Google, Facebook, and Netflix. BH Telecom is present with its own 100G DWDM network in Digital Realty Data Center in Zagreb (Croatia) and BIX Data Center in Budapest (Hungary), enabling direct connectivity with international operators.

BH TELECOM IS A MEMBER OF THE FOLLOWING INTERNATIONAL TELECOMMUNICATIONS ASSOCIATIONS:



ITU - International Telecommunication Union



ETNO - Association of European Telecommunications Network Operators, operating under the name Connect Europe since September 9, 2024



GSM Association



ETSI - European Telecommunications Standards Institute



CEPT - European Conference of Postal and Telecommunications Administrations

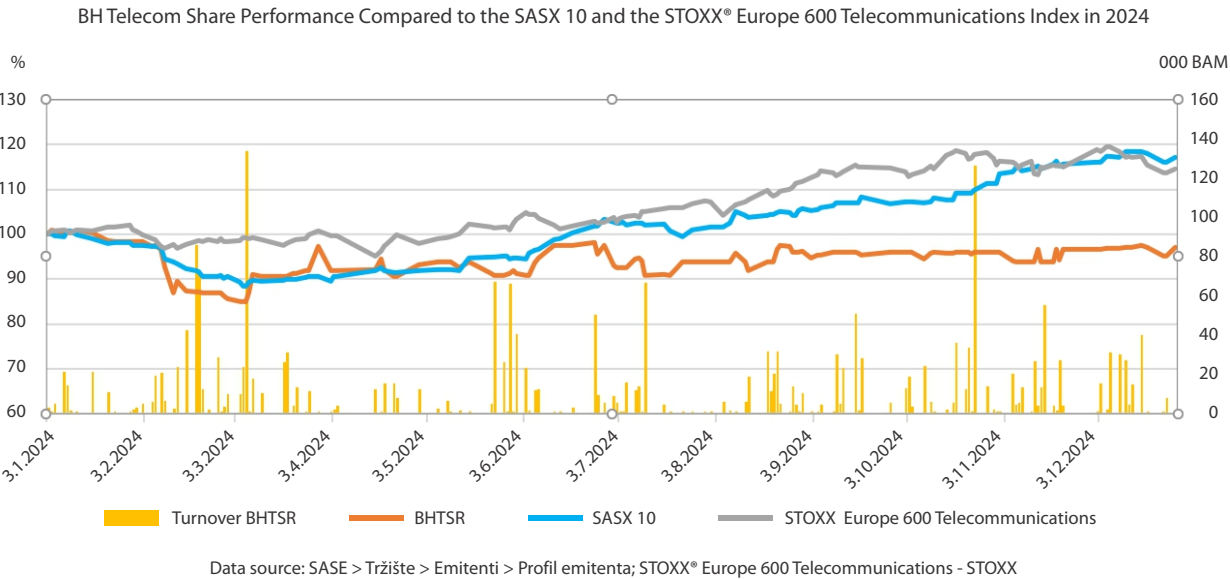
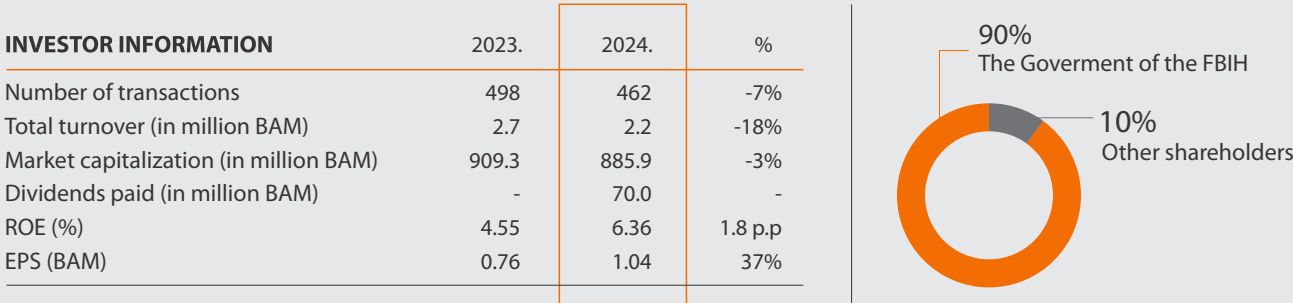


TM Forum - Global Industry Association

EUTELSAT - European Telecommunications Satellite Organization

INVESTOR INFORMATION

- As of December 31, 2024, the share capital of BH Telecom Sarajevo Joint Stock Company amounted to BAM 634.57 million, consisting of 63,457,358 ordinary shares with a nominal value of 10 KM per share.
- In the ownership structure, the majority share (90%) is held by the Government of the Federation of Bosnia and Herzegovina, while the remaining shares are owned by investment funds and small shareholders.
- According to the annual statistical report of the Sarajevo Stock Exchange (SASE), BH Telecom d.d. Sarajevo ranks third in terms of trading volume on the Free Market - ST1 segment.
- In 2024, the total number of BH Telecom share transactions amounted to 462, with a total trading value of BAM 2.2 million. The total turnover decreased by 62% compared to the previous year. While the SASX-10 index and the STOXX® Europe 600 Telecommunications index experienced significant growth in the second half of the year, BH Telecom shares did not follow this upward trend but remained stable, demonstrating resilience and underlying potential.
- The average share price of BH Telecom in 2024 was BAM 13.53, with a minimum average price of BAM 12.20 and a maximum average price of BAM 14.50.
- The average share price of BH Telecom on the last trading day of 2024 was BAM 13.96.



[**2.1** million
CUSTOMERS]



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STRATEGIC FRAMEWORK

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Amel Kovačević, CEO

” Despite challenging market conditions, BH Telecom achieved significant progress in 2024. As the leader in the Bosnian telecommunications market, we continue to accelerate our transformation journey, fully committed to pursuing our vision with strong focus and determination, while creating greater value for our shareholders in the years ahead. ”

72.2 million BAM
GROSS PROFIT

1.28 BAM
DIVIDEND PER SHARE

MESSAGE FROM THE CEO

Dear Shareholders,

The year 2024 marked our first full business year under the new leadership of the company. Over the past twelve months, we have embarked on a transformational journey for BH Telecom, led by the newly appointed Management Board. The goal of this transformation is to position BH Telecom as the leading digital integrator of Bosnian society. By integrating digital technologies into all aspects of our operations, we aim to fundamentally change the way the company operates in the market and delivers value to our customers.

For us, digital business transformation means creating new revenue streams through digital solutions, services, and business models. By enabling access to advanced digital solutions that enhance the daily lives of our users, continuously introducing new technologies and innovations that improve business processes and services, and supporting other organizations and sectors on their own digital transformation journeys, we strive to make BH Telecom a leader in the implementation and integration of digital technologies across various aspects of our society. In doing so, we directly contribute to the economic stability and sustainable development of our country.

Digital transformation is not only about technological advancement - it is also an opportunity to build a more sustainable and equitable society. It reflects our ambition to stay ahead of a constantly evolving market, deliver innovative solutions to our customers, and demonstrate our determination to adapt and grow.

We aim to enhance the customer experience at every touchpoint by designing and delivering innovative technologies that will ensure future growth and make BH Telecom more resilient to challenges. At the same time, in the coming period, we will place special emphasis on our employees-their professional development, performance improvement, better working conditions, and overall job satisfaction-all with the goal of driving the company's overall progress and success. Fully aware that this is a long-term and demanding process requiring time and investment, we have already begun implementing changes.

The analyses we conducted upon joining the company revealed that the existing organizational structure was not sufficiently aligned with the dynamic business challenges we currently face in the market. Enhancing our organizational culture not only impacts customer satisfaction but also significantly influences employee motivation. For these reasons, organizational restructuring has become our primary focus-one that I firmly believe will improve our business processes, with our customers soon experiencing noticeable improvements in service delivery and overall satisfaction.

Despite global market shifts and inflationary pressures, we remain confident and optimistic about the future. We are actively seeking growth opportunities through strategic partnerships, thoughtful investments, and acquisitions. We are convinced that the dedicated implementation of our new, ambitious strategy and vision will ensure sustainable growth and deliver added value to both our customers and you, our shareholders.

In an exceptionally volatile market environment, BH Telecom achieved a record total revenue of BAM 555.7 million in 2024-the highest in the past ten years and BAM 25.2 million more than the previous year. Gross profit reached BAM 72.2 million, marking a 37% increase compared to the previous year and the highest gross profit since 2016. These encouraging results confirm the soundness of our strategic direction. Key business segments delivered solid performance, and our cost optimization efforts significantly contributed to our success. The Moja TV service recorded an 8% increase in revenue, while the postpaid mobile service grew by 13% compared to 2023. The postpaid mobile user base expanded by over 35,000 users, and the total user base increased by more than 23,000.

By closely following market trends, we have successfully adapted our Extra postpaid mobile packages and introduced new prepaid options tailored to user preferences. This has enabled us to maintain our leadership position in the mobile telecommunications market and continue growing the profitability of this segment.

Our outstanding results in 2024 are a testament to the dedication and hard work of our employees and management team, who remain committed to proving that state-owned companies can be market-oriented, high-performing, and successful business entities.

We took a strategic approach to analyzing our service portfolio and redirected resources toward our core business. In 2024, we executed capital investments totaling BAM 78.5 million. Our focus remains on further business transformation, with an emphasis on digitalization and sustainability. The construction of fiber-optic networks and the expansion of the existing 4G+ mobile network-with preparations for migration to 5G technology once conditions allow-are among our strategic priorities.

Last year, we implemented projects to expand the mobile radio access network, both geographically and in terms of capacity. Through the deployment of new base stations, 115 new locations were activated and 275 RAN locations were upgraded, enabling high-quality mobile network services in both new and existing coverage areas. The LTE capacity expansion project, which included the addition of new sectors and LTE cells in the 2100/2600 MHz frequency bands, ensured a timely response to increasing user demand for mobile data. As a result, the average LTE user speed increased by 50.8% by the end of December 2024.

We expanded 4G roaming availability to 59 new international networks, significantly enhancing the experience for users traveling outside Bosnia and Herzegovina. We also upgraded our fiber-optic infrastructure to support speeds of up to 1 Gbps. The number of users on fiber networks increased by 17% compared to 2023. A new ultra-fast DWDM network and a 100-gigabit optical IP transmission network were launched, doubling our IP capacity and enabling the rapid growth of broadband and multimedia services. A new international network point of presence (POP) was established at the Digital Reality data center in Zagreb, providing faster and more secure internet connectivity for our users.

To improve energy efficiency, reduce electricity consumption costs, and lower our carbon footprint, BH Telecom began installing photovoltaic systems on rooftops of company-owned buildings and near base stations. We are implementing a new remote energy monitoring and management system for base stations, which will allow for more efficient energy use and oversight.

At the TKC facility in Mostar, 93 solar panels with a capacity of 450 Wp were installed, currently covering up to 20% of the building's energy needs during peak winter daylight hours, with higher output expected in the coming period. Photovoltaic systems were also installed at six base stations, with more than 20 additional locations under development. Projects are also planned in Sarajevo and Bihać, reaffirming our commitment to environmentally responsible operations.

Through process digitalization-including the implementation of digital signatures-we have reduced paper dependency, increased operational efficiency, and contributed to environmental preservation. We also launched a customer incentive campaign to encourage the switch to electronic billing, further reducing paper use and protecting the environment.

We are closely following global trends in the application of artificial intelligence (AI) in telecommunications and aim to build collaborative solutions and ecosystems in Bosnia and Herzegovina and beyond, in cooperation with experts and institutions. BH Telecom already uses AI in its production systems, including fraud detection and prevention, revenue assurance, and customer churn prevention, and continues to invest heavily in this area. We also launched the GenAI project, which includes the development of a platform to boost employee productivity-and in its second phase, customer productivity as well.

Our promotional campaign "Ultra je beton za tvoj telefon" ("Ultra is solid as concrete for your phone"), the first in Bosnia and Herzegovina created using AI tools, stood out as a true example of innovation and creative thinking.

We continued modernizing and expanding our sales network and invested in enhancing customer support. The Moj BH Telecom app enables commission-free bill payments and has set new records in transaction volume.

In partnership with BHRT, we ensured that citizens of Bosnia and Herzegovina could watch major sporting events such as UEFA EURO 2024 and the Paris Olympic Games on national television.

BH Telecom continued to support important film and TV projects, as well as other key initiatives in sports, culture, and social development across Bosnia and Herzegovina. As the proud technology partner and main sponsor, we supported the 30th Sarajevo Film Festival (SFF)-the region's premier cinematic event. Our partnership with SFF included numerous engaging activities and the provision of seven Wi-Fi zones in central Sarajevo and one in Mostar, enabling visitors to stay connected and follow festival highlights. During this spectacular event, we also launched our promotional campaign "Partner kao iz filma" ("A partner straight out of a movie").

Thanks to timely coordination and employee synergy, we significantly improved our telecommunications infrastructure and elevated the customer experience. We achieved optimal performance of BH Telecom's mobile network and infrastructure during the 30th SFF.

What further defined 2024 was BH Telecom's strong and comprehensive social support across the country. We implemented over 630 corporate social responsibility projects, with a total value of BAM 2.2 million. Our support focused on key areas: sports, culture, education, science, and humanitarian efforts.

In cooperation with the Government of the Federation of Bosnia and Herzegovina and the Supervisory Board, BH Telecom allocated BAM 1.5 million in aid to the country's most vulnerable municipalities.

For years, BH Telecom has been building a sustainable business model in which social responsibility is an integral part of our strategy. In 2024 alone, we supported over 230 sports initiatives with BAM 1 million, and allocated an additional BAM 800,000 for cultural projects. We are proud to have supported the production of the first Bosnian royal opera "Tvrtko, King of Bosnia" through a sponsorship arrangement.

For nearly three decades, BH Telecom has provided unwavering support to the Olympic Committee of Bosnia and Herzegovina, helping to create better conditions for our athletes to achieve outstanding results. As a long-standing partner, we supported our Olympians competing at the XXXIII Summer Olympic Games in Paris.

In addition to supporting the Olympic Committee, BH Telecom also sponsors many of Bosnia and Herzegovina's top athletes, including our most successful swimmer and Olympian Lana Pudar. We also continued our support for skier Elvedina Muzaferija, water sports champions Ismail Barlov and Ismail Zulfić, and sponsored numerous cultural and sports events, trade fairs, tech conferences, and other major happenings throughout 2024.

Our partnerships and support have a clear mission and purpose-to promote Bosnia and Herzegovina, strengthen national identity, and foster a spirit of patriotism. We carefully select the projects we invest in, with a focus on their long-term benefits for our country.

To all our shareholders and customers, I extend my sincere gratitude for your trust. I also wish to thank our employees, Management Board, and Supervisory Board for their dedication and efforts. Finally, I thank all our partners for their outstanding cooperation throughout 2024.

We have set ambitious goals, but we are confident they are realistic and achievable. With that belief, we will continue to create new, inspiring, and even greater stories - together.

Amel Kovačević, CEO

CORPORATE PROFILE

BUSINESS ACTIVITIES

BH Telecom is the leading telecommunications operator in Bosnia and Herzegovina, providing high-quality services across the telecommunications sector. We maintain continuous cooperation with numerous domestic and international companies, sourcing state-of-the-art equipment and technological solutions, thereby directly contributing to the quality of our services. We place great importance on corporate responsibility, fully aware that we operate in a rapidly evolving industry. Through the introduction of innovative services, we strive to contribute to the well-being of society as a whole.

Through responsible management, a customer-first approach, the implementation of new technologies, and sound business decisions, we have succeeded in establishing ourselves as the market leader in telecommunications services, despite intense competition. Our uniqueness, tradition, broad range of services, and dynamic business development make us a recognizable and trusted brand. As a socially responsible company, we actively participate in the ongoing progress of Bosnian society, contributing to its development.

ORGANIZATION AND CORPORATE GOVERNANCE

The company is structured as a unified, independent organization and an integrated economic-business entity, based on functional, technological, process-oriented, and territorial principles. From an organizational standpoint, BH Telecom is a joint-stock company composed of core organizational units, including the Office of the CEO, the Corporate Secretary's Department, the Internal Audit Department, Executive Directorates, Regional Directorates, and Telecom Centers, along with their internal sub-units.

- The governing bodies of the Company are:
- The General Assembly
 - The Supervisory Board
 - The Management Board
 - The Audit Committee

General Assembly

The General Assembly of the Company is composed of its shareholders. The Government of the Federation of Bosnia and Herzegovina, as the majority shareholder, appoints the Chairperson of the Assembly, who presides over its sessions.

Supervisory Board

The Supervisory Board consists of a Chairperson and six members. During the period from January 1 to December 31, 2024, the composition of the Supervisory Board was as follows:

Until February 11, 2024:

- | | |
|----------------------|-------------------------|
| 1. Sedad Avdić | Acting President |
| 2. Faruk Hadžić | Acting Deputy President |
| 3. Samir Čorbo | Acting Member |
| 4. Affan Čehajić | Acting Member |
| 5. Alma Zildžić | Acting Member |
| 6. Zoran Marijanović | Acting Member |

From March 4 to June 3, 2024:

- | | |
|----------------------|-------------------------|
| 1. Sedad Avdić | Acting President |
| 2. Faruk Hadžić | Acting Deputy President |
| 3. Samir Čorbo | Acting Member |
| 4. Ela Halilhodžić | Acting Member |
| 5. Alma Zildžić | Acting Member |
| 6. Zoran Marijanović | Acting Member |
| 7. Hasan Hasić | Acting Member |

As of June 4, 2024, appointed for a four-year term:

- | | |
|----------------------|--|
| 1. Sedad Avdić | President |
| 2. Faruk Hadžić | Deputy President |
| 3. Samir Čorbo | Member (resigned on November 29, 2024) |
| 4. Ela Halilhodžić | Member |
| 5. Alma Ustavdić | Member |
| 6. Zoran Marijanović | Member |
| 7. Hasan Hasić | Member |

Management Board

The Management Board of the Company consists of the Chief Executive Officer (CEO) and Executive Directors. It is the governing body responsible for the overall operations of the Company. Each member of the Management Board is in charge of a specific corporate or business unit. The Office of the CEO and the Executive Directorates together form the General Directorate, headquartered in Sarajevo.

During the period from January 1 to December 31, 2024, the Management Board was composed of:

- | | |
|----------------------|--|
| 1. Amel Kovačević | Chief Executive Officer (Acting CEO until September 26, 2024; appointed to a four-year term starting September 27, 2024) |
| 2. Erdal Islamagić | Acting Executive Director, Business Development Directorate |
| 3. Damir Čauš | Acting Executive Director, Legal Affairs, Organization Management and Human Resources Directorate |
| 4. Muamer Durić | Acting Executive Director, Technology and Service Development Directorate |
| 5. Anisa Lojo-Bajrić | Acting Executive Director, Economic and Financial Affairs Directorate |
| 6. Saša Palinić | Acting Executive Director, Investment Directorate |
| 7. Semir Ibrahimović | Acting Executive Director, Information Technology Directorate |

Audit Committee

- | | |
|-------------------------|-----------|
| 1. Dika Hodžić | President |
| 2. Esad Osmanbegović | Member |
| 3. Dina Džano Sokolović | Member |

Management Board



Amel Kovačević

Chief Executive Officer (CEO)

kabinet@bhtelecom.ba

He was born in 1972 in Sarajevo. He completed his secondary education in 1991 at the Second Gymnasium Sarajevo, after which he earned a degree in Economics from the International Islamic University Malaysia. Upon completing his postgraduate studies at the same university in 2000, he obtained the academic title of Master of Economics.

He possesses extensive professional experience, with over 25 years of a successful career in finance, banking, and diplomacy. He served as the team leader for BBI financing and Director of the Retail Banking Division at Bosna Bank International. He was also engaged as a lecturer at the International University of Sarajevo and The Noel-Baker Center for Business and Management Studies. At BamCard d.d. Sarajevo, he held the position of Chief Executive Officer, after which he was appointed Ambassador of Bosnia and Herzegovina to the People's Republic of China and Mongolia under the Ministry of Foreign Affairs of Bosnia and Herzegovina. He also served as Minister of Finance of Sarajevo Canton and Deputy Prime Minister of the Sarajevo Canton Government. Following his role as Director of United Bank of Albania, he was appointed Acting Chief Executive Officer of BH Telecom Joint Stock Company.

He is results-oriented and equipped with the knowledge and skills to comprehensively understand complex socio-economic challenges and environments, as well as to design and implement successful strategies. Throughout his career, he has gained significant experience in the development and implementation of key policies and procedures aimed at building a strong corporate reputation, expanding the client base, identifying business opportunities, monitoring industry trends, and formulating business strategies to achieve optimal growth of key performance indicators. He has a proven track record in leading large teams in complex and dynamic business environments. He has successfully led comprehensive transformation processes, including the creation of a new corporate identity, development of new products and services, process optimization, implementation of various software solutions, and the introduction of a new organizational structure-all with the goal of delivering an accessible and competitive offering characterized by superior customer experience.



Erdal Islamagić

Acting Executive Director, Business Development Directorate

erdal.islamagic@bhtelecom.ba

Erdal Islamagić was born in 1978 in Pljevlja. He earned the academic title of Bachelor of Traffic and Communications Engineering in 2004 from the Faculty of Traffic and Communications at the University of Sarajevo.

He began his professional career in 2006 as a Project Manager at Masterline d.o.o. Sarajevo. At the beginning of 2007, he continued his career as an IT Manager at the Ministry of Security of Bosnia and Herzegovina / Service for Foreigners' Affairs. In mid-2007, he joined BH Telecom Joint Stock Company Sarajevo as an Associate for Operator Relations in the Operator Relations Center.

In early 2012, he advanced to the position of Senior Associate for Customized Communication Solutions within the then Sales and Support Directorate of BH Telecom, where he remained until mid-2019. At that time, he was appointed Head of the Department for Service Preparation and Sales to Business Clients within the Executive Directorate for Business Development / Directorate for Promotion, Sales and Support / Sales Management Sector.

As of September 2023, he has been appointed Acting Executive Director of the Executive Directorate for Business Development at BH Telecom Joint Stock Company Sarajevo.



Damir Čauš

Acting Executive Director, Legal Affairs, Organization Management and Human Resources Directorate

damir.caus@bhtelecom.ba

Damir Čauš was born in 1984 in Banja Luka. He completed his secondary education at the General Gymnasium in Zenica and earned his law degree in 2010 from the Faculty of Law at the University of Sarajevo.

In 2012, he began his professional career at JP Elektroprivreda BiH d.d. Sarajevo, "Elektrodistribucija" Zenica branch, initially working as a Junior Associate for Human Resources during his internship. He then continued his employment as a Legal Associate in the Legal Affairs Department. Throughout his career at the "Elektrodistribucija" Zenica branch, he held several managerial positions, including Head of the General Affairs and Transport Department, Head of the Human Resources Department, Head of the Internal Control Department, and Head of the General Affairs Department.

From the position of Head of the General Affairs Department, he was appointed Acting Executive Director for Legal Affairs, Organizational Management, and Human Resources at BH Telecom Joint Stock Company.



Muamer Durić

Acting Executive Director, Technology and Service Development

muamer.duric@bhtelecom.ba

Muamer Durić was born in Sarajevo in 1977. He graduated from the Faculty of Electrical Engineering at the University of Sarajevo, Department of Telecommunications, in 2003. He completed his postgraduate studies at the same faculty in 2011, earning the academic title of Master of Electrical Engineering.

He has been employed at BH Telecom since 2004. He began his professional career as an Associate for Measurements in the Department for Cellular Planning, Development, and Optimization of the Radio Access Network within the BH Mobile Executive Directorate at the General Directorate. Throughout his career, he specialized in the planning, implementation, and optimization of BH Telecom's mobile network-2G, 3G, and 4G-across the entire territory of Bosnia and Herzegovina. He was also actively involved in preparations for the implementation of the 5G network, which represents the core business of BH Telecom's services.

He was appointed to the position of Executive Director from his previous role as a Specialist for Radio Access Network Planning and Optimization. In recognition of his outstanding results in the implementation of the 3G network across Bosnia and Herzegovina, he received a special award in 2014-the BH Telecom Plaque for his contribution to the company's development. As a BH Telecom employee, he has participated in numerous professional and technical training programs both domestically and internationally. He is the founder and active member of several sports and humanitarian associations. He is fluent in English.



Anisa Lojo-Bajrić

Acting Executive Director, Economic and Financial Affairs Directorate

anisa.lojo-bajric@bhtelecom.ba

She graduated from the School of Economics and Business at the University of Sarajevo as the top student of the 2006/2007 academic year. She completed her postgraduate studies at the same faculty, specializing in Financial Management, and earned the academic title of Master of Economic Sciences.

She began her professional career in 2008 in the family-owned company operating in the insurance sector. From 2013 to 2023, she was employed at Bosna Bank International d.d. Sarajevo, initially working in various positions within the Retail Banking Division. In May 2016, she transferred to the Finance Division, where she held the position of Senior Associate for Planning and Profitability Management. She was subsequently appointed and served as Head of the Planning and Controlling Department, Head of the Accounting and Regulatory Reporting Department, and Director of the Finance Division.

She is a certified accountant with the Association of Accountants and Auditors of the Federation of Bosnia and Herzegovina.



Saša Palinić

Acting Executive Director, Investment Directorate

sasa.palinic@bhtelecom.ba

Saša Palinić was born in Sarajevo in 1973, where he completed his primary and secondary education, and graduated from the Faculty of Electrical Engineering at the University of Sarajevo. He has over 20 years of professional experience in international and regional companies in the fields of information technology, project management, and business operations. His professional expertise includes digital transformation processes, particularly in the areas of information security, PKI solutions, digital signing, as well as the design, implementation, and certification of systems in these domains.

In the early stages of his career, he held various engineering positions in several domestic and international institutions and companies. From 2001 to 2006, he worked at Coca-Cola HBC BH, holding positions such as Business Information System Specialist, Country Information Services Manager, and Country Planning Manager. From 2006 to 2014, he served as Director of King ICT BH, and from 2014 to 2016, he was a Management Board Member at Establish, a company within the ASA Prevent Group. From 2016 to 2023, he continued his career as Director of Uma Muller Group.

In October 2023, he joined the BH Telecom team as a Management Board Member, taking on the role of Executive Director of the Executive Directorate for Investments.



Semir Ibrahimović

Acting Executive Director, Information Technology Directorate

semir.ibrahimovic@bhtelecom.ba

Semir Ibrahimović was born in Doboj in 1969. He graduated from the Faculty of Electrical Engineering in Sarajevo in 1996, earned his master's degree in 2006, and completed his PhD in 2016 in the field of management at the School of Economics and Business, University of Sarajevo. He has over 25 years of experience in various areas of information systems management and development. The majority of his career has been spent as an IT Director in the financial sector. As a consultant, he has led projects in digital transformation, business process management, and IT team optimization. In the early stages of his career, he worked as a systems engineer and was among the first ten individuals in Bosnia and Herzegovina to earn a Microsoft certification in this field (MCSE). In the next phase of his career, he worked on the analysis and implementation of ERP systems, public administration systems, and banking information systems. From 2006 to 2016, he was a member of the Department of Management and Information Systems at the School of Economics and Business in Sarajevo, where he was appointed as a Senior Teaching Assistant. He has successfully completed numerous international professional seminars in computer technologies, information systems, and project management, and completed the "Managerial-Entrepreneurial Skills Development for Researchers (MBSDr)" program under the Paccino project.

He is the co-author of three books on information systems management, published by American publishers CRC Press and IGI Global. He has also authored several scientific papers published in indexed journals and presented at academic conferences. He is an active member of professional associations in the field of information systems, including the IEEE Computer Society, ACM (Association for Computing Machinery), and the IT Managers Association of Bosnia and Herzegovina (CIO Club). He served as a jury member for the selection of the Best IT Manager in Bosnia and Herzegovina in 2014. He was also a member of the Doctoral Studies Council at the School of Economics and Business in Sarajevo, representing both the business community and students.

STRATEGY

At the beginning of 2025, BH Telecom Joint Stock Company adopted its Development Strategy for the period 2025-2029. This document defines the company's core strategic commitments and clearly outlines the key areas of focus for the upcoming planning period. We have set clear goals, a framework, and guidelines for making future business decisions and allocating company resources.

WE ARE SHAPING BH TELECOM'S ORGANIZATIONAL CULTURE BASED ON THE FOLLOWING PRINCIPLES:

- Truly serving the customer - every activity is guided by the question: is the customer at the center?
- We are one team - a team built on trust and solidarity - teamwork
- We build an organization where everyone's roles and responsibilities are clear - accountability
- We live by the highest ethical standards, promoting transparency and rejecting any questionable or unethical practices - integrity
- We are ready for change, continuously developing and learning - agility

MISSION



We connect and develop Bosnia and Herzegovina through innovative digital solutions.

VALUES



Customer in Focus
Teamwork
Accountability
Integrity
Agility

VISION



The Leading Digital Integrator of Bosnian-Herzegovinian Society



KEY STRATEGIC PRIORITIES

INCREASE CUSTOMER SATISFACTION AND LOYALTY ALONGSIDE BUSINESS GROWTH AND LONG-TERM STABILITY

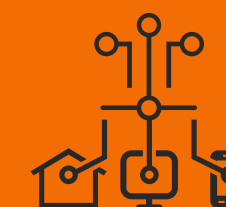
1



IMPLEMENT DIGITAL TRANSFORMATION OF THE COMPANY WITH MORE EFFICIENT PROCESSES AND NEW DIGITAL SERVICES

2

DEVELOP A HIGH-QUALITY ACCESS INFRASTRUCTURE AND CORE NETWORK TO SUPPORT ADVANCED DIGITAL SERVICES THROUGH RESPONSIBLE AND SUSTAINABLE INVESTMENT



3



4

BUILD AN HR FUNCTION THAT SUPPORTS THE CURRENT AND FUTURE NEEDS OF THE COMPANY BY CREATING A MOTIVATING WORK ENVIRONMENT

BH TELECOM 2024: A YEAR OF ACCELERATED GROWTH, INNOVATION, AND DIGITAL TRANSFORMATION



FINANCIAL AND COMMERCIAL GROWTH

The year 2024 was marked by strong growth in total revenue and an increase in the number of users across all key segments. Particularly notable was the growth in the residential segment, driven by increased revenue from retail and internet services-further reinforcing BH Telecom's leadership in the digital transformation of Bosnia and Herzegovina.



- +14% revenue growth in the postpaid segment
- +8.8 million BAM increase in revenue from Moja TV
- +64% growth in cloud service revenue in the business segment
- +5.3 million BAM increase in revenue from bundled offers



MOBILE NETWORK: MODERNIZATION, MIGRATIONS AND CUSTOMER EXPERIENCE

In 2024, BH Telecom's mobile strategy focused on modernizing SIM technology, enhancing the user experience, and strengthening customer loyalty through migrations and attractive offers.

- | | |
|---|---|
| Key achievements: | <ul style="list-style-type: none"> • An average of 3,370 monthly migrations to postpaid - users recognized the value of stability, speed, and benefits offered in the postpaid segment • Significant increase in data traffic across the WB6 region - confirming the network's superiority and readiness for roaming and digital services • A high number of postpaid users with signed contracts - a strong indicator of customer loyalty and trust |
| Modernization of SIM Infrastructure: | <ul style="list-style-type: none"> • Mass replacement of SIM ? USIM cards - enabling support for 4G/5G services and advanced functionalities • Enhanced security and faster service activation |

BH Telecom is reinforcing its position as the leading mobile operator in Bosnia and Herzegovina, building its customer base on a high-quality network, attractive packages, and advanced SIM technology.



MOJA TV: NEW CONTENT, REDESIGN, AND INCREASED CUSTOMER SATISFACTION

In 2024, BH Telecom made a significant leap in its digital TV offering by launching an upgraded Moja TV platform, featuring richer content, higher quality, and a larger user base than ever before.

- | | |
|--------------------------------------|---|
| Key innovations and results: | <ul style="list-style-type: none"> • Maintained a strong lineup of attractive content and enhanced the selection of titles within Moja TV Videoteka and SVOD services from global brands such as National Geographic, CineStar Premiere, MAX, and BabyTV • Exclusive broadcasting rights for EURO 2024 and Bosnia and Herzegovina national team matches - content that brings audiences together • +312% increase in users with speeds over 10 Mbps - reflecting improved streaming quality and user experience • +8.8 million BAM revenue growth compared to 2023 - driven by a redesigned offering and strong promotional campaigns |
| Focus on customer experience: | <ul style="list-style-type: none"> • New visual identity of the Moja TV interface • Faster search, intuitive navigation, and improved responsiveness on smart devices • Enhanced integration with mobile and OTT platforms |

Moja TV is not just a service, but a multimedia platform of the future, delivering premium content, technical reliability, and exclusive experiences for users across Bosnia and Herzegovina.



E-SERVICES AND DIGITAL CUSTOMER EXPERIENCE

With the goal of improving service quality and simplifying communication with customers, 2024 brought significant advancements in the development of digital channels and tools.

- | | |
|---------------------|---|
| Key results: | <ul style="list-style-type: none"> • 65,000 new e-bills issued, contributing to digitalization and more environmentally friendly operations • A digital assistant for registration and sales implemented, automating processes and enhancing customer support • Launched a multilingual version of the Moj BH Telecom app, making services more accessible to a broader user base • Over 2.0 million customer interactions processed through digital channels, significantly improving communication speed and efficiency |
|---------------------|---|

These innovations further confirm our commitment to developing digital solutions focused on enhancing the customer experience and modernizing operations.



BUSINESS SOLUTIONS AND DIGITAL SERVICES - CLOUD THAT POWERS BUSINESS

In 2024, BH Telecom significantly enhanced its business solutions portfolio, focusing on cloud infrastructure, data security, and flexible communication models for both the private and public sectors.

- Key achievements:**
- Introduced Disaster Recovery as a Service (DRaaS) - ensuring uninterrupted business continuity
 - +64% growth in cloud service revenue - reflecting increasing demand among companies undergoing digital transformation
 - MPLS over 4G and IP Centrex solutions - enabling coverage even in less developed regions
 - A significant number of clients signed up for the "Top Tim" service - a testament to customer loyalty and stable partnerships
- What does it mean for business clients?**
- Increased security (data backup, disaster recovery)
 - Improved availability and flexibility
 - Reduced infrastructure costs
 - 24/7 technical support and service

BH Telecom has positioned itself as the No. 1 partner for business digitalization - offering solutions that connect, protect, and grow businesses in every corner of Bosnia and Herzegovina.



DIGITAL SALES AND WEBSHOP

In 2024, BH Telecom took digital sales to the next level by developing an integrated WebShop model, fully connected with all sales channels, enabling customers to shop more easily and quickly.

- Key results:**
- +40% increase in WebShop sales compared to the previous year - confirming the success of the digital strategy and the growing appeal of online channels
 - Developed and launched a portal for mobile service intermediaries, further strengthening partnerships and improving product distribution
 - Opened 5 new retail centers, expanding physical presence and improving service accessibility at key locations

These results clearly demonstrate BH Telecom's commitment to modernizing the sales process and continuously improving the customer experience, ensuring growth and a competitive edge in the market.



WHOLESALE AND INTERNATIONAL NETWORK CONNECTIVITY

In 2024, we focused on strengthening international network infrastructure and optimizing capacity, ensuring more reliable and faster services for our business clients and partners.

- Key developments:**
- Investments in DWDM infrastructure for direct connections to Budapest and Zagreb, significantly improving network capacity and stability
 - Optimized GIA and peering capacities, resulting in greater efficiency and lower latency
 - Established new international links, including:
 - 100 Gbps direct Google peering for enhanced access to global services
 - 20 Gbps peering with Akamai, a leading global CDN provider
 - Roaming services contracted in 46 countries, expanding coverage and service quality for our users while traveling internationally



PROMOTION AND CORPORATE SOCIAL RESPONSIBILITY

In 2024, through impactful marketing efforts and socially responsible initiatives, BH Telecom made a significant contribution to both the community and the market. We allocated 2.0 million BAM for donations, including an immediate response of 1.5 million BAM in aid for flood-affected areas - because together, we can achieve more!



- Over 120,000 meals donated in partnership with the humanitarian organization Pomozi.ba, supporting the fight against hunger and aiding the most vulnerable groups
- Proud supporter of the Heart for Children with Cancer Association

Supported over 630 projects in sports, science, and culture, with a total investment of 2.2 million BAM:

- Key Contributions:**
- 
- Sports - Over 230 initiatives supported with 1,000,000 BAM
 - Culture - Over 190 projects supported with 800,000 BAM
 - More than 30 events supported with 175,000 BAM
 - 125 organizations supported with 110,000 BAM
 - Science - Over 50 projects funded with 90,000 BAM

- Marketing Highlights:**
- 
- Organized the prize game "Activate E-Bill, Park the Electric Car", promoting digitalization and environmental awareness
 - Won 5 prestigious awards at the No Limit Festival, confirming the quality and innovation of our promotional campaigns
 - Achieved over 50 million paid impressions on social media, significantly increasing brand visibility and engagement

These activities reaffirm our ongoing commitment to socially responsible development and a marketing strategy focused on creating positive impact in the community.

2024 CREATIVE SOLUTIONS AND DIGITALIZATION

The Promotion Division made a strong contribution to visibility of our digital services and improvement of our users experience through the up-to-date communication tools and carefully developed campaigns in 2024. The solutions harmonized with the BH Telecom brand were prepared, focusing clearly on digital channels and our users experience. Herewith we would like to highlight the following:

- visual presentations for Moj BH Telecom application, eSIM presentation, BHTechLab page redesign,
- campaigns: Ultra Is The Best!, BizSolution, NetFlat Solo Internet, What is the house like without Moja TV?,
- prize contest "Activate your e-account and park your electric car",
- support to 84 campaigns with our suppliers and public presentations at fairs and conferences.

Our creative approach was focused on our messages clarity, visual identity consistency and compliance with our target groups through digital channels.

DIGITAL COMMUNICATION AND PROMOTION

Our promotions were grounded on utilization of tools for digital advertising and results measuring as follows:

- improved user targeting and campaigns optimization,
- continuous communication support to sponsorships (600+ contracts),
- thanks to digital channels utilization during promotions of social accountability projects and humanitarian initiatives in cooperation with Pomozi.ba Association, BH Telecom donated 120.000 meals to people in need.

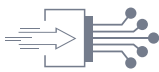
SPONSORSHIPS AND RECOGNITIONS

We focused especially on our support to local contents and sports as follows:

- promotion of sitcoms "KOMAR", "HOLLOW 2" and "TENDER 2" during Sarajevo Film Festival,
- sponsorship to BiH Handball Association.

BH Telecom received 5 recognitions for its contributions to communication and social accountability at the NO LIMIT Festival, as well as the Business Newspapers award for its socially accountable business operations.

INFRASTRUCTURE AND NETWORKS



NETWORK DEVELOPMENT AND CAPACITY EXPANSION- INFRASTRUCTURE DRIVING THE FUTURE

During 2024, BH Telecom significantly enhanced all layers of its network infrastructure - from core to access - enabling users to enjoy even faster, more stable, and more secure connectivity.

- ULTRA-FAST IP AND OPTICAL NETWORK
 - Next-generation DWDM network deployed - supporting 100G+ traffic
 - 100% increase in IP capacity
 - New international Point of Presence (POP) established at Digital Realty Data Center in Zagreb - providing direct access to key internet exchange points
- LTE MOBILE NETWORK UPGRADE
 - +50.75% increase in average LTE speed (from 7.94 Mbps to 11.97 Mbps)
 - +115 new LTE base stations, totaling 1,623
 - 100% increase in BS locations: 275 in 2024 (compared to 137 in 2023)
 - Significantly increased uplink capacities - 2Gbps on 52 devices, 10Gbps on 37 devices
- DIGITAL SERVICE EVOLUTION
 - Mass activation of VoLTE service
 - Introduction of VoLTE roaming
 - Dynamic Port Mapping (DPM) - automated service provisioning with reduced errors and interference



CONNECTING WITH GLOBAL PARTNERS - BORDERLESS INTERNET

In 2024, BH Telecom made a major leap in international connectivity, ensuring top-tier global internet services:

- **Direct 100G link with Google**
Faster response times, lower latency, and more reliable connections to key services (YouTube, Google Drive, Gmail, Android updates).
- **2x100G connectivity with Arelion (Tier 1 provider)**
Locations: Zagreb and Budapest
Enabled redundant connections and improved stability for all international traffic.

Through these partnerships, BH Telecom has further positioned itself as a regional digital hub, guaranteeing secure and high-quality connectivity to the most important internet exchange points in Europe and worldwide.



ADVANCED OPTICAL NETWORK - SPEED THAT TRANSFORMS EVERYDAY LIFE

In 2024, BH Telecom further accelerated its digital transformation through the intensive expansion of FTTH (Fiber-to-the-Home) infrastructure.

- The result?**
- Internet speeds of up to 1 Gbps
 - 17% growth in fiber network users compared to 2023
 - Faster, more stable, and energy-efficient connectivity for work, entertainment, and education



SUPERIOR CAPACITIES FOR SEAMLESS CONNECTIVITY

In 2024, BH Telecom carried out a strategic modernization of the mobile network packet core, including the replacement and expansion of its Messaging and e-Voucher platforms.

- | | |
|---------------------------------------|---|
| What does this mean for users? | <ul style="list-style-type: none">• Faster and more reliable message delivery• More efficient account top-ups via all digital channels• Uninterrupted internet access thanks to expanded data core capacities |
|---------------------------------------|---|

These upgrades ensure a seamless user experience even during peak network usage - whether topping up an account, using data roaming, or sending messages from any location in Bosnia and Herzegovina or abroad.



NEXT-GENERATION VIDEO AND TV SERVICES - MORE CONTENT, FASTER SPEEDS, LOWER CONSUMPTION

In 2024, BH Telecom further enhanced its multimedia platform - delivering more channels, a better viewing experience, and advanced features, all with a reduced energy footprint.

- MORE CONTENT - GREATER CAPACITY
 - 25% more HD channels in production
 - 50% increase in HD content processing capacity
 - Optimized streaming system with lower electricity consumption
- TECHNOLOGY THAT FOLLOWS THE USER
 - New-generation TV app for mobile and smart devices
 - Live cam portal - real-time camera control
 - 25% increase in streaming capacity - ready for mass viewership
- PREMIUM DIGITAL CONTENT
 - Full integration of the HBO Max portal
 - Activation via the new Welcome SMS system
 - Aligned with VoLTE roaming functionalities

BH Telecom is ushering in a new era of digital entertainment - offering more choice, greater flexibility, and environmentally efficient technological solutions.



ENERGY EFFICIENCY AND SUSTAINABILITY - TECHNOLOGY IN SERVICE OF NATURE

In 2024, BH Telecom made a series of investments in green infrastructure, aiming to reduce energy consumption, CO2 emissions, and operational costs, while creating conditions for sustainable business operations.

- PHOTOVOLTAIC SYSTEMS - POWER FROM THE SUN
 - FN Mostar (40 kWp) commissioned - covering 20% of the building's energy needs
 - Ongoing implementation of PV systems:
 - at 46 base stations
 - in 3 office buildings (F. Lehara, D. Malta, Bihać in preparation)
- EQUIPMENT MODERNIZATION
 - 3,620 battery blocks replaced - improved system efficiency and safety
 - 166 air conditioning units replaced with new energy-efficient models

These measures significantly reduce operational electricity consumption and greenhouse gas emissions. BH Telecom is laying the foundation for a climate-responsible digital future, preserving natural resources and minimizing environmental impact.

IT SEGMENT



GENAI AND BUSINESS AUTOMATION

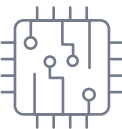
In 2024, a GenAI platform was successfully established, focusing on three key business use cases:

- Customer Support Chatbot - enhancing customer service through automated interactions.
- Knowledge Management - more efficient collection and sharing of business information.
- Operations Automation - accelerating and simplifying routine processes.

RPA (Robotic Process Automation) - Microsoft Power Automate:

- The first production RPA process was implemented for the Invoiced-Collected report, reducing processing time from 7 days to just a few minutes.
- Significant savings of 0.2 FTE per process were achieved, along with the elimination of human errors, increasing reliability and efficiency.
- Automation of the PICARD system for service activation and payment processing resulted in savings of 3 FTE and reduced response time to under 10 minutes.

These innovations in the application of GenAI and RPA technologies are driving the digital transformation of our operations, enabling faster, more accurate, and cost-effective business processes.



DIGITAL TRANSFORMATION AND E-SERVICES

In 2024, we continued to invest heavily in the digital transformation of our operations, with a focus on efficiency, security, and environmental sustainability.

Key achievements and initiatives:

- Digital Signature (IDDEEA) successfully integrated across all IT workflows and sales processes, accelerating procedures and enhancing security.
- Paperless Office concept implemented, significantly reducing paper usage, printing costs, and CO2 footprint-contributing to environmental sustainability.
- Webshop achieved remarkable growth: +100% increase in prepaid eSIM card sales, rising from 3,000 to 6,000 units.
- +10% growth in assembled and commission - based services, confirming customer trust in our offerings.
- Two-Factor Authentication introduced for cloud and bih.net users, significantly improving service access security.



ADVANCED CUSTOMER SUPPORT (OMNI, CRM, ONECONTACT)

To deliver a superior customer experience, 2024 brought significant enhancements to our support and sales management systems.

Key innovations and achievements:

- OMNI JRK enables a centralized 360° customer view, integrated with platforms such as One Agent, Remedy, Webshop, TIS, and others-allowing for faster and more accurate support.
- OneContact Contact Center provides support across all communication channels-calls, email, IVR, SMS-and enables remote work, increasing service flexibility and availability.
- Sales Opportunity Management system was implemented, significantly improving pre-sales processes and boosting efficiency and conversion rates.

These technological advancements further strengthen our ability to respond to customer needs quickly, efficiently, and with a personalized approach.



SECURITY AND BACKUP

Information system security remains one of our top priorities, supported by continuous investments and improvements in data protection and operational resilience.

Key advancements:

- Penetration tests and ransomware attack simulations were conducted, further strengthening the resilience and security of our information systems.
- Secure Backup system implemented with an isolated environment and multi-tenant architecture, enabling a commercial "Backup as a Service" model with a high level of data protection.
- Automation of security and administrative tasks using Ansible Automation for Linux, increasing efficiency and reducing the risk of human error.

Ove aktivnosti doprinose ukupnoj sigurnosnoj infrastrukturi, pružajući stabilnost i sigurnost za naše poslovne procese i korisničke podatke.



IT INFRASTRUCTURE - CONSOLIDATION AND OPTIMIZATION

In 2024, we focused on consolidating and optimizing our IT infrastructure to reduce costs and enhance operational efficiency.

Key projects and outcomes:

- Migration of Oracle databases to the KVM platform, resulting in significant virtualization cost savings and increased flexibility.
- Implementation of a Disaster Recovery Oracle cluster and consolidation of MS SQL servers, along with improved backup procedures to ensure a high level of data protection.
- Development and deployment of an advanced Linux platform based on Ansible tools for automated server deployment and configuration, streamlining and accelerating IT environment administration.

These initiatives contribute to a more stable, secure, and cost-effective IT system, well-prepared for future challenges and business growth.



SAP/DMS - MORE EFFICIENT INTERNAL SYSTEMS

In 2024, we enhanced our internal business systems through automation and optimization of key processes, resulting in greater efficiency and accuracy.

Main improvements:

- Automation of processes such as invoicing, dunning, report generation, and asset tracking-reducing manual work and minimizing the risk of errors.
- DMS system enhancements include new functionalities for eSessions, shift schedule management, more efficient task tracking, and advanced planning-streamlining administrative and organizational tasks.

FINANCIAL REPORTING AND TRANSPARENCY

Digital. Stable. Transparent.



DIGITAL TRANSFORMATION

Through process optimization and digitalization, we achieved significant savings and improved operational efficiency:

- -9.4% reduction in IDEFP staff, with a simultaneous increase in productivity.
- Annual savings of BAM 22,000 by switching to electronic mail.
- BAM 4,950 saved on printing by reducing the number of SD invoices from 400 to 70.
- Reporting is now available 10 days earlier-by the 15th of each month.
- Preparations underway for digitalizing procurement processes through web auctions of decommissioned assets.



FINANCIAL STABILITY

Smart financial management delivers tangible results:

- BAM 20,800 saved through a new agreement with the commercial bank.
- Account consolidation and automation of reconciliation processes.
- 43% higher revenue than planned from term deposits.
- Term deposit income increased by 77% compared to 2023.
- Idle funds invested in bonds to maximize returns.
- Extraordinary income of BAM 1.9 million recovered through legal proceedings.



TRANSPARENCY AND DECISION-MAKING

Openness and high-quality data are the foundation for better strategic decisions:

- Introduction of new analytical reports with trend visualizations.
- Regular publication of results on the official website.
- Focus on competitive and efficient procurement methods for better cost control.

HUMAN RESOURCES - A SUCCESSFUL YEAR 2024

BH Telecom was ranked among the Top 10 Most Desirable Employers for 2024, selected from over 500 companies.



REWARD SYSTEM - STRENGTHENING RECOGNITION AND MOTIVATION

BH Telecom has redefined how success is recognized by introducing the following awards:

- Employee of the Year
- Colleague of the Year
- Best Team
- Lifetime Achievement Award

These awards are granted through employee voting, further reinforcing a sense of belonging and mutual respect.



CONTINUOUS DEVELOPMENT AND EDUCATION

Through the People Lab and My Academy platforms, we delivered:

- 81 internal training events
- Over 1,850 participants
- 112,000 content views focused on leadership and ethics

In addition, 2,615 employees participated in both external and internal training programs.

- Health, Team Spirit, and Well-being
- Sports, team-building, and family events
- Well-being programs for employees and their families
- We care about people, not just numbers.



EMPLOYER BRANDING AND COLLABORATION WITH EDUCATIONAL INSTITUTIONS

A strong connection with the academic community has been established:

- Organized visits from 4 university and 3 high school delegations
- 60 internship programs completed, including 54 university students and 6 high school students
- A Memorandum of Understanding was signed with the Association for the Advancement of Science and Technology, reaffirming our support for innovation and young professionals.



PARTICIPATION IN PRESTIGIOUS INITIATIVES

Active involvement in:

- EEML (Eastern European Machine Learning Summer School) u organizaciji Google DeepMind
- Sajmu poslova "Gledaj sebi posla"

These activities confirm our presence as an innovative and desirable employer in the region.

A Year of Strategic Focus on People: In 2024, BH Telecom demonstrated that leadership is not achieved solely through technological innovation, but also through investment in people. Our strategic focus on employee experience, development, and recognition positions us as a regional leader in human capital.

BUSINESS ENVIRONMENT

MACROECONOMIC ENVIRONMENT IN 2024

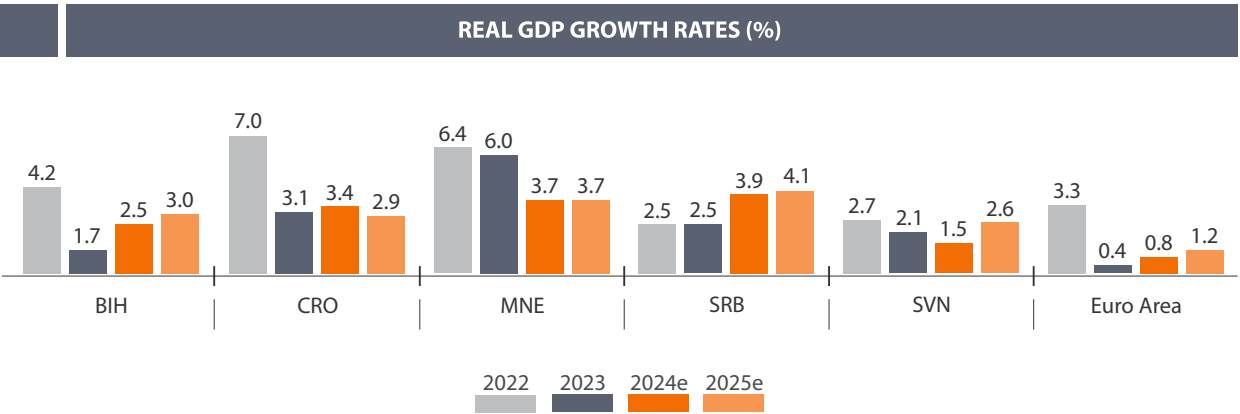
The year 2024 was another challenging and uncertain year in macroeconomic terms. Due to tighter financing conditions and geopolitical instability caused by the wars in Ukraine and the Middle East, economic activity in the EU and the Eurozone stagnated throughout 2023. This trend continued into 2024, and according to the latest autumn projections by the European Commission, modest annual real GDP growth of 0.9% is expected for the EU and 0.8% for the Eurozone.

The crisis in Western markets, driven by global geopolitical tensions, also affected the Bosnian and Herzegovinian economy-primarily through reduced demand in the markets of BiH's main trading partners. This is reflected in the overall export decline of 3.7% compared to the previous year. Exports to EU countries decreased by 3.6%, while exports to CEFTA countries dropped by 10.8% year-over-year. The total volume of industrial production in BiH fell by 4.2% in 2024 compared to the same period of the previous year, with declines recorded across all major industrial groups.

Despite these challenges, economic activity grew in 2024, particularly in the third quarter. According to preliminary estimates, real GDP growth in Q3 2024 amounted to 2.6%. By sector classification, a significant real increase in gross value added was recorded in the Accommodation and Food Services sector, with growth of 16.5%. The moderate growth in economic activity was primarily driven by strong performance in the services sector, which partially offset the decline in the manufacturing sector.

Below is an overview of key macroeconomic indicators for Bosnia and Herzegovina, along with a comparison to selected countries and the Eurozone:

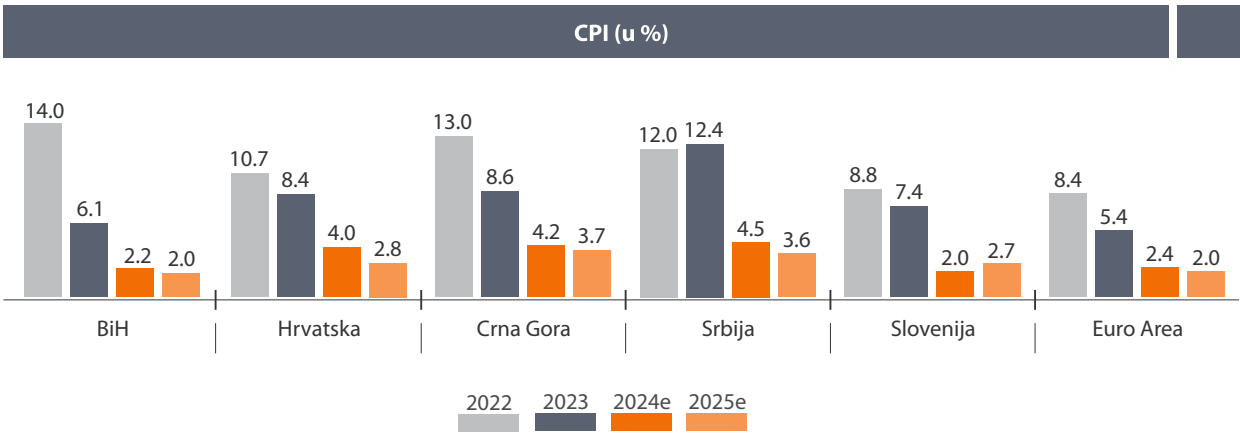
- According to the International Monetary Fund (IMF) projections from October 2024, real economic activity in Bosnia and Herzegovina is expected to grow by 2.5% in 2024, which is 0.1 percentage points higher than the projections of the Central Bank of Bosnia and Herzegovina. The pace of moderate economic growth is likely to continue in the coming period.



Source: World Economic Outlook, International Monetary Fund, October 2024.

Although the intensity of economic activity in Bosnia and Herzegovina over the past year was more pronounced compared to the Eurozone, the country's level of economic development remains significantly below the Eurozone average. According to the Central Bank of Bosnia and Herzegovina, the projected level of economic activity in the medium term is estimated to be very close to the country's economic potential.

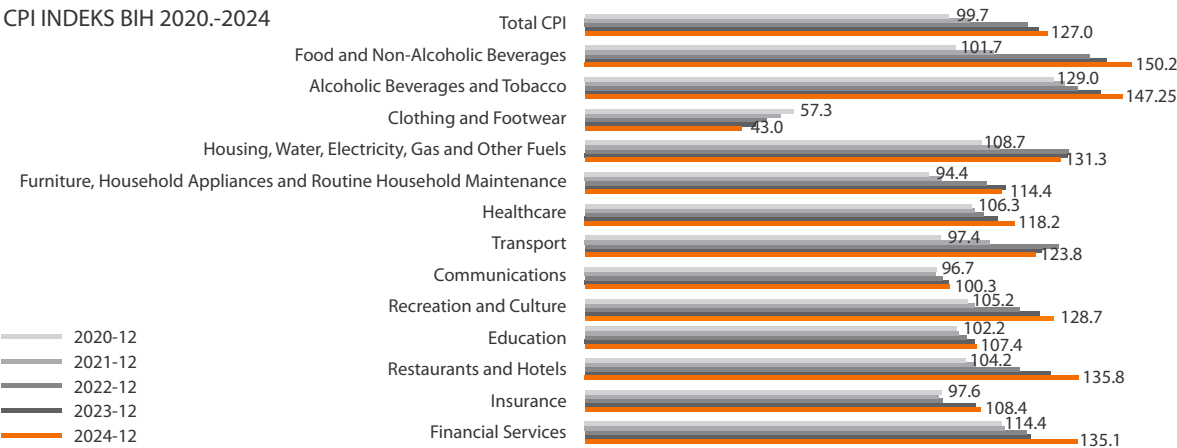
- According to data from the Agency for Statistics of Bosnia and Herzegovina, the annual inflation rate in 2024 was recorded at 1.7%. An increase is expected over the next two years, driven by the rise in the minimum wage and electricity prices. The following chart presents annual inflation rates, measured by the Consumer Price Index (CPI), for Bosnia and Herzegovina, the Eurozone, and selected countries in the region, based on the latest available data from the IMF:



Source: World Economic Outlook, International Monetary Fund, October 2024.

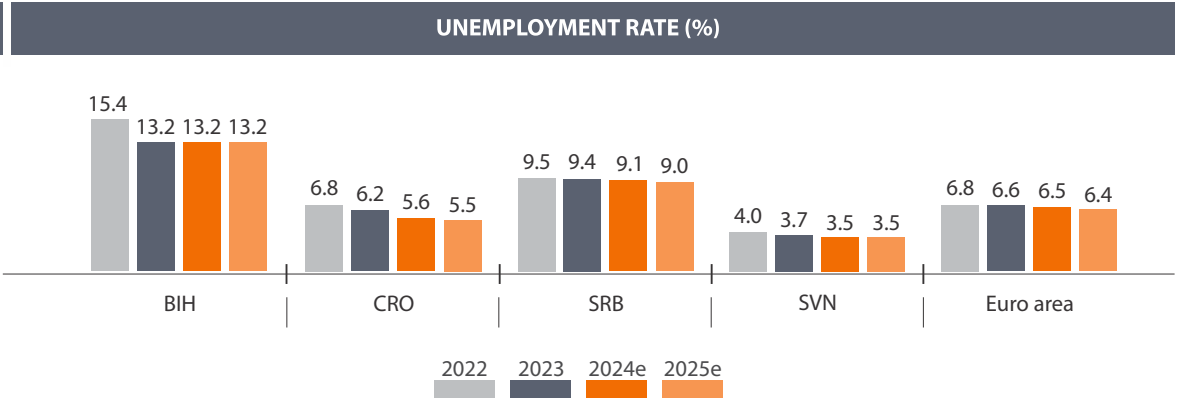
* Napomena: Indeks za Euro zonu je baziran na Eurostat-ovom harmonizovanom indeksu potrošačkih cijena

The Consumer Price Index (CPI) has reached record levels compared to 2015 prices, which are used as the base reference. As of the end of December, the average price level had increased by 27% compared to the 2015 average. For comparison, the CPI in January 2021 stood at 100.1, indicating that prices were at the 2015 level at that time and have since risen by 27%. In December 2024, the food price index stood at 150.0, rent at 154.2, water supply and various utility services at 125.1, and electricity, gas, and other energy sources at 130.2, among others. The exceptionally high CPI for essential goods and services in the previous period has diminished the impact of wage and pension increases, as well as remittances from abroad, leading to a decline in citizens' disposable income. The rise in average consumer prices has had the greatest impact on low-income households, as they spend a larger share of their income on food and basic necessities



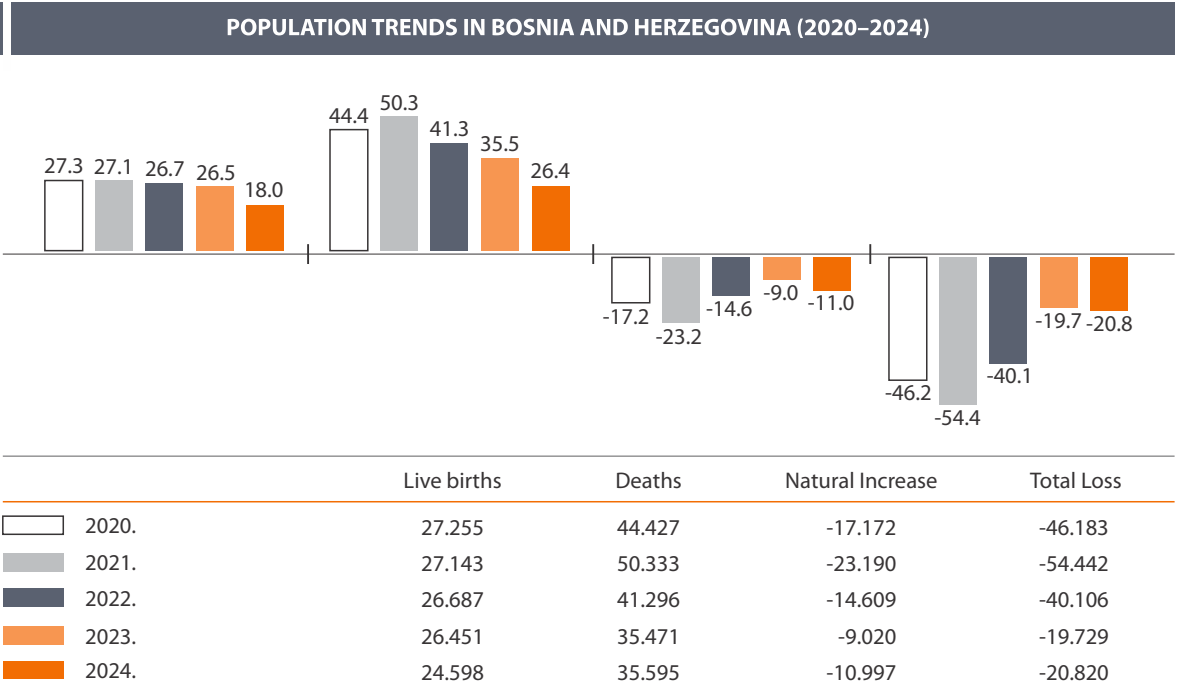
The CPI index in the communications sector indicates that telecommunications companies have largely refrained from passing the burden of inflation onto consumers. Instead, they have successfully managed rising costs through innovation and operational efficiency.

- Positive labor market trends in Bosnia and Herzegovina continued in 2024. According to the Agency for Statistics of BiH, the number of registered unemployed persons in December 2024 was 6.6% lower compared to December 2023. Despite these positive developments, the unemployment rate-estimated at 13.2% by the IMF-remains significantly higher than in the EU and most countries in the region. At the same time, the labor market in the past year was influenced by a strong increase in nominal net wages. The average net salary in BiH in December 2024 amounted to BAM 1,430, representing a nominal increase of 10.2% compared to December 2023. This growth is primarily driven by inflationary pressure on wage levels.



Source: <https://www.imf.org/external/datamapper/LUR@WEO/OEMDC/ADVEC/WEOWORLD>

- Negative Demographic Trends - Due to a combination of negative natural population growth and a high emigration rate, Bosnia and Herzegovina has, according to the UN report World Population Prospects 2024, lost an average of 36,000 people annually over the past five years. The report also projects an increase in the share of elderly individuals within the total population, which will have adverse implications for the healthcare system, social protection, and the labor market. The high emigration rate is expected to continue, further reducing the working-age population and posing a challenge to economic growth and the sustainability of social systems.



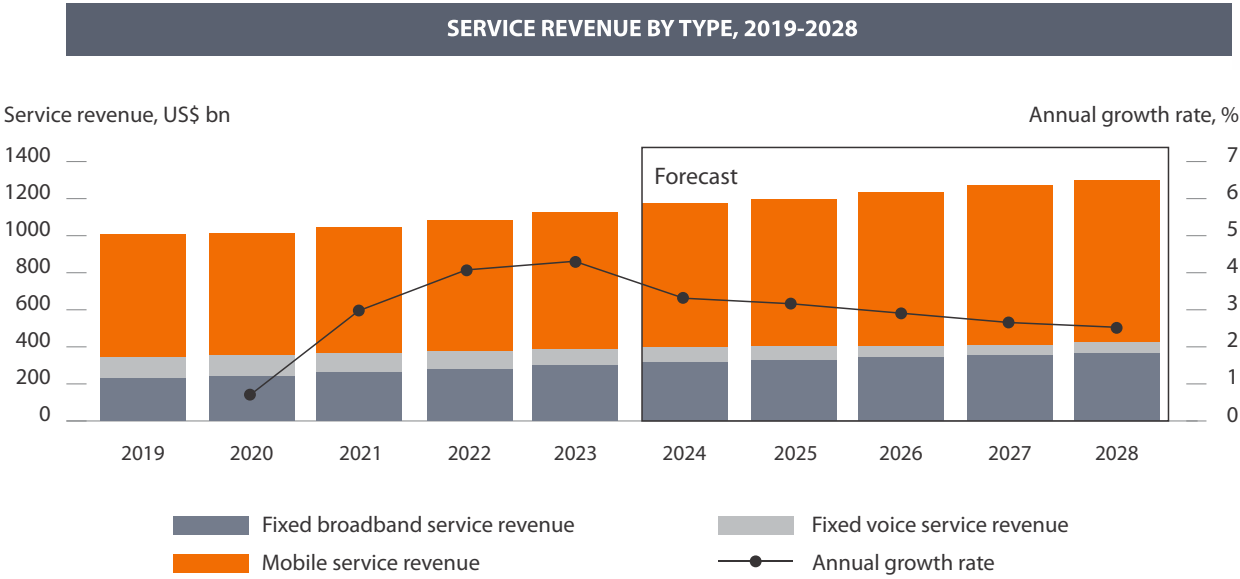
Source: ADS BiH; Time-Plot | Empirical Data | Data Portal

TELECOMMUNICATIONS MARKET OVERVIEW IN 2024

Telecommunications is a global industry where competition arises both within and beyond national borders. Due to deregulation, rapid technological advancements, and significant investments in research and development over the past decade, telecommunications has become a highly competitive sector. As a result, the market is extremely dynamic and prone to substantial changes. In recent years, the industry has been marked by numerous mergers and acquisitions aimed at strengthening competitive positions. The year 2024 underscored the reality that the current state of the internet is insufficient to support an AI-driven economy and the evolution of growth domains. Network infrastructure plays a critical role in enabling the digital economy, while artificial intelligence increases pressure on capacity, dense network topology, and the energy grid.

The industry's growth rate is declining

Global telecommunications outlook for the 2024–2028 period indicates that total sector revenues from fixed and mobile services increased by 4.3% in 2023, reaching 1.14 trillion USD. As shown in the chart below, global industry revenues are projected to grow at a compound annual growth rate (CAGR) of only 2.9% through 2028, when total revenues are expected to reach 1.3 trillion USD.



Note: 2019–2023 are actual numbers.
Source: PwC's Global Telecoms Outlook, 2024–2028 Omdia

The telecommunications industry continues to face a fundamental challenge: its core products and services are becoming commoditized, making price increases difficult, while there remains a constant need for infrastructure investment. Nevertheless, even in industries with relatively slow growth, there are always niches for expansion and opportunities for companies to improve their financial performance. By 2028, the sector is expected to see an additional 200 billion USD in incremental revenue growth. However, this puts added pressure on players within the telecommunications ecosystem to find new ways to generate value from existing revenue streams.

In addition to dominant network operators, the telecommunications market also includes a large number of alternative providers. Furthermore, there is a growing presence of OTT (Over-the-Top) operators offering internet-based applications for content and communication services.

Globally, all telecom operators face not only direct competition but also increasing pressure from IT giants such as Facebook and Google. These companies generate substantial profits by delivering content, advertising, and services over network infrastructure to which they have not contributed in terms of development.

The growing global penetration of smartphones, ubiquitous high-speed internet access, increasingly converged solutions, and breakthrough technologies are rapidly transforming the way we live and work-while simultaneously creating a range of new commercial, regulatory, and social challenges.

Digital services and next-generation networks are becoming the driving force reshaping relationships in both private and business spheres. These changes are fueling increased demand for fast and reliable fixed and mobile networks, along with a wide range of supporting services and devices. Network operators have the opportunity to deepen customer relationships by offering a broad portfolio of services, but they also face the challenge of meeting rising user expectations.

In fixed networks, demand for high-speed NGN broadband services via cable or fiber continues to grow rapidly. The availability of high-speed broadband access is a prerequisite for further social and economic development, and for the transition to a digital society and economy. High-speed broadband enables a wide range of social and economic benefits for citizens, businesses, and public administration. The shift to NGN services in the fixed segment represents a significant market opportunity for operators investing in NGN infrastructure, offering strong revenue growth potential.

FTTH and other high-speed broadband connections are the main drivers of the internet market in the EU, while user penetration in Bosnia and Herzegovina remains unsatisfactory. Growth in subscriber numbers in BiH is primarily driven by cable and xDSL technologies. Today, users are increasingly adopting converged solutions that integrate mobile, broadband, and TV services. For users, this means simplicity-one service provider-and greater value for money. For operators, it presents an opportunity to increase customer loyalty and improve operational efficiency.

Businesses are currently shifting from traditional wide area networks (WANs) to Software Defined Networks (SDNs) to simplify operations, increase speed, automate networks, and reduce costs. This represents a significant opportunity for operators with the expertise to capitalize on this trend.

A rapid digital transformation is underway. New technologies-including smartphones, cloud computing, artificial intelligence, and robotic process automation-are enabling companies to connect with customers directly, proactively offering personalized solutions while streamlining and automating operational processes and improving the efficiency of all commercial and technological decisions.

The Internet of Things (IoT) is also expanding rapidly, with a vast range of use cases-from sensors used to monitor industrial machinery and inventory levels to autonomous vehicles. 5G is the standard that will enable seamless IoT functionality. It is the foundation without which IoT cannot fully thrive. The shift of enterprises to cloud computing continues to grow year over year. Many leading technology experts predict that cloud computing will surpass desktop computing in the near future.

ACCORDING TO DATA FROM THE COMMUNICATIONS REGULATORY AGENCY OF BIH, THE YEAR 2024. WAS MARKED BY THE FOLLOWING TRENDS (1):

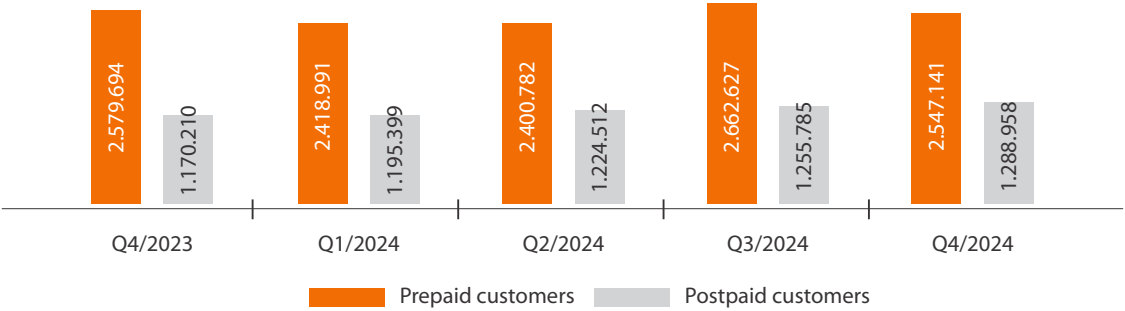
- The downward trend in the number of active fixed telephone lines continued in 2024. By the end of Q4 2024, the number of fixed lines had decreased by 6.2% compared to Q4 2023. In 2023, the number of fixed lines was 6.4% lower than in 2022. The fixed-line penetration rate (number of fixed lines per 100 inhabitants) recorded an annual decline of 1% in 2023, reaching 17.4%, which is significantly lower compared to neighboring countries and the EU market. Total outgoing traffic via the fixed network in 2024 recorded an annual decline of 15.3%.

(1) Communications Regulatory Agency of BiH, (rak.ba)

The decline in the number of fixed-line users is a consistent trend not only in Bosnia and Herzegovina but also across the regional and global telecommunications markets, largely driven by the substitution of fixed-line services with mobile telephony. Interestingly, despite the overall decline in fixed-line connections, the number of business user connections increased by 2.3% at the end of 2024 compared to the previous year.

- The number of mobile communication subscribers (prepaid and postpaid) in Bosnia and Herzegovina continued to grow in 2024 compared to 2023. At the end of Q4 2024, the number of mobile telephony users was 2.3% higher than at the end of Q4 2023. The mobile telephony penetration rate in BiH at the end of Q4 2024 stood at 112.1%, representing a decrease of 0.7% compared to Q4 2023.

TRENDS IN THE NUMBER OF PREPAID AND POSTPAID CUSTOMERS



- The number of fixed broadband internet access connections continued to grow in 2024. In Q4 2024, the number of fixed broadband internet subscribers increased by 2.5% compared to the end of Q4 2023. The penetration rate of these users reached 118.9% at the end of the fourth quarter of 2024, up from 115.7% at the end of the same period in 2023. Alongside growing market competition and increasing user demands, the number of subscribers opting for high-speed internet services is also on the rise.
- The upward trend in mobile internet usage continued in 2024. Total mobile internet traffic increased by 22% compared to the previous year, reaching 58,133.50 TB by the end of 2024. In response to the growing demand for mobile internet access, operators are designing tariff plans that include increasingly larger volumes of free mobile data.

FIXED TELEPHONY MARKET



There are three licensed fixed telephony operators in Bosnia and Herzegovina: BH Telecom d.d. Sarajevo, Telekom Srpske a.d. Banja Luka, and JP Hrvatske telekomunikacije d.d. Mostar. These operators have held Public Fixed Telephony Operator Licenses since 2002. In addition, there are ten alternative operators that have been granted licenses to provide public fixed telephony services.

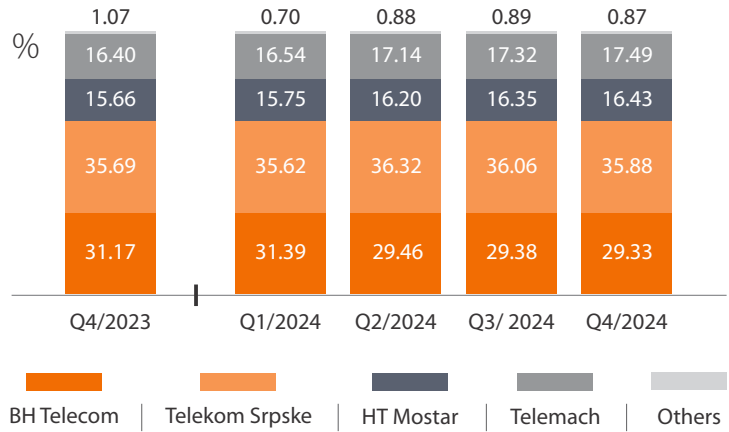
The following table presents the key business performance indicators of all fixed telephony operators for the third and fourth quarters of 2024, as well as the fourth quarter of 2023, based on data provided by the Communications Regulatory Agency of Bosnia and Herzegovina. (2)

ALL OPERATORS - FIXED TELEPHONY	Q4 2024	Q3 2024	% change Q4 vs Q3 2024.	% change Q4 vs Q4 2023.
Number of Active Fixed Telephone Lines of Dominant Operators	443,613	448,143	-1.01%	-6.16%
Number of New Fixed Telephony Operators	9	10	-10.00%	-10.00%
Number of Own Subscribers of New Operators	139,432	139,777	-0.25%	-1.06%
Number of Ported Numbers	112,796	112,167	0.56%	3.80%
Outgoing Traffic of Operators (in Minutes)	201,777,900	196,072,875	2.91%	-15.34%
Domestic Outgoing Traffic (in Minutes)	199,575,371	193,846,084	2.96%	-15.29%
International Outgoing Traffic (in Minutes)	2,202,529	2,226,791	1.09%	-20.37%

At the end of the fourth quarter of 2024, the number of active fixed telephone lines of dominant operators decreased by 1.0% compared to the third quarter, and by 6.2% compared to the fourth quarter of 2023. As of Q4 2024, BH Telecom held a market share of 29.3% in the provision of fixed telephony services, representing a decline of 1.9 percentage points compared to Q4 2023. Among individual operators, BH Telecom maintains the largest market share. However, from an ownership perspective, the Telekom Srpske group holds the leading position in the fixed telephony market, with a share of 35.9%.

MARKET SHARE - FIXED TELEPHONY

The chart below shows the market share of operators based on the number of active fixed telephone lines in Bosnia and Herzegovina by quarter, according to data from the Communications Regulatory Agency of Bosnia and Herzegovina.



(2) Communications Regulatory Agency of BiH, (rak.ba)

MOBILE TELEPHONY MARKET



According to data from the Communications Regulatory Agency (CRA), three licensed mobile operators were active in Bosnia and Herzegovina at the end of 2024: BH Telecom d.d. Sarajevo, Telekom Srpske a.d. Banja Luka, and JP Hrvatske telekomunikacije d.d. Mostar. In addition, five registered mobile service providers operated on the market: Blicnet d.o.o. Banja Luka, Logosoft d.o.o. Sarajevo, DASTO SEMTEL d.o.o. Bijeljina, NOVOTEL d.o.o. Sarajevo, and Haloo d.o.o. Sarajevo. Unlike the fixed telephony market, the mobile telephony market is characterized by a higher level of competition, as all three licensed operators offer their services across the entire territory of Bosnia and Herzegovina.

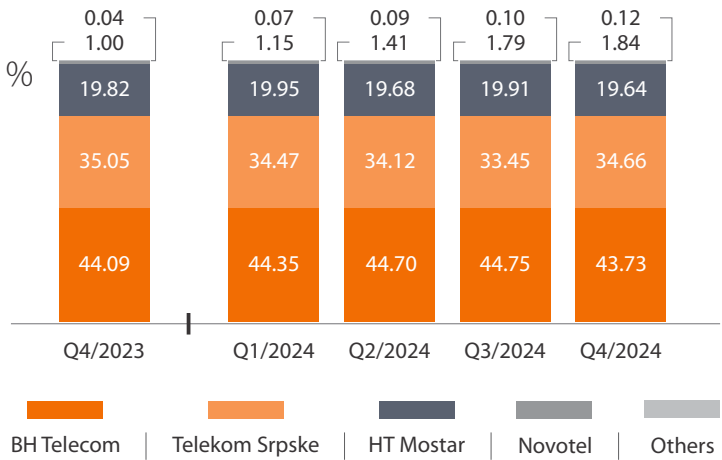
The following table presents the key business performance indicators of all mobile telephony operators for the third and fourth quarters of 2024, based on data provided by the Communications Regulatory Agency of Bosnia and Herzegovina.

ALL OPERATORS - MOBILE TELEPHONY	Q4 2024	Q3 2024	% change Q4 vs Q3 2024.	% change Q4 vs Q4 2023.
Number of Mobile Telephony Customers	3,836,099	3,918,412	-2.10%	2.30%
Number of Prepaid Mobile Telephony Customers	2,547,141	2,662,627	-4.34%	-1.26%
Number of Postpaid Mobile Telephony Customers	1,288,958	1,255,785	2.64%	10.15%
Number of M2M Customers	169,456	147,729	14.71%	17.89%
Total Outgoing Traffic of Mobile Telephony Operators (in Minutes)	661,282,651	644,876,272	2.54%	2.27%
Total Number of Sent SMS Messages	57,719,122	58,522,034	-1.37%	16.04%
Total Number of Sent MMS Messages	239,537	263,306	-9.03%	-29.73%
Total Number of Ported Numbers	174,230	165,757	5.11%	20.27%
Total Volume of Transferred Data (GB)	59,528,687	61,305,773	-2.90%	21.85%
Mobile Telephony Penetration Rate	112.10%	114.51%	-2.10 p.p	-0.67 p.p

At the end of the fourth quarter of 2024, the total number of mobile telephony service users decreased by 2.1% compared to the third quarter, while it increased by 2.3% compared to the fourth quarter of 2023. As of the fourth quarter of 2024, BH Telecom remains the dominant operator in the mobile telephony market, holding a market share of 43.7%.

MARKET SHARE - MOBILE TELEPHONY

The chart below shows the market share of all mobile network operators in Bosnia and Herzegovina by quarter, based on data from the Communications Regulatory Agency of Bosnia and Herzegovina.



INTERNET SERVICES MARKET

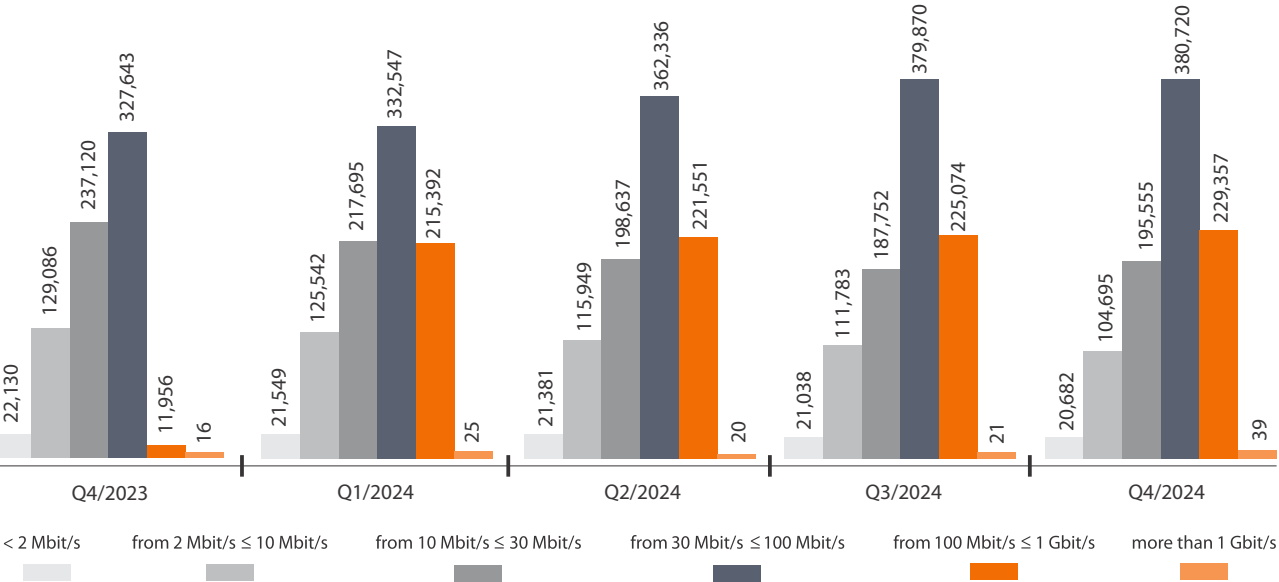


As of the end of 2024, a total of 60 internet service providers were operating in Bosnia and Herzegovina. The following table presents the key business indicators for all internet service operators for the third and fourth quarters of 2024, based on data from the Communications Regulatory Agency of Bosnia and Herzegovina.

ALL OPERATORS - BROADBAND INTERNET ACCESS	Q4 2024	Q3 2024	% change Q4 vs Q3 2024.	% change Q4 vs Q4 2023.
Total Number of Operators	60	59	1.69%	-4.76%
Total Number of Fixed Network Broadband Internet Access Subsc.	931,048	925,538	0.60%	2.54%
Number of xDSL Subscriptions	451,776	452,798	-0.23%	-0.79%
Number of Cable Network Subscriptions	274,717	274,676	0.01%	1.42%
Number of Fixed Wireless Access Subscriptions	68,023	67,974	0.07%	4.12%
Number of Leased Line Subscriptions	2,220	2,153	3.11%	5.92%
Number of FTTx Subscriptions	134,289	127,914	4.98%	17.54%
Number of Subscriptions via Other Technologies	16	16	-	-
Satellite Connections	7	7	-	-
Total Volume of Fixed Broadband Internet Traffic (TB)	1.337,169	1,191,801	12.20%	15.66%
Fixed Network Internet Penetration Rate	118.96%	118.28%	0.57 p.p.	3.31 p.p

xDSL remains the dominant access technology with a market share of 48.5%, followed by cable networks with 29.5%, FTTx access with 14.4%, fixed wireless access with 7.3%, leased lines with 0.2%, and other technologies with a negligible number of subscriptions. In 2024, the trend of growth in FTTx subscriptions continued. In recent years, there has been significant improvement in data transmission service offerings, particularly in the provision of xDSL services. This is reflected in increased access speeds, the introduction of new packages tailored to different user categories, and price reductions for existing packages. Additionally, operators have expanded their bundled service offerings. Alongside growing competition and increasing user demands, the number of high-speed internet subscriptions is also on the rise.

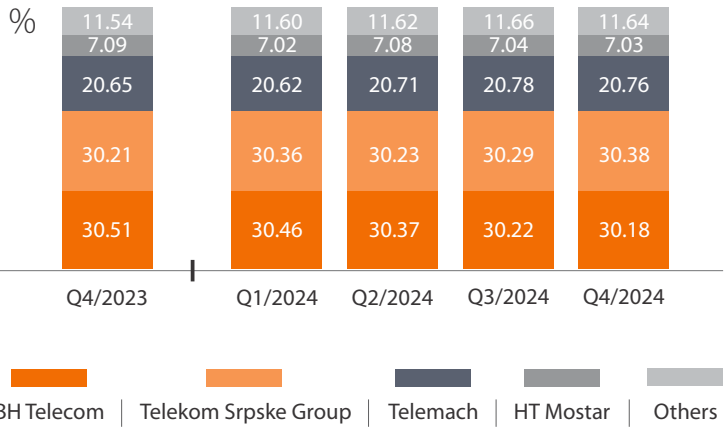
FIXED BROADBAND INTERNET SUBSCRIPTIONS BY ACCESS SPEED



Total fixed network internet traffic recorded an annual increase of 15.7%, reaching a level of 1,337,169 TB. The fixed network internet penetration rate rose by 3.3 percentage points, amounting to 119%.

INTERNET - MARKET SHARE

The chart shows the market share of operators by the number of fixed broadband internet subscriptions in Bosnia and Herzegovina by quarter, based on data from the Communications Regulatory Agency of Bosnia and Herzegovina.

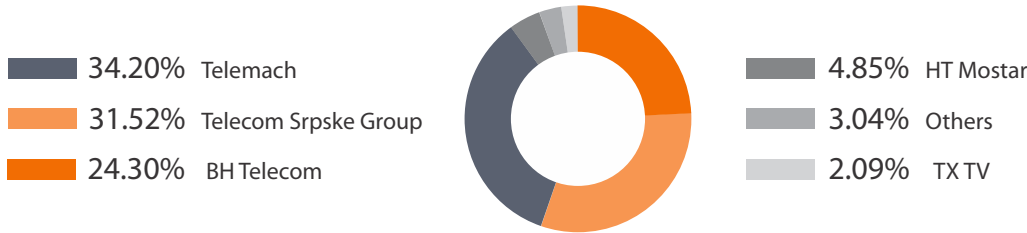


DISTRIBUTION OF AUDIOVISUAL MEDIA SERVICES AND RADIO MEDIA SERVICES



	Q4 2024	Q3 2024	% change Q4 vs Q3 2024.	% change Q4 vs Q4 2023.
Total Number of Subscribers to Audiovisual and Radio Media Service Distribution	925,960	926,290	-0.04%	0.11%
Number of Subscribers via IPTV Network	406,829	406,255	0.14%	0.85%
Number of Subscribers via Cable Network	347,021	347,288	-0.08%	0.37%
Number of Subscribers via DTH	172,110	172,747	-0.37%	-2.10%

MARKET SHARE OF OPERATORS



The annual growth in the total number of subscribers to audiovisual and radio media service distribution amounts to 0.1%, with the number of IPTV network subscribers increasing by 0.9%, while the number of cable network subscribers recorded a growth of 0.4%.

REGULATORY FRAMEWORK

The regulation of the telecommunications market in Bosnia and Herzegovina falls under the jurisdiction of the Communications Regulatory Agency of BiH (hereinafter referred to as the Agency). It is based on the Law on Communications of BiH (Official Gazette of BiH Nos. 31/03, 75/06, 32/10, 98/12), the Electronic Communications Sector Policy of BiH, the Action Plan for the Implementation of the Policy, and subordinate legislation.

The existing regulatory framework is aligned with the EU regulatory framework and is characterized by continuous monitoring and analysis of the telecommunications market, as well as the adoption of necessary regulatory acts aimed at its ongoing development. BH Telecom's operations are in compliance with the valid licenses issued by the Agency.

KEY REGULATORY ACTIVITIES AFFECTING OPERATIONS IN 2024

In December 2023, the Council of the Communications Regulatory Agency (the Agency) held its regular 79th session, during which it adopted, among other things, the Decision on the Rate and Point Value for Calculating the Annual License Fee. The decision established the following:

- The rate for calculating the annual license fee for performing telecommunications activities in BiH for 2024 was set at 0.75% of the total revenue of the license holder in the fiscal year 2023, generated from telecommunications activities - mobile telecommunications networks, public fixed telecommunications networks, internet access, distribution of audiovisual media services, radio media services, and multiplex management services.
- The rate for calculating the annual license fee for broadcasting licenses in BiH for 2024 was set at 0.65% of the total revenue of the license holder in the fiscal year 2023, generated from providing audiovisual media services and radio media services.
- The monetary value of the point for 2024 was set at 0.50 BAM for calculating the license fee in telecommunications for the use of numbers and/or codes.
- The Council approved the draft Rulebook on the Conditions for Providing Public Electronic Communications Services and Relations with End Users to be submitted for public consultation for a period of 60 days. This rulebook defines the basic principles for providing public electronic communications services, the obligations of public electronic communications service operators in relation to end users, quality standards for electronic communications services, and the type and content of data to be published by the Agency. The rulebook was adopted by the Council in December 2024.
- The Council also approved the draft Rulebook on the Plan for the Allocation and Use of the Radio Frequency Spectrum in BiH to be submitted for public consultation for a period of 60 days. This rulebook prescribes the allocation and use of the radio frequency spectrum in BiH for the upcoming long-term period.

The total annual burden based on various licenses issued by the Agency amounts to approximately 2% of the Company's total revenue. In addition to telecommunications license fees, various parafiscal charges (such as municipal fees, fees for the use of road land, signage taxes, etc.) create additional pressure on operations and competitiveness.

- ROAM LIKE AT HOME (RLAH) - Continued implementation of the Decision on Roaming Service Prices in Public Mobile Communication Networks by the Communications Regulatory Agency of BiH, No. 03-02-3-1011-1/21 dated May 12, 2021, and the adopted Rule 93/21 on the application of the fair use policy and the assessment of the sustainability of eliminating additional charges for regulated retail roaming services. This rule mandates that all operators in BiH must, as of July 1, 2021, allow their users to use mobile services while roaming in Western Balkan countries as if they were on their home network.

BH Telecom, in accordance with the prescribed rules and guidelines, successfully implemented these provisions. Since July 1, 2021, calls/SMS messages made while roaming in any Western Balkan country to any network within the Western Balkans are charged as domestic off-net traffic, according to the user's tariff plan. Similarly, mobile internet usage in any of the WB6 countries is charged at domestic rates and conditions, with certain limitations defined by the fair use policy. In 2024, provisions of the Decision regarding the reduction of wholesale prices for data services were implemented.

- EU/WB6 ROAMING DECLARATION - In 2022, in accordance with the Company Management Decision No. 001.-14-124602/22-2 dated December 2, 2022, BH Telecom signed the "EU/WB6 Roaming Declaration", thereby committing on a voluntary basis to gradually reduce retail data roaming prices in EU operators' networks during the period 2023-2028. The signed declaration is a continuation of cooperation efforts between WB6 mobile operators, the European Commission (EC), and the Regional Cooperation Council (RCC), through which the Roam Like At Home (RLAH) principle was established for roaming services within the WB6 region.

Signatories of the declaration include nearly all operators from the WB6 region, as well as leading mobile operator groups from the EU (such as Deutsche Telekom, A1, Orange, United Group, 4iG, Yetell, and others). To mark BH Telecom Company Day, on September 5, 2023, BH Telecom began applying reduced mobile internet roaming prices in European countries that fall under Roaming Zones 2, 3, and 4, in line with the signed EU/WB6 Roaming Declaration, which BH Telecom joined voluntarily along with 38 mobile operators from the EU and WB6 region, under the initiative of the European Commission and the Regional Cooperation Council.

- Participation of BH Telecom Representatives in the Advisory and Coordination Group (ACG). BH Telecom representatives took part in the work of the Advisory and Coordination Group (ACG), established by the European Commission and the Regional Cooperation Council (RCC). The ACG serves an advisory and coordination role with the aim of facilitating discussions on improving the business environment in the telecommunications sector and reducing roaming charges between the EU and the Western Balkans (WB).

In addition, the group aims to launch a structured consultation and dialogue process with telecommunications operators on a wide range of regulatory aspects related to connectivity-particularly broadband internet access and the development of 5G networks. This includes, but is not limited to, policy reforms for the 2024-2028 period as outlined in the New Growth Plan for the Western Balkans.

The ACG is composed of representatives from ministries and ICT regulators of the Western Balkans, including, as needed, representatives of WB BCOs (Broadband Competence Offices), telecommunications operators from both the WB and the EU, the European Commission, BEREC (Body of European Regulators for Electronic Communications), and the Regional Cooperation Council (RCC).

RISK MANAGEMENT AND CORPORATE GOVERNANCE

Risk management

Risk management is an integral part of our operations, and we view risks as future events that pose a threat to the achievement of our strategic and operational goals. Effective risk management and the timely identification of new risks enable us to consistently monitor and mitigate the negative impact of threats and weaknesses from both the external and internal environment on the Company's operations.

Our risk management framework, based on ISO 31000 and COSO practices, ensures that we manage risks in a structured and proper manner. It helps us achieve our objectives, implement our strategy, support our business model, and protect our assets.

Each risk class is further divided into multiple categories and subcategories, allowing for effective identification of areas most exposed to risk impact. A review of key internal controls is also an integral part of risk management. The establishment and development of internal controls are reassessed annually in accordance with a self-assessment methodology, ensuring transparency in identifying deficiencies in business processes and risk management.

The Internal Audit Department regularly conducts audits in the area of risk management to assess the functionality and effectiveness of the established system. The Company's Management is regularly informed about the most significant risks, at least twice a year.

Corporate Governance Principles

BH Telecom operates in accordance with the Corporate Governance Code, which incorporates principles of business transparency, clear procedures for the functioning of the General Assembly, Supervisory Board, Management Board, and Audit Committee, principles for avoiding conflicts of interest, effective internal controls, and an efficient accountability system.

The goal of the adopted corporate governance principles is to enhance the Company's business development for the benefit of all stakeholders, and to ensure that the established principles and the introduction of good corporate governance practices provide:

- A system of mechanisms for setting the Company's goals, means for their realization, and monitoring of outcomes
- A foundation for the effective application of corporate governance principles
- A balance of influence among stakeholders
- A consistent and lasting system for monitoring the Management Board's work and protecting investors
- Accountability of the Company's governing bodies
- Strengthening shareholder and investor confidence in the Company and ensuring equal treatment of shareholders
- Disclosure of information and business transparency
- Efficient use of the Company's resources
- Trust in the Company's operations and performance

In line with the above, the Company ensures the timely publication and public availability of information related to the Company, in accordance with the Law on Companies, the Law on the Securities Market, the Rulebook on the Management of Joint Stock Companies, the Rulebook on Information Disclosure and Reporting on the Securities Market, the acts of the Securities Commission, the rules of the organized market in which the Company is listed, and the Company's internal acts. This ensures equal access to information for shareholders, investors, and other stakeholders.

Public communication is based on the principles of truthfulness, accuracy, completeness of data, timeliness, equal accessibility, trust-building, and cost-effectiveness, so that shareholders, interested investors, customers and suppliers, government bodies, and the general public are informed in a truthful and objective manner about facts and events relevant to the Company's operations. Information is made public through publication, delivery, or access to specific documents, and is disclosed via the Company's website and/or print media.

RISK MANAGEMENT PRINCIPLES, FRAMEWORK & PROCESS



We use the 'three lines of defense' model to define clear roles and responsibilities, coordinate activities, and ensure that all stakeholders receive the necessary information to manage risks effectively.

Risks are classified into four categories based on their type:

- Strategic risks - risks that threaten the strategic goals and long-term sustainability of the Company
- Operational risks - risks related to the Company's day-to-day operations
- Financial risks - risks concerning losses or changes in the Company's financial position
- Regulatory and compliance risks - risks associated with legislation, regulations, and compliance requirements



3

OPERATIONAL OVERVIEW

Innovations in Service Offerings
Customers
Key Metrics of Ongoing Operations
Economic and Financial Performance
Realized Capital Investments

51
62
67
68
80

[

TOTAL REVENUE

555,7 million
BAM

NET PROFIT

65,8 million
BAM

]

INNOVATIONS IN SERVICE OFFERINGS AND CUSTOMER APPROACH IN 2024

BH Telecom is the leading telecommunications operator in Bosnia and Herzegovina, providing high-quality, state-of-the-art telecommunications services. Through responsible management, a customer-first approach, implementation of new technologies, and sound business decisions, we have managed to position ourselves as the best telecommunications service provider, even amidst intense market competition. In 2024, despite the challenges brought by the global economic crisis, we remained true to our course. This is reflected in the growth of our user base across all segments. Below are the key activities, new offerings, and improvements implemented in 2024 to achieve even better business results:

POSTPAID

Through a wide range of Extra postpaid packages, BH Telecom offers its users rich content. With options for even more content, discounts, and device purchases, every customer can find what suits them best. This offering has led to continuous growth in our customer base - including new users, those switching from prepaid, and a significant number porting in from other networks. It has also resulted in a steady increase in contract-bound users for 12/24-month periods. At the beginning of 2023, we redesigned the Extra offer, where a slight price increase was accompanied by enriched content in all Extra packages, aiming to offset potential user dissatisfaction. Throughout 2023 and 2024, promotional campaigns with specific benefits were regularly carried out to attract new users - especially from other networks - and encourage Ultra users to switch to one of the Extra packages.

Through promotional campaigns for SIM to USIM card replacements, including user benefits, we continuously facilitated the transition to the LTE network to promote more intensive mobile internet usage. Users also received benefits like free mobile traffic during these promotional sales campaigns. We have continued to improve and expand our Travel package offerings for users traveling outside of Bosnia and Herzegovina, enabling them to travel worry-free without the fear of high roaming bills. The trend of promoting the e-Bill service continued, as part of digitalization in this segment. Digitalization also progressed by encouraging BH Telecom users to increasingly use the "Moj BH Telecom" mobile app to purchase content and pay their BH Telecom bills.

As of September 23, 2023, BH Telecom introduced VoLTE (Voice over LTE) service into its commercial postpaid offering. This service allows BH Telecom mobile network users to make voice calls via the 4G network with superior voice quality, faster call setup, simultaneous voice and data usage, and video calling (ViLTE) with a significantly higher quality of service compared to various OTT services. In 2024, activities to expand the number of VoLTE users continued, aligned with the increase in license availability. Additionally, automatic VoLTE activation was enabled, which will contribute to growing the VoLTE user base. In anticipation of the planned shutdown of the 3G network to increase capacity for 4G+, efforts to replace SIM cards with USIM cards were intensified, enabling users to access more advanced mobile internet capabilities.



PREPAID

In 2024, BH Telecom aimed to address local competitive challenges through its prepaid offer, while also aligning with market trends and adapting to rising inflation. The goal was to stabilize BH Telecom's revenue and maintain customer satisfaction.

Throughout 2024, users were offered services under favorable conditions-especially in terms of mobile internet usage-building on the offer redesigned in 2023. In this context, a number of promotional campaigns were launched to provide users with affordable mobile internet, promote the use of the "Moj BH Telecom" app as a promising sales and support channel, and align attractive offers with major sports events (Summer Olympic Games in Paris) and cultural events (Sarajevo Film Festival). Additionally, we redesigned monthly add-on and Travel package offers, as these are attractive and important from the perspective of user perception.

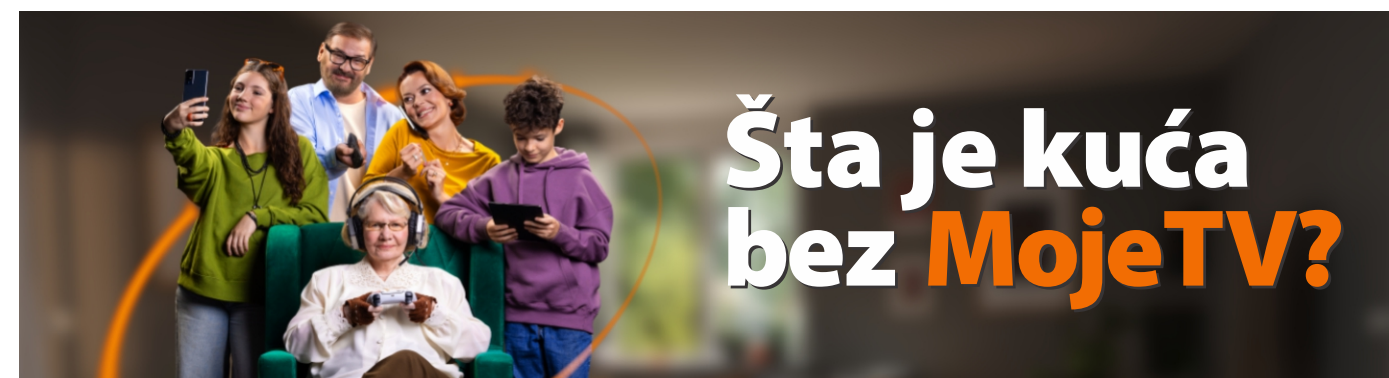
ROAMING OFFER

The roaming portfolio was enhanced through a redesign of the existing Travel Net3 and Travel Net4 packages, extending their validity periods. A new package, Travel Net Business, was introduced for business-oriented users. Furthermore, we enabled users to increase their data roaming usage limits, which significantly boosted customer satisfaction. Toward the end of the year, two very attractive packages for European countries were launched, increasing BH Telecom's competitiveness in this segment. Promotional campaigns were also carried out, including the introduction of a new promotional Travel package for Europe, and a special package designed specifically for the Hajj period.

MOJA TV

In 2024, BH Telecom ensured the continuity of attractive TV content, with a strong focus on popular films and sports programming, to maximize user satisfaction. Continuity in delivering high-quality content was maintained through renewed partnerships with key TV content providers, which also included cost optimization measures. The offering of documentary content was enhanced through the launch of an exclusive video library. Additionally, the sports content lineup was upgraded with a focus on exclusive broadcasting rights for the UEFA EURO 2024 football championship and the Bosnia and Herzegovina national team matches in the UEFA Nations League and EURO 2024 qualifiers.

The service portfolio was aligned with content enhancements by bundling new channels into Moja TV packages to ensure maximum value for our users. This allowed customers to enjoy a richer and more personalized viewing experience. In an effort to provide customers with even more savings and enhance the value of the Moja TV service, we launched a series of promotional sales campaigns and special offer periods in 2024, presenting a variety of benefits. Following user expectation trends, these campaigns were designed to provide more services and advantages, with the option for users to choose benefits according to their individual preferences.



INTERNET ACCESS SERVICE

Following the redesign of internet packages in October 2023 - which created the conditions to improve competitiveness and achieve better business results - BH Telecom focused in 2024 on:

- Positioning the company as the "first and best choice" for users seeking standalone internet access services,
- Increasing the customer base, primarily through promotional campaigns and stronger promotion of the redesigned offer,
- Migrating users from smaller to larger packages (from expired to regular offers) through continuous direct marketing campaigns (email, SMS, phone calls, inserts with monthly bills), with the goal of familiarizing users with the advantages of regular and promotional offers and encouraging upgrades to higher-speed packages.

Through improvements to internet package offerings, we achieved:

- Market growth - The efforts of all BH Telecom departments led to a significant increase in the number of users and internet service revenue.
- Loyalty - Individual and business users recognized the netFlat internet packages as the best choice on the market, as confirmed not only by the growing customer base but also by the rising number of users signing 24-month contracts.
- Improved user experience and sustainability of specific offers - The permanent offer model "24-month contract + e-bill = service fee discount" was implemented solely for netFlat internet access, which led to a 100% increase in netFlat e-bill users in 2024. Although netFlat packages for video surveillance were developed for a niche purpose and used by a small number of business customers, following improvements in March 2024, a noticeable increase in users was recorded.

BUSINESS CUSTOMERS

Faced with numerous challenges, primarily inflation and rising costs, BH Telecom in 2024 commercialized enhancements to existing services and introduced new services for the business segment, ensuring continuity and the achievement of positive business results. Key commercialized upgrades included improvements in Cloud services:

- Enhanced usage conditions, especially in the areas of colocation and network access (Private connect), role management on the VDC portal,
- DRaaS (Disaster Recovery as a Service) extended to a broader range of core services, and foundational steps taken for CDP (Continuous Data Protection) and Geo-redundancy services,
- Updates to hosting package offerings.

A special promotional campaign was conducted for Toptim users to encourage contract renewal with improved conditions, thereby ensuring service continuity. The transition strategy from TDM to digital services - specifically, migration to IP Centrex fixed voice service - continued successfully through efforts to move users away from ISDN-based services. Additionally, IP Centrex and Business Trunking services became available via the 4G mobile network in areas where BH Telecom does not have fixed infrastructure.

RETAIL SALES THROUGH BUNDLED SERVICE OFFER

The previous period saw continued growth in the assortment of goods sold through BH Telecom's bundled service offer. The commission sales segment continued expanding its product range in response to market demand. The distribution of terminal equipment within the bundled offer steadily increased, with a growing portfolio of commission products and devices for resale. The telecommunications sector faces rapid technological change. In this context, BH Telecom aimed to ensure its device and service portfolio remains flexible and market-responsive. Consumers increasingly seek devices that offer faster internet and better connectivity - smart home devices, wearables, sensors, and others that can operate on mobile networks - key to further market expansion.

BH TELECOM ICT PORTFOLIO WITH PARTNER SOLUTIONS

As BH Telecom continues its transformation from a traditional telecom operator into a modern digital company, it has clearly recognized the role of innovation in driving digital transformation and ICT market development.

BH Telecom is recognized as a company defined by:

- A technological environment conducive to ICT projects, partner solutions, and startups,
- Stability, security, and reliability of its technology systems (platforms, network, data center, etc.),
- A reliable business partner with the financial capacity to support major projects.

Recognizing the growing market demand for cloud-based services, BH Telecom launched a Partner Program to expand its offerings, following global supply and demand trends. Through this program, cooperation was established with 21 partners, enriching BH Telecom's service portfolio with new and enhanced services. The services were tailored to various market niches to meet a wide range of customer needs, including: Online security, Digitalization of business processes, User education, Partnerships with educational institutions and the public sector and other services that enhance BH Telecom's image as a tech-forward company and generate new revenue streams.

Currently implemented partner services for business clients include: Online protection, MCSP (Microsoft services), Pantheon Cloud - ERP, edu720 - business education platform, OWIS Cloud - document and process management, Cloud call center, MojPotpis, MojArhiv, etc. Consumer-oriented services include: Online protection, Tu sam, Osnovna.ba, Assistant services, and more.

In 2024, BH Telecom enhanced services and sales processes for Pantheon Cloud, MojPotpis, and MojArhiv; expanded the e-payment slip offering in cooperation with Addiko Bank and UniCredit Bank; and enabled web shop sales for Partner Program services. Continuous improvements and portfolio expansion are ongoing. New services were launched, such as Gaming Vouchers, along with upgrades to existing services like Cloud Call Center and Cloud Fax. Cooperation with four additional banks was initiated to expand the e-payment slip service. Our goal is to enable customers to access and manage BH Telecom services and accounts more conveniently and efficiently, while generating new revenue streams, optimizing processes, and improving efficiency through digital channels.





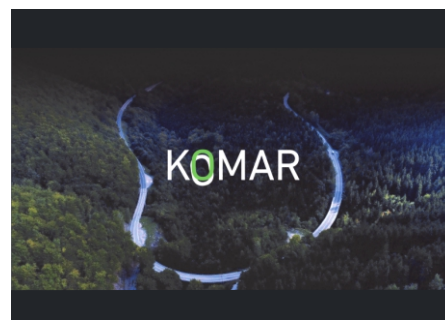
BH CONTENT LAB PLATFOR

In 2024, the BH Content Lab platform completed the filming of the following series: Kotlina S2, Komar, Na rubu pameti S2, and Tender S3 & S4. The new seasons of Tender S3 & S4 and Na rubu pameti S2 were aired in 2024, while Kotlina S2 and Komar are expected to be broadcast in 2025. Preparatory activities for the co-production of the drama series Kad sam bio Hodža were also carried out in 2024, with production expected to start in 2025.

All produced series have been licensed for broadcast in Bosnia and Herzegovina, Slovenia, Croatia, Montenegro, and North Macedonia. Additionally, the series Znam kako dišeš by director Jasmila Žbanić and Kotlina by director Danis Tanović were licensed for global distribution through Beta Film GmbH, one of the world's largest distributors. Through this cooperation, Znam kako dišeš was licensed to HBO and SBS Australia.

At the 2024 Sarajevo Film Festival, two episodes each of Kotlina S2 and Komar were premiered. Series produced by the BH Content Lab were nominated in both categories-drama and comedy-for the Heart of Sarajevo Awards. BH Telecom won 10 Heart of Sarajevo awards for the series Znam kako dišeš and Princ iz ELEJA.

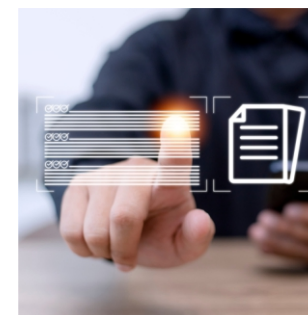
In 2024, BH Telecom also contracted co-production services for the films Paviljon, Bosanski Vitez, and Testament, which are expected to be completed in 2025.



BH TELECOM SMART CITY ECOSYSTEM

In line with its strategy for long-term smart and sustainable future development, BH Telecom has implemented the technological foundations and business models to support a comprehensive portfolio of Smart City services. In 2024, one commercial Smart Parking project was implemented in Visoko, while the one-year contract for Smart Parking in Kladanj was renewed.

As part of its strategic commitment, BH Telecom has defined the operation of its platform dedicated to ICT startups and, in general, innovative digital business initiatives whose solutions bring about significant market transformation across various industries. Digital transformation, as a key driver of a country's economic progress, is carried out by generating innovation (which fuels digital transformation), while advanced technologies serve as tools to promote digital transformation within companies. One of the key areas where digital transformation provides substantial benefits is user experience. BH Telecom is committed to making the BH TechLab platform a central hub for supporting the development of promising, sustainable business ideas and projects in the ICT startup segment.



NEW SERVICES IN 2024

DIGITAL GAMING VOUCHERS - These are digital game codes that serve as vital tools in the modern gaming industry, allowing players seamless access to their favorite video games without physical media. These vouchers can grant access to in-game content, expansions, season passes, or even virtual currencies, offering players a broad range of options to enhance their gaming experience. This service is currently being implemented.

ELECTRONIC PAYMENT SLIP SERVICE - This solution enables the delivery of BH Telecom service bills, pre-prepared for one-click payment via partner bank mobile apps. This provides customers with a contactless, at-home bill payment option. In 2024, cooperation was expanded with two banks: Addiko Bank and UniCredit Bank. BH Telecom now collaborates with eight banks, with implementation underway with an additional four banks.

ADVERTISING - In 2024, BH Telecom upgraded its advertising services, expanding its portfolio to include almost all types of advertising present in the industry.

The advertising service portfolio includes:

- Indoor/Outdoor advertising within BH Telecom's business premises,
- Advertising at retail locations,
- Advertising through the MY TV channel program,
- Targeted TV advertising,
- Targeted mobile advertising.

MOJ BH TELECOM APP

As the market leader in mobile telecommunications, BH Telecom has internally developed a mobile application allowing customers to manage their accounts, available on all mobile platforms. The Moj BH Telecom app is continuously improved, offering an expanding set of features for mobile network users. These include:

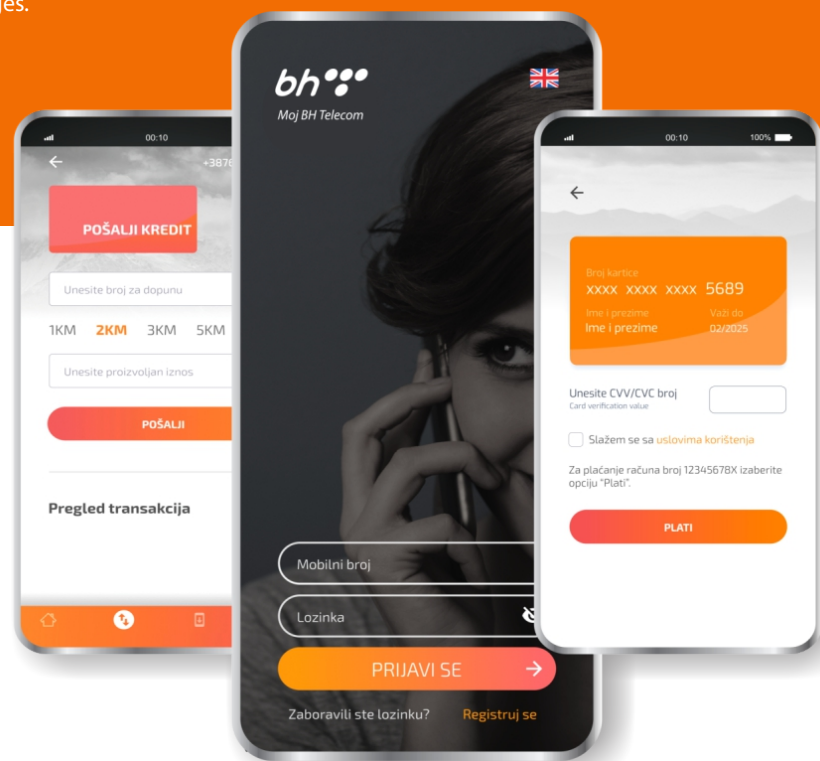
FOR POSTPAID USERS:

- Monitoring usage within and beyond subscribed service packages, detailed activity listings, and favorite numbers,
- Data usage tracking in Western Balkan countries,
- Monitoring device installment payments,
- Sending credit to Ultra users and viewing top-up history,
- Ultra user top-up via bank cards and transaction overview,
- Payment of mobile phone bills and viewing the last 12 months,
- Payment of all other BH Telecom service bills,
- Purchase of Travel roaming packages.

FOR PREPAID USERS:

- Credit balance monitoring, connection status, favorite numbers,
- Detailed activity listing,
- Sending credit to Ultra users and viewing top-up history,
- Data usage tracking in Western Balkan countries,
- Top-up for own or other Ultra users via bank cards,
- Purchase of Travel roaming packages.

(500K⁺)
USERS



THE MOJ BH TELECOM APP IS AVAILABLE ON: _____



From its inception, the development of the Moj BH Telecom app has been based on user needs research - via direct feedback through app distribution platforms and, more importantly, continuous market research results. At the end of 2024, a dedicated channel was launched for the promotion of BH Telecom services and products, which is expected to reach its full promotional and sales potential in 2025.

By the end of 2024, the app had over 530,000 users and generated BAM 54 million in revenue, including BAM 33 million through card payments. The continuous increase in users is a result of the app's functional quality, reliability, and security. The Moj BH Telecom app is one of many steps toward the digitalization of BH Telecom's sales and service channels. In 2025, development will continue with the addition of new user support features, including a multilingual interface, digital product sales (eSIM and partner eVouchers), and the ability to report issues or complaints via the app.

BH TELECOM - SALES CHANNELS

BH Telecom has developed the following sales channels for residential customers:

- Own retail outlets
- Web shop
- Authorized service sales agents
- Contact center

While it is expected that online sales channels will dominate in the coming years, the majority of sales are still carried out through physical retail outlets, which are currently more traditional than futuristic in nature.

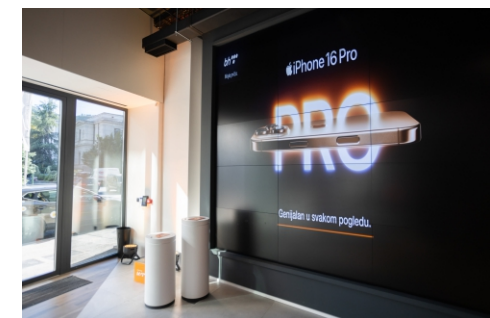
BH Telecom currently operates 76 retail locations, including:

69	5	2
in the Federation of Bosnia and Herzegovina	in Republika Srpska	in the Brčko District

The development of distribution channels in the past period, in addition to an extensive intermediary/sales network, has contributed to fully meeting the needs of our customers. The telecommunications market is undergoing a significant transformation - both technologically and in terms of value delivery chains - resulting in a substantial impact on the customer experience. What used to be the business priorities of the past two decades is now becoming obsolete, with new trends taking over, emphasizing the transformation of the customer experience.

At the same time, the telecommunications business itself is evolving. Whereas telecom operators used to sell intangible services, they now also sell various electronic devices, terminal equipment, content, and IoT ecosystems - products that often require demonstration and hands-on experience.

As a leader in digital transformation, BH Telecom has launched the transformation of its physical sales/distribution channels. A new flagship sales and showroom space was opened in Sarajevo in 2024, marking the completion of the second phase of development. The space includes a retail area, multimedia room, cinema room, and meeting room.



SALES CHANNELS - WEBSHOP

In early 2021, BH Telecom launched a new digital sales channel - Webshop, which complements physical stores and has already become the most profitable sales channel. The webshop was quickly recognized by customers as a reliable, simple, and efficient way to shop for services, as evidenced by the high number of registered users and millions of user interactions recorded in 2024.

Through this channel, BH Telecom enables residential customers to purchase BH Telecom products and services online, 24/7/365, with free delivery across Bosnia and Herzegovina. Certain purchases also include exclusive discounts and gifts. The webshop allows users to browse products/services, view descriptions, images, and prices, and make secure payments using payment cards (Maestro, MasterCard, Visa, Visa Electron), monthly BH Telecom bills, or cash on delivery.

Through the webshop, individuals can:

- Purchase devices and other equipment (one-time or with 12/24-month contracts) as part of assembled or partner offers (consignment),
- Purchase Ultra Start and Ultra Internet start packages with USIM cards,
- Purchase Ultra Start, Ultra Internet start, and Ultra Tourist packages with eSIM cards,
- Buy Ultra top-ups in various denominations,
- Submit requests for basic services, change packages, bundle services under the "Moj Izbor" plan,
- Migrate from Ultra prepaid to postpaid, subscribe to mobile services (USIM + contract or eSIM + contract),
- Sign new 12/24-month contracts,
- Request number portability from another network,
- Pay BH Telecom bills for all services,
- Automatically reactivate temporarily disconnected mobile accounts after settling outstanding bills via webshop,
- Activate online services (various top-ups such as Instant Internet, Buy&Surf, Tourist, Travel, MojaTV additional services, etc.),
- Join the Bonus Plus loyalty program (via a form link), track and redeem loyalty points for webshop purchases,
- Report technical issues,
- Submit complaints or service claims,
- Contact center agents can place webshop orders on behalf of users,
- Physical retail staff can also complete orders via webshop if a device is unavailable in-store.



In Q1 2025, BH Telecom will enable users to digitally sign sales documents (contracts, requests, etc.), facilitating remote contract signing, and reducing delivery and printing costs. Digital signatures not only improve operational efficiency and security but also support digital work environments.

During the purchase preparation process, users can redeem Bonus Plus loyalty points for additional benefits. In 2024, promotional campaigns allowed webshop customers to receive special webshop discounts, gifts (devices, accessories, bonus traffic, shopping vouchers, etc.) for selected purchases.

BH Telecom also partnered with device manufacturers to offer preorder campaigns for premium devices. Customers who placed preorders and completed their purchase after the product launch were rewarded with gifts, such as devices, gift vouchers, or significantly discounted prices for the ordered product.

AUTHORIZED INTERMEDIARIES IN THE SALE OF BH TELECOM SERVICES

BH Telecom conducts the sale of prepaid value products through a wide network of intermediaries, utilizing multiple distribution channels and systems:

- Ultra top-up cards, Ultra start packages, Ultra Plus packages, Internet start packages, Internet Plus packages, Ultra Tourist start packages, and public phone cards - via physical distribution channels,
- Ultra top-up cards - via offline electronic distribution through a network of ATMs and POS terminal devices,
- e-Ultra" - via online electronic distribution.

At the beginning of 2020, a new model was introduced for selling telecom services to residential users through intermediaries. This model allows customers to contract services without visiting a BH Telecom retail location. The mediation in service sales for residential users is implemented under contractual agreements with several intermediaries, who submit subscriber agreement requests during each billing cycle, following predefined procedures outlined in the mediation contract.

At the end of 2024, a new model for intermediary sales of mobile services for business clients was introduced. This enhanced model includes a web-based "Lead" form for intermediaries to submit information about companies and their mobile service needs, replacing the previous traditional communication methods.

EXTENDED COVERAGE INSURANCE SERVICE

In the third quarter of 2021, BH Telecom signed a group insurance agreement for mobile electronic devices with ASA Central Insurance. As a result, BH Telecom became the first operator in Bosnia and Herzegovina to offer extended insurance for mobile electronic devices valued up to BAM 2,500 (such as mobile phones, tablets, laptops, fixed phones, IP phones, and mobile WLAN routers). By the end of 2023, the agreement was amended to expand the insurance coverage to devices worth up to BAM 5,000, including new categories like smartwatches, further enhancing the quality of the bundled services and customer satisfaction.

ASA Central Insurance covers damages not included in the manufacturer's warranty. The selected insurer is known for fast claims processing and compensation payouts.

CONTACT CENTER

The Contact Center plays a crucial role in customer support as well as in achieving sales goals. Its function goes beyond providing information and resolving issues - it also actively engages in sales activities. Internal training programs conducted over the past four years have contributed to the Contact Center receiving the highest quality index rating compared to the competition, as confirmed by a mystery caller study conducted in December 2024 by an independent research agency.

Throughout the year, BH Telecom significantly expanded its sales activities through the Contact Center. These included not only direct sales of services and devices but also identifying opportunities to improve the user experience by recommending additional services or bundles tailored to user needs. By using the CMS tool (Campaign Management System), BH Telecom communicates with customers through various channels, including phone calls, emails, SMS, IPTV, and social media, allowing outreach to a broad customer base. By recognizing customer needs and offering appropriate services, the Contact Center plays an essential role in building customer loyalty and enhancing satisfaction.

SALES CHANNEL FOR BUSINESS CUSTOMERS

In response to dynamic changes in the telecommunications market, BH Telecom has transformed its sales channel for business customers to meet the demands of modern business operations. The focus is on developing flexible and innovative communication and ICT solutions tailored to each client's specific needs. This approach has become crucial for maintaining a competitive edge and fostering long-term business relationships.

Modern business models require offers to be crafted through active negotiations with both existing and potential clients, including those participating in public procurement (ZJN BiH). The COVID-19 pandemic accelerated the digitalization of sales activities, and BH Telecom successfully adapted its processes to the new market environment. Communication with business clients now takes place through advanced collaboration tools, such as online meetings and chat systems. Request submissions have been simplified via online forms on the company's website, ensuring fast and transparent access to information and services.

BH Telecom remains committed to delivering comprehensive solutions that meet not only the current communication needs of business clients but also anticipate future challenges. The company focuses on proactive adaptation and continuous improvement of service quality and partnerships, aiming to ensure excellent user experience, fast response times, and long-term satisfaction for all business customers.

LOYALTY PROGRAMS

Throughout 2024, BH Telecom implemented a series of initiatives aimed at enhancing the customer experience for both business and residential users.

Business Users

In 2024, a Loyalty Program for legal entities was implemented based on awarding cash vouchers according to predefined criteria for the purchase of bundled services. The goals of the program were to:

- 1. Protect and retain our most profitable customers and safeguard BH Telecom's revenue from competitive pressures by:
 - Increasing the loyalty of existing BH Telecom customers,
 - Better understanding customers and using customer data to improve business operations.
- 2. Promote BH Telecom as a company that values customer loyalty,
- 3. Extend the customer lifecycle, which can be achieved by increasing user loyalty,
- 4. Provide added value to customers and foster a positive perception of BH Telecom,
- 5. Increase sales of BH Telecom's bundled services.

Residential Users - Bonus Plus

The Bonus Plus loyalty program is a unique reward model for residential customers. Members of the loyalty program collect points (one-time, monthly, activity-based, or promotional campaign points), which can be redeemed during the credit assessment period for: discounts on bundled services, discounts on monthly fees for postpaid users, activation of additional mobile service packages equivalent to the value of the top-up.

In 2024, BH Telecom launched a Request for Information (RFI) for Loyalty Management solutions, aiming to gather insights about available market solutions in order to upgrade the current loyalty program. The objective is to provide users with an improved experience, more benefits, and a simpler, more intuitive loyalty program.



CUSTOMERS

BH Telecom provides its customers with state-of-the-art telecommunication services. As a technology leader in the market, we continued to invest in infrastructure development to ensure our users have access to the most advanced services. Given the growing demand for mobile internet services, the company placed special focus on the development of its mobile network. We continuously improve our service portfolio in line with the latest technological trends to increase customer satisfaction and attract new users. BH Telecom remains committed to supporting the economy and society by exploring new ways to tackle challenges and thrive in the modern digital age.

CUSTOMERS (in 000)	December 2023.	December 2024.	%YOY
RESIDENTIAL CUSTOMERS	1,811	1,802	-0.5%
Moja TV	224	223	-0.4%
Mobile Telephony (prepaid + postpaid)	1,481	1,477	-0.3%
Internet Access	55	58	4.6%
Fixed Telephony	50	44	-12.3%
BUSINESS CUSTOMERS	273	306	11.8%
TopTim/IP Centrex	98	103	5.1%
DATA VPN/M2M/xDSL	108	128	18.7%
Postpaid Telephony	40	43	7.4%
Fixed Telephony	23	27	13.4%
Other Business Customers	3	4	25.6%
TOTAL	2,084	2,107	1.1%



BH Telecom's user base counts 2.1 million customers, representing a 1% increase compared to the previous year. The most significant growth was recorded in the postpaid mobile segment, where the number of residential customers rose by 10.3%, while the business user base increased by 11.8% year-over-year.

Residential customers

The residential customer base experienced a slight decline of 0.5% compared to the previous year, primarily due to negative trends in the fixed telephony service. This service is gradually fading as it gives way to more advanced communication technologies. Issues with procurement of equipment (Android STB) for more than half a year and the failure to capitalize on generated sales opportunities halted positive momentum in the MojaTV service.

The decline in mobile telephony was primarily driven by a decrease in the prepaid segment. Roaming offers from domestic networks, the rise of roaming apps, and shifts in user habits-with a growing preference for flexibility and the added benefits of postpaid packages-have significantly affected the demand for prepaid services.

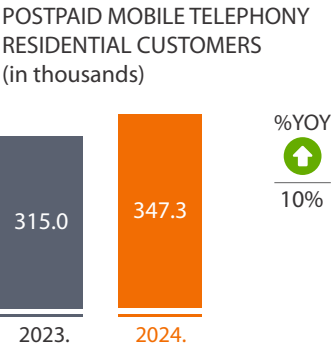
Some of the implemented activities in the prepaid segment include:

- Redesign of prepaid add-ons - Buy&Surf,
- Promotional top-up offers during major sporting events (Olympics/Paralympics Paris, Euro 2024),
- SFF promotional campaign,
- Travel package redesign,
- "Travel and Enjoy" campaign - special offer for European countries,
- Travel package promotion for Hajj.

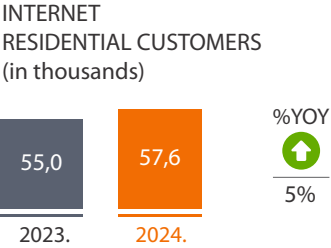
A significant increase was recorded in the postpaid customer base, with the number of residential customers rising by 10.3%, which translates to over 32,000 new customers. This growth was achieved through further development of Extra packages, redesigning offers, and converting users from prepaid to postpaid.

With the introduction of the 4G+ network and a wide range of Extra packages, new postpaid and bundled component-based packages were launched, offering various customizable options.

Customers can now choose benefits that suit their needs, including: bonus traffic, subscription discounts, device subsidies from bundled offers, bonus traffic with selected devices from the commission-based offer.



Despite fierce market competition, BH Telecom made a notable step forward in the high-speed internet segment. We continued expanding fiber infrastructure and launched attractive promotional packages, which were very well received. The number of customers increased by 5% compared to the previous year.



By the end of 2024, the Moja TV customer base surpassed 223,000 satisfied customers. In terms of TV content, Moja TV offers the most comprehensive selection on the market, including premium sports, film, and various genre content. The replacement of the IPTV platform has enhanced the user experience by transitioning to Android-based solutions. In addition to improved viewing, the IPTV platform provides numerous features such as: activation of additional services, streaming apps via Android boxes, turning regular TVs into smart devices.

In the upcoming period, intensive activities are planned to replace customer equipment so that more customers can quickly experience the improved quality and capabilities of new app-based solutions. To enhance internet access experience, we have already conducted additional testing across all fiber access networks and expect further increases in internet speeds within existing Moja TV packages soon.

Throughout 2024, we conducted continuous promotional sales campaigns to retain and acquire new customers, and to promote attractive content and technical features. Key campaigns included: Always Good - Moja TV, Half the Price, but the Best - Moja TV, Moja TV - Super Discounts for All, Feel the GIGA Difference, Moja TV at Half Price, Feel the Power of Speed.

Moja TV, through Arena Sport and MY TV channels, offers the most attractive sports content, including:

- UEFA national team football competitions
- UEFA club football competitions
- Bosnia and Herzegovina Premier League
- Top European football leagues
- First League of FBiH (football)
- Bosnia and Herzegovina basketball championship
- Popular American sports
- ABA Basketball League

In addition to sports, Moja TV features high-quality entertainment, including:

- CineStar Premiere
- Cinemax TV
- HBO
- National Geographic Video Library
- MyBabyTV Video Library
- Moja TV Flix
- MY TV channel airing popular local series such as:
 - "Znam kako dišeš", "Tender", "Na rubu pameti", "Kotlina", "Princ iz Eleja"
 - Video-on-demand library with over 10,000 titles available 24/7

All Moja TV Net and Moja TV Full packages include the Moja webTV app, which allows customers to watch TV content anywhere, on two additional devices of their choice. We are especially pleased that the Bosnia and Herzegovina national football team returned to BHRT and BH Telecom platforms. BH Telecom and BHRT continued their long-standing successful partnership by enabling the most anticipated sports event of the year - UEFA EURO 2024, held from June 14 to July 14 in Germany - to be broadcast via MY TV on the Moja TV platform and on BHT1. Fans could follow all matches via the Moja webTV app as well.

Thanks to the partnership established two years ago between BH Telecom and BHRT - which secured UEFA media rights for BiH national team matches for 2022-2028, including EURO 2024 and EURO 2028 - residents of Bosnia and Herzegovina now have access to the most important international football competitions during this period.

The Memorandum of Cooperation between BH Telecom and BHRT, signed to ensure the availability of key sports broadcasting rights to all citizens, aims to promote football as the most attractive sport and to highlight Bosnia and Herzegovina's athletes and sports in general.

This memorandum also demonstrates BH Telecom's support for BHRT's public broadcasting role, production, and the uninterrupted airing of TV and radio programs - showcasing our commitment to the state of Bosnia and Herzegovina and its citizens.

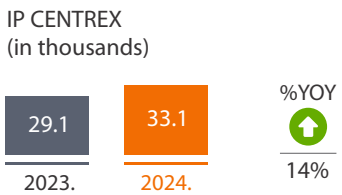
BH Telecom continually works on service development and improves offerings to meet the needs of residential customers. In 2024, promotional offers were consistently conducted with various benefits, including subscription discounts and additional traffic. As part of the roaming offer, the Travel Net3 and Travel Net4 packages were redesigned to extend their validity. Additionally, customers gained the option to increase the data usage limit while roaming, significantly improving customer satisfaction. Toward the end of the year, two very attractive packages for European countries were introduced, enhancing BH Telecom's competitiveness in this segment. Promotional campaigns also included: new promotional Travel package for Europe and a special package designed for the Hajj period.

Business customers

In the BH Telecom portfolio of services for business customers, offers are specially and carefully designed for every type of business. Customers have access to mobile, fixed, internet, and Cloud services, as well as solutions for data transmission, company digitalization, and smart solutions. Within the services created for business customers, as of December 31, 2024, there is a growth trend in the number of customers of 11.8% compared to the same period last year.

Most services in the business segment customer base recorded an increase in the number of customers at the end of 2024 compared to the previous year.

Annual customer growth for the IP Centrex service amounts to 14%. During 2024, migration activities continued from traditional ISDN-based services to IP-based solutions. Customers without fixed infrastructure were offered the possibility to use IP Centrex services via the 4G network, which is also reflected in revenue growth for this service.



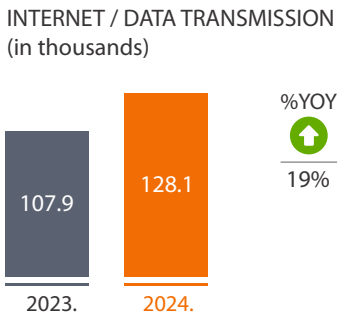
Since November 25, 2022, BH Telecom has been the first verified cloud service provider in Bosnia and Herzegovina with the status of "VMware Cloud Verified." This great achievement was accomplished through the "Infrastructure for Cloud Services (vSAN)" project in cooperation with Verso d.d. Sarajevo.

By entering the largest global ecosystem of cloud service providers worldwide and obtaining the "VMware Cloud Verified" status, BH Telecom offers modern cloud services covering the public and private sectors in Bosnia and Herzegovina and the region, as well as all potential clients of the mentioned VMware cloud service provider ecosystem worldwide. The Cloud/data service allows users access to a private space in BH Telecom's data center, utilizing virtual servers/virtual computer networks with leased server resources. Secure and modern cloud services are available to our customers flexibly under the "Pay As You Grow" principle, meaning "pay only for what you use."

The Cloud service offering is supported by an experienced expert-technical BH Telecom team established on previous projects with renowned vendors such as VMware, Veeam, CheckPoint, and Microsoft, guaranteeing BH Telecom's ability to deliver modern cloud services to the most demanding clients in both the public and private sectors. The annual growth in cloud service customers is 31%, confirming that this is a service whose time is yet to come. Many top technology experts predict that cloud computing will surpass desktop computers. Cloud virtual services are attractive for many reasons: ease of use, instant access, personal information from any networked device, and much more.

Demand for internet and data transmission services from business customers has significantly increased, with annual growth of 19% recorded in this segment.

Improvements were made to existing services within the Partner Program, and the service portfolio was expanded, all aimed at achieving satisfaction of existing customers as well as attracting new ones. The number of licenses/customers in the Partner Program as of December 31, 2024, is 1,002, which is 22% higher compared to the same period last year.



Activities undertaken in the business segment:

- Improvement of netFlat package offers and significant internet speed increases
- Enhancement of the Biz Choice offer by expanding the portfolio of services that can be included
- Commercialization of the new Cloud offer
- Improvement of Toptim and IP Centrex offers
- Portfolio expansion and enhancement of advertising services

Advantages of BH Telecom's offer for business customers, whether small trades or companies with many employees, include:

- Flexible solutions - for all services, maximally tailored to customer's needs and requirements
- Priority support - a team of managers and agents available 24/7
- Security - the highest level of protection for information, network systems, and customer data

BH Telecom brings a new dimension to business with the Biz Choice service, a perfect combination of speed, reliability, and adaptability. We offer tailored solutions for all types of business. With our Biz Choice service, we offer:

- One invoice for all services
- A single contact for all your needs
- Free voice communication
- Large bonuses in the form of discounts
- Benefits when purchasing devices

The primary objective is to streamline the transition process for business customers from traditional solutions to modern services that support more agile operations and cost efficiency. BH Telecom also aims to support the digital transformation of small and medium-sized enterprises (SMEs) in Bosnia and Herzegovina, enabling them to adapt more quickly to evolving market demands. The customer remains at the center of our business, and our mission is to connect and develop Bosnia and Herzegovina through innovative digital solutions.



KEY METRICS OF ONGOING OPERATIONS

INCOME STATEMENT (All amounts in BAM thousands)	2023.	2024.	Index
Operating revenues	524,011	548,287	105
Financial revenues	5,192	7,456	144
TOTAL REVENUES	529,203	555,743	105
Operating expenses	372,610	376,137	101
Depreciation	100,786	104,868	104
Financial expenses	3,077	2,528	101
TOTAL EXPENSES	476,473	483,533	101
PROFIT FROM REGULAR OPERATIONS BEFORE TAX	52,730	72,210	137
Income tax	4,726	6,368	135
NET PROFIT	48,004	65,842	137
BALANCE SHEET (All amounts in BAM thousands)	31.12.2023.	31.12.2024.	Index
Total non-current assets	793,913	829,408	105
Total current assets	473,005	444,210	94
Deferred tax assets	7,062	8,392	119
TOTAL ASSETS	1,273,980	1,282,010	101
Total equity	1,055,782	1,035,569	98
Total long-term liabilities	83,422	85,832	103
Deferred tax liabilities	2,073	2,326	112
Total short-term liabilities	132,703	158,284	119
TOTAL EQUITY AND LIABILITIES	1,273,980	1,282,010	101
CASH FLOW (All amounts in BAM thousands)	2023.	2024.	Index
Net cash flow from operating activities	136,646	169,593	124
Net cash flow from investing activities	-53,038	-152,715	288
Net cash flow from financing activities	-12,789	-83,046	649
NET CASH INFLOW/OUTFLOW	70,819	-66,168	-93
Cash at the beginning of the reporting period	232,359	303,119	130
Effect of exchange rate changes	-59	42	-71
CASH AND CASH EQUIVALENTS AT PERIOD END	303,119	236,993	78
INVESTMENTS	2023.	2024.	Index
Investments in fixed assets	68,474	78,536	115
Investment-to-revenue ratio (%)	13	14	1 p.p

* The amounts presented above are sourced from the audited financial statements for the year 2024.

ECONOMIC AND FINANCIAL PERFORMANCE

STATEMENT OF RESULTS ACHIEVED

INCOME STATEMENT (in BAM 000)	FY 2024	△YOY	%YOY
OPERATING REVENUES	548,287	24,276	4.6%
Core Revenues	531,500	23,050	4.5%
Retail	496,627	25,171	5.3%
Wholesale	34,873	-2,121	-5.7%
Other Operating Income	16,786	1,226	7.9%
OPERATING EXPENSES	(382,754)	4,988	1.0%
Cost of Goods Sold	(62,232)	-626	-1.0%
Material Costs	(14,677)	-47	-0.3%
Salaries and Other Employee Benefits	(147,928)	5,217	3.7%
Service Expenses	(43,211)	930	2.2%
Other Operating Expenses	(114,706)	-486	-0.4%
EBITDA	165,533	19,288	13.2%
EBITDA al	153,127	18,941	14.1%
Depreciation Costs	(98,251)	2,621	2.7%
EBIT	67,281	16,667	32.9%
Financial Income	7,456	2,264	43.6%
Financial Expenses	(2,528)	-549	-17.8%
PROFIT BEFORE TAX	72,210	19,480	36.9%

Note: Depreciation costs related to the Moja TV content are presented within operating expenses.



- BH Telecom concluded the business year 2024 with a gross profit of BAM 72.2 million, marking an increase of BAM 19.5 million or 37% compared to the previous year.
- In a highly unstable macroeconomic environment, marked by intense competition and increasing regulatory pressure, we achieved a significant total revenue growth of BAM 26.5 million or 5%.
- EBITDA for 2024 amounted to BAM 165.5 million, which represents a 13% increase compared to the previous year. This growth was supported by positive commercial momentum and increased revenues in both residential and business customer segments, as well as higher income from goods sold. Through cost optimization, we almost entirely neutralized the inflationary pressure on operating expenses.
- The achieved profit margin (gross profit/revenue*100) stood at 13.0%, meaning the Company generated BAM 13.0 of gross profit for every BAM 100 of total revenue. In the same period last year, this indicator was 9.9%.

REVENUE BY BUSINESS SEGMENTS

Total revenue of BH Telecom is generated from the following business segments: retail, wholesale, other operating income, and financial income.

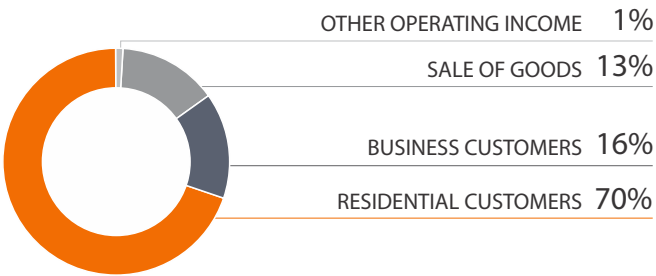
REVENUE BY BUSINESS SEGMENTS (in BAM 000)	FY 24	ΔYOY	%YOY
Retail Revenue	496,627	25,171	5.3%
Wholesale Revenue	34,873	-2,121	-5.7%
Other Operating Income	16,786	1,226	7.9%
Financial Income	7,456	2,264	43.6%
TOTAL REVENUE	555,743	26,540	5.0%

RETAIL REVENUE

The retail segment accounts for the largest share of BH Telecom's total revenue. Retail revenue includes income from residential and business customers, revenue from merchandise sales, and other operational income. Retail revenue reached BAM 496.6 million, representing the most significant share of total revenue at 89.4%. Due to its weight, movements in retail revenue have a substantial impact on overall revenue performance. Retail recorded a growth of BAM 25.2 million or 5% compared to the previous year.

Several factors significantly influenced the achievement of retail revenue targets in 2024, including: effects of the global economic crisis, unfair market competition, the use of new communication methods, service price reductions driven by regulatory and market trends, implementation of necessary promotional activities to attract and retain customers, which included lower prices and larger volumes of included traffic

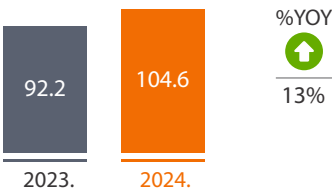
HERE IS THE STRUCTURE OF RETAIL REVENUES:



Residential customers

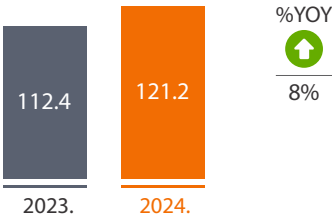
In 2024, the revenue from the residential customers segment amounted to **349.3 million KM**, which is an increase of 18.0 million KM or 5% compared to the previous year. We have maintained a leading position in the mobile telephony market, and our postpaid packages remain by far the highest quality offers on the market, as confirmed by the steady growth in this segment.

POSTPAID MOBILE TELEPHONY
RESIDENTIAL CUSTOMER (million BAM)



The postpaid mobile telephony segment recorded a revenue increase of over 12 million KM or 13% compared to 2023. Despite price reductions for roaming services in retail and WB6 regulations accompanied by the continuous allocation of larger amounts of mobile internet in WB6, which affected the average revenue per user (ARPU), user growth ensured continued profitability growth in this segment.

MOJA TV (million BAM)



Moja TV service, as one of the most significant components of the residential segment and a strategic service in our portfolio, also saw growth. Revenues from Moja TV services in 2024 increased by 8.8 million KM or 8% compared to the previous year.

INTERNET
RESIDENTIAL CUSTOMER (million BAM)



Within the residential segment, revenue from standalone internet service recorded annual growth of 9%, as a result of the redesign of this service, which increased the number of users. Through a promotional offer, we enabled users to choose netFlat solo internet packages tailored to their needs with a monthly fee of only 1 KM for the first six months of the contract period. New users additionally save because they pay a one-time access fee of only 1 KM. The promotion benefits both existing and new users who submitted a request for the use of one of the netFlat packages covered by the promotion during the offer period, with an indefinite contract and a mandatory contract duration of 24 months.

As an additional benefit, users have the right to include the netFlat package under the promotional offer in their "Moj izbor" (My Choice) group at any time. If a user simultaneously qualifies for a discount within the Moj izbor offer and the promotional discount on the netFlat package monthly fee, both discounts are applied to the base monthly fee price according to the Price List.

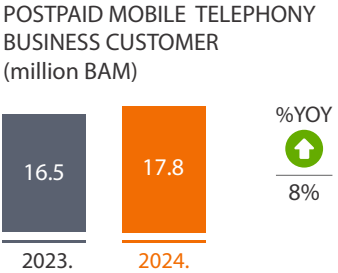
Business customers

Business Segment Performance in 2024, compared to 2023, the business segment recorded an increase in revenue of BAM 1.9 million or 2%. The base of business customers grew by 32,000 users or 12% by the end of 2024.

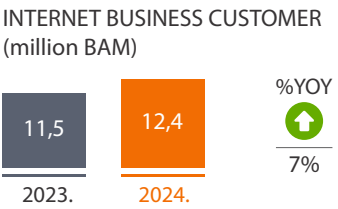
In line with the prevailing trends in the telecommunications market, legal entities are increasingly replacing fixed telephony services with modern communication solutions, resulting in a declining revenue trend from this service. Additionally, within this retail segment, there has been a migration of TopTim mobile connections to Extra packages and Biz Izbor, recognized as the most comprehensive offer on the market, as well as the migration of ISDN lines to IP Centrex.

The year-over-year growth in revenue from business customers was supported by increases in the IP Centrex subsegment, postpaid mobile telephony, internet/data transmission, and other business customer revenues.

The IP Centrex service recorded a 5% annual revenue increase, while the postpaid mobile telephony subsegment recorded an 8% growth. The most recent roaming price reductions in the EU, effective from September 5, 2023, and the WB6 regulation - which includes continuous increases in mobile internet allocations within the WB6 region - have limited revenue growth in the postpaid mobile telephony segment for business users, which would otherwise have been more significant.



In the Internet/data transmission subsegment, a 4% annual revenue increase was recorded, with solo internet services for business users growing by 7%.



Within the business segment, the most significant growth was seen in the other business revenues subsegment, with an annual increase of BAM 1.4 million or 60%. Our cloud services offering is gaining increasing recognition in the market, evidenced by a 111% annual growth in revenue. This growth was further supported by revenues from system integration solutions, which grew by 73%, and advertising services, which recorded an impressive 184% annual increase.

Revenue from Sold Goods - Bundled Service

The sale of goods, particularly smart devices, is a significant revenue generator for the company. The products sold include mobile phones, tablet devices, laptop computers, LCD televisions, fixed-line phones, white goods, small household appliances, air purifiers, air conditioners, electric scooters, bicycles, gaming equipment, and more.

Total revenue from goods sold in 2024 amounted to BAM 62.7 million, representing an annual increase of BAM 6.0 million or 11%. A total of 108,389 devices were sold. Our offer includes over 300 devices and services at special promotional prices with free home delivery anywhere in Bosnia and Herzegovina. In 2024, the highest demand was for Samsung and Apple devices, accounting for 35% and 29% of total revenue, respectively.

Other Operating Revenues and Adjustments, IFRS 15 - Revenue from Contracts with Customers

Other revenues and adjustments include revenue reductions based on loyalty programs, calculated IFRS 15 effects - Revenue from Contracts with Customers, and other income.

Other revenues and adjustments within the retail segment mainly relate to line leasing in retail, revenues from NTS, revenue from other telecom services, commission revenue from consignment goods sales, revenue from special-purpose services, and similar. In 2024, other revenues decreased by 17% compared to 2023, primarily due to the negative effect of the IFRS 15 standard, which reduced revenue by approximately BAM 943 thousand.

WHOLESALE REVENUE

Wholesale revenues include revenue from international voice services, national voice services, SMS traffic termination, roaming services, cooperation with ISPs (GIA and ZPT services), capacity and infrastructure leasing, and other wholesale revenues. In 2024, these revenues decreased by 6% compared to 2023.

Global trends in international voice traffic in 2024 continue to show a decline in traffic through fixed networks, a trend also observed in BH Telecom's fixed network. The volume of traffic terminating in BH Telecom's mobile network remained approximately the same as in 2023. The application of the RLAH ("Roam Like At Home") principle in the Western Balkans region led to a significant increase in roaming usage, resulting in a higher volume of incoming international traffic into the BH Telecom mobile network at significantly lower regulated termination prices. Revenue from international voice services in 2024 decreased by 8% compared to 2023.

Revenue from national voice services in 2024 increased by 2% compared to the previous year. The growth was driven by an increase in incoming national traffic to BH Telecom's mobile network, while incoming traffic to the fixed network continued its decline in line with global trends of decreasing fixed telephony usage.

Total revenue from SMS traffic termination in BH Telecom's network in 2024 decreased by 16% compared to 2023. Key reasons for the decline include global trends in reduced P2P communication via traditional SMS due to substitution by OTT messaging services, and reduced A2P traffic as alternative user authentication methods (WhatsApp, Viber, Flash calls) are increasingly used. This is further influenced by unrealistic A2P termination prices imposed by major regional operators.

International roaming in 2024 continued to see increased usage of voice and data services, while SMS services declined. The RLAH principle in the Western Balkans region played a significant role in the overall increase in traffic volume. In 2024, revenue from cooperation with ISPs increased by 5% compared to 2023, despite a highly competitive market often marked by unjustifiably low prices, and a reduced market potential due to the acquisition of many ISPs by larger operators. The implementation of regulated roaming prices, despite the increase in voice and data traffic, resulted in a 6% decline in revenue.

Total revenue from capacity and infrastructure leasing and other wholesale services in 2024 declined by 12% compared to 2023. During 2024, there was a noticeable increase in demand for data and capacity services from global operators serving business clients in Bosnia and Herzegovina.

OTHER OPERATING AND FINANCIAL INCOME

- Other operating income in 2024 increased by 8% compared to the previous year. The majority of this growth resulted from recognized gains on long-term non-financial assets, which arose due to adjustments in the calculation of the effects of IFRS 16 - Leases. In addition, there was a significant increase in rental income by 42% and penalty income by 59%.
- Financial income recorded an annual increase of 44%, primarily driven by a 77% increase in interest income from term deposits.

CAPITALIZATION OF COSTS

In addition to providing electronic communications services, BH Telecom is also engaged in investment works, equipment production, and maintenance services for its own needs. The calculated value of internal works realized by BH Telecom in 2024 amounted to BAM 11.7 million, which is 2% higher than in 2023. The realization reached 75% of the planned amount.

REALIZED EXPENSES

Total expenses realized in 2024 amounted to BAM 483.5 million, which is BAM 7.0 million or 1.5% more compared to 2023, when expenses totaled BAM 476.5 million.

EXPENSES BY TYPE (in BAM 000)	FY 24	△YOY	%YOY
Operating expenses	382,754	4,988	1.3%
Depreciation expenses	98,251	2,621	2.7%
Financial expenses	2,528	-549	-17.8%
TOTAL EXPENSES	483,533	7,060	1.5%

Note: Depreciation expenses do not include depreciation costs from previous years or amortization of broadcasted content for Moja TV.

OPERATING EXPENSES

Material Expenses

This category includes expenses for raw materials and supplies, energy and fuel costs, spare parts, write-offs of small inventory, packaging and car tires, as well as costs due to price deviations. Material expenses in 2024 decreased by 0.3% compared to 2023. Thanks to the implementation of the Paperless Office initiative, expenses for office supplies and small inventory were reduced by 21%, significantly contributing to the overall reduction in material expenses. Further savings were achieved in heating costs, fuel consumption for company vehicles, and spare parts. On the other hand, the increase in electricity costs nearly offset the savings in other material expenses.

Electricity costs account for the largest portion of this category, amounting to BAM 9.1 million or 75%. These costs increased by BAM 706 thousand or 8% compared to the previous year. Electricity is used for BH Telecom's business premises and distributed telecommunication equipment (base stations, active equipment of the fixed and mobile networks, etc.). Electric utility companies periodically announce and implement price increases. For six facilities equipped with BH Telecom's own transformer stations, which together account for 25% of the company's total electricity consumption and are covered by annual electricity supply contracts, the price increased by approximately 13.6%.

Additionally, within the territory of Republika Srpska, the company was required to transition all its metering points from public to market-based electricity supply, leading to an average increase of approximately 25% per invoice. BH Telecom currently operates 289 such metering points. Furthermore, new connections were established in 2024. Electricity costs continue to rise in line with the growing number of operational locations. With the rollout of the 5G network, a significant increase in power consumption is anticipated at each 5G site, due to the specific technological requirements and antenna systems involved.

Employee Salaries and Other Compensation Costs

This category includes expenses for salaries, salary compensations, business travel, other earnings and entitlements (meal allowances, commuting costs, vacation bonuses, severance payments, registration fees, seminars, tuition, financial aid), compensations to board members (Supervisory Board and Audit Committee), and compensation for other individuals. In 2024, total costs for salaries and other compensations amounted to BAM 147.9 million, an increase of BAM 5.2 million or 4% compared to 2023. Within this category, the cost of other earnings, allowances, and employee entitlements increased by BAM 4.8 million or 21%, which significantly influenced the overall growth trend. These costs include benefits such as meal allowances, commuting allowances, vacation bonuses, retirement severance payments, birth allowances, etc.

The significant increase in these costs was largely due to the one-time aid payment granted to employees as a response to inflationary price increases, in accordance with the Government of the Federation of BiH Regulation governing employer-paid assistance, its disbursement method and schedule, and the Decision on Disbursement of One-Time Assistance No. 00.1-14-85713/24 dated September 4, 2024. The total cost for this measure amounted to BAM 4.3 million. Additionally, the increase in the average net salary in the Federation of BiH caused a rise in other salary-related expenses that are calculated as a percentage of the average salary (meal allowance, vacation bonus, etc.). Meal allowance expenses increased by BAM 544 thousand or 5%, and vacation bonus expenses rose by BAM 130 thousand or 7%. Accordingly, taxes and contributions on these allowances also increased by BAM 93 thousand or 5%.

In 2024, expenses related to severe illness compensation also increased by BAM 134 thousand or 8% compared to 2023. According to BH Telecom's Employment Rulebook, employees are entitled to one-time financial assistance in cases of severe illness affecting them or a close family member. The Rulebook defines which illnesses qualify for this assistance. Employees must submit a request and provide appropriate medical documentation to verify eligibility. Since the process of accepting or rejecting requests is entirely external to the company, the increased costs in this category are the result of external factors.

Board and committee compensation expenses totaled BAM 306 thousand, representing an increase of BAM 101 thousand or 49% compared to 2023. This item includes compensation for members of the Supervisory Board, Audit Committee, and attendance at the company's Shareholders' Assembly. The table below provides a breakdown of these costs and the related taxes and contributions for 2024:

DESCRIPTION	Supervisory Board Members	Audit Committee Members	Director of IR Department	Government Representative at the Shareholders' Asser
Compensation	171,096	41,061	32,250	3,600
State Duties (Taxes/Contrib.)	40,871	9,733	7,805	853
Total (in BAM)	211,967	50,794	40,055	4,453

In accordance with the Corporate Governance Code, the Company is required to disclose the compensation of Management Board members, which is presented in the following table for the year 2024:	MANAGEMENT BOARD COMPENSATION	2024.
	(Total cost to the Company, including net compensation and all statutory contributions)	
	Salaries	1,212,822
	Meal allowance	37,060
	Severe illness support	10,000
	Annual leave allowance	6,146
	Benefits - goods and services (gross value)	8,284
	Bonus for Company Day celebration	2,162
	Transportation allowance	636
	Cash bonus and performance incentive	161
	Total (in BAM)	1,277,271

Costs of Received Services

The costs of received services include production-related expenses such as: maintenance services for equipment, hardware and software (HW and SW), building and access network maintenance, technical security and lawful interception services, rental costs of business premises and telecom (TK) equipment, as well as advertising, co-production, trade fairs, and market research expenses. In addition, this category also includes certain intangible costs such as: brokerage fees for securities sales, utility services, cleaning services, healthcare services, legal, audit, and consulting services.

In 2024, the total costs under this category amounted to BAM 43.2 million, which is BAM 930 thousand or 2% higher compared to 2023. Maintenance of equipment, hardware, and software increased by BAM 1.6 million or 9%, primarily driven by higher maintenance costs for the LTE network due to an upgrade to the latest software version carried out in the previous year.

Audit and consulting services increased by BAM 617 thousand, mainly due to consulting services provided by Detecon Consulting related to the restructuring process and business process analysis, consulting services by Deloitte Ltd. Audit services performed by external auditor Ernst & Young Ltd. Sarajevo in the amount of BAM 104,857 (excluding VAT) for the audit of financial statements for 2023.

Security services increased by BAM 441 thousand or 39%, mainly as a result of an average 30% increase in hourly rates for physical security services, an average 42% increase in intervention service costs in 2024 compared to 2023.

Cleaning services increased by BAM 239 thousand or 33%, due to higher service rates. In 2023, the cost of cleaning services ranged from BAM 7.00 to 9.00 per hour, depending on the cleaning area, whereas in 2024, the cost increased to a range of BAM 10.00 to 14.50 per hour.

On the other hand, significant cost optimizations were achieved in this group: advertising costs were reduced by more than BAM 2.0 million or 24%, building maintenance costs decreased by BAM 403 thousand or 41%, sales brokerage costs fell by BAM 286 thousand or 4%.

Cost of Goods Sold

This refers to the cost of acquiring terminal equipment and telephone devices for the provision of assembled fixed and mobile network services. The cost of goods sold for 2024 amounts to BAM 62.2 million, which is BAM 626 thousand or 1% lower compared to 2023.

Other Operating Expenses

In 2024, savings of BAM 486 thousand or 0.4% were achieved under the category of other operating expenses compared to the previous year. Within this category, total savings of over BAM 5.0 million were achieved through the optimization of representation costs, delivery and printing costs of telecom invoices, property and vehicle insurance costs, administrative fees, as well as through a reduction in wholesale costs and losses from long-term non-financial assets and provisions. However, the impact of these savings was diminished by the increase in costs in areas where the Company had no or limited influence.

Content and licensing costs for the Moja TV service increased by BAM 1.5 million or 4% compared to the same period in 2023. These costs are directly linked to the number of service customers and grow in line with the growth in the customer base.

Under other operating expenses, increased allocations were recorded for road land lease and communal fees, which experienced an annual growth of 39%. These include fees paid by the Company for the use of public areas for laying underground and above-ground cables, as well as for the provision of mobile telephony and internet services - such as base stations, micro base stations, transmitters, antennas, and poles - based on decisions issued by municipalities/cities and competent road authorities. These are para-fiscal charges over which the Company has no control.

Fees paid to the Communications Regulatory Agency amounted to BAM 11.8 million, an increase of BAM 620 thousand or 6% compared to 2023. The main reason for this increase was the rise in the annual license fee for conducting telecommunications activities, which amounted to BAM 3.4 million in 2024 - approximately BAM 800 thousand more than the previous year.

The Agency Council set the rate for 2024 at 0.75% of the total revenue generated in the 2023 fiscal year from activities such as mobile telecommunications networks, public fixed telecommunications networks, internet access, distribution of audiovisual media services, radio media services, and multiplex management services. Due to both increased revenue during 2023 and the higher rate (up from 0.65% the previous year), the Company experienced a significant increase in license-related costs for conducting telecommunications activities.

DEPRECIATION EXPENSES

Depreciation expenses for tangible and intangible assets amounted to BAM 85.5 million, representing a 3% increase compared to 2023.

The increase in depreciation expenses is a result of the rise in the value of tangible and intangible assets at the end of 2023. In accordance with the Company's Management Board Decision No. XV/14-23 dated 27.12.2023, activities were initiated in January 2024 to expedite the commissioning of 28 FTTH/PM facilities that were either put into use or ready for use by the end of 2023. Additionally, 12 FTTH/PM facilities were already in the commissioning process, resulting in a total of 40 commissioned FTTH/PM facilities during January and February 2024, with a total value of BAM 32.6 million.

Furthermore, in February 2024, the commissioning process was initiated and investment data were submitted for various investment projects that were completed and ready for use as of the end of 2023, in the amount of BAM 5.7 million. However, commissioning for these projects could not be completed by the date of financial statement preparation, so the assets were estimated (recorded through the General Ledger) in 2023. These activities led to a decrease in assets under preparation and an increase in depreciation expenses.

Depreciation expenses under IFRS 16 for 2024 amounted to BAM 12.7 million, marking a 3% increase compared to 2023. Total depreciation expenses, including depreciation of right-of-use assets under IFRS 16, amounted to BAM 98.2 million, representing an increase of BAM 2.6 million or 3% compared to the previous year.

According to accounting records, a portion of the content acquisition costs for the Moja TV service, under the item Moja TV - acquisition of rights and distribution of TV channels and content, was recorded under fixed assets - intangible assets, in the amount of BAM 6.6 million, based on signed content acquisition agreements and in accordance with IFRS 38 - Intangible Assets.

Accordingly, depreciation was calculated and recognized for this asset in the full amount of BAM 6.6 million for 2024. For the purposes of this business report, the depreciation amount is presented within the content acquisition costs (Moja TV - acquisition of rights and distribution of TV channels and content), since the costs were both amortized and paid in the same year..

FINANCIAL EXPENSES

These include: penalty interest, interest under IFRS 16 effects, interest from discounting of 4G network licenses, exchange rate differences, and other financial expenses.

Financial expenses for 2024 amounted to BAM 2.5 million, showing a decrease of 18% compared to the previous year. Interest expenses related to IFRS 16 decreased by 19%, while negative exchange rate differences were reduced by 100%.

STATEMENT OF FINANCIAL POSITION

BALANCE SHEET (in BAM 000)	31.12.2024.	△YOY	%YOY
TOTAL ASSETS	1,282,010	8,030	0.6%
Non-current assets	829,408	35,495	4.5%
Deferred tax assets	8,392	1,330	18.8%
Current assets	444,210	-28,795	-6.1%
TOTAL LIABILITIES AND EQUITY	1,282,010	8,030	0.6%
Equity	1,035,569	-20,213	-1.9%
Non-current liabilities	85,832	2,410	2.9%
Deferred tax liabilities	2,326	253	12.2%
Current liabilities	158,284	25,581	19.3%

The total value of assets as of December 31, 2024, amounts to BAM 1.28 billion, which represents an increase of BAM 8.0 million or 1% compared to the balance as of December 31, 2023. Non-current assets amounted to BAM 829.4 million, marking a 4.5% increase or BAM 35.5 million compared to the end of 2023. The share of non-current assets in total assets increased to 65% (2023: 62%). The most significant growth was recorded in the item of long-term financial assets, which increased by BAM 39.2 million or 79%, due to higher values of long-term deposits as well as investments in bonds.

Current assets decreased by 6% compared to December 31, 2023, mainly due to a significant decline in cash and cash equivalents by BAM 66.0 million or 22%. On the other hand, the value of trade receivables increased by BAM 6.0 million or 6%.

Equity decreased to BAM 1,035.6 million, a decline of 2% or BAM 20.2 million compared to the end of the previous year, representing 81% of the company's total assets. The decrease in equity is the result of dividend payments from retained earnings, as well as an increase in revaluation reserves, which are shown as a deduction from equity. In the financing structure, the share of long-term liabilities increased to 6.7% from 6.5% at the end of the previous year, while current liabilities rose by 19% and amounted to BAM 158.3 million as of December 31, 2024.

The table below provides an overview of the key financial position indicators achieved:

FINANCIAL POSITION INDICATORS	2024.	% YoY
Liquidity Indicators		
Current Ratio (%)	281	-76 p.p.
Quick Ratio (%)	150	-79 p.p.
Financial Stability Ratio (%)	74	4 p.p.
Indebtedness Indicators		
Debt Ratio (%)	19	2 p.p.
Equity Ratio (%)	81	-2 p.p.
Debt-to-Equity Ratio (%)	24	3 p.p.

The calculated indicators point to a high degree of liquidity of the Company, despite a decline in some indicators that occurred during the reporting period compared to the previous year. As of December 31, 2024, the Company had almost three times more current assets than short-term liabilities, and 1.5 times more cash. Due to the decrease in the Cash and cash equivalents position, the values of these indicators decreased by 76 percentage points and 79 percentage points respectively compared to the previous year.

Additionally, the debt ratios indicate a very low level of indebtedness of the Company and, despite a slight decline in the equity financing ratio, it remains at a very high level. BH Telecom possesses strong financial and investment potential, as well as a very high degree of business security derived from financial stability.

CASH FLOW STATEMENT

CASH FLOW STATEMENT (in 000 BAM)	FY 2024	ΔYOY	%YOY
CASH AND CASH EQUIVALENTS AT YEAR-END	236,993	-66,126	-21.8%
Net cash inflow from operating activities	169,593	32,947	24.1%
Net cash outflow from investing activities	(152,715)	-99,677	187.9%
Net cash outflow from financing activities	(83,046)	-70,257	549.4%
Net increase (decrease) in cash and cash equivalents	(66,168)	-136,987	-193.4%
Cash and cash equivalents at beginning of period	303,119	70,760	30.5%
Effects of exchange rate changes	42	101	-171.2%

During the reporting period, net cash inflow from operating activities increased by 24% compared to the previous year, primarily due to higher profit realized. Significantly higher net outflows from investing and financing activities - up by 188% and 549% respectively - resulted in a negative net cash flow for the year 2024.

Cash and cash equivalents at the end of 2024 amounted to BAM 237.0 million, which is BAM 66.0 million or 22% lower than the cash balance at the end of the previous year. The decrease in cash and cash equivalents compared to the prior year was driven by dividend payments for the previous year on one hand, and increased investment activities on the other. In addition to this amount, the Company holds long-term financial investments of BAM 89.1 million and short-term financial investments of BAM 45.5 million as of December 31, 2024, resulting in a total cash and cash equivalent amount of approximately BAM 372.0 million.

The reported values of financial assets indicate a high financial stability of the Company as well as a low level of indebtedness. Accordingly, the financing outflows recorded in 2024 relate to dividends paid to shareholders amounting to BAM 69.2 million and payments related to financial lease obligations in accordance with IFRS 16 amounting to BAM 13.9 million.

REALIZED CAPITAL INVESTMENTS

Total capital investments realized by BH Telecom in 2024 amount to **BAM 78.5 million.**

AN OVERVIEW OF INVESTMENTS BY TYPE IS PRESENTED BELOW:

CAPITAL INVESTMENTS (in 000 BAM)	2023.	2024.	% Change
BH TELECOM			
Investments in fixed telephone services	11,679	18,871	61.6%
Investments in equipment for providing fixed broadband services	23,992	35,277	47.0%
Investments in equipment and network for providing mobile services	10,736	20,335	89.4%
Other investments	22,067	4,053	-81.6%
TOTAL	68,474	78,536	14.7%

Investments in Fixed Network

During 2024, the concept of planning optical networks was changed from micro-location planning to regional planning, and investment programs were prepared and revised accordingly. Since the use of utility poles owned by JP EPBiH for the installation of aerial optical networks was contracted, the design and implementation of such solutions were enabled.

The project of replacing and modernizing active fixed equipment (VDSL and GPON - optical technology) continued, along with capacity expansion, which also includes replacing some terminal equipment at user premises to significantly increase the capacity of the fixed access network for broadband Internet and IPTV services. Procurement includes 10G PON FTTH equipment, as well as 48,000 VDSL and 89,000 FTTH ports. During 2024, the migration project from TDM to IMS, as well as the migration of interconnection capacities to SIP/IP, continued. IMS and IP Centrex licenses were sufficiently expanded.

In 2024, the number of users on optical networks increased by 17%

Average LTE user speed reached 11.97 Mbps, an annual increase of 50.8%

Gradual shutdown of 3G technology underway

115 new RAN locations implemented; total of 1,623 RAN location by the end of 2024

More than 34,500 opticalports are active

A total of 27,715 POTS users, 1,208 ISDN BA users, and 219 home PBX users were migrated, with the project expected to be completed by the end of 2025. After the migration, all related TDM core network elements will be decommissioned, which is expected to reduce electricity costs, external maintenance, and free up space in server rooms. Additionally, 12,300 users were switched from ADSL2+ to VDSL2 technology. There are currently 34,500 active users on optical ports, which is approximately 5,100 ports more than in 2023.

BH Telecom continuously builds broadband optical networks in FTTH (fiber to the home), FTTB (fiber to the building entrance), and FTTC (fiber to the cabinet within 300 meters of residential units) configurations. The annual growth of the total number of optical network users is 17%. In October 2024, a promotional sales campaign was conducted to migrate and acquire users to BH Telecom's optical networks, offering 500 Mbps downstream speed.

To ensure that end-to-end access speeds are supported - from the user to the core network and to international nodes - it is necessary to geographically, capacity-wise, and functionally expand the transport network in the DWDM network segment, IP/MPLS network (fronthaul, backhaul), and RR links. Projects for expanding transport networks have been contracted and launched to provide the capacity needed to support increasingly demanding services and the upcoming 5G network.

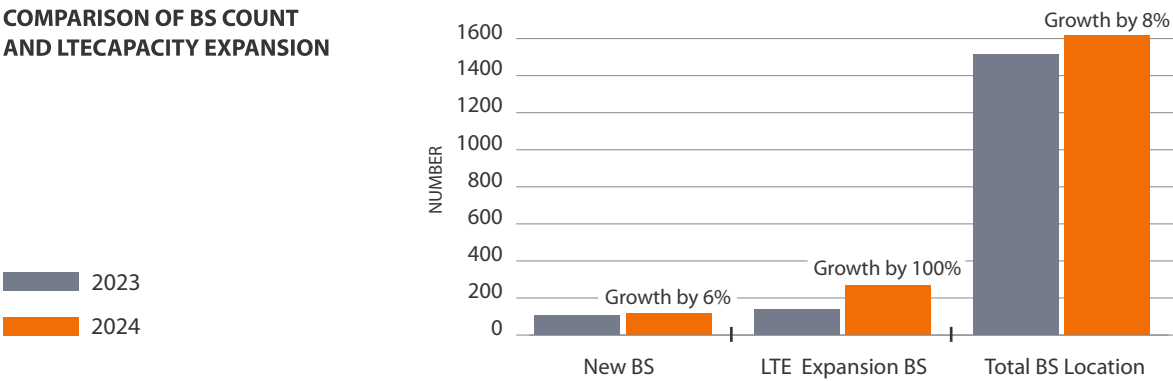
Investments in the Mobile Network

In 2024, BH Telecom implemented projects aimed at further expanding the mobile radio access network, both geographically and in terms of capacity. As part of the project for deploying new base stations, 115 new locations were activated and 275 RAN sites were expanded, ensuring high-quality mobile network services in newly covered areas as well as in already covered ones. Additionally, the expansion of LTE capacity on existing base stations - through the addition of new sectors and the deployment of LTE cells in new 2100/2600 MHz frequency bands - provided a timely response to the growing user demand for mobile data traffic. By the end of 2024, the total number of RAN sites reached 1,623. The average user speed on the LTE network in December 2024 was 11.97 Mbps, compared to 7.94 Mbps in December 2023, marking a 50.75% increase in speed.

UThe gradual shutdown of 3G technology is underway, aiming to free up spectrum for 4G technology and enable higher access speed s. The pace of the 3G phase-out will be further defined in consultation with the Communications Regulatory Agency.

A new Request for Information (RFI) procedure for 5G technology has been conducted, and a new technical and economic analysis of the solution is being developed. According to the previously submitted Draft Strategy for Broadband Framework Access (Council of Ministers of Bosnia and Herzegovina), the 5G license is planned to be issued by the end of 2026, with 5G implementation expected in 2027. It is necessary to initiate the procurement of 5G functionalities across multiple segments of the network in a timely manner.

COMPARISON OF BS COUNT AND LTECAPACITY EXPANSION



Other Capital Investments

• In 2024, BH Telecom launched a project for the replacement and enhancement of the Online Charging System for prepaid mobile network users. A new nx100G DWDM network was commissioned outside the borders of Bosnia and Herzegovina, with the endpoint in Budapest. An optical route with 100G capacity was established to Zagreb via a new Bosanska Gradiška-Zagreb path. A total of 96 new radio-relay links were installed for base stations, business users, and FTTx access networks. Additionally, 55 new optical connection routes to base stations were constructed. A total of 61 new U-PE devices were installed and put into production, optimization was performed on 18 MPLS links, the capacities of 100G links on the N-PE layer were increased, and link expansions were carried out on BNG devices.

• The implementation of the SD-WAN platform in BH Telecom's network is ongoing, enabling the expansion of the closed private network services portfolio and the range of virtual services. Key core network upgrades included: welcome SMS solution upgrade as part of the KMP platform upgrade project, roaming platform upgrade, implementation and testing of a solution for mass VoLTE service activation, development of a technical solution for outbound VoLTE roaming users, iPhone soft ware adjustments to support the correct operation of all existing BH Telecom services, license capacity expansion on core packet elements (EPC, PCRF), upgrade of the eVoucher system.

• The IPTV platform was upgraded to support a 25% increase in the number of HD channels.

• Projects for the replacement of outdated equipment and installation of new components in the power supply system (EE): 3,620 accumulator battery blocks were replaced across 320 locations, 91 power systems and 236 cabinets with rectifier modules were replaced, 166 air conditioning units and 78 free cooling systems were installed.

• Following the completion of BH Telecom's first solar power plant project (41 kWp) on the rooftop of the business building in Mostar, identical projects were contracted to utilize available roof surfaces and areas near base stations for photovoltaic installations. This will contribute to energy cost savings and a reduction in carbon footprint.

• In 2024, 323 new WLAN APs were commissioned for the MyWiFi service, bringing the total to 1,415 APs - a 30% increase.

As part of the n x 100G DWDM network to Budapest

Number of HD channels on the IPTV platform increased by 25%

323 new WLAN access points installed, representing an annual growth of 30%

Annual turnover through the Moj BH Telecom app exceeded BAM 51.0 million

Internal Development Projects

On the IPTV platform, a new API for the statistics module was developed, as well as a messaging module for sending notifications to users via TV within a flowchart-based early billing system. The messaging module was enhanced with status tracking features. An HBO Max portal and API module were developed for user authentication, along with a faster registration method. Streaming capacity for the webTV service was increased by 25%.

Development and improvement of mobile and web applications within the Moj BH Telecom platform continued. The app now allows payments of all BH Telecom bills, with a 50% increase in the number of paid bills via digital channels. The total annual transaction volume through the Moj BH Telecom application exceeded BAM 51.0 million, which is BAM 20 million more than in 2023. Revenue from digital channels increased by 53%, and 10% of BH Telecom's total revenue was generated through these channels.

4

CSR AND SUSTAINABILITY

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23.0 million BAM
DONATIONS TO THE COMMUNITY

3.6 thousands
SUPPORTED PROJECTS, EVENTS,
AND COMMUNITY INITIATIVES

DONATIONS

Social responsibility is an integral part of BH Telecom's business operations and is continuously demonstrated through a wide range of activities. These include donations to non-profit organizations, sponsorship of sports, cultural, humanitarian, and other events, as well as investments in education, science, and other projects of importance to the development of Bosnian society.

Our long-standing practice of investing in socially beneficial initiatives through donations and advertising contracts is something we take great pride in - an effort that has been widely recognized by the broader community. From its founding through the end of 2024, BH Telecom has donated a total of BAM 23.3 million to support numerous projects in the fields of healthcare, education, culture, sports, social welfare, and humanitarian efforts, making it the largest individual donor in Bosnia and Herzegovina.



” Support That Makes a Difference - 600 + Initiatives Worth BAM **2.2** million

In 2024, we allocated over BAM 2.0 million in donations. As part of our strong commitment to the community, BH Telecom supported more than 630 projects across various sectors, including sports, science, and culture:

• Sports	• Culture	• Science	• 125 organizations	• Over 30 events
Over 230 initiatives supported with BAM 1,000,000	Over 190 projects supported with BAM 800,000	Over 50 projects supported with BAM 90,000	supported with a total of BAM 110,000	supported with BAM 175,000

BH Telecom is a reliable partner that provides support when it matters most. In exceptional and emergency cases, the BH Telecom Supervisory Board may approve donations outside of the regular public call procedure, in order to respond promptly to societal needs. Due to the devastating floods that struck several cities and surrounding areas in Bosnia and Herzegovina in early October 2024, the Supervisory Board, in coordination with the Government of the Federation of Bosnia and Herzegovina, held an emergency session and decided to allocate BAM 1.5 million in aid for the affected areas.

Always ready to help in difficult times, BH Telecom partnered with the Pomozi.ba Association to launch the "Let's Give Together" initiative, providing 120,000 meals for families in need. We are proud to support the Heart for Kids with Cancer Association and to take part in another major humanitarian project - the Parent House, recently opened at the University Clinical Center Tuzla.

Social responsibility is part of BH Telecom's everyday business. Year after year. We keep making good stories happen.

SPONSORSHIPS

BH Telecom is committed to actively and consistently contributing to the rebuilding of value systems and the overall development of society, particularly in the areas of sports, science, and culture in Bosnia and Herzegovina, by initiating, recognizing, and financially supporting actions, projects, organizations, and institutions that share the same mission.

Importantly, our support is not limited to proposed or submitted projects-we actively initiate sponsorships, especially when it comes to humanitarian initiatives and projects designed to help children and youth grow, develop, and thrive in healthy environments. BH Telecom implements these projects either independently or in cooperation with relevant public institutions at all levels-state, entity, cantonal, or local.

We firmly believe in the power of strategic partnerships, which we seek to build and strengthen through new initiatives and actions. BH Telecom is especially dedicated to encouraging and supporting young, innovative, creative, and still unrecognized talents and their initiatives in Bosnia and Herzegovina.

Corporate responsibility-and corporate philanthropy in particular-is a vital part of our philosophy and mission. Since day one, BH Telecom has been contributing to:

- sport,
- science,
- education,
- culture and arts,
- social welfare,
- environmental protection and sustainability.

For more than 22 years, we have proudly supported the communities we serve. In 2024, BH Telecom continued this mission through partnerships with many important initiatives, such as: Sarajevo Film Festival - campaign "My Sarajevo, My Story", support to Tomislav Cvitanušić on his Mount Everest expedition, sponsorship of the Handball Federation of BiH, support to football clubs: Sarajevo, Željezničar, Velež, Sloboda, support to top athletes: Elvedina Muzaferija and Lana Pudar, support to National Theatre Sarajevo and Chamber Theatre 55 etc.

Through numerous sponsorship arrangements, BH Telecom reinvested significant funds into the community, primarily aimed at supporting the success of national teams-such as the BiH sitting volleyball national team, the BiH handball team, and various sports clubs across disciplines: football, tennis, athletics, basketball, volleyball, swimming, figure skating, skiing, hockey, taekwondo, boxing, judo, karate, equestrian sports, and more.

S P O R T S

| Elvedina Muzaferija



| Lana Pudar



| Tomislav Cvitanušić



C U L T U R E

30th Sarajevo Film Festival |



RESPONSIBILITY TOWARD CUSTOMERS



By responsible management, putting customers first, implementing new technologies, and making high-quality business decisions, we have managed to retain the status of the leading telecommunications service provider in Bosnia and Herzegovina, despite strong competition in the market.

BH Telecom fundamentally places the customer at the center of attention, which is confirmed by the **Certificate of Compliance of the Quality Management System (QMS) with the requirements of the international ISO 9001:2015 standard**. At the same time, when it comes to information security, special attention is given to processes related to the provision of IT and Cloud Services with the protection of users' personal data, as confirmed by the Certificate of Compliance of the Information Security Management System with the requirements of the international ISO/IEC 27001:2022 standard.

Our commitment to high standards of information security is also reflected in the implementation of next-generation firewalls (Next Generation Firewall) to protect internal systems and public cloud users, ensuring that BH Telecom's data and network are always secure.

At BH Telecom, a modern business philosophy based on the principles of customer relationship marketing is fully embraced. From mass marketing, through segmented marketing, the focus has shifted to the individual consumer as an active partner in building mutual relationships. The creation of offers and promotional-sales campaigns is guided by the needs and desires of BH Telecom's residential and business customers. Tailoring offers to the desires and needs of users primarily aims to retain existing customers and, secondly, to attract new ones.

Therefore, BH Telecom continuously works on building quality relationships with customers, reflected not only in adapting services to their individual needs wherever possible, but also in quickly and efficiently resolving any issues that may arise. It is also reflected in the constant addition of new, mostly digital channels for accessing services and fulfilling other customer needs, with the goal of increasing user satisfaction.

A distinctive feature of this approach is BH Telecom's long-standing tradition of launching promotional-sales campaigns in which customers can choose the benefits that best suit their needs: subscription discounts, larger data traffic allowances, or additional services. These options are constantly available when contracting any mobile, multimedia, internet, or fixed network service.

To provide a modern customer experience, BH Telecom undertook the modernization and rebranding of sales points in the past year, along with improvements to the Moj BH Telecom application and Web Shop. For those who prefer shopping from the comfort of their home, the centralized Web Shop is a digital point of sale that offers quick and easy access to all our services, fully integrated with physical stores and the Contact Center.

In addition, for six consecutive years, BH Telecom has been developing and enhancing its loyalty program Bonus Plus, which rewards loyal users with bonus points for regular bill payments, subscription tenure, and more.

Respect for customer loyalty at BH Telecom is expressed through the slogan: "We never forget trust".

ENVIRONMENTAL PROTECTION

As an economically successful and socially responsible company, BH Telecom pays special attention to environmental protection. The company's business activities are carried out using environmentally friendly technologies to prevent negative environmental impacts.

BH Telecom manages all aspects of its operations with a continuous effort to reduce the negative impact of its activities and to permanently improve the results achieved in the area of environmental protection. The company procures equipment from manufacturer-partners whose technology operates effectively in various climatic and natural environments without harmful effects on the environment. The equipment is certified to ensure compliance with environmental standards, such as minimal electricity consumption and low carbon dioxide emissions.

Energy efficiency is ensured through our equipment suppliers, who optimize energy consumption in their technologies and possess the appropriate energy efficiency certificates as proof. The development of BH Telecom's mobile network follows a procedure that includes mandatory studies on electromagnetic radiation and its potential harm to human health for all installed equipment, thus preventing any negative environmental consequences.

Special attention is given to the disposal of technological and IT waste, which is handled by licensed entities authorized for proper waste management.

In 2024, BH Telecom undertook a series of environmental protection measures related to the construction and operation of telecommunications equipment. These measures included obtaining systematic studies and reports on the environmental impact of base stations, along with safety statements. The goal was to acquire certification from the Communications Regulatory Agency regarding the limitation of electromagnetic radiation, and approval for the use of non-ionizing radiation sources from the Ministry of Health and Social Welfare of the Republika Srpska.

The network modernization involved replacing old technologies with newer ones that consume less energy and emit less heat and CO₂. Functionalities were used that allow energy savings, thereby increasing the energy efficiency of the equipment. Projects to replace energy systems with more efficient ones were implemented, and air conditioning systems using environmentally harmful refrigerants are being replaced.

As part of the migration from TDM to IMS switching and voice traffic technology, TDM network elements (and soon MGW/Soft Switches) are being gradually decommissioned. Upon completion of the migration in 2025, an additional 5% reduction in energy consumption is expected compared to current company needs.

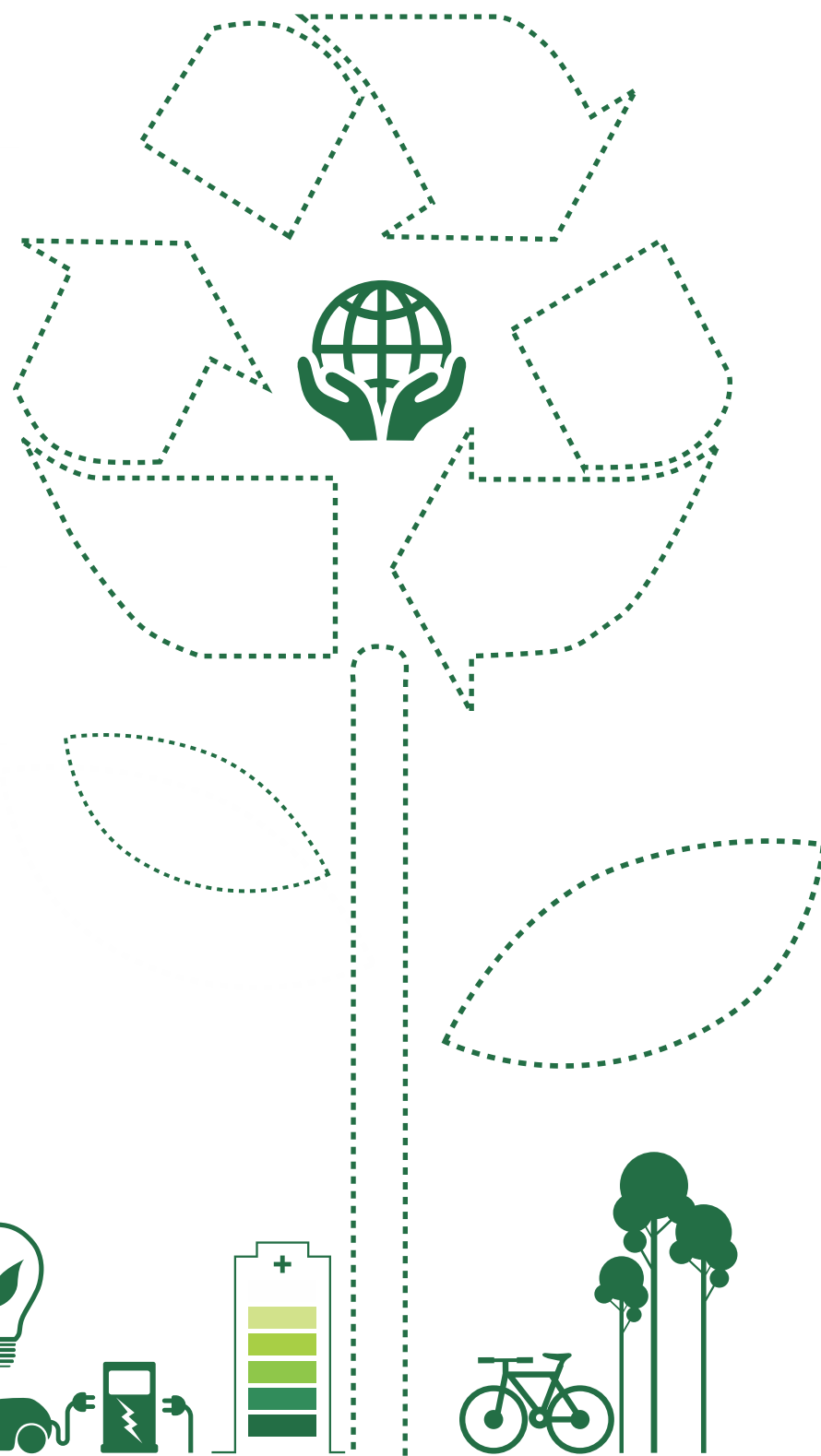
Furthermore, Remote Radio Units (RRU)-components of base stations-are being relocated from containers to antenna poles, eliminating the need for cooling. Single RAN solutions are also being applied, which are more energy-efficient compared to those involving multiple vendors providing different technologies at a single site. Special software is used to control the energy consumption of base stations, allowing adaptive power reduction during periods of low traffic.

The reconstruction and modernization of the server room at TKC Zenica (DR site) was completed, allowing continued hardware consolidation in the adapted space. Equipment consolidation is underway in the Sarajevo server rooms, along with network function virtualization, which reduces the need for space, energy, and cooling compared to previous setups.



e-račun

re^{use}
duce
cycle



Continuous environmental
assessments of base stations (BS)

Modernization of equipment ensuring
energy efficiency and no harmful
impact on the environment

First ESG prize game - e-Bill
for a cleaner environment

Active construction of photovoltaic
(PV) systems

Power supply systems (rectifiers, batteries) and air conditioning units are being continuously upgraded, and implementation of a monitoring system for energy infrastructure and components has begun. All these activities contribute to increased energy efficiency.

According to electricity consumption reports, all measures implemented so far have led to a total reduction in electricity usage of approximately 20% between 2019 and 2024, even though the number of base station locations, RRUs, and fixed access network locations has increased by about 20% or more.

Following the commissioning of BH Telecom's first photovoltaic (PV) power plant on the rooftop of the company building in Mostar in January 2024 (with a nominal capacity of 41 kWp and covering 20% of the building's needs annually), additional similar projects were launched to utilize free rooftop space and areas near base stations for PV systems, thereby reducing grid electricity consumption and the company's carbon footprint.

The implementation of a PV system with a nominal capacity of 23 kWp is currently underway at the company building on Franca Lehara Street, and contracts for PV systems at facilities in Bihać and Sarajevo (Dolac Malta, Ilidža, and Azići) are being executed. Procurement is in progress for PV systems to be installed on rooftops of facilities in Slimena and Šiški Brod. The planned total nominal capacity of PV systems across all BH Telecom rooftops is approximately 450 kWp.

At 15 out of the 30 contracted base station locations, PV systems with capacities of about 2-3.2 kWp per site have been implemented, with projected average annual savings of 20% per location. Procurement is ongoing for PV systems at an additional 46 base station sites.

Previously, electric vehicle charging stations were installed to encourage greater use of electric vehicles in society. These chargers were installed at the parking areas of major BH Telecom facilities in each regional directorate (one charging station per directorate HQ).

As the long-term main sponsor of the Sarajevo Film Festival, our company supported the festival's environmental efforts, including CO2 reduction initiatives and promoting environmental awareness. We participated in events supporting these values and offered users promotional activities during the festival, such as SIM-to-eSIM switching and promotional items made from recycled materials, all promoting sustainability and positive social and environmental impact. Together with our partners, we also enabled more affordable purchase of electric scooters and bicycles for our customers.

In 2024, BH Telecom launched the first major ESG-Environmental, Social, and Corporate-prize game in Bosnia and Herzegovina under the title "Activate your e-Bill, Park the Electric Car." All new and existing users who activated the "e-Bill" service during the prize period were eligible to participate, including postpaid users of Extra packages, combined package users, Moja TV, netFlat, netFlat GO, and fixed telephony services. We also successfully implemented the BH Telecom Paperless program, contributing to the preservation of company resources and environmental protection.



HUMAN RESOURCES AND STAFF WELFARE INITIATIVES

BH Telecom successfully tells both big and small business stories every day with the help of its most valuable resource - its employees. We are fully aware that our company is driven by its people, and that they play a key role in achieving excellence. Only competent and committed employees can develop and realize organizational excellence. Through our platform The People Lab, we are building an inspiring work environment. It is a collaborative space where we work together to fulfill our mission: to make every workday filled with satisfaction, efficiency, innovation, and motivation..

- As of December 31, 2024, the total number of employees was 2,953, which is 106 employees (3%) fewer than planned for 2024, and 40 employees (1%) fewer compared to December 31, 2023.
- Out of the total 2,953 employees, as of December 31, 2024, 2,921 were employed on a permanent basis, and 32 on a fixed-term basis.
- Of the total workforce on December 31, 2024, 1,066 (36%) were women, and 1,887 (64%) were men.
- The average age of employees in the Joint Stock Company on December 31, 2024, was 47 years.

DESCRIPTION	2022.	2023.	2024.	Index	
1	2	3	4	5 (4/2)	6 (4/3)
Number of employees as of 31 Dec	3,073	2,993	2,953	96	99

In 2024, BH Telecom placed a strong focus on this segment of operations, implementing a series of activities aimed at improving the company's employer and employee branding, as well as initiatives that strengthened our position in the labor market. Evidence of our ongoing efforts to enhance working conditions is the award for the most desirable employer in the public sector and the high 3rd place ranking in the selection of the most desirable employer in Bosnia and Herzegovina for 2024.

Some of the key projects implemented by BH Telecom in 2024 include:

- Continuous development of the internal academy - Moja akademija
- Development of an HR strategy
- Incentive program for early retirement
- House of Culture project
- Career plans, succession planning, bonus programs, leadership programs, and more.

Throughout 2024, activities aimed at advancing the human resource management function were continuously implemented through:

- Support for all levels of management in HR processes (HR analytics, attraction, recruitment, selection, onboarding, career development, training, employee satisfaction, benefits, and compensation)
- Improving workers' rights and working conditions (through amendments to the Labor Rulebook)
- Amendments to the Labor Rulebook aimed at enabling more flexible hiring conditions and experience requirements, enhancing competitiveness in the labor market, and creating a more open approach to external candidates
- Introduction of flexible reward mechanisms based on employee performance, moving away from the traditional time-limited reward systems with capped bonuses
- Innovating the employment process by clearly defining HR's role, refining the selection process and commission obligations, to ensure greater transparency and impartiality
- Optimization and digitalization of HR processes
- Attracting and retaining quality talent (through recruitment events, participation in job fairs, reference visits to the company, collaboration with educational institutions - especially technical faculties)
- Signing a Memorandum of Cooperation with the Association for the Advancement of Science and Technology to foster mutual collaboration in technology, innovation, research, and education, encouraging innovation and research spirit, developing young professionals, and promoting social impact to retain highly qualified professionals within the country
- Launching BH Telecom's participation in EEML (Eastern European Machine Learning Summer School), a prestigious initiative organized by Google DeepMind
- More efficient and faster realization of employee rights through further automation of employment-related processes
- Development of strategic HR planning and management
- Establishing conditions for a structured career development system, talent programs, and succession planning
- Development of bonus programs for employee motivation and rewards
- Improving the age, qualification, and health structure of employees through the implementation of the incentive early retirement program
- Development of an HR strategy aligned with the new corporate strategy.

Additionally, organizational development and corporate culture were key areas of activity. The first level of organizational culture consists of the public's perception of our company's culture. In the past year, we primarily conducted research to determine the external perception of BH Telecom as an employer. Based on this research, we continued activities aimed at talent attraction, including continuous engagement with higher education institutions.

The second level of organizational culture is the core, comprising explicit or implicit values that shape behaviors, attitudes, problem-solving approaches, and communication styles preferred within the organization. This includes key beliefs that influence understanding, behavior, and observation shared among our employees. At this level, we primarily examined employees' perceptions through internal surveys (satisfaction surveys, onboarding and exit interviews, and focus groups with staff). Based on the 2023 employee satisfaction survey results, the House of Culture project was created, within which a series of workshops was organized. To effectively present the survey results, workshops were held with department heads from executive directorates.

These workshops also included an interactive component, marking the first step in establishing team coaching within the company. Managers directly contributed to creating proposals aimed at improving employee satisfaction in the coming period. Such initiatives are essential as they foster open communication and collaboration across all management levels, leading to an enhanced employee experience.

Additionally, the PeopleLab intranet platform has become a key tool for connecting BH Telecom employees, enabling the sharing of relevant information, resources, and the celebration of team successes. In 2024, it recorded a record number of visits. Its content was enhanced with the launch of the PeopleLab Blog, a dedicated section of the platform focused on ethics, culture, leadership, individuals, and teams - core topics that form the foundation of BH Telecom's business operations.



The final, deepest, and most intangible level of organizational culture consists of the fundamental values of the organization. These values are impossible to fully grasp without thorough research, as they represent the essence of what the organization truly is. This level provides a realistic and authentic picture of the organizational culture and is entirely implicit. It includes people's perceptions of the organization, its operational and social behavior, and its internal conduct. We worked on this dimension primarily by analyzing suggestions for new values proposed by employees through the satisfaction survey, based on which a framework was created to define the foundation of organizational culture through new values that will be presented during 2025.

In order to improve corporate culture, strengthen employee motivation, and recognize and reward outstanding individuals and teams, BH Telecom in 2024 adopted a new Reward Policy. Its aim is to establish a recognition system for employees who, through their work, commitment, and professionalism, significantly contributed to the company's business success and positive work environment - ensuring transparency, objectivity, and engagement of all employees in the selection of top performers.

The internal academy Moja Akademija (hereinafter referred to as the Academy) continued to evolve in 2024, aiming to play a key role in developing employee competencies and strengthening an organizational culture based on the Company's core values. Thanks to the dedication and enthusiasm of internal trainers and consultants, the Academy not only delivered high-quality training but also enhanced internal expertise and the culture of knowledge sharing.

Through various initiatives and communication efforts, additional steps were taken to promote the Academy among employees, ensuring a better understanding of its role and the value it brings. This further strengthened the Academy's alignment with the Company's business goals and equipped employees with the tools and knowledge needed to successfully face challenges in the business environment.

In 2024, in line with its mission to establish a system for acquiring and sharing knowledge in sales, support, and team management processes, the Academy carried out 81 activities in the form of trainings, workshops, or internal events. A total of 1,868 participants took part in these activities, representing a 41% increase compared to the previous year. In addition, 533 employees were referred to external forms of training, enabling them to acquire new knowledge outside the organization and apply external expertise to business processes. Although online training involved fewer participants (214), it remains a vital component of flexible learning and content accessibility.

In total, 2,615 employees participated in various forms of training, confirming BH Telecom's continued commitment to developing employee competencies. It is evident that internal training is becoming a central pillar of organizational learning at BH Telecom, while external and online programs complement this model by offering additional perspectives and specialized knowledge. The focus remains on strengthening internal training and strategically investing in long-term educational capacity, thereby building a sustainable development model.

Significant changes are expected in the education and training process in the upcoming period, aimed at establishing a more efficient and agile approach to identifying the needs of organizational units. These changes will enable better alignment of training programs with the strategic and operational priorities of the organization, as well as faster knowledge transfer within the Company. By strengthening the internal academy and developing a systematic approach to multiplying existing knowledge, long-term sustainability and continuity in employee development will be ensured.

To achieve these goals, the primary focus will be on improving the methodology for identifying training needs, further digitalizing training processes, and fostering a culture of knowledge sharing within the organization. The synergy of these approaches will enable the organization to remain competitive, innovative, and prepared for future challenges.

awards and recognition

BH Telecom Once Again Recognized as the Most Desirable Employer in the Public Sector

BH Telecom has once again been recognized as the most desirable employer in the public sector this year and now ranks third overall among the Top 10 Employers in 2024. These prestigious awards represent a confirmation of BH Telecom's continuous commitment to investing in its most valuable resource - its employees.

BH Telecom Wins Five Awards at the NO LIMIT Advertising Festival 2024

BH Telecom has once again confirmed its leading position in innovation and creativity by winning five prestigious awards at this year's Festival, held on November 21, 2024, at the European House of Culture and National Minorities. Among more than 120 entries competing in 15 categories, the campaign "Ultra is Concrete for Your Phone" - the first in Bosnia and Herzegovina created using AI tools - stood out as a prime example of innovative approach and creative thinking.

BH Telecom Ranked First in Its Industry

At the conference "Top 100 in BiH and the Region - ESG Impulse 2024," BH Telecom received a prestigious award as the top-ranked company in its industry based on revenue generated in 2023, within the category "Top 100 - Large Companies by Profit and Revenue." In addition, BH Telecom ranked fifth in terms of number of employees, further confirming its leading position among the most successful companies in the region.

BH Telecom Awarded in the "Corporate Social Responsibility" Category"

At the inaugural event "Economic Success of the Year", organized on the occasion of the 25th anniversary of the Chamber of Commerce of the Federation of Bosnia and Herzegovina, BH Telecom was awarded a prestigious recognition in the category of Corporate Social Responsibility. The company was acknowledged for its continuous work on various social initiatives, including support for education, sports, culture, and community assistance

10 "Heart of Sarajevo" Awards for Series "I Know How You Breathe" and "The Prince from Elej"

At the 30th Sarajevo Film Festival, a professional jury composed of over 500 film professionals from the region selected the best in 14 categories. Series produced by BH Telecom's BH ContentLab platform won a total of ten awards. The absolute winner - with seven awards out of eight nominations in the drama series category - was "I Know How You Breathe". "The Prince from Elej" earned three "Heart of Sarajevo" awards.

BH Telecom Awarded for Developing the Technology Sector

At the ninth edition of Sarajevo Unlimited 2024, one of the most significant regional events dedicated to technology and entrepreneurship, BH Telecom was recognized as a company actively supporting the start-up scene in Bosnia and Herzegovina through its BH TechLab platform. The company received an award for its contribution to the development of the technology sector.