

bh | **BH TELECOM**

2025

**CONSOLIDATED
ANNUAL
REPORT**
BH TELECOM GROUP

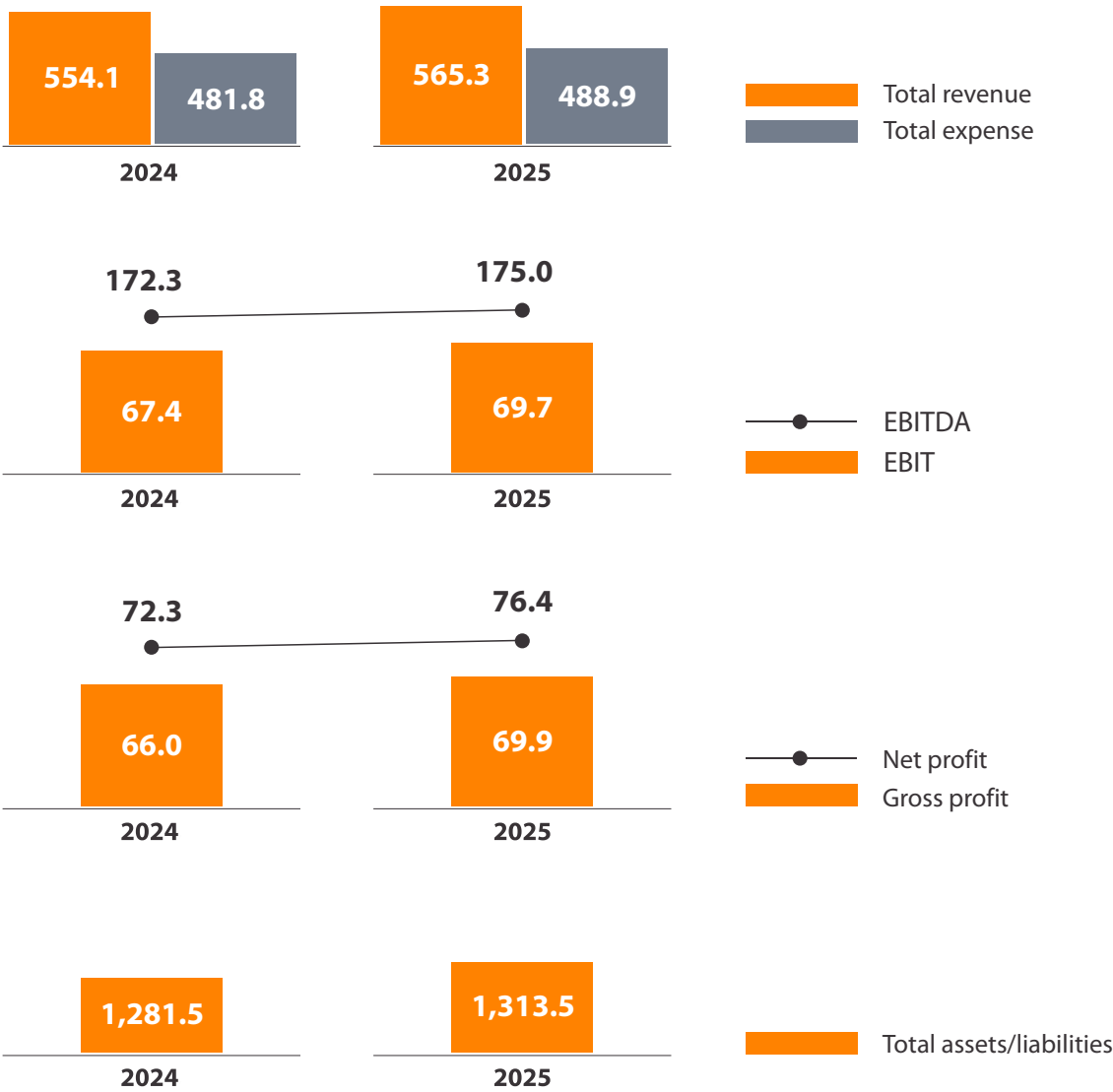
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2025
HIGHLIGHTS

BH TELECOM GROUP

	2024	2025	% change
Total revenue (BAM million)	554.11	565.30	2%
Total expenses (BAM million)	481.77	488.90	1%
EBITDA (BAM million)	172.28	174.99	2%
EBIT (BAM million)	67.40	69.68	3%
Net profit (BAM million)	72.33	76.40	6%
Gross profit (BAM million)	65.96	69.90	6%
Total assets/liabilities (BAM million)	1,281.82	1,313.52	2%
Number of employees - end of period	2,958	2,922	-1%



BASIC INFORMATION ABOUT THE GROUP

The BH Telecom Group comprises BH Telecom JSC Sarajevo, acting as the parent company, and the newly established subsidiary, Metropoly Media LLC Sarajevo.

PARENT COMPANY - BH TELECOM JSC

KEY INFORMATION AND BRIEF HISTORY

For more than two decades, BH Telecom has been driving innovation across the public and private sectors, as well as for millions of people throughout Bosnia and Herzegovina. Our vision to become the leading digital integrator of a digital society continues to take shape as we invest in and collaboratively build the future of telecommunications, while creating sustainable value for our shareholders.

	Company Name	—	BH Telecom JSC Sarajevo
	Registered Office	—	Franca Lehara 7
	Share Capital	—	BAM 634,573,580
	Number and Type of Issued Shares	—	63,457,358 ordinary shares with a nominal value of BAM 10 each
	Website	—	www.bhtelecom.ba
	Core Activity	—	Wired telecommunications
	Ownership in Other Companies	—	BH Telecom JSC Sarajevo is the founder and sole owner (100% equity interest) of Metropoly Media LLC Sarajevo, located at Zmaja od Bosne 88, 71000 Sarajevo

1992.

The legal predecessor of BH Telecom, Public Enterprise PTT Traffic of Bosnia and Herzegovina, was registered on July 31, 1992, with the primary objective of urgently re-establishing telecommunications services disrupted by the aggression following the declaration of independence of Bosnia and Herzegovina.

2001.

By a decision of the Government of the Federation of Bosnia and Herzegovina dated December 28, 2001, the Public Enterprise PTT Traffic of Bosnia and Herzegovina was reorganized into two separate legal entities: Public Enterprise BH Pošta and Public Enterprise BH Telecom

SINCE 2004.

In its current form, BH Telecom Joint Stock Company Sarajevo has operated since March 12, 2004, following the transformation of the Company and its alignment with the Company Law, based on the Decision of the Government of the Federation of Bosnia and Herzegovina approving the Reorganization Plan - the transformation of Public Enterprise BH Telecom Sarajevo into a Joint Stock Company (Official Gazette of the Federation of BiH, No. 66/03), as well as the Decision approving the change in the organizational form of Public Enterprise BH Telecom Sarajevo into a Joint Stock Company (Official Gazette of the Federation of BiH, No. 1/04).

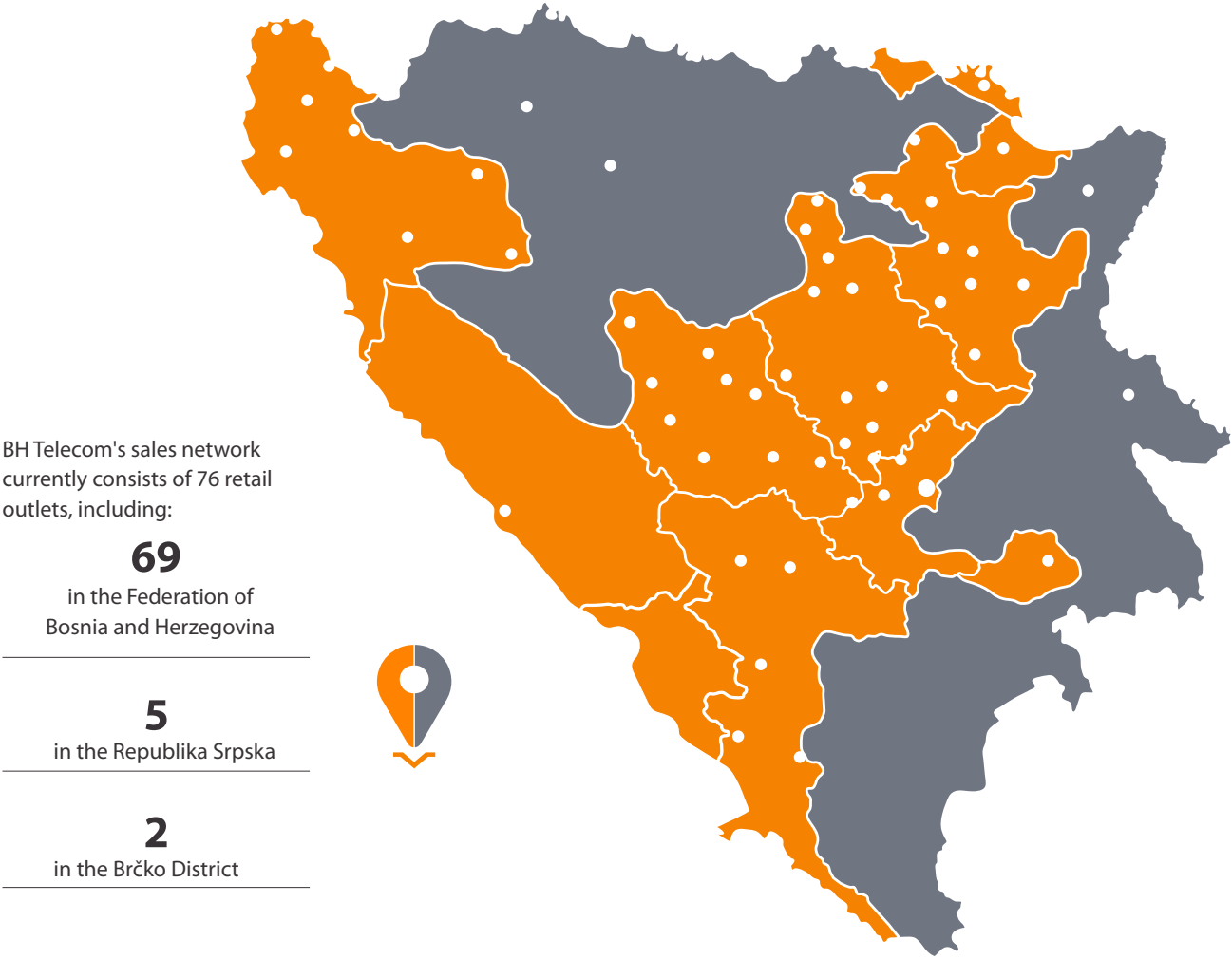
WHERE WE OPERATE?

Since the beginning of its operations, BH Telecom has focused on the market of the entire Bosnia and Herzegovina, primarily the Federation of Bosnia and Herzegovina, while also aiming to expand 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 within the regional directorates



INTERNATIONAL COOPERATION

BH Telecom's infrastructure forms part of the global telecommunications system and, as such, enables citizens and businesses in Bosnia and Herzegovina to benefit from high-quality fixed and mobile network services in local, national, and international traffic, as well as a wide range of service packages and solutions tailored to diverse user needs. Through existing capacities on direct links, we provide our subscribers with international voice services via direct dialing to 225 countries worldwide.

Through interconnections with international operators, we enable our subscribers to access international voice services and SMS exchange with users of operators across all countries worldwide. BH Telecom maintains 20 direct connections with international operators, as well as direct connections with 7 operators within Bosnia and Herzegovina, through which telecommunications traffic is exchanged. BH Telecom provides its customers with high-quality roaming services worldwide. Seamless communication while abroad is available in 180 countries, with users able to choose among 349 operators with which BH Telecom has established roaming agreements.

In addition, BH Telecom has secured the necessary internet capacity for its end users through cooperation and interconnection with leading Tier 1 international upstream providers, as well as through partnerships with global content providers such as Google, Facebook, Netflix, Akamai, and Amazon. Through its own 100G DWDM network, BH Telecom is present at Digital Realty data center in Zagreb (Croatia) and BIX data center in Budapest (Hungary). In addition, through partners, the Company is present at VIX Vienna, BIX Budapest, and New Telco Frankfurt, enabling direct connectivity with international operators.

BH Telecom is a member of the following international telecommunications associations:

ITU

International Telecommunication Union

ETSI

European Telecommunications Standards Institute

Connect Europe

Association of leading providers of connectivity networks and services in Europe

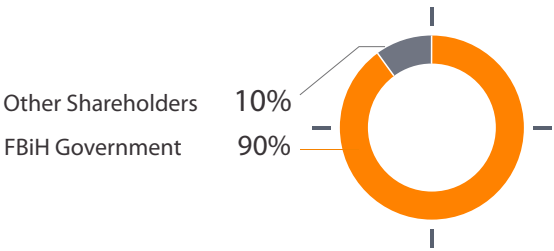
GSMA

Global association of mobile network operators

TM Forum

Global alliance of organizations within the connectivity ecosystem

INVESTOR INFORMATION



INVESTOR INFORMATION	2024	2025	% Change
Number of transactions	462	619	+34%
Total turnover (BAM million)	2.2	2.1	-5%
Market capitalization (BAM million)	885.9	980.4	+11%
Dividends paid (BAM million)	70.0	39.0	-44%
ROE (%)	6.36	6.56	+0.2 p.p
EPS (BAM)	1.04	1.10	+6%

The share capital of BH Telecom Joint Stock Company Sarajevo amounted to BAM 634.57 million as of December 31, 2025, consisting of 63,457,358 ordinary shares with a nominal value of BAM 10 per share.

In the ownership structure, the majority stake (90%) is held by the Government of the Federation of Bosnia and Herzegovina, while the remaining shares are owned by investment funds and minority shareholders.

According to the annual statistical report of the Sarajevo Stock Exchange (SASE), BH Telecom JSC Sarajevo ranked third by trading turnover on the Free Market - St1.

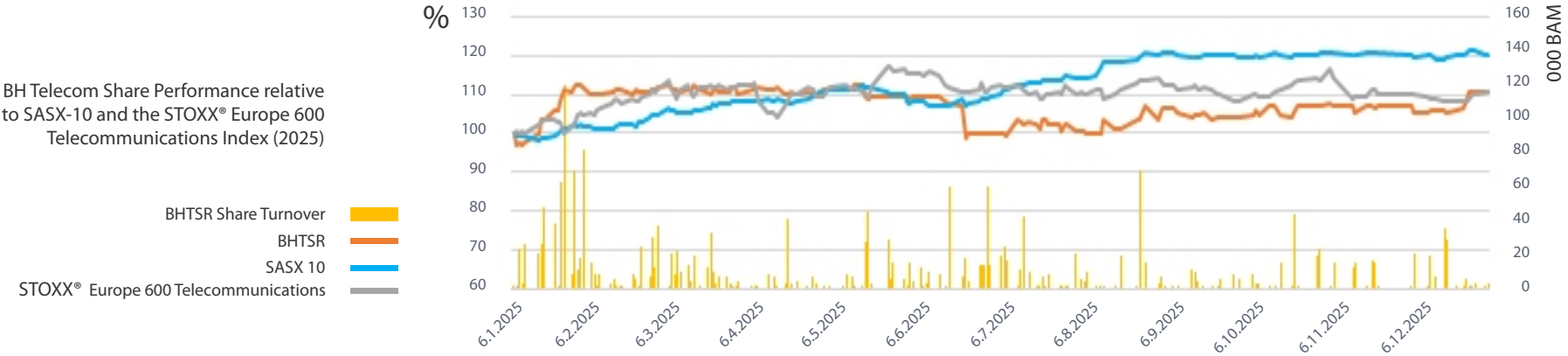
The average BH Telecom share price in 2025 amounted to BAM 14.98, with a minimum average price of BAM 13.60 and a maximum average price of BAM 15.76.

The total number of BH Telecom share transactions in 2025 amounted to 462, with a total turnover of BAM 2.1 million. Total turnover decreased by 5%, while the share price recorded an annual increase of 10.67% compared to the previous year. BH Telecom shares demonstrate stable and less volatile growth compared to the other two indices. The beginning of the year was marked by a significant increase in BH Telecom share prices, which stabilized mid-year and then intensified again in the last quarter. The SASX 10 index and the STOXX® Europe 600 Telecommunications index experienced stronger growth in the second half of the year, particularly the SASX 10, which recorded its most significant annual growth in the past decade.

The average share price of BH Telecom on the last trading day of 2025 amounted to BAM 15.45.

Market capitalization on the last trading day amounted to BAM 980.4 million, representing an increase of 10.67% compared to the last trading day of the previous year (December 27, 2024).

BH Telecom Share Performance relative to SASX-10 and the STOXX® Europe 600 Telecommunications Index (2025)



Source: SASE > Tržište > Emitenti > Profil emitenta; STOXX® Europe 600 Telecommunications - STOXX

CORPORATE PROFILE

CORE ACTIVITY

BH Telecom is the leading telecommunications operator in Bosnia and Herzegovina, providing high-quality telecommunications services. We continuously cooperate with numerous domestic and international partners, procure advanced equipment and technological solutions, and thereby directly contribute to the quality of our services. We place strong emphasis on corporate responsibility, recognizing that we operate within a rapidly evolving industry, and we strive to contribute to the overall well-being of society through the development of innovative service offerings.

Through responsible management, a strong customer focus, the implementation of new technologies, and sound business decisions, we have successfully established ourselves as a leader in telecommunications services in an increasingly competitive market environment. Our distinct identity, tradition, broad service portfolio, and dynamic business development make us a recognized and trusted provider.

CORPORATE GOVERNANCE AND ORGANIZATIONAL STRUCTURE

The Company is organized as a unified, independent entity and business system, structured on functional, technological, process, and territorial principles. From an organizational perspective, BH Telecom operates as a joint stock company comprising core organizational units (the CEO Office, Company Secretary Department, Internal Audit Department, Executive Directorates, Regional Directorates, and telecom centers), along with their respective internal organizational units.

The Company is governed by:

- General Assembly
- Management Board
- Supervisory Board
- Audit Committee

GENERAL ASSEMBLY	The General Assembly consists of the Company's shareholders. The Government of the Federation of Bosnia and Herzegovina, as the majority shareholder, appoints the Chair of the General Assembly, who presides over its sessions.	
SUPERVISORY BOARD	The Supervisory Board consists of a Chair and six members. In the period from January 1 to December 31, 2025, the Supervisory Board comprised:	
	1. Sedad Avdić	Chair
	2. Faruk Hadžić	Deputy Chair (resigned on December 29, 2025)
	3. Samir Čorbo	Member (resigned on November 29, 2024; formally dismissed by the General Assembly on June 30, 2025)
	4. Ela Halilhodžić	Member
	5. Alma Ustavdić	Member
	6. Zoran Marijanović	Member
	7. Hasan Hasić	Member
	8. Mirnes Fatić	Acting Member of the Supervisory Board (appointed on October 24, 2025)

MANAGEMENT BOARD

The Management Board consists of the Chief Executive Officer and Executive Directors. It is the executive body responsible for managing the Company's operations. Each member of the Management Board oversees a specific corporate or business area. The CEO Office and the Executive Directorates together form the General Directorate, headquartered in Sarajevo.

Management Board composition (January 1 - October 10, 2025):

1. Amel Kovačević	Chief Executive Officer (appointed for a four-year term effective September 27, 2024)
2. Erdal Islamagić	Acting Executive Director for Business Development (October 10, 2024 - October 10, 2025; relieved of duties on October 10, 2025)
3. Damir Čauš	Acting Executive Director for Legal Affairs, Organization and Human Resources (October 10, 2024 - October 10, 2025)
4. Muamer Durić	Acting Executive Director for Technology and Service Development (October 10, 2024 - October 10, 2025)
5. Anisa Lojo-Bajrić	Acting Executive Director for Economic and Financial Affairs (October 10, 2024 - October 10, 2025)
6. Saša Palinić	Acting Executive Director for Investments (October 10, 2024 - October 10, 2025)
7. Semir Ibrahimović	Acting Executive Director for Information Technology (October 10, 2024 - October 10, 2025).

Management Board composition (October 11 - December 31, 2025):

1. Amel Kovačević	Chief Executive Officer (appointed for a four-year term effective September 27, 2024)
2. Haris Lučkin	Executive Director for Business Development (since October 11, 2025)
3. Damir Čauš	Executive Director for Legal Affairs, Organization and Human Resources (since October 11, 2025)
4. Muamer Durić	Executive Director for Technology and Service Development (since October 11, 2025)
5. Anisa Lojo-Bajrić	Executive Director for Economic and Financial Affairs (since October 11, 2025)
6. Saša Palinić	Executive Director for Investments (since October 11, 2025)
7. Semir Ibrahimović	Executive Director for Information Technology (since October 11, 2025)

AUDIT COMMITTEE

Audit Committee composition (January 1 - February 2, 2025):

1. Dika Hodžić	Chair
2. Esad Osmanbegović	Member
3. Dina Džano Sokolović	Member

Audit Committee composition (April 9 - December 31, 2025):

1. Dika Hodžić	Chair
2. Dina Džano Sokolović	Member
3. Azra Delić	Member (appointed April 9, 2025)



Metropoly Media Ltd. Sarajevo (hereinafter: "MY Media") was established pursuant to a decision of the Management Board of BH Telecom JSC Sarajevo. According to the Registration Decision issued by the Municipal Court in Sarajevo, BH Telecom JSC Sarajevo is the sole shareholder of MY Media, having invested BAM 9,794,130 as subscribed share capital.

Corporate Governance Bodies

Pursuant to the Articles of Association of MY Media, the Company is managed by the General Manager, who also serves as the Company's Management Board, as well as by the Supervisory Board and the Shareholders' Assembly. At the time of preparation of the 2025 Annual Business Report, the position of General Manager was held by Almir Šećkanović.

Supervisory Board

- 1. Edin Sedlarević, Chairman
- 2. Zlatan Tafro, Member
- 3. Ismet Ramović, Member

Business Activity

MY Media Ltd. Sarajevo is a media company primarily registered for the production and broadcasting of television programming and related activities. In accordance with its founding documents, MY Media is engaged in the production, acquisition and broadcasting of television content, operation of a linear pay-TV channel, sale of broadcasting rights for television content, and provision of marketing services.

The Company was established in 2023 by BH Telecom JSC Sarajevo as a limited liability company with the objective of strengthening the Group's position in the media market and diversifying the content available on the Moja TV IPTV platform.

MY Media holds a broadcasting licence issued by the Communications Regulatory Agency of Bosnia and Herzegovina (CRA), the regulatory authority responsible for the country's media and communications sector. Under the terms of this licence, MY Media established the MY TV channel, which is required to ensure that at least 70% of its programming consists of film, series, historical, or documentary content. The MY TV channel commenced broadcasting on 10 February 2023 and is available through the Moja TV IPTV platform and the Moja Web TV application. In addition to its core business activities, MY Media is registered for approximately fifty additional activities, primarily related to the production and distribution of media content, as well as the provision of information technology (IT) services.

SUBSIDIARY COMPANY METROPOLY MEDIA LTD. SARAJEVO

BASIC INFORMATION

	Company Name	—	MY MEDIA LTD. Sarajevo
	Registered Office	—	Zmaja od Bosne 88
	Share Capital	—	BAM 9,794,130
	E-mail	—	almir.seckanovic@mymedia.ba
	Core Activity	—	Production and Broadcasting of Television Programming

MARKET AND SERVICE CUSTOMERS

MARKET

The telecommunications industry has remained highly competitive over the past decade, and this trend intensified further in 2025. The rapid development of new digital technologies, the expansion of 5G networks and initial preparations for 6G, significant growth in investments in AI infrastructure, and large-scale capital projects by leading global IT equipment manufacturers continued to transform the market. The global telecommunications market remains characterized by rapid change and intensive consolidation. In 2025, the overall value of global telecommunications M&A activity declined by 37% compared to 2024; however, major industry players continued to pursue acquisitions to expand their market presence and strengthen technological capabilities. At the same time, telecom operators increasingly invested in AI-native network technologies, cloud solutions, and data center infrastructure, while artificial intelligence became a key driver of operational efficiency and the creation of new revenue streams.

During 2025, United Group initiated a strategic withdrawal from several non-EU markets, including its decision to divest Telemach BH. Its regional divestment processes involving telecommunications operations in Serbia, Montenegro, and North Macedonia had a direct impact on Bosnia and Herzegovina, creating new acquisition opportunities within the domestic telecommunications market.

During the same period, Telekom Srbija completed multi-billion-euro acquisitions of content and streaming platforms across the Balkans, including NetTV Plus and Total TV. These developments further influenced the market dynamics in Bosnia and Herzegovina, where the company already operates through Telekom Srpske (Mtel). As a result, regional operators strengthened their positions through vertical integration by combining premium content with stronger distribution capabilities.

While telecommunications operators continue to face direct competition from one another, significant pressure also comes from global technology giants such as Google and Meta. These companies generate substantial profits from services that rely on telecommunications network infrastructure without directly contributing to its development. The popularity of OTT applications such as WhatsApp continued to impact operators' revenues in 2025, further reducing ARPU levels and placing additional pressure on traditional telecommunications services.

Changes in consumer behavior remain highly pronounced. In 2025, global average mobile ARPU continued its gradual decline, while demand for connectivity and overall internet traffic grew strongly, widening the gap between usage growth and telecommunications revenue growth. Customers continue to expect high-quality services, access to digital platforms, and competitive pricing, while customer loyalty continues to decline. This has encouraged telecommunications operators to further strengthen their positions in their core markets and focus on developing unique digital ecosystems.

Cost optimization remains the primary response of operators to market challenges; however, 2025 also saw intensified acquisition activity, particularly aimed at acquiring expertise, technologies, AI infrastructure, and additional network capacity. Global companies increasingly pursued acquisitions in the fields of AI cloud services, cybersecurity, fiber infrastructure, and streaming services. This confirms that technology companies remain key acquisition targets for telecommunications operators seeking to strengthen their competitive position rapidly.

One of the most dynamic market segments continues to be multimedia services. Although the number of IPTV subscribers continues to grow, streaming platforms such as Netflix, NetTV Plus, and others maintained strong expansion. During 2025, several major operators invested heavily in exclusive media content and television production acquisitions to create differentiated offerings and improve customer retention. Telekom Srbija, for example, completed one of the largest regional telecommunications content transactions in 2025 through the acquisition of the NetTV Plus platform, TotalTV operations, and Sport Klub broadcasting rights in a transaction valued at EUR 1.5 billion, establishing itself as the dominant regional player in sports content.

REGIONAL SITUATION AND ITS IMPACT ON BH TELECOM

The Western Balkans region experienced significant market shifts during 2025. United Group and Telekom Srbija continued their long-standing competition for dominance in television content distribution. During 2025, United Group significantly reduced its presence in Serbia through the sale of SBB and NetTV Plus services, while Telekom Srbija acquired key sports broadcasting rights and subscriber bases, a development widely described as a "tectonic shift" in the regional multimedia content market. These developments have also had a significant impact on the telecommunications market of Bosnia and Herzegovina. Both groups, Telemach (United Group) and Telekom Republike Srpske (Telekom Srbija), continue to influence market dynamics directly, while restructuring and consolidation activities intensified throughout 2025.

United Group formally entered negotiations and procedures for the sale of Telemach BH, while BH Telecom initiated the acquisition process for Telemach's operations in Bosnia and Herzegovina, Montenegro, and North Macedonia, confirming its strategic commitment to regional expansion. By October 2025, the telecommunications regulator in Bosnia and Herzegovina had conditionally approved the acquisition of Telemach BH, paving the way for what could become the largest domestic telecommunications consolidation transaction of the past decade. At the same time, BH Telecom achieved record financial results in 2025, generating revenues of approximately BAM 566 million, net profit of approximately BAM 70 million, and a customer base exceeding 2.1 million users, thereby further strengthening its market-leading position in Bosnia and Herzegovina.

STRATEGIC IMPORTANCE OF PROPRIETARY CONTENT PRODUCTION FOR BH TELECOM

Given the intense competition in the television and digital content segments and the accelerated market developments witnessed during 2025, it has become increasingly clear that BH Telecom must maintain a strong strategy focused on the development and distribution of proprietary content. Regional and global trends demonstrate that telecommunications operators with attractive exclusive content enjoy greater customer retention, higher ARPU levels, and stronger market positions. For this reason, the establishment of BH Telecom's subsidiary dedicated to content production and broadcasting has proven to be a strategic step in the right direction. Dedicated content management enables faster development, greater flexibility, and the creation of distinctive local programming that is attractive not only to BH Telecom customers but also commercially valuable to other operators. During 2025, it became evident that domestic audiences increasingly seek authentic Bosnian and Herzegovinian content, providing BH Telecom with a significant competitive advantage.

CUSTOMERS OF SERVICES

The establishment of MY Media Ltd. represents a diversification investment through the creation of a subsidiary focused on the production, acquisition and broadcasting of television content, the operation of a linear pay-TV channel, the sale of broadcasting and distribution rights for television content, as well as the provision of marketing services. From BH Telecom's perspective, this investment constitutes an entry into a new market segment and line of business. In 2025, despite the challenges arising from the global economic environment, MY Media continued to strengthen its market position, securing growth in its user base and advancing its strategic business segments.

CUSTOMERS (in 000)	2024	2025	% Change
Residential Customers	1,813	1,783	-2%
Business Customers	304	338	11%
TOTAL	2,117	2,121	0.2%

The BH Telecom Group's customer base comprises approximately 2.1 million users, representing an increase of 0.2% compared to the previous year. The most significant growth was recorded in the postpaid mobile segment, where the number of residential customers increased by 10%, while the business customer base grew by 11% compared to the previous year. Given that the subsidiary MY Media operates in a different line of business and does not provide the same services as the parent company, BH Telecom JSC Sarajevo, customer bases at the Group level are presented and analysed separately.

BH TELECOM CUSTOMERS

Customer-Centric Digital Transformation and Service Excellence

BH Telecom is building a customer-centric, digitally transformed, and technologically advanced ecosystem that delivers a simpler, faster, more personalized, and higher-quality customer experience, supported by substantial investments in network infrastructure, digital platforms, and artificial intelligence (AI)-driven solutions. In recent years, BH Telecom has strategically shifted its focus towards the full digitalization of the customer journey, with 2025 marking the most significant progress achieved to date.

- The sales process has been fully digitalized, enabling customers to purchase services and devices, as well as sign contracts using qualified electronic signatures, without the need to visit a retail outlet.
- The "Paperless Office" initiative has reduced internal administrative procedures, accelerated business processes, and enabled customers to receive faster and more efficient service.,

BH Telecom continues to enhance and expand its digital channels:

- The upgraded Moj BH Telecom application and the modernized Moja TV platform provide a more intuitive user interface and greater control over services.
- The use of analytical and marketing tools such as Google Analytics and Mailchimp demonstrates a strong commitment to a data-driven approach and targeted communication with different customer segments.

Customer at the Core of the Strategy: Personalization and Accessibility

BH Telecom's approach is founded on the principle of creating greater value for customers while simplifying the overall customer experience.

- Revenue growth is driven primarily by the residential customer segment, where increasing demand for postpaid mobile services, Moja TV, and home internet services reflects customers' continued confidence in the quality and reliability of the Company's offerings.
- More flexible tariff plans, higher internet speeds, and additional customer benefits have been introduced without corresponding price increases, further strengthening customer loyalty and satisfaction.

BH Telecom continues to invest significantly in customer support through the application of artificial intelligence. Moj Asistent, an advanced generative AI-powered chatbot, provides 24/7 customer support, fault reporting, service status tracking, and personalized service information. This significantly reduces response times, improves the efficiency of customer service processes, and alleviates pressure on call center operations. AI technologies are also utilized to deliver personalized customer recommendations and support intelligent network management, contributing directly to enhanced service quality and operational efficiency.

Through BH ContentLab and the continuous expansion of the Moja TV content portfolio, BH Telecom is positioning itself not only as a telecommunications operator but also as a provider of relevant and locally meaningful content. The production of domestic content and award-winning television series enhances the attractiveness of the Company's telecommunications services and further differentiates its market offering. A reliable network and high service quality remain at the core of BH Telecom's customer-focused strategy. The Company continues to invest heavily in the modernization of its LTE and fiber-optic infrastructure, while simultaneously preparing for the broader deployment of 5G technology and the development of advanced digital services as part of its long-term strategic framework. The key activities, including new offerings and improvements implemented in 2025 with the aim of achieving optimal business results, are outlined below.



POSTPAID

Through a wide range of Extra packages within its postpaid offering, BH Telecom provides its customers with rich and diverse content. With options for even more extensive content, discounts, and device purchases, every customer can find an option that best suits their needs. Such an offering leads to continuous growth of the customer base, including both new customers and those migrating from prepaid, as well as a significant number of customers switching from other networks. This approach also results in a steady increase in the number of customers bound by 12- or 24-month contractual agreements.

During 2025, promotional offers with various benefits were continuously implemented, with the aim of attracting new customers, primarily from other networks, as well as encouraging Ultra customers to migrate to one of the Extra packages. Through promotional campaigns involving SIM to USIM card replacement with added benefits, customers were continuously enabled to transition to the LTE network, with the goal of increasing mobile internet usage. As part of these sales and promotional campaigns, customers received benefits such as additional mobile data and subscription discounts. The Travel package portfolio for customers travelling outside Bosnia and Herzegovina has also been continuously improved and expanded, enabling them to travel worry-free without the risk of high bills.

Digitalization efforts continued through encouraging BH Telecom customers to increasingly use the mobile application Moj BH Telecom for purchasing content and paying all BH Telecom bills. The current BH Telecom offering of bundled/hybrid packages primarily targets younger segments, including school pupils and students, while the introduction of the "Senior" package for older customers has completed the mobile service portfolio for all age groups.

Considering the announced activities related to the shutdown of the 3G network in order to increase capacity for 4G+, activities aimed at replacing SIM cards with USIM cards have been intensified, enabling customers to access enhanced mobile internet capabilities.

PREPAID

In 2025, BH Telecom's prepaid offering aimed to respond to local competitive challenges while following market trends in adapting to rising inflation, all with the goal of stabilizing BH Telecom's revenues and maintaining customer satisfaction. During 2025, customers were enabled to use services under favorable conditions, particularly in terms of mobile internet usage (both in the domestic network and in roaming), through promotional offers as well as updates to the standard offering. In addition, a series of promotional campaigns were implemented during seasonal periods, both for customers visiting Bosnia and Herzegovina and for those traveling abroad, with the aim of enhancing the prepaid starter package offer for new customers and Travel packages for existing customers.

ROAMING OFFER

As part of the roaming services portfolio, Travel packages were enhanced by expanding the areas in which they can be used. Additionally, the option of multiple activations of Travel NET packages for postpaid customers was introduced, enabling continuous service usage (customers no longer need to wait for one package to expire before activating another). Within the standard offer, roaming charges for satellite, maritime, and in-flight networks were also defined (instead of billing based on operator invoices).



MOJA TV

During 2025, a comprehensive redesign of the Moja TV and Moja webTV offering was successfully implemented. This included the introduction of FilmBox and Arena Sport Premium packages, enhancement of existing package content, price optimization, and increased fiber speeds. At the same time, several targeted promotional and sales campaigns were carried out, aimed at increasing value per customer, improving customer satisfaction, and strengthening customer loyalty. These strategic activities significantly contributed to the modernization and competitiveness of the TV portfolio, resulting in financial performance that exceeded planned targets.

INTERNET ACCESS SERVICE

During 2025, BH Telecom continued the consistent implementation of its product and commercial strategy in the internet access segment, maintaining stable and positive trends in customer base growth, revenue, and e-bill usage rates. Through continuous enhancement of customer value and responsible portfolio development, BH Telecom has strengthened its position over the past three years as one of the leading providers of standalone fixed broadband access in the Bosnia and Herzegovina market.

The focus in 2025 was on further optimization of the existing internet package portfolio-without significant structural changes, but with the implementation of targeted promotional and sales activities that provided additional benefits to customers, particularly within higher-speed access packages. These activities were aimed at strengthening the perceived value of services, increasing sales and overall revenue, encouraging customer migration to higher-speed packages, increasing ARPU, and ensuring long-term customer retention.

In 2025, BH Telecom also implemented a comprehensive set of changes to its offer aimed at full alignment with the new regulatory framework and relevant EU directives in the field of electronic communications service quality and customer contractual rights. In this context, minimum guaranteed internet speeds were increased, a transparent mechanism for reducing monthly fees in cases where the agreed minimum speed cannot be achieved was introduced, and contractual models were improved through more flexible contract duration options (open-ended, 12 or 24 months), more favorable early termination conditions, and the possibility of temporary service suspension during the mandatory contract period.

All of these changes were aligned with Rule 97/2024 of the Communications Regulatory Agency of Bosnia and Herzegovina and were technically implemented during 2025. Their full commercial and market impact is expected in 2026. These changes are anticipated to contribute to improved customer experience and increased customer loyalty.



BUSINESS CUSTOMERS

Faced with numerous challenges, primarily reflected in inflation and increased costs, in 2025 BH Telecom commercialized enhancements to existing services and introduced new services for the business segment, contributing to continuity and the achievement of strong business results. During 2025, the trend of developing new services, as well as enhancing existing services from the Cloud Services Catalog, continued, primarily through the optimal use of existing technologies, services, and internal expertise.

The Cloud Services Catalog is designed to enable the creation of personalized solutions, ranging from simple to advanced technical implementations, with all services and infrastructure resources required for their operation implemented in BH Telecom-owned data centers located in Bosnia and Herzegovina. A significant portion of the enhancements was focused on developing services that improve security and data protection, enhance reliability, and ensure high availability of end-user services, all delivered within the BH Telecom Cloud.

In addition to providing modern, up-to-date Cloud technologies, an important segment of the Cloud Services Catalog offering is the expansion of the Technical Lead service scope, ensuring customers receive additional expert support during the design, implementation, and operational use of Cloud solutions. A promotional and sales campaign for Toptim customers was also conducted, aimed at providing more favorable terms and additional benefits when opting to continue using the service. Continuity was maintained in the strategy of transitioning customers from TDM to digital services, i.e., the IP Centrex fixed voice service, by creating the prerequisites for successful migration from ISDN-based services.

The option to deliver MPLS VPN services via the mobile 4G network was introduced for locations where BH Telecom's fixed infrastructure is not available. Additionally, the SD-WAN service was launched, representing a technological advancement of VPN services (a software-defined network connecting business locations, data centers, and the cloud via multiple types of links). Furthermore, enhancements to Wi-Fi internet access were implemented through increased access speeds, the introduction of a new package, and new functionalities.



PLACEMENT OF GOODS FOR RESALE THROUGH THE BUNDLED OFFERING

The previous period was marked by the continued trend of expanding the assortment of goods for resale through BH Telecom's bundled offering. In the consignment sales segment, the range of products on offer has continued to expand, in line with market demand. The placement of terminal equipment within the bundled offering has shown continuous growth, along with the expansion of the portfolio of consignment goods and devices for resale. During 2025, two promotional campaigns featuring dedicated devices for specific segments and packages were commercialized.

The telecommunications sector and industry are facing rapid development of new technologies and services. In this context, we have aimed to keep our device and service offering flexible and aligned with market needs, as competition and consumer preferences continue to grow. Customers increasingly demand devices that enable higher internet speeds and better connectivity, as well as smart home devices, wearables, sensors, and other devices capable of communicating via mobile networks, which is essential for the further expansion of the market.

BH TELECOM ICT PORTFOLIO WITH PARTNERS THROUGH PARTNER SOLUTIONS

The delivery of services that BH Telecom provides in cooperation with partners enables the company to position itself in the market not only as a traditional telecommunications service provider, but as a comprehensive digital partner. In this way, customers are given the opportunity to access all key services needed for the development and efficient management of their business in one place, in line with digital transformation trends. This approach strengthens long-term relationships and customer loyalty, as BH Telecom becomes an integral part of their business ecosystem. Projects have been implemented without capital investments and without maintenance costs. The partner cooperation model has enabled the rapid expansion of the digital portfolio.

Implementation results (as of December 2025):

- Four new market areas have been covered: business security, process digitalization, enterprise digitalization, and digital services;
- A total of 10 new digital services have been commercialized, while the number of partners with signed business and technical cooperation agreements has reached 19.



The current portfolio includes several partner services implemented for business customers, contributing to greater efficiency, security, and productivity, such as:

- **Cybersecurity and online protection services** that ensure data protection and customer security in the digital environment (by Sophos)
- **Advanced Cloud software and applications** for document management and digital signature, enabling the digital transformation of business processes:
 - OWIS Cloud - for document and business process management
 - Moj Potpis - online exchange of documents intended for digital signing
 - Moj Arhiv - a solution for digital archiving of all types of business documents
 - Cloud Call Center - a digital contact center in the Cloud with advanced communication services
 - Microsoft Business Suite (MBS) portfolio, etc.



In addition, the offering includes services for residential customers, such as:

- Assistance services - providing timely and appropriate support in unforeseen situations
- Digital gaming vouchers - enabling customers to purchase desired digital vouchers in a reliable, secure, and simple way, with quick electronic delivery.



In 2025, the Digital Gaming Vouchers service was introduced, pricing for the Microsoft Business Suite service was optimized, and the Electronic Payment Slip offering was expanded in cooperation with Addiko and NLB banks.

Continuous improvements are being made to existing services, including the introduction of new functionalities to deliver richer and more valuable offerings, as well as the expansion of the portfolio with new services. Activities have been initiated to introduce a new service, OWIS Hosting - hosting customer DMS systems in the BH Telecom Cloud environment - and to further enhance existing services such as Cloud Call Center, Cloud Fax, Microsoft Business Suite, and Digital Gaming Vouchers, along with expanding the Electronic Payment Slip service in cooperation with two additional banks.

The overall Partners Program offering has also been optimized in line with market requirements and a focus on profitable services. Our goal is to enable customers to access and manage BH Telecom services and bills more easily and efficiently, to generate new revenue streams, and to optimize processes and improve efficiency through digital channels. In 2025, BH Telecom acquired its first customers of the OWIS Cloud service, confirming its role as an integrator of digital services and its capability to deliver complex cloud-based solutions to the market.





BH CONTENT LAB PLATFORM

During 2025, drama series previously produced within the BH Content Lab platform were exclusively broadcast on the MY TV channel, while broadcasting rights were licensed across the entire region, including: "Kotlina S2," "Komar," "Na rubu pameti S2," and "Tender S3 and S4." Additionally, all previously produced series were relicensed after the expiration of territorial broadcasting rights, further confirming the quality of the produced content.

In 2025, contracts were signed for participation in the co-production of drama series and the film "Kad sam bio Hodža," directed by Ademir Kenović, as well as "Trake" by Zlatko Topčić, both currently in production.

For all series produced within the BH Content Lab platform, broadcasting rights have been licensed for the territories of Bosnia and Herzegovina, Slovenia, Croatia, Montenegro, and North Macedonia, as well as to the HBO platform and the Voyo platform. Furthermore, global distribution rights for the series "I Know Your Soul" (Znam kako dišeš) by director Jasmila Žbanić, "Kotlina" by Danis Tanović, and "Komar" by Timur Makarević have been granted to Beta Film GmbH, one of the world's leading global distributors.

BH Telecom also participated in the co-production of films "Paviljon," "Bosanski Vitez," and "Testament." The film "Paviljon," directed by Dino Mustafić, opened the Sarajevo Film Festival (SFF) 2025, while "Testament" became a domestic box-office hit, achieving the highest cinema attendance and revenue in Bosnia and Herzegovina in 2025.



CO-PRODUCED PROJECTS

Film
TESTAMENT
Writer / Director: Mirza Begović

Documentary Film
BOSANSKI VITEZ
Writer / Director: Tarik Hodžić

Series / Film
TRAKE
Director: Dino Mustafić

Series / Film
KAD SAM BIO HODŽA
Writer / Director: Ademir Kenović

Film
PAVILJON
Director: Dino Mustafić

NEW SERVICES IN 2025

Digital Gaming Vouchers - These are digital game codes that serve as essential tools in the modern gaming industry, providing players with a seamless way to access their favorite video games without the need for physical media. Digital vouchers can grant access to in-game content, expansions, season passes, or even virtual currencies used within games, offering players a wide range of options to enhance their gaming experience.

Electronic Payment Slip Service - This solution enables the delivery of BH Telecom service bills through pre-prepared electronic payment slips that can be paid with a single click via the mobile applications of partner banks. In this way, customers are able to pay their bills contactlessly from the comfort of their homes. In 2025, cooperation was expanded with two additional banks: Addiko Bank and NLB Bank. To date, partnerships have been established with nine banks, while the implementation of this service is currently being extended in cooperation with two more banks.

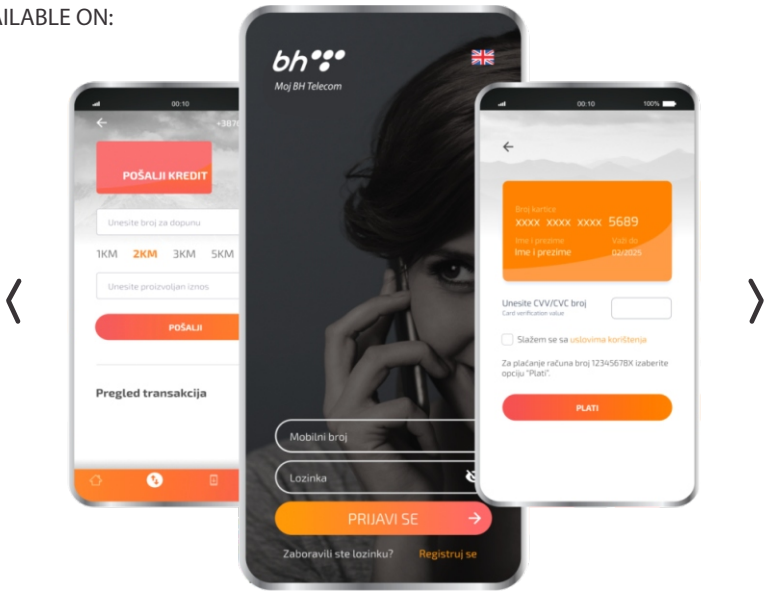
Advertising - In 2025, BH Telecom enhanced its advertising services by expanding its portfolio to include nearly all types of advertising available within the industry. The advertising services portfolio includes: · Advertising in BH Telecom business premises (indoor/outdoor) · Advertising on the MY TV channel · Targeted TV advertising · Advertising on live cameras · Advertising within the Moj BH Telecom application (planned for rollout in 2026) · Targeted mobile advertising.

MOJ BH TELECOM APPLICATION

At the end of 2025, a product catalog of Gaming Vouchers was created within the Moj BH Telecom mobile application channel, with its full rollout expected in 2026. By the end of 2025, the number of application users exceeded 457,000, with a total turnover of BAM 70 million, of which more than BAM 50 million was generated through payment card transactions. The continuous growth in the number of users is a result of the quality of the features offered, as well as the reliability and security of the application.

The Moj BH Telecom application represents one of the steps toward the digitalization of BH Telecom's sales and service channels. In 2026, further development of new customer support features will continue, including the implementation of digital product sales - eSIM and partner eVouchers - as well as the option to report service issues/complaints via the mobile application.

THE MOJ BH TELECOM APPLICATION IS AVAILABLE ON:



BH TELECOM - SALES CHANNELS

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

- Own retail outlets,
- Web shop,
- Authorized sales agents for BH Telecom services,
- Contact center.

Although the online sales channel is expected to take the lead in the coming years, the majority of sales is still carried out at physical retail locations, which retain a more traditional rather than modern futuristic character.

BH Telecom currently operates 76 retail locations:

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

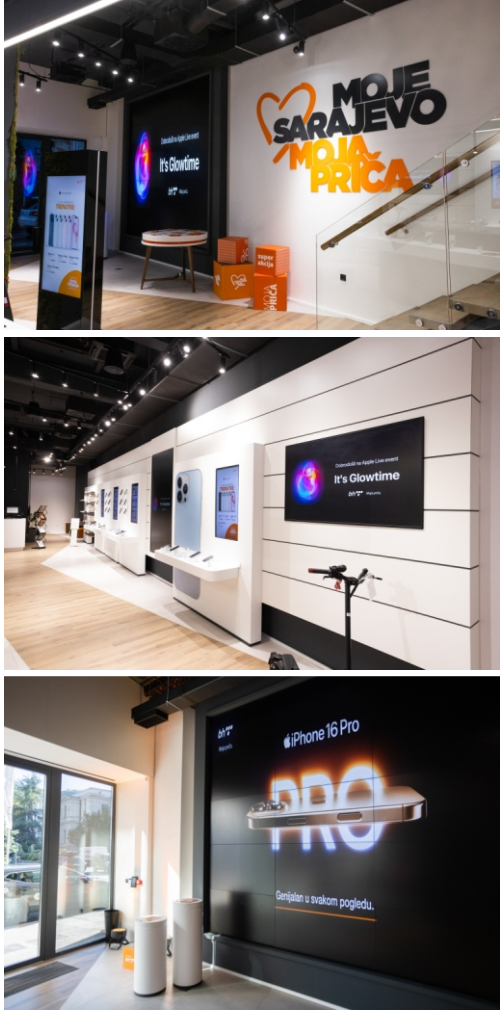
The development of distribution channels in the previous period, in addition to an extensive intermediary/sales network, has contributed to fully meeting the needs of our customers. The telecommunications market is undergoing a significant transformation, both technologically and in terms of the value delivery chain, which has a major impact on changes in customer experience. Many of the priorities that defined this business over the past twenty years are now becoming obsolete, while new trends are emerging as key priorities, with a strong focus on the transformation of customer experience.

At the same time, the telecommunications business itself is evolving. In the past, telecom operators primarily offered intangible services, whereas today they also provide various electronic devices, terminal equipment, content, and IoT ecosystems alongside their services. This shift requires effective product presentation and demonstration of functionality. As a leader in digital transformation, BH Telecom has initiated the transformation of its physical distribution and retail channels. Three self-service bill payment machines ("platomati") have been procured. These innovative self-service devices are primarily intended for bill payments via 2D barcodes from paper bills or mobile phone displays, as well as through manual entry of customer data via the display.

The machines enable payment of all BH Telecom services, including fixed-line services, mobile services, xDSL services, MojaTV, Moj izbor, the unified BHT bill, and other residential services billed monthly. In the period from June 20, 2025, to December 31, 2025, the three machines processed a total of 33,891 transactions. Assuming that a cashier requires an average of 90 seconds to process a single payment, it follows that the machines handled a workload equivalent to 847 working hours of cashier time during this period.

In 2025, a software solution called eKatalog was developed and installed on interactive displays at BH Telecom retail locations. These displays had been procured and installed the previous year with the aim of improving customer experience and enabling easy access to information about services, prices, and current offers. Developed entirely by BH Telecom employees, eKatalog provides customers with an intuitive and transparent interface for accessing key information. It enables browsing and ordering devices from the current offering, activating eSIM cards, purchasing add-ons, as well as reviewing price lists, terms of use, and other relevant content. Through this solution, BH Telecom further enhanced the digitalization of its sales process and elevated the quality of customer support.

During 2025, the equipping of retail locations with display stands featuring live demo devices was intensified. These included various brands of mobile devices, tablets, laptops, and more, allowing customers to view and test the latest devices.



SALES CHANNELS - WEBSHOP

At the beginning of 2021, BH Telecom launched a new digital sales channel - the Webshop - which complements the physical retail network while also representing the most profitable sales channel. The Webshop was quickly recognized by customers-earlier than expected-as a reliable, simple, and efficient way to purchase services, as evidenced by the large number of registered users (300,000), who generated millions of customer interactions in 2025.

In 2025, total revenue generated through the Webshop amounted to BAM 13.5 million, representing a 59% increase compared to 2024. The largest share of total revenue comes from the sale of devices within bundled and consignment offerings, amounting to BAM 10.7 million, which is 34% higher than in the previous year. In addition to device sales, significant growth has also been recorded in digital services. The value of sold eSIMs increased by 110%, while the value of add-on purchases grew by 4% compared to 2024.

By implementing this sales channel, BH Telecom has enabled residential customers to purchase products and/or services online 24/7/365, with free delivery throughout Bosnia and Herzegovina, as well as additional discounts and gifts for selected purchases. The Webshop allows customers to browse products and/or services with descriptions, images, and pricing. Once they decide to make a purchase, customers can complete payment in a secure and simple manner: online via payment cards (Maestro, Mastercard, Visa, Visa Electron), through their BH Telecom monthly bill, or by cash on delivery.

- Within the Webshop, individual customers can:
- Purchase devices and related equipment (one-time or under 12- or 24-month contracts) as part of bundled and partner (consignment) offers,
 - Purchase Ultra Start and Ultra Internet starter packages with USIM cards,
 - Purchase Ultra Start, Ultra Internet starter, and Ultra Tourist packages with eSIM cards,
 - Purchase Ultra top-ups in various denominations,
 - Submit requests for core services, change packages, and bundle services under MojIzbor,
 - Migrate from prepaid (Ultra) to subscription-based services and contract mobile services (USIM + contract or eSIM + contract),
 - Enter into a new mandatory contract period of 12/24 months,
 - Submit requests for switching from other networks,
 - Pay BH Telecom bills for all services,
 - Activate online services (various add-ons such as Instant Internet, Buy&Surf, Tourist, Travel add-ons, Moja TV additional services, etc.),
 - Activate the Bonus Plus loyalty program, track awarded points, and redeem points for Webshop purchases,
 - Report service issues,
 - Submit complaints regarding BH Telecom services,
 - Use Contact Center support, where agents can place Webshop orders on behalf of customers,
 - Purchase devices via Webshop through physical retail locations if the device is not available on-site.

In the first quarter of 2025, BH Telecom introduced the option of using a digital signature for signing sales documentation, including contracts, requests, and other forms. This service allows customers to sign documents quickly and easily remotely, without the need for physical presence or paper-based signing. The digital signature contributes to more efficient, secure, and modern operations, reduces delivery and printing costs, and further enhances the customer experience in a digital environment. Customers are also able to benefit from accumulated loyalty points within the Bonus Plus program during the purchase process. Throughout 2025, promotional campaigns were organized in which Webshop customers received special discounts on selected products or services, as well as various gifts (devices, additional equipment, bonus traffic, shopping vouchers for malls or stores, etc.). In cooperation with suppliers and device manufacturers, BH Telecom also organized preorder sales campaigns for premium devices via the Webshop. Customers who placed preorders before the official sales launch and completed their purchases upon release were entitled to gifts such as devices, vouchers, or the opportunity to purchase the ordered device at a significantly reduced price.

AUTHORIZED AGENTS IN THE SALE OF BH TELECOM SERVICES

At the beginning of 2020, a sales model for telecommunications services aimed at residential customers through authorized agents was introduced, enabling service contracting without the need to visit BH Telecom retail locations. This sales mediation model is implemented based on agreements concluded with multiple agents (13 agreements were signed in 2025), who are obligated to submit requests for establishing subscription agreements in each billing period, in a manner predefined and regulated by the mediation contracts. At the end of 2024, a mediation sales model for mobile services for legal entities (business customers) was introduced, with an enhanced concept that communication between agents and BH Telecom-regarding the submission of information about business customers and their mobile service needs-is carried out via a web-based lead form. This approach has improved the previous traditional method of communication with agents.

CONTACT CENTER

The BH Telecom Contact Center represents one of the most important operational and sales segments of the company, responsible for providing customer support, executing sales activities, and enhancing the overall customer experience.

1. BEST-RATED CONTACT CENTER IN THE MARKET

According to the 2025 "mystery shopper" survey, the BH Telecom Contact Center achieved the highest overall service quality index compared to competitors. This recognition confirms a high level of professionalism and commitment to customers.

2. EXPANDED ROLE - FROM TRADITIONAL SUPPORT TO A STRONG SALES FUNCTION

Today, the Contact Center has a significantly expanded role and operates as:

- a direct sales channel,
- a key touchpoint for identifying additional customer needs,
- a mechanism for continuous improvement of customer experience.

During 2025, the volume of sales activities increased, including the sale of services, devices, and additional packages, positioning the Contact Center as an important driver of sales performance.

3. MULTICHANNEL COMMUNICATION VIA AN ADVANCED CMS TOOL

The Contact Center uses a modern CMS tool that enables communication with customers through multiple channels:

- telephone,
- email,
- SMS,
- IPTV notifications,
- social media.

This multichannel approach contributes to broader reach, faster response times, and more efficient campaign management.

4. STRENGTHENING CUSTOMER LOYALTY AND SATISFACTION

The Contact Center actively contributes to:

- retaining existing customers,
- increasing their value through additional services,
- timely resolution of needs and challenges,
- building long-term relationships and trust.

In this way, the Contact Center plays a key role in enhancing overall customer experience and satisfaction.



THE CONTACT CENTER AS A STRATEGIC PILLAR OF BH TELECOM

In 2025, the Contact Center further strengthened its position as:

- the highest-quality customer support service in the market,
- a strong sales channel,
- a key driver of customer experience improvement,
- an important element of the BH Telecom brand reputation.

The combination of high-quality communication, multichannel availability, and a strong sales function makes the Contact Center one of the most significant segments in the company's operations.

SALES CHANNEL FOR BUSINESS CUSTOMERS

During 2025, the B2B segment of BH Telecom achieved significant progress across all key areas of sales, development, and relationships with business customers. A double-digit revenue growth was recorded in the business customer segment, driven by a strong focus on enhancing the portfolio, strengthening strategic partnerships, and expanding the offering of advanced ICT solutions. In cooperation with small, medium, and large enterprises, numerous new contracts were successfully concluded, alongside the renewal and expansion of agreements with strategically important clients. A notable step forward was achieved through the launch and commercialization of new ICT services, including cloud solutions, security services, and IoT platforms, which further positioned BH Telecom as a reliable partner in the digital transformation of business customers. In parallel with the development of the offering, a comprehensive digitalization of sales processes was implemented. An upgraded CRM system and automated workflows contributed to faster request processing, improved transparency, and more efficient management of sales activities.

Structured Key Account Management (KAM) had a direct impact on increasing ARPU, as well as identifying additional sales opportunities through systematic account planning and regular customer meetings. Complex projects for large enterprise clients were successfully delivered, in line with planned timelines and defined SLA standards.

Customer experience was significantly improved by reducing the number of escalations and enabling faster resolution of complaints, thanks to improved collaboration between sales, technical, and after-sales teams. At the same time, continuous development of the sales team was ensured through training focused on ICT solutions and key sales skills, further strengthening overall capabilities and service quality for business customers.

As a result of these activities, BH Telecom increased its market presence in the B2B segment through participation in relevant business events and targeted marketing initiatives. BH Telecom has reaffirmed its position as a leader in providing telecommunications and ICT services to business customers, with a clear strategic focus on innovation and the continuous improvement of customer experience

LOYALTY PROGRAMS

During 2025, through a series of activities, we sought to improve the customer experience with BH Telecom, both for business and residential customers.

BUSINESS CUSTOMERS

The Loyalty Program model for legal entities implemented in 2025, based on the allocation of monetary vouchers according to defined criteria for the purchase of bundled services, aimed to:

1. Protect and retain our most profitable customers and BH Telecom's revenues from competitive pressure, through:
 - increasing the loyalty of existing BH Telecom customers,
 - gaining better customer insights and using customer data to improve business operations.
2. Promote BH Telecom as a company that values customer loyalty,
3. Extend customer lifetime value, achievable through increased customer loyalty,
4. Provide additional value to customers and foster a positive perception of BH Telecom,
5. Increase sales of BH Telecom bundled services



INTEGRATED MARKET RESEARCH

Market research is an important segment within the broad spectrum of BH Telecom's activities, aimed at strengthening analytical support, improving business decision-making, and enhancing the company's market competitiveness. Key activities during the past year included: continuous market monitoring, ongoing assessment of the quality of retail locations, contact center, and email support (customer interaction quality index), semi-annual comparative analyses of the company, implementation of a wide range of quantitative and qualitative research, segmented market research, targeted studies of technological and market trends, as well as other analyses and surveys that enabled a better understanding of customer needs and perceptions, while providing timely and well-founded decision-making support.

MY MEDIA CUSTOMERS

TV Channel Operations and Content Development

During 2025, MY Media continued to strengthen the programming portfolio of the MY TV channel, as well as the digital platforms and services associated with the MY TV brand. As a result, the MY TV brand further enhanced its recognition among viewers and media professionals, strengthened its position in partnerships with holders of television broadcasting rights in Bosnia and Herzegovina and Europe, and increased its attractiveness to commercial clients.

In January 2025, MY Media successfully reached an agreement with Arena Sport channels and the Football Association of Bosnia and Herzegovina regarding the acquisition of broadcasting rights for WWIN League of Bosnia and Herzegovina matches, the most attractive football competition in the country. This business initiative was identified in the 2025 Business Plan as one of the Company's most significant challenges. The agreement is particularly important given that MY TV became an official broadcaster of the competition in March 2025 and has secured the broadcasting rights through the end of 2026. MY Media also signed a new three-year agreement for the distribution of the MY TV channel across BH Telecom's multimedia platforms.

This agreement represents the Company's most important commercial contract and was identified as one of the key business priorities in the 2025 Business Plan. Throughout 2025, MY Media significantly expanded its production and programming capacities. In co-production with external partners and supported by BH Telecom's playout infrastructure, MY Media broadcast more than 315 hours of live programming under the MY TV brand. Live broadcasts primarily consisted of sports events; however, the channel also aired live film and documentary programming.

Detailed Analysis of MY TV Viewership in 2025

During 2025, MY TV recorded fluctuations in viewership within the Moja TV IPTV platform, which currently offers approximately 240 television channels. This demonstrates the highly competitive nature of the media market, where attracting and retaining audiences remains challenging.

Key performance indicators include:

- Average ranking: Between 20th and 25th place among approximately 240 available channels, reflecting a stable audience base for a relatively young and niche-oriented channel.
- Peak viewership periods: July, August, September, and October, driven primarily by live sports broadcasts, particularly WWIN League of Bosnia and Herzegovina matches, the First League of the Federation of Bosnia and Herzegovina, and appearances of Bosnian football clubs in UEFA competitions. During these periods, the channel reached the Top 15 channels by audience share and the Top 10 channels by audience reach (number of users watching the channel for more than four hours per month).
- Impact of sports content: Exclusive sports programming remains the primary driver of viewership, with audiences showing particular interest in live broadcasts and match highlights.
- Film and series programming: Contributes to stable daily viewership but without significant audience peaks. During periods with fewer sports broadcasts, the channel typically ranked between 30th and 40th place.

In 2025, MY TV demonstrated a stable audience base and a strong ability to attract viewers during key live sporting events. Equally important, the channel continued its organic growth within the Bosnia and Herzegovina market, while significantly increasing the visibility and recognition of the MY TV brand. This achievement is particularly noteworthy given the challenges faced in the channel's early years, when viewers often associated the MY TV brand exclusively with the Moja TV platform rather than as an independent television channel.

TV Channel Distribution and Broadcasting Services

The strategic partnership between BH Telecom and its subsidiary, which serves as the foundation of the business model, continued successfully throughout 2025. BH Telecom remained the largest and sole customer for television channel distribution services provided by Metropoly Media d.o.o. Sarajevo. During 2025, no initiatives were undertaken to distribute MY TV through other cable operators, in order to preserve the exclusivity of the channel's content within the Moja TV platform. The distribution agreement with the parent company generated approximately 97% of Metropoly Media's total revenue. Throughout the year, MY TV continued to develop its content offering with a focus on sports, films, entertainment, and educational programming, in line with the broadcasting licence issued by the Communications Regulatory Agency of Bosnia and Herzegovina



Sports Programming

Sports content remained the cornerstone of MY TV's programming strategy and included:

- WWIN League of Bosnia and Herzegovina and the First League of the Federation of Bosnia and Herzegovina, featuring live broadcasts and match highlights that attracted local football audiences, with particular focus on leading clubs such as FK Sarajevo, FK Željezničar, NK Čelik, FK Velež, FK Sloboda and NK Jedinstvo. This content enabled MY TV to reach viewers across the country's major urban centres, among Moja TV subscribers.
- Bosnia and Herzegovina national football team matches in UEFA competitions, which enhanced the channel's reputation among football enthusiasts. During 2025, MY TV, in partnership with BHRT, broadcast ten national team matches.
- FIBA Europe Cup, providing coverage of regional basketball competitions and appealing primarily to younger audiences and basketball enthusiasts. Coverage focused on KK Bosna BH Telecom matches, while MY Media also held national broadcasting rights for the entire competition.
- Additional sports content, including the UEFA Futsal Champions League, the Bosnia and Herzegovina Futsal Cup Finals, the Bosnia and Herzegovina Basketball Championship, and European competition matches involving FK Sarajevo and FK Željezničar.

Sports programming represented the primary driver of viewership and a key source of advertising revenue.



Films and Series

The channel's entertainment portfolio included:

- Hollywood films and popular television series, enhancing overall channel attractiveness while fulfilling regulatory obligations associated with the channel's broadcasting licence.
- European and regional productions, catering to audiences interested in culturally relevant and high-quality programming from the region.
- Domestic productions, including films and television series developed within local production initiatives and under the BH Content Lab project.



Educational and Documentary Programming

Educational and documentary content further strengthened the channel's public value proposition:

- Programmes focused on the history, culture, and arts of Bosnia and Herzegovina, reinforcing national identity and social value. During 2025, MY TV acted as producer, co-producer, or partner in projects such as TV Calendar, History of Bosnia and Herzegovina, and the monthly programmes of the Bosnia and Herzegovina Cinematheque, among others.
- Documentary programmes covering sports, science, and social issues, differentiating MY TV from competing channels. These programmes were primarily developed in cooperation with local production companies specialising in high-quality documentary content.

The combination of sports, film, and educational programming enables MY TV to maintain a unique position within the IPTV market by offering content not available on competing platforms in Bosnia and Herzegovina, while simultaneously fulfilling all obligations arising from the channel's specific broadcasting licence requirements. In addition, cooperation was established with the international partner Lipa Media d.o.o. Danilovgrad, Montenegro, in the area of broadcasting services.

Media Space Leasing and Advertising Services

As part of its strategy to generate additional revenue from its linear television channel operations, the subsidiary also provides marketing services, including:

- Co-production of television programmes;
- Brand placement within television programmes;
- Sale of advertising airtime.

These services are marketed both to BH Telecom and to third-party clients. The MY TV channel became increasingly attractive to commercial partners during 2025, as evidenced by the significant increase in marketing activities conducted with unrelated parties. Revenue generated from advertising services provided to third-party customers recorded year-on-year growth of 100%, confirming the growing commercial value and market recognition of the MY TV brand.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE BH TELECOM GROUP

The BH Telecom Group generated a gross profit of BAM **76.4 million** in 2025, representing an increase of BAM 4.1 million, or 6%, compared to BAM 72.3 million recorded in 2024.



INCOME STATEMENT (in BAM million)	2024	2025	% Change
Revenue from contracts with customers	528.30	539.76	2%
Other income and gains	18.34	15.41	-16%
Financial income	7.46	10.13	36%
TOTAL INCOME	554.11	565.30	2%
Operating expenses	455.74	470.06	3%
Other expenses and losses	23.51	15.43	-34%
Finance cost	2.53	3.41	35%
TOTAL EXPENSES	481.77	488.90	2%
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	72.33	76.40	6%
Income tax expense	6.37	6.50	2%
PROFIT FROM CONTINUING OPERATIONS	65.96	69.90	6%

In 2025, the Group generated total revenue of BAM 565.3 million, representing an increase of BAM 11.2 million, or 2%, compared to the previous year. Total expenses amounted to BAM 488.9 million, an increase of BAM 7.1 million, or 2%, compared to 2024.

The gross profit margin reached 13.5%, representing an increase of 0.4 percentage points compared to the previous year.

Profitability achieved at the Group level exceeded the profitability reported by BH Telecom JSC Sarajevo on a standalone basis by approximately BAM 55 thousand, or 0.1%, reflecting the positive contribution of the subsidiary to the Group's overall financial performance.

Key Profitability Indicators

The table below presents an overview of the Group's key profitability indicators.

PROFITABILITY INDICATORS (in BAM million)	2024	2025	% Change
Operating revenue	546.65	555.17	2%
Operating expenses	374.36	380.17	2%
EBITDA	172.28	174.99	2%
EBITDA AL*	159.88	160.26	0.2%
EBITDA margin	31.52	31.52	0 p.p
Depreciation	104.88	105.31	0.4%
EBIT	67.40	69.68	3%
EBIT margin	12.33	12.55	0.2 p.p
Financial income	7.46	10.13	36%
Financial expenses	2.53	3.41	35%
PROFIT BEFORE TAX	72.33	76.40	6%

* EBITDA AL represents EBITDA excluding lease liabilities recognized under IFRS 16.

The Group's improved profitability in 2025 was supported by positive commercial momentum and revenue growth across both the residential and business customer segments, as well as higher finance income and increased revenues from the sale of goods.

At the same time, ongoing cost optimization initiatives helped partially offset the inflationary pressures affecting operating expenses. As a result, the Group maintained strong operating efficiency, with the EBITDA margin remaining stable at 31.5%, while EBIT margin increased by 0.2 percentage points to 12.6%. The combined impact of revenue growth, disciplined cost management, and improved financial performance contributed to a 6% increase in gross profit, reaching BAM 76.4 million in 2025.

Operating Expenses

From the perspective of the Group's cost structure, operating expenses increased by 3% compared to the previous year.

OPERATING EXPENSES (in BAM million)	2024	2025	% Change
Cost of goods sold	62.23	64.95	4%
Changes in inventories, net (+)/(-)	0.16	0.0009	-99%
Raw material	3.16	3.04	-4%
Energy and fuel	11.53	13.80	20%
Salaries and other employee's benefits	148.33	153.22	3%
Depreciation and amortization	104.88	105.31	0.4%
Services	42.69	48.04	13%
Other operating expenses and costs	82.76	81.70	-1%
TOTAL OPERATING EXPENSES	455.74	470.06	3%

The implementation of the Paperless Office initiative reduced office supply and other consumable material costs by 19%. Savings were also achieved within material costs through lower expenditures on securities, raw materials and maintenance supplies, fuel consumption for the vehicle fleet, and tyre write-offs, contributing to an overall 4% decrease in this cost category.

Energy and fuel costs recorded an annual increase of 20%, representing the most significant increase among operating expenses. As of August 2024, BH Telecom lost its status as a "small customer" under the new Electricity Law, requiring all metering points supplied by Elektroprivreda BiH and Elektroprivreda HZHB to transition from regulated supply to market-based electricity procurement. Consequently, the total contract value covering approximately 90% of BH Telecom's facilities increased by approximately 12% compared with contracted electricity consumption volumes. Furthermore, under the new supply contracts for 2025, electricity prices increased by an additional 1.56%.

The increase in electricity expenses was also driven by network expansion activities. During 2025, the Company deployed 131 new RAN sites, bringing the total number of network locations to 1,738, upgraded capacity at 424 locations, and performed network optimization activities at 237 locations. In addition, the capacity of the mobile packet core network was expanded to 80 Gb/s to accommodate the growth of mobile internet and VoLTE services. Average 4G speeds increased by 38.7%, while total network traffic grew by 30% compared to 2024. New Remote Radio Unit (RRU) equipment with three times greater capacity was acquired to address network capacity constraints. These investments required additional electricity consumption.

The Disaster Recovery Centre, commissioned at the end of 2023, became more extensively populated with equipment during 2025, including the installation of redundant systems, resulting in additional electricity consumption. Moreover, the allocation of larger mobile data packages to customers increased traffic volumes and further contributed to energy consumption growth. The Company was also required to transfer all of its metering points in Republika Srpska from regulated to market-based electricity supply, resulting in an approximately 25% increase in electricity bills at those locations.

Salaries and other employee benefits increased by 3% year-on-year. Gross salary expenses rose by 2% following a salary adjustment effective January 2025, implemented in line with increases in the cost of living pursuant to amendments to the Company's Labour Rulebook. As a result, the gross salary coefficient used for payroll calculations increased by 5.1%.

Within this category, other employee benefits increased by 8%, contributing significantly to the overall growth trend. These expenses include meal allowances, transportation allowances, annual leave allowances, retirement severance payments, childbirth benefits, and similar employee entitlements. In accordance with amendments to the Government Regulation on employer-paid employee assistance, employers were permitted to provide employees with a tax-exempt monthly allowance of up to BAM 400 through the end of 2025. Expenses incurred on this basis amounted to BAM 4.7 million in 2025, resulting in an increase of BAM 409 thousand, or 10%, in other employee benefit costs.

In addition, the increase in the average net salary in the Federation of Bosnia and Herzegovina led to higher costs for employee benefits calculated as a percentage of salary. Meal allowance expenses increased by BAM 1.4 million (12%), annual leave allowances increased by BAM 159 thousand (8%), and expenditures related to BHT Day increased by BAM 638 thousand (71%). Costs associated with externally engaged individuals, including board members, increased by 31% compared to the previous year. The increase in depreciation and amortization expense was primarily attributable to higher depreciation of right-of-use assets, which grew by 19% as a result of increases in lease rates caused by inflationary developments in the real estate market and other leased asset categories.

During 2025, expenditures related to LTE network maintenance increased, as did legal advisory costs associated with the implementation of the Group's strategic projects. Furthermore, higher hourly labour rates and increased night-shift premiums significantly increased outsourced workforce costs for the Contact Centre. Together with higher advertising expenditures, these factors resulted in a 13% increase in costs of services received.

Other operating expenses decreased by BAM 1.1 million, or 1%, compared to the previous year. Savings of more than BAM 3.0 million were achieved through the optimization of content acquisition costs for the Moja TV service, co-production of proprietary content, delivery and printing costs of telecommunications invoices, property and vehicle insurance expenses, business signage fees, court fees, and lower wholesale-related expenses.

However, part of these savings was offset by increases in costs over which the Group had limited or no influence, particularly banking service charges, regulatory fees payable to the Communications Regulatory Agency (CRA), licence and rights usage fees, and other intangible operating expenses.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE BH TELECOM GROUP

STATEMENT OF FINANCIAL POSITION (in BAM million)	31 December 2024	31 December 2025	% Change
Non-current assets	819.70	874.39	7%
Deferred tax assets	8.39	9.12	9%
Current assets	453.73	430.02	-5%
TOTAL ASSETS	1,281.82	1,313.52	2%
Equity	1,036.07	1,065.17	3%
Non-current liabilities	85.83	93.09	8%
Deferred tax liabilities	2.33	3.05	31%
Current liabilities	157.59	152.21	-3%
TOTAL EQUITY AND LIABILITIES	1,281.82	1,313.52	2%

The total assets of the BH Telecom Group amounted to BAM 1.3 billion as at 31 December 2025, representing an increase of approximately BAM 32.0 million, or 2%, compared to the position as at 31 December 2024. Non-current assets amounted to BAM 874.4 million, an increase of BAM 54.7 million, or 7%, compared to year-end 2024. As a result, the share of non-current assets in total assets increased to 67% (2024: 64%). The most significant increase was recorded in long-term financial investments, primarily due to a rise in bank deposits, which increased by BAM 71.8 million, or 107%.

Current assets decreased by 5% compared to 31 December 2024, mainly as a result of a reduction in cash and cash equivalents of approximately BAM 66.0 million, or 27%. Group inventories decreased by BAM 2.1 million, or 15%, while trade receivables increased by BAM 4.6 million, or 4%. Total equity increased to BAM 1,065.2 million, representing growth of BAM 29.1 million, or 3%, compared to the previous year-end, and accounted for 81% of the Group's total assets. The increase in equity was driven by higher accumulated earnings and the profit generated during the reporting period.

Within the financing structure, the share of non-current liabilities increased to 7.1%, compared to 6.7% at the end of the previous year, while current liabilities decreased by 3% to BAM 152.2 million as at 31 December 2025.

Key Financial Position Indicators

The table below presents the Group's key financial position indicators.

FINANCIAL POSITION INDICATORS	2024	2025	% Change
Liquidity Ratios			
Current Ratio	287.88	282.52	-5.36 p.p.
Cash Ratio	156.35	118.68	-37.67 p.p.
Financial Stability Ratio	73.06	75.49	2.43 p.p.
Leverage Ratios			
Debt Ratio	19.17	18.91	-0.27 p.p.
Equity Financing Ratio	80.83	81.09	0.27 p.p.
Debt-to-Equity Ratio	23.72	23.32	-0.41 p.p.

The calculated indicators demonstrate that the Group maintained a high level of liquidity, despite the decline in certain liquidity ratios during the reporting period. As at 31 December 2025, the Group held nearly three times more current assets than short-term liabilities, and approximately 1.2 times more cash and cash equivalents than current obligations.

The decrease in liquidity indicators was primarily attributable to the reduction in the cash and cash equivalents balance, resulting in declines of 5.4 percentage points in the current ratio and 37.7 percentage points in the cash ratio compared with the previous year.

The Group's leverage indicators continue to reflect a very low level of indebtedness. Overall, the BH Telecom Group maintains a strong financial position characterized by substantial financial and investment capacity, a conservative capital structure, and a very high degree of business stability supported by solid financial fundamentals.

CONSOLIDATED STATEMENT OF CASH FLOWS OF THE BH TELECOM GROUP

CASH FLOW STATEMENT (BAM million)	2024	2025	% Change
Net cash inflow from operating activities	169.93	172.65	2%
Net cash outflow from investing activities	-152.81	-178.06	17%
Net cash outflow from financing activities	-83.19	-60.36	-27%
Net decrease in cash and cash equivalents	-66.07	-65.77	0%
Cash and cash equivalents at the beginning of the period	312.47	246.45	-21%
Effects of foreign exchange rate changes	0.04	-0.02	-158%
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	246.45	180.65	-27%

During the reporting period, net cash inflows from operating activities increased by 2% compared to the previous year. This, combined with a significantly higher net cash outflow from investing activities and a lower negative cash flow from financing activities, resulted in a somewhat lower overall negative net cash flow, consistent with the trend reported in the previous year.

Cash and cash equivalents as of 31 December 2025 amounted to BAM 180.6 million, representing a decrease of BAM 66.0 million, or 27%, compared to the year-end balance reported in the previous year. The decline in cash and cash equivalents was primarily attributable to the payment of dividends in respect of the prior year, as well as the increased volume of investment activities during 2025.

In addition to the above amount, the Group held long-term financial investments amounting to BAM 158.0 million and short-term financial investments amounting to BAM 82.3 million as of 31 December 2025, resulting in total cash and invested financial assets of approximately BAM 421.0 million.

The reported value of financial assets reflects the Group's strong financial stability and low level of indebtedness. Accordingly, cash outflows from financing activities recorded during 2025 primarily relate to dividends paid to shareholders in the amount of BAM 44.5 million and payments of lease liabilities arising from finance leases in accordance with IFRS 16, amounting to BAM 15.8 million.

CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL SUSTAINABILITY



DONATIONS

BH Telecom's donation activities over the past decade represent a strong indicator of its commitment to social progress and the creation of a prosperous and sustainable environment for all citizens of Bosnia and Herzegovina. Through targeted investments in the most important areas of social life, transparent allocation processes, and readiness to respond in crisis situations, BH Telecom has confirmed its position as a responsible leader and a key partner to the community.

In the period from 2014 to 2025, BH Telecom consistently reinforced its role as one of the most significant and reliable donors in Bosnia and Herzegovina. Through an institutionalized model of allocating 1% of annual profits to socially beneficial programs, the company has maintained continuous investment, achieving a remarkable positive impact across various sectors of society, including education, healthcare, culture, sports, social welfare, and emergency humanitarian interventions. The total value of donations by 2025 reached BAM 23.3 million, confirming BH Telecom as the largest single donor in the country.

Social Impact and Strategic Focus of Donations

The company's donation activities are based on clearly defined criteria and transparent public call procedures, further strengthening community trust and reinforcing BH Telecom's position as a responsible and reliable partner in social development. Donations are systematically directed toward sectors of highest public interest:

- **Education:** Through multi-year programs for the procurement of IT equipment, BH Telecom has equipped 490 schools, donated 2,450 computers and 980 multifunctional devices, significantly enhancing the digital infrastructure of educational institutions across Bosnia and Herzegovina.
- **Healthcare:** In crisis years, particularly during the COVID-19 pandemic, the company donated BAM 1,000,000 to hospitals for the procurement of ventilators, medical equipment, and patient care, making a key contribution to the stability of the healthcare system.
- **Humanitarian and Social Support:** Through ongoing donations to public kitchens, associations of persons with disabilities, social welfare institutions, and organizations supporting children with developmental difficulties, BH Telecom contributes to improving the quality of life of the most vulnerable groups in society.

Response in Emergency Situations

The company has demonstrated a high level of social responsibility in times of crisis. In 2014, when Bosnia and Herzegovina was affected by catastrophic floods, BH Telecom donated BAM 1,191,800 for recovery efforts, of which BAM 1,000,000 was allocated to the Federal Relief Fund for affected areas. Similarly, in 2023, following the devastating earthquake in Turkey and Syria, the company allocated BAM 150,000 as emergency aid through the Pomozi.ba Association.

Transparency and Public Accountability

Public calls for donation allocation, along with lists of beneficiaries, donation amounts, and purposes, are regularly published in the Official Gazette of the Federation of Bosnia and Herzegovina and on the company's website, ensuring a high level of transparency and responsible management of public-interest funds. Through this approach, BH Telecom has further strengthened its reputation as a socially responsible company, fully aligned with legal regulations and best practices in corporate governance.

SPONSORSHIPS

BH Telecom strives to actively and continuously contribute to the development of value systems and the advancement of society in Bosnia and Herzegovina, particularly in the fields of sports, science, culture, education, and the promotion of creativity, innovation, and digital literacy. Through initiating, recognizing, and financially supporting various initiatives, projects, organizations, and institutions, the company reaffirms its commitment to the community and to improving the quality of life in the country.

As a socially responsible company, BH Telecom approaches sponsorships strategically, recognizing their importance in creating long-term value for the community and society as a whole. This strategic approach carefully selected sponsorship activities aligned with the principles of sustainable and responsible business.

BH Telecom does not limit itself only to projects proposed to the company, but actively initiates them, particularly humanitarian projects and those aimed at children and young people, in order to ensure easier and healthier upbringing, proper development, and a supportive environment. Projects are implemented independently or in cooperation with relevant institutions at the state, entity, cantonal, and local levels.

FOOTBALL CLUBS



Lana Pudar



Elvedina Muzaferija



S P O R T S

C U L T U R E



The company firmly believes in the power of strategic partnerships and systematically works on their long-term strengthening. BH Telecom considers corporate responsibility and philanthropy as fundamental components of its business philosophy and mission. Since its establishment, the company has made a significant contribution to the development of sports, science, education, culture and the arts, social security, as well as environmental protection. Special attention is also directed toward initiatives that promote digital literacy and innovation. For more than 30 years, the company has strived to be a reliable partner to the community in which it operates.

Carefully selected partnerships have contributed to strengthening relationships with customers and local communities, enhancing brand recognition, and achieving strong communication effects. Through these partnerships, BH Telecom has further reinforced its connection with the environment in which it operates, while affirming its role as a leader in corporate social responsibility.

During 2025, the company remained a proud partner and supporter of numerous projects and institutions, including the Sarajevo Film Festival through the "My Sarajevo, My Story" campaign, Basketball Club Bosna, sports federations of Bosnia and Herzegovina, football clubs Sarajevo, Željezničar, Velež and Sloboda, as well as top athletes Elvedina Muzaferija and Lana Pudar. Key cultural institutions such as the National Theatre Sarajevo and the Kamerni Teatar 55 were also supported.

Significant funds were also invested in supporting national teams and sports clubs across various disciplines, including sitting volleyball, swimming (PK Spid - Ismail Barlov), tennis, handball, athletics, basketball, volleyball, skating, skiing, hockey, taekwondo, boxing, judo, karate, equestrian sports, and many others. The supported projects achieved broad social reach and recognition, further confirming the value of investing in initiatives that contribute to community development and strengthening social cohesion.

ENVIRONMENTAL PROTECTION



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

BH Telecom manages all aspects of its operations by continuously reducing the negative environmental impact of its activities and permanently improving achieved results in the field of environmental protection. The company procures equipment from manufacturer-partners whose products operate efficiently in various climatic and natural environments without harmful effects on the environment. The equipment is certified as proof of compliance with environmental standards related to minimal electricity consumption and reduced carbon dioxide emissions.

Energy efficiency as a principle is observed indirectly through partner-suppliers of equipment, who ensure optimal energy consumption of their products and possess appropriate energy efficiency certifications as proof of compliance.

The development of BH Telecom's mobile network is regulated by procedures that require the preparation of studies on electromagnetic radiation and its potential impact on human health for all installed equipment, thereby preventing negative environmental effects. Significant attention is devoted to the disposal of technological and IT waste, ensuring it is handed over to authorized legal entities for proper waste management.

During 2025, BH Telecom implemented a range of activities aimed at environmental protection in the context of telecommunications equipment deployment and operation. These activities include obtaining systematic assessments and reports on the environmental impact of base stations, along with safety declarations. The goal is to secure certification of compliance with electromagnetic radiation limits from the Communications Regulatory Agency, as well as approvals for the use of non-ionizing radiation sources from the Ministry of Health and Social Welfare of Republika Srpska.

Network modernization activities were carried out, replacing older technologies with newer, more energy-efficient solutions characterized by lower heat dissipation and CO₂ emissions, including batteries, power supply systems, new air-conditioning systems, and UPS systems. Functionalities that enable energy savings were implemented, thereby improving the energy efficiency of the equipment.

Projects for replacing energy systems with higher efficiency levels are continuously being implemented, alongside the gradual replacement of air-conditioning systems using refrigerants that have a negative environmental impact.

Remote Radio Units (RRUs)-components of base stations-are continuously being relocated from containers to antenna masts, eliminating the need for cooling. Additionally, Single RAN solutions are being implemented, which are more energy-efficient compared to solutions where multiple vendors provide different mobile technologies at a single location.

Dedicated software is also used to control the energy consumption of base stations, enabling adaptive reduction of consumption during periods of low traffic. Continuous upgrades and replacements of power supply equipment (rectifiers, batteries), as well as air-conditioning systems, are being carried out, alongside the implementation of monitoring systems for energy facilities and components. All these activities contribute to improving energy efficiency.



Continuous assessments of the environmental impact of base stations (BS)

Active development and implementation of photovoltaic (PV) systems

Modernization of equipment with new solutions that ensure energy efficiency and have no harmful environmental impact

Following the commissioning of BH Telecom's first photovoltaic power plant on the rooftop of its business building in Mostar in January 2024, the implementation of photovoltaic systems continued during 2025 at company facilities, including FN Dolac Malta, FN Bihać, and FN Franca Lehara. Achieved electricity savings amount to approximately 5% for the Franca Lehara and TKC Bihać facilities, and around 1.5% for TKC Dolac Malta.

Photovoltaic systems were also installed at 20 base stations, achieving average reductions in grid electricity consumption of approximately 12% per location. The first hybrid system was commissioned at the Mliništa base station (diesel-electric generator + battery + PV system).

Implementation of photovoltaic systems is currently underway for an additional four BH Telecom facilities as well as for 40 base stations.

Electric vehicle charging stations had previously been installed to support the increased use of electric vehicles. These stations are located in parking areas of major company facilities across regional directorates (one charging station per BH Telecom directorate headquarters).

During 2025, four BH Telecom employees obtained the "Young Energy Scout" certification.

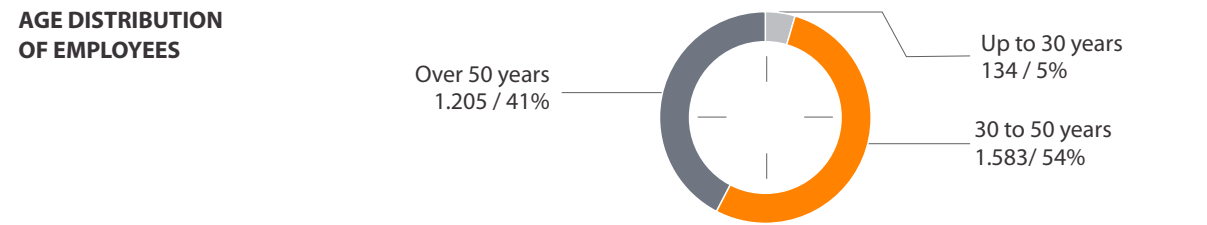
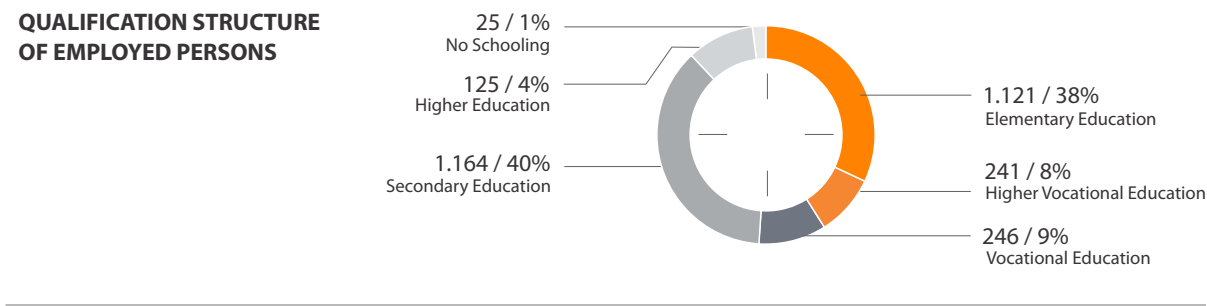


EMPLOYEES

The table below presents the workforce structure of the BH Telecom Group as at 31 December 2025.

Employee Structure as at 31 December 2025	BH TELECOM	MY MEDIA	GROUP
A. By Educational Qualification			
1. University Degree	1,117	4	1,121
2. Higher Education Degree (College)	241	-	241
3. Highly Skilled Workers	246	-	246
4. Secondary School Education	1,162	2	1,164
5. Skilled Workers	125	-	125
6. Unskilled Workers	25	-	25
TOTAL (1 to 6)	2,916	6	2,922
B. By Age			
1. Up to 30 years	132	2	134
2. 30 to 50 years	1,579	4	1,583
3. Over 50 years	1,205	-	1,205
TOTAL (1 to 3)	2,916	6	2,922
C. By Gender			
1. Male	1,858	5	1,863
2. Female	1,058	1	1,059
TOTAL (1 to 2)	2,916	6	2,922

As at 31 December 2025, the BH Telecom Group employed a total of 2,922 people, of whom 2,916 were employed by BH Telecom and 6 by MY Media. In terms of gender structure, the workforce comprised 1,059 women (36%) and 1,863 men (64%).



SIGNIFICANT CAPITAL INVESTMENTS

Total capital investments realized at the Group level in 2025 amounted to BAM 60.3 million.

An overview of investments by Group companies is presented below:

CAPITAL INVESTMENTS (in 000 BAM)	2024	2025	% Change
BH TELECOM	78,536	59,873	-23.7%
Investments in fixed telephone services	18,871	20,012	6,0%
Investments in equipment for providing fixed broadband services	35,277	4,612	-86.9%
Investments in equipment and network for providing mobile services	20,335	14,661	-27.9%
Other investments	4,053	20,588	508.0%
MY MEDIA	84	387	417.6%
Intangible assets and other non-current assets	84	387	460.7%
TOTAL	78,620	60,260	-23.4%

Investments in the Fixed Network and Upgrade Activities

In 2025, procurement procedures were prepared and initiated for the construction of FTTH networks in the Una-Sana Canton, Tuzla Canton, and Zenica-Doboj Canton, covering 38,000 homes passed (HP - residential and business units), while activities were launched to prepare the necessary documentation for an additional 24,000 HP in Sarajevo Canton, Herzegovina-Neretva Canton, and Brčko District. In addition, through a series of individual procedures, the process of building FTTH networks for more than 20,000 HP was initiated.

In 2025, a total of 11,503 optical fibers were constructed. The most significant optical networks that were built or are under construction include: Bugojno, Lukavac, Ključ, Otoka (Sarajevo), Šehovina, Dolac Malta, Rujnica, Janjići, Lipnica, and others.

The project of replacing and modernizing active fixed network equipment (VDSL and GPON - optical technology) continued, along with capacity expansion, which will also include the replacement of part of the customer terminal equipment in order to significantly increase the capacity of the fixed access network for broadband Internet and IPTV services. Procurement is underway for 10G PON FTTH equipment with a total capacity of 48,000 ports, as well as 33,300 VDSL ports.

During 2025, the migration project from TDM to IMS continued, along with the migration of interconnection capacities to SIP/IP. IMS and IP Centrex were expanded with a sufficient number of licenses. A total of 9,190 POTS users, 388 ISDN BA users, and 127 PBX users were migrated, with the completion of this activity planned for Q2 2026. Following the migration, all associated TDM core network elements will be decommissioned, leading to expected reductions in electricity costs, external maintenance costs, and freeing up space in server rooms. A total of 12,300 users were migrated from ADSL2+ to VDSL2. On optical ports, 39,905 users are active, which is 5,376 more than in 2024. A total of 240 third-party 10G SFP transceivers were procured for Nokia access devices, enabling the expansion of uplink capacity on these devices. In 2025, uplink capacity was increased from 1 Gbps to 10 Gbps on 134 access devices. Procurement was initiated for 2,230 third-party CSFPs for 4,460 user ports, which will enable users to achieve speeds of up to 1 Gbps.



More than 39,900 optical ports are active

In 2025, the number of users on optical networks increased by 15.5%

Service automation and reduction of faults/issues

Gradual decommissioning of TDM core network elements and cost reduction

The replacement and modernization of active fixed network equipment continued

The necessary software (licenses and functionalities) was procured, and modifications were made to the BBA platform, enabling the use of third-party ONT user devices. This resolved the "vendor lock-in" issue, which previously required the use of ONT devices only from the same vendor as the OLT. A detailed analysis identified 8,620 users for migration from copper to optical networks, and an initiative was launched with other organizational units to implement this migration.

The Dynamic Port Mapping functionality was put into production on three types of user devices currently installed with 39,000 users, increasing the level of service activation automation and expected to reduce the number of service faults.

BH Telecom continuously builds broadband optical networks in FTTH (fiber-to-the-home) and FTTC (fiber-to-the-cabinet-within 300 meters of residential units) configurations. The annual growth in the total number of users on FTTH networks amounts to 15.5%. In April 2025, a promotional campaign was conducted for migration and acquisition of users to BH Telecom's optical networks, offering 500 Mbps download speeds.

To ensure that access speeds are supported end-to-end-from the user to the network core and towards international nodes-the transport network is continuously expanding geographically, in capacity, and functionally within the DWDM network segment, IP/MPLS networks (fronthaul and backhaul), as well as radio relay links. Projects for expanding transport networks have been contracted and initiated, enabling them to support increasingly demanding services and the upcoming 5G network.

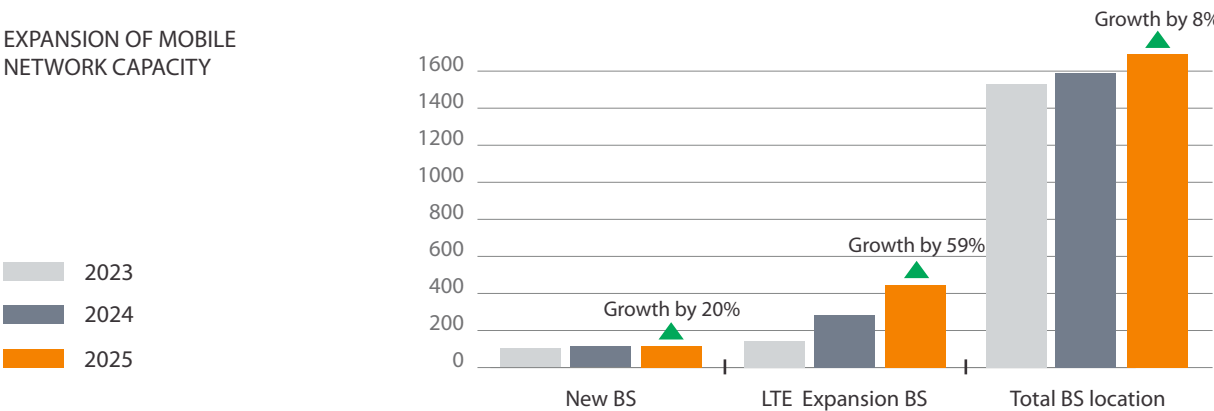
Investments in the Mobile Network

During 2025, projects related to the further expansion of the mobile radio access network were implemented, both in terms of geographic coverage and capacity. In this regard, through the implementation of new base station projects, 138 new locations were put into operation, while 436 RAN locations were upgraded, enabling high-quality service delivery across both new and existing coverage areas.

In addition, through the expansion of LTE capacity at existing base stations-by introducing additional sectors and LTE cells in new 2100/2600 MHz frequency bands-a timely response was provided to the continuously increasing user demand for mobile data traffic. The total number of RAN locations at the end of 2025 amounted to 1,745. The average user speed on the LTE network in 2025 was 13.15 Mbps, compared to 9.53 Mbps in 2024, representing a speed increase of 38%. A total of 138 new RAN locations were implemented, bringing the total to 1,745 by the end of 2025. The average LTE speed per user was 13.15 Mbps, representing a year-on-year increase of 38%. Shutdown of 3G technology at 848 locations and intensifications of 5G activities

The gradual shutdown of 3G technology is underway, with spectrum being reallocated to 4G technology to enable higher access speeds. In consultation with the Communications Regulatory Agency, the further timeline for the shutdown of 3G technology will be defined.

A new RFI process for 5G technology has been conducted, and a new techno-economic analysis of the solution is being prepared. According to the previously submitted Draft Framework Broadband Access Strategy (Council of Ministers of Bosnia and Herzegovina), the allocation of 5G licenses is planned for the end of 2026, with 5G implementation expected during 2027. It is necessary to initiate, in a timely manner, the procurement of 5G functionalities across multiple network segments. Activities related to the implementation of 5G trial projects with two vendors have already been initiated.



A total of 138 new RAN locations were implemented, bringing the total to 1,745 by the end of 2025.

The average LTE speed per user was 13.15 Mbps, representing a year-on-year increase of 38%

Shutdown of 3G technology at 848 locations and intensifications of 5G activities

Other Investment Expenditures

In 2025, 144 new radio relay links were installed for base stations, business users, and FTTx access networks. A total of 59 optical connection routes to base stations were constructed. Additionally, 11 new U-PE devices were installed and put into operation, capacities towards access devices were expanded through the establishment of 115 new 10G links, the capacity of 100G links at the N-PE layer was increased, and link expansion was carried out on BNG devices.

At 45 locations, next-generation multiservice switches were installed-replacing unsupported and non-maintained optical modems, while cascading connections were replaced with direct connections to the IP network. The implementation of the SD-WAN platform in the BH Telecom network has been completed, enabling the expansion of the portfolio of closed private network services and the range of virtual services.

The modernization of the mobile core network was carried out through the expansion of EPC capacity to 80 Gb/s and the upgrade of the pCRF system, enabling improved mobile internet performance and more granular quality-of-service management. At the same time, intensive preparations have been initiated for the introduction of a 5G Core architecture.

Through the development of a microservices architecture and the implementation of 36 new services on the OCS and EPC/PCRF systems, BH Telecom has increased flexibility in defining tariffs and services and enabled faster time-to-market for new products. This provides users with more efficient management of their service packages, faster activation, and more stable operation of additional options.

A procurement process has been launched for the replacement of obsolete equipment and modernization of power supply systems. This procurement includes 5,920 battery blocks, 91 power supply systems, as well as rectifier modules and controllers, with the aim of modernizing a total of 171 power systems. Negotiations with suppliers are currently underway for the procurement of 9 UPS systems and 640 battery blocks at six locations. In parallel, procurement is ongoing for 159 air conditioning systems for 149 facilities.

Following the completion of the first photovoltaic power plant project at BH Telecom on the rooftop of a business building in Mostar (capacity 41 kWp), a series of additional activities in energy efficiency and renewable energy have been carried out. The implementation of 20 photovoltaic plants at base stations has been completed, achieving average savings in grid electricity consumption of approximately 12% per location.

Additionally, three photovoltaic power plants were implemented at the Franca Lehara facility, TKC Dolac Malta, and TKC Bihać, achieving savings of approximately 5% at Franca Lehara and TKC Bihać, and around 1.5% at TKC Dolac Malta. The first hybrid system has been commissioned at the Mliništa base station, combining a diesel-electric generator, battery, and photovoltaic system (DEA + battery + PV). Work is currently underway on the construction of a photovoltaic power plant at the TKC Ilidža facility, while the PV project at the Azići warehouse is in the phase of resolving property-related issues.

At the same time, contracts are being finalized for the procurement of photovoltaic systems at 40 base stations, as well as at the Slimena and Šićki Brod warehouses. Technical documentation is also being prepared for the implementation of photovoltaic systems at FTTC facilities.

In 2025, an additional 79 WLAN access points were deployed for the MyWiFi service, bringing the total number to 1,494 APs. A total traffic volume of 599.11 TB was generated, with 646,819 client connections recorded within the WLAN network segment.

Replacement of equipment and modernization of power supply and cooling systems in facilities

The implementation of photovoltaic (solar) systems at 40 base stations and 4 business facilities was completed

A total of 79 new WLAN access points (APs) were installed bringing the total number to 1,494 APs. with generated traffic of 599 TB

Internal Development Projects

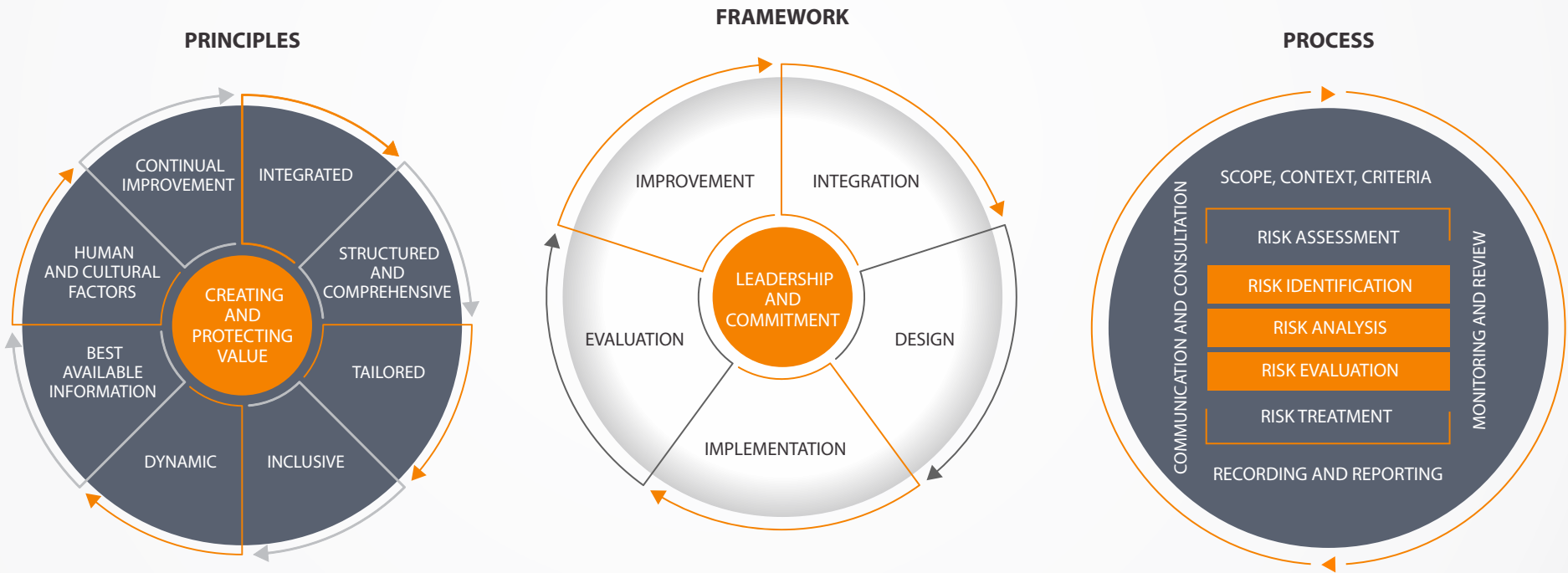
Continuous work and development of mobile and web applications on the Moj BH Telecom platform continued. The Moj BH Telecom application enables the payment of all BH Telecom bills, and a 50% increase in the number of paid invoices was recorded through the digital payment channel. Annual transaction volume through the Moj BH Telecom application exceeded BAM 72.0 million, representing an increase of BAM 21 million compared to 2024. A socially responsible educational project, "Little Engineers," was launched in 10 primary schools, aimed at strengthening STEM competencies among young people.

RISK MANAGEMENT AND CORPORATE GOVERNANCE

Risk Management

Risk management is an integral part of our operations, and risks are considered as future events that may pose a threat to the achievement of defined strategic and operational objectives. Effective risk management and the timely identification of emerging risks enable consistent monitoring and mitigation of 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 risks are managed in a structured and appropriate manner. It supports the achievement of objectives, the execution of strategy, the strengthening of the business model, and the protection of assets.

RISK MANAGEMENT - PRINCIPLES, FRAMEWORK AND PROCESS



We apply the "three lines of defense" model to define clear roles and responsibilities, coordinate activities, and ensure that all stakeholders are provided with the information necessary to effectively manage risks.

Risks are classified into four categories according to their nature:

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

Each risk class is further divided into multiple categories and subcategories, enabling efficient identification of areas most exposed to risk. In addition, the review of key internal controls is an integral part of risk management. The establishment and development of internal controls are reviewed annually, in accordance with the self-assessment methodology, ensuring transparency in identifying deficiencies in operational processes and risk management.

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

Corporate Governance Principles

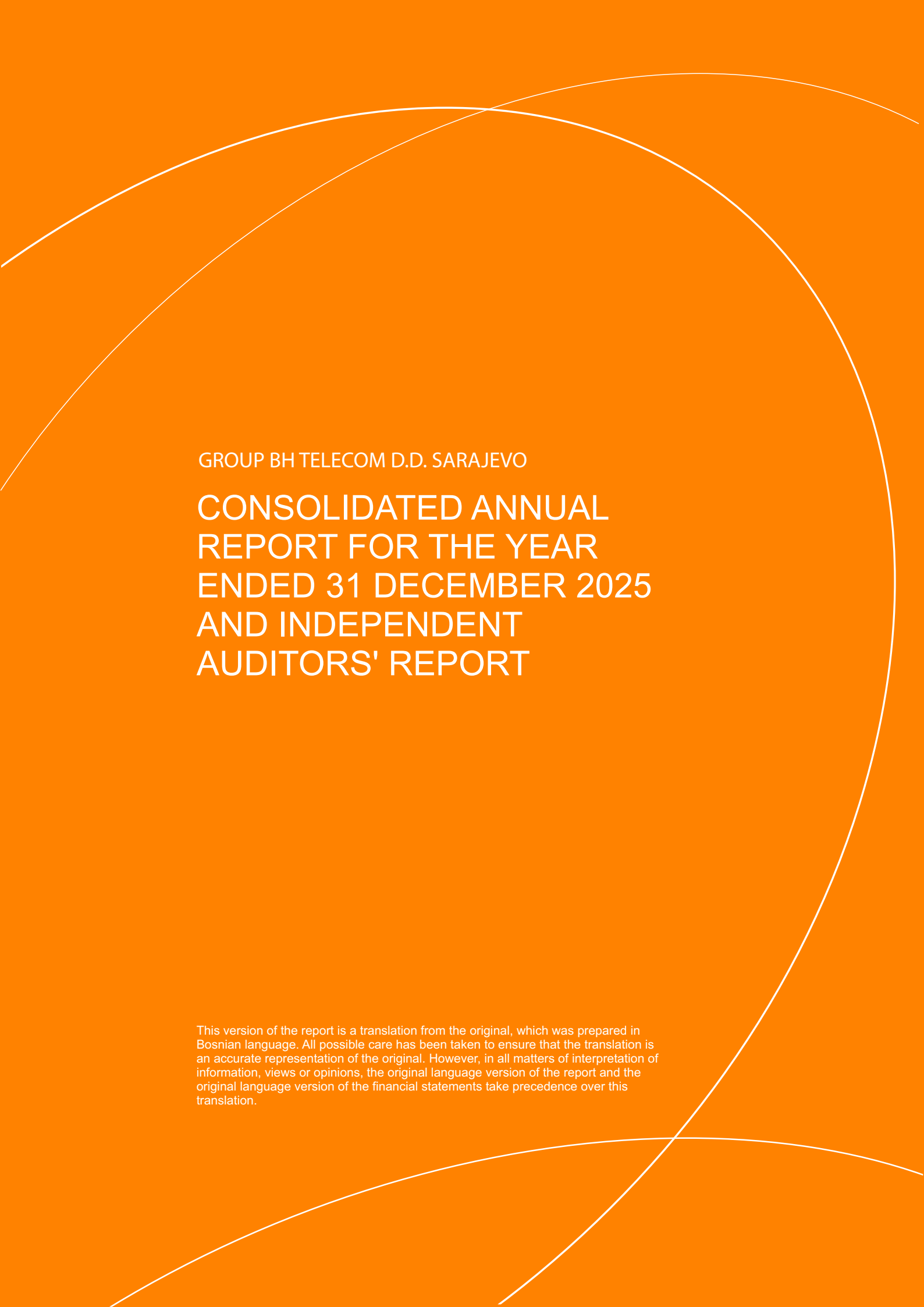
BH Telecom operates in accordance with the Corporate Governance Code, which incorporates principles of business transparency, clearly defined procedures for the work of the General Assembly, Supervisory Board, Management Board, and Audit Committee, as well as principles of conflict of interest avoidance, effective internal controls, and an efficient accountability system. The objective of the adopted corporate governance principles is to improve the Company's business development for the benefit of all stakeholders, and to ensure, through defined principles and the introduction of good corporate governance practices:

- A system of mechanisms for setting Company objectives, defining the means for their achievement, and monitoring performance outcomes
- A foundation for the effective implementation of corporate governance principles
- A balance of influence among stakeholders
- A sustainable and consistent system of supervision over the Management Board and protection of investors
- Accountability of the Company's governing bodies
- Strengthened confidence of shareholders and investors in the Company, as well as equal treatment of shareholders
- Disclosure of information and transparency in operations
- Efficient use of the Company's resources
- Trust in the Company's operations and management

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

Communication with the public is based on principles of accuracy, reliability, completeness of information, timeliness, equal accessibility, trust-building, and efficiency, ensuring that shareholders, potential investors, customers and suppliers, government authorities, and the wider public are informed in an objective and factual manner about events and developments relevant to the Company's operations. Public disclosure is achieved through publication, submission, and provision of access to relevant documents. Information is published via the Company's website and/or printed media.

Metropolity Media Ltd. Sarajevo (MY Media) has not yet adopted a formal internal act regulating the application of corporate governance principles. However, the General Manager is fully aware of generally accepted corporate governance standards and is responsible for overseeing their implementation and adherence throughout the Company's business activities.



GROUP BH TELECOM D.D. SARAJEVO

CONSOLIDATED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 AND INDEPENDENT AUDITORS' REPORT

This version of the report is a translation from the original, which was prepared in Bosnian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report and the original language version of the financial statements take precedence over this translation.

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In accordance with the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina No. 15/21 and the Instructions for the Submission of Financial Reports and Special Reports for the period January - December 2025 (issued by the Federal Ministry of Finance, Ref. No. 04-45-1-10824/25 dated 18 December, 2025), a Consolidated Annual Report of the BH Telecom d.d. Sarajevo Group for the period from 1 January 2025 to 31 December 2025 has been prepared. This report contains information that provides an objective overview of the operations of the BH Telecom d.d. Sarajevo Group (hereinafter referred to as the "Group"), as well as its position, including a description of the main risks and uncertainties it faces and the measures undertaken for environmental protection. The BH Telecom Group comprises BH Telecom d.d. Sarajevo as the parent company and its subsidiary Metropoly Media d.o.o. Sarajevo (hereinafter: the Group).

By the decision of the Government of the Federation of Bosnia and Herzegovina of 28 December 2001, the Public Enterprise PTT BH Saobraćaj was reorganized, and two new legal entities were formed as follows: PE BH Pošta Sarajevo and PE BH Telecom Sarajevo. The Company started its operations on 1 January 2002.

Based on the Decision of the Government of the Federation of Bosnia and Herzegovina on granting consent to the Reorganization Plan - the change of the organizational form of BH Telecom into a joint stock company - Decision No. V 677/03 dated 15 December 2003 ("Official Gazette of the Federation of BiH" No. 66/03) and the Decision of the Government of the Federation of Bosnia and Herzegovina on granting consent to the change of the organizational form of JP BH Telecom into a joint stock company - Decision No. V 677/03 dated 15 December 2003 ("Official Gazette of the Federation of BiH" No. 1/04), BH Telecom has been operating as a joint stock company. As of 30 June 2014, the Company changed head office location and moved to: Franca Ležar 7, Sarajevo.

According to the tax registration certificate dated 9 November 2011, the Company was assigned the tax identification number 4200211100005, while pursuant to the Notification on Classification of the Legal Entity by Activity Classification No. 07-32.5-3968/14 dated 10 October 2014, the Company is registered for activities in wired telecommunications (Activity Code KD BiH 2010: 61.10).

BH TELECOM d.d. Sarajevo is a commercial entity organized as an open joint stock company, following best practices of corporate governance. The Company is governed by its shareholders in accordance with the Law on Business Companies ("Official Gazette of the Federation of BiH", No. 81/15), the Law on the Securities Market ("Official Gazette of the Federation of BiH", Nos. 85/08, 109/12, 86/15 and 25/17), the Rulebook on Governance of Joint Stock Companies ("Official Gazette of the Federation of BiH", No. 19/10) and other relevant laws, by-laws and the valid Statute of the Company.

The share capital of BH Telecom d.d. Sarajevo consists of shares, of which approximately 90% are owned by the Federation of BiH and 10% by Privatization Investment Funds (PIFs) and minority shareholders. The governing bodies of the Company are: the General Assembly, the Supervisory Board, the Management Board and the Audit Committee.

By Decision No. 03-19-101/04 dated February 19, 2004, the owner of 57,114,378 shares or 90.0043% of the capital is the Federation of BiH - Federal Ministry of Transport and Communications, while the holders of 6,342,980 shares or 9.9957% of the capital are minority shareholders. The Company's shares are listed on the Sarajevo Stock Exchange.

BH Telecom is the leading telecommunications operator in Bosnia and Herzegovina, holding the largest market share in the provision of telecommunications services: fixed-line, mobile and internet networks. We continuously collaborate with numerous domestic and international companies, directly contributing to the quality of our services. As a socially responsible company, we actively participate in the everyday progress of Bosnian society, contributing to its development.

The subsidiary Metropoly Media d.o.o. Sarajevo was established by decision of the Management Board of BH Telecom d.d. Sarajevo. Based on the Company Registration Decision for MY Media d.o.o. Sarajevo, issued by the Municipal Court in Sarajevo, BH Telecom d.d. Sarajevo is the sole (100%) owner of the company, having invested a capital amount of KM 9,794,130.

MY Media d.o.o. Sarajevo is primarily registered for the production and broadcasting of television programming, as well as related activities. According to its founding documents, MY Media d.o.o. Sarajevo is a company engaged in the production, procurement and broadcasting of TV content, operation of a linear pay-TV channel, sale of broadcasting rights for TV content and marketing services. In this regard, at the beginning of 2023, MY Media submitted a request to the Communications Regulatory Agency of Bosnia and Herzegovina (CRA), the regulatory body for the media market in BiH, seeking approval to establish a thematic television channel under the name MY TV. The CRA responded positively to this request, granting a license classifying the channel as thematic, with a focus on film, series and compilation content. Based on this license, MY Media d.o.o. Sarajevo established the MY TV channel, which must maintain at least 70% of its programming related to film, series, historical or documentary content. The channel MY TV began broadcasting on 10 February, 2023, within the Moja TV platform, i.e., BH Telecom's IPTV platform. In addition to this activity, MY Media d.o.o. Sarajevo is registered for approximately 50 additional activities, primarily related to media content production and distribution, as well as IT services.

The Group's infrastructure is an integral part of the global telecommunications system. As such, it enables citizens and businesses in Bosnia and Herzegovina to access high-quality fixed and mobile network services for local, long-distance and international communication. The Group offers a wide range of tailored service packages. Through its direct link capacities, BH Telecom provides its subscribers with international voice telephony services via automatic dialing to 225 countries worldwide.

Although Bosnia and Herzegovina, according to relevant indicators, belongs to the group of countries with low development and usage of information and communication technologies, the telecommunications market in Bosnia and Herzegovina is highly dynamic. There are three dominant operators on the BiH telecommunications market: BH Telecom d.d. Sarajevo, Mtel a.d. Banja Luka and Hrvatske Telekomunikacije d.d. Mostar. All three operators compete equally in delivering telecommunications services to both business and private users, in the areas of mobile, fixed-line, internet, IPTV and other telecom services. In addition to these three operators, there is also a significant number of small competitors providing telecommunications services. According to the latest data from the Communications Regulatory Agency of Bosnia and Herzegovina, at the time of compiling this report, the telecommunications market in Bosnia and Herzegovina includes: 3 UMTS operators, 3 fixed telephony service providers, 3 GSM operators, 58 internet service providers, 68 licensed network operators, 8 providers of fixed public telephone services, 23 AVM service providers and 5 registered mobile telephony service providers. These figures indicate that the attractiveness of the telecommunications market in Bosnia and Herzegovina remains at a stimulating level for the entry of smaller competitors.

The telecommunications market is dynamic and capital-intensive, with pronounced competition, particularly in mobile telephony and internet services. Telecommunications is a global industry, with competition occurring both within and beyond national borders. Due to deregulation, the rapid development of new technologies and significant investments in further research and development over the past decade, telecommunications has become a highly competitive industry. This market is, therefore, very dynamic and prone to major changes and the past several years have been marked by numerous acquisitions and mergers aimed at strengthening competitive positions in the market.

Macroeconomic developments in 2025 had a significant impact on the business environment and results of companies operating in Bosnia and Herzegovina. Moderate growth in gross domestic product, stabilization of inflation, and the maintenance of relatively high interest rates in the eurozone shaped business conditions, demand in domestic and foreign markets, as well as financing costs.

According to estimates by the International Monetary Fund, real GDP growth in Bosnia and Herzegovina amounted to approximately 2.4% in 2025, providing a basis for stable but limited expansion of business activity. This growth rate had a positive but moderate impact on corporate revenues, particularly in sectors oriented toward domestic consumption, while export-oriented companies faced additional challenges due to the slowdown in economic growth in the European Union.

According to estimates by the Central Bank, consumer price inflation in 2025 continued its downward trend, averaging around 3.8% (1), contributing to a gradual stabilization of input costs compared to previous years. However, rising labor, energy, and certain service costs continued to put pressure on companies' profitability, especially in labor-intensive industries. Companies were forced to pay additional attention to cost control, process optimization, and pricing policy adjustments in order to preserve operating margins.

The labor market in Bosnia and Herzegovina continues to be characterized by a relatively high unemployment rate, estimated at around 13%, coupled with a shortage of skilled labor in some sectors. These structural problems have contributed to the growth of nominal wages and increased employee costs, which has further burdened companies' business results, but has also partially supported personal consumption and domestic demand.

The monetary policy of the European Central Bank, marked by the maintenance of more restrictive financing conditions, was indirectly reflected in the domestic capital market. In 2025, companies in Bosnia and Herzegovina faced higher borrowing costs and more cautious credit policies of banks, which affected the dynamics of investments and the need for more careful liquidity management. In such an environment, investments with faster returns and lower risk were prioritized.

Despite the above challenges, the stabilization of inflation and the maintenance of positive economic growth created the prerequisites for maintaining business continuity and gradually adjusting business strategies. Companies that managed to improve efficiency, diversify revenue sources and actively manage financial risks in 2025 were in a better position to respond to changing market conditions and prepare for the coming period.

(1) Central Bank BiH, Bilten 3, page 21

The structure of economic growth in Bosnia and Herzegovina during 2025 was dominated by private and public consumption, while the contribution of investments and net exports remained limited. This growth model had direct implications for the operations of companies, especially those oriented towards the domestic market.

Private consumption remained one of the main drivers of economic activity in 2025, driven by nominal wage growth, easing inflationary pressures and relative stability in the labour market. Although real growth in disposable income was moderate, it contributed to maintaining demand for goods and services, which positively affected the revenues of companies in the trade, services and consumer industries sectors. At the same time, rising living costs and household indebtedness limited stronger consumption growth, requiring a more cautious approach to sales and inventory planning.

Public spending in 2025 played a stabilizing role in the economy, through increased spending on public sector wages, social benefits, and current budget expenditures. These expenditures partially supported overall economic activity and mitigated the negative effects of the slowdown in the external environment. However, limited fiscal space and the need for fiscal discipline influenced the more moderate growth of public investments, which reduced their potential contribution to long-term economic growth and business opportunities in the investment and infrastructure sectors.

In the overall GDP structure, a combination of private and public consumption represented a key source of growth in 2025, while investment and exports remained sensitive to developments in the euro area and financing conditions. This growth structure implies that companies' business results were largely dependent on domestic demand and fiscal policy, which further highlights the importance of business model adaptability and market diversification.

For companies operating in Bosnia and Herzegovina, these developments have meant the need to carefully monitor consumer habits, optimize costs, and align investment plans with realistic growth opportunities for domestic demand. Companies that have managed to effectively respond to changes in the structure of consumption and maintain competitiveness in conditions of moderate economic growth have achieved more stable business results during 2025.

The Consolidated Annual Business Report for 2025 of BH Telecom d.d. Sarajevo provides an objective overview of the Group's consolidated operations and its position, including a description of the main risks and uncertainties it faces, as well as measures undertaken for environmental protection.

Below is a comparison of realized revenue, expenses and profit for the year 2025 with the results achieved in 2024, on an unconsolidated basis.

In the period January-December 2025, total revenue amounted to KM 565.3 million, which is an increase by KM 11.2 million or 2% compared to revenue realised in the period January-December 2024, which amounted to KM 554.1 million.

Total expenses for the period January-December 2025 amounted to KM 488.9 million, which is an increase by KM 7.1 million or 1% compared to expenses in the period January-December 2024, which amounted to KM 481.8 million.

Operating profit for the period January-December 2025 amounted to KM 76.4 million, which is an increase by KM 4.1 million or 6% compared to gross profit realised in the period January-December 2024, when it amounted to KM 72.3 million.

The Group had 2,922 employees as of 31 December 2025, which is a decrease by 36 employees compared to 31 December 2024 (2,958 employees).

In accordance with the provisions of Articles 42 and 43 of the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of BiH", No. 15/21), we provide the following information to complement the objective presentation of the financial position and operations of the group:

SIGNIFICANT EVENTS IN THE PERIOD FROM 31 DECEMBER 2025 UNTIL THE ISSUE OF FINANCIAL STATEMENTS FOR 2025

During 2024 and 2025, the Company undertook activities to implement the acquisition of a controlling interest in Telemach d.o.o. Sarajevo, Bosnia and Herzegovina, and Telemach Crna Gora d.o.o., Podgorica, Montenegro. In October 2025, the Competition Council of Bosnia and Herzegovina issued a decision conditionally approving the concentration in question, with prescribed measures and obligations that the Company is obliged to implement within defined deadlines. The competent regulator in Montenegro has given unconditional consent to the implementation of the transaction.

As of the date of preparation of the financial statements, the transaction is in the final phase, with the last steps necessary for its finalization underway, and the procedure has not yet been formally concluded.

FUTURE DEVELOPMENTS

The assessment of the expected future development of the parent company and its subsidiary is contained in separately prepared business plans, which have been adopted by the General Assembly of the parent company as well as by the General Assembly of the subsidiary. The key figures are presented below:

BH Telecom d.d. Sarajevo (Parent Company)

In accordance with the Company's Statute and Articles 3 and 6 of the Planning Rulebook of BH Telecom Joint Stock Company, a Three-Year Business Plan of BH Telecom dd Sarajevo for the period 2025-2027 was prepared and adopted at the Company's Assembly held on 24 October 2025.

The Three-Year Business Plan of BH Telecom dd Sarajevo serves as the foundation for the Company's business activities and is a key document for making business decisions, defining development projects and efficiently managing all important business-functional segments. The Three-Year Business Plan for the period from 1 January 2025 to 31 December 2027 (hereinafter referred to as the Plan), was prepared in accordance with the Planning Rulebook of BH Telecom d.d. Sarajevo and the Strategy for the period 2025-2029.

The Three-Year Business Plan for the period 1 January 2025 - 31 December 2027, was developed under conditions of global instability (the Ukraine-Russia war and the war in Gaza), political uncertainty and high unemployment rates. Persistent inflationary pressures, along with global uncertainty regarding key macroeconomic indicators, affected the volume of economic activity during the observed period. At the time of drafting the Plan, it was difficult to predict the development of the global political situation, economic trends due to the slowdown in economic activity, competitor behavior, consumer purchasing power and other market conditions. In an environment of generally low real wages and pensions, an unfavorable age structure and negative demographic trends in the BiH telecommunications market, it is a real challenge to create pricing policies and maintain customer satisfaction and loyalty. Our customers still spend a lower percentage of their income on telecommunications services compared to customers in developed countries.

An overview of planned revenue, expenses, profits and capital investments for 2025, 2026 and 2027 is provided in the following table:

(in 000 KM)				
No	Description	Plan 2025 (000 KM)	Plan 2026 (000 KM)	Plan 2027 (000 KM)
1	2	3	4	5
FINANCIAL RESULT				
1	TOTAL INCOME	577,619	616,757	635,713
2	TOTAL EXPENSE	519,832	534,655	545,632
3 (1-2)	PROFIT BEFORE TAX	57,788	82,102	90,082
PLANNED INVESTMENTS				
4	PLANNED INVESTMENTS	104,000	130,000	150,000

Note: Taking into account the fact that, at the time of preparation of this report, the Three-Year Business Plan of BH Telecom for the period 2026-2028 has not yet been adopted, the report includes planned data from the currently valid Three-Year Business Plan of BH Telecom for the period 2025-2027. Furthermore, it does not include the effects of a potential acquisition (for more details, see the section SIGNIFICANT EVENTS IN THE PERIOD FROM 31 DECEMBER 2025 UNTIL THE ISSUE OF FINANCIAL STATEMENTS FOR 2025) as the related procedure has not yet been approved.

Metropoly Media d.o.o. Sarajevo (subsidiary)

Based on Article 234, paragraph (1), item k) of the Law on Business Companies ("Official Gazette of the Federation of BiH", no. 81/15, 75/21), the Assembly of the limited liability company "Metropoly Media" Sarajevo, at its 6th session held on 19 December, 2024, adopted the Decision on the adoption of the business plan of Metropoly Media d.o.o. Sarajevo for the year 2025.

The Business Plan of Metropoly Media d.o.o. Sarajevo for the year 2025 represents a framework document for the operations of the company Metropoly Media d.o.o. Sarajevo regarding business and program activities in the year 2025. Below is a tabular overview of the company's revenue and expenditures for the year 2025:

No	Description	Plan 2025 (000 KM)
1	2	3
1	TOTAL INCOME	3,662
2	TOTAL EXPENSE	3,350
3 (1-2)	GROSS PROFIT	312

RESEARCH AND DEVELOPMENT ACTIVITIES

In 2025, BH Telecom d.d. Sarajevo Group had no research and development activities in accordance with IAS 38.

The Company's share and ownership stake repurchase

BH Telecom d.d. Sarajevo Group did not acquire any of its own shares in 2025.

Business segment information

International Financial Reporting Standard 8 - Business Segments provides that legal entities identify operating segments, i.e. report on business results, assets and liabilities of operating segments.

In accordance with IFRS 8, the Group had one business segment - BH Telecom.

FINANCIAL INSTRUMENTS SIGNIFICANT TO THE APPRAISAL OF FINANCIAL POSITION AND BUSINESS SUCCESS

The Group has no credit liabilities that are significant for assessing the financial position and performance of the legal entity.

During 2024, the Group executed three acquisitions of debt securities - bonds issued by the Federation of Bosnia and Herzegovina (14,730) and ASA Finance d.d. Sarajevo (4,810), representing a total value of KM 19,367,664.77 (including the value of the acquired bonds and brokerage fees).

During 2025, the Group did not make any new investments in debt securities.

THE AIMS AND POLICIES REGARDING FINANCIAL RISK MANAGEMENT, TOGETHER WITH THE POLICY OF RISK PROTECTION FOR EVERY PLANNED TRANSACTION THAT REQUIRES PROTECTION

BH Telecom operates in an environment characterized by rapid technological change, regulatory requirements, and market uncertainties typical of the telecommunications and information technology industry. In such an environment, the timely identification and management of risks is one of the key prerequisites for maintaining financial stability and ensuring the sustainable operations of BH Telecom.

Risk management in BH Telecom is focused on reducing the likelihood of risk events and/or mitigating their potential adverse effects, with the objective of achieving business goals, providing an adequate response to market changes, and enhancing business processes.

BH Telecom has established a risk management framework based on COSO practices and aligned with ISO 31000 standards, which enables regular identification, analysis, assessment and reporting of risks.

Identified risks are classified into appropriate risk categories (strategic, operational, financial, and compliance risks), with risk assessments performed based on the evaluation of the likelihood of occurrence and the potential impact of risk events. This approach facilitates a better understanding of risks, more effective planning of mitigation measures, and the establishment of an appropriate level of oversight and control.

Within the risk management system, particular attention is given to the management of financial risks that may affect the liquidity, financial reporting, and cash flow stability of BH Telecom. These risks are monitored and managed in accordance with BH Telecom's financial policies.

Risk owners are responsible for confirming the existence of adequate controls and implementing risk treatment plans to an acceptable level of tolerance. We monitor the status of risk treatment plans throughout the year and prepare periodic reports on the Group's key risks.

The Internal Audit Department, within the scope of its work plan, conducts audits in the area of risk management to assess the functionality and effectiveness of the established system of internal controls and risk management, and provides recommendations for its further improvement.

Through its subsidiary Metropoly Media d.o.o. Sarajevo, the Group is exposed to constant changes in the television business in Bosnia and Herzegovina as well as in the region. Adaptation of business activities and quarterly plans for content acquisition help the Group maintain and improve its role in the media business.

EXPOSURE TO MARKET, CREDIT, LIQUIDITY, AND OTHER RISKS INHERENT IN THE ENTITY'S OPERATIONS, AS WELL AS THE STRATEGY FOR MANAGING SUCH RISKS AND ASSESSING THEIR EFFECTIVENESS (Parent Company)

Market risk represents the risk of adverse changes in market conditions that may affect the value of the entity's assets, liabilities, and future cash flows. Price risk relates to fluctuations in the prices of raw materials, goods, or services that may impact operating costs and profitability, as well as changes in market interest rates.

Protection against interest rate risk in the placement of excess cash funds is sought through the diversification of investments and contractual arrangements with financial institutions. The Company actively manages surplus cash by ensuring diversification across banks (i.e. funds are not held with a single bank), maintaining relationships with multiple banks, assessing their creditworthiness, aligning deposit maturities with projected cash flows, and combining term deposits (to achieve higher financial income) with demand deposits (to maintain liquidity while securing favorable interest rates).

According to the current business plan, the Company is financed from its own capital, as well as from non-current and current liabilities arising from ongoing operations (such as lease liabilities, trade payables, etc.). In accordance with the valid Statute of the Company, Article 120 (Prohibited and Restricted Activities of the Company), the Company is not allowed to grant loans or advances to employees or third parties and therefore does not carry this type of risk as a lender. The Company's potential exposure to credit risk arises from significant cash holdings maintained in bank accounts (in the form of current accounts or deposits), from investments made in bonds and shares, as well as from trade receivables and other assets and claims.

Currency risk refers to exposure to exchange rate fluctuations. Since the majority of business transactions are conducted in the national currency (Convertible Mark) and in EURO - to which the Convertible Mark is pegged at a fixed exchange rate - currency risk is of low materiality.

In accordance with its internal regulations, the Company pursues an active cash management policy. USD funds are monitored with special attention, as they are subject to frequent exchange rate fluctuations and through active cash management, the Company ensures that it does not encounter negative exchange rate differences.

Credit risk represents the risk that business partners or other parties to whom the entity is exposed through receivables will be unable or unwilling to settle their obligations in the agreed amounts and within the agreed timeframes. This risk most commonly relates to trade receivables, but also to the placement of funds and deposits. The realization of credit risk may result in partial or complete loss of receivables, as well as adverse effects on the entity's liquidity and financial performance.

The Company undertakes all necessary measures to ensure the collection of receivables, including clearly defined payment terms, timely implementation of collection activities, and regular monitoring and review of the ageing structure of receivables.

Liquidity implies ensuring the continued ability to timely finance the Company's current liabilities i.e. the ability to settle liabilities in agreed amounts and on maturity dates.

Risk management includes the identification, measurement or assessment, monitoring and reporting of risks to which the Company is or could be exposed during its operations, especially liquidity risk as a specific type of financial risk. The Company's Management is obliged to ensure that the Company implements regular risk management measures and acts in accordance with financial professional standards. Liquidity risk is the risk of negative effects on the financial result and capital of the Company due to the inability to meet due obligations.

This risk may arise as a result of delays in the collection of receivables, inadequate cash flow management, excessive allocation of funds to inventories, or an unfavorable structure of short-term and long-term liabilities. A lack of liquid funds may lead to disruptions in operations, deterioration of relationships with suppliers and financial institutions, as well as a potential blocking of bank accounts.

Liquidity risk cannot be completely avoided, but its negative effects can be mitigated through an active liquidity risk management policy. In its operations, the Company can manage liquidity risk by applying the following measures:

- a) Diversification of funding sources: The Company is currently financed through its own capital, as well as through assumed non-current and current liabilities. If necessary, the Company can secure access to additional funding sources (such as bank loans, bond issuance, etc.).
- b) Liquidity planning: Scenario analyses are regularly conducted, including stress testing under various conditions in which the Company operates.
- c) Access to liquid reserves: The Company maintains an adequate amount of liquid reserves, which are available in case of unexpected needs.
- d) Maintaining relationships with financial institutions: Establishing strong relationships with key financial institutions to ensure quick access to liquidity during times of crisis.

Key tools for exposure to credit risk, liquidity risk, and other risks inherent in the entity's operations include:

- Risk management policy
- Regular cash flow forecasts
- Exposure limits (by customer, bank, borrower)
- Internal control and audit

EXPOSURE TO MARKET RISK, CREDIT RISK, LIQUIDITY RISK, AND OTHER RISKS PRESENT IN THE OPERATIONS OF THE LEGAL ENTITY, AND THE STRATEGY FOR MANAGING THESE RISKS ALONG WITH AN ASSESSMENT OF THEIR EFFECTIVENESS (subsidiary)

Strengthening human resources and the long-term resolution of employment issues at Metropoly Media d.o.o. Sarajevo is emerging as a key challenge for the Group. Current employees are engaged under six-month employment contracts, which do not guarantee a long-term relationship with the company. Management's position is that these individuals have demonstrated knowledge and loyalty to the company and its values over the past period, and that long-term employment contracts with these employees should be concluded as soon as possible.

Improved technical and studio equipment for the MYTV channel, along with efforts to equip its own studio space and purchase a field reporting vehicle, would provide an additional boost to the channel's development in the coming years. The risk would be remaining at the current technical level of development and without a dedicated studio space.

MEASURES ON ENVIRONMENT PROTECTION

BH Telecom d.d. Sarajevo (Parent Company)

During 2025, in the context of implementing environmental protection measures in the area of construction and operation of telecommunications equipment, BH Telecom carried out a series of activities, including the procurement of systematic testing and environmental impact assessment reports for base stations, along with safety statements, with the aim of obtaining Certificates of Compliance with electromagnetic (EM) radiation limits from the Communications Regulatory Agency (CRA), as well as approvals for the use of non-ionizing radiation sources from the Ministry of Health and Social Welfare of the Republic of Srpska. Network modernization activities were undertaken, whereby older technologies were replaced with more energy-efficient solutions characterized by lower energy consumption, reduced heat dissipation, and lower CO₂ emissions. System functionalities enabling electricity savings were utilized, thereby improving the overall energy efficiency of the equipment. Projects aimed at replacing energy systems with more efficient solutions were implemented. In addition, the replacement of air-conditioning systems using refrigerants with adverse environmental impacts is currently in progress. During 2025, solar systems were commissioned at the Company's business facilities in Franca Lehara, TKC Dolac Malta, and TKC Bihać. At other Company facilities with flat roofs, intensive activities are ongoing in relation to the installation (implementation phase at TKC Ilidža and the warehouses in Azići, Slimena, and Šićki Brod) and commissioning of solar systems. Solar systems were installed and put into operation at approximately 20 base station sites, while implementation is ongoing at an additional 40 locations. Furthermore, an additional 13 FTTC locations are currently in the tendering phase for installation of solar panels. Electric vehicle charging stations had already been implemented earlier with the aim of creating the conditions for increased use of electric vehicles within the Company. These charging stations were installed in the parking areas of major Company facilities across regional directorates (one charging station per BH Telecom regional headquarters).

Metropoly Media d.o.o. Sarajevo (subsidiary)

Given the nature of its operations-production and broadcasting of television programs via electronic communication networks-Metropoly Media d.o.o. does not have a direct impact on the environment. Therefore, the Company currently has no need to implement special environmental protection measures. However, the Company pays attention to rational energy consumption and responsible management of electronic waste, in accordance with applicable legal regulations.

OVERVIEW OF APPLIED CORPORATE GOVERNANCE RULES

BH Telecom d.d. Sarajevo (Parent Company)

BH Telecom d.d. Sarajevo operates in accordance with the Corporate Governance Code. In line with this, the Company ensures timely disclosure 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 Management of Joint Stock Companies, the Rulebook on Disclosure of Information and Reporting on the Securities Market, the acts of the Securities Commission, the rules of the organized market on which the Company is listed and the Company's internal acts, thereby enabling equal access to information for shareholders, investors and other stakeholders.

Communication with the public is based on the principles of truthfulness, accuracy, completeness of data, timeliness, equal accessibility, building trust and economy, so that shareholders, interested investors, customers and suppliers, state authorities and the wider public are informed in a truthful and objective manner about facts and events significant to the Company's operations. Public disclosure of information is achieved through publication, delivery and enabling access to certain documents. Disclosure is carried out via the Company's website and/or daily newspapers, as well as other media channels.

The Management Board of the Company is responsible for ensuring transparency in business operations. The basic principles of the Company's corporate governance are as follows:

- transparency of operations,
- clear procedures for the work of the General Assembly, Supervisory Board, Management Board and Audit Committee,
- avoidance of conflicts of interest,
- effective internal control,
- efficient system of accountability.

The goal of the adopted corporate governance principles is to improve the Company's business development for the benefit of all stakeholders and to ensure through the established principles and the introduction of good business practices in the field of corporate governance:

- a system of mechanisms for setting the Company's objectives, the means to achieve them and monitoring their outcomes,
- a foundation for the effective implementation of corporate governance principles,
- a balance of influence among stakeholder groups,
- a sustainable and consistent system for monitoring the Management Board's work and protecting investors,
- accountability of the Company's bodies,
- strengthening the confidence of shareholders and investors in the Company, as well as ensuring equal treatment of shareholders,
- disclosure of information and transparency of business operations,
- efficient use of the Company's resources, as well as
- trust in the Company's business operations and activities.

Metropolity Media d.o.o. Sarajevo (subsidiary)

The subsidiary Metropolity Media d.o.o. Sarajevo currently does not have a formally adopted internal act regulating the application of corporate governance principles. However, the Company's Director is fully familiar with generally accepted corporate governance principles and is responsible for their application in the Company's day-to-day operations.

GENERAL MANAGER

Amel Kovačević
Responsible person

The Management Board is required to prepare consolidated financial statements for each financial year which give a true and fair view of the financial position of the Group and of the results of its operations and cash flows, in accordance with applicable accounting standards and is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. It has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Management is responsible for selecting suitable accounting policies to comply with applicable accounting standards and then apply them consistently; make judgments and estimates that are reasonable and prudent; and prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Management Board is responsible for submitting the consolidated annual report, which includes the Group's consolidated financial statements, for approval to the Supervisory Board and the owners.

The consolidated financial statements on pages 19 to 90 were authorized by the Management Board on 11 May 2025 and are signed below to signify this.

For and on behalf of the Management Board

GENERAL MANAGER

Amel Kovačević

**EXECUTIVE MANAGER FOR ECONOMIC
AND FINANCIAL AFFAIRS**

Anisa Lojo - Bajrić

HEAD OF THE ACCOUNTING DEPARTMENT

Ismet Ramović

Description	Note	2025	2024
INCOME STATEMENT			
Revenue from contracts with customers	6	539,760	528,303
Revenue from contracts with customers - domestic		520,560	508,445
Revenue from contracts with customers - foreign		19,200	19,858
Other income and gains		25,536	25,802
Income from non-current non-financial assets	7	202	1,162
Finance income	7	10,127	7,458
Other income and gains	7	15,207	17,182
Total income		565,296	554,105
Operating expenses		470,055	455,738
Cost of goods sold	8	64,946	62,228
Changes in inventories of finished products, semi-products and work in progress, net (+)/(-)	9	1	156
Raw material	10	3,035	3,165
Energy and fuel	11	13,803	11,530
Salaries and other employee's benefits	11	153,223	148,332
Depreciation and amortization	12	105,314	104,879
Services	13	48,037	42,686
Other operating expenses	14	81,696	82,762
Other expenses and losses		18,845	26,036
Losses from non-current non-financial assets	15	1,638	1,806
Losses from financial assets	16	2,115	5,118
Provisions, net	17	8,666	11,937
Shortages and other negative adjustments to inventories	18	773	579
Finance cost	20	3,412	2,531
Other expenses and losses	21	2,241	4,065
Total expenses		488,900	481,774
Profit before tax from continuing operations		76,396	72,331
Income tax expense	22	6,499	6,370
Current income tax		6,499	7,447
Deferred income tax		-	(1,077)
Profit from continuing operations		69,897	65,961
Other comprehensive income		(793)	(3,052)
Items that may be reclassified to profit or loss		(580)	(2,229)
Items that will not be reclassified to profit or loss		(213)	(823)
TOTAL COMPREHENSIVE INCOME	23	69,104	62,909
Earnings per share (in KM)		1.101	1.039

Description	Note	31 December 2025	31 December 2024
BALANCE SHEET			
ASSETS			
Non-current assets		874,385	819,697
Property, plant and equipment	24	559,105	579,892
Right-of-use assets	25	62,523	60,249
Intangible assets	26	75,119	70,506
Financial assets at fair value through other comprehensive income	28	1,898	2,478
Financial assets at amortized cost		158,023	86,574
Bank deposits	29.A)	138,666	66,838
Loans given	27	11	64
Bonds	29.B)	19,346	19,372
Other financial assets at amortized cost	33	-	300
Other assets and receivables		17,717	19,998
Contract assets	31	1,677	5,130
Trade receivables	32	15,625	14,746
Other assets and receivables	36	415	122
Deferred tax assets	22	9,116	8,392
Current assets		430,022	453,732
Inventories	30	12,141	14,265
Non-current assets held for sale	30	13	-
Contract assets	31	4,757	2,133
Trade receivables	32	119,109	114,516
Other financial assets at amortized cost		82,325	45,514
Bank deposits	29.A)	82,260	45,372
Loans given	27	65	142
Cash and cash equivalents	34	180,650	246,445
Prepaid income tax	35	954	-
Other assets and receivables, including accruals	36	30,073	30,859
TOTAL ASSETS		1,313,523	1,281,821
EQUITY AND LIABILITIES			
Equity		1,065,174	1,036,070
Shareholders' equity	37	634,574	634,574
Reserves	37	306,645	306,645
Revaluation reserves	37	(21,891)	(21,098)
Retained earnings	37	145,846	115,949
Liabilities		248,349	245,751
Non-current liabilities		93,089	85,831
Financial liabilities at amortized cost		55,270	49,391
Lease liabilities	38.A)	51,488	48,364
Other financial liabilities at amortized cost	38.B)	3,782	1,027
Deferred income	42	168	208
Provisions	39	37,649	36,230
Other liabilities, including accruals	43	2	2
Deferred tax liabilities	22	3,048	2,326
Current liabilities		152,212	157,594
Financial liabilities at amortized cost		77,699	79,441
Trade payables	40	51,884	53,940
Contract liabilities	41	7,663	8,715
Lease liabilities	38.A)	13,355	14,296
Other financial liabilities at amortized cost	38.B)	4,797	2,490
Deferred income	42	122	501
Income tax liabilities	35	-	2,385
Other liabilities, including accruals	43	74,391	75,267
TOTAL EQUITY AND LIABILITIES		1,313,523	1,282,821

	2025	2024
OPERATING ACTIVITIES		
Profit before tax	76,395	72,331
Adjustments for:		
Depreciation and amortization	105,314	104,989
(Gain)/loss from disposal of property, plant and equipment, net	1,455	1,475
(Gain)/loss from disposal of intangible assets, net	7	38
Impairment of property, plant and equipment	176	293
(Release of)/impairment losses on fair value through other comprehensive income instruments, net	580	2,229
(Release of)/impairment losses on trade receivables, net	1,885	(1,681)
(Release of)/impairment losses on contract assets, net	(12)	69
(Release of)/impairment losses on other financial assets at amortized cost, net	329	43
Surpluses, shortages, write-offs and inventory adjustments, net	1,037	646
Write-off of liabilities	(224)	(185)
(Release of)/increase in provisions, net	330	4,338
Interest income and financial lease income recognized in profit or loss	(8,741)	(6,858)
Finance cost recognized in profit or loss	2,920	2,528
Changes in working capital:		
Decrease/(increase) in inventories	2,707	(2,891)
Decrease/(increase) in trade receivables	(7,796)	(3,067)
Decrease/(increase) in other assets and receivables	464	(5,780)
Decrease/(increase) in contract assets	841	2,475
Increase/(decrease) in trade payables	(3,063)	7,351
Increase/(decrease) in other liabilities	11,380	58
Increase/(decrease) in contract liabilities	(1,052)	(720)
Income tax paid	(12,281)	(7,754)
Net cash generated/(used in) operating activities	172,651	169,927
INVESTING ACTIVITIES		
	(54,095)	(78,271)
Purchase of property, plant and equipment	(24,207)	(15,904)
Purchase of intangible assets	(154,458)	(217,075)
Investments in other financial assets at amortized cost	45,589	149,894
Proceeds from other financial assets at amortized cost	9,021	5,683
Interest received and income from financial leases	88	-
Other inflows / (outflows) from investing activities	-	2,865
Net cash flow generated/(used) in investing activities	(178,062)	(152,808)
FINANCING ACTIVITIES		
Dividends paid	(44,548)	(69,185)
Repayment of principal on lease liabilities	(13,789)	(12,161)
Payment of interest on leases	(2,023)	(1,700)
Other inflows from financial activities	-	-
Other outflows from financial activities	-	(144)
Net cash flow generated/(used) in financing activities	(60,360)	(83,190)
Net increase/(decrease) in cash and cash equivalents	(65,771)	(66,071)
Cash and cash equivalents at the beginning of the period	246,445	312,474
Effect of exchange rate changes on cash and cash equivalents	(24)	42
Cash and cash equivalents at the end of the period	180,650	246,445

Statement of Changes in Equity

DESCRIPTION	Shareholders' Equity	Reserves	Revaluation reserves for financial assets at fair value through other comprehensive income	Other revaluation reserves	Retained earnings	TOTAL EQUITY
Balance as at 31 December 2023	634,574	306,645	(13,827)	(4,219)	132,991	1,056,164
Profit for the period	-	-	-	-	65,961	65,961
Other comprehensive result for the period	-	-	(2,229)	(823)	-	(3,052)
Total comprehensive income	-	-	(2,229)	(823)	65,961	62,909
Declared dividends	-	-	-	-	(81,003)	(81,003)
Other forms of profit distribution and loss coverage	-	-	-	-	(2,000)	(2,000)
Balance as at 31 December 2024	634,574	306,645	(16,056)	(5,042)	115,949	1,036,070
Profit for the period	-	-	-	-	69,897	69,897
Other comprehensive result for the period	-	-	(580)	(213)	-	(793)
Total comprehensive income	-	-	(580)	(213)	69,897	69,104
Declared dividends	-	-	-	-	(39,000)	(39,000)
Other forms of profit distribution and loss coverage	-	-	-	-	(1,000)	(1,000)
Balance as at 31 December 2025	634,574	306,645	(16,636)	(5,255)	145,846	1,065,174

1. GENERAL INFORMATION ABOUT THE GROUP

The BH Telecom Group consists of BH Telecom d.d. Sarajevo as the parent company and the subsidiary Metropoly Media d.o.o. Sarajevo (hereinafter together referred to as: the Group).

A. PARENT COMPANY BH TELECOM D.D.

Business activity, basic information and brief history

Company Name: Joint Stock Company "BH Telecom" Sarajevo.

Short Name: "BH Telecom" d.d. Sarajevo

Company Headquarters: Franca Lehara No. 7, Sarajevo, Bosnia and Herzegovina

Company Mission: We connect and develop Bosnia and Herzegovina through innovative digital solutions.

Company Vision: The leading digital integrator of BiH society.

Strategic Goals: 1. Preservation of financial performance; 2. Leadership in core market segments; 3. Excellence in customer experience management; 4. Market expansion and diversification; 5. Modernization and digital transformation, along with the establishment of efficient processes; 6. Establishment of a modern human resources management system.

Value System: 1. Customer commitment; 2. Work ethic; 3. Quality; 4. Collaboration; 5. Social responsibility.

By the decision of the Government of the Federation of Bosnia and Hercegovina of 28 December 2001, the Public Enterprise PTT BH Saobraćaj was reorganized, and two new legal entities were formed as follows: PE BH Pošta Sarajevo and PE BH Telecom Sarajevo. The Company started its operations on 1 January 2002.

By the Decision of the Cantonal Court in Sarajevo, No. UF/I-520/04 of 12 March 2004, the Company was registered as the Joint-stock Company BH Telecom Sarajevo ("BH Telecom" or "Company", with the head office in Sarajevo, Obala Kulina bana 8. As of 30 June 2014, the Company changed head office location and moved to: Franca Lehara 7, Sarajevo.

The Company provides telecommunications services at the local, national and international level through the services of fixed telephony, mobile telephony, internet services (BIHNET), data transfer (BIHPAK) and IPTV television. The Company's operations are organized through 10 organizational units - business areas.

According to the form of organization, the Company is organized as a "joint stock company", with a basic capital of KM 634,573,580.00, which is divided into 63,457,358 ordinary shares of the same class, with a nominal value of KM 10.00 each. The registration of shares in the Register of the FBiH Securities Commission was carried out by Decision No. 03-19-101/04 dated 02.19.2004. years. The owner of 57,114,378 shares or 90.0043% of the capital is the Federation of BiH - Federal Ministry of Transport and Communications and the owners of 6,342,980 shares or 9.9957% of the capital are small shareholders. The Company's shares are listed on the Sarajevo Stock Exchange.

1. GENERAL INFORMATION ABOUT THE GROUP (continued)

A. PARENT COMPANY BH TELECOM D.D. (continued)

Activities, basic information and brief history (continued)

As of 31 December 2025, the Company had 2,916 employees (31 December 2024: 2,953 employees). The average number of employees in the Company in the period from January 1 to 31 December 2025 was 2,938 (January 1 to 31 December 2024: 2,951 employees).

Organization and governing bodies of the Company

The Company is organized as a single, independent organization and economic-business entity, based on functional, technological, process, and territorial principles. In organizational terms, the Company consists of core organizational units (the General Director's Office, executive directorates, regional directorates, and telecom centers) and their internal organizational units.

The Company's founding document is the Statute, which, in accordance with the law, regulates matters of importance for the legal status and participation in legal transactions, share capital and shares, governance, and status changes of the Company.

The Company's governing bodies are the Assembly, the Supervisory Board, the Management Board, and the Audit Committee.

The Shareholders' Assembly consists of the shareholders. The Government of the Federation of Bosnia and Herzegovina, as the majority capital owner, appoints the Chairperson of the Shareholders' Assembly, who presides over its sessions.

The Supervisory Board consists of the Chairperson and six members.

In the period from 1 January 2025 to 31 December 2025 the Supervisory Board of the Company was composed of:

Sedad Avdić	Chairman
Faruk Hadžić	Deputy Chairman, resigned on 29 December 2025.
Samir Čorbo	Member (resigned on November 29, 2024). Dismissed by the Shareholders' Assembly on 30 June 2025.
Ela Halilhodžić	Member
Alma Ustavdić	Member
Zoran Marijanović	Member
Hasan Hasić	Member
Mirnes Fatić	Acting Member of the Supervisory Board. Appointed on 24 October 2025.

1. GENERAL INFORMATION ABOUT THE GROUP (continued)

A. PARENT COMPANY BH TELECOM D.D. (continued)

Organization and governing bodies of the Company (continued)

The Company's Management Board consists of the General Manager and Executive Managers. The Management Board is the governing body responsible for the operations of the Company. Each member of the Management Board is in charge of one corporate or business unit.

In the period from 1 January 2025 until 10 October 2025, the Company's Management Board consisted of:

- Amel Kovačević, General Manager (Appointed as General Manager for a four-year term starting from 27 September 2024)
- Erdal Islamagić, a.i. Executive Manager for Business Development from 10 October 2024 to 10 October 2025. He was relieved of duty as Acting Executive Director on 10 October 2025.
- Damir Čauš, a.i. Executive Manager for Legal Affairs, Organization and Human Resources Management from 10 October 2024 to 10 October 2025
- Muamer Durić, a.i. Executive Manager for Technology and Services Development from 10 October 2024 to 10 October 2025
- Anisa Lojo - Bajrić, a.i. Executive Manager for Economic and Financial Affairs from 10 October 2024 to 10 October 2025
- Saša Palinić, a.i. Executive Manager for Investments from 10 October 2024 to 10 October 2025
- Semir Ibrahimović, a.i. Executive Manager for Information Technologies from 10 October 2024 to 10 October 2025

In the period from 11 October 2025 until 31 December 2025, the Company's Management Board consisted of:

- Amel Kovačević, General Manager (Appointed as General Manager for a four-year term starting from 27 September 2024.)
- Damir Čauš, Executive Manager for Legal Affairs, Organization and Human Resources Management. Appointed as Executive Manager on 11 October 2025.
- Muamer Durić, Executive Manager for Technology and Services Development. Appointed as Executive Manager on 11 October 2025.
- Anisa Lojo - Bajrić, Executive Manager for Economic and Financial Affairs. Appointed as Executive Manager on 11 October 2025.
- Saša Palinić, Executive Manager for Investments. Appointed as Executive Manager on 11 October 2025.
- Semir Ibrahimović, Executive Manager for Information Technologies. Appointed as Executive Manager on 11 October 2025.
- Haris Lučkin, Executive Manager for Business Development. Appointed as Executive Manager on 11 October 2025.

1. GENERAL INFORMATION ABOUT THE GROUP (continued)

A. PARENT COMPANY BH TELECOM D.D. (continued)

Organization and governing bodies of the Company (continued)

Audit Committee from 1 January 2025 until 2 February 2025

- Dika Hodžić, Chairman
- Esad Osmanbegović, Member
- Džano-Sokolović, Member

Audit Committee from 9 April 2025 until 31 December 2025

- Dika Hodžić, Chairman
- Dina Džano-Sokolović, Member
- Azra Delić, Member, appointed on 9 April 2025

1. GENERAL INFORMATION ABOUT THE GROUP (continued)

B. SUBSIDIARY METROPOLY MEDIA D.O.O SARAJEVO

Basic information and incorporation

Name of the subsidiary: Limited Liability Company "Metropol Media" Sarajevo.

Short name of the subsidiary: "MY MEDIA d.o.o." Sarajevo.

Registered office of the subsidiary: Zmaja od Bosne 88, Sarajevo, BiH.

E-mail: almir.seckanovic@mymedia.ba.

Core activity: Production and broadcasting of television programs.

Metropol Media d.o.o. Sarajevo was established by a decision of the Management Board of BH Telecom d.d. Sarajevo. Based on the registration decision of MY Media d.o.o. Sarajevo issued by the Municipal Court in Sarajevo, the 100% owner of the company is BH Telecom d.d. Sarajevo, which invested a cash amount of BAM 9,794,130 as subscribed capital. As of 31 December 2025, the Company had 6 employees (31 December 2024: 5 employees).

Company bodies

According to the Statute of MY Media d.o.o. Sarajevo, the Company is managed by the General Director, who also constitutes the Management, as well as by the Supervisory Board and the Assembly. At the time of preparing the 2025 Annual Report, this position was held by Almir Šećkanović.

Supervisory Board:

- Edin Sedlarević, Chairman
- Zlatan Tafro, Member
- Ismet Ramović, Member

Activities

MY Media d.o.o. Sarajevo is primarily registered for the production and broadcasting of television programs and related activities. According to its founding documents, MY Media d.o.o. Sarajevo is a company engaged in the production, acquisition, and broadcasting of TV content, a linear pay-TV channel, the sale of broadcasting rights for TV content, and marketing services. In this regard, in early 2023 MY Media submitted a request to the Communications Regulatory Agency of Bosnia and Herzegovina (CRA/RAK) as the media market regulator in Bosnia and Herzegovina, seeking approval to establish a thematic television channel named MY TV. RAK responded positively to this request by granting a license defining the channel as thematic, focusing on film, series, and mixed content. Under this license, MY Media d.o.o. Sarajevo established the MY TV channel, which is required to have at least 70% of its content related to film, series, historical, or documentary programming. The MY TV channel began broadcasting on February 10, 2023, within the Moja TV platform, i.e., on BH Telecom's IPTV platform. In addition to this core activity, MY Media d.o.o. Sarajevo is registered for approximately 50 additional activities, primarily related to media content production and distribution, as well as IT services.

2. BASIS OF PREPERATION

Statement of Compliance

The consolidated financial statements (hereinafter referred to as the "financial statements") have been prepared in accordance with the financial reporting framework in the Federation of Bosnia and Herzegovina ("Framework").

The Financial Reporting Framework includes the Law on accounting and auditing of the FBiH (Official Gazette of the FBiH, 15/21) (hereinafter "Law"), accounting regulations and standards in accordance with articles 2, 4 and 25 of the Law which requires that recognition, measurement, presentation and disclosure of financial statement captions should be done in accordance with requirements and principles of International Accounting Standards and International Financial Reporting Standards which are translated, published and adopted until the date of this report, by the Supervisory Board of Association of Accountants, Auditors and Financial Professionals of the FBiH as authorized professional body in accordance with article 136 paragraph (1) and article 125 paragraph (5) item f) of Law and available for the public on the internet page of the Association in accordance with article 125 paragraph (6). Translation and publishing are based on the Decision of authorizations for translation and publishing no. 2-11/06 from 10 March 2006 (Official Gazette of the BIH no. 81/06), issued by the Commission for Accounting and Auditing of BiH. Framework includes and other appropriate regulations in accordance with article 2 paragraph (1) item c) of the Law.

Furthermore, in accordance with article 137 of the Law the Framework includes the following bylaws: Bylaw of chart of accounts and content of accounts for companies issued by the Federal Ministry of Finance, in accordance with article 17 paragraph (8) of the Law (Official Gazette of the FBiH, 81/21) and Bylaw of the content and form of the financial statements for companies issued by the Federal Ministry of Finance, in accordance with article 39 paragraph (3) of the Law (Official Gazette of the FBiH, 81/21).

Although the applicable accounting regulations are based on the requirements of the International Financial Reporting Standards ("IFRS"), there are differences in the presentation of individual items, disclosures, as well as newly adopted standards (e.g., IFRS 17 is effective as of 1 January 2027) and therefore these financial statements cannot be considered to be in compliance with IFRS.

Basis of measurement

These financial statements have been prepared under the historical cost principle, except for the following items which are measured on an alternative basis at each reporting date:

Item	Basis of measurement
Financial assets at fair value through other comprehensive income	Fair value
Provisions for employee benefits - severance pay	Fair value of the liability, in accordance with the requirements of IAS 19

2. BASIS OF PREPARATION (continued)

Functional currency and presentation currency

The amounts presented in the financial statements are expressed in Convertible Marks (KM), which is the functional and legal currency in Bosnia and Herzegovina. All amounts are stated in thousands of KM, rounded to the nearest thousand, unless otherwise indicated.

Adoption of new and revised standards

The following new standards, interpretations and amendments to existing standards, which may be applicable to the Group, are mandatory for periods beginning on 1 January 2025:

Effective Date	New Standards and Amendments to Existing Standards
1 January 2025	<i>Lack of Exchangeability - Amendments to IAS 21 (August 2023)</i>

New standards not yet effective

The following new standards, interpretations and amendments to existing standards issued by the IASB were not yet effective and were not early adopted by the Group:

Effective Date	New Standards and Amendments to Existing Standards
1 January 2027	<i>IFRS 18 Presentation and Disclosure in Financial Statements</i>
	<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>
Available for optional application / effective date postponed indefinitely	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</i>

New **IFRS 17** Insurance contracts will replace IFRS 4. It applies to annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. Application of this standard in Federation of Bosnia and Herzegovina has been prolonged until 2026. This new standard as well as its amendments are not expected to result in any significant changes within the Group.

Application of these standards is not expected to have a significant impact of the Group's financial statements.

3. MATERIAL ACCOUNTING POLICIES

Revenue recognition

The Group's revenue combine the following product lines:

Mobile services - Revenue from mobile services mainly relate to revenue from prepaid and postpaid services: calls, text and multimedia messages, monthly subscription fees, data transfer, as well as sales of mobile devices and other services. Revenue from prepaid services are recognized based on usage of minutes/data or on a straight-line basis over the contract period for capacity. Prepaid amounts are recognized as a contract liability until use or expiration of the services.

Fixed services - Revenue from mass market and corporate market services, revenue from charges for incoming and outgoing telephone calls, international roaming or data exchange customer revenue is recognized over time, during the period the service is provided, while invoicing is on a monthly basis. Prepaid fees collected from customers (advances) are recognized as contract liabilities until the services are used.

Sale of equipment - Where separable, revenue from the sale of equipment is recognized when significant risks and rewards of ownership are transferred to the customer. When equipment is sold in installments, revenue is recognized at the amount of future payments discounted with the associated interest rate. When the Company acts as an agent and not as the principal, revenue is recognized on a net basis, i.e., as a commission fee.

Sales or Delivery of Content - Revenue realized from sales or delivery of content (audio, video, games, etc. through the Moja TV service) is recognized when the content is delivered to the user. Revenue is recognized over time during the contract period with the customer.

IFRS 15 standard particularly impacts the following business events:

Multiple element arrangements - In the case of multiple-element arrangements (e.g. contract for mobile service plus mobile device, with subsidized products delivered in advance), the transaction price is allocated to performance obligations in the contract based on their relative standalone selling prices. The standalone selling prices of devices are determined using price lists. As a result, a larger portion of the total consideration is attributable to the component delivered in advance (device), requiring earlier recognition of revenue which results in higher revenue from sale of goods and lower revenue from service provision. This leads to the recognition of what is known as a contract asset in the statement of financial position. The contract asset is amortized over the remaining term of the contract.

Material rights - Material rights which are granted to customers at contract inception with the option to be exercised at later point of time mainly relate to granted budgets - the total transaction price of the combined contract is allocated to the individual, separate performance obligations on a relative stand-alone selling prices basis. A larger portion of the total consideration is allocated to the material right (e.g., the right to a future subsidy on a mobile device). This liability to the customer for future subsidies is recognized as a contract liability until exercised or expired.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Discounts or uneven transaction prices - When monthly service fees are charged unevenly throughout the contract period, while monthly service is provided evenly to the customer, service revenue is recognized on a straight-line basis.

One-time payments - One-time payments made in advance by the customer that do not fulfil the definition of a separate performance obligation, but represent prepayment on future services are deferred and recognized in revenue over the (remaining) contract period and presented within contract liability.

Loyalty program - For subscribers participating in the loyalty program, the Group allocates part of the received consideration to loyalty points. This allocation is based on the relative standalone selling prices. The amount allocated to the loyalty program is deferred and recognized as revenue when the points are redeemed, the likelihood of redemption becomes remote or they expire. The deferred revenue is recognized as a contract liability.

Contract costs (contract acquisition and contract fulfilment cost) - The standard permits capitalization and allocation of sales commission costs (the cost of acquiring a customer) over the estimated useful life of the contract with the customer. The Group recognizes these costs under other assets.

The five-step model applied to recognition of revenue from contracts with customers is presented below:

1. step: Identify the contract(s) with a customer
2. step: Identify the performance obligations in the contract
3. step: Determine the transaction price
4. step: Allocate the transaction price to the performance obligations in the contract
5. step: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized for each distinct performance obligation in the contract at the amount of the transaction price. The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer.

In cases where the Group is an intermediary between another supplier and the customer, the Group assesses whether it is acting as a principal or as an agent on behalf of the supplier. The key factor is whether the Group obtains control of the goods or services before they are transferred to the end customer. In other words, it is assessed whether the Group recognizes revenue on a gross basis (as a principal) or net basis (as an agent), i.e., as a commission fee. This is relevant for the sale of devices the Group sells in the course of its ordinary activities and is considered at the level of each individual contract with suppliers.

For contracts that contain more than one performance obligation (multiple-element arrangements), the Group allocates the transaction price to the performance obligations based on their relative stand-alone selling prices (SSPs). The stand-alone selling price is the price at which the Group would sell the promised good or service separately to a customer. The allocation based on relative stand-alone selling prices is performed as follows: first, the stand-alone selling price of each performance obligation is divided by the sum of the stand-alone selling prices of all performance obligations. This ratio is then multiplied by the transaction price. The result is the relative stand-alone selling price. Revenue is recognized when performance obligations are satisfied by transferring control of the promised goods or services to the customer.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Control over goods (e.g., sale of equipment) is transferred when the goods are delivered to the customer, the customer has full discretion over the goods and there is no outstanding obligation that could affect the customer's acceptance of the goods. Delivery is considered completed when the goods are shipped to a specified location and the risks of obsolescence and loss are transferred to the customer. Control over the goods is typically transferred at a point in time.

Control over services (e.g., telecommunications services, maintenance services, sale of licenses, etc.) is transferred either over time or at a point in time, which impacts revenue recognition. Revenue from service provision is recognized in the period in which the services are performed. If the service performance spans more than one period, the input method (based on incurred costs) and the output method (based on units/tasks delivered) are used to measure progress toward complete fulfillment.

The output method is used for mass-market services (e.g., voice and data services provided monthly to users) as well as for system solutions (e.g., equipment installation, where the time between the start of work and service delivery is not long and/or both parties regularly confirm the work performed). The input method is mainly used for complex system solutions (e.g., the development of a solution tailored to a specific customer that takes a longer time), where revenue is recognized monthly based on costs incurred to reflect progress toward complete fulfillment in periods where mutual confirmations have not yet been received.

The total amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at 31 December 2025, amounts to KM 7,663 thousand (Note 41). The Group expects to recognize this amount as revenue over the following 24 months. When revenue is recognized over time based on accrued revenue, the Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied).

When determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the payment terms agreed by the parties (explicitly or implicitly) provide the customer or the Group with a significant financing benefit in relation to the transfer of goods or services to the customer. The Group applies the practical expedient not to consider a significant financing component if the maximum period between the transfer of goods or services and payment by the customer is one year or less.

The standard defines the accounting treatment of individual contracts with customers. However, it is also permissible to apply the standard to a portfolio of contracts, provided that: the contracts grouped in the portfolio have similar characteristics and applying the standard to the portfolio does not result in materially different outcomes compared to accounting on an individual contract basis.

The Group applies revenue recognition in accordance with IFRS 15 to both contract portfolios and individual contracts. The standard is applied to contract portfolios for mass-market products, while for customized solutions it is applied at the level of individual contracts. The portfolio is defined within each relevant business segment and is established in accordance with the usual requirements for contract-level alignment.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Dividend Income

Dividend income is recognized when the Group's right to receive payment is established.

Subscriber acquisition costs, advertising and related costs

Subscriber acquisition and retention costs are recognized as an expense in the period in which they are incurred. Additional contract acquisition costs that would not have been incurred if the contract had not been obtained (e.g., sales commissions, cash bonuses for acquiring new or retaining existing customers) are capitalized, as they are expected to be recovered in future periods. The costs of advertising, promotion, sponsorship, communications, brand marketing are recognized as an expense in the period of occurrence.

Leases

The Group assesses whether a contract is or contains a lease at the inception of the contract. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee uses its incremental borrowing rate. The Group determines the incremental borrowing rate by obtaining interest rates from various external sources and makes necessary adjustments to reflect the lease term and the nature of the leased asset.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives received;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the lease commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising the option to terminate the lease.

The lease liability is presented as part of financial liabilities at amortized cost under Note 38.A) Lease Liabilities.

The lease liability is subsequently measured at amortized cost using the effective interest method, increasing the carrying amount to reflect interest on the lease liability and reducing it to reflect lease payments made.

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (continued)

The Group remeasures the lease liability (and adjusts the corresponding right-of-use asset) whenever:

- The lease term has changed or there has been a significant event or change in circumstances that results in a change in the assessment of the purchase option being exercised. In such cases, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- Lease payments change due to changes in indexes or rates or changes in expected payments below the guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease changes arise from a change in variable interest rates, in which case the revised discount rate is used).
- The lease contract is modified and the modification is not accounted for as a separate lease. In such cases, the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate applicable at the date of the modification.

The right-of-use asset includes the initial measurement of the corresponding lease liability, lease payments made on or before the commencement date, less any lease incentives received and any initial direct costs. Subsequently, it is measured at cost less accumulated depreciation and impairment losses.

Whenever the Group has an obligation for dismantling and removing the leased asset, restoring the site where it is located or restoring the leased asset to the condition required by the lease terms and conditions, a provision is recognized and measured in accordance with IAS 37. To the extent the costs relate to the right-of-use asset, they are included as part of the related right-of-use asset, unless such costs are incurred for the production of inventories.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the asset. If the lease transfers ownership of the underlying asset or if the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the associated right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation begins on the lease commencement date.

Right-of-use assets are presented in a separate note in the statement of financial position.

As a practical expedient, IFRS 16 permits lessees not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Group has applied this practical expedient for contracts where lease components are not separated from other components. For contracts that include a lease component and one or more additional non-lease components, the Group allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone prices of the non-lease components.

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a Lessor

The Group enters into lease agreements as a lessor.

Leases in which the Group acts as lessor are classified as either finance or operating leases. Whenever the terms of a lease substantially transfer all the risks and rewards of ownership to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as either a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease.

Lease income from operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract to each component.

Employee benefits

On behalf of its employees, the Group pays income tax and contributions for pension, disability, health and unemployment insurance, both from and on behalf of salaries, which are calculated at statutory rates during the year on gross salaries. The Group pays these taxes and contributions to the institutions of the Federation of Bosnia and Herzegovina, at the federal and cantonal levels, the Republic of Srpska and Brčko District. Furthermore, allowances for meals, transportation to/from and holidays are paid in accordance with local legislation. These expenses are recorded in the statement of comprehensive income in the period in which salary costs are incurred.

Retirement benefits

The Group pays retirement benefits in the amount of KM 13,500 per employee (before 2025: KM 12,000 per employee). The Group has no other plans for post-retirement payments to employees or management in Bosnia and Herzegovina.

Severance costs upon retirement are determined using the projected unit credit method, with actuarial valuations performed at each reporting date. Gains and losses arising from actuarial valuations are recognized in other comprehensive income in full in the period in which they occur.

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognized past service costs.

3. MATERIAL ACCOUNTING POLICIES (continued)

Finance income and expenses

Finance income includes interest income on invested funds (including financial assets held for sale), default interest charged on customer receivables, dividend income and positive changes in the fair value of financial instruments through profit or loss. Interest income is recognized on an accrual basis in the statement of comprehensive income using the effective interest method.

Finance costs include interest expenses (including interest based on leases according to IFRS 16) and the unwinding of discounts on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in the statement of comprehensive income using the effective interest method. Foreign exchange gains and losses are recognized on a net basis.

Foreign currencies

Transactions in currencies other than Convertible Marks are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are not denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Gains and losses arising on exchange are included in the statement of profit and loss for the period when they incur.

Taxation

Income tax includes current and deferred tax.

Current income tax

The current tax liability is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss and other comprehensive income because it excludes items of income and expenses that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates have been enacted or substantively enacted by the reporting period date.

3. MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred Income Tax

Deferred tax is the amount of income tax payable or recoverable in future periods as a result of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized. Deferred tax is calculated using tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is recognized in profit or loss, except when it relates to items recognized directly in equity, in which case the deferred tax is also recognized directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle them on a net basis.

Intangible assets

Intangible assets are measured initially at acquisition cost less accumulated amortization and impairment and are amortized on a straight-line basis over their estimated useful lives. Amortization is calculated in the basis of estimated useful life of the asset, using the straight-line method as follows:

	2025	2024
Licenses	1 to 8.3 years	1 to 8.3 years
Software	5 years	5 years
Other intangible assets	2 to 25 years	2 to 25 years

Content costs are recognized as intangible assets (IPTV content, included under the item Concessions, patents, licenses, software and other rights) at the beginning of the contract, provided that the following conditions are fulfilled in order for contracts with content providers to be recognized as intangible assets:

- The contract term must be longer than one year,
- The cost is determined or determinable,
- The contracted rights must be of a permanent nature,
- The costs under the contract are inevitable,
- Termination conditions are not defined or if defined, relate to breaches of material rights, force majeure, bankruptcy or similarly severe circumstances.

Assets recognized under such contracts are amortized over the term of the contract. Content contracts that do not meet the capitalization criteria are recognized as an expense and presented under "Other operating expenses and costs" in the statement of comprehensive income.

3. MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Costs of own content production (audiovisual, movie and multimedia content) or acquiring reproduction rights for third-party content are recognized as intangible assets (included under Other intangible assets) when the following criteria are met: the asset is identifiable, the Group controls the asset and the asset is expected to generate future economic benefits. The asset is recognized if: a) it is probable that the expected future economic benefits attributable to the asset will flow to the Group and, b) the cost of the asset can be reliably measured.

Property, plant and equipment

Property, plant and equipment are initially measured at acquisition cost, less accumulated depreciation and impairment losses. Acquisition cost includes the purchase price and all directly attributable costs necessary to bring the asset to working condition for its intended use. Ongoing maintenance and repair costs, replacements and minor capital maintenance are recognized as expenses when incurred. The costs of significant capital maintenance and replacements are capitalized.

Assets under construction, which are being built for the purpose of providing services or for administrative use, are stated at acquisition cost less any impairment losses. The acquisition cost also includes professional fees. Such assets are reclassified to the appropriate categories of property, plant and equipment once they are completed and ready for their intended use.

Depreciation begins when the asset is ready for its intended use. Depreciation is calculated based on the estimated useful life of the asset, using the straight-line method as follows:

	2025	2024
Buildings	5 to 77 years	5 to 77 years
Networks and distributors	14.25 to 40 years	14.25 to 40 years
Switchboards and portable devices	2 to 12.5 years	2 to 12.5 years
Other tangible assets	2 to 10 years	2 to 10 years

Gains and losses arising from the disposal or derecognition of property, plant and equipment are recognized in the statement of comprehensive income in the period in which they occur.

Consolidation

The consolidated financial statements comprise the Group and its subsidiaries (together "the Group"), together with the Group's share in associates, if any.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls a subsidiary when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3. MATERIAL ACCOUNTING POLICIES (continued)

Consolidation (continued)

Transactions eliminated on consolidation

Intra-group balances and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Impairment of assets

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its assets, other than inventories and deferred tax assets, to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated to determine the extent of impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of net selling price and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset (or the cash-generating unit).

If the estimated recoverable amount of an asset (or cash-generating unit) is lower than its carrying amount, then the carrying amount of that asset (or cash-generating unit) is reduced to its recoverable amount.

The impairment losses are recognized immediately in profit or loss statement.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years.

The reversal of an impairment loss is recognized as income immediately in profit or loss statement.

Inventories

Inventories are stated at the lower of the cost and net realizable value. Cost comprises direct materials and, if applicable, direct labor costs and those overheads that have been incurred in bringing the inventory to their present location and condition. Cost is determined by using the weighted average method. Net realizable value represents the estimated selling price less than all estimated costs of completion and selling costs.

Impairment is recognized for inventories that are damaged, in whole or in part out of date or retained longer in stock, useless (stocks of poor quality and technologically obsolete stock).

3. MATERIAL ACCOUNTING POLICIES (continued)

Donations

Donations for assets, which include non-cash donations, are initially recognized as deferred income at fair value, which is recognized as income from donations on a systematic basis over the useful lives of these assets. Deferred revenue is recognized in income in the amount of depreciation on a straight-line basis over the estimated period of future economic life of the donated asset.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) because of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, their carrying amount is the present value of those cash flows.

Provisions are released only for such expenditures in respect of which provision is recognized at inception. If the outflows of economic benefits to settle the obligations is no longer possible, the provision is reversed.

Financial instruments

Financial assets

The Group classifies its financial assets into the following measurement categories:

- a. assets subsequently measured at fair value (or through other comprehensive income or through profit or loss),
- b. assets measured at amortized cost.

Trade receivables are initially recognized when they originate. All other financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset at fair value plus transaction costs directly attributable to the acquisition of the financial asset, in cases where the financial asset is not measured at fair value through profit or loss.

There are three measurement categories into which the Group classifies its debt instruments.

- a) Amortized cost: Assets held for the collection of contractual cash flows, where those cash flows represent solely payments of principal and interest (SPPI), are measured at amortized cost. The Group classifies the following financial assets in this category: Trade receivables; Cash and cash equivalents and Other financial assets that meet the SPPI classification test and are held within a business model of "hold to collect."
- b) Fair value through other comprehensive income (FVOCI): Assets held both for the collection of contractual cash flows and for selling the financial assets, where the cash flows represent solely payments of principal and interest, are measured at FVOCI.
- c) Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at FVTPL.

The Group subsequently measures all equity instruments at fair value through other comprehensive income.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of Non-Derivative Financial Assets

The Group recognizes impairment losses for expected credit losses (ECL) related to:

- Financial assets measured at amortized cost (such as debt instruments, deposits, loans given to employees, trade receivables and other receivables)
- Contract assets.

The Group measures the impairment amount equal to the lifetime expected credit losses, except for the following, which are measured based on 12-month expected credit losses:

- Debt instruments that have low credit risk at the reporting date; and
- Other instruments and balances with banks for which the credit risk has not significantly increased since initial recognition.

Impairment of trade receivables (including lease receivables) and contract assets is always measured at the amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyses, based on the Group's historical experience and informed credit assessments, including forward-looking information.

The Group considers that the credit risk of a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired (in default) when the debtor is unlikely to pay its credit obligations to the Group in full, without the recourse by the Group to actions such as realizing collateral (if any is held) or when the financial asset is more than 90 days past due (three months).

The Group considers a financial instrument has low credit risk if its credit rating is equivalent to the globally accepted definition of "investment grade."

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating expected credit losses is the maximum contractual period during which the Group is exposed to credit risk.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of non-derivative financial assets (continued)

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the contractual cash flows due to the entity in accordance with the contract and the cash flows the Group expects to receive). These expected losses are discounted using the effective interest rate of the financial asset.

For debt instruments measured at amortized cost or FVOCI, the Group estimates expected credit losses based on forward-looking information, irrespective of whether there are any indications of impairment.

For current trade receivables without a significant financing component, the Group applies the simplified approach and measures lifetime expected credit losses from initial recognition.

The Group uses the impairment matrix by which the impairment losses are calculated for trade receivables according to their age structure or maturity periods.

To measure expected credit losses, trade receivables are grouped on the basis of common credit risk characteristics, non-recovery analysis is carried out over the previous 5 years to determine the overall ratio of entering into default.

Default rates are calculated for the following aging intervals: up to 30 days; 31 to 60 days; 61 to 90 days; 90 to 365 days; and over 365 days past due.

The Group applies a three-stage impairment model for financial assets, excluding trade receivables:

- a) Stage 1 - consists of the amount for which the credit risk has not increased significantly from the moment of initial recognition. Expected credit losses are determined based on the probability of entering a default status within the next 12 months (i.e., the total expected credit loss multiplied by the probability that the loss occur over the next 12 months).
- b) Stage 2 - consists of the amounts for which a significant increase in the credit risk from the initial recognition period has been identified, but for which no objective evidence of impairment exists. Expected credit losses are based on the probability of entering a default status during the term of the contract.
- c) Stage 3 - consists at amounts for which there is objective evidence of impairment.

Trade receivables are classified into either Stage 2 or Stage 3:

- a) Stage 2 - consists of receivables for which a simplified approach to measurement of expected credit losses is applied during the term of the contract, except for certain customer receivables classified in Stage 3.
- b) Stage 3 - consists of receivables from customers that have matured more than 365 days or for which an impairment loss is individually identified.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of non-derivative financial assets (continued)

Presentation of Expected Credit Losses in the Statement of Financial Position

The impairment amount for financial assets measured at amortized cost is deducted from the gross carrying amount of the asset.

Write-off

Financial assets are written off, in whole or in part, when the Group has exhausted all practical recovery efforts and concludes that there is no reasonable expectation of recovery. This usually occurs when the asset is at least 365 days past due.

The Group derecognizes a financial asset only when the contractual rights to the cash flows expire or when it transfers the financial asset and substantially all the risks and rewards of ownership to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Group recognizes its retained interest in the asset and an associated liability for the amounts it may have to pay.

In the case of derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the consideration received and receivable is recognized in the statement of profit or loss. Furthermore, upon derecognition of an investment in a debt instrument measured at FVOCI, the cumulative gain or loss previously recognized in the revaluation reserve is reclassified to profit or loss. For equity instruments where the FVOCI option has been elected, gains or losses on disposal are not recognized in profit or loss.

Financial liabilities

Financial liabilities are initially recognized at fair value less transactions costs and are subsequently measured at amortized cost using the effective interest rate. The Group derecognizes financial liabilities when and only when the Group's liabilities have ceased, cancelled or expired.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash outflows (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period.

3. MATERIAL ACCOUNTING POLICIES (continued)

Equity and reserves

Shareholders' equity

Shareholders' equity includes paid in ordinary shares and is expressed in KM at nominal value.

Statutory reserves

Statutory reserves are formed by transfers of at least 10% of realized profit stated by the yearly income statement over a period of 5 years, until they reach a minimum of 25% of the Group's shareholders' equity.

The Group announces basic and diluted earnings per share. The basic earnings per share are calculated by dividing the profit for the current period for the ordinary shareholders of the Group, weighted by the average number of ordinary shares, during the period, excluding ordinary shares purchased from the Group and classified as treasury shares.

Retained Earnings

Profit for the year after distribution to the owners and allocations to other reserves is allocated to retained earnings.

Fair value reserves

Fair value reserves for financial assets classified as financial assets at fair value through other comprehensive income include changes in the fair value of these assets.

Dividends

Dividends on ordinary shares are recognized as a liability in the period in which they are approved by the Group's shareholders.

Earnings per share

The Group discloses basic and diluted earnings per share. The basic earnings per share are calculated by dividing the profit for the current period for the ordinary shareholders of the Group, weighted by the average number of ordinary shares, during the period, excluding ordinary share, during the period, excluding ordinary shares purchased from the Group and classified as treasury shares. During 2025 and 2024, there were no dilution effects.

4. USE OF JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in Note 3, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimations.

The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affects both current and future periods.

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Information on judgments made in applying accounting policies that have the most significant impact on the amounts recognized in the financial statements is provided in the following notes:

- **Note 3, Note 6: Revenue recognition** - whether revenue is recognized over time or at a point in time;
- **Note 3, Note 6: Revenue recognition** - whether the contract with the customer contains one or more performance obligations;
- **Note 3, Note 26: Intangible assets** - whether the contract for content costs (IPTV services) and own production costs meet the criteria for recognition as intangible assets.

Assumptions and estimation uncertainties

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period data, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Note 3: Useful life of assets** - The Group reassesses the useful life of property, plant and equipment and intangible assets at the reporting date. This is a critical accounting estimate since it involves assumptions about technological development in an innovative industry and is heavily dependent on the Group's investment plans. Further, due to significant weight of depreciable assets in the Group's total assets, the impact of significant changes in these assumptions could be material to the financial position and results of operations.
- **Note 3: Impairment of trade receivables and contract assets** - Impairment allowance for receivables and contract assets is based on estimated credit losses, calculated using a default rate. The default rate represents the actual credit risk, i.e., the probability that receivables will not be collected. The calculation of the default rate is based on the Group's historical data on the collection of trade receivables.
- **Note 3: Inventory impairment** - Management adjusts the carrying amount of inventories when net realizable value is estimated as lower than the purchase cost. For inventories over three years which will in the future be consumed in the production process or in the process of rendering services and for which is not possible to determine the net realizable value, partial write-off is performed using the percentages of 10% to 100% depending on the type and age of inventories in accordance with the accounting policies.
- **Note 3: Provisions for court proceedings** - The amount which has been recognized as provision for legal proceedings are estimation of expenses which are required to settle the liabilities when the possibility that there will be expenses are greater than that there will not be any expenses. In estimating the provisions, the Group considers legal experts' advice and Management estimates.
- **Note 3: Provisions for employee benefits** - Present value of liabilities for retirement benefits depends on many factors which are determined on actuary basis. The most significant assumptions include discount factor, mortality rates, expected increases in the employee benefits. Changes in assumptions can impact the carrying amount of liabilities.

4. USE OF JUDGMENTS AND ESTIMATES (continued)

4.1 DETERMINATION OF FAIR VALUE

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

The Group has established a control framework with respect to the measurement of fair values.

Fair values are measured based on information collected from third parties, the Management and the finance function assess the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of the Accounting Standards, including the level within the fair value hierarchy into which those estimates should be classified.

Fair values are categorized into different levels within the fair value hierarchy based on the inputs used in valuation techniques, as follows:

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

Further information regarding the assumptions made in determining fair value is included in the following Notes:

- Note 3: Financial instruments
- Note 48: Financial instruments

5. OPERATING SEGMENTS

By the decision of the Management Board of the Group one business segment was established. Reporting on the Group's business at the same time is also reporting on segment BH Telecom. Segment tracking by the Management Board is based on monitoring revenue, earnings, EBITDA, operating cash flows and capital investments.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2025	2024
Revenue from sale of goods on the domestic market		
Revenue from sale of goods	66,683	65,594
	<u>66,683</u>	<u>65,594</u>
Revenue from services (domestic market)		
Mobile telephony	255,499	250,330
Bundle (Moja TV)	61,796	57,088
Fixed telephony	38,596	41,262
Internet services (BiHNET)	79,107	75,240
National traffic	10,921	11,090
Data transfer (BiHPAK)	2,809	2,516
VPN ("Top tim" and "Moja porodica")	1,508	1,538
Telegraph	40	30
Other services	3,601	3,755
	<u>453,877</u>	<u>422,851</u>
Revenue from services (foreign market)		
MPLS Services VPN	9,506	11,114
Moja WEB TV foreign	42	22
Roaming services	9,652	8,722
	<u>19,200</u>	<u>19,858</u>
Total Revenue from contracts with customers	<u>539,760</u>	<u>528,303</u>
	2025	2024
Disaggregation of revenue from contracts with customers		
Primary geographical markets		
- Bosnia and Herzegovina	520,560	508,445
- Foreign markets	19,200	19,858
Total Revenue from contracts with customers	<u>539,760</u>	<u>528,303</u>
Main products/service		
- Goods and products	66,683	65,594
- Services	473,077	462,709
Total Revenue from contracts with customers	<u>539,760</u>	<u>528,303</u>

6. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Disaggregation of revenue from contracts with customers (continued)

	2025	2024
Timing of revenue recognition		
- At the point in time	66,683	65,594
- Over time	473,077	462,709
Total Revenue from contracts with customers	<u>539,760</u>	<u>528,303</u>
Principal / agent		
- Principal	539,057	527,643
- Agent	703	660
Total Revenue from contracts with customers	<u>539,760</u>	<u>528,303</u>

Balances arising from contracts with customers

The following table provides information about receivables, contract assets and contract liabilities arising from contracts with customers:

	2025	2024
Trade receivables (Note 32)	134,734	129,262
Contract assets (Note 31)	6,434	7,263
Accrued unbilled services (Note 36)	2,398	2,326
Contract liabilities (Note 41)	(7,663)	(8,715)
	<u>135,903</u>	<u>130,136</u>

The contract assets primarily relate to the Group's rights to consideration from multiple element arrangements and discounts. The contract assets are transferred to receivables when rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers for activated but unused prepaid GSM cards, prepaid subscriptions, loyalty programs or unused material rights under customer contracts. This will be recognized as revenue when the service is consumed by the customer, which is expected to occur in the next year. The amount of KM 6,840 thousand included in contract liabilities was recognized as revenue in 2025 (2024: KM 7,481 thousand).

Accrued revenue relate to revenue accrued based on settlements with other telecommunications operators. Considering periodic billing, which is common practice between operators, the accrued revenue has been recognized for those receivables for which invoice has not been issued.

7. OTHER INCOME AND GAINS

	2025	2024
Other income and gains		
Lease income	7,553	5,342
Collected written-off receivables	139	3,308
Derecognition of liabilities and reversal of provisions	3,588	3,427
Income from granting broadcasting rights of audiovisual (AV) content	599	264
Income from donations	69	84
Income from subsidies for the production of audiovisual works	52	
Other income and gains	3,207	4,757
	15,207	17,182
Finance income		
Interest income		
Interest income - assets measured at amortized cost	8,741	6,251
Penalty interest from contracts with customers	601	608
	9,342	6,859
Net foreign exchange rate gains	-	257
Other finance income	785	342
	10,127	7,458
Net gains from derecognition of right-of-use assets and lease liabilities	202	1,162
Inventory surpluses and other positive adjustments	-	-
	202	1,162
Total Other income and gains	25,536	25,802

In 2025, the Group changed the presentation of movements in the impairment of trade receivables based on expected credit losses (ECL). In the current year, these changes are presented on a net basis within Losses on financial assets. In the prior year, increases and decreases in the impairment of trade receivables were presented on a gross basis within Losses on financial assets and Other income and gains, together with collected written-off receivables. This change relates to the presentation of items in the Statement of Comprehensive Income and has no impact on the Group's overall financial performance or equity.

Other income mainly relates to penalty income in the amount of KM 707 thousand (2024: KM 1,698 thousand), income from insurance claim settlements in the amount of KM 154 thousand (2024: KM 409 thousand) and various other income. Certain other income items have been recognized in accordance with the requirements of IFRS 15, but are presented as other income to comply with the Bylaw of the content and form of the financial statements for companies issued by the Federal Ministry of Finance of FBiH.

8. COST OF GOODS SOLD

	2025	2024
Cost of goods sold	64,946	62,228
	64,946	62,228

9. RAW MATERIALS

	2025	2024
Raw materials and supplies consumed	2,654	2,946
Spare parts consumed	62	50
Write-off of small inventory	358	249
Price discrepancy	(39)	(80)
	<u>3,035</u>	<u>3,165</u>

10. ENERGY AND FUEL

	2025	2024
Electricity consumed	11,459	9,152
Heating costs	1,002	1,001
Other fuel consumed	1,342	1,377
	<u>13,803</u>	<u>11,530</u>

11. SALARIES AND OTHER EMPLOYEE'S BENEFITS

	2025	2024
Gross salaries	120,839	114,794
Internally capitalized employee expenses	(7,932)	(3,992)
Other employee benefits	39,691	36,947
Expenses of other engaged persons, including board members	625	583
	<u>153,223</u>	<u>148,332</u>

As at 31 December 2025, the Group had 2,922 employees, which is 36 fewer compared to 31 December 2024 (2,958 employees). Employee expenses include KM 28,817 thousand (2024: KM 29,558 thousand) in contributions paid into the pension insurance fund. Other compensations include salary-related benefits, business travel expenses, meal and transportation allowances and other employee benefits. In 2025, a one-time assistance payment in the amount of KM 4,695 thousand was additionally paid to employees (included under Other employee compensations) (2024: KM 4,288 thousand). The average number of employees in the Group for the period from 1 January to 31 December, 2025 amounted to 2,943 (2024: 2,956 employees).

12. DEPRECIATION AND AMORTIZATION

	2025	2024
Property, plant and equipment	65,206	67,197
Intangible assets	25,340	25,263
Right-of-use assets	14,738	12,405
Other non-current asset from contracts with customers	30	14
	<u>105,314</u>	<u>104,879</u>

13. COST OF SERVICES

	2025	2024
Maintenance	25,488	24,275
Advertising and marketing	7,596	6,362
Sales intermediation	6,027	6,822
Services related to final processing of outputs	4,179	2,546
Research	279	238
Lease	199	120
Other services	4,269	2,323
	<u>48,037</u>	<u>42,686</u>

Other costs relate to cleaning services, waste disposal, water supply, healthcare services, as well as intellectual services such as auditing, legal, consulting and other services.

14. OTHER OPERATING EXPENSES

	2025	2024
Postage and telecommunications services	57,310	59,369
Taxes, fees, levies	17,638	17,247
Insurance premium costs	1,719	1,756
Payment operations	1,399	1,129
Membership's contributions	715	687
Representation	330	340
Other operating expenses	2,585	2,234
	<u>81,696</u>	<u>82,762</u>

15. LOSSES FROM NON-CURRENT NON-FINANCIAL ASSETS

	2025	2024
Net losses from the disposal of property, plant and equipment	1,455	1,475
Net impairment losses on property, plant and equipment	176	293
Net losses from the disposal of intangible assets	7	38
	<u>1,638</u>	<u>1,806</u>

Based on the analysis conducted by the Impairment Review Committee in accordance with IAS 36, an impairment of inventory related to investment materials and equipment (recognized as assets under construction) was made in the amount of KM 176 thousand as at 31 December 2025.

16. LOSSES FROM FINANCIAL ASSETS

	2025	2024
Impairment of trade receivables (regular receivables) - Note 32	1,844	4,854
Impairment of trade receivables (installments) - Note 32	(6)	25
Impairment of cash and cash equivalents - Note 34	(181)	(44)
Impairment of deposits - Note 29A	284	109
Impairment of bonds - Note 29B	46	-
Impairment of loans granted - Note 27	(1)	(1)
Impairment of other assets and receivables - Note 36	(10)	16
Impairment of contract assets - Note 31	(12)	69
Discount on instalment sales - Note 32	47	64
Direct write-off of receivables	108	25
Other losses on financial assets	(4)	1
	<u>2,115</u>	<u>5,118</u>

In 2025, the Group changed the presentation of movements in the impairment of trade receivables arising from expected credit losses (ECL). In the current year, these changes are presented on a net basis within Losses on financial assets. In the prior year, increases and reversals of impairment of trade receivables were presented on a gross basis within Losses on financial assets and Other income and gains, together with collections of previously written-off receivables. This change relates solely to the presentation of items within the Statement of Comprehensive Income and has no impact on the Group's results of operations or equity.

Based on the analysis performed by the impairment committee, an impairment of the carrying amount of inventory relating to investment materials and equipment (recognised as assets under construction) was recorded in the amount of KM 176 thousand as at 31 December 2025.

17. PROVISIONS, NET

	2025	2024
Provisions for unused vacations days	7,153	6,945
Provisions for retirement benefits	1,910	1,535
Provisions for court proceedings	(397)	3,457
	<u>8,666</u>	<u>11,937</u>

Even if the expenses mentioned above, by their nature relate to expenses related to income of employees, they are presented as provisions due to compliance with the By the Rulebook on the Content and Form of Financial Statements for Companies issued by the Federal Ministry of Finance of the Federation of Bosnia and Herzegovina.

18. SHORTAGES AND OTHER NEGATIVE ADJUSTMENTS TO INVENTORIES

	2025	2024
Impairments of inventories	755	577
Losses on sale of raw materials and supplies	2	-
Shortages	16	2
	<u>773</u>	<u>579</u>

19. SHARE IN THE LOSS OF AN ASSOCIATE AND JOINT VENTURE USING THE EQUITY METHOD

	2025	2024
Other losses	-	-
	-	-

20. FINANCE COST

	2025	2024
Interest expense		
Interest expense for right-of-use assets	1,990	1,799
Interest expense for equipment dismantling	448	259
Interest expense on discounted trade receivables	439	330
Penalty interest expense	43	140
	<u>2,920</u>	<u>2,528</u>
Net foreign exchange losses	492	-
	<u>3,412</u>	<u>2,528</u>

21. OTHER EXPENSES AND LOSSES

	2025	2024
Write-offs of raw materials, supplies, spare parts and small inventory	268	69
Expenses from write-offs of other assets and receivables	168	79
Other expenses	1,805	3,917
	<u>2,241</u>	<u>4,065</u>

22. INCOME TAX

The total income tax recognized in the statement of comprehensive income may be presented as follows:

	2025	2024
Current income tax		
Current year	6,499	7,447
	6,499	7,447
Deferred income tax		
Effect of decrease in deferred tax assets	1,699	1,332
Effect of increase in deferred tax assets	(2,422)	(2,662)
Effect of increase in deferred tax liabilities	1,985	1,607
Effect of decrease in deferred tax liabilities	(1,262)	(1,354)
	-	(1,077)
Income Tax	6,499	6,370

Reconciliation between income tax presented in tax return and accounting income tax is presented as follows:

	2025	2024
Profit before tax	76,396	72,331
Tax liability at the statutory rate of 10%	7,634	7,233
Tax effects:		
Effects of non-deductible expenses for the current year	104	93
Tax incentives - expenses for salaries of new employees	(1,284)	(1,005)
Effects of withholding tax paid outside Bosnia and Herzegovina	(7)	-
Tax credit - income tax for Brčko District	(135)	(130)
Tax credit - income tax for Republic of Srpska	-	(45)
Income tax for Republic of Srpska	-	49
Income tax for Brčko District	187	174
Previously used tax exemptions that are no longer justified	-	1
Income tax expense	6,499	6,370
Effective income tax rate	8.51%	8.81%

Income tax calculations are performed based on the Group's interpretation of current tax laws and regulations. These calculation which support the tax return may be subject to review and approval by the local tax authorities.

In accordance with the applicable laws, the Tax Administration has the discretionary right to determine the tax treatment of the business activities and transactions of any taxpayer. Accordingly, changes in business activity may be treated differently by the Tax Administration. As a result, the Group may be subject to additional taxes, penalties and interest, which can be significant.

22. INCOME TAX (continued)

Changes in temporary differences between deferred tax assets and deferred tax liabilities can be presented as follows:

	Net amount as at 31 December 2024			Balance as at 31 December 2025				
	Deferred tax assets	Deferred tax liabilities	Recognized in the statement of compre- hensive income	Recognized in other compre- hensive income	Recognized directly in equity	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	4,723	-	554	-	-	5,277	5,277	-
Property, plant and equipment	-	(2,326)	(723)	-	-	(3,049)	-	3,049
Inventories	344	-	(30)	-	-	314	314	-
Deposits and cash	183	-	15	-	-	198	198	-
Financial assets at fair value through other comprehensive income	-	-	58	-	-	58	58	-
Provisions for court proceedings	1,108	-	(41)	-	-	1,067	1,067	-
Liabilities for employees' benefits	842	-	92	-	-	934	934	-
Other provisions	181	-	1	-	-	182	182	-
Trade receivables	1,011	-	74	-	-	1,085	1,085	-
Net tax asset / (liability)	<u>8,392</u>	<u>(2,326)</u>	-	-	-	<u>6,066</u>	<u>9,115</u>	<u>(3,049)</u>

23. EARNINGS PER SHARE

Profit (in KM)

Weighted average number of ordinary shares

Basic and diluted earnings per share (in KM)

2025

69,896,592

63,457,358

1.101

2024

65,960,883

63,457,358

1.039

24. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plants, equipment, furniture and vehicles	Other non-current tangible assets	Assets under construction	Advances for tangible assets	Total
COST							
As at 1 January 2024.	16,415	1,134,304	700,162	125	55,993	5	1,907,004
Increases	-	-	-	-	78,198	(4)	78,271
Decreases	-	(245)	(33,850)	-	(1,164)	-	(35,259)
Transfers from/(to) intangible assets	(12)	148	107	-	(7,741)	-	(7,498)
Transfer from/(to)	62	12,410	45,794	-	(58,266)	-	-
Other	2	114	(2,843)	-	(4,667)	-	(7,394)
As at 31 December 2024	16,467	1,146,731	709,447	125	62,353	1	1,935,124
Increases	-	-	-	-	54,095	-	54,095
Transfer to inventory	-	-	-	-	(1,619)	-	(1,619)
Decreases	-	(329)	(66,774)	-	(908)	-	(68,011)
Transfers from/(to) intangible assets	134	(2,308)	10,377	-	(7,475)	-	728
Transfer from/(to)	24	7,723	42,570	-	(50,317)	-	-
Dismantling	-	-	222	-	-	-	222
Other	-	-	231	-	-	-	231
As at 31 December 2025	16,625	1,151,817	696,073	125	56,129	1	1,920,770
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
As at 1 January 2024	1,483	767,397	554,858	-	-	-	1,323,738
Depreciation for the year	34	22,402	44,760	-	-	-	67,196
Decreases	-	(208)	(33,591)	-	-	-	(33,799)
Transfers from/(to) intangible assets	-	169	85	-	-	-	254
Other	-	62	(2,219)	-	-	-	(2,157)
As at 31 December 2024	1,517	789,821	563,894	-	-	-	1,355,232
Depreciation for the year	13	19,834	45,360	-	-	-	65,207
Decreases	-	(305)	(65,251)	-	-	-	(65,556)
Transfers from/(to) intangible assets	60	(1,084)	7,513	-	-	-	6,489
Other	-	10	283	-	-	-	293
As at 31 December 2025	1,590	808,277	551,798	-	-	-	1,361,665
CARRYING AMOUNT							
As at 1 January 2024	14,932	366,907	145,305	125	55,993	5	583,267
As at 31 December 2024	14,950	356,910	145,553	125	62,353	1	579,892
As at 31 December 2025	15,035	343,540	144,275	125	56,129	1	559,105

24. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2025, BH Telecom d.d. Sarajevo has 817 properties recorded. Out of these, 777 properties are registered in the land registry. The registration process for 40 properties is ongoing.

In 2025, the Group recognised an impairment loss on investment equipment that had not been utilised for one or more years, in the total amount of KM 176 thousand, charged to the 2025 profit or loss (31 December 2024: KM 293 thousand, charged to the 2024 profit or loss).

During the reporting period, the Group performed an analysis of the components and functionality of certain assets, which resulted in a reassessment of the manner in which economic benefits from these assets are consumed. As a result of this analysis, a portion of assets was reclassified from intangible assets to property, plant and equipment, as well as reclassified within classes of property, plant and equipment. A similar assessment is performed on an ongoing basis upon the capitalization of assets when individual components are recognised as part of a larger asset item. The change reflects new information and an improved understanding of the economic substance of the assets and is applied prospectively.

During 2025, as part of the annual review of useful lives of assets, the Group concluded that certain parts of the telecommunications network (access network and fibre optic connection routes), as well as equipment (MSAN/DSLAM devices, RAN BSC/RNC controllers, OSS and other services, IP/MPLS communication equipment), are expected to be in use for a longer period than initially estimated. The most significant changes relate to access networks and fibre optic connection routes, for which the useful life has been extended from 25 to 30 years. As a result of this assessment, the useful lives of the telecommunications network and equipment have been increased. The effects of this change on actual and expected depreciation expense are presented below:

	2025	2026	2027	2028	2029	After
(Decrease)/Increase in depreciation and amortization expense	(2,072)	(1,845)	(1,605)	(1,392)	(1,318)	8,232

Assets under construction mainly relate to the Directorate building in Bihać, which is currently under construction (KM 4,454 thousand), as well as to ongoing projects associated with the construction or expansion of the network.

25. RIGHT-OF-USE ASSETS

	Buildings	Land	Equipment	Total
2024				
As at 1st January 2024	35,110	23,104	346	58,560
Depreciation for the year	(8,004)	(4,351)	(50)	(12,405)
Additions	8,278	12,406	74	20,758
Disposals	(1,632)	(5,032)	-	(6,664)
As at 31 December 2024	33,752	26,127	370	60,249
2025				
As at 1st January 2025	33,752	26,127	370	60,249
Depreciation for the year	(8,239)	(6,427)	(72)	(14,738)
Additions	4,750	14,280	406	19,436
Disposals	(568)	(1,801)	(55)	(2,424)
Transfer from/(to)	(1,080)	1,207	(127)	-
As at 31 December 2025	28,615	33,386	522	62,523

25. RIGHT-OF-USE ASSETS (continued)

The Group leases several types of assets, including land, buildings and equipment. The average lease term is 10 years (2024: 10 years). A small portion of leases for land and buildings expired during the current financial year. The expired contracts were replaced with new leases for the same underlying assets and new lease agreements were entered into during the year.

The increase in right-of-use assets, which includes new contracts or extensions of existing ones, amounts to KM 19,436 thousand, while the decrease, which includes expired contracts and derecognition of road and public land, amounts to KM 2,424 thousand.

26. INTANGIBLE ASSETS

	Concessions, patents, licenses, software and other rights	Other intangible assets	Intangible assets under construction	Advances	Total
COST					
As at 1st January 2024	147,912	119,510	7,007	94	274,523
Additions	-	-	15,941	(37)	15,904
Disposals	(31,482)	(4,784)	(11)	-	(36,277)
Transfers from/(to) intangible assets	-	(243)	7,741	-	7,498
Transfers (from)/to	8,033	14,748	(22,781)	-	-
As at 31 December 2024	124,463	129,231	7,897	57	261,648
Additions	-	-	24,095	112	24,207
Disposals	(7,321)	(9,232)	(9)	-	(16,562)
Transfers from/(to) intangible assets	(7,434)	(769)	7,475	-	(728)
Transfers (from)/to	18,421	17,530	(35,951)	-	-
As at 31 December 2025	128,129	136,760	3,507	169	268,565
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
As at 1st January 2024	111,860	90,708	-	-	202,568
Amortization for the year	16,144	9,119	-	-	25,263
Disposals	(31,482)	(4,781)	-	-	(36,263)
Transfers from/(to) intangible assets	-	(254)	-	-	(254)
Other	6	(178)	-	-	(172)
As at 31 December 2024	96,528	94,614	-	-	191,142
Amortization for the year	16,650	8,690	-	-	25,340
Disposals	(7,321)	(9,226)	-	-	(16,547)
Transfers from/(to) intangible assets	(6,033)	(456)	-	-	(6,489)
As at 31 December 2025	99,824	93,622	-	-	193,446
CARRYING AMOUNT					
As at 1st January 2024	36,052	28,802	7,007	94	71,955
As at 31 December 2024	27,935	34,617	7,897	57	70,506
As at 31 December 2025	28,305	43,138	3,507	169	75,119

Of the net carrying amount of licenses and other rights of KM 28,305 thousand as at 31 December 2024 (31 December 2024: KM 27,935 thousand), an amount of 9,038 thousand KM relates to the LTE telecommunications license, which also includes GSM and UMTS and is valid until June 2034. During the reporting period, the Group performed an analysis of the components and functionality of certain assets, which resulted in a reassessment of the manner in which economic benefits from these assets are consumed. As a result of this analysis, a portion of the assets was reclassified from intangible assets to PPE. A similar assessment is performed on an ongoing basis upon capitalization of assets, when individual components are recognised as part of a larger asset item. The change reflects new information and an enhanced understanding of the economic substance of the assets and is applied prospectively.

27. LOANS GIVEN

	31 Dec 2025	31 Dec 2024
Non-current		
Loans given to employees	80	211
<i>Less: Current portion of non-current loans</i>	(68)	(146)
<i>Less: Impairment loss</i>	(1)	(1)
	<u>11</u>	<u>64</u>
Current		
Current portion of non-current loans	68	146
<i>Less: Impairment loss</i>	(3)	(4)
	<u>65</u>	<u>142</u>
Total Loans given	<u>76</u>	<u>206</u>

Changes in the impairment of loans given can be presented as follows:

	2025	2024
Opening balance	5	6
Change in impairment during the year - Note 16	(1)	(1)
Closing balance	<u>4</u>	<u>5</u>

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 Dec 2025	31 Dec 2024
Eutelsat Communications, Paris, France	1,898	2,478
	<u>1,898</u>	<u>2,478</u>

In 2007, the Group purchased 552,064 shares of Eutelsat Communications, Paris, France, for an amount of KM 17,589 thousand. In 2014, the Group received 22,314 additional shares from this issuer as a result of a dividend payout amounting to KM 946 thousand, bringing the total number of shares held by the Group to 574,378, which represents 0.2% of the total shares. No dividends were received in 2025 or 2024. The shares are traded on the Paris Stock Exchange and are measured at fair value, based on which a fair value reserve has been recognized.

The movements in the fair value of these shares were as follows:

	2025	2024
Opening balance	2,478	4,707
(Decrease) / increase in the fair value of financial assets at fair value through other comprehensive income - Eutelsat Communications, Paris, France	(580)	(2,229)
Closing balance	<u>1,898</u>	<u>2,478</u>

29. A) BANK DEPOSITS

	31 Dec 2025	31 Dec 2024
Non-current bank deposits		
ASA Banka d.d. Sarajevo	33,000	22,000
Ziraat Bank BH d.d. Sarajevo	-	3,000
Intesa San Paolo Banka d.d. BiH	28,000	3,000
ProCredit Bank d.d. Sarajevo	8,000	-
Union Banka d.d.	13,000	16,000
Bosna Bank International d.d. Sarajevo	30,000	18,000
Sparkasse bank d.d. BiH	11,000	2,000
Privredna banka d.d.	11,000	3,000
NLB banka d.d.	5,000	-
<i>Less: Impairment (of value)</i>	<i>(334)</i>	<i>(162)</i>
	<u>138,666</u>	<u>66,838</u>
Current bank deposits		
ASA Banka d.d. Sarajevo	15,000	-
Bosna Bank International d.d. Sarajevo	6,000	-
Sparkasse bank d.d. BiH	2,000	-
ProCredit Banka d.d. Sarajevo	2,000	3,000
Addiko Bank d.d.	-	6,000
Raiffeisen Bank d.d. BiH	19,558	19,558
Privredna banka Sarajevo d.d. Sarajevo	3,000	4,000
Intesa Sanpaolo bank d.d.	3,000	1,000
Union Banka d.d.	18,900	11,900
Ziraat Bank BH d.d. Sarajevo	8,000	-
NLB banka d.d.	5,000	-
<i>Less: Impairment (of value)</i>	<i>(198)</i>	<i>(86)</i>
	<u>82,260</u>	<u>45,372</u>
Total Bank deposits	<u>220,926</u>	<u>112,210</u>

As at 31 December 2025, term deposits relate to cash funds deposited with commercial banks at an interest rate ranging from 1.30% to 3.10% per annum. The deposits mature during the period 2026-2028.

Changes in the impairment allowance of deposits can be presented as follows:

	2025	2024
Opening balance	248	139
Change in impairment during the year - Note 16	284	109
Closing balance	<u>532</u>	<u>248</u>

29. B) BONDS

	31 Dec 2025	31 Dec 2024
Non-current bonds of domestic issuers	19,392	19,372
Impairment	(46)	-
Total bonds	<u>19,346</u>	<u>19,372</u>

The movement in the impairment of investments can be presented as follows:

	31 Dec 2025	31 Dec 2024
Opening balance	-	-
Change in impairment during the year - Note 16	46	-
Closing balance	<u>46</u>	<u>-</u>

Investments in debt securities at amortised cost - bonds - breakdown by issuer:

	31 Dec 2025	31 Dec 2024
Corporate bonds issued by entities in Bosnia and Herzegovina	4,801	4,813
Bonds issued by the Government of the Federation of Bosnia and Herzegovina (FBiH)	14,545	14,559
Total bonds	<u>19,346</u>	<u>19,372</u>

The bonds are classified in Stage 1 credit risk, and there were no transfers between stages during 2025.

30. INVENTORIES

	31 Dec 2025	31 Dec 2024
Material	5,373	6,294
Goods at sales locations	4,455	4,987
Goods in warehouse	1,718	1,380
Advances for inventories	-	1,072
Small inventory	36	31
Spare parts	438	397
Work in progress	-	1
Finished products	64	64
Car tires	57	39
	<u>12,141</u>	<u>14,265</u>
Longterm assets meant for sale and assets of operations being discontinued	13	-
	<u>12,154</u>	<u>14,265</u>

During 2025, the impairment and write-offs of obsolete inventory in the total amount of KM 1,019 thousand (2024: KM 646 thousand) has been recognized.

31. CONTRACT ASSETS

	31 Dec 2025	31 Dec 2024
Non-current		
Contract assets	1,692	5,179
Less: Impairment loss	(15)	(49)
	<u>1,677</u>	<u>5,130</u>
Current		
Contract assets	4,799	2,153
Less: Impairment loss	(42)	(20)
	<u>4,757</u>	<u>2,133</u>
	<u>6,434</u>	<u>7,263</u>

The contract assets primarily relate to the Group's rights to consideration from contracts with multiple performance obligations, for example mobile contract plus mobile devices, with subsidized products delivered in advance or discounts granted for services for a period shorter than a contract term. The contract assets are reclassified to trade receivables when rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Changes on the impairment loss of contract assets can be shown as:

	2025	2024
Opening balance	69	-
Change in impairment during the year	(12)	69
Closing balance	<u>57</u>	<u>69</u>

32. TRADE RECEIVABLES

	2025	2024
Non-current		
Trade receivables for services provided in Bosnia and Herzegovina	16,580	15,660
Discount on trade receivables	(811)	(764)
Less: Allowance for impairment	(144)	(150)
	<u>15,625</u>	<u>14,746</u>
Current		
Trade receivables for services provided in Bosnia and Herzegovina	159,135	156,237
Trade receivables for services provided abroad	6,338	5,443
	<u>165,473</u>	<u>161,680</u>
<i>Less: Impairment loss</i>	<i>(46,364)</i>	<i>(47,164)</i>
	<u>119,109</u>	<u>114,516</u>
Total trade receivables	<u>134,734</u>	<u>129,262</u>

Changes in the impairment allowance of trade receivables can be presented as follows:

	2025	2024
Opening balance	47,314	49,361
Impairment (receivables) - Note 16	1,844	1,678
Impairment (instalments) - Note 16	(6)	25
Collection of written-off receivables - Note 16	47	64
Write-off	(2,691)	(3,814)
Closing balance	<u>46,508</u>	<u>47,314</u>

The Group believes that there is no concentration of credit risk related to trade receivables due to a large and diverse customer base consisting of both individual and business users. The aging structure of trade receivables is presented as follows:

	2025	2024
0 - 30 days	127,323	122,746
30 - 60 days	5,830	5,391
60 - 90 days	1,029	953
90 - 365 days	4,448	4,043
Over 365 days	43,423	44,207
Total trade receivables	<u>182,053</u>	<u>177,340</u>

33. OTHER FINANCIAL ASSETS AT AMORTIZED COST

	31 Dec 2025	31 Dec 2024
Other financial assets		
Term deposit - ASA Banka d.d.	-	300
Total other financial assets at amortized cost	-	<u>300</u>

34. CASH AND CASH EQUIVALENTS

	31 Dec 2025	31 Dec 2024
Term cash deposits up to 3 months	131,996	200,775
Cash in bank accounts - KM	48,346	45,261
Cash in bank accounts - foreign currencies	713	991
Cash on hand	8	12
	<u>181,063</u>	<u>247,039</u>
<i>Less: Impairment loss</i>	(413)	(594)
	<u>180,650</u>	<u>246,445</u>

Changes in the impairment allowance of cash and cash equivalents can be presented as follows:

	2025	2024
Opening balance	594	638
Change in impairment during the year - Note 16	(181)	(44)
Closing balance	<u>413</u>	<u>594</u>

35. PREPAID INCOME TAX AND INCOME TAX LIABILITIES

	31 Dec 2025	31 Dec 2024
Prepaid corporate income tax	955	-
Corporate income tax liabilities	-	(2,383)
	<u>955</u>	<u>(2,383)</u>
Withholding tax	(1)	(2)
	<u>954</u>	<u>(2,385)</u>

36. OTHER ASSETS AND RECEIVABLES, INCLUDING ACCRUALS

	31 Dec 2025	31 Dec 2024
Non-current		
Other assets and receivables	415	122
	415	122
Current		
Other assets and receivables		
Receivables for VAT	1,934	1,628
Receivables from employees	519	467
Receivables from the state and other institutions	212	285
Receivables for overpaid other taxes and contributions	1,056	2,024
Receivables for unpaid dividends	3,945	1,220
Receivables for funds paid for clearing international telecom transactions	5,217	10,613
Receivables for funds transferred to a notary for obligations subject to court disputes (AV rights)	9,170	9,170
Other assets and receivables	4,120	2,708
	26,173	28,115
<i>Less: Impairment of other assets and receivables</i>	<i>(1,206)</i>	<i>(2,053)</i>
	24,967	26,062
Total accrued revenue, prepaid expenses and other accruals		
Accrued revenue (abroad)	2,130	2,015
Accrued revenue (domestic)	268	311
Prepaid expenses	1,950	2,097
Other current accruals	758	374
	5,106	4,797
	30,073	30,859
Total other assets and receivables, including accruals	30,488	31,981

Accrued revenue related to revenue accrued based on settlements with other telecommunications operators. Considering periodic billing, which is common practice between operators, the accrued revenue has been recognized for those receivables for which invoice has not been issued.

To comply with the statutory obligation to settle copyright and related rights as at 31 December 2025, for which the collecting society and applicable tariffs are determined through court proceedings, the Group, pending such determination, recognizes the related liability (Note 43) and deposits the corresponding funds with a notary.

For this purpose, an amount of KM 9,170 thousand (31 December 2024: KM 9,170 thousand) has been deposited with the notary. Due to the uncertainty surrounding the outcome of court proceedings (Note 46) and potential additional negotiations with the Collecting Society, a higher amount has been deposited, based on the tariff of UFI (Collective Organization - Association of the Film Industry), rather than the tariff of UFR (Collective Organization - Association of Film Workers). In the event that a lower amount is ultimately payable in settlement of the obligation to the collecting society, the excess funds will be returned to the Group. Changes in impairment allowance of other assets and receivables, including accruals, can be presented as follows

36. OTHER ASSETS AND RECEIVABLES, INCLUDING ACCRUALS (continued)

	31 Dec 2025	31 Dec 2024
Opening balance	2,053	2,026
Change in impairment during the year - <i>Note 16</i>	(10)	16
Change in impairment during the year - <i>Note 21</i>	168	78
Write-off of assets	(1,005)	(67)
Closing balance	<u>1,206</u>	<u>2,053</u>

37. EQUITY

Shareholders' equity

Shareholders' equity comprises of 63,457,358 ordinary shares with nominal value of KM 10. The majority shareholder is the Federation of Bosnia and Herzegovina.

Ownership structure of the Company as at the reporting date was as follows:

	31 December 2025		31 December 2024	
	%	value	%	value
1. Federation of Bosnia and Herzegovina	90.0043	571,144	90.0043	571,144
2. Džambić Senad	0.8724	5,536	0.8724	5,536
3. Babić Una	0.5284	3,353	0.5284	3,353
4. ASA Banka d.d. Sarajevo	0.4796	3,043	0.4796	3,043
5. ZIF Crobih Fond d.d. Mostar	0.4276	2,714	0.4276	2,714
6. ZIF Prof Plus d.d. Sarajevo	0.4152	2,635	0.4128	2,620
7. ZIF Prevent invest d.d. Sarajevo	0.3766	2,390	0.3766	2,390
8. ZIF Fortuna Fond d.d.	0.1980	1,256	0.2212	1,404
9. ZIF Herbos Fond d.d. Tuzla	0.1829	1,160	0.1829	1,160
10. Šećkanović Nail	0.1438	913	0.1438	913
11. ZIF "BONUS" d.d. Sarajevo	0.1264	802	0.1264	802
12. OAIF "VIB FOUND»	0.0969	615	0.0969	615
13. UniCredit Bank d.d. Mostar	0.0747	474	0.0942	598
14. Čaušević Adnan	0.0731	464	0.0731	464
15. Čišija Adnan	0.0643	408	0.0643	408
Total of the 15 largest shareholders	94.0642	596,907	94.1046	597,164
Other legal entities and individuals	5.9358	37,667	5.8954	37,410
Closing balance	<u>100.00</u>	<u>634,574</u>	<u>100.00</u>	<u>634,574</u>

37.EQUITY (continued)

Statutory reserves

Legal reserves amounting to KM 306,645 thousand (2024: KM 306,645 thousand) were established in prior years from retained earnings in accordance with the Company Law of the Federation of Bosnia and Herzegovina.

Fair value reserves

Fair value reserves amounting to KM 16,636 thousand (2024: KM 16,056 thousand) relate to the balance of unrealised losses arising from changes in the fair value of shares in Eutelsat Communications, Paris, France, in 2025.

Actuarial gains and losses

Other revaluation reserves amounting to KM 5,255 thousand (2024: KM 5,042 thousand) relate to actuarial losses arising from the measurement of provisions for employee benefits. Actuarial losses recognised for the current year amounted to KM 213 thousand (2024: actuarial losses of KM 823 thousand).

Retained earnings

Retained earnings amounting to KM 145,846 thousand (2024: KM 115,448 thousand) comprise of retained earnings from prior periods of KM 75,949 thousand and profit for the current year amounting to KM 69,847 thousand. During 2025, the shareholder adopted a decision on the distribution of retained earnings from prior periods in the amount of KM 39,000 thousand for dividend payments, as well as donations in the amount of KM 1,000 thousand. By the end of 2025, dividend payments to shareholders amounting to KM 44,548 thousand were made, while liabilities from prior periods in the amount of KM 50 thousand were written off.

38. A) LEASE LIABILITIES

	31 Dec 2025	31 Dec 2024
Non-current lease liabilities	64,843	62,660
Less: Current portion of non-current lease liabilities	(13,355)	(14,296)
	<u>51,488</u>	<u>48,364</u>
Current portion of lease liabilities	13,355	14,296
	<u>13,355</u>	<u>14,296</u>
	<u>64,843</u>	<u>62,660</u>

38. A) LEASE LIABILITIES (continued)

Analysis of lease liabilities by maturity:

	31 Dec 2025			
Description	Land	Buildings	Equipment	Total
1st year	5,923	7,382	50	13,355
2nd year	5,891	7,839	52	13,782
3rd year	5,794	8,151	54	13,999
4th year	3,261	1,862	47	5,170
over 4 years	13,425	4,762	350	18,537
TOTAL	<u>34,294</u>	<u>29,996</u>	<u>553</u>	<u>64,843</u>

The Group does not face significant liquidity risk regard to its lease liabilities. Lease obligations are settled in accordance with their maturity.

38. B) OTHER FINANCIAL LIABILITIES AT AMORTIZED COST

	31 Dec 2025	31 Dec 2024
Liabilities related to the acquisition of Moja TV content	8,579	3,517
Less: Current portion of liabilities	(4,797)	(2,490)
	<u>3,782</u>	<u>1,027</u>
Current portion of liabilities related to the acquisition of Moja TV content	4,797	2,490
	<u>4,797</u>	<u>2,490</u>
	<u>8,579</u>	<u>3,517</u>

Other financial liabilities amounting to BAM 8,579 thousand (31 December 2024: KM 3,516 thousand) relate to obligations arising from capitalized broadcasting rights for program and content on Moja TV under rights acquisition agreements.

39. PROVISIONS

	31 Dec 2025	31 Dec 2024
Provisions for retirement benefits	18,233	17,519
Provision for court proceedings	11,485	11,897
Provision for dismantling	7,901	6,801
Other non-current accruals	30	13
	<u>37,649</u>	<u>36,230</u>

39. PROVISIONS (continued)

The movements in provisions for retirement benefits can be presented as follows:

	2025	2024
Opening balance	17,519	16,462
Provisions during the year - <i>Note 17</i>	1,910	1,535
Utilization during the year	(1,409)	(1,301)
Actuarial (gain)/loss	213	823
Closing balance	<u>18,233</u>	<u>17,519</u>

As at 31 December 2025, the Group made provisions for severance payments based on an actuarial calculation, using a severance payment base of KM 13.5 thousand per employee upon retirement (2024: 12 thousand per employee).

The key assumptions used for the purpose of actuarial valuation are presented as follows:

	2025	2024
Discount rate	3.00%	3.75%
Employee turnover rate	Assumption of 1.00%	Up to 1.00%
Mortality rate	Mortality tables of BiH 1980/82 for men and women	Mortality tables of the Federation of BiH from 2012-2014 year
The rate used for the increase of the average salary in the Company:	3,89%	3.89%

The movements in provisions for court proceedings can be presented as follows:

	2025	2024
Opening balance	11,897	8,551
Increase / (Decrease) in provisions - <i>Note 17</i>	(397)	3,457
Decrease due to payments	(15)	(111)
Closing balance	<u>11,485</u>	<u>11,897</u>

Additional information on court proceedings is disclosed in Note 46.

The movements in provisions for dismantling at leased locations can be presented as follows:

	2025	2024
Opening balance	6,801	6,383
Increase due to additional provisions for new contracts	652	159
Interest unwinding (<i>Note 20</i>)	448	259
Closing balance	<u>7,901</u>	<u>6,801</u>

40. TRADE PAYABLES

	31 Dec 2025	31 Dec 2024
Trade payables - domestic suppliers	42,795	43,048
Trade payables - foreign suppliers	9,089	10,892
	<u>51,884</u>	<u>53,940</u>

41. CONTRACT LIABILITIES

	31 Dec 2025	31 Dec 2024
Customer prepayments - prepaid services (traffic)	4,945	5,029
Customer prepayments - billing	1,213	1,102
Customer prepayments - network fee	353	400
Customer prepayments - MojaWebTV	35	32
Contract liabilities - material rights	1,117	2,152
	<u>7,663</u>	<u>8,715</u>

Customer prepayments for prepaid services (traffic), billing, network fees and MojaWebTV refer to customer payments for services not invoiced or provided. Contract liabilities - material rights mainly relate to obligations toward customers that have not yet been fulfilled, i.e., customers' rights to claim discounts on devices during the term of the contractual relationship.

42. DEFERRED INCOME

	31 Dec 2025	31 Dec 2024
Non-current		
Deferred income from donations	168	208
	<u>168</u>	<u>208</u>
Current		
Advances received		
Other advances received	44	127
	<u>44</u>	<u>127</u>
Deferred income		
Liability for joint operations	30	299
Deferred income from donations	48	75
	<u>78</u>	<u>374</u>
	<u>122</u>	<u>501</u>
	<u>290</u>	<u>709</u>

43. OTHER LIABILITIES, INCLUDING ACCRUALS

	31 Dec 2025	31 Dec 2024
Non-current other liabilities		
Other liabilities	2	2
	<u>2</u>	<u>2</u>
Current other liabilities, including accruals		
Employee liabilities	30,022	28,615
VAT liabilities	15,738	14,108
Liabilities for received deposits and payments	3,843	3,420
Dividend liabilities	2,116	2,274
Liabilities for profit donations	6,626	12,224
Other liabilities	1,522	522
VAT liabilities	14,524	14,104
	<u>74,391</u>	<u>75,267</u>
	<u>74,393</u>	<u>75,269</u>

Within other accrued expenses/deferrals, a total amount of KM 30,022 thousand was recognized (2024: KM 28,615 thousand). The largest portion of this amount relates to accrued, unbilled services for which invoices have not yet been received, amounting to KM 20,129 thousand (2024: KM 18,631 thousand). Of this, KM 9,968 thousand (2024: KM 9,170 thousand) relates to accrued costs for audio-visual rights (Note 46), while KM 7,153 thousand (2024: KM 6,945 thousand) relates to provisions for unused employees' annual leave.

44. LEASES

The Group as lessee

The Group leases land, buildings and parking plots. Lease agreements were signed during the period from 2010 to 2025. The lease durations vary depending on each specific contract. The lease agreements have different maturities, ranging from a few months to 50 years. For certain types of contracts, the Group assumes a probability of exercising the lease extension option.

Right-of-use asset and lease liabilities

The Group presents the right-of-use assets in Note 25 and the lease liabilities in Note 38 A.

Amounts recognized in total comprehensive result

	31 Dec 2025	31 Dec 2024
Depreciation	14,738	12,405
Interest expenses	1,990	1,799
Cost of received services - rental costs	<u>114</u>	<u>120</u>

Amounts recognized in the statement of cash flows

	31 Dec 2025	31 Dec 2024
Lease payments	<u>15,812</u>	<u>13,861</u>

44. LEASES (continued)

The Group as lessor

Operating lease

The Group has classified leases as operating leases because it does not transfer substantially all of the risks and rewards incidental to ownership of the asset. Lease income recognized by the Group during 2025 amounts to KM 7,566 thousand (2024: KM 5,342 thousand). Part of the leased assets relates to network infrastructure, both domestically and internationally, which is a common practice in the telecommunications sector. The income based on these leases amounted to KM 1,183 thousand (2024: KM 1,257 thousand). The remaining recognized amount relates to the lease of land, equipment and office space. Given the legal regulations and business practices in the telecommunications sector, in the coming periods, until there are significant changes in the legal framework, the Group expects to continue generating lease income at approximate level as in 2025 on an annual basis.

45. CONTINGENCIES AND COMMITMENTS

As at 31 December 2025, the Group had contingent liabilities for issued guarantees to third parties in the amount of KM 3,229 thousand (2024: KM 4,036 thousand). As at the reporting date, the Group had the following capital commitments:

- commitments for investments in amount of KM 60,435 thousand (31 December 2024: KM 72,439 thousand);
- contractual commitments arising from concluded agreements for "Moja TV" services and other advertising and promotional services in the amount of KM 42,778 thousand (31 December 2024: KM 62,533 thousand);
- contractual commitments arising from the procurement of mobile devices and computer equipment in the amount of KM 150 thousand (31 December 2024: KM - thousand);
- contractual commitments under agreements for lease, maintenance and other services (CRA of BiH) in the amount of KM 44,651 thousand (31 December 2024: KM 42,691 thousand).

46. COURT CASES

As at 31 December 2025, litigations against the Group in total amount of KM 90,969 thousand are ongoing.

Litigation with employees

The most significant ongoing litigation in the amount of KM 40,334 thousand, was initiated on 5 February 2020, by the BH Telecom Trade Union against the Group, seeking compensation for damages under the Collective Agreement. The claim relates to compensation for lost profit due to the non-issuance and non-transfer of shares and unpaid dividends. Based on a court decision, the proceedings are currently suspended.

The remaining lawsuits relate to individual claims by employees regarding the issuance and transfer of shares to employees in the amount of 5% of the Group's share capital, with a nominal share value of KM 10. These claims also seek compensation for lost profit for the period from the adoption of the sectoral collective agreement on 4 December 2006, until the date of the court decision.

46. COURT CASES (continued)

Litigation with employees (continued)

As at 10 March 2017, the Supreme Court of the FBiH issued a Decision on a disputed legal issue, stating that the protection of rights under Article 84 of the Collective Agreement for the Telecommunications Sector in FBiH - regarding the transfer of the corresponding portion of shares to employees or the payment of the monetary equivalent of shares - can be pursued by an employee of the BH Telecom d.d. Sarajevo in court proceedings only after the share issuance has been carried out, at which point the employee gains legal standing in an individual civil lawsuit. Based on the opinion of the Executive Directorate for Legal Affairs, Organizational Management and Human Resources of the Group, it is unlikely for the Group to lose this case.

A significant number of litigations have been initiated by employees against the Group for unpaid wages during a strike, as well as a number of other lawsuits arising from or related to employment. The total value of these other employee-related lawsuits (97 lawsuits) amounts to KM 1,394 thousand, for which a provisions of KM 194 thousand is recognized. Provisions have been recognized for litigations where, based on the opinion of the Executive Directorate for Legal Affairs, Organizational Management and Human Resources, it is considered that the final outcome is likely to be unfavorable for the Group.

Other litigation

Other disputes arose in the course of the Company's regular operations and their total value as at 31 December 2025 amounts to KM 49,277 thousand, with provisions of KM 9,445 thousand recognized. Included in this amount are disputes in the amount of KM 39,196 thousand related to audio-visual rights fees for which provisions of KM 5,323 thousand have been recognized. Details of the audio-visual right litigation are as follows:

- In previous years, several claims for compensation for cable retransmission of audiovisual works to a collective organization for past years (up to and including 2022) were filed against the Group. The value of these lawsuits amounts to KM 13,891 thousand, with provisions of KM 4,842 thousand recognized. The Group does not dispute its obligation to pay compensation for cable retransmission of audiovisual works to a collective organization, but the current dispute concerns which collective organization holds the rights to collect the fees. Therefore, from 2017 to the end of 2025, the Group, based on its own estimate, recognized the expense and liability in the amount of KM 9,968 thousand (Note 43 Other liabilities) and on this basis deposited KM 9,170 thousand (Note 36 Other Assets and Receivables, Including Accruals) intended for settling obligations related to the compensation. A portion of the principal will be paid once the authorized entity for collective rights is determined. Additional provision has been recognized in cases where the Executive Directorate for Legal Affairs, Organizational Management and Human Resources estimates that the expected outcome of the lawsuits will result in future cash outflows exceeding the accrued amount of liability. During 2025, court decisions were rendered on these matters, determining the entity entitled to collect the fees, and a portion of the compensation was settled in 2026 up to the date of this report, while certain cases remain ongoing.
- In December 2024, a claim in the amount of KM 25,305 thousand related to the determination and infringement of copyright has been received. Based on the opinion of the Executive Directorate for Legal Affairs, Organizational Management and Human Resources, the final outcome will be in favor of the Company, except for a portion of the claim for which a provision of KM 232 thousand has been recognized.

For the remaining disputes, provisions have been recognized based on the opinion of the Executive Directorate for Legal Affairs, Organizational Management and Human Resources, where it is assessed that the final outcome will not be in favor of the Group.

47. RELATED PARTY TRANSACTIONS

The Group is majority-owned by the Government of the Federation of Bosnia and Herzegovina. Below are significant transactions with companies controlled by the Government of FBiH. Other transactions with government-controlled companies are not individually significant, they arise during regular business

	31 Dec 2025	31 Dec 2024
Sale of products/goods and services*		
JP Hrvatske telekomunikacije d.o.o. Mostar	5,310	5,075
JP Elektroprivreda BiH d.d. - Sarajevo	2,772	1,988
JP BH POŠTA d.o.o. Sarajevo	797	687
Lutrija Bosne i Hercegovine d.o.o. Sarajevo	257	264
Union banka d.d. Sarajevo	243	155
Other related parties:	1,283	1,252
	<u>10,662</u>	<u>9,421</u>
 Sale of products/goods and services*		
JP BH POŠTA d.o.o. Sarajevo	14,442	14,611
JP Elektroprivreda BiH d.d. - Sarajevo	9,952	7,869
JP Hrvatske telekomunikacije d.o.o. Mostar	5,444	5,606
JP "Elektroprivreda HZ HB" d.d. Mostar	477	424
Energoinvest d.d. Sarajevo	256	451
Lutrija Bosne i Hercegovine d.o.o. Sarajevo	188	180
Other related parties:	437	465
	<u>31,196</u>	<u>29,606</u>

* Amounts presented include VAT

47. RELATED PARTY TRANSACTIONS (continued)

The following amounts remained outstanding at the end of the reporting period, arising from transactions with related parties:

	2025	2024
Receivables		
JP Elektroprivreda BiH d.d. - Sarajevo	1,003	382
JP Hrvatske telekomunikacije d.o.o. Mostar	479	477
JP BH POŠTA d.o.o. Sarajevo	92	98
ArcelorMittal Zenica d.o.o. Zenica	32	25
Zrak d.d. Sarajevo	22	22
Lutrija Bosne i Hercegovine d.o.o. Sarajevo	21	22
Other related parties:	225	161
	<u>1,874</u>	<u>1,187</u>
Liabilities		
JP BH POŠTA d.o.o. Sarajevo	1,345	1,250
JP Elektroprivreda BiH d.d. - Sarajevo	858	661
JP Hrvatske telekomunikacije d.o.o. Mostar	528	515
Energoinvest d.d. Sarajevo	60	102
Other related parties:	132	121
Current liabilities	<u>2,923</u>	<u>2,649</u>

The following remuneration was paid during the year to members of the Management Board and Supervisory Board members (key management personnel):

	2025	2024
Gross remuneration to Management Board members	1,353	1,311
Gross remuneration to Supervisory Board members	259	244
	<u>1,612</u>	<u>1,555</u>

Liabilities for gross remuneration to Management Board and Supervisory Board members as at 31 December 2025 (key management personnel):

	2025	2024
Liabilities for gross remuneration to Management Board members	107	92
Liabilities for gross remuneration to Supervisory Board members	23	18
	<u>130</u>	<u>110</u>

48. FINANCIAL INSTRUMENTS

Accounting classification and fair value

Financial instruments and classified into the following fair value categories:

	Note	31 Dec 2025	31 Dec 2024
Financial assets			
<i>Financial assets measured at fair value</i>			
<i>Fair value through other comprehensive income</i>			
Investment in equity instruments in telecommunications companies, Eutelsat Paris		18,534	18,534
Fair value adjustment of financial assets measured at fair value through other comprehensive income		(16,636)	(16,056)
	28	<u>1,898</u>	<u>2,478</u>
 <i>Financial assets not measured at fair value</i>			
<i>At amortized cost</i>			
Cash and cash equivalents	34	180,650	246,445
Bank deposits	29.A)	220,926	112,210
Bonds	29.B)	19,346	19,372
Other financial assets at amortized cost	33	-	300
Trade receivables	32	134,734	129,262
Loans given	27	76	206
Other assets and receivables	36	30,488	30,981
		<u>586,220</u>	<u>538,776</u>
 Financial liabilities			
<i>Financial liabilities not measured at fair value</i>			
<i>At amortized cost</i>			
Lease liabilities	38.A)	64,843	62,660
Other financial liabilities at amortized cost	38.B)	8,579	3,517
Trade payables	40	51,884	53,940
Contract liabilities	41	7,663	8,715
Other liabilities	43	67,127	68,281
		<u>200,096</u>	<u>197,113</u>

48. FINANCIAL INSTRUMENTS (continued)

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table provides information on how the fair values of these financial assets are determined, including the valuation techniques and inputs used.

Financial Assets / Financial Liabilities	Fair value as at (date)		Hierarchy of fair value	Valuation techniques and inputs
	31 Dec 2025	31 Dec 2024		
1) Non-derivative financial assets at fair value through other comprehensive income (Note 29)	Listed equity securities quoted on the stock exchange in France - KM 1,898 thousand	Listed equity securities quoted on the stock exchange in France - KM 2,478 thousand	Level 1	Prices quoted on an active market

The fair value of deposits with commercial banks is classified within Level 2 of the fair value hierarchy, as it is determined by discounting future cash flows using market-observable interest rates, adjusted for counterparty credit risk. As at 31 December 2025, the fair value of deposits with commercial banks amounts to KM 352,725 thousand.

The fair value of bonds is determined based on quoted market prices, i.e. weighted average prices achieved at auctions for identical instruments, without applying additional adjustments. Accordingly, these instruments are classified within Level 1 of the fair value hierarchy. As at 31 December 2025, the fair value of investments in bonds amounts to KM 19,524 thousand.

For certain other financial instruments, including cash and cash equivalents, short-term financial assets measured at amortised cost, trade receivables, other assets and receivables, trade payables, contract liabilities and other liabilities, the carrying amount approximates their fair value due to the immediate or short-term maturity of these financial instruments.

As at 31 December 2025, the fair value of long-term financial assets amounts to KM 1,898 thousand (31 December 2024: KM 2,478 thousand).

Financial instruments - Risk management

The Company is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

Framework for risk management

The finance department within the Executive Directorate for Economic and Financial Affairs of the Company coordinates access to domestic and international financial markets. Financial risks are monitored through a risk catalog submitted to the quality representative within the executive directorate, who further collaborates with the Directorate for Management System Development. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and interest rate cash flow risk.

48. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of many customers, spread across diverse industries and geographical areas. The Group does not have a significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The carrying value of financial assets recorded in the financial statements, which are presented net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The carrying amount of financial assets and contract assets represents the maximum credit risk exposure at the reporting date, as follows:

	Note	31 Dec 2025	31 Dec 2024
Cash and cash equivalents	34	180,650	246,445
Bank deposits	29.A)	220,926	112,210
Bonds	29.B)	19,346	19,372
Other financial assets at amortized cost	33	-	300
Trade receivables	32	134,734	129,262
Loans given	27	76	206
Other assets and receivables	36	30,488	30,981
Contract assets	31	6,434	7,263
		592,654	546,039

Cash and cash equivalents and deposits

The Group is exposed to credit risk through cash accounts and deposits held with banks. As at 31 December 2025, the Group cooperated with 13 banks (2024: 13 banks). Risk management is focused on dealing with most reputable banks in foreign and domestic ownership and on contacts with banks on daily basis. Given that the funds are kept with banks, the Group considers them to have a low credit risk based on the evaluations of external companies that deal with credit risk evaluation. The Group recognized loss allowance for cash and cash equivalents in the amount of KM 413 thousand (2024: KM 593 thousand) and loss allowance for deposits in the amount of KM 532 thousand (2024: KM 248 thousand).

48. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Trade receivables and contract assets

The focus of management of credit risk related with trade receivables and contract assets is on trade receivables. Trade receivables are distributed across a significant number of clients in various industries and geographic regions. The Group does not have significant exposure to any single customer or group of customers with similar characteristics. The maximum exposure to credit risk at the reporting date for trade receivables by region is:

	Note	31 Dec 2025	31 Dec 2024
Receivables from domestic customers		128,673	124,061
Receivables from foreign customers		6,061	5,201
	33	<u>134,734</u>	<u>129,262</u>

The Group applies a simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate the same risk characteristics as the trade receivables for the same types of contracts. Contract assets is unbilled sales amount relating to performance obligation that has been satisfied under customer contract but is conditional on terms other than only the passage of time before payment of the consideration is due. When billing conditions are met, contract assets are recognized as trade receivables with agreed payment due dates and are included in loss allowance calculation.

Based on past analysis the termination rate did not result in amounts of value adjustments that would have material effects to the financial statements. The Group has therefore concluded that the expected loss rates for trade receivables are reasonable approximation of the loss rates for the contract assets.

Expected loss rates are based on payment profiles of sales over a 60 months. The historical loss rates are adjusted to reflect current and future information on macroeconomic factors affecting the ability of the customers to settle receivables.

48. FINANCE INSTRUMENTS (continued)

Credit risk (continued)

Trade receivables and contract assets (continued)

The Group has recognized an impairment allowance for expected credit losses on all trade receivables as at 31 December 2025, as follows:

	Weighted- average loss rate	Gross carrying amount	Impairment loss allowance	Net carrying amount	Credit- impaired
0 - 30 days	1.45%	127,323	1,844	125,479	No
Overdue 31 - 60 days	3.76%	5,830	219	5,611	No
Overdue 61 - 90 days	17.20%	1,029	177	852	No
Overdue 90 - 365 days	37.23%	4,448	1,656	2,792	Yes
Overdue over 365 days	100.00%	43,423	43,423	-	Yes
Total		182,053	47,319	134,734	

The presentation of credit risk for not due, unimpaired receivables and the aging structure of overdue, unimpaired receivables at 31 December 2024, is as follows:

	Weighted- average loss rate	Gross carrying amount	Impairment loss allowance	Net carrying amount	Credit- impaired
0 - 30 days	1.53%	122,746	1,880	120,826	No
Overdue 31 - 60 days	4.01%	5,391	216	5,175	No
Overdue 61 - 90 days	15.22%	953	145	808	No
Overdue 90 - 365 days	40.32%	4,043	1,630	2,413	Yes
Overdue over 365 days	100.00%	44,207	44,207	-	Yes
Total		177,340	48,078	129,262	

Changes in impairment losses are disclosed in Note 33.

48. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Management, which has built an appropriate liquidity risk management framework according to the Group's requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table provides a detailed overview of the remaining contractual maturities of the Group's non-derivative financial assets.

Contractual maturities of non-derivative financial assets:

Description	Weighted average interest rate	Carrying amount	Contractual cash flows	Up to 1 month	2 - 6 months	7 - 12 months	1 - 5 years	Over 5 years
31 December 2025								
Non-interest bearing		214,268	214,116	133,487	32,515	32,221	15,893	-
Fixed interest rate instruments	2.60%	371,952	390,597	135,657	54,081	29,908	154,745	16,206
TOTAL		<u>586,220</u>	<u>604,713</u>	<u>269,144</u>	<u>86,596</u>	<u>62,129</u>	<u>170,638</u>	<u>16,206</u>
31 December 2024								
Non-interest bearing		206,624	206,624	136,163	23,932	30,212	16,195	122
Fixed interest rate instruments	2.28%	332,152	345,716	202,790	28,148	18,708	79,126	16,944
TOTAL		<u>538,776</u>	<u>552,340</u>	<u>338,953</u>	<u>52,080</u>	<u>48,920</u>	<u>95,321</u>	<u>17,066</u>

The following table provides a detailed overview of the remaining contractual maturities of the Group's non-derivative financial liabilities. The table is prepared based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Group may be required to make a payment.

48. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Maturity of non-derivative financial liabilities

Description	Weighted average interest rate	Carrying amount	Contractual cash flows	Up to 1 Month	2 - 6 Months	7 - 12 Months	1 - 5 Years	Over 5 Years
31 December 2025								
Lease liabilities	3.00-3.50%	64,843	71,216	1,893	6,524	6,759	40,822	15,218
Other financial liabilities	-	8,579	8,890	400	1,999	2,398	4,093	-
Trade payables	-	51,884	51,884	42,795	9,089	-	-	-
Contract liabilities	-	7,663	7,664	94	7,012	558	-	-
Other liabilities	-	67,127	67,126	36,188	29,340	813	785	-
TOTAL		200,096	206,780	81,370	53,964	10,528	45,700	15,218
31 December 2024								
Lease liabilities	3.00-3.50%	62,660	67,996	1,925	6,144	7,946	44,534	7,447
Other financial liabilities	-	3,517	3,517	208	1,037	1,244	1,028	-
Trade payables	-	53,940	53,940	43,048	10,892	-	-	-
Contract liabilities	-	8,715	8,715	4,368	2,184	1,446	717	-
Other liabilities	-	68,281	68,281	52,559	402	15,318	-	2
TOTAL		197,113	202,449	102,108	20,659	25,954	46,279	7,449

Market risk

Market risk is the risk of changes in market prices, such as exchange rates and interest rates. The Group is not significantly exposed to market risk. The objective of managing market risk is to manage and control exposure within acceptable parameters, optimizing the return.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). Market risk exposures are supplemented by sensitivity analysis. There has been no change to the Group's exposure to market risks or the way it manages and measures the risk.

Currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

48. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets in foreign currency		Liabilities in foreign currency	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
EUR - Euro	47,676	81,151	87	9,369
SDR - Special Drawing Rights	1,832	1,356	132	78
USD - United States Dollar	4,750	3,418	114	316
Other currencies	354	-	43	-

Analysis of sensitivity of foreign value

The Group is exposed to currency risk in the event of changes in the exchange rates of EUR, USD, and SDR, while exposure to other currencies is not material. The following table presents an analysis of the effects of a 10% increase or decrease in the value of KM relative to foreign currencies. The 10% rate is used for internal reporting to Management regarding foreign currency risk and represents Management's estimate of reasonably possible changes in foreign exchange rates. The analysis is conducted for assets and liabilities denominated in foreign currencies and represents the adjustment of their values at the end of the period for a 10% change in the foreign currency exchange rate. A positive amount below indicates an increase in profit when KM strengthens by 10% against the relevant currency. For a 10% weakening of KM against the relevant currency, the effect on profit and equity would be the same but in a negative amount.

	Effects of exchange rate changes (gain or loss)	
Currency	31 Dec 2025	31 Dec 2024
USD - American dollar	464	310
SDR - Special Drawing Rights	170	128

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk since in accordance with the Law on Central Bank of Bosnia and Herzegovina the Convertible Mark (KM) is officially tied to the Euro. Change in the exchange rate would require the amendments of the law and approval by Parliamentary Assembly of Bosnia and Herzegovina.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group place funds at fixed interest rates. The Group's exposures to interest rates on financial assets and financial liabilities are detailed earlier in Note 48.

48. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Interest rate sensitivity analysis

The sensitivity analyses below have been determined on the exposures to interest rates for financial instruments at the reporting period date. The analysis is prepared assuming that the number of financial instruments outstanding at the reporting period date was outstanding for the whole year. A 50-basis point increase or decrease (0.5%) is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (0.5%) higher/lower and all other variables were held constant, the Group's net result for the year ended 31 December 2025, would have increased/decreased by KM 1,809 thousand (2024: increased/decreased by KM 1,611 thousand).

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, no matter whether those changes are caused by factors related to that specific instrument or its issuer or by the factors related to all marketable instruments. The maximum exposure to price risk is disclosed in Note 28.

If share prices had been 50 basis points (0.5%) higher/lower and all other variables were held constant, the Group's net result for the year ended 31 December 2025, would have increased/decreased by KM 9 thousand (2024: increased/decreased by KM 12 thousand).

Capital risk management

Capital risk management is conducted in a way that ensures a going concern of the Group while maximizing return to shareholders through the optimization of debt to equity balance.

The equity structure of the Group consists of share capital, reserves, revaluation reserves and retained earnings.

The Group manages its capital and for the purpose of proper capital structure, in accordance with the economic conditions on the market, decides if the retained earnings should be distributed to shareholders, whether to increase or decrease capital, etc.

49. AUDITING EXPENSES

In accordance with the contract for the audit of the annual separate and consolidated financial statements for 2025, the Group contracted with KPMG B-H d.o.o. the amount of KM 105,000 without VAT for the parent company, while the procurement of audit services for the subsidiary is ongoing (2024: KPMG B-H d.o.o., KM 105,000 excluding VAT for the parent company and Revik d.o.o. Sarajevo BAM 5,000 excluding VAT for the subsidiary).

The total amount spent on audit and other assurance services in 2025 amounted to KM 110,000 without VAT (2024: KM 110,000 excluding VAT).

50. EVENTS AFTER THE BALANCE SHEET DATE

During 2024 and 2025, the Group undertook activities aimed at the acquisition of a controlling interest in Telemach d.o.o. Sarajevo, Bosnia and Herzegovina, and Telemach Crna Gora d.o.o., Podgorica, Montenegro. In October 2025, the Competition Council of Bosnia and Herzegovina issued a decision conditionally approving the concentration, subject to prescribed measures and obligations to be implemented by the Group within specified deadlines.

The competent regulator in Montenegro granted unconditional approval for the execution of the transaction. As at the date of the issuance of these financial statements, the transaction is in its final stage, with the last steps necessary for its completion underway; however, the process has not yet been formally finalized.

51. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Group's Management Board on 11 May 2026.

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3050/5
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Contact

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